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A Note from the Editor

It is an honor and a privilege to be appointed by Dr. Linda Thiede Thomas, 2004-2005 IBAM President, as the Editor of the IBAM12 Conference Proceedings. I want to thank the authors who were mindful in following the Proceedings Guideline. They helped make my task more manageable.

Thank you to all the Division Chairs: Division 1 – Dr. Keiko Krohnke; Division 2 – Dr. Tom Martin; Division 3 – Dr. Bonnie Garson; Division 4 – Dr. Michael Drexel and Dr. Michelle Jones; Division 5 – Dr. Howard Fero and Brian Davis; and Division 6 – Dr. Jim Thomas and Christy Hutchison, J.D. Without all your great work, the proceedings would not be possible.

Thank you to IBAM webmaster, Len White, for his amazing work on the website. You made things much easier on me this year, Len. Also, thank you to all the wonderful people at Cottonwood Travel. You are--as always--indispensable.

Special thanks to Dr. Melody Wollan, IBAM13 Program Chair, who kept me informed. Coordination between us was critical in getting the Proceedings done. Thank you, Melody, for all your help. I could not have done it without you.

Lastly, I wish to recognize the anonymous reviewers who maintained high standards of papers accepted for publication in the Proceedings. Finally, thank you to the IBAM Board Members and Officers for their support.

I encourage you to take the time to read the articles. Hopefully, they will stimulate conversations among the authors and readers.

Sincerely,

Wendy Harman

University of Washington Business School
Department of Management and Organization
Box 353200
Seattle, WA 98195-3200

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DIVISION I

HUMAN RESOURCES MANAGEMENT

Building a Global Community: Using Third Country Nationals

M. Jane Crabtree
Benedictine University
5700 College Avenue
Lisle, IL 60532
630 829-6466
JCRABTREE@BEN.EDU

The number of employees in multinational corporations has increased and expanded at a rate where international human resource managers have difficulty meeting the demand for managers to serve in global assignments. This shortage of qualified managers is exacerbated by a number of societal trends, such as dual career professional couples, increased number of highly qualified female and minority executives who have not been used extensively in international assignments.

Multinational corporations staff their foreign subsidiaries with parent country nationals, host country nationals, third country nationals, or any mix of the three. Staffing composition varies along the dimensions of nationality heterogeneity. The most heterogeneous staffing composition has all the national groups, with each group taking equal proportion of the workforce or top management. A mix of parent country nationals, host country nationals, and third country nationals can significantly increase a multinational corporation's ability to achieve organizational learning, innovation, and corporate integration.

Intense global competition increases the complexity of management tasks and requires multi-talented managers capable of acting as knowledge-integrating boundary-spanners in global network organizations. Third country nationals relocated within the organization on a semi-permanent to permanent basis are a potential pool of global managers to complement the supply of parent-country expatriates for emerging markets. The multinational corporation staffing research and literature has focused on expatriate parent country nationals (Gong, 2003). The objective of this paper is to review the literature relating to third country nationals.

THIRD COUNTRY NATIONALS

A third country national, as the term used in this paper, is an employee working temporarily in an assignment country, who is neither a national of the assignment country nor of the company's headquarters country. An example is a Canadian transferred from Canada by a French headquartered company to be a Marketing Director of a subsidiary in Argentina. This definition excludes local hiring by a subsidiary in Argentina of a Canadian living permanently in Argentina. This definition also excludes foreign nationals assigned to corporate headquarters. The distinction and the theme of this paper is that the employer is participating in the management and development of third country nationals outside their home country and outside the headquarter's country.

A new survey by human resource consultant William M. Mercer, Inc. (Hansen, 2002) reveals that, in the 133 large companies surveyed, the companies employed an average of 200 third country nationals. A Conference Board report suggests that foreign citizens comprise 20 – 25% of the top management in companies that consider themselves as a successful global corporation (Gong, 2003). That is a small proportion of each company's workforce but third country nationals tend to be high-profile employees who bring great value to the company.

Over 99 percent of the foreign workforce of North America and European multinational corporations are nationals of the countries in which they are employees (local nationals or host country nationals). Expatriates from the company's headquarter country and third country nationals represent less than one percent. A much lower percentage of the expatriates of most continental European multinational corporations fall into the third country national category, with the exception of multinational corporations headquartered in the Netherlands and Switzerland (hosting several international organizations). Japanese companies employ proportionately far more expatriates; the majority are parent county nationals, than either North American or European multinational companies (Reynolds, 1997). Overall, third county nationals are far more common in North America than in other regions and most other countries of the world.

The third country national is often multi-lingual, costs less to transfer than a home country expatriate, and is usually technically competent. Salary and benefit requirements may be lower for the third country national than for a home country expatriate.

When a company opens its first one or two foreign operations, it will usually staff the operation with a combination of qualified nationals hired locally and a limited number of parent country nationals. The parent country nationals or expatriates are employed primarily to represent the company's interests and to transfer corporate culture, competencies, practices, policies, procedures, and technologies. As a company opens up more foreign operations, enters more countries, becomes a more global company, it will often begin transferring employees from existing foreign operation to new locations.

Third country nationals can be particularly effective during periods of rapid expansion in foreign countries. Very often, third country nationals are the only employees who can bring together core competencies, cross-cultural effectiveness, language fluency, and a solid understanding of the corporation. They significantly expand the corporate talent pool. Potential joint venture partners are often impressed when the company's negotiating team includes nationals other than that of the headquarters. The very existence of a multicultural team is evidence of global scope and understanding.

As multinational companies begin to mature, they often realize that third country nationals are more than low-cost substitutes for home county expatriates but often are the most suitable candidates to fill higher level positions in countries in the same region (Reynolds, 1997). Third country nationals gain a great deal of international experience as they move from country to country, particularly if they begin to specialize in a particular region, such as South American or South East Asian assignments and business cultures. They become regionalists.

THIRD COUNTRY NATIONALS HUMAN RESOURCE MANAGEMENT
Attracting Third Country Nationals:

Third country nationals are typically drawn from a global talent pool and tend to be difficult to attract and retain. One of the most important incentives that a major multinational corporation can offer a third country national is the opportunity for significant foreign assignments. Some of the best potential global employees are attracted more by career opportunities than by money alone (Reynolds, 1997).

Hiring outstanding local talent in the host country with the objective of offering them third country assignments early in their career, opens up career opportunities for local nationals. A company may promote third country assignments as possibilities for local nationals. This is an effective approach for attracting some of the best employees in

all countries. Third country nationals beginning their career in their home country are often transferred to newly developed subsidiaries in foreign counties. They help to transfer technology and lead their new foreign subsidiaries in a planned direction.

Multinational Corporation Staffing Policies

Developing a regional talent pool to make regions more self-sustaining becomes the basis of regional human resource planning and management development. Multinational corporations should include third country nationals in all of their global management development programs and human resource planning. Third country nationals can play an important role in the corporation's globalization strategy and provide significant competitive advantage. A truly global company can shift operational emphasis from one area of the world to another when economic downturns happen.

Third country national's global mobility and cross-cultural effectiveness provide a clear-cut advantage. Third country nationals can provide broad corporate knowledge. They can more readily identify with a global organization than either the headquarters expatriates (who tend to overly identify with headquarters) or local nationals (who identify with their local operations). Subsidiaries learn, not only from the parent firm, but also from the host country environment and third country sources (Gong, 2003).

Most multinational corporations typically send expatriates on one time out-and-back-home assignments. The normal length of these assignments for Europeans and North Americans is up to three years. Japanese companies normally use three to five year foreign assignments. (Reynolds, 1997). North American and Japanese companies usually avoid sending expatriates on series of foreign assignments but fully one quarter of European companies favor serial foreign assignment patterns.

North American multinational companies usually avoid sending parent country nationals on long-open ended assignments but often send third country nationals on such assignments. A 1995 survey by Industrial Relations Counselors (Reynolds, 1997) reported that, of five major North American multinational corporations, only 25 percent of their third country nationals were on assignment with planned durations and all of those had fixed durations of more than three years. Third country nationals assignments in these companies closely resemble permanent transfers and might more effectively be managed as such.

Third Country Nationals' Career Development:

A well-designed career development strategy is essential to attract outstanding talent in foreign countries. Many third country nationals have a great deal of international experience because they often move from a subsidiary in one country to a subsidiary in another country. Third country nationals are of different nationalities and have frequently never worked at headquarters. They may have greater linguistic skills but may not be perceived by parent country nationals and local nations as legitimate representatives of the headquarters (Reynolds, 1997). One or more assignments at corporate headquarters will enhance their corporate credibility and develop their global leadership skills.

According to a 1994 survey by Organization Resources Counselors Inc. (Reynolds, 1997), third country nationals are often only a small percent of a multinational company's personnel. They present distinct challenges for human resource managers. They are commonly "global troubleshooters," sent to start-up an operation or to fill a skill gap within a region (Hansen, 2002). They may work in "difficult" locations and have greater mobility than expatriates or local country nationals.

A multinational corporation must focus on developing its human resources. Third country nationals are often more mobile and flexible than parent country nationals and local country nationals. They have the linguistic skills, technical expertise, and knowledge of corporate policies. Transfers within the region or to other foreign assignments help employees around the company's operations to learn from each other. Worldwide movement of employees is costly – salary, relocation costs, living expenses, compensation for family considerations. The investment in providing global experiences builds a strong foundation and sharing of international expertise.

Third country nationals, particularly regionalists, may be better informed then parent country nationals about the host country environment. Third country nationals often bring a different perspective, neither headquarters' perspective nor local perspective, to many relationships between parent corporation nationals and local nationals. They frequently have a deep understanding of the corporation's policies from the perspective of a foreigner and can communicate and implement those policies more effectively to others than parent country nationals. The diversity of perspectives provides invisible assets through learning, creativity and innovation (Gong, 2003).

The third country national socialization role is evident in global and regional management groups and in cross-cultural teams at all levels of the corporation. Cross-cultural teams are a major step in utilizing their global wisdom (Reynolds, 1997). Third country nationals can demonstrate a global image and bring unique cross-cultural skills to teams and joint ventures. Multicultural teams have been increasing as companies globalize and delayer their operations. Both temporary and semi-permanent teams with several nationalities of generalists and specialists are brought together to solve specific problems and perform a variety of ongoing activities. These teams often have representatives from headquarters, local nationals, third country nationals from local subsidiaries, and third country nationals from regional headquarters. They represent centers of competence and specialized activities around the world. Multicultural teams are important both as effective business units and as vehicles for developing outstanding global leaders.

Human Resource Global Communication and Performance:

A global information system connecting all company operations around the world provides a single communication link. This is particularly important as multinational corporations adopt truly heterogeneous human resource policies. Regular regional and worldwide communication meetings bring geographically dispersed managers up-to-speed. All employees need to know more than their local entities. This provides a "glue" to merge cultural aspects of international business and provides ways for individuals with varying backgrounds and perspectives to work together. The use of cross-cultural teams and increasing use of third country nationals improves corporate and regional communication.

Performance appraisals for managers assigned to foreign positions is an extremely difficult task. The diversity of environments, differences in cultural backgrounds of managers, the geographic separation of raters and managers, and a host of technical measurement issues need to be addressed in an international appraisal process (Harvey, 1997). Third country nationals are often from a different culture than their home country and host country coworkers. Human resource personnel need to provide training in cultural sensitivity and appropriate international performance appraisal methods.

Technical competence is necessary but not a sufficient condition for successful performance in international management positions. In doing performance appraisals, particularly with managers of different nationalities, cross-cultural interpersonal skills, sensitivity to foreign norms and values, and ease of adaptation to unfamiliar environments are some of the managerial characteristics to be considered. Performance management emphasizing agreed upon performance goals may assist in overcoming some of the difficulties of evaluating performance of the various subsidiary employees of differing nationalities.

Compensation and Benefits:

The third country nationals may be scattered around the globe, making it difficult to achieve comparability of compensation and benefits. Some multinational corporations may use nationality to determine the relevant home-county salary. Paying third country nationals according to their home-country base salary can be less expensive than paying all expatriates on a parent country national pay scale though it is difficult to justify these pay differences. As a multinational corporation expands and utilizes more third country nationals, they must rethink their approach to compensating third country nationals.

Multinational corporations need to match their compensation policies with their staffing policies, particularly with regard to third country nationals. If a corporation has a geocentric human resource approach, staffing positions with the "best person" regardless of nationality, may result in no clear "home" country for third country nationals. There needs to be a system of international base pay for key managers (Dowling, Welch, & Schular, 1999).

Taxes and Other Legal Issues:

Human resource managers must deal with more complex tax and legal problems with employees in countries other than their home country or the company's headquarter country. Retirement plans, medical coverage, death and disability benefits may require special "international" plans depending on the home country of the third country national.

There are domestic and foreign tax issues that arise when an employer extends one or more of its retirement plans, deferred compensations, or equity-based compensation plans to cover employees working in foreign countries. Tax implications to consider are (1) the personal tax consequences to the employee under both the home country and foreign law, (2) whether a deduction is allowed for corporate income tax purposes under the home country and foreign law, (3) social security or the host country's socialized benefit implications, and (4) cross-border implications of taxes (Bissell & Giadina, 1996). Various countries' laws may differ on how to treat employees working in one country, employed by a company headquartered in another country, but a permanent resident or passport holder of a third country.

Visa requirements vary from country to country. The EU is considering changing the "reciprocity mechanism" whereby any non-EU country that imposes a visa obligation on an EU Member State may be on an EU-wide visa blacklist (European Information Service, July 20, 2004). Transferring a third country national to a country with visa restrictions on the third country may provoke a diplomatic crisis or, at least, create a great deal of paperwork and diplomatic negotiations. One example is Switzerland (a non-EU country) that issues a limited number of five-year residence permits. EU citizens, particularly Germans who want to work in Switzerland, quickly use these permits. Some tensions have arisen over taxation rules, visa requirements, cross-border services, and

recognition of driving licenses (must be issued by the country where the holder is a legal resident, not a third country). The EU has complained that Swiss taxation regime discriminates against EU nationals who work in Switzerland. This includes EU citizens who work in Swiss-based international organizations such as the World Trade Organization or the United Nations (European Information Service, July 10, 2004).

THIRD COUNTRY NATIONAL DIFFICULTIES

Role expectations are likely to be more complex for the third country national than for a parent country national or a host country national. The role is defined by and performed in two countries other than the third country national's own country. There may be differing role behaviors, different managerial expectations of managerial behavior defined by the prevailing norms of the third country, the host country, and the parent country (Dowling et al., 1999). The parent headquarters may perceive the third county national's assignment to be in a "culturally close" country. "Cultural closeness" has not been empirically proven to lessen potential for third country national role-conflict situations. Therefore, third country nationals could still experience difficulties in countries with similar cultures and business practices.

As third country nationals reach senior levels, they may surround themselves with many others of the same nationality or from the same racial/ethnic group. Human resource personnel and division/regional managers need to be aware of this tendency and ensure that the "best candidate" is in each position regardless of nationality.

Historical and long-standing racial and ethnic animosities may make it difficult for representative of some nationalities to interact smoothly with some other nationalities. Human resource managers must be sensitive to these prejudices but should still consider the best candidate available for a foreign position – this may often be a third country national. Over time, subsidiaries learn how to manage a heterogeneous workforce through continued contacts, development of positive attitudes towards individuals of different nationalities, leading to fewer conflicts and better cooperation.

Host governments may resent multinational corporations hiring or transferring third county nationals into their country. Many countries are passing new and more restrictive immigration and naturalization bills (Benhabib, 2002). Third country nationals have limited civil rights when a host country strictly regulates their freedom of movement, domicile, and employment. Third country nationals remain culturally and politically "mere auxiliaries" in their host country. They may face cultural and religious stereotypes and prejudices.

Third country national may not want to return to their home country after an assignment. Corporate staffing decisions must take this into consideration before posting a third country national in temporary assignment or when making career plans for that individual.

SUMMARY

Outstanding talent can be found anywhere in the world. The most effective global corporations are those who seek out expertise wherever it resides and builds that expertise into the corporate knowledge base. Internationally mobile nationals of countries other than the headquarter's country are uniquely qualified to fill many key positions and can become some of the corporation's most effective global leaders.

References available on request

Recruiting and Retaining the Older Worker

Linda Keup
Concordia College, Moorhead, MN
e-mail: keup@cord.edu

Lynn Lundebrek
United Way, Ft. Collins, CO
e-mail: llundebrek@uwaylc.org

ABSTRACT

The rapidly changing demographics of the U.S. workforce pose serious challenges for today's human resource managers. This study of older workers found that factors correlated with older expected retirement age were poor financial condition, organizational support, work centrality, and good health. Those who expect to work in retirement want to do so on a part-time basis, but also expect a competitive wage, health insurance, a retirement plan and a balance between work and personal lives.

Literature Review

Demographic Realities

The demographics are startling: by, 2007, 40% of the workforce will be 45 years and older and by 2012, those 55 and older will make up 19.1% of the civilian labor force, compared to 14.3% in 2002 (Dohm, 2000; Favreault, Ratcliffe, & Toder,1999). Further, the annual growth rate of those 55 and older will be four times the rate of overall population growth ("Civilian Labor", 2004; Toosi, 2004). Companies across the nation may face massive retirements as the Baby Boomers (those born 1946-1960) reach traditional retirement age (Dohm, 2000; Herman & Gioia, 2004b). Although this demographic tidal wave has driven many societal changes in the past, few employers report actively preparing for this significant change in the workforce. ("Older workers survey", 2003).

Larry Anderson of The National Older Worker Career Center calls the shifting demographics of the United States "one of the greatest emerging national issues" ("SHRM Survey", 2003). All the demographic indicators tell the same story: the age group 65+ is increasing at a more rapid rate than the general population, while the group ages 16-39 is decreasing as a percentage of the population ("Civilian labor force", 2004; Herman & Goia, 2004b;). This change in the general population will obviously affect the labor force in dramatic ways. The Concours Group, a management consulting group, predicts that as workforce growth slows, U.S. companies will not have enough new employees to replace retiring Baby Boomers (Herman & Goia, 2004b). The effect of that massive retirement on the economy as a whole, and specific industries and occupations, will be enormous. There will be an increased need for younger workers

with "relatively high levels of skill" and it could mean more workers working longer hours (Dohm, 2000). Women leave the workforce after age 55 more rapidly; thus, occupations with high numbers of women will face higher retirement rates at earlier ages than others. The industry expected to have the greatest replacement needs is education, while specific occupations facing the same situation include secretaries, truck drivers, teachers at all levels, registered nurses, janitors, bookkeepers and accountants, and clerks (Dohm, 2000). One of the most serious concerns is the loss of knowledge within an organization when large numbers of senior staff leave (De Long, 2000; Nelson, 2004).

Retirement Attitudes and Policies

There is evidence that attitudes toward, and expectations of, retirement is changing and that those changes, along with recent policy changes, are leading to workers remaining in the workforce longer ("Many Older Workers", 2004). In a 2003 study, AARP reported that 45% of workers not yet retired plan to work into retirement years or never retire at all (Brown, 2003). Another study found 96% of those 65+ who were willing and able to work were doing so and that more than half (53.2%) of the 888,000 people aged 75+ in the labor pool were working full time and the rest part-time (Herman & Gioia, 2004b). The Bureau of Labor Statistics predicts participation rates of workers 55 and older will increase 5.5% from 1998 to 2008 (Dohm, 2000). In a survey of persons 65 and older, 58% were retired; 23% were retired AND working; and 19% were not retired ("American Perceptions", 2003). AARP reports that 8 of 10 Baby Boomers plan to work into retirement, but not always the same type of work or full-time (Brown, 2003).

The impetus for remaining in the workforce is in part a result of organizational and public policy changes. The first policy change is an increasing number of companies that are switching their retirement plans from a defined benefit plan to a defined contribution plan, thereby removing the security of a stable and continuing pension check. Congress has also increased the age at which a retiree can receive full Social Security benefits from 65 to 65 years, 8 months currently. Those born after 1960 cannot receive full benefits until age 67. Furthermore, Congress repealed the law that limited earnings of those aged 65-69 in 2000 ("Many Older Workers", 2004). Thanks to the Age Discrimination in Employment statute passed by Congress in 1967, mandatory retirement is no longer present and age discrimination has been reduced, making longer employment both possible and more pleasant.

On an economic level, there are some compelling reasons for older workers to remain employed. The recession of 2001 and resulting stock losses caused many retirees to postpone retirement (Brown, 2003) and only 25% of Baby Boomers feel they have saved enough for retirement ("New Opportunities", n.d.). Those receiving pensions from defined-benefit plans will have their benefits reduced as the period of retirement

lengthens ("New Opportunities", n.d.). The current health care cost crisis may prompt many to stay in the work force for the health insurance benefits.

Equally important reasons for working into retirement are values that drive the need to remain active and productive (Herman & Gioia, 2004a) and the desire for social interaction. The ability to work, due to less physically demanding work environment, longer life expectancy, and better health, and the psychological benefits of working such as higher morale, happiness, and life satisfaction have all been cited as reasons to stay in the workforce (Favreault, Ratcliffe, & Toder, 1999; Herman & Gioia, 2004a; "New Opportunities", n.d.).

Although many policies and attitudes favor the worker's desire to remain in, or re-enter, the workforce, policy and perceptual barriers remain. Older workers feel they are receiving neither the respect nor the development opportunities they desire because of their age (Bates, 2003). There are widespread misperceptions about the physical and cognitive limitations of the older worker ("New Opportunities", n.d.).

Many companies retain the early retirement financial incentives, based on cutting labor costs by replacing older workers' higher salaries with younger workers' lower ones. The Employee Retirement Income Security Act (ERISA) allows employers to reduce pension benefits if retirees work more than 40 hours per month. It is also true that insurance costs (health, life, disability) are higher for older workers ("New Opportunities", n.d.). Phased retirement plans, or a gradual reduction of working hours, are not yet widely available, despite the attraction such plans hold for older workers (Herman & Gioia, 2004a). Finally, employers do not yet view the aging workforce as a critical business issue and thus are not proactive in developing creative approaches to retain the human capital of older workers' knowledge and experience ("New Opportunities", n.d.; "Older Workers", 2003).

Despite these barriers, there are compelling reasons for companies to look more closely at their staffing plans and employment relationships. In a phone survey of Human Resource managers, older workers were perceived to have all but one of the top seven qualities desired in an employee. The single factor they were perceived not to have is "willing to be flexible about doing different tasks". They were also rated lower (by the HR managers) than other employees for trying new approaches, up-to-date job skills, and learning new technology ("American Business", 2000).

In fact, "employers need the experience, expertise, maturity, wisdom, and stability of these older workers" (Herman & Gioia, 2004b), and "they are willing and able to learn new things ("American Business", 2000). Age is positively correlated with job satisfaction and organizational commitment, two important predictors of lowered absenteeism and turnover (Smith & Hoy, 1992). The older worker is willing to work flexible schedules, has a strong work ethic, and is more reliable ("SHRM Survey", 2003). Older workers are important to the economic health of the country and their

experience contributes to higher productivity of their companies ("American Business", 2000; "New Opportunities", n.d.).

There has been limited research into what policies and benefits are attractive to the older worker. The most often mentioned are benefit packages targeted to older workers (such as cafeteria benefits), part-time opportunities with or without benefits; skills training targeted to older workers; health and wellness promotion; extended leave opportunities; and retirement counseling. AARP reported (Brown, 2003) results from a survey of members that the top reasons for working in retirement were money, desire to remain active and productive, and health benefits. Flexible scheduling and feeling valued were also important to those respondents. Armstrong-Stassen & Templer (2004) reported that perceived organizational support, the importance of work to an individual, and satisfaction with one's career were significantly associated with a propensity to continue working.

The study reported here sought to more fully define personal and organizational characteristics that are associated with expected retirement age; what type of work may be sought during retirement years; and what job and organizational factors are important to the older worker.

<div align="center">Methodology</div>

Sample

Organizations in a Midwestern region of the U.S. were recruited to participate in this employee study. A written survey accompanied a cover letter and was sent by internal mail systems to all benefits-eligible employees of four organizations (approximately 1500 employees total). The survey was also made available on a secure Web site. Postage-paid return envelopes were provided for return of the surveys directly to the researchers.

Instrument

The survey instrument consisted of three parts. The first was personal and occupational demographics (age, gender, job title, job status [full-, part-time, or temporary], education, and organizational tenure. The respondent was also asked at what age he/she expected to retire and what type of work, if any, he/she intended to do during retirement.

The second section asked the respondent to rate the importance of 27 items in selecting a position on a scale of 1 ("not at all important") to 10 ("critically important; I wouldn't consider a job that didn't offer this"). These items included self-focused items ("freedom to make decisions about one's work" and "opportunity for challenging work"`; work environment items ("social interaction" and "participation in work-related decisions"; monetary items ("competitive wage/salary" and "retirement plan"); benefits

items such as "flexible benefits" and "health insurance"; knowledge of one's performance ("frequent feedback on job performance" and "chance to receive recognition"); and workplace flexibility ("flexible scheduling" and "opportunity to work part-time"). The respondent then ranked the top 5 of those 27 items.

The final section included four items measuring work centrality (adapted from Hirschfeld & Field, 2000), an example of which is "I would probably keep on working even if I didn't need the money" (α=.391). Perceived organizational support was measured with 6 items (α=.903), including "The organization values my contribution to its well-being" (Eisenberger, Huntington, Hutchison & Sowa, 1986). Supervisory support was measured with 7 items from Greenhaus, Parasuraman, Wormley, 1990 (α=.873) and included "My supervisor makes sure I get the credit when I accomplish something substantial on the job". Two items measured perceived health (α=.796); one of the items was "I believe my overall level of health will allow me to continue working as long as I want" and the other asked the respondent to rate his/her overall health on a scale of 5=Excellent to 1=Poor. Perceived financial condition was also measured by two items (α=.653), one of which was "My pension will be adequate to meet my financial needs after retirement".

Results

Sample

The four organizations that elected to participate represent both private and public entities, as well as for-profit and not-for-profit organizations. The full sample consisted of 584 completed questionnaires, which represents a 39% response rate. The sub-sample relevant to this study consisted of the 309 individuals aged 46+. Most of those respondents work full-time (88%), 70% were female and 72% have more than a high school education. They had an average organizational tenure of over 16 years and the largest proportion were classified as skilled labor (44%), while 34.4% reported having a professional, administrative, or managerial position, 8.6% a supervisory occupation, and the balance were unskilled laborers.

Correlates of Retirement Age

The determination of when to retire is an intensely personal one, but HR managers need an estimation of the population for planning purposes. In this study, individuals were asked to estimate the age at which they expect to retire and just 23.5% of this sample indicated a retirement age past that of the traditional age of 65. This may support the finding that women retire earlier in larger numbers than men (Dohm,2000), as this sample is well over half female.

It would be useful to HR managers to understand the personal and organizational factors that are related to the expected retirement age. The correlation matrix below illustrates factors correlated with expected retirement age.

TABLE 1
BIVARIATE CORRELATIONS [a]

Variable	Mean	1
Expected Retirement Age		
Work Centrality	2.62 (of 5)	.141**
Finances	2.75 (of 5)	-.159**
Health	4.0 (of 5)	.124**
Organizational Support	3.19 (of 5)	.176**
Supervisory Support	3.16 (of 5)	.087
Organizational Tenure	16 yrs +	-.379**

[a]Bivariate correlations in column 1, based on Spearman's rho test
**Significance level p<.01, two-tailed   n = 309

In a study reported at the 2004 Administrative Sciences Association of Canada annual meeting, Armstrong-Stassen and Templer found that career satisfaction, the importance of work to an individual and a feeling that the organization was committed to them and their work were associated with people wanting to continue working. In support of Armstrong-Stassen & Templer's (2004) findings, the correlation between work centrality (the importance of work to one's life) and the age at which employees expect to retire was positive (r = .141; p=.01). In further support of their findings, perceived organizational support and expected retirement age were positively correlated (r = .176; p=.01), with those feeling positive organizational support expecting to retire at a later age. Those who feel that they are healthy are also expecting to retire at a later age (r = .124; p=.01)

Financial condition and expected retirement age were negatively correlated, i.e., the less secure one feels financially, the older the age at which one expects to retire (r = -.159; p=. 01). Organizational tenure and expected retirement age were also negatively correlated (r = -.379;p=. 01), indicating that the respondents who have worked for an organization a shorter time report a higher expected retirement age. Age, Gender, Education, Job Title, and Supervisor Support were not related to expected retirement age.

Retirement Work

Respondents were asked what type of work, if any, they plan to do during their retirement years. We found a significant percentage planning to work part-time (57%), with 34.1% planning a different type of work and 22.9% doing the same. The number of those planning to start their own businesses is 7.6% and those who will not work for pay or not work at all represent 15.3% of the respondents. A sizeable percentage (13.1%) did not respond to this question.

Critical Factors in Selecting a Position

Respondents were asked to rate the importance of 27 factors to selection of a position, specifically the question read, "If you were in the market for a job today, how important would each of the following be in your decision to take a position?" The scale ranged from "10=Critically important; I wouldn't consider a job that didn't offer this" to "1=Not at all important; this would not be a consideration in deciding to take a job". The most important factors with a mean rating of 9.3 were "retirement plan", "competitive wage/salary", and "health insurance". Nearly as important were the "opportunity to balance work and personal lives" and "job security", each with a mean rating of 8.9.

It is clear that, for this sample of employees, economic factors are critical in making a decision whether to accept a position or not. The only non-economic factor with a comparable rating is the "opportunity to balance work and personal lives". Not surprisingly, when respondents were asked to rank the 27 items in order of importance (top 5 only), health insurance was ranked 1st or most important by the greatest number (26.8%). Flexible scheduling was ranked #1 by 10.5%; 7.3% chose "work that I'm passionate about" and 6.4% selected "opportunity to balance work and personal lives"; and another 5.4% ranked "freedom to make decisions about one's work" as their top priority. The following table illustrates the rankings of all five most important elements, as selected by three different age groups.

TABLE 3
AGE * RANKED ITEMS

AGE	RANK 1	RANK 2	RANK 3	RANK 4	RANK 5
46-55	Health Insurance	Competitive Wage	Competitive Wage	Limited Stress	Fun
56-65	Health Insurance	Work I'm Passionate About	Flexible Schedule	Balance Personal & Work Lives	Fun
65+	Health Insurance	Retirement Plan	Competitive Wage	Opportunity for Self-Reliant	Variety, Career, Limit Stress

Limitations

The results of this study cannot be generalized to the employee population of either the region or the country, due to the sampling procedure used. Further, the organizations are limited to the Midwest and may not represent the expectations and desires of all employees of this age in the U.S.

The scale that asked the critical position factors was developed for this study and has not been validated. Other items have been validated in previous research and reliability measures indicate a high degree of reliability. The one exception is the work centrality measure, which had a Cronbach's alpha (α=.391) which is below that considered acceptable (Nunnally, 1978).

Finally, this is a cross-sectional, descriptive study with primarily non-parametric data, which limits the types of analysis possible and restricts the conclusions that can be drawn from the results.

Discussion

The employees included in the sample are clearly most concerned with economic factors—job security, competitive wages, retirement plans, and health insurance. In both rating and ranking of the job characteristics, they were critical. But, work that engages them and the opportunity to balance their work and personal lives through part-time or flexible scheduling also appear to have high priority.

More people may work longer based solely on their self-evaluation and report of their financial health. The mean of 2.75 out of 5 reveals a financial future that may necessitate remaining in the workforce more years. Overwhelmingly, the respondents felt their physical health would enable them to work as long as they prefer (μ=4.0 of 5).

These employees do not feel that their work defines them, as evidenced by the low mean score on the work centrality measure (μ=2.62). This measure had some reliability problems, however, and may not have produced accurate results. However, other results—high ratings for an opportunity to balance work and personal lives and flexible scheduling also indicate that people feel other activities are just as central to their lives as work. It's worth noting that employees whose work is more central to their lives plan to work longer.

Organizations and supervisors were both perceived to be moderately supportive of these employees. Organizations wishing to retain employees should recognize the importance of these factors (organizational support was positively correlated with higher retirement ages) and work with supervisors and managers as well as organizational policy to assure that employees feel supported.

Conclusions

There is a need for HR managers to develop both short-term and long-term plans for an increasingly older workforce and the needs and expectations of that workforce. In this sample, those with shorter organizational tenure and less financial stability, those whose work is important to them, those who feel healthy and those who feel that the organization is supportive of their efforts will work longer into "retirement" years. Of respondents aged 56-65, over half stated they expected to retire at age 70 and over, meaning that they may have different expectations than does the organization. Further research may be warranted to determine the organizational perspectives. The majority indicated they preferred to work part-time in their retirement years and will be looking for opportunities to do so.

There is a corresponding desire to be paid appropriately and have access to at least some benefits, especially health insurance. This is not surprising, given the public attention that rising health care costs have received in recent years. HR Managers who wish to recruit or retain individuals who are 65+ will need to develop a strategy that will addresses these concerns. Organizations have an opportunity to create the flexibility in wages, benefits, and scheduling these employees are seeking and to develop an environment that supports workers and engages them in their work. While challenging, the result will be a workplace attractive enough to recruit and retain these workers with experience, maturity, wisdom, and stability.

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ORGANIZATIONS IN MOTION: IMPACT OF LABOR FORCE TRANSITIONS
Dr. Anastasia Luca, Touro University International, aluca@tourou.edu
Sharon Kendrick, Touro University International, skendrick@tourou.edu and
Fayetteville Technical Community College
Dr. Melody Wollan, Eastern Illinois University, mlwollan@eiu.edu (Chair)

ABSTRACT

This symposium was designed to reflect the conference theme and focus on change in organizations. Specifically, the three papers included in this symposium all address transitions that organizations need to consider with changes in labor force. The first paper reflects an empirical cross-cultural study related to the transition of a global workforce, and how perceptions are influenced by culture, specifically looking at positive illusions. The second study is a work-in-development as a dissertation that examines the transition in the broader labor force – that of retirees returning to employment in what has been coined "bridge employment" and is providing a window into an aging population and the attraction and selection components of reentering the workforce post-retirement. The third paper addresses an empirical study conducted with coworkers in environments where employees had recently departed, evaluates the characteristics of the respondent with the exiting employee and makes suggestions based on social identity theory for identification of potential ripple effects from turnover. Thus, all three papers address different types of transitions of labor force: an external cross-cultural shift in available labor supply globally and issues with managing a cross-cultural workforce, a cultural shift in the United States with the population of retirees returning to work, representing a broader shift in an aging labor force, and the effect on the labor force in transitions within organizations under conditions of turnover and exit. Discussant for these works will be Dr. Mary Sully de Luque, Thunderbird, The Garvin School of International Management, sullym@t-bird.edu, scholar and author of international management and human resource management research.

PAPER 1

A Cross-Cultural Comparison of Positive Work Self-Assessment:
US and Romanian MBAs
Dr. Anastasia Luca, Touro University International

Dr. Luca (PhD, UCLA) was a two-term Fulbright scholar and a post-doc at UCLA, and has conducted research in both Romania and the United States. In her presentation, she will discuss similarities and differences in these environments that shape the perceptions of potential employees, and will discuss her key findings related to positive illusions, extending the work of Taylor and Brown (1988) and Taylor (1989) to a cross-cultural environment. Specifically she summarizes her paper:

A main phenomenon capturing self-serving biases and their impact upon human life is that of positive illusions (Taylor, 1984; Taylor & Brown, 1989;

Taylor 1989). Taylor and Brown (1988) and Taylor (1989) determined that mild self-serving biases lead individuals to form a brighter image of self than objective reality permits, a human cognition phenomenon, they named positive illusions (TPI). TPI leads individuals to develop enhanced self-esteem, a sense of control over their lives and unrealistic optimism. TPI also influences individuals to experienced enhanced career prospects, as they compare themselves to their peers. Contrary to expectations, TPI has beneficial consequences for individuals and their lives. No earlier cross-cultural study examines, nor tests TPI. This pilot study examines the phenomenon of positive illusions (TPI), as it influences the work lives of individuals (WTPI), focusing on business professionals enrolled in MBA Programs in Los Angeles and Bucharest.

Findings of this study indicate that business professionals attending MBA Programs in Los Angeles and in Bucharest have high levels of WTPI. Their enhanced career self-esteem is especially elevated. Findings further attest that there are no WTPI differences among the US and the Romanian MBA samples. Both US and Romanian business professionals highly regard their career abilities. They also believe that their career prospects are superior to those of their peers. It thus appears that work positive self-assessment characterizes business professionals, beyond their national background.

PAPER 2

Building a Better Bridge: A Closer Look at Bridge Employment
Sharon Kendrick, Touro University International & Fayetteville Technical Community College

Ms. Kendrick is a PhD student working on her dissertation proposal. To this symposium, she brings a literature review on the current state of research in the area of retirement and bridge employment. By October, she is likely to have defended her dissertation proposal and to have collected her data. Her literature review suggests that retirees select bridge employment on a number of characteristics ranging from their satisfaction with work prior to retirement, the availability of options in bridge employment (work characteristics), and financial considerations, among other themes that have emerged in preparing her study. This would suggest that current and potential employers may be able to influence and position the retiring employee for future "bridge employment" (Feldman, 1994). She summarizes her work:

This study will seek to identify characteristics of jobs and organizations (Davis, 2003; Feldman & Kim, 2000; Singh & DeNoble, 2003) that would be attractive to potential bridge employment seeking. Few have been empirically tested and such research could be used to inform recruiting and job redesign efforts (Adams & Rau, 2004; Seibert, Kraimer, & Crant, 2001) and improve organizational performance in recruitment of older workers. Additionally, this study will seek to determine if situational vs. dispositional attributions negatively

or positively influence participation in bridge employment among retirees. The findings of this research study will help employers identify what attracts retiring employees to bridge employment and identify potential candidates for bridge employment.

PAPER 3

The Impact of Coworker Transitions: How Exiting Employees Influence Others
Melody Wollan, Eastern Illinois University

Dr. Wollan (PhD, University of Nebraska) is interested in the influence that coworkers have on one another based on social information, particularly in transitioning organizational events such as exit announcement and ceremonials. Her research focuses on the exiting and transitional process of employee exits (capturing similarities and differences in retirement, downsizing, voluntary turnover and involuntary terminations), largely utilizing theories of social comparison and social identity categorizations.

In this symposium, she proposes to present a segment of her empirical findings from her dissertation research that suggested that the perception of shared social identity characteristics are a better indicator of the remaining coworker's impact and influence of ripple effects than friendship or hierarchical similarity as previous studies have suggested. This paper and presentation delve into the results with a refined approach, to suggest what performance, behaviors and attitudes were specifically demonstrated to be more affected by the exit of a coworker.

A cross-sectional sample of 51 workgroups from independent organizations was created in which an employee had left during the previous four months. Surviving coworker responses to questionnaires indicated their degree of social identification with the exited employee was significantly related to the degree of change in the surviving coworkers' performance, attitudes, and behaviors, when the dependent variable was considered as an aggregate of these three broad categories (Wollan, 2002). Social identification with the exited employee was found to be a better predictor than friendship relationships or hierarchical similarity in predicting changes in performance, attitudes, and behaviors (as an aggregated variable; Wollan, 2002). These results illustrate that turnover can create a ripple effect in the workplace. While some surviving employees responded adversely to the loss of a coworker, others responded favorably and others were not affected at all.

In further analysis of the data within the sample, specific aspects of ripple effects beyond turnover are examined to identify specific outcomes that might occur when a highly identified coworker departs, including anti-social behaviors (i.e., theft, sabotage), performance (in-role and extra-role), absenteeism, changes in career, job, and life satisfaction, and organizational commitment. In this vein, results indicate that managers may be able to better recognize outcomes, predict targeted individuals that might be more greatly impacted, and address the source of adjustment that the employee makes when a coworkers departs.

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My Orange Is Bigger Than Your Apple:
U. S. and Japanese Executive Compensation

Abagail McWilliams, University of Illinois at Chicago (abby@uic.edu)
Samuel R. Gray, New Mexico State University (samgray@nmsu.edu)
David D. Van Fleet, Arizona State University at the West campus (ddvf@asu.edu)

ABSTRACT

There appear to be large differences in the compensation of American and Japanese executives. Such statements suffer from a number of shortcomings, one of which is that compensation takes different forms in the U.S. and Japan. As a result, a classic error of comparing apples and oranges occurs. We use a broad definition of compensation and some preliminary data and find that the large differences may disappear when adjusted for the value of insider information.

BACKGROUND

"The man who works for the gold in the job rather than for the money in the pay envelope, is the fellow who gets on." - Joseph French Johnson

While the above may be wisdom, when attention is directed to top executives it is almost always the money in the pay envelope that is of interest. Criticisms aimed at the compensation of corporate executives in the U.S. frequently make comparisons between the pay of U.S. and Japanese executives. For example, Business Week has reported that Japanese CEOs receive about one-fourth the compensation of comparable U.S. CEOs (Cover Story, 1993). And, Industry Week says that Japanese executives earn about eleven times what a typical factory worker does while U.S. executives earn more than twenty-four times (Verespej, 1992).

Such comparisons have been almost universally dependent upon anecdotal evidence because, unlike American firms, Japanese firms are not required by law to disclose the compensation of their executives. Despite constant attention of the popular press and a profusion of anecdotal evidence, the compensation of U.S. executives relative to Japanese executives has escaped the scrutiny of academic research. This is understandable given the lack of reliable information on Japanese compensation. Lacking hard evidence to the contrary, it is tempting for researchers to jump on the anecdotal bandwagon and denounce U.S. compensation practices. The typical conclusion drawn from the popular press and often supported by the academic community has been that, because U.S. executives receive several times the compensation of their Japanese counterparts, there is something inappropriate about the level of compensation in the U.S (Bron, 1992). Such conclusions are often followed by calls for government regulation or self reform of the compensation practices of U.S. firms (Brown, 1992).

The purpose of this paper is to present preliminary evidence to address the apparent large compensation difference noted above. The main hypothesis is that the apparent substantial difference between U.S. and Japanese executive compensation level may be due, in part, to differences in the manner in which executives in the different countries are compensated. That is, the popular press has been comparing oranges to apples. We propose using a broader definition of compensation -- income and wealth creation that results directly from the employment relationship -- to compare the compensation of U.S. and Japanese executives. This definition allows us to test for differences in more comparable measures of compensation.

DETERMINANTS OF COMPENSATION

Executive compensation depends on many factors. One is firm performance, typically estimated by looking at either stock price or accounting rates of return (Buchhottz, Young, & Powell, 1998). Using stock prices, researchers have demonstrated that this relationship is very weak, especially for very large firms (Jensen & Murphy, 1990). It was suggested that this is a result of political forces operating both in the public sector and inside firms. Using accounting rates of return, it was found that while executive pay is correlated to profits, compensation is primarily determined by the managerial labor market (Ciscel & Carrol, 1980). Other factors that have been identified as determinants of the level of compensation include the industry in which the firm operates, the size of the firm, the growth rate of the firm, the tenure of the executive, and governance structures (Boyd, 1994; Deckop, 1988). To the extent that any of these factors varies significantly between firms in the U.S. and Japan, these differences could be contributing to observed differences in compensation levels (Kato, 1997).

There are also institutional and cultural differences that might lead to a disparity in compensation between Japanese and U.S. CEOs (Abowd & Bognanno, 1995; Kato & Hebner, 1997). One of these differences is that U.S. and Japanese executives do not bear the same level of compensation risk. Japanese executives are seldom fired even when company performance is extremely poor. For U.S. executives, on the other hand, firings have become a way of life. Therefore, because of the positive relationship between risk and return, we might expect that the pay of U. S. executives would be somewhat higher than that of Japanese executives. Another difference is that the labor market for managers is much less competitive in Japan than it is in the U.S (Kang & Shivdasani, 1995). The Japanese culture rewards long term commitment and loyalty and places extreme limits on the opportunities that executives have to seek employment with a different firm. As a consequence, Japanese executives seldom leave their employers and join other firms. In the U. S., on the other hand, changing employers is relatively commonplace. Therefore, it can said that a relatively competitive labor market for managers exists in the U.S., while in Japan the labor market more closely resembles a monopsony (single buyer). We would expect that the market wage rate would be

higher in the more competitive U.S. market than in the less competitive Japanese market. Finally, compensation levels might appear to differ because of differences in the manner in which executives are compensated.

There may be fundamental differences in the manner in which executives are compensated in Japan and the U.S. One difference concerns the cultural and legal implications of insider trading in the two countries. In the U.S. insider trading is illegal and the laws against it are vigorously enforced. Therefore, U.S. executives cannot receive any of their compensation through the value of insider information. In Japan sanctions against insider are generally not enforced and the cultural norm supports trading on insider information. Therefore, Japanese executives may receive some of their compensation through the value of insider information.

"Insider trading is simply not viewed as wrong" in Japan (Swan, 1990), although the practice has been technically illegal since the end of World War II (George, Standberry, & Boss, 1990). The law on insider trading (as well as other securities regulation) was imposed by the Allied Occupation Headquarters (Matsui, 1991). The Japanese never bought into the regulation, however, and enforcement of insider trading laws has been virtually non-existent. Prior to the passage of reform legislation in 1988, there had been no criminal prosecution for insider trading (New Laws for Old, 1988). The reform legislation passed in 1988 also apparently had very little impact on the practice of insider trading. The first insider trading case to go to trial in Japan was decided in 1992, when a senior managing director of Macross Corporation was found guilty of trading on insider information. The director's punishment consisted of a fine of the equivalent of $4,144 (Japanese Executive Found Guilty of Insider Trading, 1992). Because insider trading is deeply ingrained in the social and cultural fabric of Japanese life, enforcement and prosecution are unlikely (George, et al., 1990).

In addition, the regulatory and legal structures of Japan are ill suited to vigorous enforcement. The Securities Bureau of the Ministry of Finance (the equivalent of the U.S. Securities and Exchange Commission) has only 140 investigators, compared to over 2,000 for the SEC (George, et al., 1990). In addition, the Japanese Securities Bureau has no enforcement arm, leaving only the local police to implement the laws (Over to the Men in Uniform, 1990). In addition, civil suits or class action suits are hampered by the cultural norms. Japanese society emphasizes harmony; litigation is seen as a threat to this norm (Swan, 1990). In summary, according to The Economist, "Insider trading is as illegal in Tokyo as breaking the speed limit--and about as widespread." (Over to the Men in Uniform, 1990).

DEFINING AND MEASURING COMPENSATION

Differences in the cultural and legal implications of insider trading in Japan and the U.S. are central to the argument of this paper. This argument is that compensation should be

defined as the income and wealth that an executive receives as a direct result of his/her employment relationship. Because Japanese executives apparently can reap income from trading on the information they receive as employees, the value of insider information constitutes a portion of the compensation of Japanese executives. This form of compensation is illegal and vigorously prosecuted in the United States. Hence, any comparisons of Japanese and U.S. executive compensation that do not consider the wealth effects of trading on inside information are erroneous and misleading.

The argument is as follows: Japanese executives are privy to inside information which has a positive economic value. This information can readily be converted into cash. Therefore, Japanese executives may be partially compensated in the form of information. To the extent that the value of insider information is not treated as compensation, Japanese executive compensation is understated.

U.S. executives, on the other hand, receive information which has no market value since they are not free to trade in their personal accounts based on this information. Therefore, U.S. executive compensation is not understated, but, in fact, properly reflects total compensation. Our hypothesis that U.S. executives do not receive any of their compensation in the form of inside information is consistent with the finding of Jensen and Murphy that there has been a "dramatic decline in the CEO stock ownership over the past 50 years..." (1990, p. 258). As it has become easier to detect insider trading and the enforcement of laws against such trading has become more vigilant, we would expect that CEOs would have traded stock ownership for higher salaries. Because of differences in insider trading laws, we would expect Japanese executives to receive some compensation in the form of information and U.S. executives to receive all of their compensation in more measurable (and visible) forms, such as salary, bonus, fringe benefits, stock, and stock options (Lavelle & Jespersen, 2001 and 2002). This is consistent with the different cultures of the two countries as well. Japanese culture places a high value on harmony. Very large wage differentials might lead to disharmony. Therefore, we would expect that measurable (or visible) differences in wages would be kept as low as possible. The American cultural, on the other hand, places a high value on individuality and a lower value on harmony. Therefore, we would expect to see more effort to encourage individual success and less concern about the effects of wage differentials on harmony.

The argument outlined here does not imply equality of compensation for Japanese and U.S. executives. It does imply, however, that previous reports of large differences in pay may be unwarranted. This research was designed to analyze the differences in compensation using our broader definition -- income and wealth creation that results directly from the employment relationship. Therefore, we compare compensation after adjusting for the value of insider information. The hypothesis to be tested is:

H: After adjusting for the value of insider trading, there is no significant difference between the compensation of Japanese and U.S. CEOs.

To test this hypothesis directly we would need compensation data (including the value of inside information) for Japanese CEOs. The determination of the monetary value of insider information to a given Japanese executive represented a formidable challenge to the present research, since no methodology exists for its estimation. The valuation process was further complicated by the fact that data were not available on the magnitude of insider trading activity by these Japanese executives, although anecdotal evidence suggests that the practice is pervasive. Data were available, however, that allowed us to estimate the value that insider trading would have to a U.S. executive, if the practice were legal in this country. The logic of the methodology for adjusting the value of compensation for insider trading is outlined below.

Let U = the reported (unadjusted) salary of a U. S. executive and J = the reported salary of a Japanese executive in comparable size firms. Consider what would happen if insider trading laws were abandoned in the U. S., making U. S. executives free to trade in their own accounts using information that was not available to the market. The value of the U. S. executive's inside information would immediately increase by Φ. The rational executive, then, would be just as well off by negotiating a new salary of $U - \Phi$. The executive would then receive part of his or her compensation in information rather than cash and stock-related bonuses.

We would expect the following relationship *if there were no substantive differences in compensation in the two countries*: $J = U - \Phi$. This implies that, in the absence of differences in insider trading laws, there would be equality of pay in Japan and the U.S. If one could calculate Φ, then, one could make comparisons between J and U, Japanese and U.S. executive compensation, that are closer to comparing oranges to oranges or apples to apples. To conduct our test we first estimated the value of inside information for the U.S. CEOs. Next, we subtracted this value from the reported compensation figures. This gave us a dollar value for $U - \Phi$. We then compared $U - \Phi$ to J to determine if there was any significant difference.

DATA

In order to assure comparability of data, we had to use some that are a bit outdated. Clearly the validity of our results depends upon obtaining and analyzing more current data. Because we did use older data, we have labeled our results as "preliminary."

Data on Japanese executives' compensation, for 1991, were obtained from the Business *Week* article, "What Do Japanese CEOs Really Make?" (Cover Story, 1993). These data were compiled for the CEOs of the 50 largest firms in Japan by the consulting firm of Towers and Perrin. Towers and Perrin got its information on income

from public tax information. Because the tax information was not broken down by source of income, it was possible that reported income included such items as capital gains on personal property. Therefore, Towers and Perrin used information from 5 years of tax records to estimate the employment income to the Japanese CEOs. While not perfect, this is the best data source available to date. The 50th observation had to be dropped because complete compensation figures were not available for that executive. The final data set, therefore, consisted of the cash compensation of the CEOs of the largest 49 Japanese firms.

The compensation data on the CEOs of the 49 largest U.S. firms, for 1991, were also obtained from *Business Week* (Byrne, 1992). These compensation data consisted of salary, cash bonus, and the value of stock grants and stock options and were compiled from the firms' proxy statements.

METHOD

We estimated Φ using conventional event study technique (Fama, Fisher, & Roll, 1969). This technique is widely used and accepted in accounting and finance as a way to determine the impact of some "event" on the value of a firm. It is generally accepted that some events, such as the announcement of a merger, will generate an abnormal return for a firm's stock on the days surrounding the event. (This is the type of information that insider-trading laws prevent executives from using to their personal advantage.) If the abnormal return per share is multiplied by the number of shares, the result is the total change in the value of the firm attributable to the event. Because it may take more than one day for the stock price to adjust to new information, it is typical to sum the abnormal returns over a few trading days, to allow for full adjustment of the stock price to the announcement. The number of days over which the abnormal returns are accumulated is known as the event "window."

This technique allowed us to estimate the affect that announcements such as an impending merger or unexpected earnings had on the stock price of the 49 largest U. S. corporations in 1991. To use this technique, one first underlines{estimates} the return that a given stock will have, relative to the market return, for any one day period. This is the firm's expected daily return. The actual return for any day can then be compared to the expected. Any difference is considered to be an abnormal return. For this study we use five trading days (a commonly used period) as our window for estimating the total abnormal return. These five days included the day of the announcement, two days following the announcement and two days preceding the announcement. Two days preceding the announcement were included, because information about an announcement is often "leaked" to the market. Two days following the event were included to give time for the market to fully adjust.

The event window we used, then, began 2 days prior to an announcement and ended 2 days after an announcement in The Wall Street Journal. This short event window was chosen to permit a conservative estimate of the value of insider information. The accumulated abnormal returns we calculated represent the gains that the CEO could have made on each share of stock for a trade executed two days prior to an announcement and liquidated two days after an announcement. For each of the 49 U.S. firms, we calculated the abnormal return for each event and summed all of these for the year. This calculation yielded the total value of insider information per share of stock for each firm for the 1991 calendar year.

The value of insider information to the CEOs was calculated by using the number of shares of stock that the CEOs owned, as recorded in the firms' proxy statements, as follows. We multiplied the per share total value of insider information (the sum of the abnormal returns) for the year by 1/2 the number of shares of stock that the executive owned. Only half the executives' stock ownership was used in the evaluation since this represents the standard margin requirement of U.S. brokerage firms. Thus, this estimation method is very conservative as it ignores other forms of wealth that the executive may have had at his or her disposal to use for trading.

RESULTS

The unadjusted compensation of CEOs in the top 49 Japanese and American firms are reported in Table 1. These results are consistent with prior reports that U.S. executives earn several times as much as their Japanese counterparts. We found that the mean for U.S. CEO compensation was approximately three times the mean for Japanese CEO compensation. In addition, a difference of means t-test and a non-parametric median difference test indicate that these differences are statistically significant.

TABLE 1
UNADJUSTED EXECUTIVE COMPENSATION IN TOP 49 FIRMS IN JAPAN AND THE U. S. (U.S. DOLLARS)

	Japan	U.S.
Mean Unadjusted Compensation	$983,531	$2,802,306
Median Unadjusted Compensation	$630,000	$993,523
Standard Deviation	1,150,277	2,453,270
N	49	49
t-statistic, mean difference test	4.7***	
χ-square, median difference test	50.0***	

*** p < 0.001

The results shown in Table 2 are a comparison of compensation of Japanese and U.S. executives after adjustments were made for the value of insider information. When these adjustments are made, the differences between CEO compensation in the top 49 firms in Japan and the U.S. are not statistically significant.

TABLE 2
EXECUTIVE COMPENSATION IN THE TOP 49 FIRMS IN JAPAN AND THE U. S. (U.S. DOLLARS) ADJUSTED FOR VALUE OF INSIDER INFORMATION.

	Japan	U.S.
Mean Adjusted Compensation	$983,531	$356,743
Median Adjusted Compensation	$630,000	$1,293,434
Standard Deviation	1,150,277	7,196,654
N	49	49
t-statistic, mean difference test	0.60	
χ-square, median difference test	9.18**	

*** p < 0.001

In order to investigate the possibility that some outliers might be driving these results, U.S. executives with extremely large stock holdings and/or unusually large values for insider information were dropped from the analysis. The results of the analysis after this adjustment was made are essentially the same as those reported in Table 2. While the differences in compensation are not statistically significant, the median U.S. compensation is higher than the median Japanese compensation (the median difference test approaches significance at the 0.10 level). Because some of the factors that are thought to determine the level of compensation may vary between the U.S. and Japan, we also conducted an analysis that controlled for some of these factors. We report the results of this analysis in Appendix A.

DISCUSSION

Periodically, politicians and interest groups suggest that the compensation of U.S. executives should be regulated, because it is "too high" (Conyon & Peck, 1998; Colvin & Lose, 1992). This position is often supported by arguing that U.S. executives must be overpaid, because they are paid much more than the executives of comparable Japanese firms. Although there is widespread belief in this comparison, there is scant empirical evidence to support it (Taft & Singh, 2003; Kaplan, 1994; Kato, 1997). Most such claims are supported by anecdotal evidence that ignores the differences in compensation laws and customs in the two countries, and does not control for differences in such things as firm size, profit ratio, and growth rate. This research was undertaken so that we might inject some objective evidence, albeit preliminary, into this

debate. With that in mind, we provide an examination of differences in the level and form of compensation between U.S. and Japanese executives.

First, we discussed the determinants of compensation level and ways in which these might vary across countries. Some of the determinants include: 1) firm performance, 2) growth rate of the firm, 3) firm size, 4) industry in which the firm competes, and 5) governance structures. It is possible that the link between compensation and any of these variables may vary across countries because of cultural and institutional differences. Institutional differences that were discussed include the employment risk borne by the executives and the efficiency of the managerial labor markets in the two countries. Finally, we discussed differences in cultural norms and the enforcement of laws pertaining to insider trading.

We concluded that differences in the treatment of insider trading could be expected to result in Japanese executives receiving some of their compensation in the form of (valuable) information and U.S. executives receiving compensation only in more easily measurable (i.e., visible) forms, such as salary, bonus, fringe benefits, stock, and stock options. We are not offering this as evidence that Japanese executives necessarily trade on inside information. We are, instead, demonstrating that, to the extent that American executives <u>cannot</u> trade on inside information, they are more likely to be compensated in more traditional ways.

Based on our conclusion that the way in which executives are compensated might differ across these cultures, we examined the compensation of the CEOs of the 49 largest Japanese and U.S. firms. We found that, using standard measures of compensation, the U.S. CEOs were paid about three times as much as the Japanese CEOs. However, after controlling for the value of inside information, we found that there was no significant difference in compensation. This demonstrates that simply comparing the mean reported compensation for CEOs between countries may be misleading. It may be equivalent to comparing oranges to apples.

Our results suggest that the apparent large difference between the compensation of Japanese and U.S. CEOs may shrink when the concept of compensation is expanded to include the <u>value</u> of information received as a consequence of the executives' position with the firm. Any residual differences are understandable as resulting from differences in other factors, in particular institutional factors such as the difference in employment risk between the two countries. Most importantly, this study points out that calls for regulating the compensation of U.S. executives based on a comparison between U.S. and Japanese executives are clearly misguided, because a fair comparison cannot be made based on the widely reported "evidence."

APPENDIX A

Because some of the factors that are thought to determine the level of compensation may vary between the U.S. and Japan, we also conducted an analysis that controlled for some of these factors. This was accomplished by running three separate regressions in which we regressed 1) unadjusted pay, 2) adjusted pay, and 3) adjusted pay with outliers dropped, on variables known to covary with compensation. Included were the logarithm of firm size (as measured by sales in dollars), firm performance (using return on sales as a proxy), and industry growth rate. These data were obtained from the *Compact Disclosure Worldscope Database*. In these regressions, we also included a dummy variable defined as one if the executive was from a U.S. firm, zero is from a Japanese firm. The results are displayed in Table 3.

TABLE 3
COMPENSATION REGRESSED ON LOG OF SALES, RETURN ON SALES, GROWTH RATE, AND DUMMY VARIABLE (T-STATISTICS IN PARENTHESES)

	1. Unadjusted Pay	2. Adjusted Pay	3. Adjusted Pay with Outliers Dropped
Intercept	-12089545***	-7840565	-11907388
	(-2.76)	(-0.565)	(-1.05)
Dummy variable	2001225***	-721512	500445
	(5.84)	(-0.664)	(0.804)
Log of Sales	433182**	943756	115622
	(2.33)	(0.696)	(1.442)
Return on Sales	185769***	115133	237289***
	(5.08)	(-.296)	(3.55)
Growth Rate	51379*	-30736	37010
	(1.67)	(-0.316)	(0.67)
N	98	98	96
R^2	.403	.010	.140

*p < 0.1, ** p < 0.05, *** p < 0.001

The dummy variable was added to test for a significant difference between U.S. and Japanese executives. As shown in Table 3, the coefficient on the dummy variable is significant only when the dependent variable is Unadjusted (reported) Pay. Once adjustments are made to account for the value of insider information, the results indicate a statistically insignificant difference between the Japanese and U.S. executives. This supports our hypothesis that, when adjustments are made for the value

of insider information, there is no significant difference in the compensation of U.S. and Japanese CEOs.

It is also worth noting that the regression results show that the difference in the mean unadjusted compensation from the regression was approximately the same as the difference in the mean unadjusted compensation that was reported in Table 1. This shows that controlling for firm size, profit rate, and growth rate did not significantly affect the relative compensation levels. Therefore, there is no evidence that the impact of these factors on compensation varies across the two countries.

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A Hard Look at the Potential Impact of Sexual Harassment in Central European
and Ascending Countries

James Neblett, DBA, PHR
Chapman University
jneblett@chapman.edu

ABSTRACT

Sexual harassment became a profound part of American culture during
the Thomas confirmation hearings in the 1990's. The author investigated United
States (US) and European Union (EU) laws with respect to sexual harassment in
the workplace. The research indicates US laws are more proactive in the
prevention versus the EU. Recently, the European Union has experienced a
plethoration of sexual harassment lawsuits and now needs to look at alternatives
to address harassment in the workplace. The researcher looked at the prevention
techniques and how to improve human resources management. The US law –
the Civil Rights Act of 1964 (amended 1991), further illustrates, the standard for
which employers must follow versus the EU's Directive, which allows each
Member State to establish its own legal guidelines. The EU must take a hard
look at the organizations culture when looking to make substantive changes to
policy. Some alternatives are Zero tolerance policies, Harassment policies and
Tip lines to report inappropriate behavior.

HIGH COURT EXPANDS LEGAL HORIZON FOR AGE BIAS CLAIMS

John R. Patton, Florida Tech. mailto:jpatton@fit.edu

ABSTRACT

On March 30, 2005 the U.S. Supreme Court ruled that workers between ages 40 and 70 could sue when an employer's action has a "disparate impact" on their age group, and need not any longer need to meet the tougher standard of proving that the employer actually intended to discriminate. This paper looks at the judicial considerations that impacted upon this ruling and what some of the implications could be for human resource managers.

INTRODUCTION

In an important ruling expanding the scope of the 1967 Age Discrimination Employment Act (ADEA), the Supreme Court said workplace policies that disadvantage older workers, even if not directly caused by age bias, can be a form of illegal age discrimination. The Supreme Court's main ruling in the case, *Smith v. City of Jackson*, makes it clear that older workers need not prove intentional discrimination in order to prevail under the ADEA. The justices also concluded that the scope of employer liability on this basis is narrower than it would be under the similar prohibitions of Title VII of the 1964 Civil Rights Act. Under the facts of the case, the employees who filed suit failed to prove their claims of discrimination. Yet, this landmark age discrimination lawsuit could open up avenues for more lawsuits based on disparate impact allegations.

FACTS OF THE CASE

In 1998 the city of Jackson, Mississippi adopted a five-tiered pay plan designed to reward and retain employees, using seniority as the basis for the raises. In 1999, the city amended the pay plan to bring the starting salaries of police officers up to a regional average. Some employees in the three lowest ranks and all those in the two highest ranks were 40 or older. Those in the two highest ranks received smaller percentage raises but higher dollar amounts than those in the lower ranks (Ring, 2004; Sandler, 2005).

A group of police employees who were between ages 40 and 70 sued the city under the ADEA on two grounds: First they alleged *disparate treatment* because the city intentionally discriminated against them due to their age; second, they argued that there was *disparate impact* because they were adversely affected by the plan because of their age. The district court that first heard the case found for the city on both counts on the basis that there was not a possible claim on either count. But the Court of Appeals for the Fifth Circuit found that the district court was premature in its dismissal of the officers' disparate treatment claim – that the employees could further explore evidence on the issue of intent. The Court of Appeals did, however, agree that disparate-impact claims could not be addressed under ADEA (Sandler, 2005).

Disparate impact and ADEA

The Supreme Court has held that disparate impact claims may be brought under Title VII of the 1964 Civil Rights Act, but had not yet determined whether disparate impact claims could be brought under the ADEA. The federal appeals courts were divided on this resulting in employees from one region of the country being able to go to court claiming age discrimination based on disparate impact, while those in another region cannot. In briefs submitted to the Supreme Court requesting review of this case, attorneys for both parties agreed that the Supreme Court should resolve this longstanding division among the various circuit courts. The question under consideration is whether or not disparate impact claims are cognizable under the ADEA? The key issue comes down to an answer to the following: If an employment policy has the effect of favoring younger workers – even though it does not explicitly discriminate against older workers – is it illegal? (Bible, 2004; Bravin, 2005; Coyle, 2004; Gregory, 2001; Reinsmith, 2002; Ring, 2004; Waks & Poorten, 2005).

Friend of the Court briefs

A brief of amicus curiae of the National Employment Lawyers Association and the Trial Lawyers for Public Justice in support of the petitioners was one of many filed (Buscemi, 2004; Puth, 2004). They suggest that the Smith case involved a more subtle form of discrimination – disparate impact – that involves employment policies or practices that are on the surface neutral in that they do not mention age, but in fact fall more harshly on older workers.

The American Association of University Professors did likewise (Bradley, 2004). The brief of amicus curiae of the Chamber of Commerce of the United States of America was one of many filed with the Court in support of the respondents (Ventrell-Monsees, 2004). They suggest on behalf of employers that allowing disparate impact claims under the ADEA would hinder their ability to make necessary decisions based on age-neutral factors, such as training or performance, even if the impact happens to be greater on older workers.

THE U.S. SUPREME COURT SPLIT DECISION

Age discrimination was not included in actions barred by Title VII, so the ADEA was enacted in 1967 in part to remedy this omission, Justice Stevens noted in his decision for the majority of the Supreme Court in the case. Justice Stevens wrote that the ADEA authorizes disparate impact cases, in much the same way they are allowed in race and sex discrimination cases, though narrower. Narrower, he reasoned, because age "not uncommonly has relevance to an individual's capacity to engage in certain types of employment." Justice Scalia signed on to that opinion as well; however, he added a brief separate opinion that he came to that conclusion by deferring to the Equal Employment Opportunity commission's (EEOC) regulation, which indicated in its publication that "employment criteria that are age-neutral on their face but which

nevertheless have a disparate impact on members of the protected age group must be justified by a business necessity" (Ring, 2004).

As a result, the Supreme Court relied on a previous Supreme Court decision, *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971) in deciding this case. In *Griggs,* the Supreme Court justices found that Congress intended to address the consequences as well as the motivation of employment practices, and found support in an EEOC guideline allowing disparate impact claims, Justice Stevens said (Sandler, 2005; Titus, Hillis, Reynolds, Dickman & McCalom, 2005). The ADEA provision allowing employers to take otherwise prohibited action "where the differentiation is based on reasonable factors other than age" supports the conclusion that disparate impact claims can be brought under the ADEA, according to the majority opinion (Sandler, 2005).

Justice O'Connor wrote a separate opinion that argued that disparate-impact claims are not cognizable under the ADEA. She cited ADEA's text and its legislative history in concluding that the statute does not authorize such claims. She also read the EEOC's interpretation of its own rules differently than Justice Scalia. She also said Congress never intended such lawsuits because employers should have flexibility to make business decisions that might unintentionally harm older workers. "There often is a correlation between an individual's age and her ability to perform her job," she wrote. "That is to be expected, for physical ability generally declines with age, and in some cases, so does mental capacity" (Holland, 2004; Myers, 2005; Yen, 2005). In her dissent, Justice O'Conner argued that comparisons between the ADEA with Title VII are misleading. The Court ruled in *Griggs* that the similarly worded Title VII authorizes disparate impact suits. But, she writes, "This argument would be a great deal more convincing had Griggs been decided before the ADEA was enacted." Justices Kennedy and Thomas joined in that opinion. Chief Justice Rehnquist did not participate in the decision due to illness (Richey, 2005; Ring, 2004).

Though the decision favoring the city was unanimous (affirming *Smith v. City of Jackson* 351 F. 3d 183), it is misleading because the key question before the court was resolved in favor of the position argued by plaintiffs; namely that disparate impact matters in age discrimination cases. Nevertheless, the Supreme Court's 8-0 decision in favor of the City was based on the fact that the older workers failed to prove "harmful" discrimination (Bravin, 2005; HR Bulletin, 2005; Myers, 2005).

AN ASSESSMENT OF THIS CASE ON FUTURE EMPLOYMENT LAWSUITS

Work-place policies which appear neutral but actually disproportionately hurt older workers were at issue in this case. Advocates for the aging say few employers would ever be up front about intentionally favoring younger workers, making age bias claims hard to win absent the rare "smoking gun." But employers say allowing disparate impact claims under the ADEA would hinder their ability to make necessary decisions based on age – neutral factors, such as training or performance assignments, even if the impact happens to be greater for older workers (CBS4 Denver, 2005; Rossheim, 2005; Yen, 2005).

Last year 72.8 million workers were over age 40 and statistics show that soon nearly half the employed in the workforce will be between the ages of 40 and 70. This means that every employment decision by human resource managers must be accomplished with due diligence since they will all be scrutinized for potential disparate impact (Biskupic, 2005; Phelps, et al., 2005). Despite the aging trend, lawyers say employers often have economic incentives to weed out older workers. That's because long time employees hay have higher medical bills and have locked-in more expensive salary and benefit agreements (CBS4 Denver, 2005).

RECOMMENDATIONS FOR HUMAN RESOURCE MANAGERS

The biggest consequence of this Smith case decision will not be age-discrimination suits, but in the way companies handle raises, promotions, and particularly layoffs. Companies terminating a large number of employees have had to make sure that certain protected workers, such as blacks, Hispanics and females, were not disproportionately affected. It is now clear companies have to include age when doing their adverse-impact analysis.

All employers should make sure that their employment handbook and other policy information spell out the organization's refusal to tolerate age-related discrimination. As long as employers document the business or financial reasons for policy decisions, laying people off, for example, firms' will be protected even if a disproportionate number of those who lose their jobs are older. Companies that offer severance pay to laid-off workers will also remain insulated from legal claims because most employees waive their right to sue in order to receive this exit benefit (Sandler, 2005; Rives, 2005).

Employers should review employment practices with an eye toward possible adverse impact claims issues. Avoiding litigation altogether is always a good human resource management practice, no matter what area of potential discrimination may be involved. The legal staff should be consulted to see whether or not the organization needs to add documentation when it makes changes in pay, benefits, or other systems. Corporate attorneys can advise whether such documentation would be helpful in the event of an age-related lawsuit. All employers should consider adding age-related discrimination training to other discrimination training coursework. In case of a necessary albeit preliminary court hearing, it can't hurt to demonstrate documented training of supervisory staff about age-related discriminatory practices and how to avoid them (Sandler, 2005).

Because more than one-half of all U.S. workers soon will be covered by the ADEA, an employer could have policies that benefit one group in the age group at the expense of the other. That makes age bias cases radically different from sex and racial discrimination cases, and much harder to prove. The burden of proof is high for potential litigants. So, even though the Smith ruling provides older workers with more opportunities to sue their employers for policies that discriminate, the ruling is likely to

have little impact on companies that manage their human resources and remain up-to-date on standards and requirements in the field (Rives, 2005).

CONCLUSIONS

The Supreme Court's determination about the reasonableness of employment practices being an important consideration – even if disparate impact related to age results – will inevitably slow down further related law suits. On the other hand, creating a new cause of action for this age-bracketed work group may mean more lawsuits. At least their will not be a division on the issue geographically between the federal courts as existed prior to this decision. Further, it will allow older employees with legitimate disparate-impact cases to get their cases heard in a court of law where uniform a priori case law now exists. The ruling in some ways strikes a compromise between the two. On the one hand, it allows older workers to make a disparate impact claim under the ADEA regardless of intent; but, at the same time, it permits an employer to cite "reasonable" factors, such as cost-cutting, to justify a practice that penalizes older workers and still prevails in a lawsuit. This opportunity to document reasonableness in employment practices should become very meaningful to human resource managers.

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Increasing Sales Performance at a Retail Coffee Company: The Effects of a
Feedback Intervention.

F. Lynn Richmond – Central Washington University – Richmond@cwu.edu
James Nimnicht – Central Washington University – Nimnicht@cwu.edu
Shannon E. Barnes – Central Washington University – Barness@cwu.edu
Stephen Schepman – Central Washington University – Schepmas@cwu.edu

ABSTRACT

Increasing sales performance is a goal of most retail companies.   This study
assessed the effects of a visual feedback intervention on average transaction in
a retail coffee company. A multiple baseline design across 7 stores was used
with daily posting of sales data on a large, visual graph served as the
intervention. Results indicated partial support for the hypothesis that feedback
would result in increased average daily transactions. Implications and future
research recommendations are discussed.

INTRODUCTION

The success of a retail company depends heavily on the ability of its employees
to sell products and services. Selling is a critical skill that must be developed in
both retail and wholesale salespeople. The short-term benefits of selling is
increasing daily sales and improving customer service. The long-term benefits
include growing company revenues and building the company's brand.

In most retail food/coffee companies, sales performance is impacted of the
frequency of suggestive selling that occurs on the front line. If front line sales
people are not suggestive selling, sales performance will be lower than if they are
suggestive selling. The goal of many retail organizations is to increase the
frequency of selling behaviors. One way to measure the frequency of suggestive
selling is by tracking average daily transaction. Average daily transaction is
defined as the amount of money each customer spends in the retail store on a
daily basis. This number is calculated by dividing the total daily sales by the
number of customers who purchase products in a store each day.

Although many organizations are in business to sell products and services, there
has been a limited amount of research conducted on increasing sales
performance, specifically in the area of behavior analysis. Other forms of human
performance research such as goal setting are readily available. (Luthans, Paul
and Taylor, 1985). The research that has been conducted shows a positive trend

in improving both sales behaviors and sales volumes. Studies have shown that applied behavior analysis can increase the frequency of positive selling behaviors and improve sales performance (Casey, 1989).

METHOD

Subjects and setting

The study was conducted in a retail coffee company. The company has 70 retail locations in the Puget Sound area of Washington. The retail stores are managed in a hierarchical group formation. They are staffed with the following positions: Store Manager, Assistant Manager, Shift Leads and Baristas.

The Store Manager is a full-time position. The Store Manager is the team lead and is responsible for the overall operations of the store. The Assistant Manager is a full-time position and is responsible for leading the team when the Store Manager is not present. The Shift Lead is responsible for managing the operations of the shift. Both full and part-time employees can be promoted to the Shift Lead position. The Barista is the entry-level store position. Baristas are hired to work both full and part-time. All positions are responsible for suggestive selling, preparing espresso beverages, operating the register, selling, cleaning and providing customer service.

Seven retail locations were chosen to participate in the study. All retail locations are open seven days per week. The locations were broken into sets of comparable stores with similar sales volume and product mix.

Procedure

A multiple baseline design was utilized over a twelve-week period starting on August 25, 2003 and ending November 16, 2003. The twelve-week period was broken into three periods. Period one lasted from August 25 and ended on September 21. Period two began on September 22 and ended on October 19 and period three stretched from October 20 to November 16.

Three of seven stores were characterized as the control group. They received no intervention. Two of the seven stores followed a baseline, invention and return to baseline model (BIB), and the remaining two stores followed a baseline, baseline, intervention model (BBI).

The baseline period for BIB stores was during period 1, the intervention occurred during period 2 and the return to baseline was during period 3. BBI stores participated in baseline for period 1 and 2 and their intervention was

implemented in period 3 only. All daily average transaction measures were recorded onto a spreadsheet directly from a company form called the "sales tracking form".

During the intervention period, the Manager or Assistant Manager was instructed to record the previous day's average transaction on a chart by the following morning so all employees could visually see their progress. No specific goals were given to the manager or the sales staff for this assignment.

RESULTS

The purpose of this study was to analyze the effects of using visual feedback on sales performance in a retail coffee company. It was hypothesized that feedback through daily postings would result in an increase in average daily sales transactions. The results of the study showed partial support for the hypothesis. The mean average daily transaction for each of the seven stores used in the study was calculated for three periods from August 25, 2003 to November 16, 2003 (Table 1). The seven stores are categorized into three groups. The first grouping (BBB) includes stores that did not receive the intervention, the second grouping (BIB) includes stores that received the intervention during the second period, and the third grouping (BBI) includes stores that received the intervention during the third period.

Table 1

	Period 1	Period 2	% change between 1 & 2	Period 3	% change between 2 & 3
BBB					
Store 1	$4.29	$4.10	-4.43%	$3.99	-2.68%
Store 2	$4.38	$4.42	0.91%	$4.09	-7.47%
Store 3	$4.27	$4.16	-2.58%	$4.07	-2.16%
BIB					
Store 4	$4.68	$4.61	-1.50%	$4.64	0.65%
Store 5	$4.47	$4.24	-5.15%	$4.31	1.65%
BBI					
Store 6	$4.20	$4.01	-4.52%	$3.98	-0.75%
Store 7	$4.30	$4.14	-3.72%	$4.15	0.24%

In addition to the mean average daily transaction, the percentage change between period 1 and 2 and between 2 and 3 was calculated.

In period 1, the seven stores ranged from $4.20 to $4.68. During period 2 all stores in the BBB group, with the exception of store 2, saw a decline in average daily transaction.   The amounts ranged from $4.01 to $4.61. During period 3, all stores except the BBB group and Store 6 saw an increase in the average daily transaction.   The hypothesis stated that average transaction would increase by using visual feedback to motivate baristas to suggestively sell products. The results show partial support for the hypothesis as stores who utilized the visual feedback intervention experienced a delayed increase in average daily transaction in period three.

Table 2 is an illustrates the period 2 % change for each store in the baseline and intervention phase and the average % change for stores by category. During period 2, baseline stores average daily transactions fell by 2.87% while those in the intervention decreased an average of 3.33%.

Table 2

	Period 2 % Change
Stores in Baseline Phase	
Store 1	-4.43%
Store 2	0.91%
Store 3	-2.58%
Store 6	-4.52%
Store 7	-3.72%
Average % Change	**-2.87%**
Stores in Intervention Phase	
Store 4	-1.50%
Store 5	-5.15%
Average % Change	**-3.33%**

Table 3

	Period 3 % Change
Stores in Baseline Phase	
Store 1	-2.68%
Store 2	-7.47%
Store 3	-2.16%
Average % Change	**-2.68%**
Stores in Intervention Phase	
Store 6	-0.75%
Store 7	0.24%
Average % Change	**-0.26%**
Stores in "Lag" Phase	
Store 4	0.65%
Store 5	1.65%
Average % Change	**1.15%**

During period three (Table 3), the % changes were broken out into three categories: stores in baseline, stores in intervention and stores who had returned to baseline or "lagging" stores. The average % change for stores in the baseline phase was –2.68%. Stores in the intervention phase averaged a -.26% decrease and stores who had returned to baseline had a 1.15% increase.

DISCUSSION

A cursory glance at the results of the study suggests that the visual feedback intervention did not cause average daily transaction to increase. Decreases in

average daily transaction occurred across all stores, except Store 2, between period 1 and period 2. During period 3, all stores in the BBB group continued to experience a decline in average transaction, however all stores, except Store 6, in the experimental groups saw in increase in average transaction. These findings prompt further analysis on the potential causes for these results.

As in most applied research, it is difficult to minimize the effects of external influences on a study. Therefore, the researchers explored other possible influences on average daily transaction, such as marketing promotions and new product introductions.   Sales in period 1 and period 2 were heavily influenced by a retail hardware (e.g. espresso machines) sale and a new limited reserve coffee was offered, which increased whole bean sales dramatically. The increase in both retail hardware and whole bean sales caused the average daily transaction to be higher than normal during periods 1 and 2.

The retail hardware sale and coffee promotion ended early in period 3. This caused store sales to drop and subsequently, the average daily transaction dropped in period 3. The BBB group's average daily sales transactions all declined. It was interesting to note that the decline in average transaction during period three did not occur in the stores which were participating in the study. This leads the researchers to believe that the visual feedback had a delayed positive impact upon average daily transaction.

The results of this study led to some recommendations for increasing average daily transaction sales. Posted feedback may have a positive effect on increasing average daily transaction. It can visually raise awareness of key metrics to employees and reinforce the positive suggestive selling behaviors.

There were some limitations that should be avoided in future studies.   Although difficult to achieve in a retail company, it would be beneficial to conduct future studies during periods of time when no promotions, contests or merchandise sales were occurring.   This would allow the researchers to better evaluate the factors, which they propose, influence the outcome of the hypothesis.

In addition, future studies should investigate the impact of goal setting, training or physical reinforcement vs. visual feedback on suggestive selling behaviors. The researchers intend to conduct a follow up study to evaluate the effect of requiring front line staff to record the frequency of suggestive selling behaviors on average daily transaction in a retail environment.

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GENERATIONAL TRANSITIONS: MOVING FROM MONEY TO MEANING

Charlotte Shelton, Rockhurst University
charlotte.shelton@rockhurst.edu
Laura Shelton, Emmis Communications
lshelton@wvue.emmis.com
Myles Gartland, Rockhurst University
myles.gartland@rockhurst.edu

ABSTRACT

The authors surveyed 1200 members of Generation X in order to explore four key questions: 1) What factors are most important to Gen Xers at work? 2) How do these factors differ for men and women? 3) How large is the gap between this generation's expectations and their perceived reality? and 4) How did Boomer parents influence the career expectations of their Gen X children. The survey results indicate that significant generational value shifts have occurred.

INTRODUCTION

Much has been written about the value differences among generations and how these differences impact the workplace (Belkins, 2003; Codrington, 1998; Coupland, 1991; Karp, Fuller & Sirias, 2002; Lancaster & Stillman, 2002; Tulgan, 1996; Zemke, Raines & Filipczak, 2000). The purpose of this study was to explore the career expectations and job satisfaction of Generation X. Specifically the survey was designed to answer four key questions: 1) What factors are most important to Gen Xers at work? 2) How do these factors differ for men and women? 3) How large is the gap between this generation's expectations and their perceived reality? and 4) How did Boomer parents influence the career expectations of their Gen X children. The results provide both qualitative and quantitative data that may greatly impact the future of work.

THE SURVEY PROCESS

A 34-question survey was administered to over 1,200 Gen Xers via an electronic link to an online form. The link was distributed to multiple initial respondent channels including MBA students and corporate Gen X employees. Respondents were encouraged to forward the link to other professional Gen X colleagues. From the initial survey group, a snowball methodology was used to generate over 1200 random Generation X respondents. Although we did not restrict access to education level or current work status, our primary sampling target was white-collar professionals who were interacting with Boomer professionals on a daily basis.

PROFILE OF RESPONDENTS

The respondents were all born between 1964 and 1977, the commonly accepted birth years for Generation X. Though the majority of them are Caucasian, each of the other major racial categories are represented. Sixty-five percent of the respondents were female; thirty-five percent male. Slightly more than half were married, but only about one-third of the respondents have children. They were well educated, which is consistent with our sampling target. The majority held undergraduate college degrees and current positions represented a wide spectrum of job and industry types. The typical respondent had five years of full-time job experience and worked for her/his current employer for one to two years. The majority worked in individual contributor/non-management positions in both large and small, profit and nonprofit organizations. Their workplaces range in size from less than twenty employees to tens of thousands. Almost all of them earned between $20,000 and $60,000.

RESULTS

 Survey respondents were asked to rate each of the following 15 factors according to its importance to them (Table 1). In the second column they were asked to rate their current level of satisfaction for each factor. The number "1" represents low importance/satisfaction while the number "5" represents high importance/satisfaction.

Table 1
Importance vs. Satisfaction Comparison

	Importance					Satisfaction				
Salary…………………………………..	1	2	3	4	5	1	2	3	4	5
Benefits package………………………….	1	2	3	4	5	1	2	3	4	5
Job security…………………………………	1	2	3	4	5	1	2	3	4	5
Interesting work………………………….	1	2	3	4	5	1	2	3	4	5
Job status/prestige………………………….	1	2	3	4	5	1	2	3	4	5
Performance feedback………………………	1	2	3	4	5	1	2	3	4	5
Recognition…………………………………	1	2	3	4	5	1	2	3	4	5
Opportunities for advancement……………	1	2	3	4	5	1	2	3	4	5
Opportunities for learning…………………..	1	2	3	4	5	1	2	3	4	5
Opportunities to innovate (be creative)…….	1	2	3	4	5	1	2	3	4	5
Participation in decision making……………	1	2	3	4	5	1	2	3	4	5
Positive relationship with supervisor……….	1	2	3	4	5	1	2	3	4	5
Positive relationship with co-workers………	1	2	3	4	5	1	2	3	4	5
Casual, relaxed, playful environment……….	1	2	3	4	5	1	2	3	4	5
Meaningful or spiritually fulfilling work……	1	2	3	4	5	1	2	3	4	5

The respondents' "Importance" ratings, listed according to gender, are shown in Table 2 (listed in order of priority—most important to least important).

Table 2
Male/Female Importance Ratings

Females	Males
1. Positive relationship with supervisor	1. Interesting work
2. Positive relationship with co-workers	2. Positive relationship with supervisor
3. Interesting work	3. Opportunities for learning
4. Opportunities for learning	4. Positive relationship with co-workers
5. Job security	5. Opportunities for advancement
6. Benefits package	6. Participation in decision-making
7. Opportunities for advancement	7. Job security
8. Casual, relaxed work environment	8. Opportunities to innovate/be creative
9. Participation in decision making	9. Salary
10. Performance feedback	10. Benefits package
11. Opportunities to innovate/be creative	11. Casual, relaxed work environment
12. Salary	12. Performance feedback
13. Meaningful work	13. Meaningful work
14. Recognition	14. Recognition
15. Job status	15. Job status

Ten of the 15 factors have "Importance" ratings that are statistically different for males and females. Eight factors are significantly more important to women than to men (benefits, job security, recognition, performance feedback, opportunities for learning, positive relationship with supervisor, positive relationship with co-workers, and casual, relaxed, playful work environment). Two job factors are statistically more important to men than to women (opportunities for advancement and participation in decision-making). The remaining five factors (salary, interesting work, opportunities to innovate, meaningful work, and job status) show no significant gender differences in "Importance" ratings. It is interesting to note that salary was rated relatively low in importance by both males and females, 12th (out of 15) for women, 9th for men. However, Gen X women in this survey earn significantly less than their male peers (when matched for age, education, and occupation). While this phenomenon is already well researched (Larson, 2002), this survey indicates that the gender wage gap appears very early in Gen X careers—before they celebrate their 30th birthdays.

GENDER DIFFERENCES

In spite of the fact that the overall job satisfaction rating for these respondents indicates moderate job satisfaction (3.5 on a 5.0 scale), there were statistically significant "Importance" vs. "Satisfaction" gaps on 14 of the 15 job factors rated, with "Importance" scoring higher than "Satisfaction" on all 14 factors—for both men and women. However, the size of the gaps differs by gender. The five largest Importance/Satisfaction gaps for women (in descending order) are: 1) Opportunities for advancement; 2) Interesting work; 3) Meaningful or spiritually fulfilling work; 4) Opportunities for learning; and 5) Participation in decision-making. The five largest Importance/Satisfaction gaps for men (in descending order) are: 1) Opportunities for advancement; 2) Interesting work; 3)

Participation in decision-making; 4) Opportunities to innovate/be creative; and 5) Opportunities for learning.

Though the "Top 5" Importance vs. Satisfaction gap rankings are somewhat different for men and women, four of the five factors appear on both lists and the first two items are identical. It is interesting to note the two that are unique: Gen X women have a larger Importance/Satisfaction gap in the area of meaningful work while men want more opportunities to innovate and be creative. It is important to point out that the two largest Importance vs. Satisfaction gaps are the same for women and for men: "Opportunities for advancement" and "Interesting work." It is also important to note that the larger the organization, the lower the satisfaction scores on "opportunities to innovate," "meaningful work," and "casual relaxed environment." We believe that as Gen Xers exit traditional corporations, they will either move to smaller, more flexible workplaces or launch entrepreneurial ventures. Many already are.

PARENTAL INFLUENCE

This research is unique in that the survey asked how parents had influenced their Gen X children's career expectations. Six of the 34 survey questions explored this issue. One question asked respondents to specifically indicate whether their mothers or fathers had the most influence on their own career expectations. Additional questions asked respondents to identify their parents' educational level and indicate whether or not they perceived that their parents had a rewarding career.

It is not surprising, yet it is somewhat disappointing, to learn that 67% of the respondents said their fathers had more influence on their career decisions than did their mothers. Even when sorted by gender, dads still came out as the primary influencer of Gen X careers (78% of the males; 62% of females). Furthermore these Boomer dads are significantly better educated than the respondents' moms and their Gen X children see them as having experienced a much higher level of career satisfaction than their mothers. Only half of those surveyed thought their moms had a rewarding career while 75% believed that their dads did. There were no significant perceptional differences between the genders.

It is important to point out that 88% of the respondents' mothers were employed at some time while they were growing up (as compared to 97% of the fathers). Therefore, their mothers' lack of career influence does not appear to stem so much from their lack of employment as from their lack of career satisfaction. If moms want to be a stronger force in the career decisions of their children, this research suggests that they need to begin by first creating a satisfying career for themselves. Perhaps, the working mothers of Generation X were so busy juggling and struggling that they failed to find or at least demonstrate high levels of career satisfaction. Or, perhaps their attempts to break the glass ceiling appeared exhausting and non-rewarding to their children. Or perhaps Boomer women without a good education simply had a job but not a career. Regardless

of the reasons, Boomer women seem to have had sub-optimal influence on the careers of their children—even their daughters.

MORE FOOD FOR THOUGHT

In our society young people are marrying later than they did a generation ago, especially professional Gen X women. However, the results of this survey indicate that unmarried females have a significantly lower "life satisfaction" rating and also lower "job satisfaction" ratings than their married peers. Perhaps single, Gen X women are putting all their satisfaction "eggs in one basket," thus, expecting more and needing more from their work than their married peers? Regardless of the cause, traditional organizations are more frustrating for single female Xers than for married ones who either are more traditional in their values; or are less focused on getting their life satisfaction needs met at work. Another surprising finding was that benefits packages are significantly more important to our female respondents than to the males. This may simply be reflective of the fact that 45% of our female respondents were single and had no other coverage; or, it may, at least in part, be due to women's desire for flexible scheduling and generous time off benefits that will provide them with more work/life balance.

For both Gen X men and women, there appears to be a shift away from their Boomer parents' focus on material measures of success and an increased desire for job fulfillment and work/life balance. In fact, "Job Status" is the only one of 15 factors in which there is not a significant difference between "Importance" and "Satisfaction" ratings. Furthermore both males and females rated "Job Status" lowest in importance of all 15 factors. This represents a major generational values shift. Most 21st century organizations have failed to re-design their organizational cultures to reflect the values of Generation X. Though much lip service is now given to the concept of team-based organizational structures and participative decision-making, most organizations in actuality are still hierarchical, highly political entities. Yet, for both the men and women in this survey, quality relationships with their supervisors and co-workers is at (or near) the top of their "Importance" lists. Number one in "Importance" for our female respondents was to have a "positive relationship with their supervisors." Number two was a desire for a "positive relationship with co-workers." For men, these two items were rated two and four respectively (out of 15). Yet most of us, Xers and Boomers alike, work in organizations where the quality of relationships is greatly compromised by an on-going obsession with short-term results. Organizations, if they are to retain the Gen X workforce, will have to undertake a major cultural transformation.

SUMMARY AND RECOMMENDATIONS

If organizations are to keep their Gen Xers, they must make changes. Family leave policies, job sharing, telecommuting, on-site childcare, and flexible work hours are a good first step, but much more is needed—both from organizations and from society-at-

large. Fundamentally organizations must change who they are and how they do business. Leaders must shift their focus from playing games of power and politics to creating cultures of sanity and satisfaction. In the meantime, leaders will continue to see a brain drain of their best and brightest Gen Xers. In order to test the robustness of these finding, we recommend that additional research be conducted with other Gen X populations and with the generation just entering the work force (Generation Y). Doing so will help to clarify the breadth and scope of this 21st century organizational challenge.

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Are Job Attitudes Related to Personality: An Exploratory Study of Hospitality Employees

Paula Silva
CSU, Northridge
paula.silva@csun.edu

ABSTRACT

This study seeks to understand the relationship of two job attitudes, job satisfaction and organizational commitment to personality among hospitality employees. The traits studied here are the Big Five and Locus of Control. The results suggest that facets of job satisfaction are related to facets of the Big Five but not to locus of control. Further, organizational commitment is related to the Big Five, but not to locus of control. The relationship between job satisfaction and organizational commitment is also confirmed.

INTRODUCTION

Employee turnover has been a large problem in the hospitality industry necessitating an investigation into the reasons for this turnover. Some of the reasons cited for this turnover are low compensation, inadequate benefits, poor working conditions, poor worker morale, and inadequate recruitment (Milman, 2002; Goymour, 2002). All of these reasons are presumably related as low compensation would undoubtedly contribute to poor worker attitudes or morale. But what are the dispositions of these workers? Is there a "right" person that would best fit into this type of industry. If so, are there specific traits that hospitality organizations should recruit for? This study hopes to respond to this question.

The use of personality dimensions has been limited as a variable of interest in the hospitality industry studies. Mainly the literature has focused on employee attitudes in the hospitality workplace (i.e. Waryszak and King, 2001). Traditionally, the study of personality dimensions is to ascertain the individual's fit with an organization (Ferris and Judge, 1991). This study extends the research by correlating job satisfaction and organizational commitment with personality dimensions. It has been suggested that personality dimensions or one's disposition may mediate the effect of both job satisfaction and organizational commitment and one's intentions to quit (Firth, Mellor, Moore and Loquet, 2004). Further, one's disposition has been linked to job satisfaction (Heller, Judge and Watson, 2002) and organizational commitment (Morrison, 1997). The research here proposes that dispositions may play a direct role in the relationship with both job satisfaction and organizational commitment. This study furthers the investigation of job satisfaction in that prior work did not seek to determine the relationship of the facets of job satisfaction with personality (Heller, Judge and Watson, 2002). The personality traits studied are the Big Five and Locus of

Control. Additionally, this study investigates the relationship between organizational commitment and the Big Five and Locus of Control which has not be examined before. The investigation of this relationship is exploratory in that the specific relationships between the facets of job satisfaction and personality traits are not predicted, but just an overall relationship is expected.

The study of these variables should help in human resource recruitment in the delineation of personality characteristics that predict higher commitment and satisfaction with the organization. This paper first identifies the relevant research on organizational commitment and job satisfaction, followed by a discussion of the research on the Big Five and Locus of Control.   The methodology is then discussed, followed by the interpretation of the findings and conclusion of this research.

RESEARCH ON JOB ATTITUDES

The two attitudes of interest in this study are organizational commitment and job satisfaction. First, organizational commitment is usually defined as the strength of one's identification and involvement with their respective organization (Mowday, Steers and Porter, 1979). Research shows that organizational commitment is related to a person's intention to leave and turnover (Shore and Martin, 1989; Tett and Meyer, 1993) as well as theoretically to job performance (Mowday, Porter and Dublin, 1974). Essentially, committed individuals are expected to extend greater efforts on the job, having a direct impact on job performance.

As suggested earlier, organizational commitment and job satisfaction have been found to be significantly related to one another with the basic proposition that job satisfaction is an antecedent of organizational commitment since commitment takes longer to form and only after one is satisfied with their job (Mowday, Porter and Steers, 1982). Job satisfaction is usually defined as a pleasurable feeling that arises from one's workplace (Locke, 1976). Job satisfaction has been shown to be related to job performance, workplace turnover and life satisfaction (Tait, Padgett and Baldwin, 1989; Dickter, Roznowski and Harrison, 1996; Judge, *et al.*, 2001).

It has been suggested that one's disposition contributes to job satisfaction in that individuals are disposed to be satisfied or not satisfied with their jobs (Heller, Judge and Watson, 2002).   While research has identified that dispositions may play in role in predicting job satisfaction, the specific study of the Big Five and job satisfaction is very limited (Heller, Judge and Watson, 2002). Heller, Judge and Watson (2002) found that the Big Five partially contributed to job satisfaction in that when you control for the Big Five, the relationship between job and life satisfaction is reduced.

RESEARCH ON PERSONALITY- BIG FIVE AND LOCUS OF CONTROL

The Big Five has been extensively studied in many settings, but limited in relation to job satisfaction and organizational commitment. The Big Five tests for five personality characteristics: extraversion, agreeableness, conscientiousness, emotional stability (sometimes referred to as neuroticism), and intellect or imagination (sometimes referred to as openness) (Costa and McCrae, 1985). Extraversion is related to an individuals sociability; agreeableness to one's cooperativeness; conscientiousness to one's dependability; emotional stability to one's secureness; and intellectual to one's imagination.

Research has shown that the Big Five is related to an individual's relationships with others in social settings (Buss, 1992). Further, other research on the Big Five has shown that neuroticism, extraversion and conscientiousness to be related to career success (Judge, Higgins, Thoresen and Barrick, 1999). Neuroticism has also been found to be related to one's intention to remain in an organization (Morrison, 1997). Other work has shown a negative relationship between neuroticism and job satisfaction (Buss, 1992). Neuroticism has also found to be significantly related to organizational commitment (Morrison, 1997).

Locus of control is another disposition of interest that is expected to be related to job attitudes. Locus of control is a personality dimension that ascribes individuals as possessing an either internal or external locus of control. Internals are said to look at the world and the things that happen to them as within their control, while on the other hand, externals are said to look at the world and the things that happen to them as a matter of luck or fate and thus beyond their control (Rotter, 1966). Research on locus of control shows that internals tend to have higher job satisfaction while the opposite has been found for externals (Behrman and Perreault, 1984; Sujan, 1986). Thus it would be expected here that internals would have higher job satisfaction. The specific relationship to organizational commitment would also be expected to be similar as the relationship between commitment and satisfaction is mutually dependent.

What follows are hypotheses that predict relationships among the variables of interests. A priori, since this study is exploratory, the nature of the specific relationships among the facets of job satisfaction and the Big Five, as well as the Big Five dimensions and organizational commitment are not predicted.

Hypothesis 1: Job satisfaction and organizational commitment will be significantly related.

Hypothesis 2: Organizational commitment will be significantly related to the Big Five and Locus of Control.

Hypothesis 3: Job satisfaction will be significantly related to the Big Five and Locus of Control.

METHODOLOGY

A questionnaire was given to employees at a major hotel chain in the western United States. The employees consisted of management and nonmanagement personnel. While there were 310 personnel at this organization, over 80 employees could not read English, so were disqualified from taking the survey. As a result, a total of forty-seven employees filled out the survey for a total response rate of 21%. Employees were told that the researcher was interested in how they felt about their work environment so that I could find out what could be done better. They were also told that only the researcher would see the survey and were guaranteed complete anonymity. Respondents did not report any identifying information on the survey.

The resulting demographics of the sample were as follows: there were 23 men, and 24 women, the average age range was 31-40, the race of the respondents were 13 Hispanics, 32 Whites, 1 Asian, 1 other. Further, the average time at job was 3- 4 years, 34% of the sample were nonsupervisors, and 66% supervisors, and 55% of the sample made $35,000 or less, and 45% $36,000 and above.

Organizational Commitment was measured by the 15-item version of the Organizational Commitment Questionnaire developed by Mowday, Steers and Porter (1979). This scale is scored on a 7 point Likert-type scale ranging from 1= strongly disagree to 7= strongly agree (α=.88). Job Satisfaction was measured by the Job Satisfaction Survey developed by Spector (1985). This 36-item scale measures 9 facets of job satisfaction which are: Pay (α=.74), Promotion (α=.78), Supervision (α=.84), Fringe Benefits (α=.80), Contingent Rewards (α=.60), Operating Conditions (α=.58) Coworkers (α=.57), Nature of Work (α=.77), and Communication (α=.58). I used a 7 point Likert-type scale to assess Job Satisfaction with the responses ranging from 1=strongly disagree to 7=strongly agree.

The Big Five factors was measured by the 50 Big-Five Factor Markers(see Goldberg, 1999). This assessment measures each of the Big 5- Extraversion (α=.74), Agreeableness (α=.73), Conscientiousness (α=.78), Emotional Stability (α=.83), and Intellect (α=.65). Respondents were asked to rate according to how accurate statements describe them on a 5-point scale with 1=very inaccurate to 5=very accurate.

Locus of Control was measured by the I-E scale developed by Rotter (1966). This 29-item (with 6 filler items) asks respondents to circle one of two statements which they more strongly believe. The higher the score, the more external the respondent.

RESULTS

The means and standard deviations are reported in Table 1. First, there is support for Hypothesis 1 in that most of the facets of job satisfaction are significantly related to organizational commitment. The only facet of job

satisfaction that is not significantly correlated with organizational commitment is pay.

Hypothesis 2 is somewhat supported in that organizational commitment is related to one of the Big Five, conscientiousness (.34) but there is no relationship with Locus of Control. This suggests that people who are conscientious, tend to be more committed employees.

Third, there is support for Hypothesis 3.   There are significant relationships between the facets of job satisfaction and some of the Big Five, with no relationship to Locus of Control. The Big Five dimension, extraversion is positively related to the job satisfaction dimension, nature of work (.34). The Big Five dimension, conscientiousness is positively related to the facets, nature of work (.40) and communication (.31). The Big Five dimension, emotional stability is positively related to nature of work (.33).

TABLE 1
MEANS AND STANDARD DEVIATIONS

	Mean	Std. Deviation
1. Org Commitment	4.59	1.10
2. Pay	3.47	1.35
3. Promotion	4.13	1.40
4. Supervision	5.49	1.57
5. Fringe Benefits	4.06	1.44
6. Contingent Rewards	4.68	1.21
7. Operating Conditions	3.88	1.28
8. Coworkers	4.76	1.10
9. Nature of Work	5.57	1.22
10. Communication	4.60	1.26
11. Extraversion	3.61	0.53
12. Agreeableness	3.84	0.56
13. Conscientious	3.91	0.60
14. Emotional Stability	3.57	0.72
15. Intellect	3.82	0.51
16. Locus of Control	8.42	2.96

N= 47 in all cases but: Big 5(Extraversion, Agreeableness, Conscientuous, Emotional Stability, Intellect) - N=44

DISCUSSION

This study is consistent with prior work that shows neuroticism, conscientiousness and extraversion to be correlated with self assessments of job satisfaction (Heller, Judge and Watson, 2002). The finding with nature of work is important as prior work has shown that job stressors like work overload, and job

ambiguity are related to intentions to quit (Firth, Mellor, Moore and Loquet, 2004). So if, extraverted, conscientious and emotional stable individuals are more likely to be satisfied with their nature of work, wouldn't this imply that hiring these type of individuals might result in reductions in turnover?

The finding of conscientious to be related to both organizational commitment and job satisfaction is consistent with prior work that conscientiousness is a strong predictor of work performance among all work groups (Barrick and Mount, 1991). It would seem that the organizations recruitment of individuals high on conscientiousness could increase the likelihood of satisfied, committed and highly performing employees.

The lack of relationship between job satisfaction and organizational commitment with Locus of Control suggests that being external or internal does not influence these job attitudes. Limitations of this study include common method variance as all the data collected came from one source. Further, generalizability outside the hospitality industry may be an issue as there might be something unique about this population that limits inferences outside this population. A larger sample size would also help in the robustness of the findings. Future studies could investigate employees in several different settings to ensure generalizability. Also, the study of other personality traits that might be related to job satisfaction and organizational commitment would be warranted in order to discover if other traits have similar relationships.

CONCLUSION

While there has been a suggestion in the hospitality field to understand and develop competencies among these employees due to the problems in the accuracy of personality assessments, the conclusion here is that personality variables should not be overlooked among these employees (Chung-Herrera, Enz and Lankau, 2003). Given that certain personality traits are related to the individuals feeling about their job and commitment to the organization warrants the inclusion of personality tests in the selection of individuals within this field.

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The FairPay Overtime Initiative
C. W. Von Bergen, Southeastern Oklahoma State University, cvonbergen@sosu.edu
William T. Mawer, Southeastern Oklahoma State University, wmawer@sosu.edu
Barlow Soper, Louisiana Tech University, bsoper@latech.edu

ABSTRACT

After years of study, discussion, and public debate and comment, the U. S. Department of Labor introduced on August 23, 2004 the most sweeping changes in over 50 years to the Fair Labor Standards Act of 1938, the federal law addressing overtime, under the rubric of the FairPay Overtime Initiative. This paper reviews the significant impact of these regulatory changes designed to reduce ambiguity and uncertainty that has led to increased litigation regarding worker overtime.

INTRODUCTION

The Fair Labor Standards Act (hereinafter referred to as the FLSA or Act, 1938) requires that most employees in the U. S. be paid at least the federal minimum wage for all hours worked and receive overtime pay at one and one-half times the regular rate for all hours worked over 40 hours in a workweek. Defined within the Act are certain types of employees who are exempt from both minimum wage and overtime pay. These exempt categories are cumulatively referred to as the white collar exemption and the workers are called white collar employees. To qualify for such exemptions the job description and/or employment contract must meet certain salary and job duties tests. The past thirty years have seen these tests become outdated resulting in uncertainty and ambiguity in their application and so on April 24, 2004 the Wage and Hour Division of the U. S. Department of Labor responded to these decades-old exemption descriptions with new regulations relating to white collar exemptions of the Act called the FairPay Overtime Initiative (hereinafter referred to as FPOI). The purpose of the new FLSA regulations was to modernize, update, and clarify the criteria for these exemptions and to eliminate legal problems that the prior regulations caused. This paper presents a discussion of the rationale behind the new regulations, an explanation of the rules developed by U. S. Department of Labor, and concluding comments regarding the benefits of such regulations.

FAIRPAY OVERTIME INITIATIVE

To qualify for exempt status, employees generally must meet certain tests regarding their salary and job duties. More specifically, the U. S. Department of Labor has outlined three tests in the FPOI which must be met by each white collar exemption category in order for him or her to qualify under the available exemptions to the FLSA requirements (U. S. Department of Labor, n. d. a). Under the regulations these tests, when correctly applied, determine which positions are eligible for exemption from overtime pay and which are not.

Salary-basis Test

The first test is the salary-basis test. To be exempt from overtime pay, employees must be paid a pre-determined fixed salary (not an hourly wage) that is not generally subject to reduction due to variations in quality or quantity of work performed. This definition of salary has long been the standard rule under federal overtime law and has not been changed with the new Initiative. Also, the employee must be paid the full salary for any week in which he or she performs work, and the employee need not be paid for any work week when no work is performed.

Salary-level Test

The second test is the salary-level test. To be exempt from overtime, the new rules require that employees earn a minimum salary of $455 a week, or $23,660 a year. Additionally, the new proposed regulations provide for a new white collar classification referred to as highly compensated employees. These white collar employees who earn more than $100,000 a year are generally exempt from overtime pay under the new law (29 C.F.R. § 541.602 Part 825).

Duties Test

The third and last required qualification is called the duties test. The new duties test is designed to clarify eligibility based on the type of daily work an employee performs. Job classification, job title, and type of compensation no longer determine exempt status as they did in the past.

The focus of the duties tests for exemption classification is based upon the employee's primary duty (U. S. Department of Labor, n. d. b). Factors to consider when determining the primary duty of an employee include: 1) the relative importance of the major or most important duty as compared with other types of duties; 2) the employee's relative freedom from direct supervision; 3) the relationship between the employee's salary and the wages paid to other employees for performance of similar work; and 4) the amount of time spent performing the major or most important duty. To identify whether or not a white collar employee is exempt, that employee must fall within one of the following defined classifications.

EXEMPTIONS FROM THE FLSA

The exemptions provided by FLSA Section 13(a)(1) apply only to the so called white collar employees who meet the salary and duties tests set forth in Part 541 of the regulations. This white collar delineation, which has not changes with the new regulations, implies application only to management or upper tier employees in a business who wear white shirts and do not get dirty in the performance of their duties. The exemptions do not apply to manual laborers or other blue collar workers who

perform work involving repetitive operations with their hands, physical skill, and energy in such areas as production, maintenance, construction, and similar occupations, no matter how highly paid they may be (U. S. Department of Labor, n. d. c). The following sections provide a more comprehensive discussion of the five white collar exemptions.

Executive Employee Exemption

To qualify for the executive employee exemption, each of the following four conditions must be met (U. S. Department of Labor, n. d. d): 1) the employee must be compensated on a salary basis at a rate not less than $455 per week ($23,660 per year); 2) the employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise; 3) the employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent. While this requirement typically means that the employee must direct a total of 80 employee-hours of work, circumstances might justify lower standards, e.g. firms with standard workweek of 37.5 hours or 35 hours in which supervision of a total of 75 or 70 hours would be sufficient; and 4) the employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to the hiring, firing, advancement, promotion, or any other change of status of other employees must be given particular weight.

Administrative Employee Exemption

An exempt administrative employee is one ''whose primary duty is the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers… and whose primary duty includes the exercise of discretion and independent judgment with respect to matters of significance" (Federal Register, 2004). The regulatory criteria that define this category include the following: 1) the employee must be compensated on a salary fee basis at a rate not less than $455 per week; 2) the employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and 3) the employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance (U. S. Department of Labor, n. d. e).

Professional Employee Exemption

An exempt professional employee must have a primary duty of performing office or non-manual work: 1) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction, but which also may be acquired by alternative means such as an equivalent combination of intellectual instruction and work experience; or 2) requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor (29 C.F.R. § 541.300(a) 2.i, ii).

Such primary duty requirements have resulted in two designations for professional employees: learned and creative. To qualify for the learned professional employee exemption, all of the following criteria must be met: 1) the employee must be compensated on a salary or fee basis at a rate not less than $455 per week; 2) the employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character, and which includes work requiring the consistent exercise of discretion and judgment; 3) the advanced knowledge must be in a field of science or learning; and 4) the advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction (U. S. Department of Labor, n. d. f).

The second designation for professional exemption is the creative employee. To qualify for the creative professional employee exemption, both of the following tests must be met: 1) the employee must be compensated on a salary or fee basis at a rate not less than $455 per week and 2) the employee's primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor (U. S. Department of Labor, n. d. f).

Outside Sales Employee Exemption

The new regulations provide a narrow interpretation for the specific classification of outside salesmen. To qualify as an outside sales employee and the exemption, the employee must meet the following qualifications: 1) the employee's primary duty must be making sales as narrowly defined within the Act, or solicit purchase or service contracts or rental type contracts for the use of facilities for which a consideration will be paid by the client or customer; and 2) the employee must customarily and regularly be engaged away from the employer's place or places of business (U. S. Department of Labor, n. d. g).

Computer Professional Employee Exemption

The new regulations contain a separate subpart for the computer professional exemption. Consistent with Congressional amendments to the FLSA in 1996, the U. S. Department of Labor has deleted the requirement that computer professionals consistently exercise discretion and judgment. Specifically excluded from this exemption are individuals whose position includes the manufacture, repair, and operation of computers.

To qualify for the computer employee exemption, the following conditions must apply: 1) the employee must be compensated either on a salary or fee basis at a rate not less than $455 per week or, if compensated on an hourly basis, at a rate not less than $27.63 an hour; 2) the employee must be employed as a computer systems analyst, computer programmer, software engineer, or other similarly skilled employee in the computer field performing the duties described as: a) the application of systems

analysis techniques and procedures, including consulting with users, to determine hardware, software, or system functional specifications; or b) the design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications; or c) the design, documentation, testing, creation, or modification of computer programs related to machine operating systems; or d) any combination of a, b, and c which requires performance at the same level of skills (U. S. Department of Labor, n. d. h).

Highly Compensated and First Responder Exemptions

While not listed specifically as a new category, the overtime initiative has added highly compensated employees and first responders as areas receiving special regulatory treatment. The new regulations provide for a streamlined exemption for highly-compensated employees who earn at least $100,000 gross per year (including base salary, commissions, and non-discretionary bonuses). Blue collar workers engaged in manual work making in excess of $100,000 are still covered by the FLSA and are entitled to overtime. Likewise, first responder positions (e.g., police officers, fire fighters, emergency medical technicians) are covered by the FLSA and are entitled to overtime (U. S. Department of Labor, n. d. i).

CONCLUDING COMMENTS

An update of the overtime pay regulations contained in the FLSA is long overdue and the U. S. Department of Labor's FPOI is a reasonable solution to eliminating and correcting the existing deficiencies of the present FLSA regulations. The FPOI is definitive in its attempt to clarify and simplify the act, eliminating highly litigated problem areas. In theory, the new regulations modernize the FLSA standards and represent a substantial improvement over past rules. After comparing the present regulations with the proposed regulations it is our contention that any update would be beneficial to both employees and employers.

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Of Fighting Fires and Firefighters: Sex Discrimination in the Workplace Forty Years After the Civil Rights Act of 1964

Kenneth M. York and Catherine L. Tyler
School of Business Administration, Oakland University, york@oakland.edu
J. Michael Tyler
Baker College Center for Graduate Studies, Baker College
Paul E. Gugel
Paul E. Gugel, P.C.

A firefighter for the City of Salem, Ohio, was suspended for a minor infraction and sued the fire department and the city for sex discrimination and retaliation under Title VII of the Civil Rights Act of 1964. The trial court dismissed the suit, on the grounds that Title VII protection is unavailable to transsexuals. On August 5, 2004, the 6th U.S. Circuit Court of Appeals reversed this decision. Relying primarily on the 1989 Supreme Court case of *Price Waterhouse v. Hopkins*, the court said, "Sex stereotyping based on a person's gender non-conforming behavior is impermissible discrimination, irrespective of the cause of that behavior; a label, such as 'transsexual,' is not fatal to a sex discrimination claim where the victim has suffered discrimination because of his or her gender nonconformity." Although the *Smith* case is newsworthy because it is unusual, it calls attention to the ever changing face of sex discrimination in the workplace, forty years after passage of the Civil Rights Act of 1964.

The Case of *Smith v. City of Salem*

The firefighter worked for the Salem Fire Department for about seven years without any disciplinary incidents. He was diagnosed with Gender Identity Disorder (GID), and began to dress and act in a more feminine manner. Smith's coworkers began to question him about his appearance. He informed his immediate supervisor about his GID diagnosis and the recommended treatment, including a complete surgical transformation from male to female. City officials tried to force the firefighter to resign by directing him to undergo three separate psychological evaluations. After the firefighter received a right-to-sue letter from the Equal Employment Opportunity Commission, he was issued a 24-hour suspension from the city for allegedly violating department policies. In response, the firefighter sued the city of Salem for sex discrimination. The 6th Circuit reversed and remanded the dismissal of the firefighter's sex discrimination claim. The court initially found the firefighter established a prima facie case of retaliation through evidence he was suspended just days after he received his right-to-sue letter. The court held that the firefighter properly alleged a claim of sex stereotyping in accordance with *Price Waterhouse v. Hopkins* (1989), which included discrimination based on sex stereotypes under Title VII's prohibition against discrimination "because of sex." The court determined that by alleging that the city's actions against him were taken as a result of his failure to conform to sex stereotypes for male looks and behavior, the firefighter sufficiently pleaded claims of sex stereotyping and gender discrimination. The court cited several federal appeals court decisions in reasoning that "employers who discriminate against men because they wear dresses and makeup, or otherwise act femininely, are also engaging in sex discrimination, because the discrimination would not occur but for the victim's sex."

The sex stereotyping that occurred in the *Hopkins* (1989) case involved a female

employee who was not acting in a stereotypically female manner. The partners of Price Waterhouse voted against her promotion to partner for two consecutive years. Hopkins claimed that the basis of the sex discrimination was sex stereotyping, because both supporters and detractors made comments implying that she had been acting in a masculine manner. The Supreme Court ruled that "an employer who acts on the basis of a belief that a woman cannot be aggressive, or that she must not be, has acted on the basis of gender." The sex stereotyping in *Smith* involved a male employee who was not acting in a stereotypically male manner. By extension of the 6th Circuit's logic, homosexual employees who act contrary to stereotyped behaviors for males or females might also claim sex discrimination in a variety of employment decisions. The *Hopkins* case has been followed by other district and appellate court cases (e.g., *Jackson v. Harvard University* (1989); *Starceski v. Westinghouse Electric Corporation* (1995); *Williams v. United Dairy Farmers* (1998); *Cota v. Tucson Police Department* (1992)). A Shepard's citation search shows 274 positive citing decisions for the *Hopkins* case at district and appellate court levels, and four cases positively citing the *Hopkins* rationale (headnotes 15-18). So although the *Smith* holding involves a small subset of potential plaintiffs, it actually has much broader implications likely to affect most employers.

Smith and the Americans with Disabilities Act

The *Smith* opinion points out early on that the plaintiff suffers from Gender Identity Disorder (GID), a psychological disorder recognized by the American Psychiatric Association (2002). Why then, did the plaintiff not file the case as disability discrimination under the Americans with Disabilities Act of 1990 (ADA)? The ADA specifically excludes transsexualism from the definition of disabilities under that statute (42 USC 12211(b)(1)). The ADA might be described as being underinclusive because it specifically excludes certain psychological disorders from the definition of disability, and thereby deprives the sufferers of civil rights protection. Congress added the exclusion from ADA coverage for transsexualism in 1990, the year after the *Hopkins* decision. The court of appeals ruling in *Smith* might thus be described as being over inclusive because by its reasoning any violation of gender norms is entitled to protection on the basis of sex discrimination, even if the behavior is a symptom of, or the result of an underlying psychological disorder that is not entitled to protection on the basis of disability discrimination under the ADA.

Sex Discrimination in Employment

Although *Smith* relied upon sex stereotyping as a basis of a claim of discrimination against a transsexual, there are a number of states (there is no federal law) that prohibit discrimination based on sexual orientation and gender identity. According to the Human Rights Campaign Foundation (2004; State of the Workforce), the District of Columbia and the states of California, Minnesota, New Mexico, and Rhode Island prohibit discrimination based on sexual orientation and gender identity. Kentucky and Pennsylvania have executive orders prohibiting discrimination against public employees (see Table 1). Organizations located within these jurisdictions are already confronted with compliance issues, and organizations in other states may be in the future. Employees in seven states (Connecticut, Florida, Illinois, Hawaii, Massachusetts, New Jersey, and New York) have had existing laws interpreted in court and commission rulings to provide some level of protection for transgender workers. At the end of 2003, 61 cities and counties also prohibited workplace discrimination on the basis of gender identity or expression, and 35 Fortune 500 companies (HRCF, 2004; Transgender Issues) had written non-discrimination policies that include gender identity or expression (see Table 2).

Cases of alleged sex discrimination against transsexuals tend to attract media attention

out of proportion to their frequency, but sex stereotyping affects employment decisions about a far wider scope of employees and applicants. Identifying the total number of gay/lesbian/bisexual/transgendered (GLBT) persons in the U.S. workforce is very difficult. For a variety of reasons data is difficult to obtain and difficult to interpret. The Janus Report (1993) is a well known comprehensive study of sexual behavior. The authors found that 9% of males and 5% of females reported homosexual activity on more than an occasional basis. The Sex-in-America Study (1994) reported 2.8% of male respondents identified themselves as gay or bisexual, while 1.4% of women made such identification. These two studies probably represent the range of incidence of gay/lesbian/bisexual behavior in the United States. While self-identification may reasonably be close to 2.8% for men and 1.4% for women, actual homosexual behavior is likely much higher.

The impact of the *Smith* case in employment settings is likely to be even larger than these numbers suggest. By focusing on the incidence of gay/lesbian/bisexual identification in the population, this ruling broadly interpreted may impact between 2 and 9 percent of the working population. However, the *Smith* case focuses not on homosexual behavior, but on gender stereotypes, specifically on gender expression. While it may be true that individuals who are gay, lesbian, or bisexual may not conform to typical gender roles, it is also true that there are many heterosexuals who also choose not to adhere to typical gender roles.

Gender expression is a term used to describe how one presents themselves to others. This includes appearance, dress, mannerisms, speech and communication style and social interactions. Typically, gender expression is conceived of as existing on a continuum from masculine to feminine with a range in the middle referred to as androgynous. In the *Hopkins* case, the plaintiff presented herself in a manner that was not highly feminine, and as a result was discriminated against. In the *Smith* case, a male expressed his gender as more feminine than is typical. In both cases issues of sexual identity or psychological disorder were moot points. The courts focused instead on gender expression. Maintaining a focus on gender expression, the *Smith* case broadly interpreted appears to have applicability to a wide range of individuals who choose to express themselves in non-typical ways. Such a broad interpretation appears to involve not only gay, lesbian and bisexual individuals, but also transgendered persons, transexuals, intersex persons, transvestites and anyone considering themselves to be a gender-bender.

The National Health and Social Life Survey (Saumann et al, 1994) found that 10% of men and 9% of women reported having sexual urges directed toward a member of the same sex, self identified as not heterosexual, or reported sexual behavior with someone of the same sex. Thus, close to 10% of the adults surveyed reported some behavior that may be considered atypical gender expression. By including a variety of more subtle behaviors that may not be gender-typical in U.S. culture, the number of working adults impacted by the *Smith* decision appears to be well over 10%.

A figure of 10% of the adult population is approximately the same proportion of the population as Blacks and Hispanics, and represents a significant managerial issue. In *Hopkins*, sex discrimination was claimed to be based on workplace behavior violating sexual stereotypes, i.e., she was discriminated against because she acted too masculine, behaviors which would have been acceptable if she were male. In *Smith*, an openly transsexual employee was held to have been discriminated against because he displayed behaviors not stereotypical for his (current) sex. Organizations should have reacted to this Supreme Court ruling by rewriting their employee handbooks and codes of conduct to include sex stereotyping as a kind of sex discrimination.

The *Smith* case is a wake-up call for the human resource management function in

organizations. Sex discrimination in employment was made illegal by the Civil Rights Act of 1964; but forty years later has sex discrimination in the workplace become less common? The number of sex discrimination cases has declined only marginally over the past decade. According to the Equal Employment Opportunity Commission's charge statistics (EEOC, 2004), there were 25,860 sex discrimination charges filed with the EEOC in 1994 and 24,362 in 2003, a reduction of 5.8% over ten years. However, during that same period, the number of retaliation claims under Title VII increased from 14,415 in 1994 to 20,615 in 2003, an increase of 43.0% (see Table 3). The key issue is: How can management prevent sex discrimination in the workplace and avoid lawsuits and undesirable publicity?

Hopkins was based on the idea that gender stereotypes can affect supervisors' evaluations of employees' job performance, resulting in sex discrimination against women. A number of researchers have examined the influence of sex stereotypes on judgments. In their summary of forty years of research on sex stereotypes, Heilman, Block, and Martel (1995) concluded that women are judged to be less qualified, have less potential, be less apt to make it through initial screening procedures, and to be recommended for hire less frequently than equivalently qualified men applying for managerial jobs. In their own study, Heilman, Block, and Martell (1995) found that women managers were generally characterized more negatively than men, and when women were depicted as successful managers, they were described as having more negative interpersonal attributes than women typically are, and in some circumstances, more negatively than men.

Best Practices: What We Know and What We Do

Given the anti-discrimination laws (e.g., the Civil Rights Acts of 1964 and 1991, Equal Pay Act, Age Discrimination in Employment Act, and the Americans with Disabilities Act), the thousands of lawsuits filed under these and state anti-discrimination laws, and the large body of research on the benefits of diversity, HRM has an economic interest, both from a risk minimization and reward maximization perspective, to do all it can to ensure that employment decisions are not discriminatory in intent or effect. However, the ever-growing number and types of lawsuits being filed with the EEOC indicate that this idealized state is far from reality.

Legal issues are not the only issues where a gap appears between known best practices and actual practices. Table 4 lists discrepancies between what academic research findings indicate are "best practices" and how organizations actually practice HRM. In staffing, for example, research has clearly demonstrated that structured, behavioral, or situational interviews are the most valid formats, yet only 26% of companies use structured interviews (Bernardin, 2002). Table 5 is a comparison of the top and bottom 10% of companies surveyed using the High Performance Work System index, which measures the extent to which a firm's HR system is consistent with the principles of a high-performance HR strategy. Becker, Huselid, and Ulrich (2001, p. 18) draw three conclusions from these survey results: 1) No single HR management practice accounts for the differences between the top and bottom group of firms, the differences are comprehensive; 2) HR outcomes are systematically different for the top and bottom firms also; and 3) Firms with the most effective HR management systems exhibit dramatically higher performance (the ratio of firm market value to the book value was more than three times as large in high-performing companies).

Best Practices to Limit Sex Discrimination Based on Sexual Stereotypes

To prevent workplace sex discrimination, organizations must develop clear policies for prohibiting sex discrimination in selection, placement, performance appraisal, merit pay, access to training programs, and other human resource management decisions. An example of a court-

approved policy for sexual harassment can be found in *Robinson v. Jacksonville Shipyards*, which includes a detailed statement of prohibited conduct; a schedule of penalties for misconduct; procedures for making, investigating and resolving sexual harassment and retaliation complaints; and procedures and rules for education and training. The key elements of the education and training of employees include:

> 1) At new employee orientation, employees are given a copy of the policy on sex discrimination, which they are to read and sign, acknowledging of their understanding of the policy;
> 2) Supervisory employees are required to attended annual management training seminars on sex discrimination, which includes descriptions of the kinds of acts that constitute sex discrimination, the organization's commitment to fair employment practices and eliminating sex discrimination in the workplace, as well as the procedures for reporting incidents of sex discrimination;
> 3) All investigative officers are required to attend an annual training seminar on the problem of sex discrimination in the workplace and techniques for investigating and stopping it, including sex discrimination based on sexual stereotypes.

As noted above, there remains a gap between legal mandates and organizational practice. Professional bodies like SHRM have attempted to narrow this gap through the provision of training materials and support. Researchers have tried to support these efforts by documenting various benefits that can be achieved through increased diversity, diversity training and meeting legal mandates. Best practices have been identified and demonstrated to be connected to high-performing organizations, and specific conditions that organizations can address to moderate the use of sexual stereotypes in practice have been enunciated. In spite of these efforts, gaps remain.

One way to attempt to better understand this failure within many organizations is to turn to the literature on organizational change. By better understanding the change process, directed interventions may be found that can alter this pattern. Just as individuals vary in their readiness for and acceptance of change, so do organizations. Prochaska, Prochaska, and Levesque (2001) provide a framework for understanding where organizations stand in the change process. They describe the major impact of their model as having "…the ability to have an impact on an entire population (e.g., all employees) through individualized, interactive interventions that have produced unprecedented impacts on the population" (Prochaska et al., 2001, p. 249).

The Prochaska et al. transtheoretical model of change provides five stages of readiness to change that can be applied to organizations. The first stage, Precontemplation, refers to an organization that is not even aware of the need for change, or one that does not intend to take action in the near future. The second stage, Contemplation, refers to organizations that have some awareness of an impetus toward change. Organizations at this stage have not yet solidified any immediate action plans, but acknowledge the need to make changes within the next six months or so. The Preparation stage describes organizations that are facing imminent changes, within the next month.   The Action stage refers to organizations in the midst of change, or within the past six months. Organizations that are not currently in the midst of a change process, but made major changes over six months ago, are considered to be in the Maintenance phase. Ten processes that are applied to organizational change are described in Table 6.

By responding to organizational needs using a stage-based approach such as that offered by the transtheoretical model, managers are more likely to be successful in their change attempts. In some cases, it may be most useful to work within work groups, assessing the overall readiness of the group for change and targeting interventions to meet the needs of the specific group. In

other cases, broader efforts may be appropriate that cut across functional boundaries and target larger segments of the population. Addressing issues of discrimination have long been recognized as rooted in cultural change for the organization. The transtheoretical model helps to distinguish cultural variation within the organization supplying intervention guidance to move these separate groups toward a common goal.

Conclusion

Although it has been over forty years since the passage of the Civil Rights Act of 1964, cases such as *Smith v. City of Salem* make it apparent that sex discrimination does still exist. Some possible reasons for this discrimination have been discussed earlier, such as the lingering existence of sexual stereotypes as well as organizational issues.

As the research by Bernardin (2002) shows, having the knowledge about which HRM practices are best does not always translate into practice. Whether the failure to correctly implement appropriate HRM practices or comply with existing laws results from lack of organizational awareness of the existence of a problem or the lack of readiness of an organization to change, it is apparent that managers and HRM specialists need to take a proactive approach if future problems are to be avoided. Examining an organization for its readiness to change is one step that managers and HRM can take to begin the process. The diagnosis of the organization's stage in the change process will provide some guidance as to appropriate steps to take.

Complexity of our change efforts is also increased by the dynamic nature of our understanding of sex discrimination. While the Civil Rights Act of 1964 is now over 40 years old, how it is applied continues to change both by Congressional action and civil litigation. As a result of these changes in statute, interpretation and application, regardless of the work done in the past, all organizations have more work to do. The transtheoretical model can be viewed as a cyclical model supporting ongoing change efforts across time. By definition, organizations that have not made change in the past 6 months, but made previous significant change are considered in maintenance in relation to those previous changes. However, this same organization may be in pre-contemplation in relation to the next round of changes that will inevitably come. Thus, while excellent progress may have been made in relation to sexual discrimination issues in the past, with the findings of the *Smith* case, organizations may suddenly be characterized as in pre-contemplation in relation to more specific issues of sexual discrimination based on gender stereotypes. This ongoing cycle reinforces the idea that all organizations are in a constant state of change. As a result, all managers must view themselves as change agents, helping the organization to effectively respond to the dynamic legal and social environment in which we operate.

Unabridged paper available upon request from york@oakland.edu.

DIVISION II

ORGANIZATIONAL BEHAVIOR

EXPLORING THE RELATIONSHIP BETWEEN EMOTIONAL INTELLIGENCE AND TRANSFORMATIONAL LEADERSHIP AS MODERATED BY COGNITIVE STYLE AND SELF-CONCEPT

Mark Burbach mburbach@unl.edu
University Nebraska Lincoln

ABSTRACT

This field study examined the effect of an ability-based measure of emotional intelligence as a predictor of transformational leadership and the moderating effects of the leader's cognitive style and self-concept on this relationship. A predictive relationship was found between emotional intelligence and self-reported transformational leadership but not rater-reported transformational leadership. Cognitive style was not a significant moderator. Self-concept significantly moderated the relationship between emotional intelligence and rater-reported transformational leadership but not self-reported transformational leadership.

INTRODUCTION

The role of emotions in organizations has recently received increased scholarly attention. This interest has been sparked by the concept of "emotional intelligence" introduced by Salovey and Mayer (1990). Their seminal work centers on the ability to use emotions to help solve problems and live a more effective life. The concept gained wide renown following the success of Goleman's (1995) best selling book. Linkages between emotional intelligence and leadership have drawn attention in many settings including management. Emotional intelligence is considered to have great potential in management. Entire journal issues have been devoted to promoting the development of emotional intelligence in managers across disciplines (e.g. Harvard Business Review, 2004). In the past few years, the number of popular and academic conferences, workshops, books, articles, and special issues of academic journals on the topic has virtually exploded, catapulting emotions into the mainstream of management scholarship (e.g. Fisher & Ashkanasy, 2000; Fox, 2002; Weiss, 2001). Indeed, indications are that the issue of emotions in the workplace is shaping up as one of the principal areas of development in leadership thought and practice in the first decade of the 21st century.

The appeal of emotional intelligence may be due to changing dynamics in organizations today. With workplaces increasingly characterized by competitive pressures, constant change, and downsizing, organizations are under increasing pressure to identify and develop more effective leaders. IQ and technical competencies are no longer the benchmarks of successful leadership in the workplace (Goleman, 1998). Weymes (2003) posits that the primary purpose of leadership is to influence the feelings and emotions of those associated with the organization.

CONCEPTUAL BACKGROUND AND HYPOTHESES

Mayer and Salovey (1997, p.10) define emotional intelligence as "the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth." Caruso and Salovey (2004, p. xx) "believe that the process by which managers and leaders create a shared vision, motivate others, and encourage workers are likely based on the intelligent use of emotion and the integration of feelings with thinking." The ability to reason with and about emotions, then, must be considered in relation to one's effectiveness in today's organizations.

Emotion in the work place, however, is an under-explored phenomenon. Goleman (1998) has claimed that almost 80% of the competencies necessary for leadership success are social and emotional in nature. While not nearly as bold, Caruso, Mayer and Salovey (2002a) agree that emotional intelligence may have important implications for leadership. Mayer (2004) also offers a caution about exaggerated claims concerning the importance of emotional intelligence and reminds us that leadership development must be grounded in research.

One model of leadership for which emotional intelligence holds promise is transformational leadership. Yukl (1998, p.324) asserts that transformational leadership theories arose in response to management researchers' interest "in the emotional and symbolic aspects of leadership influence". Yukl (p. 324) goes on to write, "Transformational leadership, a component of full-range leadership theory, refers to the process of building commitment to the organization's objectives and empowering followers to accomplish these objectives." House and Podsakoff (1994, p. 55) refer to transformational leadership as part of a new class of "outstanding leadership theories" centered on the "major effects (that leaders can have) on the emotions, motives, preferences, aspirations, and commitment of followers…" There appears, therefore, to be an inherent connection between emotional intelligence and transformational leadership style.

Bass's (1985) model of transformational leadership is among the most researched leadership theories of the past twenty years (e.g. Hughes, Ginnett & Curphy, 2002; Yukl, 1998). Some research suggests that emotional intelligence conceptualized as an intellectual ability may be a requisite for effective transformational leadership (e.g. Coetzee & Schaap, 2003; Palmer, Walls, Burgess & Stough, 2001). Yet another study found emotional intelligence not to be associated with transformational leadership (Schulte, Rea & Carretta, 2004). Few if any studies, however, have looked at the relationship between the ability model of emotional intelligence and transformational leadership from both the leader's and rater's perspectives. Even less research has been devoted to how other personal aspects of the leader may influence the relationship between emotional intelligence and transformational leadership.

Transformational leaders are proactive, raise follower awareness for transcendent collective interests, and help followers achieve extraordinary goals (Antonakis, Avolio & Sivasubramaniam, 2003). These leaders arouse dormant needs in their followers and motivate them to perform beyond baseline expectations. In order to be able to tap into their follower's interests and needs, it is believed that these leaders need to have good emotion perception and recognition skills. Research in transformational leadership often focuses on the perceptions of both the leader and followers as both may provide clues to leadership effectiveness. Thus, from the aforementioned discussion the following hypotheses are generated:

> *Hypothesis 1 (H1): Emotional intelligence predicts a positive relationship with self-reported transformational leadership.*
> *Hypothesis 2 (H2): Emotional intelligence predicts a positive relationship with rater-reported transformational leadership.*

Moderating variables are typically used to describe changes in relations among a set of independent and dependent variables. According to Baron and Kenny (1986, p.1178) "Moderator variables are typically introduced when...a relation holds in one setting but not in another, or for one subpopulation but not for another." Personal traits of the leader may moderate the relationship between emotional intelligence and transformational leadership.

In order to potentially make a significant contribution to the leadership literature, emotional intelligence must be unique from other aspects of personality. Mayer and colleagues believe emotional intelligence conceptualized as a cognitive ability to be related yet distinct from

other facets of personality. Numerous studies support this proposition (Brackett & Mayer, 2003; Brackett, et al., 2004; Coffey et al., 2003; Graves 2000; Lopes et al., 2003; and Palmer et al., 2002).

Although cognitive style as conceptualized in the Myers-Briggs Type Indicator (MBTI) has been used extensively in organizational development efforts, only within the past two decades has it been applied to the area of leadership research. In a review of the literature on the MBTI, Gardner and Martinko (1990) conclude that type theory has much to offer researchers in the field of leadership. Nordvik and Brovold (1998, p.63) acknowledge that "because personality traits refer more to style of behavior than to cleverness in performance and because behavior and performance always are the result of person and situation interactions, the predictions from person variables may never be perfect." However, they believe that "personality concepts are useful and necessary to understand and make reasonable decisions" in leadership. Reflecting these sentiments, results exploring the relationship of cognitive style and leadership are mixed. Context seems to be an important variable in these studies.

Roush and Atwater (1992) found that student leaders at the US Naval Academy who were sensing and feeling types were most transformational as determined by subordinates and used the most positive reinforcement with followers. The researchers were surprised by the extent to which followers identify as transformational those leaders with the sensing rather than the intuition preference. MBTI theorists generally describe the intuition style in terms that would make it a near-perfect match for some of the transformational behaviors in the paradigm described by Bass (1985). For example, intuitives like change; they rely heavily on symbols and images; they like to experiment with new ways of doing things; and they are committed to competence (Myers & McCaulley, 1985).

Roush and Atwater (1992) suggest the context of their study that involved highly constrained and regimented routine from which leaders were not free to deviate may have influenced the results. The perception of sensors as more transformational may be an outcome of this highly specific environment. Intuitives can easily become bored with repetition and routine. In circumstances calling for ascertaining the big picture and determining creative solutions to problems in rapidly changing scenarios, it is possible that intuitives would be rated as more transformational by their followers. As change agents, transformational leaders cannot be resistant to change. Rather than focusing on operational issues as sensors do, intuitives tend to focus on strategy issues. This focus may allow the intuitive cognition style to be more comfortable as a change agent.

Others have found extraversion contributes to leadership. Thomas, Dickson and Bliese (2001) found extraversion positively related to leadership ratings of 818 cadets in a military assessment center. Furthermore, they found extraversion mediated the relationship between power and leadership ratings as well as the relationship between affiliation and leadership ratings. In a study of leadership performance at the United States Air Command and Staff College, the ES and EN groups performed significantly better than the IS group (Reynolds, 2000).

Extraversion is a cognitive style dealing with information processing through social interaction. Intuition is a cognitive style dealing with developing knowledge through deduction and viewing things globally. Extraversion and intuition may have the strongest correlations to transformational leadership while the introversion and sensing cognitive styles may have the weakest correlations. A cognitive style that combines extraversion and intuition may

significantly moderate the relationship between emotional intelligence and transformational leadership. The following hypotheses are thus developed:

> *Hypothesis 3 (H3): The extraversion - intuitive cognitive style has a significant moderating effect on emotional intelligence while predicting self-reported transformational leadership.*

> *Hypothesis 4 (H4): The extraversion - intuitive cognitive style has a significant moderating effect on emotional intelligence while predicting rater-reported transformational leadership.*

Leonard, Beauvais, and Scholl (1999) developed a meta-theory of work motivation incorporating theories of self-concept based on classical perspectives. The resultant five sources of motivation are intrinsic process, instrumental, self-concept external, self-concept internal, and goal internalization. Each of the five sources represents dispositional characteristics of motivation. Self-concept external and self-concept internal are conceptualized as opposing mental images of oneself. Self-concept external-based individuals are other-directed and seek affirmation of traits, competencies, and values from external perceptions. Self-concept internal-based individuals are inner-directed with internal standards of traits, competencies, and values that become the basis for their ideal selves.

Few if any studies have yet to investigate the relationship of the ability model of emotional intelligence and self-concept. Emotional intelligence is believed to be a unique conceptualization distinct from personal motivation (Mayer, 2002). Therefore, if a strong correlation exists between the leader's self-concept and transformational leadership, the leader's self-concept may significantly moderate the relationship between emotional intelligence and transformational leadership.

The work of Barbuto Cundall and Fritz (2004) suggests that a leader's self-concept may be a predictor of transformational leadership. When self-concept external and self-concept internal were significantly correlated to the same transformational leadership styles, the direction of the correlations was reversed. Even in cases when both self-concepts were not significantly correlated to the same transformational style, the direction of the correlations was nearly always reversed. Therefore, the leader's self-concept (i.e. external vs. internal) may be a significant moderator of the relationship between emotional intelligence and transformational leadership.

Other measures of the leader's self-concept have been shown to be antecedents to transformational leadership and offer support for the moderating effects self-concept may have on emotional intelligence while predicting transformational leadership. Successful leaders are often socially adjusted and mature with strong self-concepts and an internal locus of control (Bass, 1990; Yukl, 1998). Howell and Avolio (1993) found inner-directed locus of control was significantly related to transformational leadership behaviors. Gibbons (1986) found the self-assessed inner direction of executives to be correlated to subordinates' ratings of transformational leadership behaviors. The following hypotheses are thus developed:

> *Hypothesis 5 (H5): The leader's self-concept has a significant moderating effect with emotional intelligence while predicting self-reported transformational leadership.*

> *Hypothesis 6 (H6): The leader's self-concept has a significant moderating effect with emotional intelligence while predicting rater-reported transformational leadership.*

METHODS

Participants and Procedures

  Subjects for this study were 146 self-identified leaders who participated in leadership development workshops in a Midwestern community. Subjects were managers from all levels of their respective organization. Subjects represented social services, higher education, as well as a cross-section of community businesses. Of the total subjects, 112 were female and 34 were male. The average age of subjects was 40 years. Fifty percent had earned a bachelor's degree, while 37% had earned a master's degree or higher. The remaining 13% had no post-secondary education. Fifty-nine percent were from small departments (<10 co-workers), 34% from medium sized departments (10-50 co-workers), and 7% were from large departments (>50 co-workers). Average tenure was 7.8 years. In addition, each participant had a minimum of three raters for a total of 649 raters. Raters were from higher in the organization, peers, and subordinates. Raters were self-selected by the subjects.

  Subjects represented social service professions (64%), higher education administration (18%), business (16%) and other organizations (1%). Subjects were chosen for ease of access to the targeted population and the opportunity for direct facilitation of the research instruments.

  Four instruments were used to collect quantitative descriptions of the study participants. Subjects completed an emotional intelligence ability test, a cognitive style inventory, a motivation sources inventory and a self-report leadership style inventory. Demographic information was also collected from subjects. Raters completed a leadership style inventory. The measures were quantified in order to identify any meaningful relationships. A quantitative assessment for the predictor and criterion variables was used in this study as tools to gain understanding of the participants' ability, preferences and skills. Correlation and regression analyses (multiple and hierarchical) were the quantitative methods conducted in this research design.

Transformational Leadership Measure

  The Multifactor Leadership Questionnaire for Research (MLQ-5x, -leader and -rater) measured dependent, or criterion, variable transformational leadership. The MLQ-5x (-leader and -rater) is a 45-item, 5-point Likert-type scale that is used to evaluate an individual's leadership style. Transformational leadership is comprised of five factors (Antonakis, et al., 2003). Idealized Influence-attributed refers to the socialized charisma of the leader, whether the leader is perceived as being confident and powerful, and whether the leader is viewed as focusing on higher-order ideals and ethics. Idealized Influence-behavior refers to charismatic actions of the leader that are centered on values, beliefs, and a sense of mission. Inspirational Motivation refers to the ways leaders energize their followers by viewing the future with optimism, stressing ambitious goals, projecting an idealized vision, and communicating to followers that the vision is achievable. Intellectual Stimulation refers to leader actions that appeal to followers' sense of logic and analysis by challenging followers to think creatively and find solutions to difficult problems. Individualized Consideration refers to leader behavior that contributes to follower satisfaction by advising, supporting, and paying attention to the present and potential individual needs of followers, and thus allowing them to develop and self-actualize. A recent evaluation of the MLQ's psychometric properties reports internal consistency reliabilities greater than $\alpha = .85$ for MLQ subscales (Tejeda, Scandura, & Pillai, 2001). Nunnally (1978) concluded that acceptable minimum reliability (Cronbach's alpha) for new measures should be .70.

Emotional Intelligence Measure

The Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT v. 2) measured the independent, or predictor, variable emotional intelligence. The MSCEIT is an ability-based assessment of emotional intelligence and measures a person's capacity for reasoning with emotional information. As an ability test, the authors claim the bias introduced by self-report assessments is eliminated. In addition to a total score it generates measures in four areas or branches of emotional intelligence: perceiving emotions, facilitating thought, understanding emotions, and managing emotions. Perceiving emotions concerns the ability to recognize feeling in self and others. Facilitating thought is the ability to employ feelings to enhance thinking. Understanding emotions is the ability to understand complex emotions and emotional "chains", how emotions transition from one stage to another, the ability to recognize the causes of emotions, and the ability to understand relationships among emotions. Managing emotions is the ability to stay aware of one's emotions, even those that are unpleasant, the ability to determine whether an emotion is clear or typical, and the ability to solve emotion-laden problems without necessarily suppressing negative emotions.

Mayer, Salovey, Caruso & Sitarenios (2001) report when over 2,000 participants scores on the MSCEIT were calculated by general- or expert-consensus scoring, the intercorrelation between the two sets of scores was $r = .98$. MSCEIT reliabilities at the branch level ranged from r = .79 to .91 using general consensus scoring and r = .77 to .90 using expert scoring. The total emotional intelligence score and four branch scores are used in this study. Expert scoring was used because it has exhibited slightly superior agreement levels relative to general scoring (Mayer, et al., 2001).

Cognitive Style Measure

The Myers-Briggs Type Indicator (MBTI) is often utilized to measure cognitive style, a dispositional variable that involves the ways in which individuals processes information (e.g. Carey, Fleming & Roberts, 1989; Leonard, Scholl & Kowalski, 1999; Ruble & Cosier, 1990). Based on Jung's (1923) theory of psychological types, the MBTI is designed to identify an individual's preferences on eight characteristics implicit in Jung's theory. The MBTI provides scores on four dichotomous cognitive scales: Extraversion-Introversion (EI), Sensing-Intuition (SN), Thinking-Feeling (TF), and Judging-Perceiving (JP). Form G of the MBTI contains 94 items. Respondents answer forced-choice items that are written to reflect the poles of the dichotomies. Test-retest reliability for the four MBTI scales is reported as .83-.97 for a 4-week interval (Myers, 1998). Test-retest reliabilities for whole type (i.e. same four preferences) for a 4-week interval range from .55 to .80, with an average of .65 (Myers 1998). The author of the latest version of the manual reports good construct validity (Myers 1998).

The extraversion/introversion index contains items that differentiate between individuals whose focus is on people and things (extraversion) and those whose focus is on concepts and ideas (introversion). Extraverts process information through social interaction. They develop and build on their ideas through interaction with others. They verbalize ideas in order to reinforce them. They can be characterized as initiating, expressive, gregarious, and enthusiastic (Myers, 1998). Introverts process information internally. They develop ideas, make decisions in isolation, and do not always verbalize ideas and opinions. They respond only after reflection. They are characterized as contained, intimate, reflective and quiet.

People are categorized on the sensing/intuitive index in terms of how they attend to and gather information. Those with a sensing style rely on information gathered through the five senses (Myers, 1998). Sensors use primarily inductive reasoning. They learn experientially and

like to emphasize details. They are able to focus on and isolate component parts of a system. They "know" something because they have seen or experienced it. Intuitives develop knowledge through deduction. They learn theoretically. They see the connections and integration between parts of a system. They "know" something because it is a logical deduction or extension of a theory/concept.

Self-Concept Measure

The Motivation Sources Inventory (MSI) measured independent, or moderator, variable self-concept. The MSI is 7-point Likert-type scale that is used to evaluate an individual's source of motivation. It is based on Leonard, et al's (1999) meta-theory of work motivation incorporating theories of self-concept. The MSI yields a profile of five subscales – intrinsic process motivation, instrumental motivation, self-concept external motivation, self-concept internal motivation, and goal-internalization motivation. The self-concept internal motivation and self-concept external motivation subscales were used in this study. The reported coefficients alpha for the instrument range from .83 to .92 with a goodness-of-fit of .92 (Barbuto & Scholl, 1998).

Barbuto (2001) has suggested that ratio analysis will better account for respondents' response bias and will better measure self-concept internal and self-concept external proportions. The ratio of self-concept internal to total self-concept (self-concept internal/total self-concept) may be a better method of testing to see if the leader's self-concept moderates the relationship between emotional intelligence and transformational leadership. Ratio method was used in this study.

Demographics

Demographic variables are often used as control variables in leadership research to account for contextual factors and were used in this study. Demographic variables can be surrogates for a range of social and occupational context differences (Johns, 2001). Gender, age, education, work unit size, and tenure data were collected from participants.

Data Analyses

The Pearson product-moment correlation coefficients were used to indicate the degree that the variables were positively related in the study population. Multiple regression analyses were conducted to examine the predictive relationship between emotional intelligence and transformational leadership style. Hierarchical regression analyses were used to examine the interaction effects of the extraversion- intuitive cognitive style and self-concept with emotional intelligence when predicting transformational leadership style.

The hierarchical multiple regression analysis included three steps (four steps if correlations indicated demographic information should be controlled) in order to test the study's hypotheses. Emotional intelligence was input in step 1 of the hierarchical regression to determine if this main effect explained any variance in the transformational leadership style. The combined extraversion – intuitive cognitive style or self-concept was added in the second step of the hierarchical regression to determine if this main effect explained any variance in the transformational leadership style beyond emotional intelligence. In the third step the interaction of emotional intelligence and combined extraversion – intuitive preference or self-concept was added to determine if this interaction explained any variance in the transformational leadership styles, beyond emotional intelligence and the combined extraversion – intuitive cognitive style or self-concept.

When testing hypotheses predicting the interaction affects of combined extraversion and intuitive cognitive style, the extraversion/introversion scoring was reversed so that a preference

for extraversion was positive and in the same direction with scoring for intuitive. This resulted in a score of 2 for an EN style, 1 for an IN or ES style, and 0 for an IS style.

When testing hypotheses predicting the interaction affects of leader's self-concept, the ratio of self-concept internal to total self-concept was used. A ratio greater than .5 is a self-concept internal. A ratio less than .5 is a self-concept external.

RESULTS

Descriptive statistics and Pearson correlations provided the basis of analysis of independent variables and dependent variables. Multiple and hierarchical regression analysis was conducted to test the hypotheses. Reliability of the inventories was assessed to judge whether the responses were internally consistent. Spearman-Brown split-half reliability coefficients for emotional intelligence on the MSCEIT was $\alpha = .80$. Internal reliabilities of the MBTI was $\alpha = .85$ for extraversion/introversion and $\alpha = .81$ for sensing/intuitive. Internal reliabilities for the MSI was $\alpha = .78$ for self-concept external and $\alpha = .70$ for self-concept internal. Reliability of the MLQ-5X (Leader) was $\alpha = .92$ for transformational leadership. Reliability for the MLQ-5X (Rater) was $\alpha = .93$ for transformational leadership.

Variable means, standard deviations and Pearson correlations for the study's variables are presented in Table 1. Reliability coefficient values are in parentheses along the diagonal of the correlation matrix.

Table 1. Descriptive Statistics and Correlation Matrix for Study Variables.

Variables	M	SD	1	2	3	4	5	6	7	8	9	10	11
1.Emotional Intelligence	105.07	15.83	(.80)										
2.Transformational (Self)	3.07	.46	.33**	(.92)									
3.Transformational (Rater)	3.08	.57	.03	.19*	(.93)								
4.Extraversion-Introversion[a]	.57	.50	-.12	-.07	.01	(.85)							
5. Sensing-Intuitive[a]	.49	.50	.03	.25**	.09*	-.04	(.81)						
6.Self-Concept External	2.96	1.05	.11	.05	-.04	-.16	-.11	(.78)					
7.Self-Concept Internal	4.86	.67	.17*	.31**	.05	.20*	-.08	-.14	(.70)				
8.Gender[b]	1.77	.42	.14	.13	.04	.08	-.11	.02	.24				
9.Age	40.16	10.71	.00	.11	-.01	.03	.09	-.15	.11	-.18*			
10.Education	3.42	1.08	-.01	.13	.09*	.02	.17*	-.14	-.04	-.31**	.24**		
11.Work Unit Size	1.49	.62	-.04	.05	.07	-.07	.17	-.03	.01	-.36**	.20*	.35**	
12.Tenure	7.82	6.57	-.04	-.02	-.05	-.02	-.05	-.21*	-.02	-.14	.50**	.35**	.28**

Notes. Reliability coefficient estimates (_) are in Parenthesis along diagonals. *p < .05; **p < .01. (Two-tailed tests). [a] Dichotomous scale, first variable negative values, second variable positive values. [b] Dichotomous scale, male negative values, female positive values.

As highlighted in Table 1, there is a statistically significant positive correlation between emotional intelligence and self-reported transformational leadership ($r = .33; p < 0.01$). Emotional intelligence, however, was not significantly correlated to rater-reported transformational leadership.

Emotional intelligence was not associated with cognitive style or demographic variables (Table 1). Emotional intelligence shared a significant positive correlation with self-concept internal ($r = .17; p < 0.05$). Self-reported transformational leadership was significantly correlated to the intuitive cognitive style ($r = .25; p < 0.01$) and self-concept internal ($r = .31; p < 0.01$). Rater-reported transformational leadership was significantly correlated to the intuitive cognitive style ($r = .09; p < 0.05$) and education ($r = .09; p < 0.05$).

After reviewing the correlation data, the data were analyzed with respect to specific hypotheses. If any demographic variables were found to be correlated to transformational leadership they were used as control variables in testing the hypotheses.

To test H1 Emotional intelligence was used as the predictor variable and transformational leadership style as the criterion variable. A significant ($R^2 = .11$, $F(1,143) = 18.03$, $p = <.001$) positive relationship was found between emotional intelligence and self-reported transformational leadership style (Table 2). Hypothesis H1 was supported. Emotional intelligence explains 11% of the variance.

Table 2. Hierarchical Regressions: Emotional Intelligence and Cognitive Style Predicting Transformational Leadership.

Predictors	Transformational Leadership (Self, N=145)				Predictors	Transformational Leadership (Rater, N=624)			
	ß	R^2	ΔR^2	ΔF		ß	R^2	ΔR^2	ΔF
Step 1		.11	.11	18.03***	Step 1 (Control)		.01	.01	5.10*
Emotional Intelligence	.34***				Education	.09*			
Step 2		.15	.04	6.15**	Step 2		.01	.00	.88
Emotional Intelligence	.32***				Education	.09*			
EN Cognitive Style	.19**				Emotional Intelligence	.04			
Step 3		.15	.00	.05	Step 3		.01	.00	1.53
Emotional Intelligence	.34***				Education	.09*			
EN Cognitive Style	.32				Emotional Intelligence	.03			
Interaction	-.13				EN Cognitive Style	.05			
					Step 4		.01	.00	1.34
					Education	.09			
					Emotional Intelligence	.09			
					EN Cognitive Style	.37			
					Interaction	-.336			

Note. *$p = < .05$. **$p = < .01$. ***$p = < .001$.

To test H2 Emotional intelligence was the predictor variable and transformational leadership style was the criterion variable. Education was a control variable. An insignificant ($\Delta R^2 = .01$, $F(1,621) = .88$, n.s.) relationship was found between emotional intelligence and rater-reported transformational leadership style (Table 2). Hypothesis H2 was not supported.

To test hypothesis H3, the extraversion – intuitive cognitive style was added as a predictor in step 2, and the interaction between emotional intelligence and extraversion – intuitive style was added in step 3. The extraversion – intuitive cognitive style does add significant explained variance ($\Delta R^2 = .04$, $F(1,142) = 6.15$, $p = <.01$). Cognitive style adds 4% to the explained variance. However, the change in R^2 values between step 2 and step 3 was insignificant ($\Delta R^2 = .00$, $F(1,141) = .05$, n.s.). Hypothesis H3 was not supported. The results suggest that there is a significant additive effect of extraversion – intuitive style on the relationship between emotional intelligence and self-reported transformational leadership style but the interaction of emotional intelligence and the extraversion-intuitive style does not add additional explained variance.

To test hypothesis H4, the extraversion – intuitive cognitive style was added as a predictor in step 3, the interaction between emotional intelligence and the extraversion – intuitive

cognitive style was added in step 4. The change in R^2 values between step 3 and step 4 was not significant ($\Delta R^2 = .00$, $F(1,619) = 1.34$, n.s.). Hypothesis H4 was not supported.

To test hypothesis H5, self-concept was added as a predictor in step 2, and the interaction of emotional intelligence with self-concept was added in step 3 (Table 3). Self-concept does add significant explained variance ($\Delta R^2 = .03$, $F(1,143) = 4.00$, $p = <.05$). Self-concept explains 3% of the variance. The change in R^2 values between step 2 and step 3 was not significant ($\Delta R^2 = .00$, $F(1,142) = .06$, n.s.).

Table 3. Hierarchical Regressions: Emotional Intelligence and Self-Concept Predicting Transformational Leadership.

Predictors	Transformational Leadership (Self, N=146)				Predictors	Transformational Leadership (Rater, N=629)			
	ß	R^2	ΔR^2	ΔF		ß	R^2	ΔR^2	ΔF
Step 1		.11	.11	18.30***	Step 1		.01	.01	5.45*
Emotional Intelligence	.34***				Education	.09*			
Step 2		.14	.03	4.00*	Step 2		.01	.00	.86
Emotional Intelligence	.34***				Education	.09*			
Self-Concept	.16*				Emotional Intelligence	.04			
Step 3		.14	.00	.06	Step 3		.01	.00	.98
Emotional Intelligence	.22				Education	.09*			
Self-Concept	.02				Emotional Intelligence	.03			
Interaction	.18				Self-Concept	.04			
					Step 4		.02	.01	4.96*
					Education	.08*			
					Emotional Intelligence	-.59*			
					Self-Concept	-.63*			
					Interaction	.94*			

Note. *$p = < .05$. **$p = < .01$. ***$p = < .001$.

To test hypothesis H6, self-concept was added as a predictor in step 3, and the interaction between emotional intelligence and self-concept was added in step 4 (Table 3). The change in R^2 values between step 3 and step 4 was significant ($\Delta R^2 = .01$, $F(1,624) = 4.96$, $p = <.05$). Hypothesis H6 was supported. The results suggest that there is a difference in the relationship between the leader's emotional intelligence and rater-reported transformational leadership style due to the interaction of emotional intelligence and self-concept but the interaction explained only an additional 1% of the variance.

DISCUSSION

This study found emotional intelligence to predict self-reported transformational leadership style. Explained variance was 11%. Mayer and colleagues (Caruso, Mayer & Salovey, 2002b; Mayer, 2002) expect emotional intelligence to contribute to the prediction of certain outcomes at levels typically obtained in research in other important personality variables (e.g. 2-25% of explained variance). The significant prediction in this study lends credence to the idea that emotions in organizations matter and it broadens our understanding of what it means to be smart. Further, this study confirms other studies in which the ability model of emotional intelligence has little correlation with personality traits and is distinct from personality traits (e.g. Brackett & Mayer, 2003; Caruso, et al., 2002a; Lopes, et al., 2003).

The combined extraversion – intuitive cognitive style also predicted self-reported transformational leadership. Explained variance was 4% above the contribution of emotional intelligence. This indicates that people who develop knowledge deductively and see the connections and integration between parts of a system also see themselves as transformational leaders. The interaction of the extraversion – intuitive cognitive style, however, does not appear

to moderate the relationship between emotional intelligence and self-reported transformational leadership.

The leader's self-concept also predicted self-reported transformational leadership. Explained variance was 3% about the contribution of emotional intelligence. It appears from the results of this study that people who are self-concept internal are more likely to see themselves as transformational leaders. The interaction of self-concept, however, does not appear to moderate the relationship between emotional intelligence and self-reported transformational leadership. It does appear, however, from this study that emotional intelligence, cognitive style, and self-concept are antecedents to self-rated leadership.

From the rater's perception, there was no validity evidence that emotional intelligence predicts transformational leadership. The mean transformational leadership values from both leader and rater perspectives were virtually the same; however, the standard deviation from the rater's perception was larger (Table 1). It appears a wider range of responses from raters resulted in fewer significant findings. This supports the idea that leaders develop separate, unique relationships with individuals within the organization (Dansereau, Graen & Haga, 1975). Future research in leadership using rater's perceptions should not aggregate rater responses for a leader.

Further, the MSCEIT, an ability-based measure, assesses how well an individual performs tasks and solves emotional problems, as opposed to a scale that relies on an individual's subjective assessment of their perceived emotional competencies. Since the responses represent actual abilities, the scores are relatively unaffected by self-concept, response set, emotional state, and other confounds. Therefore, the control for respondent bias in the measurement of emotional intelligence lends credence to the results of self-reported transformational leadership measures.

It is not unprecedented to have more significant correlations between self-reported transformational leadership scores and personal traits than between rater-reported transformational leadership scores and the same personal traits (e.g. Barbuto & Burbach, 2004; Barbuto, et al., 2004). Fewer significant correlations may be an artifact of method bias as leaders completed the emotional intelligence measure and the MLQ-5x while raters' only completed the MLQ-5x. These results may also be an artifact of the dyadic relationship unique to each leader and rater. Prior research has found leader-member exchange quality related to numerous outcomes including satisfaction with supervision and overall satisfaction (Gerstner & Day, 1997).

Raters at each of the three levels in this study – supervisor, peers and subordinates may have different expectations of leadership with respect to transformational leadership. Raters may base their judgment on recall of prototypical behaviors (Lord & Alliger, 1985; Lord, Foti & DeVader, 1984) or judge leadership to occur more or less frequently based on their heuristic, or self-educated, knowledge of leadership (Tversky & Kahnemann, 1973). In this study, raters frequently rated more than one leader. Raters might have ranked each leader relative to the leadership behavior of their comparison group. This relative ranking of leaders is a common methodological issue in organizational research as leader ratings are collected for multiple leaders from a single rater.

There was a significant interaction between the leader's self-concept and emotional intelligence while predicting rater-reported transformational leadership. As a result, it can be suggested that there is a difference in the relationship between the leader's emotional intelligence and rater-reported transformational leadership due to the leader's self-concept. The explained variance accounted for this interaction, however, was only 1%. Overall, it appears that self-concept does not share enough variance with emotional intelligence to provide a large

moderating effect on the relationship between emotional intelligence and transformational leadership.

Directions for Future Research

Because of the weak association between emotional intelligence and personality traits (cognitive style and self-concept) confirmed in this study, the ability model has good potential for future leadership studies. Other interactions between personality traits and emotional intelligence should be investigated. The predictive nature of emotional intelligence and other leadership factors should also be investigated.

It appears that the intuitive cognitive style may predict transformational leadership. In this study, the extraversion cognitive style did not share a significant correlation with the transformational leadership while the intuitive style did share a significant correlation with transformational leadership. Since the combined extraversion-intuitive cognitive style predicted self-reported transformational leadership over and above emotional intelligence, the predictive nature of the intuitive style on transformational leadership should be investigated.

The nature of the job may influence people to develop their emotional intelligence and transformational leadership style. For instance, those who regularly interact with clients and whose position requires considerable empathy, emotional understanding and emotional regulation may take steps to develop their emotional intelligence and leadership style in order to gain personal satisfaction from their jobs and do them well. Mayer, et al. (2002) and Caruso (2004) suggest that the importance of emotional intelligence may be proportional to the position. Participants in this study represented a cross-section of leaders from several organizations and professions but a majority was from social service occupations. Further analysis of the causal links of emotional intelligence and transformational leadership is warranted. Such research will shed light on the developmental nature of transformational leadership and provide guidance for leadership development programs.

High emotional intelligence may not always be an asset. A leader may not be perceived as a strong performer if, as Mayer (2004, p. 28) points out, "too much self-awareness can reduce self-esteem" …and "a person high in emotional intelligence may be realistic rather than optimistic." Additionally, leaders who possess very high levels of emotional management and emotional regulation may use these abilities for their own self-interests (Sosik & Dworakivsky, 1998). In such a case, a leader may manipulate followers through emotional regulation for their own personal benefit (Sosik & Dworakivsky, 1998). Ashkanasy and Dasborough (2003) suppose that leaders high in emotional intelligence and Machiavellianism may be able to conceal their intentions from followers and manipulate followers' emotional states resulting in poor outcomes. Identifying a leader's motives and developing followers' emotional intelligence may be solutions to these cases. Future research should address these concerns.

References available on request

Achieving Organizational Change in Professional Organizations: Lessons from Scholar-Practitioners

Sandra L. Gill, Ph.D.
sgill@ben.edu
Sharon S. Borowicz, Ph.D., E.A.
sborowicz@ben.edu
Benedictine University
Lisle, Illinois

ABSTRACT

Our lessons for leading organizational change in professional settings draw from the literatures in social identity theory, sociology of the professions, leadership of professional service firms, management communication, and our collective experience of over 50 years as scholar-practitioners. We focus on four key challenges: (a) the complexities of organizational leadership, since most leaders in professional organizations assume multiple roles and dual identities (Lorsch and Tierney, 2004); (b) the complex cultures of professional organizations, which challenge formal organizational authority; (c) organizational structure, especially resistance to centralization and pressure to sustain specialization; (d) organizational resource reporting, with emphasis on the importance of intangible asset accounting. We propose 15 specific insights for leading change in professional organization settings, contending that "leadership" is a secondary vs. a primary role.

INTRODUCTION

The nation's economic transition to service organizations brings professional/technical models together with more traditional bureaucratic organizational models, with resulting failures and conflict (Lorsch and Tierney, 2001; Bunderson, 2000). This demands additional insight into organizational dynamics (Bennis, 2000). Stemming from the bureaucratic tradition in management, the role and function of leadership has traditionally been treated as a primary identity in organizations, albeit with many roles (Bunderson, 2000; Kotter, 1990). However, in professional organizations, such as healthcare, universities and larger professional service firms, leaders have dual identities, the professional and the administrative bureaucratic tradition (Lorsch and Tierney, 2002, McKenna and Maister,2002; Friedson, 2001; Whetten,et.al, 1998).

LEADERSHIP IN PROFESSIONAL ORGANIZATIONS A SECONDARY ROLE

In professional organizations, we submit that the formal leadership role is considered less salient than the professional identity. For example, in the nation's 4,956 community not-for-profit hospitals, the primary group who generate the organization's revenue, i.e., physicians, may not even be employed by the organization! In the university setting, tenure track faculty assume elected or appointed roles for a period of time to "manage"

various academic and administrative functions, often without formal leadership development. In professional practice firms, peers are elevated into temporary "management" roles, such as practice leaders and unit directors, while sustaining an active practice. Thus, the formal organizational leadership role and it's authority in the organizational structure is challenged by multiple professional and administrative functions, conflicting ideologies and dual identities (Lawrence, 2002).

LEADING CHANGE IN PROFESSIONAL ORGANIZATIONS

Since organizational change and development has traditionally required "leadership" for successful interventions (Kotter, 1996, Morhman, 1989) "professional organizations" where "leadership" is a secondary role, demand modification due to four key factors: (1) high levels of organizational complexity, driven by disciplinary specialization; (2) complex organizational cultures; (3) organizational structures that bifurcate or replicate professional services along side administrative functions, and (4) the failure of aligned incentives, largely due to tangible asset accounting models for reporting and allocating resources. Organizational change models derived from a corporate perspective, such as Kotter (1996), fail to differentiate on these key factors and may "backfire" in terms of creating threats to social identities that pervade professional organizations.

Complexities in professional organizations

Professional organizations are complex because leaders sustain their primary professional discipline and take on formal leadership, assuming dual identities, often subjected to negative stereotyping ("crossing to the dark side of administration"). Bunderson, et.al. (2000) described healthcare organizations in terms of "professional-administrative pluralities", i.e., "administrative organizing principles" and "professional/occupational organizing principles":

> Whereas professional models emphasize authority based on technical competence, commitment to the work, collegial decision-making and a service orientation, administrative models emphasize authority based on incumbency of a legally defined office, commitment to the organization, hierarchical decision-making, and an efficiency orientation. (Bunderson, et.al. 2000: 366-376)

They found "ideological differences that can foster conflicts and tension in organizations", where "administrative models of organizing bump up against professional models in defining goals, objectives, roles and obligations" (Bunderson, 2000: 372)

Culture in professional organizations

Organization culture has emerged as a central tenet in leading change, since it forms the interpretive framework for organizational events (Martin, 2001). Given the multiple disciplinary perspectives inherent in professional organizations, there are multiple organizational cultures, making it exceedingly difficult to change from within the professional organization. Instead, experienced practice leaders recommend that a common culture begins with the hiring process (Lorsch and Tierney, ibid.) Thus, leaders in professional organizations must articulate and weed out individuals who, though highly qualified professionals, lack commitment to the core values of the organization. In addition, incentive systems must reinforce the desired culture. Where a collective culture is preferred, rewards limited to individual performance will undermine the organizational culture.

Organizational structure

Beyond ideological differences, professional organizations have organizational boundaries, structures, and processes that explicitly divide professionals from administrative personnel, who are not considered "professionals" if they lack a license.

One common integrative mechanism is the use of a governing body, with an executive committee, often composed of disciplinary representatives. This mechanism, historically derived from a political representative model, nevertheless sustains a divisive culture within the professional organization. Parallel governance structures may exist, as in the not-for-profit hospital governing board, to which the Medical Staff Executive Committee is accountable**.** In short, the typical philosophy and practice for "leadership" in professional organizations stems from a political representative model, where various constituencies are represented by elected or appointed representatives. In addition, many professional organizations use a political representative model of parliamentary procedure for decision making, which tends to sustain the status quo through reliance on majority rule. This is in stark contrast to functional administrative leaders who employ a variety of decision making and facilitation techniques to advance strategic action. In professional organizations, key decisions are subjected to the "one man, one vote" representative model. Elected leaders often have short terms of office, such as one or two years, with some succession. This contributes to chronic changes in formal leadership, which undermines concerted focus on organizational culture, strategy or change management initiatives.

Asset recognition and allocation

Professional organizations typically engage in knowledge-based work, involving emotions, intellect and interpersonal skills. Yet accounting systems predominantly maintain historical recognition of tangible assets. Effective change management can be enhanced with explicit methods that identify, recognize, and reward the intangible organizational assets. For example, in healthcare, patient satisfaction is assessed along with clinical quality measures. In university settings, contributions of a program's faculty to the external reputation of the University, beyond individual scholarship,

teaching and service might be measured. Within the organization, budget reports that explicitly show how resources are allocated to sustain and build upon core organizational values can reinforce the organization's preferred culture.

INSIGHTS FROM SOCIAL IDENTITY THEORY

Social identity theory views leadership as a group process, in which social categorization and self-categorization imbues a prototypical leader with status and influence (Ashforth and Mael, 1989; Hogg, 2000). According to SIT, the self-concept is comprised of both a personal identity and social identity, to answer "who am I" (Ashforth and Mael, ibid. p. 21). Identification with various categories is done to enhance self-esteem.

However, many factors can threaten self-esteem in organizations, such as increasing competition for market share and resources, which leads to stress. While organizations have been viewed as defense mechanisms against anxiety (Argyris, 1985; Bion, 1968; Bion & Rickman, 1943; Jacques, 1955), many professional organizations are faced with unprecedented competitive pressures. The resulting stress subsequently evokes ego defenses and resistance (Brown, 2000; Gill, 1987; Gill, 1989; Gill, 2000) Psychic defense characteristics of chronically stressed groups are evident, such as splitting, projective identification against others, and regression, in order to avoid feelings of anxiety, guilt and uncertainty (Gill, 1989; Menzies, 1970) This preserves the chronic "we-they" categories of professionals vs. others in healthcare, universities and professional service firms.

Professionals also engage in emotional labor (Ashforth and Humphrey, 1993), which evokes various displays of emotion that may add role stress. High role identification leads to internalization of those role obligations, and inability to fulfill those role obligations may trigger distress (Ashforth and Mael, 1989 in Ashforth and Humphrey, 1989:106).

Resistance to change is linked to the normative culture of professional organizations (Freidson, 1970). As a normative vs. utilitarian organization, cohesion among the professionals creates resistance to change (Albert, 2000; Chreim, 2002). Cartwright and Zander (Cartwright, 1968) have long identified how cohesive groups enhance self esteem, so threats to group cohesion can also threaten self esteem and result in defensive routines or behaviors. Overly cohesive groups are known to have heightened resistance to change (Hogg, 2000).

One particularly insightful contribution from SIT regards in-group favoritism. According to Ashforth and Mael, "A member of a psychological group does not need to interact with or like other members, or be liked and accepted by them" (Ashforth, 1989) Simply assigning a person to a group is sufficient to generate in-group favoritism—even if randomly assigned! (Ashforth, 1989:24; Brewer, 1979; Tajfel, 1982).Internalization of an organization's values is a consequence of social identification, and in professional

organizations, sub-groups often form around the various disciplines, which can re-emerge in resistance to proposed change, even if members dislike each other.

Identification with a group is increased by three major factors: distinctiveness, prestige and salience of other out-groups. Even negative distinctions may increase member identification, as in counter cultural groups. The stronger the threat to the group, the stronger the defensive bias. Perceived prestige can create "the bandwagon effect", where an individual or idea suddenly gains momentum. Inter-group competition increases awareness of the out-group, and the we/they distinction can increase member identification. As a consequence, social identification enables a person to feel loyal to a corporate or group culture, even independent of interaction. Thus, despite a change in group members or leaders, a person may feel very loyal to his group. Charismatic leaders, especially adept at manipulating symbols and creating a sense of distinction, can mobilize member support very quickly—in opposition to organizational change.

Since individuals maintain multiple roles, SIT suggests that roles are activated as needed, and that role conflict is endemic. Role conflict is only a problem when individuals are forced to "don different hats". Thus a person could engage in selective forgetting, hypocrisy or double standards, as perceived by others, without cognitive difficulty when the conflicting role remains latent.

Biased intergroup comparisons will emerge in the form of negative stereotypes of the out - group, especially where the other group is considered of lower status. Chronic group conflicts, and justification of the attempts to subordinate and keep distance from the out- group are common. Gill and Meighan (Gill, 1988) found significant negative stereotyping among board members, hospital administrators and physicians as did Bates and White(1961). Pejorative perceptions of the other groups contribute to group contagion. Change managers should attend to dysfunctional group conflict by working across professional boundaries, enhancing group salience and shared values, increasing group security and reducing negative stereotypes by individuating out-group members.

SUGGESTIONS FOR LEADING ORGANIZATIONAL CHANGE

- Avoid creating more role conflicts to those professionals already have (Argyris, 1985)
- Avoid attempts to create a singular identity (Hogg, 2000)
- Avoid "creating urgency" (Kotter, 1990) as it will provoke prototypical leader defense(Hogg, 2000)
- Avoid negative stereotyping ("like herding cats", "lemmings to the sea") as it will provoke sub-unit loyalty toward prototypical leader and reaction against integrative mechanisms (Gill, 1988; Hogg, 2000)
- Avoid change for its own sake (Chreim, 2002; Stensaker, 2001). Focus on stability, not excessive change. When working with conflicting identities, respect

need for separation using mechanisms like various task forces and compartmentalization (Pratt, 2000)
- Work to build self esteem and group esteem (Hogg, 2000)
- Reframe apparent chaos into a valuable quality, such as "loose coupling'(Weick, 1979)' "adaptive instability" (Gioia) and "edge of chaos" (Stacey)
- Recognize the deeply ingrained defense mechanisms, at organizational and personal levels, tied to the nature of stressful work: denial through rationalization, idealization, fantasy and symbolization (Brown, 2000); projective identification and impact of symbolic events (Ashforth and Humphrey, 1988; (Goffman, 1959);
- Recognize resistance through inertia, due to excessive change and oversight of professionals' values by exclusive focus on "the bottom line"(Argyris, 1985; Gill, 1988; Reger, 1994)
- Build "relational partnerships" in addition to the relationships built through social contact and social identities, as a way to expand boundaries beyond the disciplinary boundaries among professionals(Cohn, Gill and Araujo, 2004; Brickson, 2000;Shortell; 1990; Gill, 1988)
- Create salience of other groups with professions, within and across disciplinary structural boundaries, through shared goals and new interactive patterns, through task forces, new partners, commitment to shared goals and values (Brickson, 2000)
- Use "both, and" approaches since trying to subordinate the salient group will likely provoke efforts to sabotage the organizational threat (Ashforth, 2001; Hogg, 2000), which can be effected with a recognition of intangible assets over the traditional focus on tangible assets (Sveiby, 2001)
- Connect proposed change to core identity and values instead of "the bottom line", so that change is consistent with core identity and values (Chreim,2002; Reger, 1994)
- Use tools that build on important core values, such as appreciative inquiry, scenario planning, open space action planning, cross cutting and interdisciplinary project task forces, project management, process mapping and matrix management lessons (Cohn, Gill, Araujo, 2004)
- Incorporate the salient group leaders even when the prototypical leader may lack task specific leadership skills (Hogg, 2000)

SUGGESTIONS FOR FUTURE RESEARCH

We suggest that much of the application of team work will unravel in professional organizations where identities are very distinctive. Anecdotal treatment already suggests this (Robbins and Finley, 2000). Our qualitative experience testifies to the success of change management when one appreciates the distinctive identification of professionals, but more research is clearly needed to direct the leadership of change in professional organizations.

References are available upon request to sgill@ben.edu.

Title: Inter-functional Market Orientation Between Marketing Departments and Technical Departments in the Management of the New Product Development Process

George Gresham, Ph.D. TAMU-Kingsville, Kingsville, TX
John Hafer, Ph.D. Univ. of Nebraska at Omaha, Omaha, NE
Edward Markowski, Ph.D. Old Dominion Univ., Norfolk, VA
Contact: Jhafer@mail.unomaha.edu

ABSTRACT

Narver and Slater (1994) proposed that market orientation leads to new product success. The purpose of this research is to investigate the relationship between market orientation and new product program success rather than individual product success or overall company performance. The second purpose is to test five different success measures in order to identify a single measure that outperforms the others, or, to discover if several measures could serve as success measures. Findings here suggest inter-functional market orientation (IFMO) is directly related to new product program success. The sub-dimensions of IFMO were tested and yielded mixed results. "New Product Sales Ratio" (NSR) and four subjective measures were used as success measures. NSR was significant in two hypotheses, the subjective measures were significant in one hypothesis and one hypothesis was not supported.

INTRODUCTION

Market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it (Kohli & Jaworski, 1990). Kohli and Jaworski (1990) suggested that a market orientation created a collaborating focus in the management of the new product development process and this leads to superior company performance. Mavondo and Farrell (2000) suggest that Narver and Slater's (1990) market orientation definition as an "organizational culture that effectively and efficiently creates behaviors…" elevates market orientation to the level of strategy, or strategic orientation. Deshpande and Farley (1998) further conceptualized market orientation by emphasizing its affect on the firm's behavioral processes at the functional level by defining market orientation as a set of "cross-functional processes and activities directed at creating and satisfying customers by continuously assessing the needs of customers."(Hillebrand, Kok & Biemans, 2001)

A central tenet of the market orientation construct is the need for virtually all departments, not just the marketing department, to participate in gathering, disseminating and responding to market intelligence (Kohli & Jaworski, 1990); "A market orientation appears to provide a unifying focus for the efforts and projects of individuals and departments within the organization, therefore leading to superior performance" (Kohli & Jaworski, 1990, p.13). Much of the academic research focusing on new product success emphasizes the need for effective communication among departments,

and particularly between R&D (referred to here as the technology management group a.k.a. "technology group") and marketing (Song & Parry, 1997).

Market orientation below the strategic business level, to inter-functional organizational units, instead of the whole of the firm, can be conceptualized as an inter-functional market orientation (IFMO). Inter-functional market orientation is quantified in this research as:

$$IFMO = MO_1 + MO_2 - |MO_1 - MO_2|$$

where MO_1 represents the level of market orientation of the marketing group within the new product development team and MO_2 represents the level of market orientation of the technology group within the new product development team. The mathematical expression, $|MO_1 - MO_2|$ reduces the market orientation level of a firm's new product team by an amount equal to the difference in their respective level of market orientation. The adjustment, therefore, is a logical response to current cross-functional research, the findings of which suggest that new product teams must be in harmony to bring effective new products to the market efficiently.

As a managerial tenet, it would be logical to assume that the greater the marketing and tech groups work together toward satisfying the market's needs, the greater the new product program's chances of success would be. Should this not be the case, then the degree of inter-functional market orientation (IFMO) could in part, explain the high failure rate for new products.

HYPOTHESES

H_1 There is a positive relationship between an organization's level of IFMO and new product program success.

H_{2-1} There is a positive relationship between an organization's level of IFMO in terms of only the intelligence gathering dimension and new product program success.

H_{2-2} There is a positive relationship between an organization's level of IFMO in terms of only the information sharing dimension and new product program success.

H_{2-3} There is a positive relationship between an organization's level of IFMO in terms of only the response dimension and new product program success.

Kahn (2001) points out that despite the continued importance of new products for driving firm performance, there are few studies examining the link between market orientation and new product program performance…most focus on an individual product, not the NPD program. Most recently, Matsuno et al. (2002), using the "New MO" Scale reported a significant positive link between market orientation and the impact of new product sales to total organization sales.

MARKET ORIENTATION MEASUREMENT CONSTRUCTS

The "New MO" scale is composed of three separate constructs; intelligence gathering (8-question scale), intelligence dissemination (6-question scale) and response

implementation (8-question scale.) A reliability check of the 22-item "New MO" Scale produced a Cronbach's α = .88. The α-value for the intelligence gathering construct was α = .78; for intelligence dissemination α = .77; for response implementation α = .77. The Cronbach's α's fall within the acceptable limits as identified by Bearden, Netermeyer, and Mobley (1993).

MEASURES OF NEW PRODUCT PROGRAM SUCCESS

In their final report of the PDMA Success Measurement Project, Griffin and Page (1996) recommended that no single measure would suffice for measuring the success of every new product development project.

The "new sales ratio" (NSR: the firm's ratio of new product sales over total product sales) is a useful measure for measuring the entire contribution of new products to the profitable growth of the firm (Whiteley, Patish, Dressler, & Nicholson, 1998). Cooper's research (1983) provided indirect support for the new sales ratio (NSR).

For the research being reported here, one subjective measure and four objective measures were used. The subjective measure asked respondents to rate their firm's overall new product program success relative to all other competitors in their industry (DV = RELCOMP).[1] Four objective measures of new product program success were tested as DV's. The first of the objective measures was the New Sales Ratio (NSR)[2]. Three additional objective measures of new product program success asked respondents how many successful new products the business unit had launched in the past year, three years and five years, respectively (NP_{12}, NP_{36} and NP_{60}). The reasoning for the 1, 3 and 5 year measures was that the product's life cycle may have to develop over several years before it reveals itself as being successful. In testing the hypotheses for this research, each of these NPD success metrics was used as a separate DV in the analysis. By taking this approach, both the hypothesized relationships get tested and the robustness or lack of robustness can be investigated for the NPD program success measures.

THE SAMPLE

The sample was drawn from 125 firms currently engaged in veterinary NPD research. For this research it was essential to have both a respondent from the company's marketing department and from the tech/engineering department for the IFMO calculation. Of the 125 firms, 51 firms met the criteria of a responding dyad (marketing respondent and tech respondent from the same company) for a total of 102 respondents submitting usable questionnaires (a response rate of 41%). Company's

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[1] "Using a 7-point scale, rate your business unit's new product success rate, relative to all other competitors in your industry. For example, if you believe your business unit's success rate is greater than that of 60% of all competitors, rate yourself as a "5". (1 = <10%; 2 = 11-25%; 3 = 26-40%; 4 = 41-55%; 5 = 56-70%; 6 = 71-85%; 7 = 86-100%).
[2] NSR, as used here, is the averaged value of the calculated NSR response from the respondent dyad from each participating company. For the same reason, the responses to the NP12, NP36 and NP60 questions were averaged.

with annual sales of less than $10M made of 18.4% of the sample; those with $10-$50M were 33% of the sample; $50-$100M were 10.7% of the sample and firms with $100M+ represented 36.9%.

FINDINGS

Hypothesis H_1 posited that there is a positive relationship between an organization's level of inter-functional market orientation and new product program success. The results (Table 1) showed that there was positive and significant relationship between an organization's inter-functional market orientation and new product program success and H_1 is supported when measured by dependent variables RELCOMP, NP_{12}, NP_{36} and NP_{60}.

TABLE 1
RESULTS FOR H_1

Model Summary	Dependent Variables				
	NSR	NP_{12}	NP_{36}	NP_{60}	RELCOMP
Regression Coefficient	-.043	.182	.201	.185	.366
T-test	-.429	1.850[3]	2.051[2]	1.879[3]	3.298[1]
R^2	.002	.033	.040	.024	.134
N	102	102	102	102	102

[1] $p<.001$; [2] $p<0.05$; [3] $p<0.10$

Hypothesis H_{2-1} posited that there is a positive relationship between an organization's level of IFMO and the intelligence gathering dimension and new product program success. The results (Table 2) do not support H_{2-1} for any of the five measures below the $p < .10$ level of significance.

TABLE 2
RESULTS FOR H_{2-1}

Model Summary	Dependent Variables[1]				
	NSR	NP_{12}	NP_{36}	NP_{60}	RELCOMP
Regression Coefficient	.087	-.141	-.123	-.110	-.176
T-test	.871	-1.426	-1.235	-1.104	-1.792
R^2	.008	.020	.015	.012	.031
N	102	102	102	102	102

[1] No Significance on any DV

Hypothesis H_{2-2} posited that there is a positive relationship between an organization's level of IFMO and information sharing dimension and new product program success. The results (Table 3) show the hypothesized relationship is positive and significant for the dependent variable NSR (_ = .291, t = 3.044; p<.01). Therefore, hypothesis H_{2-2} is supported when measured by only the dependent variable NSR.

TABLE 3
RESULTS FOR H_{2-2}

Model Summary	Dependent Variables				
	NSR	NP_{12}	NP_{36}	NP_{60}	RELCOMP
Regression Coefficient	.291	-.027	-.054	-.113	.069
T-test	3.044[1]	-.270	-.538	-1.113	.690
R^2	.085	.001	.003	.013	.005
N	102	102	102	102	102

[1] $p < .01$

Hypothesis H_{2-3} posited that there is a positive relationship between an organization's level of IFMO and the information response dimension and new product program success. The results (Table 4) showed that there is a positive and significant relationship between an organization's level of IFMO in terms of the information response dimension and new product program success. Therefore, hypothesis H_{2-3} is supported when measured by dependent variable NSR.

TABLE 4
RESULTS FOR H_{2-3}

Model Summary	Dependent Variables				
	NSR	NP_{12}	NP_{36}	NP_{60}	RELCOMP
Regression Coefficient	.197	-.239	-.176	-.227	-.066
T-test	2.006[1]	-2.456	-1.786	-2.328	-.661
R^2	.039	.057	.031	.051	.044
N	102	102	102	102	102

[1] $p < .05$

CONCLUSIONS

The results of this research show that overall inter-functional market orientation as measured by IFMO via the "New MO" scale, has a positive and significant impact on new product program success when success is measured by any of the DV's except NSR.   However, when the scale's sub-dimensions are examined against new product program success, the results are mixed. There was no relationship between intelligence gathering and any DV. Information sharing was only supported by NSR as was the response sub-dimension.

When the two functional units of the company, marketing and technical, have minimal differences in the level of information shared (H_{2-2}) and when the level of responsiveness has minimal differences (H_{2-3}), the new product program has a greater chance of success as measured by the traditional NSR metric. Apparently, the gathering of this information (H_{2-3}) is not related to new program success but how they share it and respond to it is.

Regarding the robustness of the NPD program success measures, it appears that NSR is somewhat more robust in its relationship to NPD program success than the other four tested. Measuring success using the frequently cited NSR metric appears to be more useful than using a subjective measure such as relative competitive advantage (RELCOMP) or the degree of success of new products one, three and five years after introduction (NP_{12}; NP_{36}; NP_{60}). This confirms previous research supporting NSR as a more robust variable but the support of H_1 also shows that other measures can be useful and significant as well.

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Equal opportunity and hiring decisions
Jaron Holmes, University of Utah
Amy C. Lewis, Drury University, aclewis@drury.edu

ABSTRACT

Equal opportunity employer is a familiar term to job seekers. While implementation and acceptance of these programs has been extensive, little attention has been paid to the impact of these programs on the actual decision-making process. Literature in social cognition and decision-making suggests there is reason to believe these programs may actually increase the salience (and use) of race in the hiring process. We propose that an equal opportunity program's direction not to be influenced by stereotypes may be similar to the "don't think about a white bear" effect in Wegner's ironic processing. Our current research exposes participants to one of three sets of instructions: not to be influenced by race (strong equal opportunity instructions), to value diversity (moderate equal opportunity instructions), and a control where race/diversity is not mentioned. We then measure stereotype activation through word stem completions. Future studies will examine the consequences of such ironic stereotype activation.

Emotional Intelligence in Collegiate Education

Frank Jeffries, University of Alaska, Anchorage, afflj@cbpp.uaa.alaska.edu
Jim Spee, University of Redlands, james_spee@redlands.edu
Anabel Jensen, 6Seconds

This session will cover a range of topics related to emotional intelligence instruction at the collegiate level. The objective of the session is to provide the attendees with a good feel for the state of EI as a construct and how it may be applied to good effect in the classroom. First the panel will introduce some of the various definitions of EI and the arguments for and against EI as a construct. Next there will be a discussion of some of the available survey instruments that may be used to assess EI that the panel members have used. Finally program design and in-class application of EI concepts will be discussed. The session will be an interactive experience with adequate time allocated for the attendees to share their experiences and ideas as well as ask questions of the members of the panel.

Panelist profiles

Frank Jeffries is an Associate Professor of Management at the University of Alaska Anchorage. Frank earned his doctorate at in Business Administration majoring in organizational behavior at Washington State University. He has over 15 years of management experience in the computer technology industry and currently is active in management consulting for the oil industry. His recent research includes trust and negotiation, emotional intelligence and ethics, and emotional intelligence and safety behavior.

Anabel Jenson has taught the principles of emotional intelligence in a variety of settings from education to business. Presently she also teaches Psychology of Education at the College of Notre Dame, her background includes the teaching and supervising of instruction from preschool to the university level. Formerly she was the Executive Director of The Nueva School and during her tenure the school was twice the recipient of the prestigious government Blue Ribbon Award. Anabel received her Ph. D. from the University of California, Berkeley, in 1976. She has published several articles, is currently working on two books relating to emotional intelligence, and gives numerous workshops/seminars.

Jim Spee is Associate Professor of Strategy, Decision Making and Leadership at the University of Redlands School of Business. Jim earned his doctorate in Management at The Peter Drucker Graduate Management School of The Claremont Graduate University. He has over 10 years of experience in community development, nonprofit management, and organizational change management. He is president of the Western Academy of Management for 2005-2006. He is currently engaged in research in the area of emotional intelligence.

Group Decision Making:
From Controlled Experimentation to Practical Application
Ira T. Kaplan, Hofstra University, ira.kaplan@hofstra.edu

ABSTRACT

This paper describes a program of research on group decision making that has progressed from relatively simple tasks under controlled conditions (recalling lists of digits) to increasingly complex and realistic tasks (diagnosing mental disorders). For both simple and complex problems, groups generally make more accurate decisions than individuals. The extent of group superiority depends on two factors: difficulty and demonstrability. Problems of intermediate difficulty produce more mixed groups, i.e., combinations of right and wrong individuals, which then come to agree on the correct answer. Conversely, problems that most individuals answer either correctly or incorrectly, produce fewer mixed groups and correspondingly less improvement in accuracy for groups over individuals. A second factor that influences the extent of group superiority is solution demonstrability. Problems whose solutions can be proved more convincingly to be correct, or which are more readily recognized as correct, show more improvement than problems whose solutions are less demonstrable.

Differential Expectations for Ingroup and Outgroup Performance
Amy C. Lewis, Drury University, aclewis@drury.edu

ABSTRACT

Pro-ingroup bias has been argued to be a result of an identity-maximizing goal. However, such bias may ironically create unrealistically high performance expectations for ingroup members. Two studies examined performance expectations and standards for ingroup versus outgroup members. Unrealistically high expectations and standards emerged for ingroup performance, which may set the stage for a situation wherein an ingroup member's performance is likely to fall short. Implications for performance evaluations are discussed.

INTRODUCTION

We are often faced with situations where we are asked to evaluate the performance of another. In the workplace, we must determine whether performance is satisfactory and whether it meets our expectations. Managers must use these evaluations to determine whom to assign new tasks, whom to commend, or whom to mentor. In many cases, we make judgments about individuals who may share a group or category with us. Our judgments and evaluations are influenced by the categories to which people belong, often in favor of our own groups. In the current research, I examine whether the robust finding of ingroup favoritism extends to performance predictions for ingroup members. If individuals have higher performance expectations or standards for members of their ingroup, performance evaluations may be ironically biased against members of ingroups.

Ingroup Bias

When evaluating individuals in an intergroup context, a preference for the ingroup often emerges (Brewer, 1979). Ingroup favoritism is a robust effect found in a wide range of settings and on a range of behavioral and evaluative measures (Brewer & Brown, 1998). It often emerges when evaluating the performance of others. In a managerial context, ingroup favoritism is relevant to performance appraisals (Kraiger & Ford, 1985), hiring decisions (Finkelstein, Burke, & Raju, 1995), and even differential mentoring activities (Brewer, 1996).

One of the primary explanations for why individuals favor ingroup targets involves the impact that such decisions have upon the perceiver's self-esteem. According to Tajfel's social identity theory (Tajfel & Turner, 1979), individuals attain some aspect of their self-esteem or self-image from the groups to which they belong. Individuals are motivated to see their ingroups in the most favorable light possible in order to maintain a positive social identity. Positive social identity thus impacts positively on self-esteem. Social identity theory argues that this motivation to maintain a positive social identity and high self-esteem leads to a bias in favor of the ingroup.

Impact on expectations

Given the robustness of the ingroup favoritism effect, individuals' expectations or predictions for ingroup performance should show a similar pattern of bias. That is, if a motivation to see one's group in a favorable light leads to a pattern of favoring one's own group, viewing the group in a positive light should lead to higher expectations for ingroup member performance. Although ingroup favoritism has been widely documented in terms of evaluations and ratings, it has not been documented as impacting predictions of future performance in the absence of pre-existing group stereotypes.

It is important to consider the predictions we might make for members of a group because our expectations often set the context in which we make judgments. When our expectancies are violated, we often respond in an extreme manner (e.g., Bettencourt, Dill, Greathouse, Charlton, & Mullhuland, 1997). For example, if we expect high performance from an individual and actual performance falls short, we tend to rate the performance more harshly than if our expectations had been lower (Biernat & Vescio, 2002). Likewise, if we have extremely low expectations that are exceeded, this violation of expectations often leads to quite positive evaluations of the performance (Linville & Jones, 1980).

Given the impact our expectations have upon our subsequent judgments and evaluations, a closer examination of how we predict ingroup and outgroup members' actions is prudent. Our motivation to see our own groups in a positive light may lead to inflated expectations. In the short term, predicting better performance from ingroup members would be consistent with Tajfel's (Tajfel & Turner, 1979) social identity theory. By expecting better performance from one's group members, the group seems more prestigious. This would be an adaptive way to maximize the perceiver's self-identity through his or her association with this group. Although stereotype consistent expectations have been demonstrated for ingroup members as well as outgroup members (Biernat & Vescio, 2002), heightened expectations based solely on group membership has not been previously demonstrated. Thus, the first study in this project tests the following:

Hypothesis 1a. Participants should predict higher levels of performance for the ingroup than the outgroup.

Furthermore, if individuals base their bias on a motivation to see the group in a positive light (rather than an accurate assessment of future performance), these higher levels of performance should be inflated or unrealistic. That is, it is neither possible for everyone to score higher than average, nor for ingroups to always score higher than outgroups (as one person's outgroup is another's ingroup). Study 1 will also test the related prediction:

Hypothesis 1b. Participants' expectations for ingroup performance should be unrealistically high.

If expectations for ingroup performance are, in fact, inflated, individuals may also set higher standards for performance. That is, if we expect members of our group to perform at a high level, we may be constantly "raising the bar." This may create a situation where we compare the performance of an ingroup member with our expectation for that specific group, whereas we compare the performance of an outgroup member with different expectations. If our performance expectations are higher, it will take extremely positive performance before they are violated in a favorable manner. That is, the same subjective standard, for example performing at a "very high" level may be associated with different objective performance based on how we have categorized the target. By "raising the bar" to inflated levels, ingroup members are logically more likely to fail to meet these expectations. That is, if average ingroup performance is expected to be higher than that of the outgroup, we should expect higher thresholds for the ingroup before we are willing to say an ingroup member has performed exceptionally well. Thus, a second study was designed to test:

Hypothesis 2. Participants will require ingroup members to perform at a higher level than outgroup members before they are willing to say the individual performed very well.

Study 1 overview

Study 1 examined participants' performance expectations for ingroup and outgroup members in an upcoming two-party negotiation exercise. The upcoming negotiation was described as a complex multi-issue exercise. Not only does the negotiation context provide an engaging intergroup task, it permits the possibility to contrast predicted levels of behavior with actual performance on the negotiation task. In this study, membership groups consisted of semester long course groups. Because groups were randomly assigned at the start of the semester, these groups do not have pre-existing social stereotypes associated with them. The typical ingroup favoritism effect should be associated with heightened performance expectations, even in the absence on pre-existing stereotypes. Therefore, participants should expect ingroup members to outperform outgroup members on the upcoming negotiation task.

STUDY 1 METHODS

Participants and design

Seventy undergraduate business students participated as partial fulfillment of a course requirement. A within-subjects design was used.

Procedure

Students were randomly assigned to small (4-6 member) groups at the start of the semester. Students were reminded that there was a negotiation exercise scheduled to take place the following week. They were told that groups would be paired together, and negotiation dyads formed so that they would be negotiating with an individual from the other group. Participants were then told, "In this negotiation exercise, your goal will

be to come to an agreement regarding several issues. There are different points available for different possible outcomes. In the exercise, the maximum possible points a person can earn is 11450."   Participants were then asked to think about the likely performance of their own group and the other group, on average. They were asked to indicate how many points, on average, members of their own group and the other group would earn.

STUDY 1 RESULTS

Participants' predictions for average levels of ingroup and outgroup performance were analyzed in a repeated measures analysis of variance. Performance expectations were substantially higher for the ingroup (mean = 8134.50) than for the outgroup (mean = 6450.21). This difference was significant and in the predicted direction, $F(1, 69) =$ 26.734, $p < .001$, $\eta^2 = .279$. Furthermore, the actual class performance when the exercise was conducted in class the following week had a mean score of 5456.25 points obtained. Both ingroup ($t(69) = 9.45$, $p < .001$) and outgroup ($t(69) = 2.77$, $p < .01$) expectations were significantly inflated compared to the actual levels of performance.

STUDY 1 DISCUSSION

Hypothesis 1a was supported, as predictions for ingroup members were higher than those for outgroup members. Furthermore, consistent with hypothesis 1b, ingroup expectations were substantially higher than observed performance in the negotiation task. Not only were ingroup expectations significantly and substantially higher than those for members of the outgroup, these ingroup expectations were more poorly calibrated than outgroup predictions. The ingroup predictions were approximately 49% higher than actual performance, and outgroup predictions were only about 18% higher than actual performance. Study 1 provides compelling evidence that in a negotiation setting, predictions of ingroup performance are unrealistically biased in a positive direction.

Study 2 overview
Study 2 was designed to test the hypothesis that the heightened expectations demonstrated in the first study would also manifest in higher standards for performance. Because "average" performance expectations were demonstrated to be higher for the ingroup, performing at an above average or very high level should likewise have higher criteria. Again, this will be examined in the context of students considering an upcoming, intergroup negotiation task.

STUDY 2 METHOD

Participantsand design
Sixty-four undergraduate business students participated as partial fulfillment of a course requirement. A between-subjects design was utilized.

Procedure

As in study 1, students were randomly assigned to small groups at the start of the semester. Again, students were reminded of the upcoming negotiation task. Additionally, they were told to consider how the points might be divided (as a percentage of the available pie) between negotiators. Participants were then asked to report the range of scores someone from either their own group (ingroup) or someone from the other group (outgroup) would have to earn in order to say that person performed very well.

STUDY 2 RESULTS

Participants' lower and upper limits for points someone would have to earn to qualify as performing "very well" were analyzed to compare limits for ingroup versus outgroup members. Participants who considered an outgroup member's performance set a lower threshold for performance to be considered "very high" compared with participants considering an ingroup member's performance (means of 60.56% and 67.16% for outgroup versus ingroup, respectively). This difference was significant, and in the predicted direction, $t(62) = 2.33$, $p < .05$, 1-tailed, $\eta^2 = .08$. Likewise, the upper limit for performing "very well" was also significantly lower for the outgroup than the ingroup (means of 83.13% and 90.0% for outgroup versus ingroup, respectively, $t(62) = 1.68$, $p < .05$, 1 tailed, $\eta^2 = .04$).

DISCUSSION

Hypothesis 2 was supported, in that the same subjective standard (performing "very well") was associated with different requirements depending on the group membership of the target. An ingroup member would have to earn 6.6% more points before her actions would reach the standard of doing "very well." Put another way, we can imagine a situation where an individual earns 65% of the available points in a negotiation. Based on the results of study 2, this is likely to be seen as outstanding performance for an outgroup member (as it exceed the minimum criterion for performing "very" well), but merely at an acceptable level for one's own group (as it falls short of the criterion for performing "very well").

The results of these two studies provide strong support that performance expectations for ingroup members are unrealistically inflated in a negotiation context. Furthermore, these inflated expectations also manifest in the criteria participants set for high levels of performance. These two findings suggest that evaluations of ingroup performance may be made using unrealistic expectations. That is, if an ingroup member performs at an objectively average level, the quality may be seen as sub-standard rather than average or acceptable. Therefore, future research will need to address subsequent evaluations of ingroup and outgroup performance to examine

whether the inflated expectations result in extreme responses when such expectancies are violated.

These studies provide a foundation for a line of research that examines a potentially ironic source of bias when evaluating performance in an organization. When making performance appraisals or judgments, managers should seek to avoid bias. By striving for accuracy, decisions may become more optimal. We often are concerned about avoiding group-based bias, but typically we think about very specific types of bias. For instance, we may be concerned about showing favoritism or being "too easy" on members of our own group. Likewise, there is a great concern about showing negative bias against members of other groups (e.g., acting in a racist or sexist manner). Bias against our own group is less often considered or studied. However, any source of group-based bias is likely to reduce our accuracy as compared with focusing on the actual strengths or weaknesses of the individual we are evaluating. By gaining an understanding of how our expectations may shape our judgments we may be able to develop strategies to improve outcomes of the decision-making process.

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Work and Family Conflict: A Needs Theory Perspective
Juliana D. Lilly, Sam Houston State University
lilly@shsu.edu

Jo Anne Duffy, Sam Houston State University,
duffy@shsu.edu

Roshni M. Goswami, University of Texas at Arlington
goswami@uta.edu

Meghna Virick, San Jose State University
virick_m@cob.sjsu.edu

ABSTRACT

This paper explores whether there are differences between men and women when studying the antecedents and consequences of work-family conflict (WFC). Results suggest that McClelland's needs act as an antecedent of WFC, and that they have a differential impact on WFC for women and men. The theory of gender reproduction, which explains the expectations society places on individuals to act as masculine or feminine, is used to explain the differences between men and women.

INTRODUCTION

Recent statistics indicate that women make up almost half of the labor force today and increasingly more workers are engaged in a dual career lifestyle. However, a recent study indicated that while men leave the workforce mainly to reposition themselves for a career change, the majority of women leave work to attend to family responsibilities at home (Hewlett & Luce, 2005). The purpose of this paper is to explore this premise and study antecedents and consequences of WFC by using McClelland's (1961, 1986) need theory, role theory (Kahn, Wolfe, Quinn, Snoek & Rosenthal, 1964; Katz & Kahn, 1978) and the theory of gender reproduction (West & Zimmerman, 1987).

WORK-FAMILY CONFLICT AND INDIVIDUAL DIFFERENCES

Work-family conflict (WFC) has been defined as "a form of inter-role conflict in which role pressures from work and family domains are mutually incompatible in some respect" (Greenhaus & Beutell, 1985, p.77). Research has proposed that conflict between work and family can originate in either domain, that is work can interfere with family needs (WIF) or family can interfere with work responsibilities (FIW) (Gutek, Searle & Klepa, 1991).The present study attempts to identify differential effects of WIF and FIW on both stress and intent to leave as they pertain to working men and women.

McClelland's Needs in Work - Family Conflict.

McClelland's theory of needs (1961, 1986) focuses on three types of needs that are important to understand motivation. They are need for achievement-- the drive to excel, to succeed; need for power-- the need to control other's behavior; and need for affiliation-- the desire for close interpersonal relationships. The importance of each of these needs varies from person to person. When a person's effort to meet their needs is thwarted, they experience stress and conflict. We, therefore, suggest that high needs for achievement, power, and affiliation would tend to increase WFC because the pressures to fulfill the roles at work and home are incompatible and will tend to impede need fulfillment.

> H1a: As need for achievement increases, WIF increases.
> H1b: As need for achievement increases, FIW increases.
> H2a: As need for power increases, WIF increases.
> H2b: As need for power increases, FIW increases.
> H3a: As need for affiliation increases, WIF increases.
> H3b: As need for affiliation increases, FIW increases.

Work-Family Conflict and Organizational Consequences

Researchers have shown that human resources practices may predict WFC and turnover intentions (Batt & Valcour, 2003) and that WFC is positively correlated with emotional exhaustion (Senecal, Vallerand & Guay, 2001). Other studies have suggested that WIF and FIW may lead not only to withdrawal at work (Greenhaus, Parasuraman & Collins, 2001), but also to turnover intentions (Boyar, Maertz, Pearson & Keough, 2003). These studies, along with the knowledge that some individuals react to stress by increasing absenteeism at work or quitting (Hardy, Woods & Wall, 2003; Johns, 1997), suggest that there could be a direct relationship between WFC and turnover intentions

> H4a: As WIF increases, intent to turnover increases.
> H4b: As FIW increases, intent to turnover increases.
> H5a: As WIF increases, job induced tension increases.
> H5b: As FIW increases, job induced tension increases.
> H6: As job induced tension increases, intent to turnover increases.

Gender Differences in Work-Family Conflict: Role theory and Reproduction of Gender

When a person cannot fulfill the need for achievement or one of the other needs identified by McClelland, the resulting conflict may not be equal in both domains of WFC. Role theory offers an explanation for the possible differences in how needs predict changes in the conflict of the two domains and suggests why there may be differences between men and women in this area. Sex and gender are considered to be two different things. An individual's sex is classified according to biology, while gender is constructed by society to guide individuals into activities that are expressively masculine or feminine (Henley, 1985). "Doing gender" in the workplace refers to the production of gender at work. Since women are responsible for an excessive amount of labor at home when compared to men (Hartmann, 1981; Kalleberg & Rosenfeld, 1990; Shelton, 1990;

Shelton & John, 1996), the tasks that are normatively considered "female" become part of the process of reproducing gender. In essence, women take on the role of child care provider, and general household organizer, and enact this role at home, in social interactions, and in work interactions. As a result, women are often expected to take care of family issues even if they interfere with social activities or work activities. Because women are expected to be more responsible for family issues than men, we expect the relationship between FIW and job induced tension and between FIW and intent to turnover to be stronger for women than for men.

      H7: The relationship between FIW and job-induced tension will be stronger for women

      H8: The relationship between FIW and intent to turnover will be stronger for women

Because men are typically expected to be the breadwinner for the family and less typically expected to manage household issues, we expect men to experience more problems with WIF than with FIW conflict.

      H9: The relationship between WIF and job-induced tension will be stronger for men

Since men are less likely to feel pressure from society about family issues, when a man's work interferes with family, the man is expected to perform his primary role as provider. Women, on the other hand, are more likely to feel pressure from society about family matters. Thus, when a woman's work interferes with family, the woman is likely to engage in gender production and leave her job for one that does not interfere with family.

      H10: The relationship between WIF and intent to turnover will be stronger for women

McClelland's Needs and Reproduction of Gender

Need for power, need for achievement, and need for affiliation (McClelland, 1961, 1986) are considered to be personal traits that could influence the amount of work/family conflict experienced. When coupled with the production of gender theory, the impact of these personal traits on WIF and FIW could differ for men and women.

      H11a: The relationship between need for power and WIF will be stronger for women

      H11b: The relationship between need for power and FIW will be stronger for men

      H12a: The relationship between need for achievement and WIF will be stronger for women

      H12b: The relationship between need for achievement and FIW will be stronger for men

      H13a: The relationship between need for affiliation and WIF will be stronger for men

      H13b: The relationship between need for affiliation and FIW will be stronger for women

METHOD

Subjects for the study were contacted through the alumni association of a university in the southwest. Twelve hundred and seven alumni returned cards stating that they would participate, and this survey generated 383 useable surveys for a response rate of 31.73%, with subjects working in fifteen different industries. The data in this paper are from the third survey in a series of four. The final sample characteristics included a) a mean age of 40.42 years; b) 48.3% male and c) an average of 42.16 hours worked each week. The manifest needs questionnaire (Steers & Braunstein, 1976) is used to measure need for power, need for achievement, and need for affiliation. WIF and FIW are measured using items from scales developed by Netemeyer, Boles and McMurrian (1996). Job-induced tension is measured with seven items from the anxiety-stress questionnaire (House & Rizzo, 1972). Turnover intention is measured using a three-item scale from Cammann, Fichman, Jenkins and Klesh (1979) on a seven-point Likert scale. All reliabilities were satisfactory.

RESULTS

An initial confirmatory factor analysis (CFA) was done to test the measurement model. All variables except job-induced tension, which was a dichotomous variable, were included. The chi square for the confirmatory factor analysis was significant at 317.19 (df, 174, p<0.00). Estimation of the CFA model generated a GFI of .93, a CFI of .96, an NFI of .92 and an RMSEA of .046, suggesting that the measurement model is appropriate for this data. Regression was used to test the causal relationships between variables, as job-induced tension was a dichotomous measure. The first hypothesis, H1a was supported (F=8.81, p<.01). Hypothesis 1b was not supported (F=1.48, p<.23). Hypothesis 2a was supported (F=7.24, p<.01), with explained variance being relatively low (R^2 =.02). Hypothesis 2b stating that there is a positive relationship between need for achievement and FIW was not supported (F=.15, p<.70). Hypothesis 3a, which looked at the relationship between need for affiliation and WIF was not supported (F=3.41, p < .07), but Hypothesis 3b, did show a significant positive correlation between need for affiliation and FIW (F=6.35, p<.01). Hypothesis 4a was not supported, but hypothesis 4b, which predicted a positive relation between FIW and turnover intention was supported (F=5.95, p<.02). Both hypotheses 5a and 5b were supported (H5a: F=72.27, p<.001; H5b: F=16.04, p<.001). Hypothesis 6 was also supported (F=23.78, p< .001), suggesting that as job-induced tension increases, intention to turnover also increases. Hypothesis 7 states that the relationship between FIW and job-induced tension will be stronger for women and it was supported, with the relationship being significant for women (F=10.00, p<.01), but not for men (F=3.20, p<.08). The eighth hypothesis states that the relationship between FIW and intention to turnover will be stronger for women. Again we found a relationship that was significant for women (F=5.19, p<.01), but not for men (F=.46, p<.49). Hypothesis 9, 10, 11a and 11b were not supported. The twelfth set of hypotheses proposed that there would be a difference between men and women in the relationship between need for achievement and WIF (hypothesis 12a) and in the relationship between need for achievement and FIW (hypothesis 12b). Both of these hypotheses were supported. For hypothesis 12a, there

was a stronger relationship between need for achievement and WIF for women (F=6.35, p<.01) than for men (F=2.09, p<.15). For hypothesis 12b, there was a stronger relationship between need for achievement and FIW for men (F=3.82, p<.05) than for women (F=1.66, p<.20) .Hypothesis 13a was supported, with men having a significant positive relationship between need for affiliation and WIF (F=6.41, p<.01), but not women (F=.00, p<.99). Hypothesis 13b was not supported.

DISCUSSION AND CONCLUSIONS

Results of the first six hypotheses tests indicated that individuals with a high need for power and a high need for achievement are likely to experience WIF, but not FIW. The third hypothesis looked at the relationship between need for affiliation and conflict between work and family. The results show that as need for affiliation increases, FIW also increases, but WIF does not. The finding that FIW, but not WIF, was positively linked to intention to turnover appears to support Wayne et al's (2004) contention that FIW has a different set of outcomes than WIF. Turnover intention is a work related outcome which may explain why it is linked to FIW but not to WIF. The finding that increases in job induced tension are associated with both FIW and WIF becomes more important in light of a related finding that job induced tension is associated with turnover intention. Job induced tension appears to be a role permeable variable meaning that either type of role conflict can lead to tension. The last seven hypotheses which look at gender differences show that FIW is a greater problem for women. Hypotheses seven and eight indicate that women may feel more pressure to take on the role of family manager and caretaker at the expense of work responsibilities. Results of hypothesis eight showed that there is a direct, positive relationship between FIW and intention to turnover for women, but not for men. There were no differences between men and women when looking at the relationship between WIF and job induced tension. Both experienced job induced tension when work interfered with family. There were also no differences between men and women in the relationship between WIF and intention to turnover. These findings are interesting in the sense that WIF should create the same type of gender expectations that FIW creates. However, the emphasis that society places on income-earning work may have caused a slight shift in opinion. Women are often expected to work, even if they have a family, and the term "housewife" is sometimes used as a derogatory term since housework is unpaid labor. The results of hypothesis 12a and 12b suggest that women may be more mindful than men of the family sacrifices that must be made to be successful. For men with a strong need for achievement, FIW actually decreased, indicating that these men simply do not allow family matters to interfere with work. This behavior would fit with the theory of reproduction of gender by society expecting men to be responsible for matters relating to the work world and providing for their family without being directly responsible for family management or family caretaking. Women with a strong need for achievement, however, reported that WIF increased, suggesting that even women who desire success in the workplace are conscious of family obligations and the expectation that women are responsible for both domains.

An interesting finding was the direct positive relationship between need for affiliation and WIF for men but not for women. There was no significant relationship between need for affiliation and FIW for men or women. Men with a high need for affiliation appear to find that their work responsibilities interfere with family responsibilities more that women. Men are expected to have a strong investment in their job so when they attempt to meet their need for close relationships within their families they tend to experience more tension than women. Men may experience this tension more than women because they are reproducing male gender expectations such as attributing more importance to the work role than the family role (Cinamon & Rich, 2002) or setting high boundaries separating work from family roles. Expectations for women are not the same so they do not experience as much work family conflict as men.

This study enhances our understanding of WFC and specifically contributes to the literature on how individual differences relate to WFC. Firstly, we apply McClelland's theory of needs to investigate the impact of need for power, need for achievement and need for affiliation on both domains of WFC. These individual differences have not been examined in the context of WFC as yet. Secondly for the first time, two prominent social theories, namely role theory and reproduction of gender theory are used to explicate the differential effects of gender on the consequences of WIF and FIW. In general, our findings show that there are clear differences between the perceptions of men and women when it concerns family interference with work. Women, for the most part, are more affected by family obligations than men. This finding has potential repercussions in the workplace that could include lower performance by women on the job, lower salaries for women, and more turnover for women.

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POWER AND CONFLICT: A STUDY WITHIN THE NURSING PROFESSION

Granger Macy, Ithaca College, gmacy@ithaca.edu
Rachel Arduini, Ithaca College

ABSTRACT

This research explores important factors influencing nursing power. Studies are initially reviewed that indicate a lack of empowerment within the profession, both institutionally and interpersonally. More fundamental theoretical issues are then analyzed using cognitive, relational and systemic perspectives. This analysis provides insights into fundamental issues indicating a radicalized political environment in nursing and health care that suggests a path to begin examining effective approaches to address the situation. A preliminary set of recommendations are developed.

INTRODUCTION

Nursing power is a particularly important area for study as there is a low sense of empowerment experienced within the profession. Some have commented on a general lack of awareness of political skills in nursing (Sieloff, 1996) or on the importance of dealing with conflict effectively (Porter-O'Grady, 2004), but the problems may be more fundamental than such solutions would suggest. Extending knowledge in this area could be important implications for improving patient care, and making the profession more attractive to improve the retention of nurses. This review begins by looking at the issue of power through the perspective of nurses and then examining theoretical means for examining the issues. A range of possible strategies often drawing on a feminist perspective are then examine which may be useful to help rebuild power in nursing. Approaches such as network building, conflict and influence strategies, and potential research directions are discussed.

NURSING PERSPECTIVES ON POWER

A nursing perspective emphasizes a caring orientation and the centrality of human beings to that practice (Sieloff, 1996). Care as opposed to costs or management is a primary concern. As a profession nurses should expect professional autonomy which includes power over working conditions and power in determining organizational policies relevant to the profession (Prescott & Dennis, 1985). Many have contended that nurses' power is an important issue for the profession in order to maintain and enhance the effectiveness of the health care system and improve the health of its clients (e.g. Maas, 1988; Pinkerton, 1988). The overall theme expressed in a number of articles concerns a lack of empowerment in the profession.

First, nurses often find a lack of empowerment in that they have relatively little power to influence important administrative decisions in patient care. Prescott and Dennis (1985) found that 53% of nurses in a hospital thought they had some influence but that the

measures available to them were not adequate. A full 30% felt they had no influence. Many were unclear about how they could affect patient care. Many staff nurses (44%) felt that relationship to administrators was distant, and only a minority felt that the nursing department had little effect on nursing policy. Only 14% of nurses felt they had input on working conditions. Prescott and Dennis concluded that "staff nurse responses reflected a lack of power awareness and ineffective use of expertise as a source of power. The resulting powerlessness stems from a combination of structural and attitudinal factors (p352)."

Sieloff (1996) also observed that the nursing department, despite being the largest department in a hospital, often seems to have insufficient power to attain its goals. From a resource perspective, the largest department should be expected to hold considerable power. However, nursing in general often seems to lack the power appropriate to its size and mission. Heineken and Wozniak (1988) have noted that the lack of this power 'has been the singularly most limiting force in preventing the profession from achieving its overall potential' (p.591).

Nurses are seen as having relatively little power compared to doctors and would typically be assumed to be subservient to doctors (Porter 1991). Doctors are trained to be cognizant of the drastic consequences of mistakes and the critical need for a correct diagnosis. Nurses, on the other hand, are trained for consistency and obedience. Stein (1978), however, argued that these extremes are not observed in practice. Doctors' anxiety about making the correct diagnosis may prompt them to at least covertly seek others opinions. And nurse, for their part, realize that they have knowledge that can help the patient. Stein thus noted that a 'game' often exists between doctors and nurses where open disagreement is avoided yet information is exchanged is such a way as to include the nurses input. Nurses, however, can not be seen as making a recommendation. Porter (1991) notes, "even is situations where it is accepted by both parties that the nurse is in a position of authority, it is incumbent upon her to masquerade as subservient (p. 729)."

Theoretical Perspectives on Nursing Power
It is useful to examine power using three perspectives to understand the nursing experience of power; cognitive, relational, and systemic.

Cognitive power contrasts with physical power at the most basic level. In essence, if power is believed or perceived then it exists regardless of any objective source of power. This is the fundamental source of power that forms a basis for the other perspectives on power. At a cognitive level, individual capacities for power would be expressed in such constructs as self-efficacy or self-esteem.

Socialization theory is an critical contributor to the cognitive perspective on power. An individual's orientation to power is acquired through socialization and are a reflection of language, culture, past experiences, values, and current motives. Since nurses are

primarily women, the socialization literature on women provides insight into some of the difficulties. By contrast physicians are largely male dominated. In addition, the nature of the training for nurses and physicians tends to intensify any existing differences as mentioned previously. Overall, the gender based literature on power shows a differential use of power strategies with men relying on reward, coercion and expert power more than women (Johnson, 1976)

Relational power is broader than cognitive power, focusing on the social relationship between individuals. It considers the behavior and cognitions in pairs or groups of individuals as they interact. Nevertheless, relational power is still based in cognitions of individuals and their perceptions of relative power. Emerson (1962) laid the groundwork for examining power within a social, relational framework. In Emerson's framework, it is the perceived balance of power between individuals that influence their relationship and how power will be employed.

For example, Kipnis and Schmidt (1985) examined the types of tactics used by individuals to influence others. Although Kipnis, Schmidt and Wilkinson (1980) had initially identified eight dimensions of influence they ultimately simplified their categorization to three different forms of influence tactics: hard, soft, and rational. Hard tactics use forcing and demanding approaches. Soft tactics use ingratiation and deference while rational tactics rely on compromise, discussion and reason. Importantly, they found that the use of influence strategy depended upon the situation and the relative power of the person they wished to influence. Both hard and soft tactics are used when resistance is expected. But, in general, they found that influencers will tend to use hard tactics when they felt they had a power advantage and soft tactics when they were at a disadvantage. Rational tactics, however, are used when neither party has a power advantage, resistance is not anticipated, and the goal is to get gains for both themselves and the organization.

Systemic power, on the other hand, focuses on the structural and institutional contexts in which power is exercised. Systemic power has its basis in cognitive and relational levels of power, but theories of network centrality, coalition formation, resource dependency, radicalized power and oppressed groups help to understand power at the institutional level. Gender differences have important effects here as well. For example, women who would use more typical male strategies such as expert power tend to be evaluated lower than men (Wiley and Eskilson, 1982).

Similarly in nursing, power may be seen as concentrated and often radicalized in an elitist structure, rather than in a pluralist structure where power is more diffused and issue based. Katz (1969) described nurses as being in a caste system, on the lower end of an elite power structure. Despite the importance of all allied health professions to the attainment of medical objectives and the nurse as the center of humanized medical care, 'the contributions of physicians are rated as more critical than those of nurses or aides (Katz, 1969, p69)." The system is caste like in that it 'puts an

unscalable wall between the physician and the semi-professionals in the hospital (Katz, 1969, p.69)." Despite advances that have since occurred in the profession, this essential distinction remains true. Farrell (2001) also notes that nursing has been considered an oppressed discipline with disenfranchising work practices and structural patterns of abuse. Although nurses would appear to have little power relative to physicians, Porter (1991) and Stein (1978) have noted a gamesmanship that frequently takes place in the nurse-physician relationship. Such subtle games are necessary politics and suggest that political skills are indeed important to nurses.

IMPLICATIONS FOR NURSING

There is often a radical notion of power in the nursing literature (e.g. Katz, 1969; Hawks, 1991, Farrell, 2001) similar to a feminist perspective. Such a perspective has impacts on all three power perspectives affecting cognitions and attitudes, relations between individuals, and influence within the institutional system. Using a feminist perspective, Jacono and Jacono (1994) noted that power tactics often used in nursing included bashing, baffling, harsplitting/further analysis, and claiming authority to compensate for their lower power. Jacono and Jacono suggest that the fixation on power is harmful and suggested that relations would be better guided by love. In a similar vein, Hawks (1991) distinguished power within the framework of 'power over' versus 'power to' and in the power to achieve objectives. She suggests that recasting power may be a useful way to approach the issue of nursing power. Given the sobering perspective of the radicalized power structures within health care we would agree. Such approaches broaden the discussion in a most effective way and allows the values of love, caring or connection into the dialog.

Also writing from a feminist perspective, Starhawk (1982) offers an insightful take on power from a perspective of domination and systemic forces. She develops a system of concepts, not unlike those of Jacono and Jacono (1994) or Hawks (1991), the reconstruct concepts of power that can change the power dynamics. She states that "language distributes power (Starhawk, 1982, p.24)." This means that the names and concepts we use have power with us and mediate our understanding and interaction with events. Similarly, 'the transactional perspective in communications suggests the power orientations originate within the individual communicator and are a reflection of his or her language and culture, past experiences, values and current motives (Goldberg et al., 1983, p.90)." Thus one's orientation to power provides a frame of reference about how power is understood and how it is acted out with others. Reconstruction the concepts of power can have a similar effect.

Starhawk uses an interpersonal perspective creating an external versus internal dichotomy that she calls power-over and power-within that helps to cognitively recast the nature of power. Power-over is an external force based in domination, the threats and force by which institutions back up demands. The application of power-over is a process of estrangement in that the user does not work with others and is not aware of

the impact of the power on others. She goes on to say that "estrangement permeates our educational systems, with its separate and isolated disciplines (Starhawk, 1982, p. 8)." Estrangement could also be said to permeate our medical system with its separate and isolated disciplines also. As a result of estrangement individuals may feel powerless and inauthentic according to Starhawk.

Power-over or dominance is usually given the central place in conflict resolution writings (Kritek, 2002). Having power-over is often seen as a measure of a person's worth or status and tends to perpetuate its value in society. Organization charts for example tend to be seen as an important way to define an organization based on clearly identifying who has power over others. Indeed, power-over may be the norm in most organizations, too often relied on indiscriminately and without reflection. Power-over tends to perpetuate itself and lead to disruptive behaviors in others. For example, Kipnis and colleagues (1980, 1985) found that power-over was more apt to be used in the form of 'hard' influence whenever the holder has power, and manipulation was used of when power was lacking. Furthermore, such power can be exercised manipulatively and can induce further manipulation from others leading to deceptive and possibly harmful actions to the organization. Kritek (2002) lists ten manipulative strategies that can develop from an unreflective use of power-over: praise and flattery, lying and deception, helpfulness and generosity, trickery and secret deals, attacking and threatening, deliberate stupidity, cuteness and flirtatiousness, perseverating, withholding, and obeisance (p. 120). The important point that Kritek makes about these strategies is that patterns of behavior can develop in both parties, patterns of self-deception that hide these acts of manipulation from the person performing them. This makes power-over sometimes difficult to see and keeps it perpetuating itself.

In defining power-within, she draws on the Latin root of the word, podere, which means to be able. This is a form of power that comes from within and what she terms a power from the spirit. More objectively described, this might be referred to by such constructs as self-esteem or self-efficacy. But by itself power-within is isolated. The key form of power in Starhawk's classification system can be called power-with or magic. Power with can mediate the two forms of power. In so doing power-with can create integration and produce greater collective power. Such a source of power can transcend the estrangement created by the use of power-over. Unlike power-over, power-within is inherently anti-hierarchical and anti-disciplinary crossing between the paradigmatic space that may exist between individual actors. "Energy binds groups together (Starhawk, 1982, p. 30)." In using power-with individual are 'making connections, moving energy, identifying with other(s) (p13)."

RECOMMENDATIONS

After a thorough review of the power literature Beck (1982) concluded that "the lack of nurse administrators who are knowledgeable in the use of power as a political tool is the most critical administrative problem facing nursing today (p14)." Leadership is, of

course, important. Nursing leaders, who are politically savvy and who can constructively resolve conflicts, are always needed. However, this analysis suggests that more is needed. Space limitations prevent an effective discussion of the range of actions needed. But primarily leaders within the profession should be focused on changing the dialog to create connections and power-with. They should and find ways to build empowerment among nursing staff and enhance their conflict handling skills. Nursing schools too should be developing such skills in their students as well.

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An Examination of Job Satisfaction during Weak Economic Conditions

John W. Michel, University at Albany, SUNY, jm6616@albany.edu
Brian D. Lyons, University at Albany, SUNY, BL536526@albany.edu
Michael J. Kavanagh, University at Albany, SUNY, mickkav@nycap.rr.com
S. Evren Esen, Society for Human Resource Management, eesen@shrm.org

ABSTRACT

This study examined the attitudes of employees during a time of weak economic conditions and downsizing in the U.S. Data from 604 participants were collected via an on-line Job Satisfaction Poll, which consisted of seventeen items measuring the importance of job aspects to overall job satisfaction. Results indicated that job security, communication, compensation, and benefits are important aspects contributing to overall job satisfaction during varying economic conditions. Implications to the job satisfaction literature are discussed.

INTRODUCTION

The U.S. economy tends to be stable over significant periods of time. However, a sharp decline in the economy could lead to many difficulties, such as downsizing, for organizations and their employees (Cascio, 1993). Economic recessions result in labor surpluses and often cause organizations to look for strategies to improve efficiency and, as a result, organizations often use downsizing to boost bottom-line figures (Hoskission, Hitt, & Ireland, 2003) since employee costs account for more than 40% of an organizations budget (Cascio, 2000).

Although the recent economic decline in the U.S. began in the late 1990's with the bursting of the "dot-coms," the attacks on American soil on September 11, 2001 accentuated the declining economy quickly (Bureau of Labor Statistics, 2004; Ryan, West, & Carr, 2003). Data from the U.S. Department of Labor, Bureau of Labor Statistics (2004), suggested that prior to September 11, 2001 layoff events seemed to be declining. However, in 2001, the U.S. experienced a sharp increase in layoff events, probably resulting from fear of future terrorist attacks and how this event would further impact the economy.

Although organizations expect downsizing to produce positive results, research suggests some unintended negative effects for survivors in terms of both the attachment and/or commitment (Spreitzer & Mishra, 2002) and on their perceptions and attitudes toward the organization (Brockner, 1988). Specifically, employees' attitudes in terms of job satisfaction and commitment toward their jobs have an effect on how they feel, what they believe, and how they act, as well as on their life satisfaction (Judge & Watanabe, 1993).

For the purpose of this study, job satisfaction is conceptualized as a positive emotional state resulting from a person's interpretations of job experiences that fulfill important job values (Locke, 1976). Affective experiences impact job satisfaction and people will place the greatest value on those aspects of work that are most conducive to

their welfare (Brief & Weiss, 2002). Therefore, it seems plausible to suggest that the terrorist attacks of 9/11/01 and the deteriorating economic conditions that ensued had an impact on the job satisfaction of the U.S. workforce.

Various researchers have suggested that employees' perceptions of job security and meaning of work can be negatively affected by widespread disasters, such as 9/11 while loyalty and commitment, employees caring for one another, and desiring to spend more time with family increased (Ryan, et al., 2003; SHRM/eePulse, 2001). Further, Sirota (2003) reported that in 2002, only 56% of U.S. employees surveyed felt that their jobs were secure. This figure was the lowest since 1992, during the last U.S. economic recession, when only 51% surveyed felt their jobs were secure. Interestingly, in 2000, ratings of job security were the highest (68%) since the mid-1990s (Sirota, 2003). In addition, qualitative data collected from the Society for Human *Resource* Management (SHRM) shortly after 9/11/01 suggested that employees were greatly concerned with job security, the state of the economy, the fear of layoffs, and a decrease in worker morale (SHRM/eePulse, 2002). The significant decrease in job security and the fears associated with state of the economy and layoffs are indicators of the impact the terrorist attacks had on the attitudes of American workers.

The purpose of this paper was to examine job satisfaction data during a time of weak economic conditions and downsizing in the U.S. Previous research suggests that reactions during weak economic conditions to perceived or actual downsizing of employees include feelings of anxiety, stress, job insecurity, lowered attachment toward the organization, and decreased job satisfaction and performance (Spreitzer & Mishra, 2002). Theoretically, such affective responses can be characterized as resulting from the activation of maintenance needs (Herzberg, 1974) associated with the job, such as, supervision, interpersonal relations, working conditions, compensation, and job security (Herzberg, 1974). Consequently, during weak economic conditions, employees should rate aspects of their jobs related to maintenance needs more importantly than other job characteristics.

Hypothesis 1: Job aspects associated with Herzberg's maintenance needs such as job security, compensation, communication, and relationships with others, will be rated more important as determinants of overall satisfaction during weak economic conditions than job aspects associated with growth needs such as career development, career advancement, and self-fulfillment in the work itself.

In addition, this study examined gender and age group differences in order to determine how these various groups of respondents perceived the importance of different aspects of their jobs in terms of their overall job satisfaction. While some studies suggest that the differences between male and female employees on job satisfaction are null (Mottaz, 1986), others have suggested that such differences do exist (Mason, 1995). Also, research has demonstrated that the importance of job aspects differs with age and across generations (Bedeian, Ferris, & Kacmar, 1992). However, none of this previous research looked at demographic differences during weak economic conditions. Thus, we do not offer a specific hypothesis regarding demographic differences and will interpret the results in an explanatory, post hoc manner.

METHOD

Background Information

The current study was a secondary analysis of a field study conducted by the SHRM in late 2001. The survey was developed in a collaborated effort between the SHRM Research Department and USATODAY.com. Participation was voluntary for those invited to participate and confidentiality was assured.

Participants and Procedure

Six hundred and four participants (54% males and 46% females) completed the survey. The age group distribution was as follows: 35 and under (34%), 36-55 (55%), and 56 and above (11%). The majority of participants reported that they were employed at an organization (92%) while the other 8% reported being self-employed. Most participants reported that they were employed at organizations with 500 or more employees (54%) while others reported being employed at organizations with 100-499 employees (26%) and organizations with 0-99 employees (20%). Each industry was represented relatively equally with the top five industries being government (15%), other (12%), high tech (11%), educational services (11%), and finance (10%). Visitors of the USATODAY.com Website received the SHRM/USATODAY.com Careers Network Job Satisfaction Poll on-line version through a pop-up invitation. This invitation was provided randomly to 30 out of each 100 visitors to the web site during a two-day period.

Measure

The 17-item SHRM Job Satisfaction Poll asked respondents to first rate the 16 job-related aspects in terms of importance to overall job satisfaction and then rate their overall job satisfaction. The 16 job-aspect related items were scored on a 5-point Likert-type response scale ranging from (1) 'very important' to (5) 'very unimportant.' The overall job satisfaction item was scored on a 5-point Likert-type response scale ranging from (1) 'very satisfied' to (5) 'very dissatisfied.' Cronbach's alpha for the overall scale was acceptable (α = .89).

RESULTS

In general, all aspects of the job were important to the respondents. However, to examine relative importance of the job aspects, we tested the differences in the combined means between the five highest rated aspects (*M* = 1.44, *SD* = .48) and the five lowest rated aspects (*M* = 1.89, *SD* = .57) by calculating an independent sample t-test. The results were statistically significant *t* (1206) = -14.44, *p* < .01. The top five aspects rated most important by participants included benefits (*M* = 1.41, *SD,* .64), job security (*M* = 1.42, *SD,* .69), communication (*M* = 1.44, *SD,* .68), compensation (*M* = 1.47, *SD,* .66), and flexibility (*M* = 1.49, *SD,* .74). These results provide partial support

for the first hypothesis and suggest that job aspects associated with Herzberg's maintenance needs were rated more important to overall job satisfaction during weak economic conditions.

Results for the mean rankings between male and female participants suggest that there were statistically significant mean differences between male and female participants on six dimensions. Female participants perceived the following dimensions as significantly more important than male participants: (1) career development (M = 1.52, SD = .69), t (601) = 2.89, p < .01; (2) job security (M = 1.34, SD = .61), t (600) = 2.68, p < .01; (3) communication (M = 1.35, SD = .66), t (593) = 2.95, p < .01; (4) flexibility (M = 1.33, SD = .59), t (586) = 5.23, p < .01; (5) feeling safe at work (M = 1.66, SD = .70), t (598) = 5.90, p < .001; and (6) corporate culture (M = 1.65, SD = .69), t (601) = 3.01, p < .01. There were no significant differences between the means in which males perceived any of their job aspects as more important to their overall job satisfaction than females.

A one-way analysis of variance (ANOVA) was calculated to determine if there were mean differences between age groups. There were statistically significant mean differences between the 35 and under, 36 to 55, and 56 and above age groups on five dimensions: (1) participants in the 35 and under age group rated career advancement as significantly more important than the 36 to 55, and 56 and above age groups, F (2, 601) = 8.64, p < .01; (2) participants in the 35 and under, and 36 to 55 age groups rated career development as significantly more important than the 56 and above age group, F (2, 601) = 7.30, p < .01; (3) participants in the 36 to 55 age group rated job security as significantly more important than the 35 and under, and 56 and above groups, F (2, 601) = 9.40, p < .01; (4) participants in the 35 and under, and 36 to 55 age groups rated flexibility as significantly more important than the 56 and above age group, F (2, 601) = 6.85, p < .01; and (5) participants in the 35 and under, and 36 to 55 age groups rated the work itself as significantly more important than the 56 and above age group, F (2, 601) = 7.17, p < .01.

DISCUSSION

The purpose of this paper was to examine and document the attitudes of employees during a time of weak economic conditions and downsizing in the U.S. We hypothesized that during weak economic conditions, employees would likely experience negative affective reactions and consequently rate job aspects related to Herzberg's maintenance needs more important to overall job satisfaction. We also extended the job satisfaction literature by examining the effects of demographic differences, gender and age, on job satisfaction during weak economic conditions. Although downsizing and economic instability were not measured directly, this study provides a descriptive account of the aspects of jobs that were perceived to be most important to a sample of U.S. workers during a time of weak economic conditions and high unemployment.

Examination of the mean ratings shows that the all respondents, regardless of group, perceived job security, communication, and compensation as highly important to overall job satisfaction. Benefits were also rated highly by all respondents, probably

because they are typically considered part of the compensation program. These findings generally supported our first hypothesis in that employees will rate the factors relating to Herzberg's (1974) maintenance needs such as job security, compensation, and communication higher than other job factors related to growth needs in terms of their importance to overall job satisfaction.

Examination of independent sample t-tests show that female employees perceived six aspects of their jobs significantly more important to their overall job satisfaction than male employees. An interesting finding was that there were no job aspects that males judged to be more important to their overall job satisfaction than females. This is a particular interesting finding because previous research has suggested that overall men and women do not differ in their sources of job satisfaction (Mason, 1995; Mottaz, 1986).

Examination of the one-way ANOVAs indicated significant differences between the three age groups on the importance of the job aspects on job satisfaction. Employees in the 35 and under age group perceived career advancement as significantly more important then the other two groups on overall job satisfaction, probably because they are in the early stages of their careers. Employees in the 36 to 55 age group perceived job security more importantly, probably because they see it difficult to be re-employed should they be laid off. Finally, employees in the 56 and above age group perceived career development, flexibility to balance work and life issues, and the work itself as less important then the other age groups on overall job satisfaction, probably because they are in the late stages of their careers.

CONCLUSION

The results provide information on certain job aspects organizations should be attentive to during weak economic conditions in order to better manage their human capital. Findings suggest that different job aspects are more important than others during weak economic conditions and different demographic groups, e.g., gender and age, will perceive different aspects of the job as more important to their overall job satisfaction. Further research should be conducted to empirically test how attitudes change during varying economic conditions when job security is a changing issue. Longitudinal research, documenting changes in the importance of job aspects as economic indicators change, should be collected on an annual basis to assist in the understanding of this complex relationship. From a practitioner's perspective, these findings show that organizations may need to accentuate different aspects of the work during weak economic conditions when job security is an issue, in order to maintain and/or improve job satisfaction among employees.

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THE SOURCES OF SELF-EFFICACY IN THE ORGANIZATIONAL ENVIRONMENT

Robert Muretta, Jr., Touro University International, rmuretta@tourou.edu
Melody L. Wollan, Eastern Illinois University, mlwollan@eiu.edu

ABSTRACT

Self-efficacy researchers have long portrayed self-efficacy as being shaped by four activities: mastery experiences, modeling, social persuasion, and physiological arousal. In this empirical study, we sought to confirm the existence of four distinct sources of self-efficacy and to broaden the dimensionality of the sources to include positive and negative aspects of each in our investigation. We surveyed a sample of 162 Naval personnel and found that strong mastery experience and physiological arousal correlated to higher self-efficacy, while adverse mastery experience and physiological arousal correlated to lower self-efficacy for a specific task.

INTRODUCTION

A person needs two resources to successfully perform any task – the requisite skill (or knowledge) and self-efficacy (Bandura, 1982, 1986, 1997; Wood & Bandura, 1989). In many cases, a certain level of skill or knowledge is a requirement of employment. Moreover, knowledge acquisition and enhancement is routinely addressed in many organizations through employee training and development, tuition assistance, on the job training, and apprenticeships, for example. Although many possess the requisite level of knowledge or skill to perform a given task, few perform at an optimum level. It is posited that this reflects a variance in self-efficacy.

The implications for organizations are considerable. Much research has been conducted concerning employee training and development as well as human development in general. Moreover, much of this research has been utilized in practice. Although self-efficacy could be the foremost method of increasing the performance of an organization's members, little research has been done to investigate methods of influencing self-efficacy in organizational settings.

SELF-EFFICACY DEFINED

Self-efficacy is the foundation of human agency (Bandura, 1999). "Perceived self-efficacy concerns people's beliefs in their capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives" (Wood & Bandura, 1989, p. 364). Self-efficacy is not a generalized trait (Bandura, 1982, 1986), it is a person's belief in his or her ability to perform a *specific* task.

To be sure, one needs both skill and self-efficacy to successfully perform a task (Bandura, 1982, 1986; Wood & Bandura, 1989). Nevertheless, given the same level of skill, differences in self-efficacy could result in different performance outcomes (Gist &

Mitchell, 1992; Wood & Bandura, 1989). For example, if two students with identical scores on college entrance examinations pursued the same curriculum, they would not likely graduate with identical grade point averages. This is not reflective of a variation in skill level, but a variation in self-efficacy. The immediate basis of the lesser performance could be any number of factors such as illness or stress. The possibilities seem limitless; however, these immediate factors directly influence one's self-efficacy, which then impacts performance. In terms of illness, this could adversely affect performance by lowering one's efficacy after negatively influencing his/her physiological state, one of the self-efficacy antecedents. On the other hand, if one was generally healthy and energetic, this could improve performance by raising one's efficacy after positively influencing his/her physiological state.

This is precisely why self-efficacy is one of the most powerful motives of behavior. At a given point in time, it determines the initial decision to perform a task, the amount of effort to be expended, and the level of persistence (Gardner & Pierce, 1998). The broad significance and potential of self-efficacy as a filtering mechanism of experiences and beliefs leading to changes in performance makes self-efficacy and understanding its influential sources an important research topic. Nevertheless, little empirical analysis has occurred with respect to Bandura's (1977, 1986, 1997) theory to confirm that four distinct sources of self-efficacy exist for a given task. This study explores that gap in the current body of literature.

Previous research has demonstrated that people need the requisite skill(s) and self-efficacy to successfully perform any task (Bandura, 1977, 1986, 1997) and that self-efficacy positively correlates to performance (Bandura, 1991; Cole & Hopkins, 1995; Gibson, 2001; Malone, 2001; Prussia, Anderson, & Manz, 1998; Renn & Fedor, 2001; Stajkovic & Luthans, 1998; Staples, Hulland, & Higgins, 1999). All that is seemingly needed to achieve higher levels of performance is a system to ensure that employees either possess or acquire requisite skills and then strengthen and maintain their self-efficacy in each task that they must perform.

LITERATURE REVIEW AND HYPOTHESES

People's beliefs about their efficacy can be instilled and strengthened in four principle ways: mastery experiences, modeling, social persuasion, and judgments of their physiological states (Bandura, 1977, 1986, 1997; Wood & Bandura, 1989). Moreover, strong (also known as positive) efficacy antecedents are theorized strengthen one's self-efficacy while adverse efficacy antecedents are theorized to weaken one's self-efficacy (Bandura, 1977, 1986, 1997; Chowdhury, Endres, & Lanis, 2002; Wood & Bandura, 1989).

Mastery Experience

Mastery experience, also called enactive mastery, enactive attainment, or performance attainment, is the most powerful source of self-efficacy (Bandura, 1977, 1986, 1997; Chowdhury et al., 2002; Dawes, Horan, & Hackett, 2000; Wise & Trunnell, 2001; Wood & Bandura, 1989). Smith (2002) states two reasons for this. First,

enactive mastery is based on experiences that are direct and personal. Second, mastery is usually attributed to one's own effort and skill.

Direct experience has been shown to increase self-efficacy in mathematics students (Lopez, Lent, Brown, & Gore, 1997). Reading scores were found to predict self-efficacy in inner city, Hispanic-American adolescents (Chin & Kameoka, 2002). Enactive mastery, as well as the other three sources of self-efficacy, was tested in relation to computer (information technology) interest with significant findings. Debowski, Wood, and Bandura (2001) have gone a step further under this assumption by investigating, albeit with significant findings, the impact of guided exploration (a hybrid of both mastery and vicarious experiences) on self-efficacy. Finally, Wise and Trunnell (2001) demonstrated that bench press efficacy increased when mastery experience was followed by vicarious experience and/or verbal persuasion.

The aforementioned empirical findings were based only on strong efficacy antecedents. As discussed previously, strong mastery experiences are believed to strengthen self-efficacy while adverse mastery experiences (failures) are believed to weaken self-efficacy (Bandura, 1977, 1986, 1997; Chowdhury et al., 2002; Wood & Bandura, 1989). Nevertheless, no empirical analysis has been conducted that specifically tests whether strong mastery experience correlates to higher self-efficacy while adverse mastery experience correlates to lower self-efficacy for a given task.

H1a: *A strong mastery experience will correlate to higher self-efficacy.*
H1b: *An adverse mastery experience will correlate to lower self-efficacy.*

<u>Vicarious Experience</u>

Vicarious experience, known also as modeling, affects self-efficacy through a social comparison process where people judge their capabilities in relation to the capability of others (Bandura, 1977, 1986, 1997; Wood & Bandura, 1989). Vicarious experience is believed to be the second most effective way to develop self-efficacy (Chowdhury et al., 2002; Wise & Trunnell, 2001). "Proficient models build self-beliefs of capability by conveying to observers effective strategies for managing different situations" (Wood & Bandura, 1989, p. 364).

Gorrell and Capron (1990) demonstrated that cognitive modeling, where the model narrates the thought process behind the behavior, increased the self-efficacy of pre-service teachers. In addition to verbal persuasion, vicarious experience has also been demonstrated to increase the self-efficacy of pre-service teachers (Hagen, Gutkin, Wilson, & Oats, 1998). In a field experiment, Israeli soldiers' self-efficacy for assignment to Special Forces was increased through vicarious experience and verbal persuasion (Eden & Kinnar, 1991). Lopez et al. (1997) describes how vicarious experience and performance attainment (i.e., mastery experience) increases mathematics self-efficacy. Guided exploration, a hybrid of both enactive mastery and vicarious experience, was also found to increase self-efficacy (Debowski et al., 2002).

Several empirical studies have demonstrated that vicarious experience is a source of self-efficacy. However, these studies have not investigated vicarious experience itself while controlling for mastery experiences, verbal persuasion, and physiological arousal. In addition to vicarious experience, verbal persuasion was also present in three studies (Eden & Kinnar, 1991; Gorrell & Capron, 1990; Hagen et al.,

1998). Enactive mastery supplemented vicarious experience in two additional studies (Debowski et al., 2002; Lopez et al., 1997). Therefore we suggest,

> H2a: A strong vicarious experience will correlate to higher self-efficacy in the absence of mastery experience and verbal persuasion.

Moreover, it is theorized that observing similar people succeed with sustained effort raises one's efficacy beliefs, while observing similar people fail despite high effort lowers one's efficacy beliefs and undermines their efforts (Chowdhury et al., 2002; Wood & Bandura, 1989). Therefore, we hypothesize that:

> H2b: An adverse vicarious experience will correlate to lower self-efficacy in the absence of mastery experience and verbal persuasion.

Verbal Persuasion

Verbal persuasion, also known as social persuasion, is another way to increase people's beliefs in their efficacy (Bandura, 1977, 1986, 1997; Wood & Bandura, 1989). Verbal persuasion is thought to be the third most effective way to develop self-efficacy (Chowdhury et al., 2002; Wise & Trunnell, 2001). Wise and Trunnell (2001) also demonstrate that verbal persuasion is most effective when following a performance accomplishment (i.e., a mastery experience). "If people receive realistic encouragement, they will be more likely to exert greater effort and to become successful than if they are troubled by self-doubts" (Wood & Bandura, 1989, p. 365).

In Eden and Kinnar's (1991) field experiment with a non-equivalent groups design, Israeli soldiers' self-efficacy for assignment to Special Forces was increased in the treated group through verbal persuasion and a subsequent, substantial increase in volunteerism occurred. Verbal persuasion, along with vicarious experience, has been found to increase the self-efficacy of pre-service teachers (Hagen et al., 1998). Social persuasion predicts educational and occupation self-efficacy in inner city, Hispanic-American adolescents (Chin & Kameoka, 2002).

Empirical analysis has confirmed that verbal persuasion is a source of self-efficacy. Research specifically testing whether social or verbal persuasion is a source of self-efficacy also had elements from the other sources of self-efficacy therein. Two studies had elements of vicarious experience (Eden & Kinnar, 1991; Hagen et al., 1998). Chin and Kameoka's (2002) study also tested the impact of mastery experiences on self-efficacy. In addition, no empirical investigation has occurred that specifically tests whether strong verbal persuasion correlates to higher self-efficacy while adverse verbal persuasion correlates to lower self-efficacy for a given task.

> H3a: Strong verbal persuasion will correlate to higher self-efficacy in the absence of mastery experience and vicarious experience.
>
> H3b: Adverse verbal persuasion will correlate to lower self-efficacy in the absence of mastery experience and vicarious experience.

Physiological Arousal

People's judgments concerning their physiological states, i.e., physiological arousal, are the fourth determinant of self-efficacy (Bandura, 1986; Wood & Bandura, 1989). Physiological arousal is also called affective arousal (Smith, 2002) and emotional arousal (Conger & Kanungo, 1988; Hagen et al., 1998). Generally, people attribute a physiological condition to an efficacy perception; e.g., fatigue is attributed to

physical incapability (Wood & Bandura, 1989). Conger and Kanungo (1988) further describe this phenomenon as follows. "Emotional arousal states that result from stress, fear, anxiety, depression, and so forth, both on and off the job, can lower self-efficacy expectations. Individuals are more likely to feel competent when they are not experiencing strong aversive arousal. Empowerment techniques and strategies that provide emotional support for subordinates and that create a supportive and trusting group atmosphere can be more effective in strengthening self-efficacy beliefs (p. 479)." Chowdhury, Endres, and Lanis (2002) assert that this is the least most important determinant of the four.

Hill and Ward (1989) demonstrated that two different versions of the same mood manipulation are capable of producing comparable mood states that have significantly different effects on perceived self-efficacy. Lower levels of perceived stress (i.e., a strong [or positive] efficacy antecedent) before and during a climb correlate to higher self-efficacy in one's ability to execute the correct climbing technique (Jones, Mace, Bray, & MacRae, 2002). With this evidence supporting, we theorized that:

H4a: *Strong physiological arousal will correlate to higher self-efficacy.*

On the other hand, in a study examining the social conventions of tennis, the adverse impact of negative mood was found to be greater among low-efficacy players than high-efficacy players (Ryska, 2002). To be sure, the Ryska (2002) study supports the theory; however, negative mood and self-efficacy were assessed prior to the intervention (i.e., the tennis match) in order to examine another outcome.

H4b: *Adverse physiological arousal will correlate to lower self-efficacy.*

METHODOLOGY

The sample for this study was comprised of field-based aircraft maintenance personnel of the United States Navy. This sample provided for standardization of the specific tasks under analysis and similar training backgrounds for each of the subjects. The survey was distributed to 434 potential respondents. There were 272 non-responses (N = 162), for a response rate of 37%.

Twelve scales which measure the four self-efficacy antecedents and three strength levels vis-à-vis two specific tasks (i.e., 24 items) common to the sample used in this research were developed. These scales were largely based upon commonly held principles of self-efficacy theory and self-efficacy scale construction in appraisal-based scenarios.

As noted earlier, the four sources of self-efficacy are thought to exist universally; however, the strength and magnitude of each source will vary from task to task (Bandura, 1986, 1997). As demonstrated in Table 1, two specific tasks were utilized. Each antecedent (i.e., source of self-efficacy) was investigated independently in relation to these given tasks and varying antecedent strength levels. Three levels of antecedent strength were included: strong, moderate, and adverse. The strong and adverse measures were used for hypotheses testing. The moderate measures served as the reference group, which is necessary for statistical analysis. Finally, control variables were utilized for testing vicarious experience and verbal persuasion.

Table 1	IV: Task	IV: Efficacy Antecedent	IV: Strength	Control Variables	Dependent Variable
H1a	A Specific Task	Mastery Experience	Strong		Self-Efficacy
			Moderate		
H1b			Adverse		
H2a		Vicarious Experience	Strong	Mastery And Verbal	
			Moderate		
H2b			Adverse		
H3a		Verbal Persuasion	Strong	Mastery And Vicarious	
			Moderate		
H3b			Adverse		
H4a		Physiological Arousal	Strong		
			Moderate		
H4b			Adverse		

Dependent Variable

The dependent variable is self-efficacy. The measure is a self-efficacy appraisal, which is the response to an item of a self-efficacy scale on the instrument. Self-efficacy is a belief in one's capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over a specific event (Bandura, 1977, 1986, 1997). A self-efficacy appraisal is an expression of that belief.   It is posited that one's self-efficacy appraisal is likely the best measure of self-efficacy because threats to validity are born only to flawed designs provided that certain conditions are met, such as privacy, anonymity, etc. (Bandura, 2001).

Independent Variables

The operational definitions of the first independent variable, a generic task, are discussed first. In any aircraft maintenance activity, two tasks are generic. All technicians or mechanics in these organizations both *repair a component* and *use support equipment*. These terms, although generic, have very specific meanings that are understood by members of aircraft maintenance activities worldwide.

Operationally defining the second independent variable, the sources of self-efficacy, was largely accomplished by converting esoteric nomenclatures to action verbs. Mastery experience was operationally defined by describing the respondent previously performing the task; e.g., "…I have *repaired* the component". Modeling or vicarious experience was operationally defined by describing the respondent's previous observation of task performance; e.g., "…I have *watched* someone repair the component". Verbal persuasion was operationally defined as the respondent having been verbally appraised of his or her ability to perform the task; e.g., "…I have *been told* that I can repair the component". Finally, physiological arousal or affective states was operationally defined as a respondents judging their ability to perform a task given a physiological state; e.g., "repair a component when I am *feeling* energized and cheerful". These operational definitions are further discussed in conjunction with survey item construction.

The third independent variable, antecedent strength, was incorporated by providing gradations of challenge. Bandura (2001, p. 3) tells us, "Perceived self-efficacy should be measured against levels of task demands that represent gradations of

challenge or impediments to successful task performance. Self-efficacy appraisals reflect the level of difficulty individuals believe they can surmount. If there are no obstacles to overcome, the activity is easily performable and everyone has uniformly high self-efficacy for it."

Such a gradation must also exist when measuring the effects of self-efficacy sources; however, these will be gradations of success or failure versus challenge. Strong antecedents (i.e., successes) strengthen self-efficacy while adverse antecedents (i.e., failures) are believed to decrease self-efficacy (Bandura, 1977, 1986, 1997; Chowdhury et al., 2002; Wood & Bandura, 1989). Accordingly, an arrangement of items ranging from complete success to complete failure must be provided for each antecedent and task.

Operationally defining strong self-efficacy antecedents was accomplished by describing a complete success with no obstacles; e.g. "*successfully … with no difficulty*". Conversely, an adverse antecedent was described as a complete failure; e.g., "*…unsuccessful in all previous attempts*". In addition to measuring strong and adverse antecedents, a middle ground was needed for statistical analysis purposes, which is discussed later. This moderate strength level was described as a success with some inherent obstacles; e.g., "*successfully … with some difficulty*".

<u>Control Variables</u>

In addition to the independent and dependent variables, control variables were utilized for testing hypotheses 2 and 3. Vicarious experience has been demonstrated to be a self-efficacy antecedent given the presence mastery experience (Debowski et al., 2002; Lopez et al., 1997) and verbal persuasion (Eden & Kinnar, 1991; Gorrell & Capron, 1990; Hagen et al., 1998). Verbal persuasion has been demonstrated to be a self-efficacy antecedent given the presence of mastery experience (Chin & Kameoka, 2002) and vicarious experience (Eden & Kinnar, 1991; Hagen et al., 1998). No research has investigated either theoretical source of self-efficacy independently.

Accordingly, the items designed to measure vicarious experience and verbal persuasion were modified in order to isolate these antecedents from other self-efficacy antecedents. This was done by adding a phrase to the applicable items that controlled for the other sources, e.g., "…but have never attempted to repair the component myself or watched anyone attempt to repair the component." To be sure, self-efficacy antecedents are believed to work in conjunction to influence self-efficacy appraisals. Nevertheless, an investigation that isolates each antecedent is needed to empirically establish that four distinct sources of self-efficacy exist.

ANALYSIS AND RESULTS

An analysis of interdependence (i.e., a factor analysis) was utilized to ensure the homogeneity of the scales as recommended by Bandura (2001). An analysis of dependence (i.e., multiple regression with effects-coded variables) was utilized for hypotheses testing.

<u>Factor Analysis</u>

A scree test was performed to determine the number of factors to retain. As suggested by Cattell (1966), all factors should be retained until an obvious leveling of eigenvalues occurs. The leveling in eigenvalues occurred after five factors; therefore, five factors were retained, accounting for 77.9% of the variance. Ideally, the greatest factor loadings would have been homogenous when comparing similar antecedents and antecedent strength levels between tasks; i.e., the 24 items should yield 12 pairs of homogeneous factor loadings. In addition, these pairs should have formed an interpretable factor structure. Explicitly, the homogenous factor pairings should have demonstrated a clear structure that would allow interpretation.

The data proved to be homogenous in all twelve variations with the unrotated factor loadings; however, an interpretable factor structure was not apparent. All of the variable pairings loaded one of two factors. Consequently, a rotation strategy was employed. Varimax rotation was utilized in order to improve the fit by maximizing the variance of squared loadings for each factor (Kaiser, 1958). This rotational strategy is frequently employed in the domains of sociology and psychology (Jackson & Borgatta, 1981). In instances where the factor structure is overly compressed, varimax rotation will spread the factor loadings in order to provide an interpretable factor structure.

Factor 1 is representative of adverse antecedents that are directly related to task performance (i.e., mastery experience, vicarious experience, and verbal persuasion). Factors 2 and 3 are representative of strong and moderate antecedents that involve external stimuli (i.e., vicarious experience and verbal persuasion). It should be noted that these antecedents do not qualify for hypothesis testing, which accounts for a limitation of this research that will be discussed later. Factor 4 is representative of strong and moderate antecedents that involve internal stimuli (i.e., mastery experience and physiological arousal). Factor 5 is representative of an adverse antecedent that is indirectly related to task performance (i.e., physiological arousal).

Hypothesis Testing H1 and H4 with Multiple Regression

Multiple regression with effects-coded dummy variables was carried out in Microsoft Excel as recommended by Hardy (1993). Four columns contained the dummy variables with a coding scheme for H1 and H4. An additional column contained the corresponding response (DV). Each row was reflective of a response for a given independent variable grouping. A separate regression analysis was carried out for each task.

The first task, repairing a component, was tested with significant results. The four predictors accounted for nearly a third of the variance in self-efficacy appraisals (R^2 = .31), which was highly significant (F = 109.9, p < .001). Strong mastery experience (H1a: β = 1.53, p < .001) and strong physiological arousal (H4a: β = .99, p < .001) significantly correlated to higher self-efficacy. Adverse mastery experience (H1a: β = -2.06, p < .001) and adverse physiological arousal (H4a: β = -1.54, p < .001) significantly correlated to lower self-efficacy.

The second task, using support equipment, also yielded significant results. The four predictors accounted for over a quarter of the variance in self-efficacy appraisals (R^2 = .28), which was also significant (F = 94.1, p < .001). Strong mastery experience (H1a: β = 1.50, p < .001) and strong physiological arousal (H4a: β = .99, p < .001)

significantly correlated to higher self-efficacy. Conversely, adverse mastery experience (H1a: β = -2.03, $p < .001$) and adverse physiological arousal (H4a: β = -1.46, $p < .001$) significantly correlated to lower self-efficacy.

DISCUSSION

Implications for Theory

Although this study failed to confirm that four independent sources of self-efficacy exist for a given task, two considerable implications for theory were realized. First, this research empirically demonstrated that strong mastery experience and physiological arousal correlated to higher self-efficacy, while adverse mastery experience and physiological arousal correlated to lower self-efficacy for a specific task. Moreover, this research provided the first empirical evidence that adverse mastery experience would result in lower self-efficacy.

To be sure, the failure to confirm four independent sources of self-efficacy in relation to a specific task is not believed to discredit Bandura's (1977, 1986, 1997) theory. Several studies have empirically investigated both vicarious experience and verbal persuasion with significant results, albeit in hybrid fashions and focusing only on strong antecedents (Chin & Kameoka, 2002; Debowski et al., 2002; Eden & Kinnar, 1991; Gorrell & Capron, 1990; Hagen et al., 1998; Lopez et al., 1997). Although research is still needed to empirically confirm vicarious experience and verbal persuasion independent of other sources, the previous research does support Bandura's (1977, 1986, 1997) theory.

That said, this study was the first to empirically confirm that adverse mastery experience correlates to lower self-efficacy. Certainly, there were empirical studies that confirmed the existence of mastery experience (Debowski, Wood, & Bandura, 2001; Wise & Trunnell, 2001), but these studies examined the antecedents in a positive fashion. In addition, Ryska (2002) provided empirical support to the theory that adverse self-efficacy antecedents would lower self-efficacy (Bandura, 1977, 1986, 1997; Chowdhury et al., 2002; Wood & Bandura, 1989); however, this study investigated the impact of adverse physiological arousal. This study confirmed that adverse mastery experience correlates to lower self-efficacy, thereby leaving only vicarious experience and verbal persuasion to be empirically investigated from an adverse perspective.

In addition, this research was the first to examine the effects of both strong and adverse antecedents in relation to a specific task. Specifically, this research confirmed that strong mastery experience and physiological arousal correlates to higher self-efficacy, while adverse mastery experience and physiological arousal correlates to lower self-efficacy for a specific task. Prior to this research, no other empirical study had investigated the impact of any antecedent from both a strong and adverse perspective. Finding empirical support for two of the four self-efficacy antecedents in relation to a specific task is a considerable step forward in this domain of self-efficacy research.

Limitations

It is possible that some of the scales were confounded by the addition of control variables to these antecedents. As mentioned earlier, these control variables were

added to provide an original investigation of vicarious experience and verbal persuasion in isolation from other antecedents. In retrospect, the addition of these control variables might not have been necessary. Although no research had ever investigated these antecedents in isolation, surely no research had ever investigated the four efficacy antecedents independent of each other in relation to a particular task. Adding control variables expanded the corresponding items to include two additional action verbs that were representative of other efficacy antecedents (control variables) in addition to another action verb representative of the efficacy antecedent being measured (i.e., the independent variable). It is suggested that this not only lengthened the corresponding items, but also made these items a bit more confusing than the items designed to measure mastery experience and verbal persuasion. Regardless, this is only speculation. More investigation needs to be done in this realm, which will be discussed later.

In addition, the scales were developed specifically for this research as a framework to empirically confirm Bandura's (1977, 1986, 1997) theory that four distinct sources of self-efficacy exist. Unfortunately, this research was unsuccessful in developing valid items for measuring vicarious experience and verbal persuasion. It should be further amplified that the scales produced in this research were not intended to be and are not fully developed, standardized scales that would be adequate for measuring the four self-efficacy antecedents in relation to any particular task. Accordingly, these scales should not be used for such purposes.

Recommendations for Future Research

Empirical support must be obtained for Bandura's (1977, 1986, 1997) theory of four distinct sources of self-efficacy. Moreover, a model for scale development is highly desirable to facilitate research in multiple task domains and allow meta-analyses between such research. Such a model would allow assessment of self-efficacy antecedents in organizational and other applied settings.

In addition, this research did not yield valid scales to measure vicarious experience and verbal persuasion. It was previously suggested that these scales could have been confounded by the addition of control variables to these antecedents. The addition of control variables was believed, perhaps incorrectly, to be necessitated because all previous research pertaining to vicarious experience and verbal persuasion was hybrid in nature. Explicitly, previous research either contained elements of both vicarious experience and verbal persuasion (Eden & Kinnar, 1991; Gorrell & Capron, 1990; Hagen et al., 1998) or contained elements of mastery experience in addition to one or both of the aforementioned antecedents (Chin & Kameoka, 2002; Debowski et al., 2002; Lopez et al., 1997). In any case, the notion that these control variables were warranted is a basis for needed research. Vicarious experience and verbal persuasion need to be examined independently from both a strong and adverse perspective. Such research might even be necessary prior to the previous recommendation to develop a model for self-efficacy antecedent scales.

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LEADERSHIP BENEFITS OF STORYTELLING

John R. Patton, Florida Tech, mailto:jpatton@fit.edu

ABSTRACT

The harnessing of storytelling capabilities is a useful pathway to advance leader effectiveness and overall decision-making in organizations. This paper discusses ways for leaders to enhance their storytelling capabilities and those of others around them. It also explores how stories can engage all stakeholders in participating in, and supporting, decisions that seem evident from the stories.

INTRODUCTION

There are three kinds of stories that organizational leaders can tell with effect: first, the "who I am" story in which leaders describe themselves. Second, there's the "who we are" story which effective leaders use to tell others what the organizational entity stands for and its overarching mission and objectives. But the final and most important leadership tale is the "where we are going" story (Denning, 20004; Paulus & Horth, 2002; Tichy, 1997a). Leaders can use all three themes as they tap into their storytelling capabilities in order to augment and perfect their leadership skills. As storytellers, they use metaphors, symbols, and other means to synthesize issues, objects, events, and activities into integrated meaningful wholes. This paper provides four propositions to illustrate some of the leadership benefits of storytelling.

STORYTELLING CAPABILITIES FOR LEADERSHIP ENHANCEMENT

Proposition 1: *Leaders who are able team players generate an atmosphere of friendly collegiality and are themselves models of respect, helpfulness, and cooperation. They draw others into active, enthusiastic commitment to the collective effort, and build spirit and identity. They spend time forging and cementing close relationships beyond mere work obligations* (Goleman, Boyatzis, & McKee, 2002).

Transactional leaders help the follower identify what must be done to accomplish the desired results and ensures that employees have the resources to complete the job. On the other end of the continuum, according to the research done by Bass (1985) is a transformational leader, one who motivates followers by expressing a vision and then persuades followers to work hard to achieve the goals envisioned. A characteristic that helps describe the latter type of leader is charisma; however, charisma by itself isn't enough for successful transformational leadership. In addition to charisma, leaders need communications skills and sensitivity to others. Charismatic leaders articulate the status quo as negative or intolerable and the future vision as the most attractive and attainable alternative (Conger & Kanungo, 1998)

Successful leaders not only describe the future in terms that are compelling and personal to others, but they help followers understand why and what they must do to get there. Leadership is about taking followers from where they are now to where they need

to be. Often, the best way to get followers to venture into unknown territory is to make that new turf familiar and desirable by taking them there first in their imaginations. The leader can do this by creating and using stories to help people break away from the comfortable culture that they cherish and get them excited about future opportunities that they will experience through the process of successful organizational change.

Leadership revolves around a leader's ability to create and communicate direction. The story focuses on the authentic communication that inspires others to take action toward the accomplishment of goals – ones that they are committed to fully (Gardner, 2004). Through telling stories, leaders get other people involved in the thought process. Anecdotes are more interesting than plain facts. Leaders know this to be true. Therefore, the answer is that leaders – at least the most successful ones – are indeed storytellers. Stories interest listeners more as they search for meaning, applicability, and lessons from the narrative. Most listeners will not only comprehend and take away what the conveyor of the story intends; often, they will see in a story other elements and messages that the teller has not seen (Klein, 2004).

Proposition 2: *Savvy corporate leaders spend a lot of time on rituals, not just devising indoctrinations for them but taking an active interest in them* (Deal & Kennedy, 1982).

A story is important for gaining consensus from organizational members because stories organize know-how, knowledge, multiple causation and consequences into an understandable and memorable plot (Weick, 1979). In essence, a story is utilized by a leader as a way to share experiences, ideas, and emotions with others (Boje, 2003; Denning, 2004; McKee, 2003; Miller & Ireland; Ott, 1989; Sobol, 1999).

A good story is a narrative, a tale, an account or even an eventual legend that is related to an action, a connected sense of events, whether true or fictive, that makes the narration plausible and credible. A good story has a point that becomes clear through the telling: it not only grabs listeners' attention; it frequently communicates better than other modes, lingers longer in audience members' minds, and gets passed along better (Bennis, 1995; Kellerman, 2004; Shaw, Brown, & Bromiley, 1998).

Stories engage our attention because they are often about the problems that people experience and the resolutions they work out. Stories have many advantages. They open people to multiple perspectives. Moreover, stories help people cope with complexity. A single story could manage meaning around several subjects. Usually, however, there is a central theme or subject whose meaning is to be established through an example. For the corporation, storytellers maintain cohesion and provide guidelines for everyone to follow. It's the most powerful way to convey information and shape behavior. The beauty of a good story is that just by remembering the punch line you can create the entire occasion (Eggert, 1998; Fairhurst & Sarr, 1996).

Proposition 3: *True leaders tend to be more strategic than tactical in their thinking. They think of possibilities – what can be that isn't yet visible to others. They*

have an uncanny ability to sift through volumes of data and relentlessly ferret out meaningful information to spot trends (Price & Ritcheske, 2001).

Tichy (1997a) argues that the story is a critical component of leadership. He claims that leaders who create and tell engaging human stories are better communicators than those that can't or don't. He goes on to assert that the ability to create and tell certain kinds of dramatic stories is not only a useful tool, but an essential prerequisite to being a first-class leader. Thus, a leader must appreciate what constitutes a story, struggle personally to create a story, and use the story to provide the organization's members with a sense of identity and values.

Storytelling has been identified as an important vehicle for culture transmission – for informing organizational members about their organizational culture (Jordan, 1996; Smith & Keyton, 2001). There are few things more critical to organizational health than a good story well told. Stories help communities to pass their spiritual, moral, and cultural heritage from generation to generation, they are vital for the instruction of new members, they generate behavioral expectations, and they offer models of emulation and avoidance (Ott, 1989). Leaders significantly impact the organizational culture through what they choose to focus on and how they go about doing the things they do. Their impact is transmitted through the organization quite frequently through the use of storytelling (Denning, 2004; Maguire, 1998).

Proposition 4: *True leaders make sure to put in place a communications process that ensures that the company's vision and purpose are the cornerstones of all actions, and they use a variety of communications tools to convey a consistent message* (Price & Ritcheske, 2001).

Bennis (1989) wrote that the field of leadership needs more good stories. And, according to Fairhurst & Sarr (1996), leadership is a language game. They point out that even though most leaders are engaged in communicating extensively, the typical leader pays relatively little attention to how he or she can use language as a tool of influence. "Framing," is a quality of communication that they write about extensively and it is no more than a quality of communications that causes others to accept one meaning over another. One can, however, learn this skill to influence how events are seen and understood by others. It is learning to select words and phrases that really mean something to people we intend to influence as leaders. Effective leaders present stories as a framing tool for managing meaning through language (Fairhurst & Sarr, 1996).

Every organization has its own culture and reflects its values. Successful leaders invest heavily in communicating their organizations' values and even exhibit them wherever possible. The storytelling method can be used here, but the stories will help develop and strengthen the culture only if they grow out of and are backed up by corporate actions that demonstrate the same meanings. Stories can teach company standards (ethics) and also provide a shared understanding that allows people to have a shared sense of community. Stories are a powerful tool for engaging people intellectually and emotionally. And, effective leaders have teachable points of view that

are encased in stories which, in turn, energize others. Good storytelling is not accomplished through rote memory and rehearsals in the form of role-playing exercises. The better storytellers never perfect a definitive telling for the story. Each separate version of a story is not simply a remembrance of what the storyteller was thinking the time before but rather, each story is a fresh rendition (Kouzes & Posner, 2003; Lessem, 1990; Peters, 1979; Tichy, 1997b; Weick, 2001).

CONCLUSIONS

To be a successful leader today one must be good at dealing with all aspects of communications, to include listening to employees and responding by conveying appropriate stories to make the crucial points required to move the organization forward in a positive way. Among other things, successful leaders today must certainly be capable of developing stories that help people adapt to change effectively (Bennis & Thomas, 2002). Moreover, rather than bore newcomers with hoary tales of the good old days, the most effective leaders must continually reshape these stories to offer fresh insights, uncover new challenges, and reinforce the valued-culture that is crucial to the organization (Buckler & Zien, 1996; Tichy, 1997b).

This paper has illustrated that there are many practical easy ways in which leaders can train and perfect their storytelling capabilities that can augment and enhance their leadership and decision-making capabilities. Working with stories is not only effective for the image-building of the leader, but it is one of the best ways to get people talking and thinking, to render complex and abstract concepts meaningful, to permit multiple perspectives to emerge, and to inspire people towards change (Colton, Ward, Arnold, Carney & Russell, 2004).

From this brief paper four conclusions stand-out: (1) storytelling is an important leadership skill and that this skill can be taught and can be learned; (2) There is limited empirical research that substantiates that storytelling can be employed as an intervention technique to change organizational culture and/or facilitate organizational change; (3) stories have universal appeal and can be used successfully in international business settings and, for practitioners, a good story well told can save time and effort in affecting change; (4) there is both a need and an opportunity to extend the research on the application of storytelling to leadership effectiveness as well as to demonstrate the impact of storytelling on organizational performance.

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Now You See Them … Now You Don't: A Model of Innovativeness in Virtual Teams

Linda Peters, University of Massachusetts – Amherst, JL3Peters@aol.com
Ronald Karren, University of Massachusetts – Amherst, ronkarren@mgmt.umass.edu

ABSTRACT

This study investigated a model where trust, functional diversity, face-to-face communication, and collaboration play central roles in influencing innovativeness of virtual teams. We surveyed more than 200 virtual team members and found that all the variables studied had a significant and direct relationship to innovativeness. In addition, trust was partially mediated by collaboration, and face-to-face communication was partially mediated by trust.

INTRODUCTION

The increasingly complex business environment of the twenty-first century presents new challenges for organizations. Virtual teams, where team members are generally geographically separated, are becoming an attractive option for organizations in order to access the unique expertise of workers that transcends time and space. These teams integrate the positive aspects of traditional teamwork with advanced information technologies (Townsend, DeMarie, & Hendrickson, 1998). Although research has been conducted on traditional teams, no integrative virtual team model that complements the traditional model has emerged. The lack of research in this area leads us to question whether or not the traditional model of innovativeness can be applied to virtual teams. Therefore, the primary purpose of this study is to identify and test a virtual team model of innovativeness.

LITERATURE REVIEW AND HYPOTHESES

The heuristic model developed by Cohen & Bailey (1997) suggests that there are three areas that encompass the term 'effectiveness'. These include performance, innovativeness, and member satisfaction. Of these, we focused on innovativeness as the outcome variable since the majority of virtual teams are project-based (Cascio, 1999) and require some degree of innovativeness in order to achieve their goals.

Although there are many variables that may influence team innovativeness, our model focuses on only a few of these, including trust, collaboration, face-to-face communication, and functional diversity. The importance of these variables has been demonstrated in a traditional context (Cohen & Bailey, 1997), yet their importance is likely to be more critical in a virtual environment due to the lack of traditional hierarchical control (Cascio, 1999).

Variables and Hypothesized Relationships

Trust. We define trust as "a state involving confident positive expectations about another's motives with respect to one's self in situations entailing risk," (Boon & Holmes, 1991) that produces an intention to be "willing to act on the basis of the words, actions, and decisions of another" (McAllister, 1995). Because innovative behaviors generally require effort and risk, people who trust that others will listen to their ideas and suggestions, will be more likely to take the risks necessary to engage in innovative processes (Clegg, Unsworth, Epitropaki, & Parker, 2002).   Thus, the following hypothesis is developed:

> *Hypothesis 1:* In a virtual team context, trust in other team members will be positively related to team innovativeness.

Collaboration. We define collaboration as the degree to which team members' interact to resolve conflict or problems in such a way that a win-win situation results. Teams that are able to collaborate effectively are likely to be more innovative than teams that do not (Schrage, 1990). The absence or near absence of nonverbal, status, or other cues enables members in a virtual environment to be more assertive during problem-solving discussions. Thus, the following hypothesis is suggested:

> *Hypothesis 2:* In a virtual team context, collaboration will be positively related to team innovativeness.

According to Handy (1995), a collaborative environment cannot exist without trust, as individuals need to feel comfortable in sharing their ideas and opinions without fear of repercussion. Since one member of a team cannot fully control another team member's actions, trust is needed to strengthen the basis for cooperation (Nooteboom, Berger, & Noorderhaven, 1997); hence, the following hypothesis is developed:

> *Hypothesis 3:* In a virtual team context, collaboration will mediate the relationship between trust and innovativeness.

Face-to-face Communication. Without face-to-face meetings, facial expressions and body language are lost making communications between virtual team members more difficult to interpret and understand. Research has shown that at the early stages of the formation of a virtual team, face-to-face meetings are important especially if complex strategic issues are central to the performance of the team (Maznevski & Chudoba, 2000). These researchers found that successful virtual teams spent considerable time developing initial relationships among team members using face-to-face communication. This suggests the following hypothesis:

> *Hypothesis 4:* In a virtual team context, face-to-face communication will be positively related to team innovativeness.

According to Handy (1995), face-to face interaction is required for trust to form, yet this is difficult to accomplish when team members are geographically separated. Face-to-face communication has proven to be the most effective medium in facilitating trust (Nohria & Berkley, 1994) and is irreplaceable in rebuilding trust that has broken down. Based on this, the following hypothesis is offered:

> *Hypothesis 5:* In a virtual team context, trust will mediate the relationship between face-to-face-communication and team innovativeness.

Functional Diversity. A number of studies have shown that functional diversity (the extent to which team members have different expertise) has a significant impact on team innovativeness (Guzzo & Dickson, 1996). Functionally diverse teams are often unable to reach an agreement on programs of action, hampering innovativeness (Souder, 1987). In fact, Dougherty (1992) found that members of functionally diverse new product teams held widely varying perspectives on product innovation strategies, suggesting the following hypothesis:

> *Hypothesis 6:* In a virtual team context, functional diversity will be negatively related to innovativeness.

METHOD

Participants and Measures

Two hundred and two (out of a possible 261) virtual team members participated in this study by completing an electronic survey. A manager for each of the 33 teams surveyed, who was not involved as a team member but had knowledge of the team make-up, submitted information as to the functional expertise of the team members.

Team innovativeness. Innovation is a concept that conveys "intentional" change (Price & Mueller, 1986). Items used to assess the innovation dimension of performance were taken from an existing self-report instrument (Ettlie & O'Keefe, 1982; Tierney, Farmer, & Graen, 1999) and modified slightly by changing the context from the individual to the team and using a continuous scale. The coefficient alpha was 0.77.

Trust. Five items measured on a 7-point Likert scale were used to assess the level of trust each team member had in the other members. These items were derived from an organizational trust survey developed by Shockley-Zalabak, Ellis, and Cesaria (2000). Modifications to items were made to reflect the team level of trust and a 7-point scale.

Collaboration. Four items representing the problem-solving (or collaboration) dimension from the Dutch Test for Conflict Handling (DeDreu, Evers, Beersma, Kluwer, & Nauta, 2001) were used to assess collaboration of the working relationships among members

of the project teams. The questions were revised to reflect a team relationship and the scale was adjusted to a 7-point scale. The coefficient alpha was 0.91.

Face-to-face communication. This variable was assessed by asking team members to indicate on a 7-point Likert scale the extent to which they communicate face-to-face with other team members.

Functional diversity. A single question was asked of managers who had knowledge of the expertise of each member to identify specific functional areas to determine the variation in functional diversity for that team. Using the formula: $H = -\sum P_i (\ln P_i)$ (Teachman, 1980), where P was the fractional share of team members assigned to each of the various departments, the greater the distribution across functional area, the higher the functional diversity score.

Analyses

Structural equation modeling (LISREL 8.54) was used to analyze the data. Maximum likelihood procedures were used to estimate the hypothesized model and nested models were used to test mediation hypotheses.

RESULTS

Table 1 shows the descriptive statistics and bivariate correlations for variables included in this study.

TABLE 1
DESCRIPTIVE STATISTICS AND CORRELATIONS

	Mean	Std. Deviation	Trust	Collaboration	Innovativeness	Func'l Diversity
Trust	5.29	1.05				
Collaboration	5.22	1.11	.63**			
Innovativeness	63.12	18.48	.34**	.31**		
Functional Diversity	0.73	0.57	.06	.06	-.18*	
Face-to-Face Communication	3.74	1.85	.19**	.02	.19**	.01

*p < .05 **p < .01 ***p < .001

Figure 1 sets forth the standardized path coefficients and significance levels for the hypothesized relationships.

FIGURE 1
RESULTS OF MODEL ANALYSIS
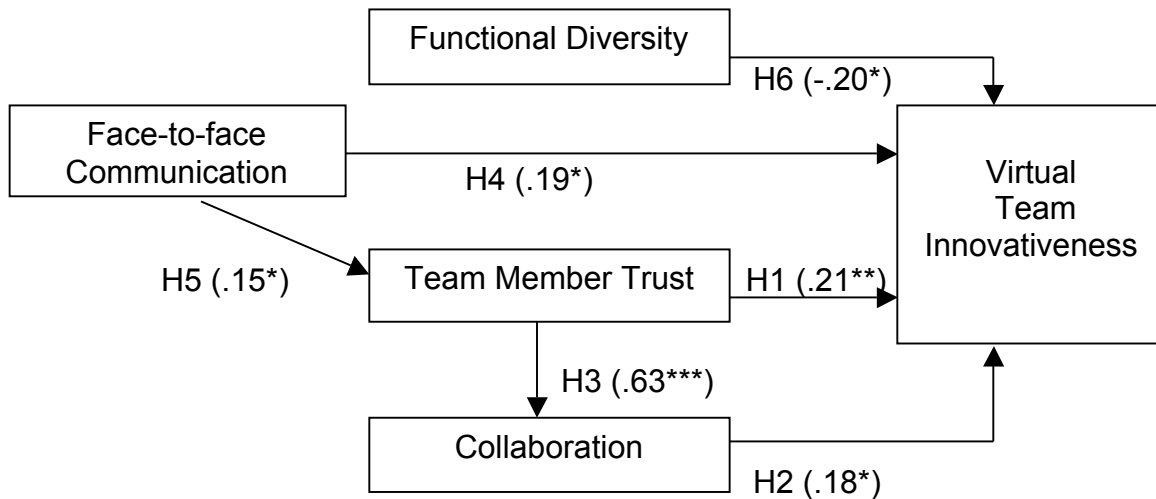
*p < .05 **p < .01 ***p < .001

The proposed model was a good fit (χ^2 = 4.42, df = 3, p = .22, n.s.; CFI = .99, NFI = .97, RMSEA = .049).

Trust in team members was significantly related to team innovativeness (β = .21) supporting H1. Collaboration was also positively related to team innovativeness (β = .18) supporting H2, and partially mediated the relationship between trust and innovativeness supporting H3. To test the mediation, we compared a nested model to the proposed model by constraining the path from trust to innovativeness to zero. The fit of the model decreased significantly ($\Delta\chi^2$ = 5.86, Δdf = 1, p < .05), suggesting that trust has a direct impact on innovativeness and is, therefore, only partially mediated by collaboration.

The extent of face-to-face communication was positively related to innovativeness (β = .19) supporting H4. In addition, H5, which hypothesizes that this relationship will be mediated by trust, was also supported. To test the mediation, the path from face-to-face communication to team innovativeness was constrained to zero. This caused the fit of the model to decrease significantly ($\Delta\chi^2$ = 4.89, Δdf = 1, p < .05), suggesting that face-to-face communication has a direct influence on innovativeness and is, therefore, only partially mediated by trust. The final hypothesis, H6, which states that functional diversity will be negatively related to innovativeness, was also supported (β = -.20).

DISCUSSION

This research is important to organizations because it identifies variables that may lead to increased innovation, a process that is essential in the current competitive and constantly changing global business environment. For organizations where innovation is the key to success, trust among team members may be a necessary component to innovation. Similarly, trust can significantly influence the team's ability to collaborate, which in turn, is positively related to the level of team innovativeness. Therefore, team members will have to develop trust early so that collaboration will then follow.

Although the extent of face-to-face communication was directly related to team innovativeness, it also influences this outcome indirectly through its relationship to trust. Although few would deny the benefits of face-to-face meetings in developing and maintaining trust (Nohria & Berkley, 1994) virtual team members may not have as many opportunities to meet in this way. Thus virtual teams are likely to need substitutes for face-to-face contact.

We found evidence that functional diversity was negatively related to virtual team innovativeness. This may be the result of different acronyms and language used by members with different expertise. Selecting members who are familiar with one another may be necessary to alleviate some of the potential problems of functional diversity.

Limitations

Several limitations should be noted that serve to caution researchers and organizations in generalizing the results from this study. First, the model that we developed is far from complete as virtual project teams are more complex than the simple relationships suggested here. Second a problem of common method variance could have inflated the estimates of the hypothesized relationships (Harris & Schaubroeck, 1990) since team members' perceptions were used for four of the five variables in the study. Finally, the sample used in the study was focused on project teams from high technology, international companies. Caution should be used in generalizing the results to other types of companies or teams.

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RELATIONSHIPS BETWEEN LEADERSHIP STYLE AND VISION STRENGTH:
THE MODERATING ROLE OF NEED FOR APPROVAL,
SELF-MONITORING, AND NEED FOR SOCIAL POWER

John J. Sosik, Penn State University - Great Valley
Sandi L. Dinger, Eastern University

ABSTRACT

This study examines the relationship between leaders' personal attributes, leadership style and vision strength. One hundred eighty three corporate managers from six industries, who completed a 14-week leadership development course, provided self-reports of their need for social approval, self-monitoring, and need for social power by the second week of the course. Eight hundred and nine subordinates provided ratings of their manager's leadership style by the third week of the course. Upon completion of the course, the managers wrote vision statements which were coded using Berson, Shamir, Avolio and Popper's (2001) vision strength categories. Charismatic leadership was most positively associated with inspirational vision themes, whereas contingent reward leadership was most positively associated with instrumental vision themes. Leaders' need for social approval, self-monitoring, and need for social power moderated these relationships.

INTRODUCTION

The past twenty years has produced an impressive compilation of research on charismatic leadership (cf. Bass, 1990; Conger & Kanungo, 1998; Hunt & Conger, 1999). Studies on charismatic leadership have focused on the context in terms of social interaction and historical factors (e.g., Berlew, 1974; House & Baetz, 1979), followers' traits, behaviors and perceptions (e.g., Madsen & Snow, 1983; Willner, 1984), the leader's personality and behaviors (e.g., Conger & Kanungo, 1998; House, 1977; House & Howell, 1992; Sosik & Dworakivsky, 1998) or various combinations thereof.

A more recent and promising area of study has focused on the pivotal tool charismatic leaders use to gain and maintain power through their influence on followers – the construction and delivery of visionary statements (Awamleh & Gardner, 1999; Berson, Shamir, Avolio, & Popper, 2001; House & Shamir, 1993; Kirkpatrick, Wofford, & Baum, 2002; Strange & Mumford, 2002). *Vision* represents a leader's idealized goal that is shared with followers and is central to the concept of charismatic leadership. Charismatic or visionary leaders throughout history have used their gift of inspirational articulation making them catalysts for change (i.e., social, political or economic) and therefore, what Burns (1978) referred to as transforming leaders or what Bass (1985) identified and further operationalized as transformational leaders. Empirical evidence has shown that charismatic, visionary or transformational leaders, through their understanding of the people and events around them, construct and deliver compelling

statements that inspire followers to accept their vision and behave accordingly (e.g., Bass, 1985; Conger & Kanungo, 1998; Mumford & Van Doorn, 2001).

Whereas the literature on content and delivery of vision statements is expanding, no prior research has examined the role that a leader's personal attributes plays in the formulation and articulation of vision statements. Failure by prior researchers to address this issue is unusual since theoretical overviews of charismatic and transformational leadership consider leadership influence to stem from the leader's *personal attributes* and behavior, follower attributions, the context, or some combination of these factors (Avolio & Bass, 2002; Conger & Kanungo, 1998; House & Howell, 1992). The present study addresses this gap in the literature by examining how three personal attributes of leaders (i.e., need for social approval, self-monitoring, need for social power) influence the relationship between leadership style and themes contained in vision statements. Examining these constructs' influence as moderating variables represents an important opportunity to expand on earlier work on vision (e.g., Berson, et al., 2001; Den Hartog & Verburg, 1997; Strange & Mumford, 2002). Understanding how these personal attributes relate to leadership styles and vision statements can help organizations to identify candidates for transformational leadership training, improve training programs on vision statement formulation, and match talents and strengths of managers to the inspirational and instrumental needs of the organization.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Shamir, House and Arthur's (1993) self-concept based theory of charismatic leadership provided the general theoretical framework for this study. This theory proposes that the leader, whose behavior is not only instrumental but also expressive of the self, develops and articulates vision statements that strongly engage followers' self-concepts in the interest of the vision articulated by the leader. In a political case study illustrating their theory, Shamir, Arthur and House (1994) linked examples of charismatic leadership (e.g., Jesse Jackson) with the articulation of inspirational vision themes, and non-charismatic leadership (e.g., Michael Dukakis) with the articulation of instrumental vision themes.

The present study examines the relationships between charismatic and non-charismatic leadership styles, vision content (inspirational versus instrumental themes), and three personal attributes of the leader. *Charismatic leadership* is defined as a social influence process that involves the formulation and articulation of an evocative vision, provides inspiration to motivate collective action, demonstrates sensitivity to environmental trends, and displays unconventional and personal risk-taking behavior. These behaviors result in leaders being role models for followers who become committed to the leader and the vision, experience task meaningfulness, and display self-sacrificial and organizational citizenship behavior (Conger & Kanungo, 1998; Shamir, et al., 1993).

We define charismatic leadership in the present study along core behavioral dimensions using relevant measures from the widely used Multifactor Leadership Questionnaire (MLQ-5X; Bass & Avolio, 1997). Inspirational motivation and idealized influence represent the two "charismatic" components of transformational leadership and are core dimensions described in the literature and consistent with Shamir et al.'s (1993) theory of charismatic leadership. *Inspirational motivation* involves communicating high performance expectations through the projection of a powerful, confident and dynamic presence. *Idealized influence* involves the display and attribution of role modeling for followers through exemplary personal achievements, character strengths and/or behavior (Bass & Avolio, 1997).

The present study also measures two types of non-charismatic leadership styles which are key aspects of Bass and Avolio's (1997) Full Range Leadership model examined in prior research on vision statements (Berson, et al., 2001). *Transactional contingent reward* leadership involves using goal setting and contingent rewards to influence followers. Such behavior clarifies followers' expectations, discusses specifically expected outcomes and performance targets, and uses rewards to reinforce the positive performance of followers. *Laissez faire* leadership reflects passive leader behaviors such as avoidance of getting involved, making decisions, and dealing with problems (Avolio & Bass, 2002).

A key assumption of Shamir and his colleagues' work is that leaders are self-expressive in their behavior and communication. Such self-expressiveness may include establishing and affirming one's values, ideals or personality traits by projecting them into one's rhetoricwhich may strengthen the impact and authenticity of the communication on followers (Shamir et al., 1994). The present study examines three personal attributes of leaders that have been linked to leader effectiveness: need for social approval, self-monitoring, and need for social power (Ben-David, 1992; Fodor & Riordan, 1995; Sosik & Dworakivsky, 1998).

Need for social approval represents an individual's tendency to seek approval from relevant others (Crowne & Marlowe, 1960). *Self-monitoring* refers to an individual's ability to regulate the presentation of his or her identity to others (Snyder, 1987). *Need for social power* is an individual's need to have influence, impact or control over others (McClelland, 1985). Pro-social influence, appropriate self-presentation and social desirability may be important for the successful formulation of a vision that is shared by followers.

Vision and Leadership Style

Vision statements are not unique to charismatic or transformational leaders. Leaders at various levels of an organization provide followers with statements about future goals and the requisite actions needed to attain those goals (Collins & Porras, 1994; Mintzberg, 1994).

Building upon these ideas, Berson et al. (2001) argue that leadership style can predict the type of message a leader chooses to convey through the vision statement. Their study was a significant first step in systematically examining the content of leaders' vision statements and how that content is related to a leader's style. Using earlier work on vision strength (Baum, Locke, & Kirkpatrick, 1998), Berson and his colleagues define a *vision statement* as an inspirational message to followers that expresses optimism about the future, confidence in achieving positive future challenges and opportunities, while highlighting the intrinsic needs that can be met and connecting this all to the core values of the organization. They argued that *strong* vision statements are more inspirational in their content and are crafted by charismatic/transformational leaders.

Consistent with the Full Range Leadership model (Bass & Avolio, 1997), Berson et al. (2001) contrasted the inspirational content created by charismatic/transformational leaders with that produced by transactional or contingent reward leaders. They hypothesized that weaker vision statements are less inspirational in their content and are crafted by transactional or passive leaders. Transactional contingent reward leadership concentrates more on what Berson et al. (2001) refer to as instrumental themes, identified as an emphasis on extrinsic goals, goal setting and outlining time frames for accomplishment of goals. Accordingly, the following two hypotheses are grounded in Berson et al.'s (2001) original ideas on the relationship between leadership style and vision strength.

> *Hypothesis 1*. Charismatic leadership will be more positively related to inspirational vision themes than contingent reward or laissez faire leadership.

> *Hypothesis 2.* Contingent reward leadership will be more positively related to instrumental vision themes than charismatic or laissez faire leadership.

Personal Attributes, Leadership Style and Vision Strength

Almost no research exists identifying specific variables that moderate the relationship between leadership style and vision strength. Berson et al. (2001) highlighted this as an important area for future study, and while they did test the moderating effect of organizational size, the present study proposes three personal attributes (need for social approval, self-monitoring, need for social power) as moderating the relationship between leadership style and vision strength.

Need for social approval. The need for social approval, or social desirability, is a personal attribute that has been extensively researched to explain a number of phenomena, including leadership effectiveness (Ben-David, 1992; Schriesheim, 1979). An individual with a high need for social approval is dependent upon the opinions of others and will act in a manner consistent with what he or she believes will secure the approval of relevant others. Therefore, the individual lacks confidence to act

independently of what he or she perceives to be the popular or accepted position. In contrast, a person with a low need for social approval is not as concerned with securing acceptance from others and tends to be more confident in his or her own attitudes and behaviors. Such a person is less compelled to accept what is popular and more apt to break with customary or traditional attitudes and behaviors than the high approval seeking person (Crowne & Marlowe, 1960).

Self-confidence is a personal attribute of the charismatic leader (Conger & Kanungo, 1998; House, 1977). Given that well-known charismatic individuals have been identified as catalysts for significant social and political change, it follows that these individuals would also have a low need for social approval. For example, Dr. Martin Luther King, Jr. was confident in his fight for civil rights. If Dr. King had a high need for social approval, he would have succumbed to the popular notion at the time that segregation was an acceptable and necessary social institution and the civil rights movement would not have been a victory credited to his leadership. Instead, he pursued his vision for change, at great personal risk to himself and his followers, with a low need to seek the approval of the vast majority of Americans who condoned, either actively or passively, racial inequality (Bass, 1985). Therefore, a leader who possesses a low need for social approval is likely to resist conformity, submissiveness and normative anchoring. Such resistance may be required to present an inspirational vision that radically challenges the status quo.

Conversely, a high need for social approval is related to lower levels of confidence in acting independently of popular opinion and to the cautious setting of goals. Such a disposition has been linked to a vulnerable self-concept and to self-protective and conflict-avoidant behavior (Crowne & Marlowe, 1960). Therefore, a leader who seeks the approval of others will be more likely to accept the status quo and focus his or her energies on maintaining currently accepted norms by clearly articulating the instrumental activities that need to be accomplished in doing so. Taken together, these arguments suggest:

> *Hypothesis 3*. Leaders' need for social approval will moderate the relationship between leadership styles and vision content. Specifically, (a) the relationship between charismatic leadership and inspirational vision themes will be more positive for leaders with a low need for social approval; whereas, (b) the relationship between contingent reward leadership and instrumental vision themes will be more positive for leaders with a high need for social approval.

Self-monitoring. Prior research has identified self-monitoring as an important antecedent of leadership emergence and effectiveness (e.g., Bass, 1990; Bryman, 1992; Ellis & Cronshaw, 1992; Gardner & Avolio, 1998; Snyder, 1987; Sosik & Dworakivsky, 1998). High self-monitoring individuals are astute at scanning their environments, more accurately reading social cues, and adapting their behavior, or self-presentation, to appropriately match the particular situation in which they find themselves. Conversely,

low self-monitoring individuals are less sensitive to cues in their social environment and they do not adjust their behavior to match the appropriateness of the situation (Schlenker, 1985). To the extent that leadership is a social influence process, self-monitoring ability may enhance a leader's capacity to meet the expectations of followers.

Research on charismatic leadership, through a focus on dispositional attributes (Bass, 1990; Gardner & Avolio, 1998; Sosik & Dworakivsky, 1998), supports the idea that charismatic leaders engage in self-presentation or self-monitoring tactics to influence followers. Charismatic leaders who are also high self-monitors more accurately identify follower needs and values and regulate their own behavior to reflect a consistency with these needs and values. An effective method for doing this is tailoring the emotional content of their message to meet follower hopes and expectations (Gardner & Avolio, 1998; Sosik, Avolio, & Jung, 2002).

In this vein, Snyder's (1987) concept of "hard" versus "soft" selling in the consumer behavior field provides a useful linkage between self-monitoring and leadership style with regard to the construction of vision statements. Image-oriented advertising, as opposed to product-oriented advertising, focuses on a soft-sell tactic that creates an atmosphere which becomes the focus of the message, and not the product itself. Therefore, soft-selling attempts to invoke emotional based responses from consumers who identify with the image portrayed about the product regardless of the actual quality of the product. Such images are consistent with the evocative and appealing imagery contained in the emotion-laden and inspirational vision themes formulated by charismatic leaders (Den Hartog & Verburg, 1997; Emrich, Brower, Feldman, & Garland, 2001).

Conversely, the product-quality based advertisement typically focuses on the merit and functional value of the product (Snyder, 1987). Such images are consistent with the rational and instrumental vision themes formulated by non-charismatic transactional leaders (Shamir et al., 1994). Emrich et al. (2001) argued that charismatic leaders use words that evoke pictures that engage followers' senses and emotions, whereas non-charismatic leaders use words that appeal to followers' intellects. Appealing to the senses and emotions parallels image-oriented advertising's soft-sell approach, whereas appealing to the intellect parallels product-oriented advertising's hard-sell approach.

Based on descriptions of image-oriented versus product-oriented advertising, Snyder (1987) concluded that high self-monitors are emotionally expressive and favor image advertising, whereas low self-monitors favor product-oriented advertising. Given that high self-monitors favor image-based verbiage and self-monitoring's conceptual and empirical linkage to charismatic leadership (Gardner & Avolio, 1998; Sosik, et al., 2002; Sosik & Dworakivsky, 1998), we expected a leader's self-monitoring to enhance his or her ability to integrate inspirational themes into a vision statement. In contrast, low self-monitors favor merit and functionality-based verbiage (Snyder, 1987) which is

consistent with the instrumental themes reflected in the vision statements of non-charismatic transactional leaders (Shamir, et al., 1994).

Taken together, these arguments suggest that charismatic leaders who are also high self-monitors will use an image-based approach to create vision statements with more inspirational themes, while transactional contingent reward leaders who are low self-monitors will use a product-merit based approach to create vision statements with more instrumental themes. Thus:

> *Hypothesis 4*. Leaders' self-monitoring will moderate the relationship between leadership styles and vision content. Specifically, (a) the relationship between charismatic leadership and inspirational vision themes will be more positive for leaders who are high self-monitors; whereas, (b) the relationship between contingent reward leadership and instrumental vision themes will be more positive for leaders who are low self-monitors.

Need for social power. Based on McClelland's (1985) personality-based motivation theory and Howell's (1988) earlier work, House and Howell (1992) differentiate the power motive into a need for socialized power and a need for personalized power. Using McClelland's (1985) concept of activity inhibition, a leader with a high need for power also has either a high activity inhibition or a low activity inhibition. Those leaders with high activity inhibition feel more inclined to restrain their use of power and therefore exercise power in the service of others in a controlled manner. On the other hand, leaders with low activity inhibition are more apt to engage in self-aggrandizement and exercise dominance in pursuit of personal gain.

House's (1977) theory of charismatic leadership includes a moral dimension where leaders have a strong sense of their own moral values and communicate these to their followers by serving as role models. This moral dimension is reiterated in Bass's (1985) conceptualization of transformational leadership where leaders influence followers to transcend self-interests for the sake of the group or organization and motivate followers to seek higher-level, intrinsic needs. In their review of the literature, House and Howell (1992) conclude that the majority of contemporary charismatic leaders embody the traits and behaviors that are consistent with a socialized rather than personalized power motive. Given that such charismatic leaders generally possess a high need for social power, it would be expected that their vision content would reflect greater inspirational themes than leaders with a low need for social power.

In contrast, transactional leaders focus on contingently providing followers with extrinsic rewards in exchange for accomplishing the common goal. These leaders are "more concerned with efficient processes… [t]hey are more concerned with what will work… [t]hey display their flexible tactics by suitable use of their power to reward or punish to maintain or improve what they see are satisfactory processes and organizational

arrangements" (Bass, 1985, p. 122-123). A focus on "suitable use of their power" denotes socialized power.

Given the work of House (1977), House and Howell (1988) and Bass (1985, 1990) on socialized charismatic leadership and Bass's (1985) description of contingent reward leadership, we focused our attention on the need for social power as a potential moderator of the relationship between leadership style and vision content. Specifically, we propose that a high need for social power will moderate the effectiveness of each type of leadership (charismatic and contingent reward) in creating vision statements reflective of their respective foci (inspirational and instrumental). Thus:

> *Hypothesis 5*. Leaders' need for social power will moderate the relationship between leadership styles and vision content. Specifically, the relationships between (a) charismatic leadership and inspirational vision themes, and (b) contingent reward leadership and instrumental vision themes will be more positive for leaders with a high need for social power than leaders with low need for social power.

METHOD

Participants

There were a total of 183 focal leaders, 119 men and 64 women, who participated in this study. The average age was 32, with a range of 21-65. Participants were *full-time corporate employees* from various management-levels ranging from first-line to executive management within 102 organizations within six industries: financial services/insurance (24%), information technology (18%), life sciences (30%), manufacturing (7%), services (15%) and government/education (6%). They had worked, on average, four years in their current position and had a job tenure range of one to 20 years. They had worked, on average, ten years for their current organization and had a company tenure range of one to 35 years. Twenty-five percent of the leaders were first line managers, 60% were middle managers, 10% were senior managers, and 5% were executives. The majority of participants (78%) were Caucasian, with the remaining individuals identifying as Asian (14%), African-American (6%), Hispanic (1%) and Native American (1%). Study variables did not differ significantly across organizations, industries, race, job tenure or organizational tenure.

Sampling and Procedure

Participants were working professionals (i.e., adult students) enrolled in a 14-week leadership development course. The course is part of an Executive Master of Business Administration program in a large public university in the Northeast. The course focused on enhancing leadership potential with an emphasis on self-awareness, visioning, and charismatic and contingent reward leadership. The final sample was drawn from the

total of 250 participants enrolled in nine sections of this course offered during the period 2002-2004 and taught by the same male instructor. The 67 individuals not included in the final sample were those who either chose not to participate in the study or failed to complete vision statements. Participants and non-participants were not significantly different on demographic characteristics such as age, gender or job level.

Data were collected through an Internet-based survey, which was introduced to focal leaders prior to class, completed online outside of class, and submitted directly to the researchers by the second week of class (Time 1). This survey assessed leaders' need for social approval, need for social power, self-monitoring, and personal and organizational demographics. At Time 1 leaders also identified 10 followers and their primary supervisor as potential raters. Five followers were randomly selected (by an algorithm built into the Web site) as invitees to participate in the study. An email was sent to these followers asking them to help the leader complete his/her course requirements by participating in a 360-degree feedback assessment and completing an online survey by the third week of class. This survey assessed followers' ratings of the focal leader's leadership style and followers' demographics. To ensure that a minimum of three followers rated each leader, the Web site emailed a series of reminder notices to followers until they submitted their online surveys. Three to five followers rated each focal leader.

Three months after the followers had submitted their surveys (Time 2 – week 14 of the course), participants were instructed to create and submit a *written* vision statement for the university's alumni association. Participants were instructed that the vision statement should represent what the ideal future for the association might be 5 years in the future, after they had completed their MBA degree. All participants receive free first year membership to the alumni association upon graduation. The alumni association is the largest of all U.S. universities. At the start of the training, participants were told that their vision statement assignment is the course's capstone project and should represent an application of all they have learned during the course. This assignment was worth a significant part (40%) of their course grade. Both written and verbal instructions framed the assignment in terms of a leader's social responsibility to the university and community (e.g., "Community service is often a prerequisite for career advancement to executive-level and political leadership positions.")

Measures

Personal attributes. The present study measured three self-reported personal attributes of the focal leader. *Need for social approval* was measured using Reynolds' (1982) 13-item short form of the Crowne and Marlowe (1960) Social Desirability Scale ($\_$ = .77). A sample item reads "No matter who I'm talking to, I'm always a good listener." Leaders rated each item on a 7-point scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*).

Need for social power was measured by using Good and Good's (1972) 28-item, dichotomously scored, self-report measure of social power motivation (e.g., "I would find influencing the lives of others to be a very rewarding experience," _ = .83).

Self-monitoring was measured using Snyder and Gangestad's (1986) 18-item scale (e.g., "I would probably make a good actor," _ = .76), with items rated on a 5-point scale ranging from 1 (*extremely uncharacteristic of me*) to 5 (*extremely characteristic of me*).

Ratings of leadership. Leadership ratings were obtained using aggregated sub-scales and items from the Multifactor Leadership Questionnaire (MLQ-Form 5X; Bass & Avolio, 1997). Previous versions of the MLQ have been criticized for their failure to empirically generate the factor structure proposed by Bass and Avolio to underlie transformational leadership (Yukl, 2002). However, other research (see, for example, meta-analyses by Antonakis, Avolio, & Sivasubramaniam [2003] and Avolio, Bass, & Jung [1999]) has shown the MLQ-5X to be a psychometrically sound instrument in terms of measuring the construct of charismatic leadership, and what Bass and Avolio refer to as "a full range of leadership styles."

The MLQ measures several leader behaviors and attributes described in Shamir et al.'s (1993) theory of charismatic leadership. These include linking leader's and followers' interpretative orientations, values and beliefs through the formulation and articulation of an inspiring vision, and role modeling positive behavior for followers to imitate. In the present study, the MLQ sub-scales measured as components of *charismatic leadership* include the following: Inspirational Motivation (4 items, e.g., "Articulates a compelling vision of the future," _ = .80), Idealized Influence- Behavior (4 items, e.g., "Talks about his or her most important values and beliefs," _ = .75) and Idealized Influence- Attribute (4 items, e.g., "Instills pride in others for being associated with him/her," _ = .74).

Transactional contingent reward leadership was measured using 4 MLQ items (e.g., "Makes clear what one can expect to receive when performance goals are achieved," _ = .78). *Laissez faire leadership* was measured using 4 MLQ items (e.g., "Delays responding to urgent questions," _ = .73). Followers rated each item on a 5-point frequency scale (0 = *not at all*; 4 = *frequently, if not always*).

Aggregation of scales for subordinate ratings of leadership was justified based on results of ANOVA, ICC and r_{wg} analyses. One-way ANOVAs were employed to compare within-group variance and between-group variance for the focal managers. ANOVA results where within-group variances are homogeneous while variances across groups are significantly different indicate that aggregation is appropriate (Dansereau, Alutto, & Yammarino, 1984). r_{wg} analysis provides a measure of agreement or consensus among raters on a single variable. r_{wg} index scores ≥ .7 indicate that aggregation is appropriate (James, Demaree, & Wolfe, 1984). Thus, the statistical analyses for Hypothesis testing are based on a sample size of 183 focal leaders.

Vision strength coding. Two graduate assistants independently coded each of the vision statements written by the focal leaders. Each rater was trained prior to coding the vision statements in the present study. Training consisted of (a) reading articles and chapters on visionary and charismatic leadership (e.g., Conger & Kanungo, 1998; Kets De Vries, 1998; Shamir et al., 1994) and full range leadership (Avolio & Bass, 2002), (b) coding practice speeches using the 12 category-coding scheme developed by Berson et al. (2001), and (c) coaching by the first author to bring raters' level of agreement on coding the practice speeches to a satisfactory level.

Using Berson et al.'s (2001) 12 categories, raters evaluated each vision statement in the present study on a 3-point scale assessing whether or not the theme was present in the statement (*1= definitely not present, 2 = not sure if present, 3 = definitely present*). This 3-point scale was used instead of Berson et al.'s (2001) dichotomous scale to increase the variance of ratings across the vision statements (Kerlinger, 1986). Inter-rater pre (post)-discussion agreement in coding, computed across all categories, was 87% (94%), indicating adequate inter-rater reliability.

Following Berson et al. (2001), we aggregated (i.e., averaged) the post-discussion coding scores of the 2 raters for each of the 12 categories in the coding scheme. Table 1 presents the means and standard deviations for each of the categories and specifies the factor loadings for each of the 12 categories relative to each factor. Results of a principal components factor analysis using varimax rotation produced a two factor solution. The first factor, representing Inspirational Vision themes, accounted for 41% of the total variance. The second factor, representing Instrumental Vision themes, accounted for almost 22% of the total variance. Aggregated vision theme scores for categories comprising these factors were used as indicators (i.e., measures) of the Inspirational and Instrumental latent constructs in the data analysis.

Control variables. Based on prior research (e.g., Baum et al., 1998), we entered focal leaders' gender, management level and organizational size into the data analysis as covariates to control for their possible effects on focal leaders' vision strength and followers' ratings of leadership behavior.

Data Analysis

The hypotheses were tested using the partial least squares structural equation modeling technique (PLS; Wold, 1985). We used PLS-Graph (version 3.0; Professor Wynne W. Chin, University of Houston, wchin@uh.edu), a graphics-based program for performing PLS analysis, in this study. PLS is being adopted by a growing number of leadership researchers (see House, Spangler & Woycke, [1991], and Berson et al. [2001] for examples of PLS application to leadership research).

TABLE 1
DESCRIPTIVE STATISTICS AND FACTOR LOADINGS OF THE VISION THEMES (N = 183)

Vision Themes	*M*	*SD*	Factor 1	Factor 2
1. Presents an optimistic picture of the future	1.51	.69	*.79*	.10
2. Expresses confidence that the vision is achievable	1.48	.70	*.85*	.05
3. Links the vision to specific values	1.45	.80	*.81*	08
4. States the importance of followers' participation	1.46	.70	*.80*	.13
5. Compares vision to other efforts	1.18	.87	*.54*	.11
6. Links the vision to intrinsic benefits	1.16	.77	*.70*	.25
7. States a specific mission/vision	1.14	.84	.31	*.50*
8. States the importance of the mission	1.22	.80	*.81*	.15
9. Highlights tomorrow's opportunities	1.42	.78	*.78*	.18
10. Ties goals or examples to the mission/vision	1.34	.74	.30	*.80*
11. States a specific time frame for the vision	.85	.84	.06	*.87*
12. Links the vision to extrinsic benefits	.93	.62	-.02	*.90*

Note. Vision theme scores range between 0 and 2. Italicized values reflect largest factor loadings.

PLS generates estimates of standardized regression coefficients for the model paths, which can then be used to measure the relationships between latent variables. A jackknifing procedure called blindfolding with an omission distance of 10 was used to evaluate the statistical significance of the path coefficients (Chin, 1998). The blindfolding procedure omits a part of the data matrix for a particular variable and then estimates model parameters (e.g., path coefficients) associated with that variable. This process is repeated as often as the omission distance, which refers to how many data points in the data matrix are skipped before omitting the next data point. A conservative hurdle rate of $p < .001$ was used to indicate significance. PLS also generates factor loadings for each measurement item, which are interpretable similar to results produced by principal components factor analysis.

To test Hypotheses 3-5, we followed a typical approach for detecting moderating effects in PLS. Data were grouped into low and high sub-samples based on a median split of each of the three leader's personal attributes. Using PLS analysis, we estimated path coefficients and standard errors for the sub-samples. An unpaired t test was used to compare path coefficients for the effects being compared in Hypotheses 3-5 (Jung, Chow, & Wu, 2003).

RESULTS

Table 2 presents the scale means, standard deviations, alphas, and Pearson Product-Moment correlations among the measures. PLS generates statistics to test the reliability and validity of latent constructs with two or more indicators. These statistics are summarized in Table 3, which shows the factor loadings, weights, composite scale reliabilities and average variance extracted.

First, the factor loadings of indicators associated with each construct were high, equaling or exceeding .6, indicating adequate reliability, except for one vision item measuring instrumental themes which was slightly below .6. Second, the composite scale reliability for each construct, an internal consistency estimate similar to Cronbach's alpha, exceeded the suggested cut-off of .7. Third, the average variance extracted by the above constructs from their indicators exceeded the recommended criterion of .5 for all measures (Chin, 1998).

In PLS, convergent and discriminant validity is assessed using criteria similar to a multi-trait/multi-method analysis (Wold, 1985). Specifically, the construct representing items should share more variance with its items than with other constructs in the model (Chin, 1998). In Table 2, the diagonal elements in the matrix show the square root of the average variance extracted by each construct with its indicators. Adequate convergent and discriminant validity was obtained based on an inspection of these results; the boldfaced diagonal values (convergent validities) exceeded those values in the respective columns (discriminant validities).

Table 2
Means, Standard Deviations, Alphas, and Intercorrelations among Study Variables (N = 183)

Variable	M	SD	_	1	2	3	4	5	6	7	8	9	10	11	12
Follower's ratings of leadership															
1. Inspirational motivation	2.80	.49	.80	**.90**											
2. Idealized influence attribute	2.89	.49	.74	.73	**.89**										
3. Idealized influence behavior	2.69	.47	.75	.69	.72	**.91**									
4. Contingent reward	2.71	.45	.78	.68	.65	.69	**.79**								
5. Laissez faire	.48	.34	.73	-.31	-.51	-.36	-.34	**.75**							
Vision factors															
6. Inspirational themes	1.36	.59	.90	.32	.30	.29	.21	-.14	**.78**						
7. Instrumental themes	1.06	.65	.81	.04	.06	.09	.14	.01	.37	**.80**					
Leader's personal attributes															
8. Need for social power	21.69	4.53	.83	.12	-.07	-.01	.02	.18	.13	.17	**.72**				
9. Self-monitoring	54.20	9.43	.78	.11	.07	-.01	-.05	-.05	.00	.07	.20	**.76**			
10. Need for social approval	4.53	.82	.77	.03	.07	-.03	.05	.01	.01	-.04	.11	-.21	**.84**		
Context and background															
11. Leader's gender	1.35	.48	--	.00	.02	.11	.08	.04	-.14	.13	-.07	-.07	.09	--	
12. Leader's management level	1.58	.96	--	.20	.14	.09	.23	-.08	-.07	-.14	.03	-.03	.14	-.10	--
13. Number of employees in the organization	28,917	4,011	--	.01	.07	-.00	.04	-.07	.14	.09	-.02	-.08	-.02	.12	-.15

Note. Gender of leader coded 1 = male, 2 = female. Management level coded 1 = first line manager, 2 = middle manager, 3 = senior manager, 4 = executive. Boldfaced elements along the main diagonal represent the square root of the average variance extracted. Correlations ≥ .14 are significant at $p < .05$ and those ≥ .18 are significant at $p < .01$.

Table 3

Factor Loadings, Composite Scale Reliability, and Average Variance Extracted for Multi-Indicator Constructs (N = 183 managers)

Construct	Measures	Factor Loading	Weights of Measures	Composite Scale Reliability	Average Variance Extracted
Charismatic leadership	Inspirational motivation	.90	.38	.93	.90
	Idealized influence attribute	.91	.37		
	Idealized influence behavior	.90	.36		
Contingent reward	CR1	.63	.26	.86	.79
	CR2	.80	.26		
	CR3	.83	.32		
	CR4	.86	.42		
Laissez faire	LF1	.73	.34	.84	.75
	LF2	.68	.21		
	LF3	.85	.47		
	LF4	.74	.29		
Inspirational themes	Vision theme 1	.78	.16	.92	.78
	Vision theme 2	.82	.14		
	Vision theme 3	.80	.15		
	Vision theme 4	.80	.15		
	Vision theme 5	.56	.11		
	Vision theme 6	.76	.16		
	Vision theme 8	.84	.21		
	Vision theme 9	.82	.19		
Instrumental themes	Vision theme 7	.56	.16	.88	.80
	Vision theme 10	.88	.39		
	Vision theme 11	.85	.31		
	Vision theme 12	.88	.35		

Note. CR = Contingent reward; LF = Laissez faire. Text for vision themes listed in Table 1.

Composite scale reliability = $(\sum \lambda)^2 / ((\sum \lambda)^2 + \sum var(\varepsilon))$, where the summation ($\sum$) is performed over all the items for a variable, λ is the factor loading, and $var(\varepsilon)$ is the variance of the error term of the item in question.

Average variance extracted = $\sum (\lambda^2) / (\sum (\lambda^2) + \sum var(\varepsilon))$, where the summation ($\sum$) is performed over all the items for a variable, λ is the factor loading, and $var(\varepsilon)$ is the variance of the error term of the item in question.

Results of Hypothesis Testing

Figure 1 summarizes results of PLS analysis for the overall sample. Hypothesis 1 was fully supported; charismatic leadership was more positively related to inspirational vision themes (_ = .37, $t(9)$ = 63.71, p < .0001) than contingent reward (_ = -.01, $t(9)$ = -1.59, ns) and laissez faire (_ = .01, $t(9)$ = 1.84, ns) leadership. Hypothesis 2 was also supported; contingent reward leadership was more positively related to instrumental vision themes (_ = .25, $t(9)$ = 17.51, p < .001) than charismatic (_ = -.09, $t(9)$ = -5.56, p < .001) or laissez faire (_ = .03, $t(9)$ = 3.32, ns) leadership.

Hypotheses 3a and 3b were supported. As shown in Table 4, managers' need for social approval moderated several of the relationships shown in Figure 1. Specifically, the relationship between charismatic leadership and inspirational vision themes was significantly more positive in the low need for social approval manager sub-sample than in the high need for social approval manager sub-sample. Moreover, the relationship between contingent reward leadership and instrumental vision themes was significantly more positive in the high need for social approval manager sub-sample than in the low need for social approval manager sub-sample.

Hypotheses 4a and 4b were supported. As shown in Table 5, managers' self-monitoring moderated several of the relationships shown in Figure 1. Specifically, the relationship between charismatic leadership and inspirational vision themes was significantly more positive in the high self-monitor manager sub-sample than in the low self-monitor manager sub-sample. Moreover, the relationship between contingent reward leadership and instrumental vision themes was significantly more positive in the low self-monitor manager sub-sample than in the high self-monitor manager sub-sample.

Hypotheses 5a and 5b were supported. As shown in Table 6, managers' need for social power moderated several of the relationships shown in Figure 1. Specifically, the relationship between charismatic leadership and inspirational vision themes was significantly more positive in the high need for social power manager sub-sample than in the low need for social power manager sub-sample. Similarly, the relationship between contingent reward leadership and instrumental vision strength was significantly more positive in the high need for social power manager sub-sample than in the low need for social power manager sub-sample.

DISCUSSION

Several key findings shed light on vision strength and its association with leadership styles. In the overall model, charismatic leadership was positively related to inspirational vision themes and *negatively* related to instrumental vision themes. Contingent reward leadership was positively related to instrumental vision themes, but unrelated to inspirational vision themes. Laissez faire leadership was unrelated to both inspirational and instrumental vision themes. This pattern of results provides some corroboration for

Charismatic Leadership

Contingent Reward Leadership

Laissez Faire Leadership

Inspirational Vision Themes
$R^2= .18$

Instrumental Vision Themes
$R^2= .07$

.37

-.01 *ns*

.01 *ns*

-.09

.25

.03 *ns*
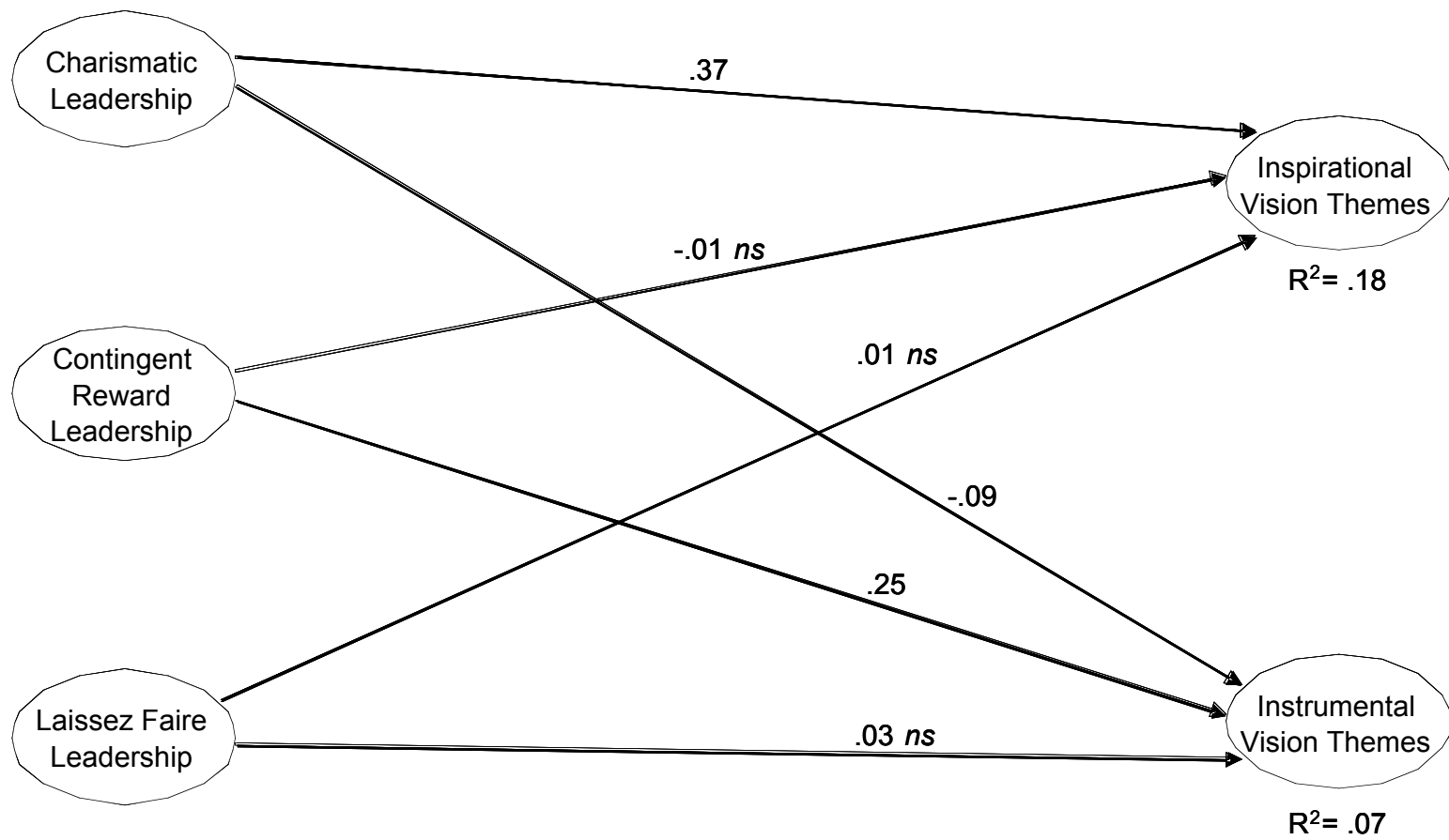
Note. All path coefficients significant at   *p* < .001, except *ns*.

Table 4
Moderating Effects of Need for Social Approval on Relationships in Model

Relationship in model	Path Coefficients		t-value of Difference in Path Coefficients
	Low Need for Approval Managers (n = 99)	High Need for Approval Managers (n = 84)	
Charismatic leadership → Inspirational themes	.45	.23	16.17***
Contingent reward leadership → Inspirational themes	-.02 ns	.10 ns	-9.82***
Laissez faire leadership → Inspirational themes	-.02 ns	.09	-12.05***
Charismatic leadership → Instrumental themes	-.02 ns	-.25	23.21***
Contingent reward leadership → Instrumental themes	.02 ns	.59	-57.83***
Laissez faire leadership → Instrumental themes	-.03 ns	.02 ns	-5.85***

Note. All path coefficients are significant at $p < .001$, unless specified *ns*. *t*-values based on 181 degrees of freedom.
*** $p < .001$.

Table 5
Moderating Effects of Self-Monitoring on Relationships in Model

Relationship in model	Path Coefficients		t-value of Difference in Path Coefficients
	Low Self-Monitor Managers (n = 97)	High Self-Monitor Managers (n = 86)	
Charismatic leadership → Inspirational themes	.32	.41	-12.22 ***
Contingent reward leadership → Inspirational themes	.08	-.05	17.64 ***
Laissez faire leadership → Inspirational themes	.01 ns	-.04	9.12 ***
Charismatic leadership → Instrumental themes	-.09	-.11	1.00
Contingent reward leadership → Instrumental themes	.42	.08 ns	22.78 ***
Laissez faire leadership → Instrumental themes	.05 ns	.05 ns	0.21

Note. All path coefficients are significant at $p < .001$, unless specified *ns*. *t*-values based on 181 degrees of freedom.
*** $p < .001$.

Table 6
Moderating Effects of Need for Social Power on Relationships in Model

| Relationship in model | Path Coefficients | | *t*-value of Difference in Path Coefficients |
	Low Need for Power Managers (n = 93)	High Need for Power Managers (n = 90)	
Charismatic leadership → Inspirational themes	.30	.37	-20.05***
Contingent reward leadership → Inspirational themes	.05	-.09	44.53***
Laissez faire leadership → Inspirational themes	-.07	-.12	11.24***
Charismatic leadership → Instrumental themes	-.02 *ns*	-.21	25.24***
Contingent reward leadership → Instrumental themes	.22	.34	-19.90***
Laissez faire leadership → Instrumental themes	.02 *ns*	.07 *ns*	-2.98

Note. All path coefficients are significant at *p* < .001, unless specified *ns*. *t*-values based on 181 degrees of freedom.
*** *p* < .001.

results reported by Berson et al. (2001). Consistent with prior research (Conger & Kanungo, 1998), Berson and his colleagues found transformational leadership to be positively associated with inspirational vision themes of optimism and confidence *and* instrumental vision themes. They also reported that contingent reward leadership was unrelated to both the inspirational and instrumental vision themes. Also, passive leadership was negatively related to both inspirational and instrumental vision themes in the Berson et al. (2001) study.

The differences in results between Berson et al.'s (2001) study and the present study can be explained by reviewing Shamir et al.'s (1993) conceptualization of charismatic versus transformational leaders. Charismatic leaders present vague and distal inspirational goals, rather than concrete instrumental goals. Often charismatic leaders rely on their followers to work out the details that are instrumental to achieving the vision (Kets de Vries, 1998), as evidenced by the negative correlation between instrumental themes and management level shown in Table 2. Thus, the present study's results provide support for Shamir et al.'s description of the vision content of charismatic leaders, and are at odds with Conger and Kanungo's (1998) argument that the visions crafted by charismatic leaders contain both inspirational and instrumental themes.

Differences in sample characteristics between the present study and that used in the Berson et al. (2001) study could explain the discrepancies regarding contingent reward leadership and vision strength. Participants in the Berson et al. (2001) study underwent

training that emphasized transformational leadership, and therefore participants may have focused on this style when crafting their vision statements. Also, participants in their sample came primarily from educational settings, whereas participants of the present study were corporate managers. Recent research (Sosik, Lee & Bouquillon, 2004) indicates that school administrators and teachers provide higher levels of psychosocial support to their subordinates than corporate managers. Several studies have found psychosocial support to be highly correlated with transformational leadership (e.g., Sosik, Godshalk & Yammarino, 2004).

The present study's training emphasized the need for corporate leaders to use both charismatic *and* contingent reward leadership. Also, the raters worked from videotapes of leaders in the Berson et al. (2001) study. Their raters may have attributed transformational behaviors based on non-verbal forms of communication displayed by leaders in the videotapes. Raters in the present study worked from written statements which precluded any attributions of charisma coming from non-verbal cues.

The negative relationship between laissez faire leadership and vision strength in the Berson et al. (2001) study may have resulted from confounding effects of operationalizing passive leadership using items measuring laissez faire *and* passive management-by-exception (MBE-P) leadership, whereas the present study used only items measuring laissez faire leadership. Both behaviors are passive however, a recent meta-analysis by Antonakis et al. (2003) indicated that MBE-P and laissez faire leadership are distinct leadership styles as originally proposed by Bass and Avolio (1997).

The present study found no significant relationships between laissez faire leadership and inspirational and instrumental vision themes. Our results are consistent with Bass' (1985) original idea that laissez faire leadership does nothing to promote optimism or clarify the means to the end for framing a vision for followers. In such cases, followers in corporate contexts often substitute for laissez faire leadership by using their own knowledge, exercising self-leadership, and demonstrating professionalism despite their indolent leader (Sosik, in press).

Study results also extend the work of Berson et al. (2001) and Shamir et al. (1993, 1994) by demonstrating how three personal attributes of leaders discussed in the leadership literature can moderate the relationship between leadership style and vision strength. For example, the need for social approval has been identified as a motive for gaining consensus in political and influence processes associated with transactional leadership (Bass, 1985; Burns, 1978; Yukl, 2002). Study results are consistent with these theoretical discussions in that they demonstrate that a manager's need for social approval enhances the relationship between contingent reward leadership and instrumental vision themes. In contrast, leaders who possess a low need for social approval, such as Richard Branson of the Virgin Group, have been characterized as "mavericks" (Kets de Vries, 1998) and authentic leaders who are less concerned about

saying the right things about themselves, but are more concerned with reflecting their values, beliefs and ideals in their messages (Sosik & Dworakivsky, 1998).

Results of post-hoc analyses indicated that high self-monitors (M = 2.87, SD = .43) were rated higher (t(181) = -1.97, p < .05) on inspirational motivation by their subordinates than low self-monitors (M = 2.73, SD = .53). This pattern of results is consistent with prior research indicating that leaders who are high self-monitors are emotionally expressive in what they say and how they say it, and adapt their message to their audience. In contrast, the relationship between contingent reward leadership and instrumental vision themes was more positive for managers who are low self-monitors. These results are consistent with descriptions of contingent reward leadership reflecting non-expressive, rational and functional exchanges of rewards and recognitions for accomplishments (Bass & Avolio, 1997). Indeed, consistency of behavior associated with low self-monitors may be necessary to create an impression of transparency, reliability, and functionality that supports the instrumental themes in the vision.

Managerial Implications

Results of the present study have at least three implications for managers. First, managers can be trained to produce vision statements that reflect their tendencies toward displaying charismatic and/or contingent reward leadership. Such training is consistent with the Gallup Organization's philosophy of building upon managers' talents and strengths for leadership development and follower engagement purposes (Rath & Clifton, 2004). Thus, senior management should consider delivering leadership training programs that teach managers about both the content and delivery of vision statements.

Second, when selecting managers for training programs in charismatic/transformational leadership, trainers should pay more attention to the personal attributes of potential participants. Study results indicated that managers who are high self-monitors, possess a high need for social power, and/or a low need for social approval may be most effective in reflecting their charismatic leadership behavior in inspirational vision statements. Inspirational visions have been proposed to elevate followers' level of commitment, perception of meaningfulness of their work, and willingness to make sacrifices for the organization (Shamir, et al., 1993).

Third, men have been stereotypically associated with *agentic* organizational behavior aimed at being instrumentally competent, rational and unemotional, whereas women have been described as more intuitive, empathic and emotionally expressive (Eagly, Johanneson-Schmidt, & van Engen, 2003). However, results of the present study shown in Table 2 suggest that men may be more effective than women in formulating inspirational vision statements. Whereas women may be more effective at articulating inspirational visions because of their expressiveness, perhaps trainers could build upon men's strengths in formulating inspirational visions by training them to deliver their message more effectively.

Limitations and Future Research Opportunities

Several limitations of this study offer avenues for future research. These include sample characteristics and measurement issues. The sample consisted of managers from the U.S. enrolled in an executive MBA leadership course. These individuals may not have been as invested in the study's task of creating a vision statement for their alumni association because the task represented a "role play" instead of a "real play" of leadership in their own organizations. This may also explain the divergence of the present study's results from past results (Berson, et al., 2001).

Regarding measurement issues, this study's results were based upon measures of charismatic leadership (inspirational motivation and idealized influence). Future research should explore whether study results would replicate for other transformational (intellectual stimulation, individualized consideration) and transactional (active and passive forms of management-by-exception) leadership styles measured by the MLQ. This study also did not examine the effects of the vision's content on followers' motivation and performance. Future research should use longitudinal designs to collect data on leadership styles, vision content and subsequent outcomes for followers using Shamir et al. (1993) as a conceptual framework.

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IS THE CONCEPT OF STRATEGIC ALLIANCE LIFE CYCLE USEFUL IN PREDICTING WHAT IS IMPORTANT TO ALLIANCE PARTNERS?

Rachel C. Wilson
The University of Nebraska at Omaha

Abstract

Previous literature has theorized that certain factors are of varying importance to alliance members, depending on which stage they occupy in this alliance life cycle. This study tests the ability of the life cycle perspective to account for variance in the importance of alliance and partner attributes. Results show little support for the assertion that the importance of these attributes changes with life cycle stage, or with any other similar chronological progression.

Strategic alliances have become a critical source of competitive advantage specifically in the biotechnology industry, providing even small organizations with finance mechanisms for their first years of operation and fueling innovation through R&D collaboration. Biotech products developed through alliances consequently have higher rates of success than those developed by individual organizations (Danzon, Nicholson, and Pereira, 2005). In the biotech industry, small organizations often ally with larger organizations in an attempt to fund prospective product development. In return, larger organizations, often entrenched in the pharmaceutical industry, take from the alliance many strategic spoils, like a marketable, patented product or royalties from a product they helped push through a clinical trial period. Not estimated to reach aggregate profitability until 2010 (Tansey, 2004), the biotech industry must rely on alliances to continue revenue growth. This virtual mandate on biotech industry members, coupled with the low 50/50 success rate inherent with alliances (Rule, Ross, and Donougher, 1999), makes the phenomenon of partnership between biotech and pharmaceutical companies an interesting topic of research.

Past literature has examined strategic alliances in an attempt to understand the drivers behind the success or failure of alliances to progress toward their intended outcomes. Overall, the conceptual literature on the subject has suggested that members of alliances in different life cycle stages have different sets of preferences for their partners and alliances, mainly due to different needs in the various stages. However, this life cycle perspective has not been thoroughly tested. This paper reports the results from an empirical test of importance of partner and alliance attributes relative to respondents' stage of alliance life cycle. A discussion of how these findings advance both our knowledge of biotech alliances and the theory surrounding the alliance life cycle follows.

LITERATURE REVIEW

Process Theory- The Life Cycle View

The literature on the process of alliance development and progression can be placed into four main streams of thought: life cycle theory, teleological theory, evolutionary theory, and dialectical theory (de Rond and Bouchikhi, 2004).

The life cycle approach to alliances views partnerships as progressing through a series of stages, delineated by certain events and features characteristic to each stage. One of the most perplexing problems with using past research on alliance life cycles lies that no two authors have used the same life cycle model to explain alliance development. The stages of an alliance life cycle, as described by Borys and Jemison (1989), include Definition of Purpose, Boundary Setting, Value Creation, and Hybrid Stability. The Wilson (1995) alliance life cycle model includes those steps, as well as an initial step of Search and Selection. This Search and Selection stage is proposed to be comprised of active searching and negotiation, more so than a primary Awareness stage proposed by Dwyer, Schurr, and Oh (1987), in which the partners simply recognize one another as potential exchange partners. Yet another paper on the alliance life cycle uses seven stages of progression: anticipation, engagement, valuation, coordination, investment, stabilization, and decision, yet does not provide hard evidence of reasoning nor data support for division of activities into those steps as opposed to placing them in other steps (Spekman, Isabella, MacAvoy, and Forbes, 1996). A majority of the literature in this vein relies on case examples, theoretical development, and qualitative research for support, which is ideal for concept-building, but provides little in generalizability.

Many of the constructs that affect alliance success are said to be active in some phases of the life cycle and latent in others (Wilson, 1995). Active constructs are those that receive a great amount of managerial attention (Wilson, 1995). Latent constructs are those that are resolved or moot and, therefore, do not receive a great deal of time or attention (Wilson, 1995). Environmental forces or alliance partners may play a part in activating a latent construct in any phase (Wilson, 1995).

Process Theory – The Teleological View

An alternative approach to conceptualizing alliance development is the teleological approach, or the idea that organizations work cyclically through repeated processes toward an intended outcome (Rond and Bouchikhi, 2004; Doz, 1996). This approach does not uphold the same linear, chronological progression of the life cycle, but supports the assertion that organizations continually improve their alliances on the way toward their desired outcomes. In this conceptualization, there would not be a difference in the importance of certain attributes from alliance formation to termination; instead, critical factors would be employed and reinforced throughout the alliance experience.

To ascertain the validity of the life cycle model as a tool in explaining variations in the importance placed on alliance and partner attributes, the following hypothesis was tested and revised to explore other possible hypotheses:

Hypothesis 1: The importance an alliance partner places on key partner and alliance attributes varies between alliances categorized as belonging in the Search and Selection, Defining of Purpose, Boundary Definition, Relationship Value Creation, and Hybrid Stability or Critical Decision life cycle stages.

METHODOLOGY AND RESULTS

To test the study's hypothesis, a two-stage data collection process was used. Twenty-one biotechnology and pharmaceutical executives participating in alliances were selected and interviewed using laddering theory to extract all of the alliance and partner

characteristics that were important to them in past alliance experiences. The results from these interviews were found to be consistent with previous literature on characteristics that were critical to alliance success or failure (contact author for a review of this literature). The results from the interviews were used to design a questionnaire, which was then pretested, piloted, and sent to 238 biotech executives who had been included in the sample for their past involvement with their organization's strategic alliances. Of those, 80 (33.6%) useable responses were returned.

The final questionnaire requested that respondents select a past or current partner to consider in completing the questionnaire. Questions were asked about major milestones that had been achieved and activities that were underway in the alliance and asked respondents to gauge the levels of importance and presence they perceived of the alliance and partner attributes that were extracted from the interview phase of research. Finally, the questionnaire concluded by asking the respondents information about their satisfaction with the alliance, their received value from the alliance, and demographics of their organization.

The final sample was comprised of respondents from alliances that had lasted from 2 to 158 months, with the average alliance lasting 37 months. When provided by respondents, alliance values ranged from $800,000 to $550 million. Annual revenues for respondent organizations ranged from $0 to $11 billion, and their number of employees ranged from 1 to 20,000. A majority of respondents indicated that they had been in 1 to 5 alliances, with 3 respondents indicating their involvement with over 40 alliances.

Measures

Respondents were broken into life cycle stages using activity-focused definitions of the stages from previous literature. No respondents were studied in the Search and Selection alliance life cycle stage. The items that were used to gauge the importance of alliance and partner attributes are shown in Table 2. Respondents were asked to rate from 1 to 7 the importance of each of these attributes using the following scale: (1 = Not important, 2 = not very important, 3 = somewhat important, 4 = moderately important, 5 = quite important, 6 = very important, 7 = critical). The number of responses for each item as well as the mean levels of importance attached to each attribute are shown in Table 2 as well.

One-way ANOVA was used as the statistical test to determine if the scores on importance of each factor significantly varied with life cycle stage. None of the items were shown to vary significantly in means across life cycle stages. The results therefore showed that Hypothesis 1 could not be supported with these data. To explore the possibility that these five life cycle stages were not the proper meaningful delineations between alliances in various stages of development, two further hypotheses were tested.

Hypothesis 2: The importance an alliance partner places on key partner and alliance attributes varies between groups placed in Alliance Formation, Alliance Activity, and Decision: Extension or Dissolution life cycle stages.

Table 2. Mean Importance of Alliance and Partner Attributes

Alliance or Partner Attribute	Number of Responses	Mean Importance to Alliance (1 = not important; 7 = critical)
1. Our partner is flexible toward this alliance.	80	5.49
2. This alliance has involved a win-win approach.	80	6.19
3. The negotiation period for this alliance was satisfactory.	78	4.74
4. This partner does what they say they will do.	80	6.14
5. This alliance is a priority to our partner.	78	5.67
6. This partner helps us to validate our technology for investors.	75	6.47
7. We have had to give up some control in this alliance.	73	4.62
8. This partner has an established infrastructure.	78	5.73
9. The contract in this alliance explicitly defines our responsibilities.	79	5.92
10. This partner will act in our best interests.	79	5.48
11. This partner has had a change in strategic focus during this alliance.	62	4.84
12. This partner has expertise in regulatory approval.	65	5.40
13. We have been able to identify a candidate or product to move forward.	66	6.17
14. This partner is skilled in product development.	74	5.39
15. Our partner can make decisions rapidly.	80	5.34
16. We feel helpless or dependent in this alliance.	69	3.52
17. Our partner provides us with funding.	76	5.32
18. Our partner would pay for additional research that we had to do.	69	5.04
19. We have a similar organizational culture to our partner.	74	3.49
20. Our partner shares our values.	72	4.81
21. Our goals for this alliance are aligned.	78	6.23
22. Our partner is a large organization.	77	4.83
23. Our partner has a reputation for being a good partner.	75	5.37
24. Our partner is knowledgeable about the technology area.	78	5.77
25. We have high levels of communication with our partner.	78	6.03
26. We knew members of our partner firm from past experiences	70	4.00
27. Our partner is trustworthy.	77	6.19
28. Our firm and our partner firm work well together.	76	5.96

When life cycle stages were reclassified into three more distinct groups, that is, of groups classified into the three stages of Alliance Formation, Alliance Activity, and Decision: Extension or Dissolution, only one significant difference in characteristics was found across the three groups at the .05 level: the importance of having a product in hand to move forward. This difference was found between those respondents in Alliance Formation and those in Alliance Activity (p=.015). The latter group considered the presence of an actual product to be significantly more important.

> Hypothesis 3: The importance an alliance partner places on key partner and alliance attributes varies between groups placed in Early Stage Alliance and Late Stage Alliance life cycle stages.

A third test was performed by combining the groups in the last two groups of the previous ANOVA: namely, the Alliance Activity and Decision: Extension or Dissolution Groups to gain the largest number of participants in each life cycle stage. The data were analyzed again, this time using an independent samples t-test, which gauged the

difference between Early and Later Stage Alliances to determine whether partners from alliances in their formative periods differed from alliance partners that had been active in their alliances for some time in the importance they placed on alliance and partner attributes.

Again, no major differences between the two groups were found. The Early Stage Alliance group was found to place significantly less importance on having a product in hand to move forward (p=.000), and curiously enough, significantly less importance on their partner's win-win attitude and approach to the alliance (p=.016). The Later Stage Alliances group was found to place less importance on the partner's ability to be skilled in product development (p=.029). Despite these 3 individual differences found between Early Stage and Later Stage Alliances, the absence of significant differences between these groups on 25 other important alliance attributes tended to support the assumption that alliance members do not differ in general in the importance they place on key partner and alliance attributes.

> Hypothesis 4: The importance an alliance partner places on key partner and alliance attributes varies with the length of time the partner has been in the alliance.

A final test was performed on the data using the months the partners had been in the alliance as an independent variable, in an attempt to test whether chronology at its most basic could produce a variation in the importance partners place on key partner and alliance attributes. Significance levels of bivariate correlations were examined between length of time in the alliance and each key attribute. The importance level of only one characteristic was found to significantly correlate with the time a partner had been in an alliance. As the number of months a member stayed in an alliance increased, so did the importance placed on partner expertise in regulation (p= .041). All other partner and alliance attributes showed no significantly strong correlation with time spent in the alliance.

DISCUSSION

Very few differences were found in the importance of alliance and partner attributes across alliance life cycle stages in this research. When the literature-proposed five-stage alliance life cycle model was tested for differences, no differences were found between groups. When this model was collapsed into a three stage Formation, Activity, Decision model of progression, the concept of having an actual product in hand to move to the market was more important to members of more developed alliances than to members of newer alliances. This finding is consistent with the idea that as alliances progress, members place more and more value on progress toward outcomes, that is, progress toward a marketable drug or biotech application.

When the life cycle was further collapsed into two stages, Early and Late Stage alliances, three attributes were found to differ between stages. Naturally, again, the importance of having an actual product in hand was more critical to later alliances than earlier. Secondly, the need to have a partner with a win-win, mutually beneficial attitude was more important to more developed alliance partners, perhaps because these partners had learned that the key to cooperation and success was an unselfish strategic approach in their alliances. Thirdly, partner skill in product development was more important to early

stage alliance members, perhaps because it was a major hurdle for them to cross as they moved toward marketability and commercialization. This quality in a partner would be something that would be very important as the members developed a better knowledge of their partners' capabilities.

In a research world wherein non-significant results are normally deemed "insignificant" to the field, the lack of support for the life cycle approach to strategic alliances as a method of determining which alliance attributes are most critical could be viewed as a setback. Instead, this research is proposed to make headway in the ongoing discussion surrounding how to approach the improvement of alliances from an outcome based perspective. Until this research, very few other studies have questioned the purely conceptual stream that supported differences in importance of partner and alliance attributes across life cycle stages. The inability of even simple correlations between age of the alliance and importance of attributes to produce significance indicated that truly, a chronological approach to determining active and inactive attributes cannot be supported.

Several limitations did exist in this research that should be noted. First, the small sample size of 80 companies did limit the ability for the ANOVA statistical test to determine small variations in importance across life cycle stages as being significant. However, this limitation likely did not unduly influence the results of the study, as larger groups were studied using collapsed life cycle stages, and their testing did not support a linear framework. Secondly, the focus of this study in the biotechnology and pharmaceutical industries limited the generalizability of this study to organizations in other industries. Similar research should be conducted to determine the applicability of the life cycle framework in determining importance of alliance and partner attributes in other industries.

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Please contact the author at rcwilson@mail.unomaha.edu for a full list of references and information.

DIVISION III

MANAGEMENT THEORY AND PRACTICE, STRATEGIC MANAGEMENT, BUSINESS AND SOCIETY, AND GLOBAL MANAGEMENT

A PRESCRIPTION DRUG FOR CORPORATE SCANDALS

Bennett Annan

Pepperdine University
Graduate School of Education and Psychology, GSEP

Abstract

The uproar and the commotion caused by the crises of Enron and others resulted in investors losing confidence in corporate America. It caused a great deal of pain, and investors were hurt. The reputation of the business community was tarnished. To prevent further scandals, the U.S. Congress passed the Sarbanes-Oxley Act 2002 which the author believes is a band-aid. In this article, the author prescribes a permanent solution to this chronic and nagging problem.

Introduction

The purpose of this paper is to inform the American investment business environment that the Sarbanes-Oxley Act, which the U.S. President signed into law in 2002, "to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws and for other purposes" ("The Sarbanes-Oxley Act of 2002," 2002, p. 1) is a band–aid and does not offer a permanent solution to corporate scandals. As an owner of a small engineering consulting firm in California and an integral part of the American business community and capital market system, I can say with all certainty that the changes in the accounting practices and financial reporting adopted in the reform still leave loopholes in the system for greedy executives to exploit.

We are frequently reminded through the American media of how the actions of executives at Enron, Andersen, Worldcom, and other businesses severely damaged investor confidence and tarnished the collective reputations of both the business owners and the business community. The actions of these few business leaders have led many people to lose substantial amounts of their 401(k) and retirement plans. They also lost something that no one can put money on—their confidence in financial reporting and the institutions involved in it. The full impact of those losses is hard to estimate and it's difficult to overcome (Quigley, 2003).

The Sarbanes-Oxley Act of 2002 was passed into law two years ago, yet the debate over its accomplishment still rages on today. Questions being asked today include: Is the Sarbanes-Oxley Act effective?; Are the reforms real, or simply another band–aid to quickly hide the wounds of the American investor?; Did it really solve the problem? My belief is that the Sarbanes-Oxley Act might have helped to reduce the corporate scandal but can never alleviate the problem because it did not attack the problem at its root, that is: the character of the greedy, dishonest, and distrustful corporate executives.

SPELT Analysis

Based on the stock market and corporate fraud, I have generated a Social, Political, Economic, Legal, and Technology (SPELT) analysis matrix, shown in Figure 1, to offer strategic choices to business executives reacting to four major business situations in order to eliminate or minimize corporate fraud. It is intended as a framework for

deciding strategies that corporate America can use to avoid corporate scandals.

There are four main categories for selection, and each quadrant has a specific reactionary mode to the particular situation as defined by the quadrant. The matrix has some understandable limitation (i.e. what is high/low stock market and high/low corporate fraud) that will be addressed later.
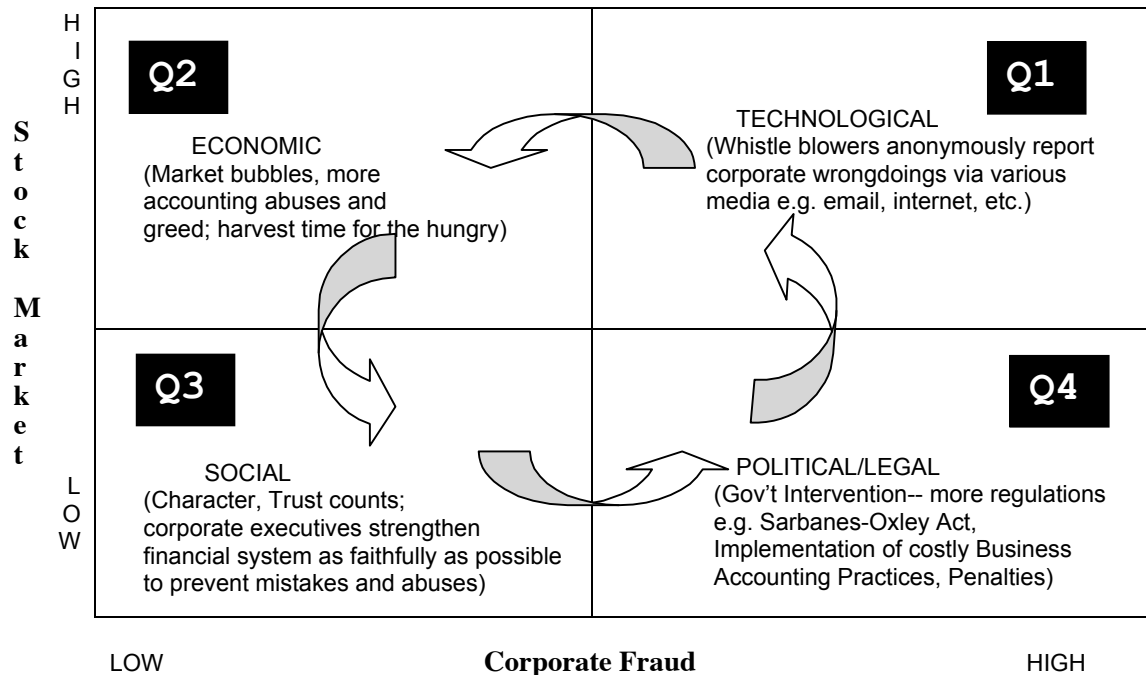
Figure 1. SPELT Analysis Matrix offering strategic choices to business executives reacting to four major business situations.

Quadrant 1, Q1: Technological

Here corporate fraud is high and so is the stock market. This means the Securities and Exchange Commission's regulation of implementing technology to enable whistle blowers to anonymously report corporate wrongdoings via e-mail and Internet programs such as the Anomymizer.com can be monitored and clearly enforced. This will raise the level of awareness and alert corporate executives that someone is watching. This will help reduce corporate fraud and enhance easy movement into Q2, a more desired state.

Quadrant 2, Q2: Economic

Here corporate fraud is low and the stock market is high. This is when the market bubbles, opening up new opportunities for American investors and the business community. No doubt it is the most preferred state and the most visible and sensitive quadrant of the four.

It is also the harvest time for the new audience, that is, the opportunist and the hungry, opening up new opportunities for more accounting abuses and greed. This means measures in Q1 need to be strengthened sufficiently to prevent the mistakes and abuses that occur when markets overheat. If the provisions in Q1 are not fully established, we will easily slip from this state to Q3.

Quadrant 3, Q3: SOCIAL

Here corporate fraud is low and the stock market is low. In this state, there is

greater investment community concern especially when the significant declines in stock market are a result of public distrust of those responsible for reporting corporate performance information. This is where character counts; trustful and honest corporate executives are needed to strengthen the financial system as faithfully as possible to prevent the mistakes and abuses that could lead to the Q4 state, a more nervous and devastating state.

This is the state in which we develop honest and trustful executives to replace existing greedy and dishonest ones. The new executives are then marketed to the existing investment community in an effort to prevent investors from losing their nerve.

It is also the state in which most investors lose hope in the market and start to sell more and buy less. This state also promotes inside trading scandals because everyone wants to cash out as quickly as possible. It is no wonder these activities easily lead to the Q4 state.

Quadrant 4, Q4: Political/Legal

Here the stock market is low and yet the corporate fraud is high. This is a nervous state to be in and it calls for overwhelming pressure on political leaders to act. Anything less would lead to a stock market crash.

In this state, corporations might see a lot of government interventions, more regulations (e.g., Sarbanes-Oxley Act), implementation of costly business accounting practices, and penalties "corporate governance reforms– code of ethics, no new personal loans, forfeiture of certain bonuses in the event of certain misstatements; new penalties; enhanced and more frequent review of filings by the SEC" (Sheridan, 2003, p. 7). This is also when we call on the government to bail us out.

Arguments

Pros

Many executives in the business world today believe that the Sarbanes-Oxley Act of 2002 is working, and I have heard and read this argument several times. They argue that the audit committees have expanded their understanding of the financial reporting process and accounting policies; they now conduct exploratory investigations of management and auditors, and the law has improved transparency and reduced the risk of corporate fraud.

In addition, they contend that SOA of 2002 has changed the way in which business executives view their responsibility for financial reporting and that it has changed how CFO's make reference to and interact with operating management on financial reporting and disclosure. They also proclaim that the SOA of 2002 has changed the audit relationship with our clients and that our relationship has shifted away from one centered on the CEO and CFO, and toward the audit committee. It is a big move, according to those who endorse the law, promoting the fact and appearance of independence.

I think the strongest argument they offer is that the SEC has filed some 258 enforcement actions through the end of July 2003, 72 of them involving financial fraud or reporting. In addition, "the commission has sought to prohibit 95 offending corporate executives and directors from holding such positions with publicly traded companies" (Quigley, 2003, p. 2).

Finally, they argue that a post-Sarbanes-Oxley survey revealed that, "the number of committees meeting six or more times a year has risen to nearly four-fold, to 30

companies. And audit committees are spending more time per session on the work at hand" (Quigley, 2003, p. 4). And the time spent on committee sessions has increased more than a third of what they were pre-Sarbanes-Oxley. To them these are good indicators that the audit committees have become more alert and corporate scandals might soon be a thing of the past.

Cons

The men and women in the business community who support the notion that the Sarbanes-Oxley Act of 2002 is not working attribute this to the fact that, "the Sarbanes-Oxley Act is subject to interpretation by the rule-making processes of the SEC and the Public Company Accounting Oversight Board"(Sheridan, 2003).

Another argument is that in today's business community when firms are finding ways to develop and implement cost-reduction programs in order to survive, SOA implementation is adding more burden and high cost to the business community as a whole and making them less and less competitive. "There are additional reporting requirements, and more extensive disclosures and control systems put in place to meet them" (Quigley, 2003, p. 2).

They also claim that the very reason the Sarbanes-Oxley Act of 2002 was passed into law was to rebuild investor trust and faith, but the law hasn't done enough to tackle this issue. For example, recent developments such as those at HealthSouth make me believe that this regulation is clearly inadequate. HealthSouth Corp. founder Richard M. Scrushy "lied repeatedly during four days on the witness stand in order to win lighter punishment for his own involvement in the $2.7 billion accounting fraud at the company" (Shmukler, 2005, p. C.2).

Finally, I believe that the Sarbanes-Oxley Act of 2002 has done very little to put corporate wrongdoers behind bars, but in my mind, those few who have been incarcerated were simply used as scapegoats to indicate that the SOA is truly a good solution to the problem and to boost morale in American business investment.

My Opinion

I think that the American investor no longer has confidence in the integrity of the vast majority of members of our profession and in the executive officers of corporate America. They believe that vast majority of the men and women who lead our corporations, companies, and firms today are dishonest and unethical people. They don't understand the law's importance in restoring public confidence in American business.

The time has come for the United States Congress to face up to the reality of corporate fraud and to work toward implementing regulations that will attack the root cause of the problem so that it doesn't resurface (e.g. HealthSouth and a few others are emerging despite the SOA of 2002).

It is clear that whenever there is an unwanted situation that consumes resources such as the excessive corporate fraud, and the situation tends to repeat itself, then there is a possibility that it might be beneficial to figure out what is causing the situation and remove it. Generally, this is referred to as Root Cause Analysis: finding the real cause of the problem and dealing with it rather than simply continuing to deal with the symptoms, which is what the recent reforms and the Sarbanes-Oxley Act of 2002 have accomplished.

It is obvious that only when a person is dishonest and unethical does he become greedy. When promoted to a corporate executive position, this person eventually

becomes a corporate thief. Promote only honest and ethical people to executive positions and educate the potentially future executives on good character and ethic and corporate scandals would never be an option, but only a thing of the past.

Thus, a permanent solution to this crisis can be achieved if and only if the proposed reform seeks to develop the character and ethics of executives. "In the face of war and recession, what the business world needs is less greed—and more love. More than ever, the road to prosperity is paved with a commitment to generosity" (Sanders, 2002, p. 64).

Character will make the difference. Let's pass additional regulatory reforms that will allow only honest and ethical executives to run corporate firms. This will change the American business landscape. Together with the Sarbanes-Oxley Act of 2002, it will not only strengthen the system, but it will also prevent the mistakes and abuses that occur when markets become too excited. This is the only way out of this crisis because it addresses the root cause of the problem and prevents it from resurfacing.

If this character regulatory reform is put in place, I predict that in 5 years, the entire accounting profession and all participants in the financial reporting process will look back on the corporate scandals and say it truly reduced the risk of fraud in financial reporting. More important, it restored the American investors' trust and faith in the stock market.

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MEASURING THE EFFECTIVENESS OF INTERNATIONAL FACULTY DEVELOPMENT PROGRAMS[1]

Paula E. Bobrowski, Auburn University
bobrope@auburn.edu
Pamela L. Cox, State University of New York at Oswego
pcox@oswego.edu
Robert Schell, State University of New York at Oswego
schellr@oswego.edu

ABSTRACT

This study was designed to measure the academic success of a faculty international development program. Ten faculty members from an AACSB accredited program participated in a 10 day trip to Mexico. The program included visits and lectures at two campuses in two different cities, four company tours, lectures at the US embassy in Mexico City and several activities to introduce faculty to the Mexican culture. The program was designed with the goal of enhancing faculty members' abilities to be effective educators of trade issues with Mexico. They were asked to incorporate international content into their class to advance students understanding of NAFTA, the Mexican culture and Mexican business environment. Based upon the social cognitive literature, a survey was developed to assess pre-test post-test differences in "teacher self-efficacy" that occurred on the international development program. We employed somatic differential scales to measure the changes in subjective culture that occurred during the process of immersion into the Mexican culture. The results of the study demonstrated significant positive results in faculty learning. Our aim here is to present a model that can be used by other institutions to evaluate the effectiveness of their international development programs.

INTRODUCTION

Our nation and business schools in particular are acutely aware of the fact that we desperately need to enhance the international education of our students. The new AACSB Standards state that challenges (AACSB, 2005, pg. 1):

Complex demands on management and accounting education mirror the demands of organizations and managers. Challenges come from

- Strong and growing global forces

- Differences in organizational and cultural values

- Cultural diversity among employees and customers

- Changing technology in products and process

In this environment, management education must prepare students to contribute to their organizations and the larger society and grow personally and professionally throughout their careers. The objective of management accreditation is to assist programs to meet these .

In order to accomplish the globalization of the curriculum several researchers and authors have identified the need to better prepare faculty that are teaching international business (Muuka et. al., 1999). There is a plea for a more interdisciplinary approach to international education. In addition, there is general agreement that to be effective teachers of global issues, international business professors must be backed in part by their qualifications, work experience, and publication records. As Kwok, Arpan, and Folks, (1994, p. 614) pointed out, faculty internationalization is essential if curriculum internationalization is to take place.

There are several governmental programs that provide funding to support the Internationalization of the curriculum. For example, in 2004-2005 the Department of Education's Title VI-B Business International Education (DOE Title VI-B) provided $1,700,000 of funding to ten campuses across the nation with business programs to enhance their international educational programs. A major part of the funding goes towards faculty international development programs.

The authors of this paper were awarded a DOE Title VI-B grant and the funding was partially used to create an international faculty development program that focused on Mexico. In their efforts to assess the effectiveness of the program they developed a pre and post test assessment tool to measure the impact of the program on faculty learning. The government does not provide this type of program evaluation, and there are no reported cases of this type of evaluation for international development programs reported in the literature. Most programs employ a post program evaluation to assess faculty satisfaction with the program. These are primarily used for program improvement purposes. The desire of the authors is to present a replicable model of program assessment that they can use to measure more than merely program satisfaction. With the development of a program assessment model they were able to demonstrate the effectiveness of their program's ability to reach the larger goal of educating faculty.

GOALS OF THE INTERNATIONAL BUSINESS FACULTY DEVELOPMENT PROGRAM

The overall goal of our initiative to internationalize the business curriculum was through a project called "*Project Globalization*". The program was designed to meet several national needs, described in "Findings and Purposes" [Section 611 (a) 1-4 and (b) 1 & 2] of Part B of Title VI of the Higher Education Act of The Congress (Department of Education, 2005). The goal is to insure the future economic welfare of the United States that is centered on preparing the business community to participate in international economic activities. The three initiatives in the project are outlined below. The evaluation model developed and the study reported in this paper focuses on the first initiative:

1) To enhance faculty members' ability to be effective educators of trade issues with Mexico. This objective will be accomplished by: developing an intensive 10-day program in collaboration with the Instituto Tecnologico de Estudios Superiores of Monterrey (ITESM) in Mexico, designed to educate faculty at SUNY-Oswego and the SUNY community colleges on issues of trade and the socio-economic-political environment of Mexico; initiating collaborations in scholarly activity between U.S. and Mexican faculty; and enhancing the knowledge of the community college faculty by delivering a two-day workshop on how to do business with Mexico.

2) To strengthen and expand the existing international business curriculum, which will be accomplished by developing 12 instructional modules, each addressing a different area relevant to international trade with Mexico. These modules will be infused into existing undergraduate courses that have the potential to reach over 9,000 students across the campus, by developing two international business minors, one for business majors and the second for non-business majors and by developing a new MBA course that will focus on international trade with Mexico.

3) To provide the business community with knowledge, skills and access to services and resources for trade with Mexico. This final objective will be advanced by developing and presenting 12 hours of training seminars targeted to the regional business community, particularly small and medium size firms, and by establishing a faculty consulting team to assist local firms to initiate or increase trade with Mexico.

Faculty international development was a key component of the program; the faculty members who participated in the Mexico program were critical for fulfilling the second and third objectives since they would subsequently be in charge of disseminating knowledge to students and the business community. For a detailed description of the faculty development program in Mexico see Exhibits A&B.

DEVELOPING A MODEL FOR MEASURING THE EFFECTIVNESS OF INTERNATIONAL BUSINESS FACULTY DEVELOPMENT PROGRAM

The effectiveness of the faculty development program in Mexico could be evaluated using several different methods including anecdotal information, descriptive statistics and inferential statistics, all as self reported measures. In our opinion, a better program evaluation could be derived from the social cognitive literature, a model that would actually demonstrate learning at the level of subjective culture. We wanted to demonstrate that in fact the cultural component of the program was effective in advancing faculty members understanding of Mexico in order to build their confidence in their ability to teach in their respective areas of expertise.

The social cognitive literature has a long established history in the area of subjective culture (Herskovits, 1955; Homonas, 1950, 1961; Whyte, 1959; Newcomb, 1961. Triandis best explains the meaning of subjective culture by stating "*Subjective Culture*

refers to variables that are attributes of the cognitive structures of groups of people. The *analysis* of subjective culture refers to variables extracted from consistencies in their responses and results in a kind of "map" drawn by a scientist which outlines the subjective culture of a particular group. In short, when we observe consistent responses to classes of stimuli that have some quality in common, we assume that some "mediators" (attitudes, norms, values, etc.) are responsible for these consistencies. It is the cognitive structures which mediate between stimuli and responses in different cultural settings that we wish to study. The elements of subjective culture are hypothetical constructs that help us simplify our observations of human behavior. They do not "exist" except in the mind of the scientist. There are no physical entities that constitute subjective culture, yet the variables that that will be included under this construct do help us to understand, predict and possibly even control human behavior" (Triandis, 1972 pg.3).

The objective of taking faculty members abroad is not only to have them learn about the technical aspects of conducting business in other countries, but to also learn about different cultures. This objective is just as important, if not more important, to the success of international business. Therefore, we wanted to measure the ability of faculty to learn about another culture and demonstrate self-efficacy regarding the new culture. Even though learning cognitive aspects of international business can take place anywhere, learning the affective cultural aspects requires emersion in the culture.

The psychologist and communication scholar Charles E. Osgood developed work in the measurement of the last of the dimensions of meaning: connotation (see Osgood, 1957). His concern was with semantics, and he devised a method to plot the differences between individuals' connotations for words and thus map the psychological 'distance' between words. Osgood's method is known as the 'semantic differential' method; the one we used was suggested by Triandis to map the pre-test and posttest, positions of the concepts "Mexican Citizen," "United States Citizen," and, as a control, "Canadian Citizen". We used this approach to visualize and explain the shifting positions of the concepts and, thus, the perceptions of "subjective culture." We were expecting to see changes in the way that the participants perceived the new culture. As Triandis has noted: "A broad definition of culture is that it is the human-made part of the environment. It can be split into material and subjective culture. Material culture consists of such elements as dress, food, houses, highways, tools, and machines. Subjective culture is a society's "characteristic way of perceiving its social environment" (Triandis, 1972, p. viii, 3). Semantic differential scales were used to measure the changes in subjective culture that occurred during the process of immersion in the Mexican culture (See Exhibits C,D,E,&F).

Another expectation of the program was to build the faculty members' confidence in their ability to teach about Mexico as it relates to their subject area. One way to define self-efficacy is an individual's estimate of his or her ability to cope with a situation, and the outcome expectancy is an individual's confidence in the likelihood of certain positive consequences occurring as a result of his or her actions and behaviors. As Bandura

noted: "Self-efficacy is the belief in one's capabilities to organize and execute the sources of action required to manage prospective situations" (1986). This combination of assessments of potential threat, and success and coping resources determines how confident an individual is any given situation. Given the vast amount of work in this area by social scientist, we used a pre and posttest to measure enculturation and the differences in "teacher self-efficacy" that occurred during the program.

Since we defined increased self-efficacy as a process goal, we based our scale on "The Teaching Confidence Scale" developed by Woolfolk Hoy (Tschannen-Moran & Woolfolk Hoy 2001). This scale was developed in order to devise a program-specific measure of efficacy. While the original scale was designed to measure the self-efficacy of pre-service teachers based on the intentions of their instructors, we used the skills and attitudes that were specified in the goals and objectives the program. We administered our instrument using the concept of "confidence in my ability to learn, explain, and use cultural insights" as a pre-test and post-test survey of the faculty. We compared the pre and post-test scores to determine if there was any evidence of a change in the scores over the duration of the Mexico program (See Exhibit G).

The data for this study were collected the day the faculty departed to Mexico for the international development program and again the day of return to the U.S. from the program. A total of 10 faculty members participated in the program and completed the surveys.

ASSESSING PROGRAM EFFECTIVENESS: WHAT LEARNING CAN BE MEASURED

One of the most important elements of this program was to introduce the subjective culture of Mexico. To the extent that the program was successful, participants should experience some shift in cultural stereotypes. The survey measured a shift in participant's view of US, Canadian and Mexican culture based upon the concept of subjective culture set forth by Triandis and measurements developed by Osgood. Using Osgood's visualization method Semantic differential, we were able to plot the differences between individuals' connotations for a given concept. We asked participants to describe a word on a series of bipolar adjectives (for example favorable/unfavorable). When patterns were different from one concept to another, we can interpret the Semantic Differential as a mapping of the psychological distance between the concepts. The results mapping of the cultural learning is presented in table 1, 2, 3, & 4 (available upon request).

What we do, how we behave, is better predicted by our beliefs about our capabilities than by what we are actually capable of accomplishing." A major focus of this project was to increase the self-efficacy of the participants. The results of the survey (see table 5) demonstrated that the program was effective in increasing the faculty confidence in their ability to apply what they learned in context of curriculum, teaching students and the business community. The items where the largest change occurred were:

- ITEM 4 Understand, interpret, and explain the cultural aspects of doing business with Mexican business leaders.
- ITEM 6 Understand, interpret, and explain the cultural differences between the United States and Mexico.
- ITEM 7 Understand, interpret, and explain the cultural similarities between the United States and Mexico.
- ITEM 8 Communicate effectively with members of the Mexican business community.

CONCLUSIONS

The goal of the faculty international program was to enhance faculty member's abilities to be effective educators of trade issues with Mexico. One of the most important elements of this program was to introduce the subjective culture of Mexico.

The program assessment model presented here proved to be successful in its ability to measure the effectiveness of the faculty international development program. It goes beyond the usual program satisfaction surveys found for evaluating many programs and demonstrates that there is a way to measure the programs' ability to reach the larger goal of educating faculty.

The main intent of the program was to positively modify the participants' subjective culture and subsequently increase their level of self-efficacy. The expectation was that they would then have the ability to include economic and cultural concepts into their teaching and better interpret the Mexican business climate and practices as a teacher and consultant. The program demonstrated that it was successful in increasing faculty's self-efficacy in their ability to learn, explain, and use cultural insights. It also showed that faculty experienced some shift in cultural stereotypes. When the government, institutions or individuals are spending somewhere around $5,000 per participant for programs of this type it is important to show that they are indeed effective in their goals and that learning can be measured in addition to satisfaction with the program. The method of measuring learning here can be easily adapted to other programs and different cultures.

Finally, we will address some of the major problems with measuring the effectiveness of small faculty development programs. In programs such as these small numbers of faculty go on such trips, and the selection process for faculty who attend does not reflect any kind of random sampling. Faculty members who participate in international development programs are generally self-selected and the average program size ranges between 10-30 participants. This creates an unavoidable limitation of non-random small sample size in such studies.

Note: All tables, references and appendices are available upon request (from Dr. Bobrowski at bobrope@auburn.edu).

INDIVIDUALISM AND ENTREPRENEURIAL BEHAVIOR
AS PRODUCTS OF MASS SOCIETY

Ingvild Brown ibrown@gmu.edu
George Mason University

ABSTRACT

Mass society breeds individualism and entrepreneurial behavior. The "progression from a 'natural' or 'primordial' physical environment to a 'constructed' physical environment" (Coleman, p. 1) has opened up new opportunities for individuals to take on a broader range of roles and identities in society. This paper explores several phenomena characteristic of our modern society and its emphasis on and encouragement of individual performance. The ramifications of these conditions are that entrepreneurial behavior is taught by the environment and that entrepreneurs are social animals molded by society. Hence, the widely accepted notion that entrepreneurs are aggressive, self-centered, self-motivated, immoral, driven by material values, and looking out for their own tangible and intangible gain without much regard to the consequences of their actions upon others is put into question.

INTRODUCTION

Entrepreneurs are often regarded as self-made individuals. Common perceptions are that they are aggressive, self-centered, self-motivated, immoral, driven by material values, and looking out for their own tangible and intangible gain without much regard to the consequences of their actions upon others. Existing knowledge of the nature of these individuals is concerned with individual behavioral factors and personality traits rather than with the socialization process of individuals that creates individualism and entrepreneurial behavior in society.

I offer a theory indicating that individualism and entrepreneurial behavior are results of the freedoms, opportunities, and challenges offered individuals in mass society. Entrepreneurial behavior is not, as commonly thought, an individual's lone journey, against long odds, towards egocentric power, fame, and monetary reward. Rather, modern society creates opportunities for actors to take on a broad array of roles and identities previously unknown because individuals have learned of new options that have sent them off in a multitude of directions in life. Actors are products of mass society who respond to the values and norms imprinted on them through positive and negative social sanctions throughout their upbringing. Many people, as they strive to fit in and find a position in life, become entrepreneurs. But instead of seeing these individuals as self-made and self-motivated people, they can be regarded as sheep following the herd of other entrepreneurs toward the Promised Land of the center of power and authority in their material universe.

I discuss six distinct phenomena in order to build support for the hypothesis that mass society breeds individualism and entrepreneurial behavior. The six phenomena are:

1. *The erosion of the family structure as part of society's transformation from a "'natural' or 'primordial' physical environment" to a "'purposively constructed'" organizational structure.* (Coleman, p. 1-2) The weakening of the family as an institution has

led to the outsourcing of a larger portion of child rearing responsibilities to created institutions. Individuals are both encouraged and forced to seek education, social interaction, and employment outside of the familial structure.

Today's societal structure is the result of several changes that slowly transformed our society over the past two centuries. At the macro level, these changes can be depicted as a transformation from a "'natural' or 'primordial' physical environment" to a "'purposively constructed'" organizational structure (Coleman, p. 1- 2) In other words, we have moved from a society in which the role of the family as the prime social institution for individuals has been replaced by created institutions such as schools, factories, governmental bureaus, the welfare state, and companies.

The weakening of the family as an institution has opened up new opportunities for individual actors outside of the family setting and encouraged as well as forced individuals to seek education, social interaction, and employment elsewhere. The family's greatly weakened control capacity coupled with the individual's newfound opportunities externally have sent individuals off in a multitude of directions in life, most of them previously unknown and unsought. As an individual is unable to obtain and fulfill needs such as emotional support, education, and employment from the family, his or her identity is no longer a matter only of his or her role within the hierarchy of the family structure. What becomes more important is the individual's role and identity vis-à-vis other persons, positions, and institutions external to the family.

2. *The educational institution's breeding of the insatiable individual.* As a larger share of child rearing responsibilities, previously embedded in the family, are outsourced to educational institutions, the goals and motivations for development of an individual have changed. Since the state has "strong interests in maximizing a child's value to society," (Coleman, p. 13) both in order to limit future liabilities and in order to ensure future tax revenues, individuals are raised to become self-sufficient good citizens. The school's focus on individual performance breeds individualism.

In mass society, constructed institutions have taken over many of the roles formerly embedded in the family, including child rearing. Nursery schools, daycare centers, and schools have become principal developmental institutions for children, and the role of the family in child rearing has weakened. According to Coleman, "child rearing institutions are not merely a supplement to the family, as they once were, but are primary child rearing institutions." (Coleman, p. 11) From one perspective, it can be argued that parents in mass society outsource the raising of their children to institutions for a price in order to have more time to deal with their own lives' survival issues, pressures, and problems. The parents' focus on their own individualism, brought on by the breakdown of the family support network, takes precedence over family roles and obligations. This is yet another manifestation of how mass society breeds individualism.

As a result of the concern for the future maximization and optimization of individual actors, the educational system trains them to become good citizens by rewarding behavior that enables them to become self-sufficient and positively contributing members of society. As pointed out earlier, Coleman sees a constructed social environment as a system based on positive incentives and rewards for performance. In a family setting as well as in educational institutions, positive incentives take the form of attention, appreciation, love, and interest. (Coleman, p. 14)

Educational institutions and parents alike encourage individualism since such behavior is seen to be the most promising future prospect for an actor's survival. Selective incentives are offered to individuals who perform according to the rules and norms of

individualism, and they are withheld from those who do not perform. (Hechter, p. 35) Most often, incentives are social and positive in nature, since these are most efficient in small groups such as a class setting where members "engage in recurrent face-to-face interaction." (Hechter, p. 35) Students are encouraged to stand out from the crowd and perform in front of the class through "show and tell" and "star of the week" programs, and their performance is rewarded with interest, attention, pats on the back, good grades, and other forms of social positive incentives. In addition, as the parents learn of their behavior, they get positive feedback from them as well, further reinforcing continued individual performances.

Entrepreneurs are molded, inspired, encouraged, and forced to become strong individuals as a reaction to an educational environment focused on individual performance. Their behavior is translated into entrepreneurial activities as they attempt to become good citizens and their strive for global adoration, respect, attention, and love has then been turned into entrepreneurial energy fueling the never-ending road to happiness, fulfillment, and contentment.

Is our mass society training children with "an eye single to future dividends?" (Du Bois, p. 95) Are parents and educational institutions encouraging "aspiration, that sets the loftiest of ideals and seeks as an end culture and character rather than bread-winning" (Du Bois, p. 95) which lead to children learning never to be satisfied? Are educational initiatives, such as "star-of-the-week" programs, common in many pre-K institutions, teaching children that it is good to be the center of attention and that it is good to stand out from the crowd and be an individual? Are parental and institutional pressures focused on future opportunities such as college education and career aspirations breeding a generation of individuals desperately seeking to fulfill society's expectations for individual performances? Are children being set up to disappoint themselves, parents, and society, and to fail continuously and for life?

3. *The socialization and molding of the rational actor.* Mass society offers multiple rewards, incentives, and positive social sanctions for those who comply with its rules, norms, and values. A rational actor will therefore typically comply with the demands placed on him or her. People do not act by themselves, but in response to people and institutions around them. When actors and institutions encourage individualism, a rational actor will act so as to develop his or her individuality because it will be in his or her best interest to exhibit this behavior.

Individualism and entrepreneurial behavior have come about precisely as a result of the influence from society. If it were not for an individual's exposure to and influence by others in our interconnected society, education about opportunities, the existence of role models at the individual's perceived center, and the ability to view himself or herself through the eyes of others, there would be no entrepreneurial or individualistic behavior. Precisely because they care so deeply about how others see them, do individuals engage in entrepreneurial activity in attempts to change the perception others have of them. In fact, entrepreneurs are so overly concerned with how others see them that one could make the argument that they are not very confident about their own role, position, and identity in society. Because of this insecurity and fear that others see them as inferior or not highly valued individuals, do they engage in entrepreneurial activities in order to change the perception others have of them. They then take on a role in a play they can produce and direct on a stage of their choosing.

4. *The individual's otherness and connectedness.* Many individuals in mass society are overly concerned with how others see them and pay close attention to how they might influence others' perception of themselves. Since the constructed physical environment

rewards individualism, an actor will constantly seek out connections between variables, issues, people, institutions, companies, and products. They will attempt to use this knowledge and information in order to stand out from the crowd and build an individual role identity for themselves.

Does mass society and its focus on individual performance and visibility cause many actors to live behind the veil? Does the veil cause us to think that our side of the veil is the best place to be? Do we become superior in our own minds and hence turn the tables on domination and subordination, if not in all, in our minds? Do we all experience this sense of otherness to some extent outside of the context of racial relations, but rather in the context of how others see us? Does this interpretation of how other see us through their veils lead to us to convince ourselves of our superiority in order to maintain some level of self worth? Does this identity then become just another dominant force against another, whether it comes in the form of race, color, education, income, position, or other?

Combining Du Bois' theory of double consciousness with Dewey's interactionalist ideas of connectedness between all elements of society gives us a powerful starting point for analyzing individualism and entrepreneurial behavior in mass society. In the next few paragraphs, I will show how these two theories can be used to enlighten us about entrepreneurs and some of their behavioral motivations. I will explain how living behind the veil can produce both negative and positive outcomes. I will give examples of how some successful entrepreneurs have been motivated by their double consciousness to act in entrepreneurial ways in order to prove their own self worth and that their ability to connect seemingly unrelated elements of a puzzle unseen by most have been instrumental to their results.

From a pessimistic point of view, the struggle to build an individual identity and to take on a role or position in order to interact with others, may be a daunting struggle hard to overcome for some. It may leave many people behind the veil. Mass society might produce individuals who give up and fall through the cracks. These individuals, in the words of Shils, constitute "a proportion of the population in every society [that] lives in a nearly vegetative routine, withdrawn and unresponsive except for occasional patches of harsh aggressive expansiveness." (Shils, p. 82) For other actors, the result is "a negative withdrawal from society and to an often active rejection," or for some "it releases an egoistic hedonism, an individual expansiveness." (Shils, p. 83) This illustrates the negative sides of living behind the veil.

Du Bois' quote can be taken as an admittance and awareness of racial prejudice and of how experiencing otherness or discrimination can turn to reactions in the form of wanting to stay in the otherness. In a hopeful and positive manner, however, building a racial self-identity, or any type of identify for that matter, which assumes a level of superiority, may become a mechanism of self-defense and survival. Perhaps entrepreneurship is one such mechanism. If an individual is not happy with the status quo, neither with his or her own role and standing in society nor with respect to his or her societal environment, entrepreneurial behavior becomes a mechanism for changing the world to make it a better place for oneself.

My observations reveal that entrepreneurs are very aware of how others see them, they crave professional and personal respect, love, attention, and interest from peers, mentors, families, and friends, and they use their entrepreneurial activities to build a better position for themselves. This illustrates the significance of Du Bois' theory of double consciousness in the creation of entrepreneurial behavior and entrepreneurs. Being aware of and concerned with how others perceive you represent a motivational force for entrepreneurial behavior.

Entrepreneurs often feel a sense of otherness. They feel that they stand out from the crowd, that somehow they are better, more intelligent, possess unique abilities and capabilities, see a future others don't see, understand issues and human nature better, know how to play others to get their way, and have a stronger vision of the future. There is often expressed frustration at the realization that others do not see them in quite such a favorable way. Entrepreneurs often disclose being very aware of how others perceive of them and their capabilities. They often feel undervalued, underestimated, under-respected, and become obsessed or at least very focused on proving the world wrong. They set out to show the whole world that their worth is much higher than what it gives them credit for. Entrepreneurs feel a sense of entitlement for at least the same as what their role models have achieved. These observations would be consistent with the entrepreneurial behavior manifesting itself at a young age when a child might feel low self-worth and attempts to attract attention and approval by engaging in behavior outside of the box.

Pioneering entrepreneurial efforts are those of an entrepreneur who follows an uncharted path, who invents a revolutionary product, or who thinks of ideas, concepts, products, and services not yet known to others. What drives pioneering entrepreneurial efforts, such as those of the entrepreneur who first invents a groundbreaking, revolutionary product? Or those of the entrepreneur who visualizes the future in ways others do not and follows a path others do not see, understand, or believe in? Dewey views this individual behavior as mysterious and describes these types of individuals in the following way: "The planets in a constellation would form a community if they were aware of the connections of the activities of each with those of the others and could use this knowledge to direct behavior." (Dewey, p. 25)

The nature of mass society, with its complex interconnections and its extreme emphasis on fostering individualism, encourages actors to make rational choices based on what is best for them. If society provides positive social sanctions for standing in the limelight and being different, then actors will think of a multitude of creative ways of attracting attention. One mechanism for attracting attention is to undertake something unique that others have not yet done, whether good or bad. The commonly used phrase: "Nobody remembers number two" constantly reminds individuals that just to do equally well as somebody else is not good enough. Being second best is not good enough. Hence, an individual actor who is motivated, perhaps by double consciousness, will go to extremes to think of connections between themselves, their peers, superiors, role models, institutions, and society at large in order to stand out from the crowd and reap the benefits of being a good citizen.

Pioneering entrepreneurs are not exceptional geniuses who are capable of ruling their world by sheer intelligence, intellect, power, money, or immorality. Rather, they have a unique ability to see connectedness between variables, issues, people, institutions, companies, and products and combine this helicopter view with a futuristic vision of this connectedness in order to capitalize on it through entrepreneurial endeavors.

5. *The search for a role identity or position in life.* In mass society, relations are no longer between persons, but between positions or offices. Thus, in the purposively constructed social setting, an individual must seek a position or office in order to interact with others. These positions or offices are, in contrast to those in the primordial system, temporary in nature and an individual may hold multiple positions at the same time or in a lifetime. (Coleman, p. 7)

As children grow up in a mass society in which the family is no longer providing and fulfilling basic human needs such as love, interest, and developmental support, the impact on

their perception of self can be significant. In the primordial social structure, a child was surrounded by family members the majority of the time and had all his or her needs met by the family organization. In a family setting, an individual did not have to question his or her position or role as it was clearly dictated by the internal structure and hierarchy of the family and, moreover, this position was permanent.

For some adolescents, entrepreneurship may become a vehicle for continued striving for the ideals instilled in them from childhood by parents and institutions. For others, growing up represents the realization that you are just one individual in a mass society, and that whatever you choose to do, there will always be others who can do it better. Some members of the latter group become bitter souls who are "bitter at the fate which drops the Veil between; and the very fact that this bitterness is natural and justifiable only serves to intensify it and make it more maddening." (Du Bois, p. 207) Others use their individual opportunities to continue to strive for a better life for themselves via entrepreneurial activities which enable them to build a new role for themselves at the center of a new social structure; their own company.

Many entrepreneurs are proud to be the black sheep of their families by having defied conventional lives within the family structure. A life within the hierarchy of a family often is viewed as a limited life with no real possibility for sustainability, let alone progress. Perhaps entrepreneurs like to identify themselves with the black sheep because it represents a distinct part of their developmental process of identity building in the constructed organizational world? For some, symbolically separating themselves from their identity within the family becomes very important, and perhaps it is an independence process toward another yet unknown identity. The latter identity may take on various forms throughout a person's lifetime.

Entrepreneurial behavior represents attempts at integrating oneself into society by creating a new role for oneself. Entrepreneurs are establishing a new identity through their actions, and they are attempting to build their own authority and achieve self-containment. (Shils, p. 66) This behavior is a response to social isolation, disintegration of families, and the emergence of central powers. The formation of a new venture is an effort to build or establish a new family structure and claim new territory. By starting a company, an actor can move closer to his or her perceived center by building a new role identity gaining power, authority, control, and respect in the process.

For many, entrepreneurial activity becomes a mechanism for continuous achievement in terms of growing as an individual and becoming a better citizen. For others, entrepreneurial or individual endeavors represent opportunities to defy convention, to go their own way, to spite their parents and society, and yet perhaps also to develop a new category or structure for themselves in which they can be number one. By creating a new organization, by taking on an impressive title, by attracting employees, and by being a leader, they can transform their role into that of a star, leader, or of a number one. This is a role most people, even the average performer academically and socially, can achieve with determination, passion, and hard work. Entrepreneurial behavior is then a way out of the forest of mediocrity and offers the possibility of continued stardom.

6. *The impact of role models.* Individuals choose role models "from the ranks of parents, peers, and teachers," (Hechter, p. 67-68) and they will imitate those they perceive to be the most powerful and prestigious. (Hechter, p. 67-68) Mass society's focus on individualism and materialistic values will produce more role models representing individual power, fame, and fortune. Hence, role models are contributing to breeding individualism.

Individuals defer and aspire to central power and authority. Shils argues that the further away from the center of power an individual is, the stronger he or she will feel the need to move closer to the center. Hence, a mass society will spur more individualism and ego-centrist behavior. Education has revealed the existence of a larger territory (Shils, p. 67), which in turn has resulted in increased awareness of one's own territory. These factors might be partial explanations of the increasing entrepreneurial activity we have witnessed over the past decades. Children growing up today are faced with role models from many walks of life through their families, schools, media, friends, and community groups.

Hechter's observations about the impact witnessing the fate of others can have on an individual are consistent with my observations of entrepreneurs and aspiring entrepreneurs. Most entrepreneurs disclose that they have strong role models inspiring and influencing their behavior. Entrepreneurship students respond in a strong positive manner to stories of successful entrepreneurs and show fascination with small details about how these role models tackled certain challenges on their way to success. Witnessing the negative fate of others, can also spur entrepreneurial ambition.

The importance of role models in molding individuals and stimulating entrepreneurial behavior is a two-way phenomenon. Society creates and puts forth certain role models by virtue of their contributions to society. For example, William Gates, Jr. is seen by many to be a good citizen who has made several important contributions to society and to the common good. When institutions such as schools, media, and government engage in cooperative initiatives with such a person, he is turned into a role model for the younger generation. On the other hand, young people seek role models who have achieved the goals they aspire for themselves. One could make the argument that role models in society constitute both a pull- and push phenomenon; role models are pushed down from the center to the periphery, but role models are also pulled down from the center to the periphery. Role models play a crucial role in the creation of individualism and entrepreneurial behavior in a constructed physical environment.

CONCLUSION

Mass society breeds individualism and entrepreneurial behavior because 1) the family structure has weakened, thus encouraging and forcing actors to undertake individual roles and positions outside of the familial unit 2) the constructed educational organization rewards and positively sanctions individual performance 3) as rational actors, individuals respond to their environment which emphasizes materialistic goals and individual entitlement 4) if an individual lives behind the veil (Du Bois, p.5), he or she may be overly concerned with how others see them and attempt to individualize themselves to fulfill basic social and physical needs 5) relations in mass society are between positions and offices and each actor must take on a role identity in order to participate 6) its focus on individualism and materialistic values has produced strong role models representing individual power, fame, and fortune.

Entrepreneurial behavior is not, as commonly thought, an individual's lone journey, against long odds, towards egocentric power, fame, and monetary reward. Rather, entrepreneurs are products of mass society who respond to the values and norms imprinted on them through positive and negative social sanctions by the social structure. The options offered individuals in modern society send them off in a multitude of directions as they struggle to fit in and find a position in life.

The common and widely accepted assumption that entrepreneurs are self-made, self-centered, self-confident, and aggressive individuals driven by material and monetary gains without regards for the consequences of their actions upon others is herewith questioned. To the contrary, entrepreneurs are social animals molded by their environment who take direction from the center of power and authority on their journey to find and build a meaningful identity.

Further academic research on entrepreneurs and entrepreneurial behavior should concentrate not only on the individual's relationship with isolated variables. Rather, attention should be paid to how entrepreneurs are integrated and interconnected players in society as a whole. I champion a cross-disciplinary approach to building new knowledge about the nature of entrepreneurship so that we can broaden our understanding of what is driving entrepreneurial behavior in today's modern mass society. No discipline alone; neither economics, nor business, nor sociology, nor psychology is capable of uncovering and demystifying all aspects of this problem. Hence, I call for cooperation across boundaries in order to deal with the cross-disciplinary complexities of the phenomenon of entrepreneurship.

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NAFTA: Its Impact on the US: A Strategic Perspective Analysis

Shahrokh W. Dalpour
Professor of Business, MBA, Ed.D

Paul Frederic
Professor of Geography, Ph.D

University of Maine at Farmington
USA

Abstract
Canada, the United States, and Mexico share the largest borders of any countries and one of the largest areas of free trade as described in the North American Free Trade Agreement (NAFTA). This paper goes into discussion of the arguments made in favor of and against NAFTA and other similar trade blocks. A review is made of the progress and results due to NAFTA and after much discussion on these points a strategic recommendation is given as to NAFTA's situation and future expectations.

Introduction

Canada, the United States, and Mexico are three of the largest countries in the world with equally impressive economies which also happen to share long, expansive borders. It only seems to reason that countries that share such qualities and that are in such close proximity to each other should be able to gain from trade and from investing with each other.

During the 1980s, economic and political systems around the world were facing some hard situations. Because Canada, the US, and Mexico readily noticed this and were in fact experiencing some of these very same things, they came to an understanding that it just may be a good idea to join together to form one giant free trade region (Cameron).

NAFTA was founded on a variety of goals to improve living standards and productivity in North America. NAFTA was meant to make provisions by way of eliminating tariffs in agriculture over 15 years and automobile tariffs over 10 years, tariffs on some 10,000 goods were to be done away with over a span of 15 years also, and certain patent and copyrights laws were to be protected (World Almanac) . It was thought that international trade could be encouraged by lowering and by eventually doing away with national trade tariffs, thus increasing the transport of goods and services among these countries, which would help create competition, and protect property rights. These enhancements were supposed to help create more suitable economic environments for expansion and creation of jobs and businesses, thus increasing access to foreign markets, foreign investment, and helping markets to grow (U. S. Planning Decisions Research and Planning). This kind of growth was suppose to spark economies of scale, competitive advantage, lower costs, specialization, and even a competitive labor force.

This study examines the impact of NAFTA at the global, national, and regional scales. Examples of other economic trade blocs and models are discussed, such as the European Union (EU), ASEAN, and Four Tigers. The three North American countries are strategically analyzed within the context of NAFTA, and the US economy is evaluated by economic sector and geographical region based on manufacturing, services, jobs, migration, and security after September 11, 2001.

NAFTA and Other Trade Blocs within a Global Context

FTA

For decades the U.S. and Canada have had an ever shifting trade relationship with times of free or near free exchange polices and other periods of tight regulations. Following an extended series of discussions the U.S. and Canada reached agreement on a comprehensive trade treaty that took effect on January 1, 1989. The Free Trade Agreement (FTA) represented a new era in economic relations between the two countries. The arrangement called for about a 20% reduction in bilateral tariffs on the first day of FTA implementation and to have all such barriers removed by 1998. An official framework was also established to address a variety of concerns (Archer). By 1994 the regional pact expanded to include Mexico. The addition of Mexico introduced new challenges. The US and Canada are both developed economies with high living standards and comparable regulations in the areas of fiscal standards, environment and labor laws. Mexicans have much lower standards of living with more lax regulations in all the above mentioned sectors. In addition, the migration of many undocumented people from Mexico to the US is a difficult situation. Despite the tremendous economic gap that existed between Mexico and its two NAFTA partners, the past 10 years have represented a decade of progress in trade relations from the official perspectives of all three countries (www.ustrade.org).

FTAA

FTAA is basically an extension of NAFTA to all the countries in Central and South America and the Caribbean, with the exception of Cuba. Unlike NAFTA, it probably would not include any environmental agreements because doing so would make it very difficult to negotiate (Magazine of Economic Justice).

Like NAFTA, the FTAA, for various reasons, would likely increase immigration among member countries. Under free trade those with comparative advantages, usually large corporations, are able to sell their goods in more places while those without the advantage, usually small businesses or farmers, are forced to seek work in a different area. However, this can cause even more problems because while goods are free to move across the border under free trade agreements, people are not. This often leaves workers trapped and without work (www.afsc.org).

Other Trade Blocs

The Four Tigers, also known as the East Asian Tigers, refers to the economies of South Korea, Taiwan, Hong Kong, and Singapore. These nations had very high growth rates beginning in the 1960s and running through the 1990s (www.nationmaster.com). By pursuing their plan for economic development the Four Tigers were able to grow from third world to first world countries in a few decades, a relatively short amount of time. Tigers find themselves very reliant on the economic health of the nations they export to. The Four Tigers have also lost their initial competitive edge, cheap productive labor, because it is starting to grow in many other places, most notably India and China (www.nationmaster.com).

The EU is an economic group of 15 countries (soon to expand to 25) in Europe. It started out as a customs union and is slowly moving toward an economic union (Hill 697). Its roots lead back to the establishment of the European Community in 1957 and the signing of the Treaty of Rome (Hill 274). Not only is the EU an area of relatively free trade but many have adopted the same currency, the Euro. The EU is several levels of integration above NAFTA. It is almost an economic union, which "involves the free flow of products and factors of production between member countries and the adoption of an external trade policy, but it also requires a common currency, harmonization of members' tax rates, and a common monetary and fiscal policy" (Hill 270). In many ways, the EU serves as a guide as NAFTA progresses.

Impact on the NAFTA Countries

Mexico

One of the major points brought out about NAFTA was that it was supposed to lift oppression in Mexico by increasing income for its people. Between the economy, inflation, and lack of concern and protection of the rights of the workers, the people have not been helped as much as NAFTA has originally stated it would. It has also effected those that live outside of the highly populated areas. Those that live in the more rural areas have had to make changes in their lives too. It was estimated that 1.75 million Mexican farmer have had to leave their farms to find better employment elsewhere (Moody). The World Bank figures that poverty has increased from 79 percent in 1994 to 82 percent in 1998 due to such fluctuations as these (Canadian Dimension). On top of lower wages, pollution has also been on the rise due to the factories that have been built. It is not possible though to say that all the negative things that took place from 1994-2004 have all been caused by NAFTA because many events took place during those ten years that have played a part.

Some of the positive aspects of NAFTA have been that many US suppliers have expanded there sectors substantially in Mexico due to tariffs being lowered, and in some cases these tariffs have been done away with all together. Since NAFTA, US exports have increased from 69.3 percent to 75.5 percent. Exports to Mexico rose from $11 million to $40 million. (U.S. Planning Decisions Research and Planning). Sectors that have seen the greatest increases were electronic goods, transport equipment, textiles, vegetable products, plastics, and chemical products (www.ustr.gov). US companies increased their foreign investment in Mexico by moving there locations to Mexico.

Canada

Canada is a major global economy and has benefited from expanded trade between NAFTA partners. Canadian manufacturers send more than 50 percent of their products to the U.S. market. Exports represent over 40 percent of Canada's gross domestic product (GDP), the largest percentage of any G-7 nation. Over 85% of Canada's exports go to the US, and Mexico and an estimated 2.3 million Canadian jobs have been created by NAFTA (www.dfait-maeci.ge.ca).

Expansion and continued globalization of the Canadian economy has been enhanced by NAFTA and the agreement may have been the single most important event for Canada during the 1990's (Barnes). As a developed country with a small national market, Canada had gained much from easy access to both the rich American marketplace and the growing Mexican economy. Despite the growing relationship between Canada and the US, Mexico's even faster growth in trade with the US may result in Mexico surpassing Canada as the US's largest trading

partner within a decade. Canada's exports to the US during the 1990's were fairly stable while those from Mexico to the US almost doubled (Scotiabank). Canada's role as a major world economic power is ensured well into the future; however, it will likely have to share a growing piece of the North American economy with Mexico.

United States

Growth in US exports has also helped to support existing higher paying jobs in the US and increased the need to create more jobs for the population. In 2000 US employment had grown by 20 million jobs since 1993, (The Washington Times A18.) but 525,000 US jobs have been officially deemed as having been lost as a direct result of NAFTA (Nichols).

The growth, though, in US exports has at the same time exceeded the growth rate of US imports, thus causing a trade deficit. This deficit increased from $9 billion in 1993 to $87 billion in 2002 between the US and other NAFTA countries (The Washington Times. A18). According to this data NAFTA's negative impact on the US's current accounts has trickled through the economy, and it is the reason for the negative impact on employment.

US GDP grew during the reign of NAFTA much more strongly then it had before. In small instances NAFTA has had a positive effect on the US economy (www.ustr.gov). In the ten years of NAFTA, US exports to Mexico and Canada have increased by about $200 billion, US tourism in Mexico and Canada has increased by 3 million arrivals since 1994, tourism in the US has increased slightly, between .5 to 2 more arrivals, per day, since 1994, and US direct investment in Mexico and Canada has increased by almost $100 billion (Fry). According to these figures NAFTA has improved many areas of the US economy which has led to a domino effect into other aspects of the economy.

Sector and regional winners and losers are difficult to differentiate from each other; however, some generalizations can be made. US sectors with great growth, over 100 percent to both Canada and Mexico, are high technology businesses, environmental technology, pharmaceuticals and scientific equipment. With the exception of pharmaceuticals to Mexico, increase in NAFTA exports exceeded export growth to the rest of the world. Several other sectors had NAFTA export growth that far exceeded growth to the rest of the world. Both motor vehicles and parts and pulp and paper products experienced little export expansion outside of NAFTA. These industries are confronted with fierce global competition that makes the NAFTA protected North American marketplace about the only region where they can grow.

Migration and Security

Since NAFTA was passed in 1994 immigration over the US/Mexican border has increased. Many of these new immigrants are displaced farmers from Mexico to the US that are no longer able to farm for a living because of cheaper imports from the US. The number of arrests of undocumented immigrants has also increased (www.theolympian.com). Currently, there are 21million people with Mexican origins living in the US; about nine million of them were born in Mexico (Hakim 5).

Since September 11, the US has become much more concerned with its security, including that of its borders. Some of the major concerns of the US and its borders are travel, visas, immigration, refugees, and dangerous goods. Congress has passed a law called the Enhanced Border Security and Visa Reform Act that should take effect by the end of 2005. Basically, it requires all persons entering or leaving the US to be logged in or out. Not only would this slow

things down, but another possible law will require truckers to give a day's notice of commercial shipping into the country. (Cody).

Conclusion and Strategic Recommendation

Now beginning its second decade, NAFTA has generated mixed results for its members. Trade among its members has grown at a much faster pace than it has between members and the rest of the world. Within North America there have also been major international shifts in job location, flow of venture capital, migration, and infrastructure in general. Ongoing flow of Mexican immigration into the US and post 9/11/01 security concerns complicate relations within NAFTA.

This analysis documents some of the varied impacts of trade agreements. Some gain while others lose. Future objectives should be directed toward greater equity at all scales (international, national and local). This can be achieved by:

1. Ensuring fairness in all economic, environmental and social/cultural transactions at international levels.
2. Ensuring that trade sectors disadvantaged by the agreement receive special aid consideration from all member nations as they undergo adjustment with respect to job enrichment, investment opportunities, and immigration and security policies and implementation.
3. Ensuring that regions of countries that are negatively impacted are provided assistance to adjust their economy in response to loss of jobs or other problems linked to the agreement.
4. Ensuring a single marketplace for the trade block with common immigration and security standards.
5. Ensure common trade block standards for environmental, fiscal and social services.

These long term goals will be difficult to achieve; however, they must be met for a trade block to function to the benefit of all its citizens.

After analyzing NAFTA we realize this model of economic integration and many other related issues need to be resolved. These problems require strategic recommendation which will strengthen free trade in the region. After reviewing areas related to NAFTA a better opportunity is presented for policy makers from the three countries involved to create more unity. We realize that there is still much justification and modification needed in the implementation of NAFTA and other trade policies. This suggested strategy, manifested as needed, would better suit the US, Mexico, and Canada in practicing free trade, providing methods to carry out business and economics transactions, and other related matters including social and cultural interaction.

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FUZZY LOGIC IN PERFORMANCE EVALUATION AND PROJECT TEAM ASSIGNMENT

Darko Galinec, Ministry of Defence, Republic of Croatia, darko.galinec@morh.hr

ABSTRACT

Project team work depends considerably on the contribution of its members and its management as well. Cooperation among members depends on the leader who is supposed to encourage interactions, growth and knowledge exchange among members. To identify the importance of each individual, a leader/manager must evaluate individual contributions. On the basis of such assessments, necessary and possible actions will be undertaken to improve the achievements of the team as a whole. A leader usually has defective and incomplete information at his disposal and, besides, is subjective. To solve the aforesaid problem, fuzzy approach and fuzzy logic are used. Fuzzy logic, as a method for soft-computing, as input values employs data with the following features; uncertainty and partial verity, indistinctive borders among particular categories. Fuzzy evaluation system has been designed to reduce evaluation subjectivity. The developed system, further on, serves to constitute project teams, by choosing a particular configuration of people within a team considering their knowledge and skills. The procedure for project teams optimal assignment has been developed, based on usage of a fuzzy system together with The Analytic Hierarchy Process (AHP) decision making support system.

INTRODUCTION

Classical theory of sets has considerably contributed to the development of numerous scientific program solutions designed for decision making where phenomena can be precisely measured. Classical set theory supports false (0) and true (1) values only. In problem fields where there are no such measuring possibilities, classical set theory does not render good results. Employment of classical sets theory can lead to misinterpretation of data and knowledge. Sometimes transfer from one set to another is not precise but gradual. In such cases, to classify members into well defined groups, it is necessary to define arbitrary boundaries among sets. The problem is even bigger when information needed for decision making is not available in exact, mathematic form, so judgement must be made with certain percentage of uncertainty. Such reflections have resulted in the development of fuzzy sets theory, which according to Zadeh (Schneider, Kandel, Langholz & Chew, 1996) differs from classical theory in one key standpoint: An element can belong to the fuzzy set, be completely excluded from the fuzzy set, or it can belong to the fuzzy set to any intermediate degree between these two extremes. Membership or not to a fuzzy set and its presentation through certain values makes classical theory a special case of fuzzy set theory. In classical sets theory a member can belong to a set if, and only if, it fulfils all conditions of the membership, otherwise it does not belong to the set. If, for example, the set «satisfying» contains the values from 8 to 14, an individual to get such a mark must have at least 8 and at the most 14 points. If he/she has 7.9 points, he/she will not belong to the set «satisfying». Since there are no indicators showing how close an

eliminated individual is to a set membership, an individual having only 1 point will be eliminated from the set «satisfying» (and ranged, put into the set «unsatisfying») as well as an individual having 7.9 points. Classifying the one having only 1 point and the one having 7.9 points into the same category, i. e. ranging the persons having 7.9 and 8 points into different categories leads to, if we apply classical sets theory, inconsistency. There is correspondence between fuzzy sets and infinite valued logic (Bojadziev & Bojadziev, 1997). Complement, intersection and union of fuzzy sets correspond respectively to negation, conjunction and disjunction of infinite valued logic. Fuzzy logic uses fuzzy sets theory as a main tool, basic mathematic ideas of fuzzy logic originated from infinite valued logic, and that is the connection between these two logics. Fuzzy logic can be considered an extension of infinite valued logic since it incorporates fuzzy sets and fuzzy relations (Bojadziev & Bojadziev, 1997).

NECESSITY TO EVALUATE PROJECT TEAMS MEMBERS PERFORMANCE

Organizational, financial, material and human resources, skills and knowledge are requisite for the information system development. A socialization process is important to the development of the team as well. According to this paper, human resources are in the centre of a star, other resources being points around it. Professional profile of the necessary staff may belong to informatics field or other industries and project dynamics as well. A project leader, the one who is the most responsible for the plan realization, must have possibility to evaluate to the utmost the contribution and reliability of each member, so that each member could be managed in a way that leads to success - successful completion of the project. In this way behavior and matter of fact contribution of each individual will be determined, as well as favorable moment and the ways suitable for the application of available mechanisms for human resources management. Impossibility to evaluate contribution of each individual is immanent to evaluation process. Inability to define and determine precise and strict bounds between possible evaluation ratings for an individual is the reason for the ratings in this work are represented as fuzzy sets. Their mutual bounds are not strictly defined, changes are gradual, common part being maintained. Due to complexity, numerous problem situations can not be solved in a distinctive way. To resolve real problems, like project team leadership and management of human resources, financial, and organizational resources, as well as the tracking of their development, we lack timely and reliable data. Reasons are numerous and can be found inside (inadequate competency and to small a staff, interpersonal relations, motivation, decision making in connection with priorities and necessary financial support, planning and acquisition of necessary equipment) and outside (political decisions, economic measures, economic stability, international situation etc.). If, in a better case, there are data, they are late, incomplete, indefinite, not precise, in short, doubtful and because of that considerably subject to subjective assessments of an individual or a group resolving the problem. In spite of the aforesaid, it is necessary to create the best possible basis for rational decision making and problem elaboration, calculate the parameters value and create solution rules. It is not possible to eliminate completely assessment subjectivity, but it is possible to shape it and thus reduce its influence on decision making and management.

Project team members performance
To obtain synergetic staff efficiency and rise in proficiency it is necessary, apart from material and financial resources, to provide for the other prerequisites. They are reflected in providing pleasant working environment, possibility to discuss assigned duties, expressing opinion about problems in good faith, respecting individual opinions, views and ideas, solution of possible conflicts on the basis of analysis and arguments, getting familiar with assigned duties and unambiguous assignment to a particular team member. For team members to be able to perform, they not only need resources and a process in place to facilitate communication they also need the requisite skills and knowledge. A socialization process is important to the development of a team as well. Problems in connection with duties and related risks should be foreseen and actions should be undertaken to prevent problem occurrence. If such actions are not possible, problems must be solved without delay to minimize bad consequences.

Project management
Project management is the application of knowledge, skills, tools, and techniques to project activities to meet project requirements (Project Management Institute, 2000). It involves planning, organizing and control of a system development. Project leading relates to the prediction of possible events and the analysis of the present facts as well. It represents coordination of the tasks assigned to the team members, its basic duty being restraint of changes. Efficient leadership is the result of actions taken by the leader and led team members and actual work situation. Very often such a situation is not simple - it depends on the number and complexity of the influencing factors. It is very difficult, sometimes even impossible, to overcome them all. So, it is necessary to identify the most important ones, which in a particular case have the biggest influence. The staff is the most important factor within the project leading process. It should be managed in a way which will provide for the best results and insure success of the work. In this connection project leader must be able to accelerate the accomplishment of the assigned tasks, leading a team the way which will be suitable for all problem situations. The project manager evaluates the people on the project team and that evaluation affects their compensation and promotions (Billows, 2004). Because of the aforementioned restrictions leader/manager can develop fuzzy evaluation models in order to minimize subjectivity and to make his assessment objective as much as possible, using imprecise and uncertain values - the only ones at his disposal. A possible evaluation model is represented in this work.

FUZZY EVALUATION MODEL

Since different kinds of uncertainty can be well explored and described within theory of fuzzy sets, instead of insisting upon precise and sharp bounds, necessary linguistic expressions are formalized by fuzzy sets with overlapping possibilities. According to Schneider, Kandel, Langholz & Chew (1996) in «Outline of a New Approach to the Analysis of Complex Systems and Decision Processes» Zadeh states in his principle of incompatibility: As the complexity of system increases, our ability to make precise and yet significant statement about its behavior diminishes

until a threshold is reached beyond which precision and significance (or relevance) become almost mutually exclusive characteristics.

Linguistic variable and membership function

As for fuzzy logic, variables whose values are words or sentences in natural or artificial languages are called linguistic variables (Bojadziev & Bojadziev, 1997). A linguistic variable is often described in terms of its fuzzy space. This space is generally composed of multiple, overlapping fuzzy sets, each fuzzy set describing a semantic partition of the variable's allowable problem state (Cox, 1994).

For example, the linguistic variable «Responsibility» is broken down into four fuzzy sets: unsatisfying (UN), satisfying (SA) successful (SU) very successful (VS). This total problem space, from the smallest to the largest allowable value, is called the universe of discourse. The universe of discourse for the linguistic variable «Responsibility» is 1 to 16 measurement units - points in our example.

Linguistic variable «Ability», «Reliability», and «Resulting value» can be modeled by means of sets ABI, REL, REV containing certain number of values:

$$ability \underline{\underline{\Delta}} ABI = \{ABI_1, ABI_2, ABI_3, ABI_4\} = \{UN, SA, SU, VS\},$$

$$reliability \underline{\underline{\Delta}} REL = \{REL_1, REL_2, REL_3, REL_4\} = \{UN, SA, SU, VS\},$$

$$resulting\ value \underline{\underline{\Delta}} REL = \{REV_1, REV_2, REV_3, REV_4\} = \{UN, SA, SU, VS\},$$

$$UN \underline{\underline{\Delta}} unsatisfying, SA \underline{\underline{\Delta}} satisfying, SU \underline{\underline{\Delta}} successful, VS \underline{\underline{\Delta}} very\ successful.$$

Fuzzy sets are almost always presented by triangle membership function, which is the most appropriate (McNeill, Thro & Thro, 1994, p. 33). It is very often used in fuzzy applications for fuzzy controller, managerial decision making, business and finance, social sciences, etc. It can be created in a simple way, on the basis of small amount of information (Bojadziev & Bojadziev, 1997, pp. 22-23).

The terms of linguistic variables ability, reliability, and resulting value have the same membership functions presented analytically below:

$$\mu_{UN}(v) = \begin{cases} 1, 1 \leq v \leq 4, \\ \dfrac{7-v}{3}, 4 \leq v \leq 7, \end{cases} \qquad \mu_{SU}(v) = \begin{cases} \dfrac{v-7}{3}, 7 \leq v \leq 10, \\ \dfrac{13-v}{3}, 10 \leq v \leq 13, \end{cases}$$

$$\mu_{SA}(v) = \begin{cases} \dfrac{v-4}{3}, 4 \leq v \leq 7, \\ \dfrac{10-v}{3}, 7 \leq v \leq 10, \end{cases} \qquad \mu_{VS}(v) = \begin{cases} \dfrac{v-10}{3}, 10 \leq v \leq 13, \\ 1, 13 \leq v \leq 16. \end{cases}$$

Fuzzy rules and logic operations

Preconditions and conclusions about phenomena can be found within fuzzy rules which create the knowledge basis on a certain phenomenon. Knowledge is presented as the following rule: "If P then C", P represents rule precondition and C its conclusion. Rule precondition consists of clauses mutually connected with logic operators. Conclusion consists of truth statement. Creation of fuzzy rules basis presents the most complex part of the work since collected knowledge about systems behavior is presented in a formal shape, thus containing the elements of artificial intelligence. Membership function which refers to a fuzzy set joins degree of

membership to set members. Membership to a certain fuzzy set is described as a degree of membership or grade of membership and refers to precondition on phenomenon. Certainty factor (CF) which refers to the conclusion on phenomenon is calculated for each decision making process and represents degree of belief that decision is correct. Although certainty factor can use the values from any interval, it is usually normalized on the interval from 0 to 1. True value reaching procedure by means of fuzzy reasoning includes implicitly elaboration of all activated rules together. Each of the aforesaid rules contributes to the conclusion in a certain degree, that degree being equal to the degree to which is satisfied the portion of the rule referring to the precondition. Such an imitation process resembles to human deduction - a man making decisions takes into account different facts, each of them having particular influence on the final decision. The choice of appropriate logic operator represents an important part of a fuzzy system design. Originally, theory of fuzzy sets formulates standard Zadeh's minimum, maximum and complement operations (Schneider, Kandel, Langholz & Chew, 1996).

Model behavior
Model behavior and fuzzy deduction procedure can be described in a few successive steps. Figure 1 shows the process flow within the fuzzy evaluation system and its basic parts.

FIGURE 1
THE MODEL OF FUZZY EVALUATION SYSTEM
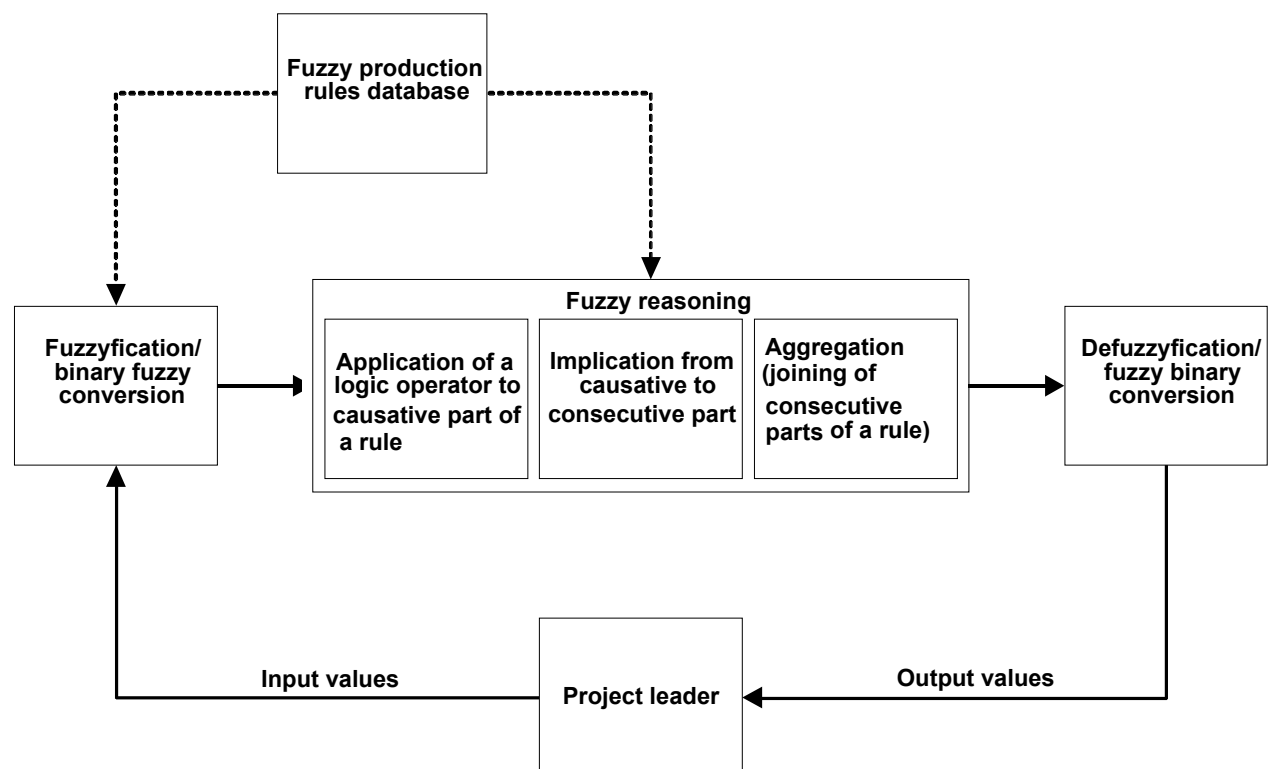
First of all, an evaluator must assess the value of input linguistic model variables. Values found are turned into fuzzy sets to show assessment uncertainty – that is called fuzzyfication. Then logic operators are applied to the causative portion of the rule, after that implication procedure from causative to consecutive portion of the rule is made. On the basis of fuzzy rules, the values of output linguistic variables - fuzzy set for each variable - are calculated. Obtained fuzzy sets are aggregated - resulting in a fuzzy set. Finally, on the basis of output fuzzy set, one, precise value of linguistic variable is calculated. It represents the best assessment - defuzzyfication is being implemented. Fuzzy model presented in this work consists of 3 modules: first two having 2 inputs and 1 output. After calculation, outputs of both modules constitute inputs of the third one, output of which represents the required value.

The project manager, based on available information, inputs the values into the input modules of the linguistic variable information system, in which the quantitative values are transformed into quality - the values of fuzzy sets of linguistic variables. They, as input values, present inputs for a module for fuzzy deduction of a production rules database of the «IF-THEN» structure. On the causal parts of the production rules a chosen logical operator is used (in Fuzzy Knowledge Builder™ this is Zadeh's minimum logic operator). Next an implication is executed from the cause to the consequential part of the rule, and next the consequential parts of the activated rules are joined. The result of the aggregation of the activated rules is a fuzzy set of the output linguistic variable, where the transformation from the quality value into a quantity value is executed. The created output values are used by the project manager as a basis to take appropriate actions, in order to catalyze positive changes and occurrences coming from the actions of individuals that constitute a team. Figure 2 displays input and output originally developed linguistic variables of a fuzzy system model.

FIGURE 2
THE STRUCTURE OF MODULES
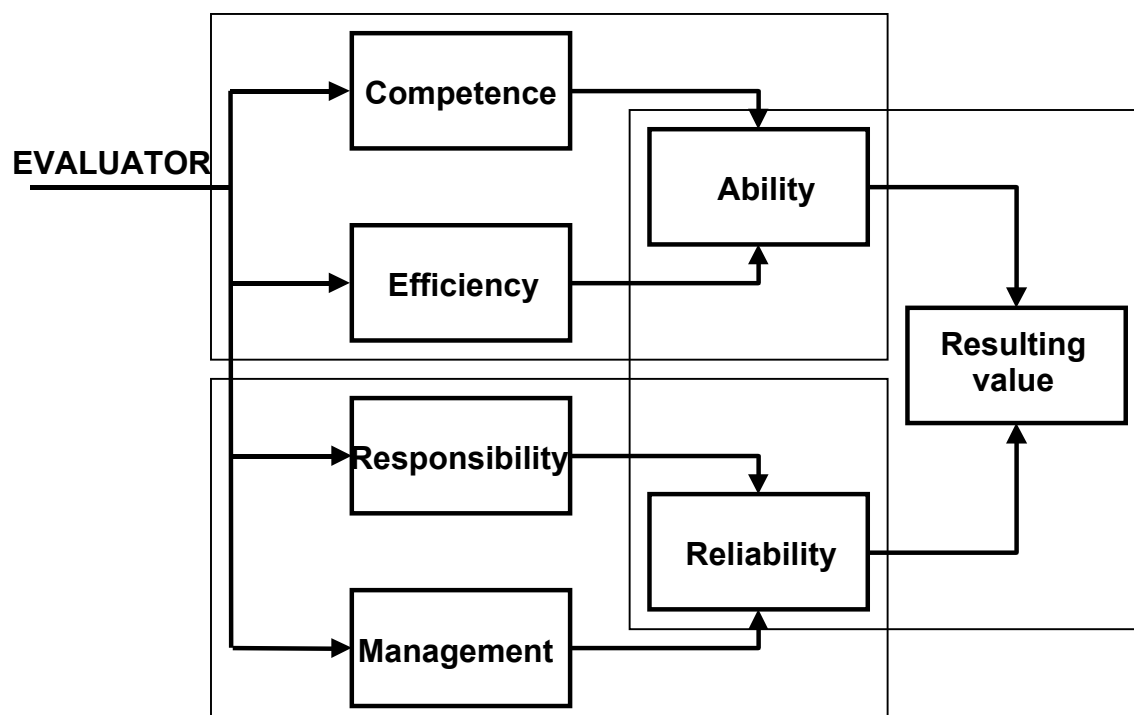
The first input module contains the input linguistic variable «Competence» which refers to the level of knowledge and expertise in the problem area referring to the project team's work, and is a result of the formal education of the team members, including completed courses and training. «Efficiency» represents the rate of produced effect of an individual measured by the volume and quality of the execution of the assigned tasks. Both dimensions of the project team member affect the level of his «Ability», which is a linguistic variable that represents the first output value of the model. The other linguistic variable input module includes «Responsibility» as a measure of gravity and excellence of task execution performance, and «Management» that acknowledges the fact that within the modern organization forms nowadays the prevailing opinion is that all members of the team are management oriented - managers, regardless whether they have subordinates or not. If the latter is the case, they are managers of their own tasks only. The output linguistic variable that is created within this module is «Reliability», and as a result of the two input variables it represents the measure of certainty with which the project manager can rely on the person in question, in order to maintain the quality and the dynamics of the work. The third module uses output values of the previous two modules as its input values, and its goal is to put together the level of quality of «Ability» and «Reliability» of a specific individual, so that it could, based on the derived «Resulting value», finally be decided on his or her future, form and type of cooperation in the common work.

The model is shaped and implemented by using the Fuzzy Knowledge Builder™ tool programming system, which was used to insert, process and display data. On the basis of phenomena described by linguistic variables the bases of fuzzy rules are made. Figure 3 presents basis of 2nd module fuzzy rules, needed to calculate the value of linguistic variable «Reliability».

FIGURE 3
BASIS OF 2ND MODULE FUZZY RULES

Figure 4 represents calculation rules for output linguistic values «Ability» and «Resulting value» - 1st and 3rd module.

FIGURE 4
CALCULATION RULES FOR OUTPUT LINGUISTIC VARIABLES

$\mu_{SU}(11) = 0.61, \mu_{VS}(11) = 0.39, \mu_{SU}(9.1) = 0.71, \mu_{SA}(9.1) = 0.29.$

Rules activated within third module are:
1. If *ABI* is *SU* and *REL* is SA then *REV* is *SA*;

2. If *ABI* is *SU* and *REL* is *SU* then *REV* is *SU*;

3. If *ABI* is *VS* and *REL* is *SA* then *REV* is *SA*;

4. If *ABI* is *VS* and *REL* is *SU* then *REV* is *SU*.

The strength of the rules is calculated as follows (Bojadziev & Bojadziev, 1997):

$\alpha_{11} = \mu_{SU}(11) \wedge \mu_{SA}(9.1) = \min(0.61,0.29) = 0.29,$

$\alpha_{12} = \mu_{SU}(11) \wedge \mu_{SU}(9.1) = \min(0.61,0.71) = 0.61,$

$\alpha_{21} = \mu_{VS}(11) \wedge \mu_{SA}(9.1) = \min(0.39,0.29) = 0.29,$

$\alpha_{22} = \mu_{VS}(11) \wedge \mu_{SU}(9.1) = \min(0.39,0.71) = 0.39.$

4 rules activated by input values are presented in grey color representing calculated output values of afore-going modules. (See Figure 4). As for observed 3rd module, the values of linguistic variable «Ability» are presented on the horizontal axes, while the values of linguistic variable «Reliability» are presented on the vertical one. To calculate the value of output linguistic variable «Resulting value» in the causative part of the rules being activated, Zadeh's minimum logic operator $T_M(x,y) = \min(x,y)$ has been applied, which is one of the basic T-norms (Rudas, 1999).

All input and output processing values produced during evaluation process have been numerically displayed in Table 1. Finally, following this procedure, the value of output linguistic variable «Resulting value» is reached.

TABLE 1
LINGUISTIC VARIABLES OF THE MODEL WITH EVALUATION PROCESS VALUES

Linguistic variable	Point	Fuzzy set	Grade of membership/ certainty factor	Alternative fuzzy set	Alternative grade of membership/ certainty factor
Competence	11	SU	0.56	VS	0.44
Efficiency	12	VS	0.84	SU	0.16
Ability	11	SU	0.61	VS	0.39
Responsibility	12	VS	0.91	SU	0.09
Management	9.5	SU	0.86	SA	0.14
Reliability	9.1	SU	0.71	SA	0.29
Resulting value	8.8	SU	0.60	SA	0.40

Model can be shaped by tools for fuzzy modeling. Figure 5 represents 1st input linguistic variable of the 3rd module with value awarded to a team member according to the assessment of the team leader.

FIGURE 5
INPUT LINGUISTIC VARIABLE «ABILITY»
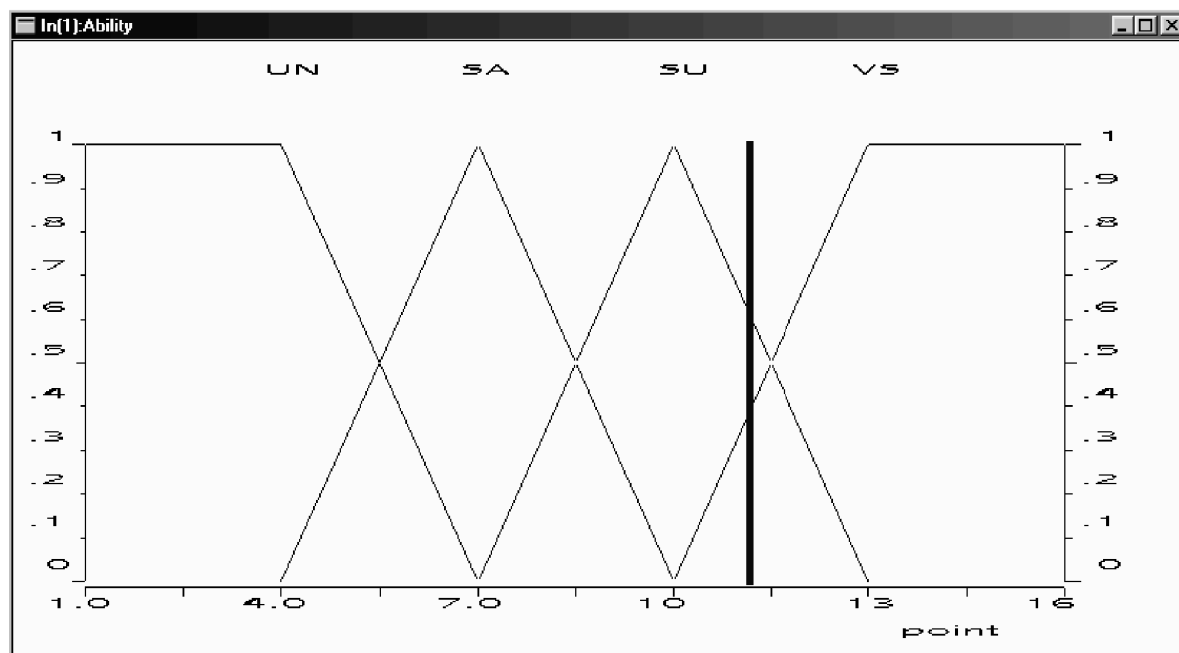
Figure 6 represents 2nd input linguistic variable of the 3rd module.

FIGURE 6
INPUT LINGUISTIC VARIABLE «RELIABILITY»
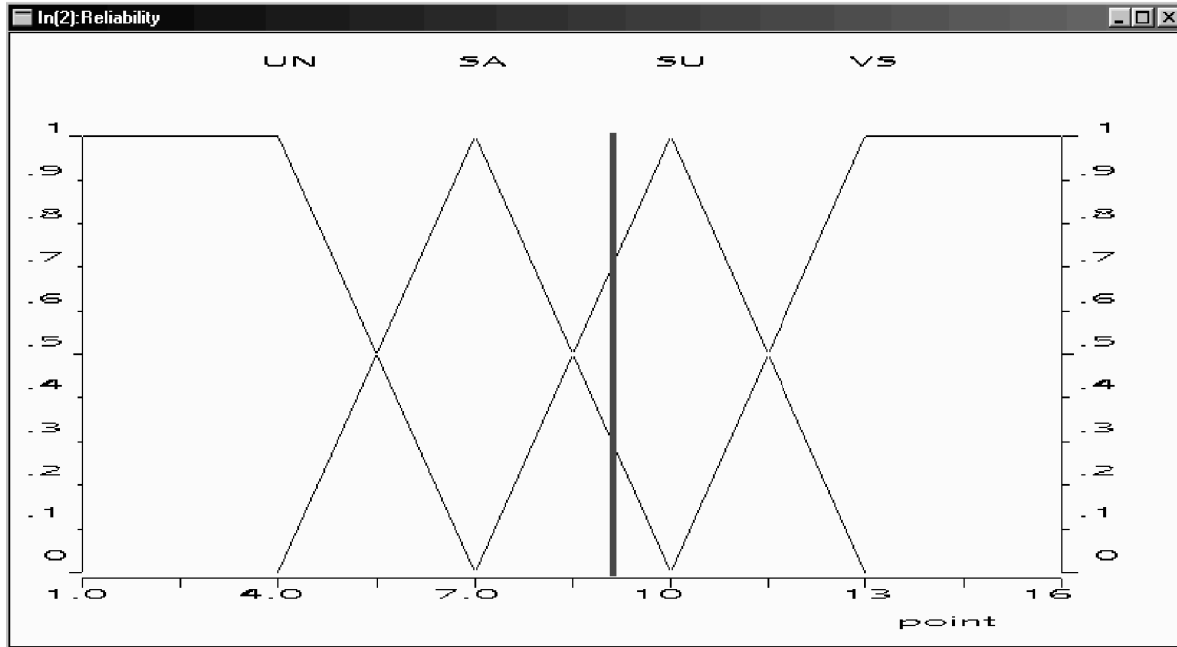
Control output (CO) of each rule is defined by operation conjunction applied to its strength and conclusion (Bojadziev & Bojadziev, 1997):

CO of rule 1: $\alpha_{11} \wedge \mu_{SA}(z) = \min(0.29, \mu_{SA}(z))$,
CO of rule 2: $\alpha_{12} \wedge \mu_{SU}(z) = \min(0.61, \mu_{SU}(z))$,
CO of rule 3: $\alpha_{21} \wedge \mu_{SA}(z) = \min(0.29, \mu_{SA}(z))$,
CO of rule 4: $\alpha_{22} \wedge \mu_{SU}(z) = \min(0.39, \mu_{SU}(z))$.

The aggregated output is:
$\mu_{agg}(z) = \max(\min(0.29, \mu_{SA}(z)), \min(0.61, \mu_{SU}(z)))$ (Bojadziev & Bojadziev, 1997).

$$
\mu_{agg}(z) = \begin{cases}
0, & 1 \le z \le 4, \\
\dfrac{z-4}{3}, & 4 \le v \le 5, \\
0.29, & 5 \le z \le 8, \\
\dfrac{z-7}{3}, & 8 \le v \le 9, \\
0.61, & 9 \le z \le 11, \\
\dfrac{13-z}{3}, & 11 \le v \le 13.
\end{cases}
$$

Figure 7 represents output linguistic value, calculation of which brings evaluation procedure to an end.

FIGURE 7
OUTPUT LINGUISTIC VALUE «RESULTING VALUE»
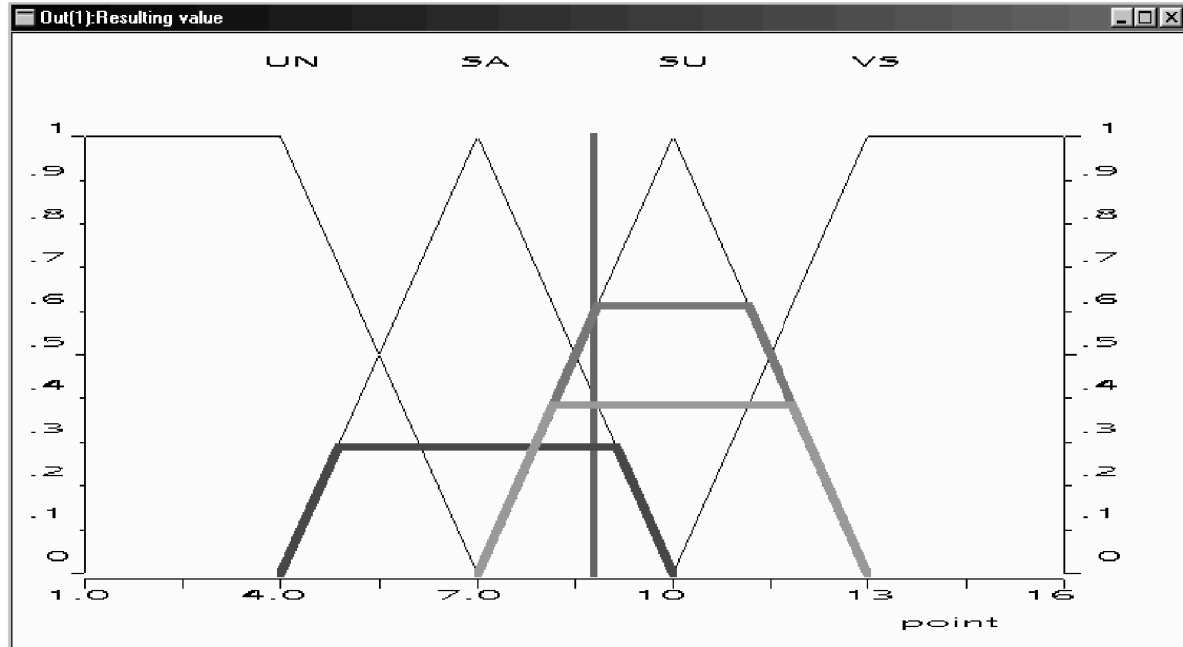
The crisp value of an output linguistic variable is reached by the centre of gravity method. The crisp value $\hat{z}_c$ according to this method is the weighted average of the numbers z_k (Bojadziev & Bojadziev, 1997):

$$\hat{z}_c = \frac{\sum_{k=1}^{q-1} z_k \mu_{agg}(z_k)}{\sum_{k=1}^{q-1} \mu_{agg}(z_k)}.$$

Centre of gravity calculation leads to the crisp value $\hat{z}_c = 8.8$ which inside fuzzy set «successful» is found on the certainty grade 0.60 while within fuzzy set «satisfying» is on 0.40.

CONFIGURING PROJECT TEAM

The project team is an organizational entity with its own budget, staff and performance criteria and it cuts across departmental lines (Billows, 2004). The goal for a role-oriented organization is to move away from traditional notions of how organizations must be structured, while accommodating both data-centric, traditional hierarchies in coexistence with newer, innovative structures (Magee, 1996). It is not important whether roles are insourced or outsourced. Identifying and staffing individual functions is the consequence of determining whether the roles can be best filled by internal or external resources, and whether it is appropriate to supplement existing personnel with part-time contractors or systems integrators. A role orientation is not a function, it breaks up requirements into a grouping of capabilities

that can be fulfilled in several ways, including teams, specialty centers and by individuals assuming more than one function. The emphasis is on communications, process and governance. Each is critical in supporting the flexibility to change as requirements dictate.

Evaluation system
The evaluation system is made by defining membership functions of linguistic variables, through the research in which author has shaped and implemented the original fuzzy evaluation system with that kind of internal structure - with original linguistic variables and original business rules - which enables tracking of the level of efficiency of the members of the project team, using incomplete (the only available) input values. It is the result of the execution of the following methodological steps:
1. The choice of the membership function of form - triangular
2. The choice of the number of fuzzy linguistic variable sets (4)
3. The determination of the width of the membership function interval from 1 to 7
4. The construction of fuzzy production rules.
A system like this is meant to increase the level of efficiency of leadership and control, in all project phases, by performing ex-post evaluation of the work contribution of each member. Project teams optimal assignment is based on usage of a fuzzy system together with an AHP decision making support system. In this manner ex-ante evaluation of the suitability of an individual to take over a certain role within the project team that is being created is being performed for the configuration of projects and assigning workforce, while the AHP method decides the weighted values of the evaluated roles and projects, which enables setting priorities. This approach is significant for further evaluations of project teams.
Membership functions of the linguistic variables were created, as were the linguistic variables themselves, based on the results the author produced by research conducted while leading informatics or other complex projects. In order to successfully lead team members and control of the proceedings of the whole project, in the author's opinion, it was necessary to create a system with such a form and width of membership functions of linguistic variables as to enable the necessary evaluation of the project team members' work. These are the membership functions used to create the input and output values of the system, in the creation of which the existing working conditions and effectively available information decision making basis were taken into consideration. It consists of incomplete, subjective information which is to be used in the best manner possible, since no other is available. The triangular membership function has been chosen for reasons stated in (McNeill, Thro & Thro, 1994; Bojadziev & Bojadziev, 1997) in the previous part of the paper. In its definition the author took into account that the evaluation interval should neither be too narrow nor too wide. If it were too narrow, with a small number of possible membership function values (two, for instance), the evaluation criteria would need to be very high, that is, it should be possible to speculate that this is an efficiency evaluation of a team with a high level of excellence. This assumption is hard to accept, because not only the most excellent individuals take part in projects for a certain type of work. If we would, in contrast, use too wide an interval, it would be difficult for the evaluator to conduct the evaluation, since it is hard for a human to decide on a specific value when the granulation level is too high. Therefore each of

the membership functions of linguistic variables has a predetermined evaluation interval from 1 to 7. The number of membership functions for each linguistic variable is 4 and this is not only within previously stated demands, but it also enables the number of fuzzy rules to be neither too big, nor too small (in reality, it equals 16 for calculating each output linguistic variable).

Modeling of the Problem and Procedure of Project Configuration
The developed evaluation system should, further on, serve to constitute project teams, by choosing a particular configuration of people within a team considering their knowledge and skills. While up to now the developed fuzzy system was used to evaluate the contribution made by an individual's commitment in the previous time period, now it is used for a priori evaluation of a person's suitableness for a particular job (role in the team). Here it is important that one person can be candidate for several roles in a certain team (be better than others and fit to be assigned to several jobs), while, on the other hand, some jobs in the team may stay vacant because of a lack of appropriate candidates. This is why it is necessary, with the set conditions which are established by types, needs and development simultaneity of the projects by phases, and by the specifics and demands of the jobs in the future project teams, to fuzzy-evaluate an individual's ability for every job in each project and then reach the best combination in a specific moment - to configure the roles of individuals in jobs and project teams and organize undisturbed project realization. Assigning roles to the personnel and their integration in projects is done in each project phase (planning, analysis, design, construction), since in each of the development phases it is necessary to intensify specific (different) knowledge and skills, and then assign the personnel accordingly. It is notable that as a rule the same phases within different projects will not last the same time period (in reality it is common for all project phases, especially the later ones, to be behind schedule), which has a direct effect on the option of assigning personnel according to the needs.
Approach:
In order to accomplish a goal thus set, the business system in which the configuration is being done needs to be open and adjustable, while the staff and management need to be flexible. Such an approach includes a specifically developed project team configuration procedure by means of fuzzy evaluation, taking the stated hypotheses and specifics into consideration. All of this points to the fact that a system this complicated can only be optimized by expert and competent staff who know well both business processes and technology, and the people personally. Also, it needs to have a strong decision making support system, so the subjectivity of the decision maker would be modeled and minimized. This is why except for the developed fuzzy system the AHP method for estimating the weighted values of roles and projects considered is also complementarily used. AHP allows decision makers to model a complex problem in a hierarchical structure showing the relationships of the goal, objectives (criteria), sub-objectives, and alternatives. Uncertainties and other influencing factors can also be included. AHP allows for the application of data, experience, insight, and intuition in a logical and thorough way. AHP enables decision-makers to derive ratio scale priorities or weights as opposed to arbitrarily assigning them. In so doing, AHP not only supports decision-makers by enabling them to structure complexity and exercise judgment, but allows them to incorporate

both objective and subjective considerations in the decision process. AHP is a compensatory decision methodology because alternatives that are deficient with respect to one or more objectives can compensate by their performance with respect to other objectives. AHP is composed of several previously existing but unassociated concepts and techniques such as hierarchical structuring of complexity, pairwise comparisons, redundant judgments, an eigenvector method for deriving weights, and consistency considerations.

Presumption:

The m of roles (tasks, jobs) $R_1…R_m$, n of individuals $M_1…M_n$ and l of projects $P_1…P_l$ are observed.

Specifics:

• The suitability of person M_n to perform certain roles R_m necessary for the execution of project P_l is evaluated. For each role a rating V_{min} is set and it represents the acceptability level of a person for assignment. Mark $a_{ij,}$ i = 1…m, j = 1…n is used.

• Roles do not hold the same importance, i.e. each role has its assigned weight, which sets its importance level. The mark used is p_i, i = 1…m.

• Projects do not hold the same importance, i.e. each project has its assigned weight, which sets its priority level. The mark used is w_k, k= 1…l.

• The assigning of the evaluated personnel on projects is done according to established priorities. The mark used is b_{ik}, i = 1… m, k = 1…l.

Optimization criteria:

What determines the assignment of the evaluated individuals to project jobs is their suitability to perform specific tasks a_{ij}, and project weight w_k. This is why there are project precedence constraints determined by their weight. For instance, if project P_i has precedence over P_k, this means that assigning to P_k should not be started before P_i is fully assigned ($P_i < P_k$).

• $\max \sum_{k=1}^{l} a_{ij} w_k$.

Procedure:

1. By using the fuzzy system the level of assignment appropriateness of each person available to each job in the team is evaluated. If a person is not fit to work in a certain job he or she is excluded from consideration for assigning to this job (the set of possible solutions is reduced).

2. Using the AHP method the weight of each task in the project is determined, as well as the weight of each project.

3. Starting with the most important job the person with the highest rating is chosen for a particular job (the best individuals for the most demanding roles). If the person is able to work on several jobs in the team, he or she is given the job they got the highest rating for. In case several people have the same fuzzy rating for the same job, the choice is made by detailing the rating based on the defuzzyfication conducted.

4. Acceptability threshold by project manager is set - the lowest rating an individual can have in order to be assigned to a job in a team. If for a particular job an individual of quality better or the same to the set one cannot be found, new employees need to be acquired. Exceptionally, if a person's rating is below acceptable, but very close to it (if the result of defuzzyfication shows this) the person

is included in the candidates for assignment, or the option of re-evaluation is considered.

5. For each project, starting with the one with highest priority, each job is filled with one individual, as long as there is a job unfilled and a suitable individual.

6. Project appointment is analyzed and if there is a disproportion between the projects considering the quality of personnel assigned, personnel reassignment is done between the projects, by mutual agreement of the decision bearers (project manager, members of the organizational unit for decision making and supervision).

FIGURE 8
TEAM CONFIGURATION BASED ON FUZZY EVALUATIN AND AHP

Importance	Role	Member					Project				
		M_1	M_2	M_3	...	M_n	P_1	P_2	P_3	...	P_l
p_1	R_1	SU	VS	-	-	-	b_{12}	-	b_{11}	-	-
p_2	R_2	SU	SU	VS	SA	VS	b_{2k}	b_{21}	b_{23}	b_{22}	-
p_3	R_3	VS	-	-	SA	-	b_{31}	-	-	-	-
...	...	UN	SA	UN	VS	UN	$b_{.....}$	-	$b_{i...}$	-	-
p_m	R_m	-	SA	SA	SU	VS	b_{ik}	-	-	-	-

Priority weights: w_1, w_2, w_3, ..., w_l

Figure 8 illustrates the procedure. In a case in which persons M_3 and M_n were evaluated with the same rating VS for the same role in the team R_2, a more detailed insight into the result of the fuzzy evaluation has been performed and thereby established that person M_n is better suited. Assuming that after the weight establishment the projects have been ranked starting with the most important one: P_1, P_3, P_2 ... P_l, person M_n was assigned to the project team P_1 etc. The rating SU has been set as the acceptability threshold for a person's assignment to a particular project. The configuration of personnel by projects has been done as the figure shows. One can note that the formation of project P_1 has been finished, project P_l does not have anyone assigned to, while in the other projects the assignment is partial. This points to the fact that, with other conditions unchanged, in this case it was necessary to conduct the procedure of attracting and employing the personnel missing.

CONCLUSIONS

A complex work like project elaboration and project management strongly requires qualitative evaluation of human capabilities and capacities in order to manage them. Improvisation and subjective evaluation should be reduced as much as possible. The aforesaid can be achieved by the development and employment of models which will produce decisions made on the basis of more objective assessments. By means of fuzzy approach and fuzzy logic employment, the system model supporting evaluation processes and decision making is rendered possible. Fuzzy evaluation model is complex and structured. According to its modules, fuzzy evaluation of individual characteristics is made, in conformity with beforehand defined rules modeling relationship among characteristics. On the basis of calculated output module values, the resulting, final evaluation value is reached. Shaped model is adaptable, it can be improved according to the business needs, introducing changes through the selection of features - linguistic variables, their values, and interaction rules as well - until satisfactory shape is achieved. Furthermore, the procedure for project teams optimal assignment has also been developed, based on usage of a fuzzy system together with an AHP decision making support system. In this manner ex-ante evaluation of the suitability of an individual to take over a certain role within the project team that is being created is being performed for the configuration of project teams and assigning workforce, while the AHP method decides the weighted values of the evaluated roles and projects.

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STRATEGIC CHOICES FOR RURAL ECONOMIC DEVELOPERS

Gregory Gardner
ggardner@sunyjefferson.edu

Are rural economic developers in the United States making the right strategic choices? Economic development and the creation of jobs and tax revenue is an ongoing struggle for many communities in the United States. Competition for outside investment, in the form of new plants and offices, can be brutal. As Levin (2002) reports, "There are about 1500 major scale expansions (new or expanded plants) or relocations annually in the U.S.; there are also about 15,000 economic development organizations of all types and stripes." (p. 5).

The onset of globalization in the world's economy has only stiffened that competition, pitting rural communities in the United States against their counterparts in the less-developed nations of Asia, Latin America, and Africa. Research among these less-developed nations shows the approach of competing subsidies to be a "beggar thy neighbor" strategy that limits the real value of foreign direct investment to the nations that work so hard to attract it (Lai, 2001). Without new approaches and a more refined understanding of the underlying economic principles, many rural communities may find themselves investing scarce public resources in a fruitless search for an elusive prey – endogenous economic growth.

In spite of the increasing competition among communities, many economic developers in the United States continue to follow time-worn paths, focusing their efforts on recruiting prospective employers by offering tax breaks, training grants and other subsidies, and the promise of low-cost labor. Others have turned to "new wave" alternative economic development approaches, including the fostering of new start-ups and local entrepreneurship (Levin, 2002).

There is some evidence, from both the study of international trade and economic development, as well as research into rural economic development within the United States, which calls into question the effectiveness of either choice. First developed by Vernon in 1966, the Product Cycle Model (PCM), a theory of international trade and the relative rates and mechanisms of economic development among developed and less-developed nations, offers some rather dismal predictions for the ability of rural economic developers to attract and hold plants and firms in growth industries, regardless of the subsidies offered or advertisements run. The PCM also calls into question the real likelihood of success in the promotion of high-growth entrepreneurship in rural American communities (Flynn, 1994).

This paper describes research into the economic development strategies used by rural economic development agencies in the United States. It uses a survey to explore how these rural agencies are attempting to generate local economic growth and assesses how well the strategy choices are working. It goes further, however, using a set of qualitative case studies to assess the successes and failures of three outlier rural counties.

The Product Cycle Model provides the theoretical framework for the inquiry. The model predicts that rural communities in the United States should be unable to attract or create high-growth/high-technology businesses, regardless of what inducements they offer. The results of the research generally conform to the model's predictions, but the experiences of the successful rural counties included in the case studies suggest alternative development strategies that may

offer more hope for struggling rural areas of the nation, as well as businesses seeking new locations.

The Product Cycle Model and Economic Development

The Product Cycle Model (PCM) theory, as described by Vernon (1966, 1979) and Wells (1972), offers an explanation of economic development and international trade that addresses the nature of economic disparities among different nations. The PCM theory explains the decisions of businesses to locate production and management facilities within different nations and regions, as a function of the lifecycle stage of each product. Nations and regions are the chosen site for different levels of investment and the conduct of different business activities as a result of their ability to supply the labor, technology, and other factor needs appropriate to different lifecycle stages (Wells, 1972).

To better understand the predictive powers of the PCM among rural counties in the United States, and to assess the impact of various economic development strategies among those counties, mixed methodology research was conducted using both a survey of counties and qualitative case studies of outlier counties.

A Survey of Rural Economic Developers in the United States

The initial survey was developed to learn what economic development tools/strategies were used by economic development agencies in rural counties and to test the effectiveness of those development strategies. The research was intended to extend a similar study by Dewees, et al (2003) in the Ohio River Valley. The earlier study assessed the use of various tools but did not attempt to measure their effectiveness.

Defining the Population

The 3066 counties in the United States were segregated into three categories; urban, adjacent, and rural, using a set of definitions proposed by Dewees, et al. (2003). Urban counties were defined as those included in and around the boundaries of central cities, as defined by the United States Census Bureau. Adjacent counties are those located near urban counties, with economies and economic development prospects strongly influenced by the urban counties. The urban counties were identified by their presence in a Metropolitan Service Area (MSA), as defined by the United States Census Bureau. Adjacent counties shared a common border with an MSA, but were not included in the MSA itself. Rural counties were defined as all the counties not included in either of the other categories.

To eliminate potential complications associated with transportation, isolation, and other economic factors, only rural counties in the continental United States were included in the study, eliminating counties in Alaska, Hawaii, and Puerto Rico. This selection process resulted in 739 counties in the continental United States that met the criteria for the "rural" category.

A survey instrument was developed and piloted among rural economic developers in the Northeastern United States, to assess the variations among rural counties as well as the different approaches used by individual county agencies to generate economic development. This survey was administered to economic development offices/agencies at each of the 739 rural counties.

A total of 216 usable responses were received on the survey, for a 29.4% response rate. A complete tabular description of the survey results, including an analysis of potential response error, is available at http://www.sunyjefferson.edu/ccs/ccs.html.

The results of the survey provide an illuminating look into the nature of rural counties and their economic development approaches. Although each county is unique, there are consistent patterns in the use of various tools and the descriptions of conditions within the counties.

Strategies/Tools Used by Economic Developers

In assessing those features that made their county attractive to outside business seeking a business location, the majority of respondents identified a motivated/hard-working workforce with low wage rates. They were far less likely to report that their local workforce was highly-skilled. The availability of low cost land /buildings, as well as a generally high quality of life (amenities) and a "business-friendly" local government were the other most common responses.

The survey also asked about the use of 14 different economic development strategies/tools. Each respondent was asked to rate the tools as being very effective, moderately effective, ineffective, or not used. The tools/strategies surveyed were: advertising, direct marketing, trade show visits, personal visits to site selectors, revolving loan programs, training programs for entrepreneurs, business management consulting/assistance, the use of business incubators, networking services for local businesses, tax abatements, worker training grants/subsidies, low cost/subsidized real estate or infrastructure, energy or other utility subsidies, and general-purpose loans or grants.

Outcome Assessments for Strategy/Tool Choices

Previous surveys, notably that by Dewee's et al (2002) addressed the use of various economic development tools/strategies, but did not attempt to assess the outcomes of these strategy choices. This research attempted to assess those outcomes by using objective economic data available for all counties from the United States Census Bureau.

The economic development outcomes experienced by each of the responding counties were assessed using three objective measurements; the change in number of employees, the change in number of establishments (businesses and some not-for-profits), and the change in total payroll. Together, these measures encompass economic growth in any sector, from any-sized firms, and include the creation/recruitment of new firms or the expansion of existing firms. Each of these measurements was expressed as a percent change between 1998 and 2002. The data was obtained from the United States Census Bureau's County Business Patterns.

For each of the economic development tools and incentives addressed in the survey, an independent T-Test was conducted to compare the means of each outcome measurement for those counties reporting the tool/strategy as very or moderately effective with those reporting the tool/strategy as ineffective or not used. Because the results were not directional, a two-tailed test was used. These tests were conducted for each of the outcome measurements previously described using SPSS Version 11.0. Levine's test was also conducted to assess the difference in variation between each group. Where the results of Levine's test indicated equal variances the T-test was conducted using the assumption of equal variances. Where the results of Levine's test indicated unequal variances, that assumption was used in the T-Test.

A statistically-significant difference in means would indicate that those counties reporting a strategy as successful had a real difference in outcomes versus those reporting it as unsuccessful/unused. A lack of significant difference in the means would indicate that there was no difference in economic development outcomes between those counties using a strategy and those who do not use it. Because the tests were conducted at the .05 level, (95% confidence), a

P-value of .05 or less indicates that the difference in means cannot be accounted for by random variation and is statistically significant.

The only statistically-significant difference in means occurred for question 5 – 4, regarding the use of business incubators. There was a significant difference in the means of total establishments for those counties reporting business incubators as being very or moderately effective versus those reporting their use as being ineffective or not used. This allowed the rejection of the null hypothesis for question 5-4.

Other than the use of business incubators, none of the strategies used by economic developers appeared to have any real or reliable impact on the economic development of their counties. Many of these economic developers reported at least some success with these strategies, yet the research results call these reports into question. There is no evidence that the traditional economic development tools and strategies, with the possible exception of business incubators, have any real effect on economic development in rural counties.

Qualitative Case Study Analysis

While the quantitative analysis showed the strategic choices of rural economic development agencies as having little overall impact on economic development outcomes, those outcome assessments risk overlooking the fact that individual counties vary a great deal in their ability to achieve economic growth. Because the number of counties is so large, however, further quantitative studies are difficult. To overcome this challenge, a set of outlier counties were examined qualitatively, in attempt to learn why they had been more or less successful than others.

Three counties were selected for development as qualitative cases. Two counties were selected because they had shown the highest levels of creation of high-technology and business –services businesses in the surveyed population. A third county was selected as showing the lowest level of business creation in either category. Both the information technology and business services sectors should show little growth in rural counties, according to the predictions of the PCM.

The data on business creation was obtained from the BITS database of business creation, developed by the Small Business Administration and maintained by the Census Bureau. This data is dynamic in nature and tracks the creation and cessation of individual businesses longitudinally. It allows a picture of how many businesses in any given Standard Industrial Classification (SIC) code are created in a given year. The data is currently only available for 1997 – 2000. As this period includes the "Dot Com Bubble" period of rapid creation of new information technology businesses, it is arguably the best single period in which to study growth. If we were ever to see rural growth in these sectors, it would be during these periods.

Interviews were conducted with economic developers in each county, as well as a review of secondary economic/demographic data from the Census Bureau and other standard sources. As a condition for participating in the study, each county was promised anonymity. All three counties agreed to participate on this basis.

County Case Study Summary

All three counties studied as cases had some similarities. Each was located in a rural area, relatively distant from urban centers. Each had strong rural amenities bases, including access to water recreation and undeveloped land.

The two counties with the most growth both report success in recruiting a new class of retired second-career entrepreneurs and business investors. These new arrivals appear to have generated endogenous growth through entrepreneurship, as well as by serving as a highly-skilled workforce for other companies in the county. The economic developers in each county largely discount the role of traditional economic development strategies/tools in generating growth.

The county with the lowest growth continues to adhere to traditional strategies/tools and has seen little success in attracting, developing, or retaining high-growth industry. This county suffers from very low education levels and has no programs in place to increase skill levels among current workers or to attract highly-skilled workers/entrepreneurs from outside.

Conclusions/Recommendations

The results of the survey and outcomes assessment appear to conform generally with the predictions of the PCM. Rural counties struggle to attract/retain high-growth companies and the traditional economic development strategies/tools appear ineffective in attracting/retaining businesses and generating economic growth. While many rural communities want to attract high-technology companies, their lack of a well-skilled workforce or market access prevents them from doing so – regardless of how many advertisements they run or speculative buildings they erect.

Business incubators do appear to be able to foster the creation or survival of businesses in rural counties, although their role in generating jobs and higher wages is not found to be significant. Those incubators that provide business consulting and networking services, or where such services are available through other means in a county, appear to be especially effective. This corresponds closely to the findings of Knopp (2002), Scott (2000), and Tournatzky, et al (1996), who all identified the value of business/technical consulting and networking services in successful incubators. The fact that relatively few of the survey respondents actually operated business incubators indicates that there may be considerable opportunities for growth in the use of this strategy among rural counties.

The qualitative cases offer an interesting alternative to many rural counties, however. The two successful counties attribute their growth to their ability to attract an educated group of retirees who arrive bringing strong businesses skills and the ability and willingness to launch small companies that promise to grow rapidly. This agrees with Henderson's (2002) assessment of the role of entrepreneurs in rural communities. These second-career entrepreneurs make up the skilled workforce that the PCM demands and so many rural communities lack.

Rather than expend scarce time and money on traditional economic development approaches, this research suggests that many rural economic developers would be better-advised to concentrate on recruiting the right workforce. This corresponds to Florida's (2002) findings regarding the role of a young "creative class" of workers who have reshaped cities such as Austin, Texas. These young workers arrive seeking a desirable lifestyle and attract economic development as a side effect. In the case of rural counties, however, older "creative class" workers may be a better choice. They arrive with financial resources as well as business and technical skills, making them more likely to become entrepreneurs in the near term.

This research also offers some clear strategic guidance for businesses in the United States seeking new locations. The traditional challenges and opportunities of a rural location may not be the complete strategic picture. When exploring locations for new development facilities or new-product manufacturing space, check the trends in population in-migration in rural counties as well as examining the policies of local economic development agencies. A rural area with

strong policies supporting the development of a skilled/educated workforce may represent a hidden competitive opportunity.

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Perils and Problems with Small Samples: Research in
Quality Management Programs

Jane E. Humble, PhD, Arizona State University, jane.humble@asu.edu

ABSTRACT

Total Quality Management (TQM) is a philosophy that encompasses change, continuous improvement, data collection and analysis, organizational learning, and new process design. There are many ways that a small business can work to achieve TQM; however, the small size of the organization often limits full implementation. So, a small business might need to decide which elements of TQM are most important in contributing to business success. To investigate current applications of TQM and the relationship between elements of TQM and company success, a survey of Arizona businesses was recently conducted. Data from a large survey (n= 130) suggests that many small businesses have formal quality management programs in place, and that strength of TQM implementation is positively related to business success. However, a small sample (n = 21) and medium sample (n = 45), taken from the same target population, yield some conflicting results. Survey methods to increase response rate and sample size are investigated, and competing conclusions based on survey data are presented and analyzed.

INTRODUCTION

Current literature suggests that small companies, defined as less than 500 employees, face many obstacles when they compete for business in the global marketplace. To stay competitive, they must focus on producing a quality product, and that means establishing a quality management program (Gryna & Watson, 2001). The problem small companies may run into when working toward quality improvement is that most methodologies are designed for large companies, and can be too complex and prescriptive for smaller organizations (Aspinwall & Yusof,2000). In addition, top management does not always back quality programs the needed 100 percent (Fazel & Salegna, 2000; Halevy, 2000; Humble & Calvelage, 2001; Oakland & Waterworth, 1995. Larger companies are more likely to have the knowledge, resources, manpower, and the expertise to install and maintain a comprehensive TQM program. However, the lack of knowledge, resources, manpower, and expertise may inhibit smaller companies from adapting to the necessary TQM standards (Marler, 1998; Morphy, 2000).

The literature documents a number of problems that a typical small business encounters when implementing a quality program (Davis & Kathuria, 1999). Limited resources magnify the difficulties that small businesses typically struggle with when attempting to prioritize a problem solving protocol. The inevitable result of inadequate resources is that small businesses respond continuously to sporadic emergent problems, without being able to implement sound preventative methods. So what quality managers often do is "fight fires" instead of preventing them because of the lack of funding or upper management support.

In their research, Fazel and Salegna (2000) found that the most significant obstacles prohibiting companies from achieving a quality program are the lack of strong

leadership from upper management and no clear quality focus. Small businesses face great pressure in maintaining a high performance level to stay competitive. A lack of resources and a mandate for productivity while attempting to maintain quality, are a constant challenge. Employee performance is also linked proportionally to quality. If too much pressure is placed on employees, production quantity may prevail over quality. When management puts too much emphasis on output quantity, a perceived indication is that quality is not the top priority. The inevitable cost of not working towards or maintaining a quality philosophy can cause loss of market share, or place a company out of business. (Gryna & Watson, 2001)

  The two main types of quality cost are internal and external cost. Internal costs are associated with defective products before reaching the customer. The internal costs include but are not limited to scrap, rework, and non-conforming parts that do not meet the customer specifications. External costs are incurred when the product reaches the customer. These costs are incurred when there is warranty work required or a product must be replaced after the customer has the product in their possession. The total cost of quality is the sum of internal and external cost (Evans, 2005; Miller & Morris, 2000).

  Poor quality has an adverse effect on the competitive strategy of the United States to achieve its global market share. When products made in the United States are deemed inadequate on the basis of quality, this impacts the national competitiveness of sales to international customers. Loss of tax revenue that is generated from international sales has a trickle down effect on the national budget. In 1988, the United States lost an estimated 20% of gross sales revenue because of poor quality (Halevy, 2000). What has been found to be a leading cause of this loss is a lack of planning and commitment by upper management. Since 90% of American businesses are classified as small, it can be inferred that many small businesses fail because of a lack of maintaining upper management support for a quality philosophy (Halevy, 2000; Jacksack, 2000). The most frequently reported obstacles to the implementation of a TQM philosophy are shown in Table 1.

Table 1
Most Frequent Obstacles to Implementing a TQM Program

Number	Obstacle
1	**Lack of company-wide definition of quality**
2	**Lack of a formal strategic plan for change**
3	**Lack of customer focus**
4	**Poor inner-organizational communication**
5	**No real employee empowerment**
6	**Failure of employees to trust upper management**
7	**Thinking of quality as a quick fix**
8	**Drive for short-term financial results**
9	**Inner-politics amongst the ranks**
10	**Lack of strong motivation towards quality goals**
11	**No time devoted towards quality initiatives**
12	**No real leadership**

(Source: Fazel & Salegna, 2000)

METHODOLOGY

The data for this study was collected as part of a quality management research project initiated in 2001 by Humble and Calvelage. Survey data on large, medium, and small service and manufacturing businesses was analyzed to determine: (1) what organizational quality standards and practices are important to businesses, (2) the relationship between TQM methods and company success, and (3) the effect of sample size on interpretation of the results.

The population targeted for the present study includes service and manufacturing businesses that have the classification of small (less than 500 employees), based on the Bureau of Labor Statistics. To be competitive, these organizations must concern themselves with quality. Therefore, the quality managers, or designated heads of quality, were surveyed to determine information about the success or failures of implementation of their quality philosophies. The basis for design of the 34-question survey were the identified most frequent obstacles to TQM implementation (Table 1) and the relationships between TQM factors and company success shown in figure 1.
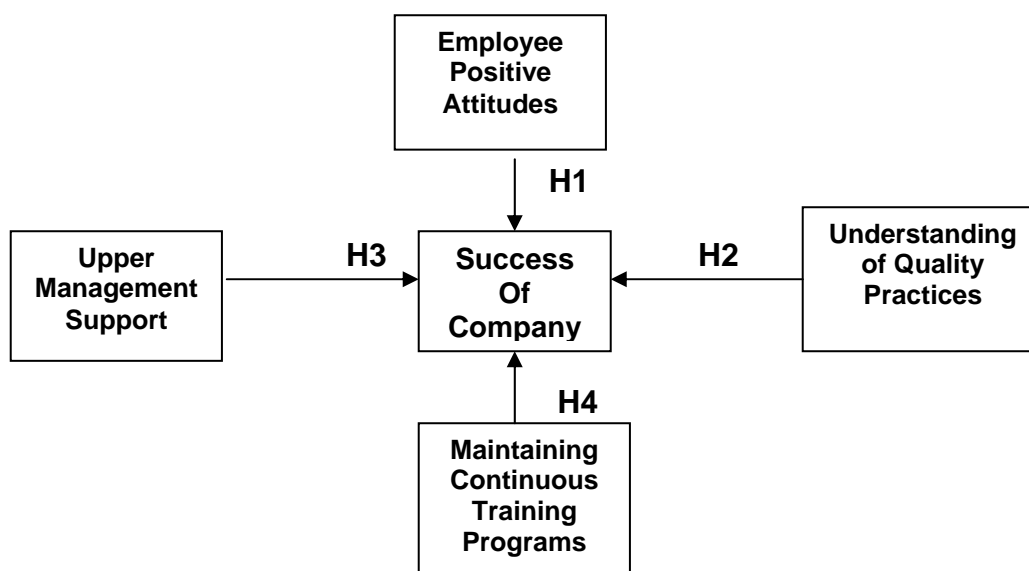
Figure 1. Model of factors affecting success of a company (Source: Humble & Calvelage, 2001)

Because sample size is an important aspect of all empirical research, methods were used to increase sample size and response rate. To increase external validity of the research results and the power of the statistical analyses, the survey questionnaire was administered in person at selected quality seminars and business organizations,

including the Arizona Quality Alliance, Arizona Association of Industries, Kiwanis Club meetings, and Rotary Clubs. A total of 205 surveys were collected, with 130 from small businesses used for the present study. Two smaller samples were drawn from the 130, using a systematic sampling procedure (Zikmund, 2000).

Responses from specific survey questions were grouped together to form factors representing the independent and dependent variables, and then analyzed using SPSS. The questions were grouped into factors by logical construction of the questions relating to the factors (Zikmund, 2000). Data reduction was achieved by computing factor means for the large sample ($n_1 = 130$), and two small samples ($n_2=45$, $n_3=21$), resulting in an aggregation or pooling of the response variables within the factors for each sample group. For example, the dependent variable company success (CS) was determined by calculating the average response for each of the 130 respondents to questions 3, 4, and 5 using the equation: $CS = (q3+q4+q5)/3$, where qi = average response to survey question i. That is, q3 = Average response to question 3, and so forth. The three independent variables were calculated in the same manner, aggregating mean response variables from related survey questions (Humble & Calvelage, 2001).

RESULTS

Regression analysis was used to test the relationship between the variables: company success (CS), employee positive attitudes (PA), employee understanding (EU), support of upper management (SUM), and the quality of the company's continuous improvement training program (CTP). The research hypotheses and results of data analysis are shown in Table 2.

Table 2
Results of Hypothesis Tests Using Large, Medium, & Small Data Sets

Hypotheses	Correlation Coefficient & Significance ($n1 = 130$)	Correlation Coefficient & Significance ($n2 = 45$)	Correlation Coefficient & Significance ($n3 = 21$)
H1--Employees' positive attitudes (PA) toward quality principles are positively associated with success of the company (CS).	.383 .000 **	.262 .082	.440 .046*
H2--The employees' understanding of quality principles (EU) is positively associated with success of the company (CS).	.307 .000 **	.455 .002**	.302 .183
H3--Support of upper management (SUM) is positively associated with success of the company (CS).	.529 .000 **	.477 .001**	.386 .084
H4--Maintaining a continuous quality training program (CTP) is positively associated with success of the company (CS).	.465 .000 **	.463 .001**	.470 .032*

* Reject null hypothesis. Significant relationship found.
** Reject null hypothesis. Very significant relationship found.

CONCLUSIONS AND RECOMMENDATIONS

The research analysis using the large data set indicates that for a company to be successful there needs to be a complete team effort towards quality. All four of the test hypotheses showed a very significant relationship between the variables and company success. Approximately 71 percent of the respondents were from upper and middle management positions, and these respondents indicated that their quality philosophies are keeping them competitive in the global market.

Hypothesis 1. Research suggests that an employee with a positive attitude will care and be committed to working towards continually improving their efforts. In the drive towards excellence, each group within an organization has the power to create success. For example, if a problem affects quality in manufacturing, the production employee has first-hand knowledge of what is occurring, can fix the problem, and deliver high quality to the customer. This clearly leads to success of the company when repeated throughout the organization. This research project combined three questions together to investigate the relationship between employee positive attitude and company success, which was found to be very significant for the large sample, significant for the small sample, but not significant for the medium-sized sample. The inconsistency suggests that smaller samples may not give valid or consistent results.

Hypothesis 2. The survey has five questions that specifically relate to employee understanding of quality management principles. For the large and medium samples, a very significant positive relationship was found between employee understanding of quality principles and company success. However, the small sample did not yield significance, again indicating the potential lack of reliability and validity of results from small samples, and their lack of power in detecting significant relationships.

Hypothesis 3. Another important research objective was to investigate management attitudes toward a continuous improvement program. The survey has eight questions that specifically relate to upper management support and their commitment toward continually improving quality. In the literature review for this project, support of upper management was reported to be the essential ingredient for company success in implementing a quality philosophy. Every member of the organization should follow the lead of the upper managers and embrace their quality and continuous improvement philosophy. Achieving quality is a total team effort, with management responsible for leadership and for communicating quality goals in an effective manner (Humble & Sadananda, 2004) so that all employees understand their roles and responsibilities.

Hypothesis 3 was strongly supported in the large and medium samples, but not in the small sample, again indicating the potential lack of reliability of small samples. The majority of the respondents from the large sample felt their companies set and communicate their continuous improvement goals effectively. Providing adequate resources is important to the success of any continuous improvement program (CIP), and the data from the large sample shows strong agreement that adequate resources are provided to support their established CI programs. The priority level of quality, according to 84 percent of the respondents was high. This indicates that quality is built into most of the small businesses' strategic plans.

The large sample research indicates 71 percent of the respondents felt that when changes are needed for improving quality, their top management embraces and institutes change immediately. With that, 68 percent felt that top management strongly supports employee involvement in decision-making in the CIP within their organization. Teams are important in small companies, and 75 percent of those surveyed felt their top management supports the efforts of teamwork. All of these figures are backed by three-fourths of those answering the survey questions indicated that they were happy with the level of support given by upper management towards their quality programs.

Hypothesis 4. The research combined five questions to address continuous quality training for employees. There was very strong support for the importance of continuous quality training, and it was found to be positively associated with company success for the large, medium, and small-sized samples. However, a potential problem area was identified in training programs. Only 40 percent of the respondents in the large sample indicated that their company's continuous improvement training programs have very high standards. Furthermore, the large sample results indicate that when employee skill levels are deemed inadequate, about 54 percent of those businesses do not immediately train their workforce. The company is responsible for ensuring their employees know how to do their jobs effectively and efficiently. If they fail to train properly and in a timely manner, quality will suffer. All employees must have the proper skills, abilities, and knowledge to produce a quality product. (Marler, 1998)

SUMMARY

There is an indication that some areas of the respondents' quality systems may be weak, but that in general, small companies in Arizona are focused on quality management and regard their programs as positively contributing to the continued market success of their businesses. The analysis of the data collected from the large set of 130 surveys indicates very significant positive relationships between company success and the four research variables: (1) employees' positive attitudes, (2) employee understanding of quality principles, (3) support of upper management, and (4) maintaining a continuous training program. However, data from the smaller samples, which were drawn systematically from the large sample group, shows inconsistent statistical support for the research hypotheses. Based on the inconsistent results from the small samples, it is recommended that researchers strive to take larger samples (n>100), and increase response rate by personal delivery and collection of surveys at targeted meetings of business professionals whenever possible. The payoff for this increased effort is greater reliability and validity of research results.

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A Preliminary Study of the Impact of Just-in-Time Manufacturing on Infrastructure Quality and Investment

Dennis Krumwiede
Idaho State University
krumdenn@isu.edu
Victoria A. Smith
Idaho State University
Vicsmith98@hotmail.com
Patrick J. Marrinan
Idaho State University
partrickmarrinan@hotmail.com

ABSTRACT

It is proposed that there is a relationship between JIT and increased infrastructure costs and investment. To explore this relationship, a preliminary study was conducted in order to discover if there is a positive correlation between the frequency of JIT implementation and the amount of money spent on infrastructure improvement in the United States. A proposed methodology for performing this analysis and the possible implications/applications of this research has been conducted.

HISTORY OF JIT

The origins of Just-in-Time (JIT) production can be found in Japan after World War II when Taiichi Ohno developed the Toyota Manufacturing System which "pulled" rather than "pushed" material through Toyota's manufacturing process. Ohno was influenced by the work of W. Edwards Deming who contemporaneously began lecturing about integrating quality into manufacturing facilities in the United States (Chase et al, 2001). Ohno worked closely with Shingeo Shingo to apply statistical techniques and standardized work practices to manufacturing (A Brief History of Just in Time). This system developed by Ohno and Shingo at Toyota forms the basis of JIT or "lean" production as it is commonly conceptualized today. According to Toyota, the JIT system was introduced because post-war Japanese businesses focused solely on raising production, while disregarding whether or not the product would actually sell, leaving these companies with massive inventories. The JIT philosophy maintains that manufacturers should "produce only what's needed and transfer only what is needed" (toyota.co.jp). In addition to its obvious efficiency benefits, Teruyuki Minoura, Senior Managing Director of Business Development and Purchasing for Toyota, believes that JIT "develops people" (toyota.co.jp). Specifically, Toyota claims lean production leads to a wiser and more proactive worker. Instead of an employee constantly being "pushed" work, JIT workers "pull" product from other stations, thus giving them much more control over their work environment and making them accountable for their own quality.

The notion of improved efficiency through a more controlled and organized manufacturing system has existed for some time. For example, Henry Ford made headway in this area with his moving assembly line (Frazier, 2004). However, the most important improvement in this area came out of post World War II Japan. This is the concept of lean production and Just-in-Time (JIT) manufacturing. Overall, JIT is known as an "integrated set of activities designed to achieve high volume production using minimal inventories of raw materials, works-in-progress, and finished goods" (Chase et al, 2001). In this system nothing is produced until it is needed, hence preventing bottlenecks in the system and excessive inventories of works-in-progress.

In JIT a close relationship with suppliers is advisable, as the timeliness of supplier deliveries is paramount. Having confidence in delivery times and quantities allows manufacturers to have less back-up inventory. This is in keeping with the ultimate goal of JIT: to "drive all inventory queues to zeros thus minimizing inventory investment and shortening lead times" (Chase et al, 2001). In order to coordinate these efforts some companies are integrating their vendors into their intranets so that production requirements are accessible by both parties (Chase et al, 2001). However, maintaining stock in the JIT system means frequent deliveries throughout the day from vendors. Indeed, in a survey of UK frozen food manufacturers it was found that average frequency of delivery had increased from 2 deliveries per week in 1995 to about 4.2 deliveries per week in 2001. Furthermore, average order size in this industry (pallet loads) has decreased from 12 in 1995 to about 8.1 in 2001 (McKinnon, 2002). Overall, the preferred method of delivery is via truck, as trucks are able to deliver small amounts regularly and more importantly predictably throughout production. This should mean that there are considerably more trucks on the road (with much smaller loads) than in years previous to the advent of JIT in the United States. In keeping with this, it is hypothesized that this has significant implications for the infrastructure of areas in which there are high concentrations of JIT manufacturers. Specifically, this may have implications for companies and indeed the states positioned along the major interstate corridors in the United States; namely I80 that stretches from New Jersey to California and I70 which covers most of the Midwest.

THE TRANSPORTATION SYSTEM

The role trucks play in the transportation system is vital to supply chain management. Indeed, there have been several changes to the motor carrier industry as of late. Moreover, this industry has seen more changes in the "past seven years than in the past seven decades" (Hoch, 1998). Hoch mentioned that this industry represents $120 billion in annual revenues. Also, he stated that the most important event that has occurred in this industry is the "removal of all state and federal regulations of pricing and operating authority". However, while there has been some significant deregulation in this area, there are still some aspects of this industry that are controlled by federal law. Specifically, the weight of vehicles on interstates, the width of vehicles and the minimum/maximum length of carriers are all still federal regulated (Hoch, 1998).

Overall, the amount of trucks on America's roadways is substantial, and this sector is currently operating at capacity. In addition to dealing with soaring fuel prices, many carriers are also trying to implement off-peak deliveries to ease congestion during the day in urban areas. This has implications for JIT, which maintains that materials be delivered to production floor when they are needed. Indeed, coordinating these deliveries could be highly problematic. However, this is being considered as one possible alternative, to ease the congestion caused by the sheer number of trucks on the roads. Motor carriers considering this alternative maintain that they should be eligible for grants or low-interest loans to help bear this burden (Cooke, 2004).

IMPACT ON INFRASTRUCTURE

According to The Government Finance Review (December, 2003), the condition of the United States infrastructure is deteriorating. Specifically, the overall condition of America's roads, bridges, drinking water and other public works received a 'D+' grade in 2001. Indeed, according to a study conducted by the American Society of Civil Engineers the condition of America's roads has only become worse since this initial assessment. Overall, the estimated cost of infrastructure renewal in the United States has increased to $1.6 million in 2003 (Government Finance, 2003). According to Thomas L. Jackson, President of the American Society of Civil Engineers, "Time is working against out nation's infrastructure. Since we graded the infrastructure in 2001, our roads are more congested than ever…" (cited in Government Finance, 2003).

It is proposed that the increase in JIT implementation has contributed to the deterioration of America's infrastructure, and subsequent improvement spending. Specifically, in the United States it is proposed that JIT production has several implications for transit systems and interstates. With reduced inventories of raw materials and works-in-progress, the need for reliable deliveries is crucial. In keeping with this, the amount of the deliveries has increased, while the size of the deliveries has diminished. Specifically, according to the Bureau of Transportation Statistics, "Compared to other weight categories, smaller sized shipments (less than 500 pounds) increased the most (56 percent) by value since 1993. This faster growth of smaller shipments supports efficient just-in-time inventory systems, which reduces inventory carrying costs and overall logistics costs" (www.bts.gov). Because of the speed and flexibility of trucking, long haul trucks tend to be the JIT manufacturer's preferred mode of transportation.

Trucking offers great flexibility and is easier to control than other modes of transportation, namely the railroad. The amount of trucks on the road may also be increased by the fact that consolidated deliveries (from several vendors) are discouraged as this may lead to more uncertainty in delivery times (Higginson and Bookbinder, 2002). Overall, this means more trucks on the road, causing congestion and general wear and tear on America's roadways. Indeed, total miles traveled by

trucks in the United States has increased from 28.9 million in 1960 to 135.2 million in 2000 (bts.gov). Regarding road condition, the percentage of miles of urban interstate miles being reported as "poor" has increased from 6.5% in 2000, to 7.4% in 2001. Conversely, the percentage of highway miles being reported as 'good', dropped from 37.1% in 2000 to 35.9% in 2001 (bts.gov).

The case for increased trucking as a result of JIT implementation has thus far been outlined; however, there are other modes of transportation that may have also been impacted by the increase in JIT. Specifically, the railroad industry may find it harder to compete with smaller, more flexible truck deliveries. However, the case for using railroads as part of a JIT system has been argued in several places. Specifically, Higginson and Bookbinder (2002) believe that with the advent of better methods of communication, there is no reason why railroads could not be a viable option for JIT manufacturers. In keeping with this, new hours of service regulations for truckers may cause the pendulum to swing somewhat back to railroad deliveries.

RESEARCH PROPOSAL

As previously detailed from the academic literature, there is thought to be a relationship between JIT and increased infrastructure costs and investment. It is proposed that a preliminary statistical study be conducted in order to discover if there is a positive correlation between the frequency of JIT implementation and the amount of money spent on infrastructure improvement in the United States. There are several readily accessible facts that form the basis of this investigation. This study should help form a foundation for a more in depth future analysis into the underlying relationships surrounding logistics and operations management. Although this stark increase in highway expenditure is certainly an indication of economic growth, there are likely to be other underlying factors affecting this increase, and gleaning a better understanding of these factors and their causal relationships is the purpose of this research plan. Overall, from an initial examination of the available data, there appears to be a strong basis for further investigation.

METHODOLOGY

This preliminary study the prevalence of JIT use was approximated by taking the number of manufacturing firms who are members of the American Society for Quality. For the years being studied, JIT use was extrapolated by dividing the number of memberships to this association by the total number of manufacturing firms operating in the United States with twenty or more employees. The number of manufacturing firms was taken from www.census.gov. This figure was then statistically compared to Highway Capital Expenditures and Maintenance Expenditures for the same year. This

information was taken from the U.S. Department of Transportation and the Federal Highway Administration.

RESULTS

Table 1 depicts data analyzed to test the previously mentioned hypothesis that there is a correlation between JIT manufacturing and increased infrastructure capital outlay and maintenance costs.

TABLE 1:
JIT COMPANY DATA:

Years	Number JIT Firms	Capital Outlay (000,000)	Maintenance Costs (000,000)
2002	200,916	75,923	34,041
2001	196,517	70,016	32,445
2000	187,000	64,569	30,923
1999	180,334	57,227	29,998
1998	154,676	51,614	27,235
1997	133,000	48,360	26,777
1996	123,529	46,810	25,564
1995	112,356	44,228	24,319
1994	99,537	42,379	23,553
1993	90,129	39,528	22,894
1992	81,421	38,309	22,224
1991	74,884	36,638	21,222
1990	71,027	35,151	20,365
1989	64,045	33,144	18,952
1988	57,000	32,884	19,109

Correlation Analysis

JIT Firms Capital Outlay correlation = **0.973**
JIT Firms Maintenance correlation = **0.991**

Graph 1:   **Graph 2:**

Scatterplot – JIT Firms versus Capital Outlay

Scatterplot – JIT Firms versus Maintenance Costs
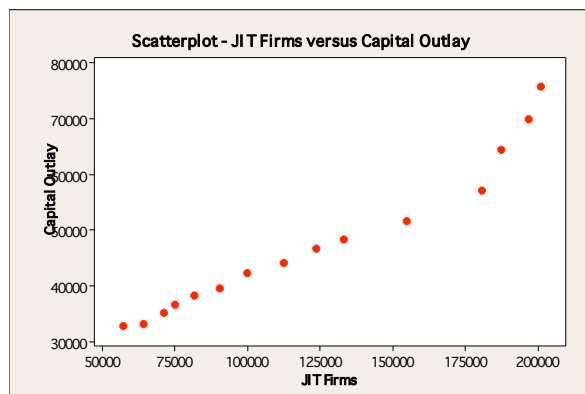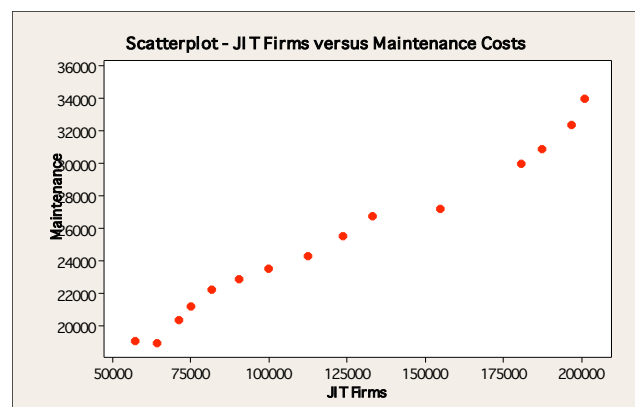
CONCLUSION AND IMPLICATIONS FOR FURTHER RESEARCH

This preliminary research indicates that there is a positive relationship between infrastructure spending and the incidence of JIT in U.S. manufacturing. It seems that this result validates the speculated relationship between JIT and infrastructure spending in the currently available literature. For the future there are several other variables that could be examined along these lines. Specifically, there are knock-on effects of increased trucking, such as a possible increase in truck involved road accidents and the impact on the railroad industry. Furthermore, other secondary effects of increased trucking such as pollution and congestion would be of interest and could have implications for the level social consciousness a company possesses or is interested in portraying. Overall, this research serves as a starting point for other investigations in this area, and attempts to contribute to the current understanding of infrastructure spending in the United States.

This preliminary study hopes to stimulate interest in the relationship between JIT and infrastructure spending. As such, in the future the gap in regard to empirical work carried out in logistics/infrastructure management will be narrowed. Overall, this research highlights implications of JIT outside the assembly line. It would be interesting to see how Japanese firms have combated these issues, and if such a relationship has ever been proposed in this country.

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GLOBAL SOCIAL CHANGE LEADERSHIP: A FRAMEWORK FOR BUSINESS

DR. MARY GRACE NEVILLE
DEPARTMENT OF ECONOMICS AND BUSINESS
SOUTHWESTERN UNIVERSITY
P.O. BOX 770
GEORGETOWN, TEXAS 78627
PHONE: 512-863-1786
FAX: 512-863-1535
EMAIL: NEVILLEM@SOUTHWESTERN.EDU

Abstract

This article inductively builds a profile of global social change leadership by systematically considering the daily actions and ideals of leaders others call "positive change leaders." The grounded theory study emerged out of a desire to find hope amid recent corporate scandals, economic fraud, and global health concerns. The study seeks to understand how leaders act within business in ways that increase global well-being. Four propositions suggest ways individuals create positive influences in larger society.

Introduction

Historians look back over time in order to see global patterns of social change. Futurists posit what might be through macro level changes. In both cases, these larger patterns emerge from clusters of individual, daily activities that, in most cases, appear to be little from ordinary along the way. This study builds a profile of global social change leadership by systematically analyzing narratives about the daily actions of leaders others call "positive change leaders" (Neville, 2004). By understanding these leaders' underlying actions, we can build theory about behaviors that, if made by many business people every day, could change our business landscape to reflect human needs as well as financial efficiencies.

This study began during the period when names like Enron, Worldcom and even Martha Stewart plagued the news. As a society, we seemed to be moving towards maximizing self-interest over regard for the whole. We had drifted towards vary narrow understandings of success, meaning short-term financial gain. We seemed to be losing sight of well-being – globally and environmentally. Not completely, of course. Some business leaders were, in fact, still doing virtuous things.

Therefore, I joined with educators, theorists, and business practitioners in asking what good business is doing. In what ways can businesses and leaders engage in practices that benefit society at large? Rather than giving in to the problematic business and economic trends, we wondered how to anticipate a world we most want to live in, and then seek to appreciate and cultivate that which brings life to our ideals. It was in this spirit of learning about global progress that this study began. Therefore, the study seeks to discover traits of people using business as an agent for larger global well-being.

Methodology

Data for this study, and insights for narrative interpretation, came through a larger inquiry and dialogue called Business as an Agent of World Benefit. The project inquires into the human strengths, positive experiences, and hopeful future visions at the intersection of business and society. B.A.W.B. is both a formal inquiry and an informal dialogic process (www.worldinquiry.org). Formal inquiry is expected to foster an informal and on-going global dialogue. The on-going project largely builds virtual networks and leverages large group forums for interview data. The formal inquiry process includes research such as this study. The formal objective is knowledge creation. This study, embedded in the informal global dialogue and following a structured formal research approach, aims to built theory as part of the larger social change agenda.

This study's 37 semi-structured interviews provided data for grounded theory building. The data gathering process draws on appreciative inquiry (AI). AI is an organizational development philosophy, as well as a large-scale change methodology (Cooperrider, 1987). AI principles embrace social constructionism, positive psychology, and systems theory. Grounded theory methods were then used to identify themes and relationships in executives' narratives (Glaser & Strauss, 1971). Ultimately, I constructed propositions that encapsulated the themes and relationships. The process iteratively integrates external literature with meaning making of the narratives. Again, the process seeks to build new theory, not to test existing hypotheses. One methodological implication is the need to test this emergent theory in order to validate and refine it with different business groups.

This study's primary limitation is transferability of its implications. While theoretical saturation was reached, the sample disproportionately represents American or Western trained business leaders. All of these leaders operate within a cultural paradigm that teaches and rewards financial profit maximization. These leaders are being recognized for innovating within that paradigm. Therefore, imagining possibilities far beyond, rather than incremental to, American business models remains less likely in this work than had the sample been more truly global in nature (see original study for more extensive analysis).

Positive Change Leaders

Leaders thought to be creating positive change through business held a common worldview that the paper fully explores. Quite generally, these leaders believed the world functions as a highly interconnected system, that wealth extends to qualities far beyond financial profit, and that success must be measured over multiple generations of time. In the full paper, I draw implications from the leaders' stories suggesting ways we might collectively mentor, teach, and lead in order to expand the possibilities for a global mind change.

Leading Global Social Change

Three things need clarifying about leading global social change. First, the word leader often implies a hierarchical, organizational, business leader, one whose name appears in a company's annual report. "Leader" here is used in the broadest sense: people whose actions are having an influence, people who others look to for guidance regardless of title or formal authority.

Second, the larger dialogue in which this study is embedded sought participation from private, public and social sectors. This study's sample predominantly comes from

the private sector of business, the for-profit organizations. This bias fits the objective of learning about possible ways profit oriented businesses might create social and environmental benefit in addition to economic returns. Business, primarily the private sector, is an enormously powerful force shaping how global social change occurs. For example, sourcing decisions in the United States impact wages and standards of living worldwide. Soccer balls made in Pakistan and India require children because children's fingers are small enough to hand stitch the small patches together that make the balls. No child labor laws prohibit 16 hour days, enforce break times, or regulate wages in Pakistan. Where one child collapses, another is ready to work. Yet in the American consumer market, we seek low price guarantees regardless of supply chain implications. Similarly, product decisions can change market supply and demand. McDonald's decision to include shrimp salad on their menus so affected the world market for shrimp that the entire market price was driven up past the point where McDonald's could even afford to include shrimp salad on their own menus! These examples illustrate the implicit power business decisions have in shaping social worlds.

Third, leading "global social change" here means working within ones sphere of influence while holding the philosophical belief that all things are connected. I do not need to be working at a global level in order to be seen as valuably leading global social change. In fact, most of the leaders interviewed saw themselves as simply doing what they thought was "right." Only a few sought to change the world (one interviewee grinned as she acknowledged she wanted to change the world, and then she added, "and I have absolutely no need to do it on my own.") Academically, systems theory suggests patterns and relationships exist between parts of larger systems. Therefore, a farmer can work in a domestic business but, because our economies are increasingly interdependent and our societies increasingly interconnected, the farmer's domestic level work has implications on the larger global world. When anyone's decisions consider the positive implications for people, the same decisions have implications on the larger society. The same is true with the environment; when an individual sees himself as a responsible environmental steward, his actions have implications for the global environment. Therefore, many small actions – even unsynchronized ones – have ripple effects on patterns that create global social change.

Propositions

The four propositions influence each other. Individually, the propositions address positive change leadership behavior. Collectively, they illustrate ways in which positive change leaders influence others and are influenced in order to create global social change over time.

(INSERT FIGURE 1 ABOUT HERE)

In the full paper, each proposition is dissected, rooting it in executives' stories and in theory. Each word and phrase conveys meaning. Other theorists write about similar phenomenon. A contribution this paper and framework make is the simultaneity of the propositions. No one proposition can stand alone. All interdependently inform the others.

Proposition 1: Business acts as a natural and appropriate agent for world benefit when people behave as if:

    a. all living physical and metaphysical systems are interconnected;

   b. wealth encompasses global, holistic well-being, far beyond
    financial profit; and

   c. relevant time extends from past to future generations.

Proposition 2: Positive change is catalyzed by events that awaken people
to the possibilities of holistic wealth, including early childhood
experiences, crises, events of the soul, and strategic opportunities for
partnership and collaboration.

Proposition 3: Positive change leaders demonstrate knowing and doing in
a unique style that is soulful, heedful, authentic, and grounded in
metaphysical principles.

Proposition 4: Positive change leaders are driven daily by anticipatory
visions that imagine hope, team-ness, interdependence, and care-taking of
the world.

  Clearly more needs to be understood about why and how some people catalyze
change in others where as some people are made scapegoats or marginalized for thinking
differently than the mainstream. The hopeful possibility for global social change does
exist. Each leader here is financially successful in mainstream business, each is highly
regarded by peers and subordinates, and each is influencing others to notice the
alternative worldview. This suggests the possibility for many more change leaders
globally.

<div align="center">Implications: Generating Dialogue</div>

  The purpose of telling positive stories, like this study and like the larger dialogue
in which the study is rooted, is twofold. First, people who think they are alone in their
good intentions actually discover that they are part of a very broad fabric of people
globally believing in positive change. Strength emerges to do more, to take more risks
towards positive change, to form stronger collaborations explicitly stating positive
intentions. Positive change leaders discover they are not alone (some already know that,
some do not). Even more importantly, people whose inner voice or soul calls them
towards positive change hear that by following their intuition to act holistically,
interconnected or with the long view in mind, they will not be alone in doing so. This
influence leads to the second purpose for the study and the dialogue.

  Second, people seeking positive role models, mentors, and wise guidance can get
it from positive change leaders. Currently, our social conditioning about business
predominantly says we should orient ourselves by quarterly reports (rather than
sustainable growth), competition (rather than collaboration), consumerism (rather than
holistic value on well-being). The larger dialogue, as well as papers like this one, lifts up
stories that challenge the dominant paradigm. Doing so creates language for people to
talk about these ways of being in business. Furthermore, by naming people who are
leading positive change and by celebrating their stories, each of us influences the
potential for generating more positive change.

  In spite of the limitations of exploratory work, the study illustrates that alternative
business paradigms exist.   Global social change leaders are among us making positive

change happen. Identifying who, how and where helps all of us to foster more of what we hold "good." Interconnectedness suggests that we are all on this earth together and that actions of an American consumer or businesswoman influence other people in Asia or Eastern Europe, and therefore each hold the responsibility for considering global social innovation. By doing so, the well being of everyone is increased; our holistic wealth is enhanced. And all of global social change can happen one person at a time, generation by generation.

Contact Dr. Mary Grace Neville (nevillem@southwestern.edu) for the full paper.

Figure 1: Model of Catalyzing Change

Proposition 1   Proposition 3

                                                          Proposition 4

| Worldview | → | Positive Change Leadership Behaviors | → | Visions of:
• Hope
• Teams
• Interdependence
• World care |

Proposition 2

| Awakenings Catalyzed |
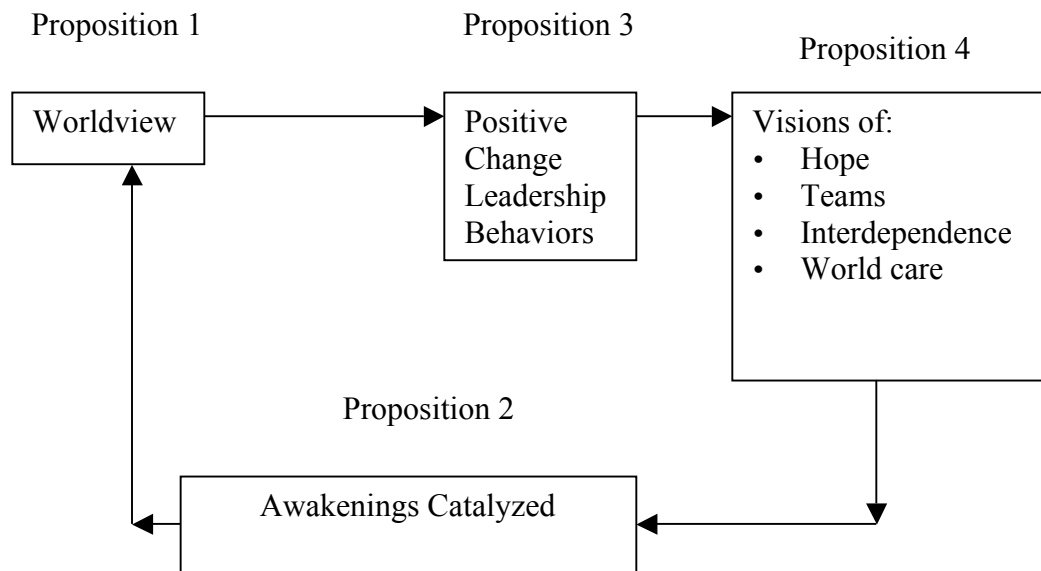
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Half full or half empty: The effects of top managers' dispositional optimism on strategic
decision-making and firm performance

Chris Papenhausen
University of Massachusetts, Dartmouth
e-mail: cpapenhausen@umassd.edu

ABSTRACT

This study explores the effects of top managers' dispositional optimism on firm behavior
and performance, and more specifically, the relationship between top managers'
optimism and firm problem recognition, firm problem solving actions and firm
performance. The hypotheses are tested using surveys and other data from a strategy
simulation game. Results indicate that top managers' optimism positively influences
problem recognition and problem solving actions, but unexpectedly, negatively
influences firm performance.

INTRODUCTION

To date, the effects of managerial optimism on strategic decision-making have not been
researched by management scholars. Psychological researchers, on the other hand,
have widely studied the trait of dispositional optimism and have found it positively
influences a variety of individual behaviors and outcomes in various settings. This
article intends to fill this gap between psychological and strategic management
research.

A major reason why personality traits in organizations and strategy research has not
been widely studied in strategy research is that many studies find that managerial
personality traits (e.g., need for achievement, leadership, and overall affective
disposition), at most weakly influences individual attitudes and behaviors within
organizations (Mischel, 1968; Davis-Blake & Pfeffer, 1989; Peterson, Owens, Tetlock,
Fan, & Martorana 1998). However, strategic decisions, are different from many
organizational decisions because they are psychologically "weak" situations where
available stimuli are numerous, complex, and ambiguous and decision-makers' choices
vary greatly (Finkelstein & Hambrick, 1996). Therefore, these factors are likely to be
influenced by personality traits and dispositions.

Strategy scholars have published a handful of studies that have found that managerial
personality characteristics influence a firm's strategic decision-making. Empirical work
on the personalities of top managers in corporations, for example, focuses primarily on

the traits of locus of control (Miller, Kets de Vries, Manfred, & Toulouse, 1982; Boone & De Brabander, 1993), willingness to take risks and tolerance for ambiguity (Gupta & Govindarajan, 1984), need for achievement (Miller & Droge, 1986), tolerance for risk (Wally & Baum, 1994), and hubris (Hayward & Hambrick, 1997).

The personality trait, dispositional optimism, has been shown to positively influence a wide variety of individual behaviors in a number of domains (Peterson, 2000). Dispositional optimism as used in this study is a uni-dimensional trait on a continuum with optimism at one end and pessimism at the other end. Scheier and Carver (1985) define dispositional optimism as a *generalized* expectancy that good as opposed to bad outcomes will generally occur across important life domains. To date, there exists one study that examines the positive effects of optimism on individual managerial career success (House, Howard, & Walker, 1991) and one study that shows the positive effects of player and team manager optimism on professional baseball team win/loss records (Seligman, 1990). However, I find no studies in any field that examine the influence of top managers' dispositional optimism on firm behaviors, outcomes such as firm performance, or strategic decision-making.

Thus, this article addresses the proposition that top managers' dispositional optimism influences firm strategic decision making and performance.

HYPOTHESES

Optimism and Problem Recognition

Problem recognition serves as the impetus for decision-making (Cyert and March, 1963). Problem recognition is the recognition of difficulties facing the firm. Research demonstrates optimists recognize more problems than do pessimists. For example, Scheier, Weintraub and Carver (1986) find optimism related positively to accepting the reality of the situation. In contrast, pessimism related positively to denying and distancing oneself from the problem. Additionally, Aspinwall, Richter and Hoffman (2001) cite studies (e.g., Aspinwall, 1998) that show optimists process information in a different and more beneficial manner than do pessimists. Specifically, "optimists pay more attention to negative information, remember more of it, and show evidence of greater elaborative processing of it, and rather than devoting attention to all of the information presented, optimists pay particularly close attention to the most useful information available. In contrast, pessimists often pay less attention to negative information, and they do not vary their attention to such information as a function of its relevance to the self or to other potentially important properties" (Aspinwall, 1998: 225).
　　　　Aspinwall (1998) tests whether "optimism functioned as does denial or other defensive processes by assessing the prospective relation of optimism to attention to threatening information as a function of increasing severity or self-relevance" (Aspinwall et al., 2001: 225). She finds (1998) that an optimist's attention increases as the information became more threatening; a finding that suggests that optimism is adaptive

in confronting negative information. Aspinwall and Taylor argue that people with "favorable expectations may be better able to process threatening information because they are less worried about their personal vulnerability" (1997: 424). In addition, Aspinwall et al. (2001) report that optimists tend to respond to difficulty with continued efforts to solve their problems, instead of denying the problems or wishing they would go away.

If top managers respond the same way as experimental subjects, optimistic top managers should recognize more problems than pessimistic top managers. This leads to the following hypothesis:

> *Hypothesis 1: Top managers' optimism positively influences their recognition of firm problems.*

Optimism and Problem Solving Actions

Optimism can also lead to superior problem solving through active coping. When optimists face adversity, they draw on a generalized sense of positive expectancies. In addition, contrary to expectancy theory, the scope of the expectancy is broad and imprecise. However, similar to expectancy theory, positive expectancies lead to increased effort in solving problems. Further, Aspinwall et al. find that "there is ample evidence across a wide range of stressors that optimists are more likely to engage in active coping and less likely to engage in avoidant coping" (2001: 234). Thus, optimists are more likely to react to problems by trying things, whereas pessimists will tend to react by denying or ignoring the problems. I posit that optimists will initiate more actions to solve problems than will pessimists.These arguments lead to:

> *Hypothesis 2: Top managers' optimism positively influences problem solving actions.*

Optimism and Firm Performance

The psychology literature contains extensive evidence that optimists perform better than pessimists across a range of situations. Peterson summarizes the literature on the benefits of optimism as follows:

"Optimism, conceptualized and assessed in a variety of ways, has been linked to positive mood and good morale; to perseverance and effective problem solving; to academic, athletic, military, occupational, and political success; to popularity; to good health; and even to long life and freedom from trauma. Pessimism, in contrast, foreshadows depression, passivity, failure, social estrangement, morbidity, and mortality" (2000: 44).

Optimism's benefits across such diverse domains suggest that there are additional pathways to optimists' success that involve more than just effective problem-solving. One such pathway may be optimists' tendency to explore and create opportunities instead of only reacting to problems.

Optimists are more likely than pessimists to put more effort into experimentation and exploration or the pursuit of new knowledge or things that are possible, but not yet known (Levinthal & March, 1993). Seligman (1990), for example, argues that optimists are open to new experiences and challenges. He asserts that expecting success or attributing failure to temporary or specific causes frees cognitive resources from further rumination and leads to a focus on new and unknown opportunities. These multiple ways optimism improves performance suggests that optimism may directly positively influence performance. This leads to the following hypothesis:

Hypothesis 3: Top managers' optimism positively influences firm performance.

METHODOLOGY

The hypotheses developed in this article are tested using a business simulation game and survey method. The simulation game employed is MARKSTRAT, which is used extensively for educational and research purposes. Experiential simulations such as MARKSTRAT, as opposed to other types of simulations, entail the interaction of people with or inside a simulated environment (Cohen & Cyert, 1968; Lant & Montgomery, 1992).

The MARKSTRAT simulation represents an industry where each company competes against each other company for multiple periods. The competitors choose to continue to produce and sell current products as well as to introduce new products and tap new markets. Competitors make many decisions including funding research and development projects, setting prices, advertising levels, sales force size, targeting distribution channels and ordering market research studies. The primary performance indicator is the stock market results of each company.

Simulation games like MARKSTRAT let researchers study dynamics. The participants make decisions and receive feedback over multiple time periods, which allows for longitudinal study. This is particularly important for the study of personality effects on firm behaviors as the generation of time series data allows the researcher to differentiate between a general optimistic disposition and the effects of performance feedback. That is, I am able to test the stability of top managers' dispositional optimism as measured both before and after the game.

The MARKSTRAT simulations planned for this study used a combination of executives and managers in master degree programs, executives involved in a corporate training program, as well as MBA students, all of whom had at least some work experience.

The total number of participants was 194. The average age of the participants was 37 (the range was 26-57 and the standard deviation was 7.5.). 79% were male. The

average number of teams in each of the seven simulations was 5 (the range was 4-6), while the average number of participants on each of the 35 teams was 5.5 (the range was 4-7.) The team assignments were not under the control of the researcher but were assigned randomly. The teams played the game for an average of 6 periods each (the range was 5-7.)

Measures

Optimism: Optimism was measured with an instrument called the Life Orientation Test-Revised (LOT-R) (Scheier, Carver, & Bridges, 1994). An established body of evidence substantiates the reliability and validity of LOT-R as a measure of dispositional optimism. The LOT-R is a 10-item measure containing four filler items (the filler items were dropped here because several other items were added), three positively worded items, and three reverse-scored items. The three positively-worded items are: "Overall, I expect more good things to happen to me than bad", "I'm always optimistic about my future," and "in uncertain times, I usually expect the best." The reverse scored items are: "I rarely count on good things happening to me," "I hardly ever expect things to go my way," and "if something can go wrong for me, it will." The items are scored using a five-point response scale ranging from "strongly disagree" to "strongly agree'" with the negatively worded items reverse scored. The LOT-R was administered to each participant twice, once before the simulation and once afterwards. Cronbach's alpha was .84 and the LOT-R test-retest reliability was .64. These results suggest that the LOT-R is fairly reliable.

Since the LOT-R measures individual optimism and the variable top managers' dispositional optimism in this study is tested at the team level, the individual survey responses were aggregated to the team level. Top management team behaviors reflect both some aggregation of individual characteristics (e.g., the information available to the team includes the information available to the members), and some factors explicitly at the team level. Studies of the average age of team members, average organizational tenure, or average educational level take individual level variables (the age of individuals, organizational tenure, or educational level) and aggregate these to the group level (Bantel & Jackson, 1989; Wiersema & Bantel, 1992). In parallel to the use of average age or education, I will describe the level of optimism in a team as the average of its member optimism. The result of this technique is that the level of analysis for this study is at the individual level and not the team level. The unit of analysis, however, is at the team level.

For the problem recognition and problem solving actions measures, a single-item measure was constructed for each construct. Single item measures were used because respondents' time was limited due to the constraints of the simulation schedule. Each participant answered the items individually, but the questions asked about the individual's estimate of a team behavior. These items were averaged for each team to obtain a team score.

To assess whether aggregation to the team level was appropriate for the constructs of problem recognition, search, and problem solving actions, intra-class correlation coefficients to test within-team agreement were computed for each self-reported firm measure. A commonly suggested guideline for determining sufficient within-team agreement is an ICC of greater than 0 and a statistically significant ANOVA F-statistic (Kenny & La Voie, 1985.) All 21 measures used had a positive ICC and all but three were statistically significant at the 5% level (Period 3 search; Period 3 problem solving actions; and period 6 problem solving actions). The results suggest that aggregation of the scores is appropriate.

Problem recognition: To measure the problem recognition of each team, I aggregated the survey responses from each team member for the question "The simulation feedback showed our team faced many problems."

Problem solving actions: Problem solving actions was measured by the survey question "Our team made few changes in the way we did things" (reverse scored.)

Common method variance or mono-method bias can be a problem when the independent and dependent variables are measured by the same method. Since two measures were collected using the same method, the Harman's single factor test (Podsakoff & Organ, 1986) was used to determine the extent to which correlations among the variables in this study may have resulted from common method variance. Common method variance could be a problem if either (1) one factor emerged or (2) one factor accounted for the majority of the variance among the variables (Flannery & May, 2000). The results indicate that neither condition was found (no single factor emerged or accounted for the majority of the variance among the variables), suggesting that common method variance did not explain the findings presented here.

There are three constructs, distinct from optimism, prominent in the strategic management literature that may directly influence the behaviors and outcomes proposed in this study. These three are used as control variables in all equations: task conflict, relationship conflict and trust.

Task conflict constitutes perceptions of disagreements among group members about the content of their decisions and involves differences in viewpoints, ideas, and opinions. In contrast, relationship conflict is the perception among group members of interpersonal incompatibility and typically includes tension, annoyance, and animosity among group members (Rau, 2001; Jehn, 1995). Task conflict generally has beneficial effects on decision quality while relationship conflict has exclusively negative consequences for the group (Jehn, 1995). Task conflict may improve the team's decision-making ability by increasing the number of perspectives to bear on the problem, which can affect the quality of decisions (Hambrick & Mason, 1984; Bantel & Jackson, 1989; Roure & Keeley, 1990; Murray, 1989). In a manner similar to the

optimism, conflict can affect "vigilant problem solving," where groups are required to carefully survey their objectives, extensively search for information, and make contingency plans after selecting an alternative (Janis, 1989). Because task and relationship conflict influence information processing, these are included as control variables in all regression equations.

Mishra defines trust as "one party's willingness to be vulnerable to another party based on the belief that the other party is a) competent, b) open, c) concerned, and d) reliable" (1996: 265). Trust among team members may modify member interactions in such a way that the group as a whole will be able to draw upon the diversity of expertise fully available to it. Thus, trust may influence information processing and will be included as a control variable.

Each of the three control variables is measured by survey instruments validated in prior research on team decision-making. This study used Jehn's (1995) widely used four-item summative Likert-type scales to measure relationship and task conflict with the modifications to enhance clarity proposed by Simons and Peterson (2000). Trust was measured using a five-item summative Likert-type scale that has been developed and used successfully previously by Simons and Peterson (2000). All items were analyzed at the team level.

RESULTS

The proposed model is tested using the cross-sectional time series regression technique of a random-effects panel model. Using a random-effects panel model allows each observation to be independent despite multiple observations from the same firm. It also allows variation in the administration of the multiple simulations to be controlled for. Table 1 provides the descriptive statistics on the dependent and independent variables and the correlation matrix. The variables top managers' dispositional optimism, problem recognition, and problem solving actions were standardized in all regression equations. Standardizing the indicators helps prevent computational errors by lowering the correlation between the interaction terms and their individual components (Aiken & West, 1991.)

Hypothesis 1 states that top managers' dispositional optimism positively influences problem recognition. The hypothesis is supported. The results reported in Table 2 indicate that top managers' dispositional optimism has a statistically significant effect (b = .14, p=.03). As expected, prior year stock price percent change is negatively related to problem recognition (b=-2.01, p=.00). Supporting Hypothesis 1, in the context of complex strategic decision-making optimists recognize more problems.

Hypothesis 2 states that top managers' dispositional optimism positively influences problem solving actions. Results show that top managers' dispositional optimism has a

significant and positive effect (b = .13, p = .04) on problem solving actions. Thus, Hypothesis 2 is supported.

Finally, Hypothesis 3 examines whether top managers' dispositional optimism directly influences firm performance. To test this hypothesis, stock price (the dependent variable) was regressed on top managers' dispositional optimism, problem recognition and problem solving actions. The equation also controlled for prior period stock price. Stock price was converted to a base 10 log. The results in Table 2 indicate that the coefficient for top managers' dispositional optimism is negative and statistically significant (b = -.01, p = .03). Therefore, contrary to Hypothesis 3, top managers' dispositional optimism is *negatively* related to firm performance. The results also indicate that two other parameter estimates are significant as well: problem recognition (b = -.02, p = .00) and prior year stock price (b = .84, p = .00). In other words, the higher problem recognition, the lower the performance; and the higher the stock price in the previous year, the higher the stock price in the current year. Finally, as in all the hypotheses tests in this study, the parameter estimates for the controls were statistically insignificant.

DISCUSSION

In summary, top managers' dispositional optimism affects firm behaviors and performance. In this section, the implications of the results, limitations of the study, the contributions of the study to the field of strategic management are all discussed.

Hypothesis 1, which states that top managers' dispositional optimism is positively related to problem recognition, and Hypothesis 2, which states that top managers' dispositional optimism is positively related to problem solving actions, are both supported. This result is consistent with earlier studies that showed optimists pay more attention to problems and accept the reality of problems instead of denying their existence (Aspinwall, 1998) and cope with problems more actively. This finding has implications for the strategy literature in areas such as environmental awareness, scanning, and strategic change, which all rely on the notion of managerial recognition of problems and problem solving actions.

Contrary to Hypothesis 3, top managers' dispositional optimism was negatively related to firm performance. The positive relationship between firm performance and problem recognition (controlling for prior performance) suggests that optimistic top managers are aware of the problems they face, but why optimists perform worse can not be explained by this study.

One possibility is that optimists take more risks, and in this context at least, risk taking leads to inferior performance. Recent research has shown that dispositional optimists take more risks in decisions involving investments and casino gambling (Felton, Gibson, & Sanbonmatsu, 2003; Gibson & Sanbonmatsu, 2004). These authors also suggest

that many of the previously identified beneficial outcomes of optimists are contingent on the setting. For example, much of the research that has demonstrated optimism's benefits has been undertaken in health related areas. Optimists' greater information seeking and active problem solving strategies likely lead to actions that ameliorate health problems because any actions taken in this domain are generally beneficial (exercise, taking medications, seeking expert advice). However, in a context such as financial markets, increased information seeking and action may result in more risk taking with more potential for inferior performance. Pessimist's penchant for withdrawal and disengagement, on the other hand, indicates a tendency to reduce risk taking. In the context of this study, high levels of risk taking could very well lead to impaired performance. For example, the designers of the simulation game warn instructors that too much risk taking in the game impairs learning. Learning from previous actions becomes difficult due to the complexity involved when rapid and large swings involving multiple decisions are taken simultaneously. This negative effect is likely present in many complex organizations as well. Future research should put greater emphasis on the influences of optimism in various contexts as well as exploring the effects of optimists' risk taking.

This study is subject to limitations. The study used self-reported data to measure problem recognition and problem solving actions, which may result in biased data because of differences in the way optimists and pessimists perceive themselves and their behaviors. In addition, the use of single-item measures for some of the variables may impinge on the respective construct validities. Another limitation is that the top management teams studied were not ongoing teams, but rather were teams during the simulation game only. The lack of team history may have created a weaker psychological setting than would be found in an actual ongoing TMT (Carpenter & Golden, 1997). In addition, while nearly all of the participants in the study had substantial business experience, most were not top executives before the simulation. Thus, the results of the study may not be fully generalizable to TMTs in actual organizations.

Research implications

These findings suggest a need to further explore the effects of dispositional optimism on strategic decision-making. The evidence suggests that top managers' dispositional optimism influences various firm behaviors as well as firm performance. In addition, the results indicate that dispositional optimism may affect firm outcomes differently from individual's outcomes. Further research identifying the role of context on the influence of dispositional optimism should provide answers regarding these differences.

Managerial implications

Organizational procedures could be effective in altering non-adaptive behaviors of pessimists and optimists. For example, organizational interventions that induce organizational problem recognition could be applied to pessimists. If firms wish to encourage problem solving actions, organizational actions could be forced on pessimists. If optimism leads to inferior performance, organizations may benefit by altering their managerial selection techniques. Finally, if optimism can be learned as some have suggested (Seligman, 1990), organizations could benefit from attempts, where applicable, to increase managerial pessimism or optimism.

Conclusion

This article provides the only test of the effects of top managers' dispositional optimism on strategic decision-making and firm performance. The findings suggest that top managers' dispositional optimism positively influences firm problem recognition, positively influences problem solving actions, and negatively influences firm performance.

In conclusion, the results highlight top managers' dispositional optimism as influential in the problem solving behavior and success of firms.

TABLE 1
Means, Standard Deviations, and Correlations[a]

	Variable	Mean	std.dev.	1	2	3	4	5	6	7
1.	Top Managers' Optimism	34.05	3.02							
2.	Problem Recognition	4.48	1.26	.09						
3.	Problem Solving Actions	3.92	1.14	.16	.21					
4.	Task Conflict	13.92	4.36	-.09	.33	.06				
5.	Relationship Conflict	11.05	4.58	-.17	.31	.03	.93			
6.	Trust	24.28	2.03	.16	-.23	.04	-.47	-.60		
7.	Stock Price	3.12	0.18	-.29	-.47	-.29	-.28	-.34	.32	
8.	Stock Price Lagged	3.09	0.16	-.28	-.43	-.31	-.24	-.29	.29	.86

[a]There are 210 observations. Correlation coefficients greater than .12 are significant at the 5 percent level.

TABLE 2

Results of Regression Analysis of Problem Recognition, Search, Problem Solving
Actions and Firm Performance[a]

Independent Variables	Problem Recognition	Problem Solving Actions	Firm Performance
Top Managers' Optimism	0.14*	.01*	-.02*
Problem Recognition			-.02**
Problem Solving Actions			-.01
Trust	-0.05	.03	.00
Relationship Conflict	0.01	-.02	-.01
Task Conflict	0.06	.05	.00
Prior Year's Firm Performance	-2.01**		.84**
R^2	0.41	0.04	0.76

[a]For the analyses with Problem Recognition, n=175; for all other analyses, n=210.
*p<.05, **p<.01

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FTAA AND LIBERALIZATION: INSTITUTIONAL ISSUES

Sivakumar Venkataramany Ph.D.
Associate Professor of Finance and International Business
Ashland University, Dauch College of Business & Economics
Ashland, Ohio 44805
Tel. (419) 289 5956
Email: svenkata@ashland.edu

Balbir B. Bhasin Ph.D., M.I.M.
Associate Professor of Management and International Business
Sacred Heart University, College of Business
5151 Park Avenue, Fairfield, Connecticut 06825
Tel. (203) 371 7876
Email: bbhasin@sacredheart.edu

Peter Reday Ph.D., M.I.M.
Assistant Professor of Sales and Marketing
Williamson College of Business Administration, Youngstown State University
One University Plaza, Youngstown, Ohio, 44555
Email: pareday@ysu.edu

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ABSTRACT
For any bilateral or multilateral trade agreement to be effective, it is imperative that all participants derive maximum benefit. This paper highlights the institutional issues facing the partners of the Free Trade of the Area of the Americas (FTAA), analyzes some of the current areas of conflict and suggests action to reduce tensions and promote harmony, cooperation and accommodation which is necessary when multiple countries attempt to foster such an agreement.

Introduction

Every nation planning to participate in opening its borders to a trade agreement has by necessity the goal of growth of development through increased trade and commerce void of tariffs and quotas. The nations that are currently party to the proposed Free Trade Area of the Americas agreement (FTAA) are no exception. Each member has unique needs and concerns, but almost all are participating to bring the benefits of free trade down to the level of each member of their community.

Efforts to create this trading bloc began just after the creation of the North American Free Trade Agreement (NAFTA) in 1994 and by most expectations implementation should have materialized on January 1, 2005 the target date set. Not only has this not taken place, questions are being raised if a realistic date can actually be set at all. A recent report in February 2005 is headlined "Is the FTAA Floundering?" and concludes that "the failure to reach an accord by the agreed-upon date could mean there will never be an FTAA." (Meza, 2005) FTAA talks ground to a halt last year (Colitt, 2005). This paper is another effort in appraising the challenges of trade liberalization in the context of the FTAA, evaluates the issues and concerns of members who are primarily developing economies and suggests overtures that are necessary to address these issues of there is to be an agreement that will benefit all participants.

Multilateralism

The Free Trade Area of the Americas is a progressive and modern effort to remove all barriers to trade and investment by 2005 and thereby unite all the thirty-four economies into one single trade area. Trade liberalization is not completely new to the post-war world and has been introduced in numerous forms. GATT brought the concept of the most favored nation (MFN) under the umbrella of multilateralism. As a consequence, protectionist measures though altogether not eliminated were withdrawn equally and in stages in respect of other member nations. Another such move was the formation of Customs Unions. These unions are discrete and so directly violate the principles of multilateralism [Harrison 1979]. Trade liberalization within a small region was also another cooperative effort for promotion of mutual trade. Regionalism is not without contradictions but the countries in the Asia Pacific Economic Cooperation (APEC) have resorted to a policy of open regionalism removing thereby any discriminatory practice [Scollay 2001]. Preferential trade arrangements (PTAs) cause a fall in tariff levels and this becomes an incentive for new memberships [Freund 2000] but do result in a diversion of trade [Krishna 1998]. Exploration of proliferation of free trade agreements in the ASEAN area to promote multilateralism is a policy of the World trade Organization [Sellakumaran 2004]. Multilateralism by conventional wisdom leads to nondiscrimination and reciprocity [Ethier 2004] while bilateralism and preferential trade agreements both may lead to trade diversion [Moser 1995]. The resultant trade growth due to multilateralism promotes output growth and trade liberalization [Greenaway 1990]. For low-income countries, institutional and structural characteristics are more important determinants than multilateral reforms including trade liberalization [Sindzingre 2005]. Even countries practicing open trade policy could reap the benefits of trade creation through multilateralism. Canada has demonstrated this amply well by entering into numerous unilateral and bilateral trade arrangements and eliminations of tariff [Head and Ries 2004].

Background

The project was launched some fifteen years ago by the then President of the United States George Herbert Walker Bush as a solution that would integrate all the countries in North, Central and South America and the Caribbean. This would have created the world's largest free market, with a combined gross domestic product of US$13 trillion and 800 million consumers from Alaska to Argentina. (Petry, 2004) The limited success of NAFTA, encouraged by the US's drive towards maximizing cross border trade, resulted in the signing of the Central American Free Trade Agreement (CAFTA) in December 2003. Another trade agreement – MERCOSUR - tied together the economies of Argentina, Chile, Brazil, Uruguay and Paraguay. The many lessons that have been learnt from the negotiations process, structuring and implementing of these agreements should have resulted in greater success in pursuing FTAA goals, but this does not seem to have been the case. The major differences seem to focus on the fact that there is a great disparity among participating nations. Although the EU does include countries with different levels of development, these gaps are nowhere near as wide as those that exist among member of the 34 diverse countries of the Americas. (Meza, 2005)

Distribution of Wealth in Developing Countries

World inequality remains a real concern for all countries, developed and developing. There exists a great divide among the poor and rich nations and within the countries as well. The divide does not seem to be getting any smaller. World inequality between households has increased. The income of the richest 1% (50 million people) is the same as the income of the poorest 60% (2.7 billion people). The 2002 figures of the number of people living in poverty

in Latin America reached 220 million – or 43.4 percent of the total population – and this figure is rising on year after year. (Meza, 2005) While countries try to achieve greater equality in the distribution of wealth, incomes and opportunities by broadening access to public services such as education, health, water, electricity and land and rural services, free trade runs completely opposite to the policies of poor countries attempts at providing the basic amenities to its population through public entities while FTAA presses countries "to privatize health care, water, and electricity and to charge 'user fees' on public services such as education." (Sierakowski et.al. 2004) The net result of this disparity is the inability for the participants to negotiate on an equal footing.

Concerns of Labor

The question of labor standards has been plaguing all multilateral agreements including the World Trade Organization (WTO). Labor organizations all over the world are concerned about the exploitation of labor, the degradation of the environment, and the undermining of national regulations designed to protect the health and safety of citizens. (AFL-CIO, 1999) Liberalization of trade necessarily means a restructuring of existing labor policies and standards. Labor organizations are continually in support for linkages of trade and labor standards, though governments of developed countries such as the United States have been hesitant and often strongly opposed. Arguments in favor of linking for include:

1. Trade sanctions as an enforcement device. This would raise the enforcement of labor standards and trade can provide a tool for ensuring compliance.
2. Setting efficient labor standards. The fear is that large, capital-abundant countries may set their labor standards at a point where the marginal benefit exceeds marginal cost, thus under-regulating their labor markets.
3. Bargaining inefficiencies. Governments may be motivated to replace inefficient trade policies with inefficient labor policies.
4. Bargaining Complementarities. When countries negotiate on multiple issues, all can gain by linking those negotiations.

Arguments against linkage are:

1. Efficacy of labor standards. This is questioned as whether simply imposing better conditions will in fact make all workers better off. If higher standards are imposed, then the cost of hiring labor will rise and fewer workers will be hired.
2. Trade sanctions may be inappropriately applied. There exists a possibility that trade sanctions will be co-opted for protectionist purposes.

An extensive assessment of these issues done by Brown, Deardorff and Stern in 2002 concludes that "trade sanctions are not very attractive for expressing humanitarian concerns" (Brown et.al. 2002). Much debate is currently taking place with regards the FTAA and worker rights. Workers through their representatives may be feeling left out as there is not a direct representative serving their needs. The exploitation of labor is a major concern as is the need for proper compensations and benefits. A report on CAFTA "The Real Record on Workers Rights in Central America" released on April 4, 2005 charges that "the labor provisions in CAFTA fall short in at least 20 areas of recognized international labor standards, such as the right to form a union or a ban against child labor." (AFL-CIO, 2005)

The negative affects of trade liberalization on labor has many supporters both in the developed economies as well as in developing countries. This is becoming a somewhat anti-capitalism fervor, and is resulting in strong protests at meeting venues. Crucial issues raised include the harmful effects of free trade on women and minorities, the fear that investor rights will take tremendous priority over human rights, the existence of sweatshops in Latin

America, very low or even no wages, and these continue to be the bone of contention at every level. The following is just an example of vehement opposition to trade liberalization by labor:

Multilateral Trade and Tariff Issues

The fundamental reason for establishing the FTAA is that trade liberalization will foster economic growth, reduce poverty and speed development. This would necessarily lead to direct benefits to consumers through the competition created by lifting of tariffs and market access. The main concern here is that developed nations, especially in this case the United States, which has comparative advantage in most services such as finance, transportation, engineering, technology, will lead to a tilt in the benefits accrued by some partners. The one obstacle is the reality that in the face of an overall 34 nation agreement, the US continues to broaden its bilateral and multilateral treaties. One claim is that CAFTA has the potential of paving the way for the FTAA. However, CAFTA has yet to produce the desired results. MERCOSUR is another stickling point in that its participants are not ready to agree to a larger agreement. This has led the FTAA grouping to take on a two-tier approach led by the US and Brazil, the two largest economies who have different priorities. The US is pushing for broad based tariff elimination while Brazil prefers to address peak tariffs and tariff rate quotas (TRQs) (Hornbeck, 2005) The US favors a comprehensive agreement while Brazil aims to keep the talks focused solely on trade.

Another major issue is the subsidies on agriculture which could be the major stumbling block as negotiators are deadlocked in their positions. The issue is further exacerbated by the fact that US does not intend to compromise on this sector, while most of the developing countries depend on agriculture. The US is pushing for greater market and investment access for its products, a coalition of 21 developing countries is pushing back, demanding an end to agricultural subsidies (Global Fairness, 2005). One of the fears is dumping. The Americas Trade and Development Forum (ATSDF) recommended that FTAA agriculture rules should:

1. Grant all countries the right to develop their own agriculture and food policies, including the right to manage both production and inventories.
2. Grant countries the right to protect themselves from dumping of agricultural commodities at below the cost of production.
3. Prohibit dumping by any country into international markets.
4. Provide farmers with a fair price and consumers with a safe, secure and affordable food supply that is environmentally sustainable.
5. Reduce the anti-competitive market distortions caused by the disproportionate market power of agribusiness cartels. (Institute of Agriculture and Trade Policy, 2003)

However, these recommendations, though noteworthy, have not received due consideration. Up to the time of writing, negotiations have halted; and major differences between the US and Brazil prevail. The contentious area of agriculture remains a major obstacle, especially since both the US and Brazil are major producers and exporters. The parties could agree on different speeds of integration, which will allow them to exclude contentious issues, such as intellectual property rights and agriculture (Ishmael, 2005).

Currency Problems and Exchange Rates

Many such bilateral, multilateral and regional cooperative measures have their deep roots in the less developed countries' inability to pay for the inevitable imports in hard currencies. These currency problems continued to wreck the soft currencies and the respective balance of payments. Countries in the Nonaligned Movement (NAM) are still being haunted by their

colonial past and have been skeptical of the various trade treaties and the wave of globalization while its key member state of India is engaged in a process of systematic liberalization. Despite new currencies with uncertain values, varying degrees of convertibility and divergent exchange rate regimes and restrictions, the erstwhile eastern bloc countries have proved that multilateralism allows non-discriminatory trade [Pomfret 2003]. Financial deregulation in the last decade is another move by the emerging economies to remove the currency problems by series of steps such as economic and financial liberalization, removal of exchange control and restrictions on current account convertibility and introduction of incentives for international investors to provide stimulus for the inefficient domestic sectors. Severe shortages of dollars and unbridled inflationary trends in the domestic environment have compelled countries like Ecuador to dollarize their economy. El Salvador and Panama have also resorted to substitution of their home currencies with US dollars. Besides losing the benefits of seigniorage, the central banks also surrender their autonomy by withdrawing a currency exchange rate mechanism and thereby their tool of intervention. The dollar is not the panacea unless the banking systems in these countries become completely sound, modernized and efficient. Despite the price stability that dollarization may bring to economies in transition, researchers also recommend an optimally managed exchange rate regime to direct the economy at times of fluctuating growth [Hudgins and Yoskowitz 2004]. Other issues pertaining to payment & settlement, cross-border trade credit are also looming large.

Marketing Issues
The FTAA through the elimination of barriers will provide the citizens of the countries involved with the latest products incorporating the latest technologies at the lowest possible prices. It will do this in two ways: first by allowing foreign firms to compete on an equal basis with local firms. And as a corollary to the first, it will force local firms to upgrade their core competencies in order to compete. The FTAA will provide businesses who buy from other businesses (B-2-B) with additional means to find the right product, at the right place at the right time for the right price. FTAA will do this by reducing and then eliminating artificial impediments to trade - tariff and non-tariff barriers. These barriers forced the buying centers in B-2-B organizations to select products not on the basis of what is best for the organization's core competencies, i.e., latest technology, highest quality, best delivery, internationally competitive price but on the basis local price. This meant that the final product produced by the organizations in a protected environment although competitive within the home country may not have been able to compete internationally. Specific changes in traditional business models become vital to maintain Customer Relationship Management. While the advent of technology has brought vendors and customers closer, FTAA potentially expands the market at the same time as it provides the likelihood of additional competitors. However, the basic marketing notions of *product, price and promotion* will require enhanced attention as issues of transparency will be addressed clearly.

Integration of Distributed Services
FTAA will cause major disruptions and rethinking of supply chain management issues for the organizations who decide to move their manufacturing to areas where it makes economic sense to build the product. Typically organizations build products near their major competitors, as was stated in number 5, above. However when organizations have the opportunity to do so, they often use other selection criteria such as the cost and the availability of appropriate labor, access to raw materials, financing, infrastructure when deciding where to build products. If organizations decide to move their manufacturing into different countries within the FTAA or even outside of it, a whole host of supply chain

management issues arise. How to receive semi-processed product from internal and external vendors into the final processing facility 'just-in-time' to maintain a lean production operation while efficiently delivering all products on time without back orders? The tool to achieve this is both complicated and necessary, that is - inventory. Inventory is necessary in order to minimize the impact of uncertainty – uncertainty of delivery of raw material and components and uncertainty of customer demand. Many factories have a warehouse where inventories of raw materials, whether from outside vendors or their sister factories in other locations are consolidated to 'feed' the production process. Factories employing the Make to Stock business model also have a warehouse of finished goods inventory where products are stored until they are ordered by customers (Bowersox, et al, 2002). Oftentimes this warehouse also carries finished goods inventory shipped from sister factories in order to provide consolidated shipments to customers nearby. Inventories are important but the next step is to get the material in the inventories to the customer whether this is moving raw materials from the vendor to the factory or from your factory to the customer.

Conclusion

The Free Trade Area of the Americas is indeed a timely effort in an age of growing multilateralism. Besides several institutional issues, there are numerous forums constantly engaged in vehement opposition to the formation and functioning of the free trade. In our estimate, the waves of opposition will probably cleanse the nationally fragmented systems and bring cohesiveness among diverse democracies.

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DIVISION IV
CREATIVE MANAGERIAL INSTRUCTIONAL ISSUES, CASE WRITING, EDUCATIONAL PROPOSALS, SIMULATIONS, GRANT WRITING, AND EXECUTIVE EDUCATION

APPLYING BALDRIGE CRITERIA TO BUSINESS SCHOOLS: LESSONS LEARNED FROM A 2004 BALDRIGE AWARD WINNER

Sharon Clinebell, University of Northern Colorado
sharon.clinebell@unco.edu
John Clinebell, University of Northern Colorado
john.clinebell@unco.edu
Daniel James Rowley, University of Northern Colorado
daniel.rowley@unco.edu

ABSTRACT

The Monfort College of Business at the University of Northern Colorado was named as one of the 2004 Malcolm Baldrige National Quality Award winners. The Monfort College of Business is the only business school ever awarded the Baldrige Award. The purpose of this panel is to provide information regarding the processes and techniques of the Monfort College of Business to faculty who may be interested in applying the principles of continuous improvement in their colleges.

PURPOSE OF THE PANEL

The Malcolm Baldrige National Quality Award is the most prestigious quality award given in the United States. The Baldrige National Quality Program was created by Congress in 1987 to enhance U.S. competitiveness. Baldrige award categories are manufacturing, service, small business, education, and health care. Beginning in 2006, there will be an award category for nonprofit and government organizations. Up to three awards may be given in each category. Since the first awards were given in 1988, only 62 awards have been granted. In November 2004, the Kenneth W. Monfort College of Business was named as one of the four 2004 Baldrige Award winners. The Monfort College of Business is the only business school ever awarded the Baldrige Award and only one other institution of higher education has won, the University of Wisconsin Stout in 2001. The education awards were established in 1999 and there have been 83 applicants.

The purpose of this panel is to provide information regarding the Monfort College of Businesses' processes and techniques to faculty who may be interested in applying the principles of continuous improvement in their universities or colleges and those interested in pursuing the Baldrige Award.   Although many management professors have some knowledge concerning the Baldrige Award, they may not have in-depth knowledge regarding the Criteria and the seven Categories: Leadership; Strategic Planning; Student, Stakeholder, and Market Focus; Measurement, Analysis, and

Knowledge Management; Faculty and Staff Focus; Process Management; and Organizational Performance Results. Each category will be discussed generally and then specific information will be given regarding the writing of the application in each area.

Also, the importance of incorporating the core values of visionary leadership, customer-driven excellence, organizational and personal learning, valuing employees and partners, agility, focus on the future, managing for innovation, management by fact, social responsibility, focus on results and creating value, and systems perspective into the college will be discussed. The importance of the systems perspectives and showing linkages among the Criteria are important and will be also be presented.

One of the hallmarks of the Baldrige process is the idea of benchmarking. Management by fact is listed as a Baldrige core value and benchmarking results to best practices is used as an illustration of managing by fact. The Monfort College of Business has been committed to benchmarking for several years, predating its interest in the Baldrige Award. We believe a key reason for our success in winning the Baldrige Award, especially with our second application and our first site visit, is the long tradition of benchmarking results at the Monfort College of Business.

The presenters will also discuss the process the used by the college when applying for the Baldrige Award. Specifically, we will address the decision to get involved in the process, the extent to which faculty, staff, and students were engaged in the process, and the time commitment involved in the application process.

PANELISTS

The panelists have specific credentials that allow them to speak about the Baldrige Criteria and the process used by the Monfort College of Business beyond just being faculty members at the college. Sharon Clinebell, Professor of Management at the Monfort College of Business, was part of the Baldrige team for the Monfort College of Business and was instrumental in the writing of the application. Sharon served as a Baldrige examiner for three years which increased her understanding of the process. She was able to use her knowledge of the Baldrige Criteria and the process to help the college in its applications. She also serves on the Awards Committee for Colorado Performance Excellence, Colorado's state quality award.

Sharon will present an overview of the Criteria and the Core Values of Baldrige and discuss the importance of the systems perspective and the linkages among the Criteria and Core Values. Additionally, the process by which the Monfort College of Business engaged the faculty, staff, and students into the Baldrige process will be discussed. She will also discuss the use of existing faculty committees in the process. The time commitment required for the application process will be discussed as well as the advantages and disadvantages of applying. She will also provide a broad discussion of

"lessons learned" between the first application and the second application. Additionally, the role of state quality awards will be discussed.

John Clinebell, Professor of Finance at the Monfort College of Business, is the benchmarking coordinator for the college. He will address the use of benchmarking in the college. He will discuss the benchmarking efforts in the college including the benchmarking products and services we utilize as well as how the Monfort College of Business uses the benchmarked results. Benchmarking is a cornerstone of the results section of the application which is worth 450 of the possible 1000 points. Each item in the results category ends with the admonition to "include appropriate comparative data."

Daniel James Rowley, Professor of Management and Department Chair at the Monfort College of Business, has authored several books and articles on the topic of strategic planning in higher education. He worked closely with the Dean and the Administrative Council (of which he was a member in his role of department chair) revamping the college's strategic planning process for the continuous improvement journey on which the college embarked. He participated in the writing of Category 1—Leadership and Category 2—Strategic Planning sections of the application.

CONCLUSION

Although there are no secret tips to winning the Baldrige Award, there are lessons to be learned from those that have been through the process and have been successful. We feel this panel will be helpful to those faculty who are interested in the Baldrige process and those interested in pursuing the award.

With the increasing importance accrediting agencies such as AACSB is placing on the measurement of outcomes, schools will be seeking new ways of achieving and measuring outcomes. The Baldrige Criteria and the philosophy of continuous improvement may provide some guidance to faculty in their quest to fulfill accrediting agencies' requirements.

Learning and Teaching Styles,
AACSB Standards for Learning Goals and
Assessment: Conflicts and Concerns

John Kilpatrick, Ph.D.
Idaho State University
kilpjohn@isu.edu
Kathy Lund Dean, Ph.D.
Idaho State University
lundkath@isu.edu
Paul Kilpatrick, Ph.D.
Geneva College
pwk@geneva.edu

ABSTRACT

The new AACSB accreditation guidelines specify standards regarding the development of goals and learning objectives for various content areas and 'soft' skills such as writing and oral presentation. These are being interpreted in a variety of ways across accredited schools of business. This paper raises the question of whether these standards, as interpreted, are appropriate and support best practices in education. To address this issue, we compare the more traditional model of liberal arts education with the predominant model evolving in schools of business today.

INTRODUCTION

There is a healthy debate going on concerning what the true ends of education are, and about the best means to achieve those ends. The debate involves questions of content and process, of direct and indirect approaches to learning, questions of standardization and variety, of conformity and flexibility, of congruent and divergent thinking, of rational, analytical and intuitive modes of thought and reasoning. At the base of these conversations is a desire to move beyond simple, reductionist either/or models of thought and being and to develop a balance in education that addresses the whole person, that uses the 'whole brain,' that values the entire range of mind-activities: linear and analytical processes, but also the intuitive, indirect, sideways thinking necessary to understand and appreciate the vague, richly ambiguous complexities of life, and all other variants, at all levels of thinking and 'not thinking.'

In this paper, we describe concerns about the changes in schools of business being driven by the accreditation process. The intent is less to provide 'answers,' though we present arguments about the efficacy of some of these changes, and more to initiate open-ended consideration and dialogue.

The predominant view with respect to each of these questions tends to shift over time. At the moment, though, there seems to be a preference for a positivist, mechanistic,

formulaic and narrowly analytical approach to curriculum design. This tends to include a heavy reliance on quantitative measurement and on standardized assessment tools. Several concerns arise out of this trend. The first is that the education model used in business schools will continue to diverge from the liberal arts model of teaching and learning. The second, and parallel concern, is that ultimately it will include a demand for uniformity across courses, both in content and delivery, and across professors who bring different teaching and thinking styles to the business school curriculum.

THE LIBERAL ARTS MODEL *VIZ*. THE BUSINESS SCHOOL MODEL

We should first note that there are many similarities between the liberal arts and the business school models of learning, and that we do not intend to reduce the distinction to two tidy, discrete and disconnected categories. However, there are significant dissimilarities in the two world-views reflected and in key assumptions about content and process.

The ends of education tend to be different from those articulated in professional schools. In the traditional liberal education view, one aim is to improve the life of the individual and of the community of which she or he is a part. This means the development of a broader background and perspective, an appreciation for the history and culture of a place. Critical thinking, debate and dialogue have always been viewed as essential to liberal education. The term derives from *Kritike,* the Greek word for critic, 'the art of judgment.' The educated, articulate and humane individual is seen as critical to an effective democracy.

In the liberal arts model, there has been an emphasis on building a synthesis between the personal and public or professional selves. That is, on recognizing the whole person and engaging the whole person in the experience of learning, in the processes of personal development. This means that students must be encouraged, in and out of the classroom, to make personal and emotional connections with what they are studying and with the other 'scholars' engaged in the process.

 Business schools tend to focus on the 'professional training and development' aspects of education. In doing so, the mission of preparing students for jobs and careers in the business world tends to take precedence over the more broad aims of undergraduate education. Business majors often complain of the literature they are forced to endure in their general education goals. Yet narrative fiction can be a wonderfully ambiguous source of learning. Students can learn higher level thinking and analysis as they engage with the material and processes that mirror the complexity of life. Time spent reading creative writing can help develop intuitive along with analytical thinking skills.

IMPLICATIONS OF MOVING TOWARD THE BUSINESS SCHOOL MODEL

Business schools have come to emphasize the more practical job and career-related skills. Within accredited colleges of business, the emphasis on job- and career-skills is now being played out most directly and specifically in the requirement that, for each core and required major course, the faculty develop narrowly defined goals; that for each goal there be identified specific, detailed learning objectives; and that for each of these learning objectives, there be developed a rubric for assessing the learning taking place. The apparent intent is to provide faculty and, ultimately, the accrediting body with evidence of 'success' in meeting the goals of the college.

In the case of at least one accredited, regional college of business, attempts to meet the standards have resulted in some curious proposals and, in our minds, some questionable results. While standardization and routinization clearly make some administrative, control, accountability and assessment processes easier and, perhaps, simpler, our concern is that it may also be counter-productive due to its narrowly utilitarian focus. By this we mean a focus on only that which can be seen to be immediately useful in a practical sense, over other, more uncertain, difficult to define and ambiguous values.

COMPLICATIONS TO THE BUSINESS SCHOOL MODEL'S SPECIFICITY

Differences in Student Learning Styles

There is a great deal of research on learning styles and there appears to be acceptance of the idea, and considerable research and anecdotal support for the proposition, that students come to the process with a variety of learning styles and 'intelligences,' and that these different approaches require, for the process to be effective, some adjustment in the way material is presented.

Here, the notion of an increasingly standardized and formalized curriculum raises questions about the appropriateness of a one-size fits all approach. This concern becomes particularly relevant to our discussion below of standardized rubrics for different teaching objectives and learning styles. Almost of necessity, in the process of standardizing key components of the curriculum, increased routinization will also occur. By this is meant the adherence to a rigid plan, course outline, or syllabus that limits flexibility and forces the learning into the set structure which has been agreed upon and that does not differ, from one section to another, perhaps from semester to semester, irrespective of relevant current events or the varied needs of students.

Differences in Epistemology

At least one aspect of the interrelated issues we identify concerns epistemological claims being made by the actors within each "camp" of arts and humanities and of colleges of business. Curricula that include content areas but, more critically, process issues and outcomes concerns belie their creators' beliefs about *how* we know.

Curricula marry the present with the possible and include the hope that our students come away better, in important ways, than they were before. Curricula come alive because of our values and the resources we commit to making those values stick with our students. Curricula, then, are our operationalized epistemologies. So, it's the nature of how we know what we know that forms a key root in our argument.

Recent challenges to a linear, positivist model of knowing have been gaining voice in academic arenas. Joan Pearce (Pearce, 2004) discussed her experientially "parallel worlds" – the world of scholarship that holds, "…a deliberate skepticism toward assertions and claims" and "…seek[s] to carefully check claims against reality" and the world of folk wisdom, from where, "…the really useful insights, the knowledge that helped with the tough problems" came (p. 175). We make an epistemological claim when we choose to teach thin slices of "knowledge" that our linear research models indicate are true at the expense of choosing to share skills like what makes good judgment, how to ratchet down a conflict, and how to make people feel good about their work.

John Dewey made early challenges to what knowledge was and more importantly, how to attain it (Dewey, 1897; 1928; 1959). His insistence that learning had to be cooperative with the learner and based upon whole person engagement and experience has echoed for ninety years but has not reached *mainstream* higher education's ears.

A champion of nonlinear forms of understanding, Ian Mitroff says that we have to first come clean with our goals for learning and from there we may appropriately design curricula and outcomes expectations and measure (Lund Dean, 2004). Higher education as a whole is being called to open the borders of educational practice. McClintock (2001), for example, recognizes the increasingly ambiguous and complex work worlds our graduates will face and asserts that the current narrow discipline-based educational paradigm does students a grave disservice. He follows Pearce in grounding his epistemological discussion in "practitioner" knowledge and "research" knowledge differences.

Measurement Issues

If we are talking about the nature of understanding and its impact on learning systems, we must talk about measurement. Dewey (1938) shows how method begets measurement and warns against the "convenient division into problems of subject-matter or studies and of methods of teaching and learning.." (p. 51). Learning in a holistic sense is complex and resists simple measurement and descriptive forms, yet Dewey notes that a movement toward easily quantifiable outcomes is clearly the trajectory of current educational systems.

<div align="center">STANDARDS AND INTERPRETATION</div>

AACSB & learning styles
Kilpatrick, Lund Dean, & Kilpatrick

It is our thesis that there are significant epistemological issues arising from the new AACSB accreditation standards or, at least, in the way these standards are being interpreted. In particular, we raise questions concerning this requirement for standard rubrics when different professors may want to use very different assignments for which they have very different intentions. The concern is that this can result in focusing on what is easily measured, not, in fact, on what the professor may want to focus on. The results then will 'support' the assertion that key learning has taken place when what has been measured may be just a portion of what is going on; and, what is measured may be quite different from what it is that is asserted.

In the example for discussion below, we show how one AACSB-accredited college of business has begun to deal with "learning" measurement. Our concerns are standardization and the loss of flexibility. A concomitant loss may be of faculty autonomy and academic freedom.

Course	Goal: Problem solving														
	Objective 1			Objective 2			Objective 3			Objective 4			Objective 5		
	I	D	A	I	D	A	I	D	A	I	D	A	I	D	A
MGT 312 OB															
MGT 329 OPS															
MGT 473 HRM															
MGT…															
MGT…															
MGT…															
MGT…															

Note 1:
I   The specific learning objective skill is **introduced** in this course.
D   The specific learning objective skill is **developed** in this course.
A   The specific learning objective skill is **assessed** in this course.

Note 2:
The completed cell show specific approaches (lecture, discussion, etc.) and assignments used to address the specific objective in the specified course.

CONCLUSIONS

We have suggested above a number of ways in which the educational aims and processes in business schools may have been affected by the nature of the model as it has evolved and been shaped by the accreditation process as well. A key question for debate is whether our students would be better served if we incorporated multiple models of learning, to include the values, depth and breadth of the liberal arts model; and acknowledged the significance of varied learning styles and multiple intelligences which can be brought into play in the learning process. In our view, these are fundamental questions that speak to the ends and aims of education.

With respect to the concerns associated with the potentially limiting effects of the goals and objectives standards as interpreted by each school, we acknowledge the difficulties. Some level of adherence to the standards is required for continued accreditation. The AACSB standards seem to allow room for flexibility and interpretation. The desired level of standardization and uniformity should therefore be debated as the process evolves, and not after the process is fully formed and in operation.

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CLASSROOM AS A LIVING SYSTEM: A WORLD CAFÉ ACTIVITY
TO FOSTER SHARED LEARNING
THROUGH WEBS OF COMPELLING DIALOGUES

Keiko Krahnke, University of Northern Colorado
keiko.krahnke@unco.edu

John Kilpatrick, Idaho State University
kilpjohn@isu.edu

OVERVIEW

In this workshop, the presenters demonstrate a learning activity based on World Café principles. This activity facilitates learning through dialogue by creating the invisible web of mutual learning and creativity. It is designed to bring out the knowledge and creativity that people already have within them; through authentic conversations and cross-pollinating, people create shared meaning. Unlike lectures where the teacher has the power to control learning, this activity helps the teacher to let go of the control and let learning unfold by providing the right environment, by introducing compelling questions, and by providing resources that would facilitate whole-brain learning, as opposed to the more narrowly linear/rational/analytic thinking emphasized in business schools. The word education comes from the Latin word, e*ducere*, which means to "bring out." It is as much an educator's obligation to bring out the creativity and innate knowledge of the students as to teach new knowledge.

WORLD CAFÉ PRINCIPLES

World Café is used widely in a variety of business and educational settings globally producing remarkable results. It is sometimes modified according the needs of the group and called "Creative Café" or "Knowledge Café" (www.theworldcafe.org)

World Café's Assumptions
_ The future is born in webs of human conversation.
_ Compelling questions encourage collective learning.
_ Networks are the underlying pattern of living systems.
_ Human systems – organizations, families, communities – are living systems.
_ Intelligence emerges as the system connects to itself in diverse and creative ways.
    _ There are multiple intelligences and multiple layers of thinking.
_ We collectively have all the wisdom and resources we need.
    _ We know more than we know we know.

World Café's Key Principles
_ Create hospitable space
_ Explore questions that matter
_ Connect diverse people and perspectives
_ Listen together for patterns, insights, and deeper questions
_ Make collective knowledge visible to the group

(Brown, Isaacs, & World Café Community, 2001, p. 3, 4)

WHAT ID REQUIRED OF BUSINESS EDUCATION

The need for a new model of business education
Business education is facing some serious challenges. The corporate scandals have prompted reexamination of business curricula. Some schools are emphasizing ethics education, and others are struggling to find out what else we need to teach. Ghoshal (2005), however, in his recent article in the Academy of Management Learning and Education, argues that we don't need to do more to prevent future scandals but we need to stop doing much of what we are doing. This is a significant statement. According to Ghoshal, we teach management theories rooted in over-emphasis on share holder value, rationality, self-interest, and the scientific model. The scientific model, described as "pretence of knowledge" by Hayek (1989), denies human intentionality. Ghoshal further claims that management research has made "excessive truth-making based on partial analysis and both unrealistic and biased assumptions" (2005, p. 77). One of the significant consequences of indiscriminately applying scientific methods to business studies has cost us a great deal, and cost us in many ways.

We have, for the most part, ignored the fundamental differences between physical sciences and social sciences. We teach fragmented, isolated facts and use measurement as the ultimate arbiter of truth. Traditional concepts of management have been challenged, and emerging views have been proposed. Long-held management philosophies based on fragmentation, rationality, extreme competitiveness, on seeing human and non-human resources as exploitable and expendable assets (not requiring concerns for sustainability), and on rigid command and control methodologies are being challenged.

The Need for Holism in Learning
We tend to think, at least in the Western cultures, that learning takes place in our heads. In many indigenous cultures, however, learning happens not only in their heads but also in their bodies. We may have ideas in our heads, but we also have the kind of knowledge that we cannot explain. Senge (1996) notes that this "head" learning tradition is rooted in the distinction between aristocracy vs.

common people in Europe. Aristocracy had knowledge in the head while common people knew how to do things with their hands and bodies. "Learning in the head only" is a very limited view of learning and development, but we continue to promote developing our head knowledge. Albert Einstein also said, "The intuitive mind is a sacred gift, the rational mind is a faithful servant. We have created a society that honors the servant and has forgotten the gift."

The Need For a Dialogue, Not a Debate
Competition has been accepted without question as a necessary component of business, and we have taught strategies that involve competing with just about everyone else. Dichotomous and reductionist thinking, such as "either or" and "us against them," has been pronounced in recent years. Debates focus on winning and losing, not necessarily on higher order thinking or inspired outcomes. We are experiencing unprecedented polarization in this country and are facing some critical issues in the world today. It is increasingly important that we learn to dialogue together, instead of debate, in order to manifest our collective knowledge and wisdom. Through dialogue, we learn to listen to others and see their perspectives rather than to jump for rebuttal. We can also learn to experience humility (instead of arrogance), relationships (instead of just results), and interest of others (instead of just self-interest).

A strong, sustainable living system requires a diversity of ideas, ways, and perspectives in order to evolve into a more complex whole. "Intelligence emerges as the system connects to itself in diverse and creative ways" (Wheatley, 1992).

WORKSHOP FORMAT

In this workshop, we will set up several tables and create a hospitable atmosphere. Each table will have a management theme with directions. Participants visit each table and participate in the activity. They can stay as long as they choose. The activities would incorporate various modalities. For example, one of the tables may facilitate a dialogue on a controversial topic. Another may be a "silent" table where participants would do the activity together without talking – such as appreciating poetry. Yet another table may ask participants to "create" with a hands-on activity. The facilitator of the workshop does not control the pace or the flow of the workshop; it naturally unfolds with a web of interconnectedness. The workshop is completed with all the participants coming together and sharing their experiences.

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USING ASSESSMENT TO CREATE EFFECTIVE COOPERATIVE LEARNING TEAMS

Granger Macy, Ithaca College
gmacy@ithaca.edu
Stephanie Hunt, Ithaca College
shunt1@ithaca.edu

ABSTRACT

Teams are growing in importance in both business and education. In cooperative learning, teams are used to offer an enhanced learning environment for students. Team selection and team development are suggested as critical issues in the success of cooperative learning. This article presents a number of assessments that can be used to create effective teams and discusses their relevance to specific learning situations. Specific assessments useful to assign teams and to enhance the development of teamwork are presented and discussed.

INTRODUCTION

Teams are often used in business as a means of empowering and organizing employees, as well as a way of bringing multidisciplinary expertise to projects. Teamwork has similar benefits in education. Teamwork not only prepares students for the needs of the workplace but also brings an active, experiential aspect to learning that has been found to be effective in many educational settings. Cooperative learning extends experiential learning with additional requirements that involve the use of learning teams.

Cooperative learning can have positive effects on both a student's subject knowledge and interpersonal skills. It can also improve attitudes about the class and enhance retention rates (Cottell and Millis, 1992). However, cooperative learning requires effective teamwork. It is widely agreed that effective learning teams have positive interdependence (success depends on the success of others), actively promote each others learning, have individual accountability (no free-riders, each student must learn the material) and have mutual learning goals (Cooper, 1990; Graham, Graham, and Whiting, 1997; Joyce, 1999). Effective teams don't just happen. So that more students can have good team experiences it is important to take appropriate steps to maximize the effectiveness of learning teams, Using assessments to form teams can be an important step to help improve learning.

Team formation is often relatively obvious in business since individuals have a known history or can be identified by work site, job, etc. Assigning individuals to teams in higher education is less obvious though still very important. Often it is done without much thought. For example, students are often allowed to self-select into teams. Student reactions to teamwork have been found to be more positive when students were allowed to self-select into teams, but effectiveness can suffer (Bacon et al., 1999).

Although self-selected teams may be perceived positively by students, self-selection may not create the best learning environment. For example, if close friends select into the same group then the students may have existing team dynamics, but would lose an opportunity to practice developing a new team with other students. In addition, any dysfunctional behaviors already existing between the friends will carry forward into the team and inhibit team performance. Teams can also be assigned at random in an educational environment. This is a simple technique but it is not inherently likely to promote better learning or to create optimally diverse teams.

A more rigorous assignment methodology using assessment instruments can help enhance the learning of important team dynamics. Diverse teams can help teach students the importance of diversity in teamwork and how individual differences can influence the work of a team. However, there are many available assessment measures that can make selecting the right measures a daunting task. To simplify the process we have identified several key inventories that could be employed to both form teams and to develop teamwork.

ASSESSING FOR TEAM FORMATION

Mental ability is important to a team's success (Barrick et al., 1998) and groups should have individuals with differing mental ability to maximize learning within each team. When teams are functioning effectively, stronger students are learning the material more deeply by assisting weaker students, and weaker students are benefiting from the increased attention of the stronger students. Finding ways to assure that mental ability is well distributed across the teams is thus important to maximizing overall team learning. However, intelligence assessments are not recommended. First, it has been well documented that there are many different types of intelligence. Finding the appropriate measure can depend on academic discipline and even class topic. Instead, the first examination can be used to give a rough assessment of a student's mental ability, or work ethic. Assessing mental ability using overall grade point average is another means that might prove convenient in certain situations. Either measure can be a useful tool to help form teams with greater diversity in ability.

Once a preliminary cut on team assignment has been made using mental ability then other measures of diversity could be incorporated. Cottell and Millis (1992) suggest that groups should be assigned secondarily to enhance gender and race diversity. We do not disagree but contend that additional learning can be developed by employing a theoretically based personal assessment inventory to create diversity. While there are many personality assessments that identify common behavioral tendencies, there is general agreement that five personality factors, called the Big Five, capture much of the difference in personality between individuals (Gosling, Rentfrow and Swann, 2003). The Big Five includes factors for agreeableness, emotional stability, extraversion, conscientious, and openness to experience or new ideas. The last three have been found to be related to academic success (De Raad & Schouwenburg, 1996). Another

study found that conscientiousness, agreeableness and emotional stability increased team performance (Barrick et al., 1998).

Based on the previously cited findings, we suggest building heterogeneous groups around the extraversion, conscientiousness and openness factors for productivity, or on agreeableness and emotional stability to improve interpersonal dynamics. This will help to assure that the strongest students in the class are distributed throughout the teams helping to create a more even balance between teams. However, one should note that conscientiousness might also influence test scores or grade point average. Thus it might be logical to ignore conscientiousness if groups are being assigned by ability using either test scores or grade point average. A benefit of the Big Five is that a short, easy to administer instrument of only ten items is available as shown in Table 1. This measure has been found to be both valid and reliable (Gosling, et al., 2003).

TABLE 1
BIG FIVE PERSONALITY INVENTORY (short form)

Here are a number of personality traits that may or may not apply to you. Please circle the appropriate code next to each statement to indicate the extent to which you agree or disagree with that statement. You should rate the extent to which the pair of traits applies to you, even if one characteristic applies more strongly than the other. I see myself as:

SD   D   N   A   SA   1. Extraverted, enthusiastic.

SD   D   N   A   SA   2. Critical, quarrelsome.

SD   D   N   A   SA   3. Dependable, self-disciplined.

SD   D   N   A   SA   4. Anxious, easily upset.

SD   D   N   A   SA   5. Open to new experiences, complex.

SD   D   N   A   SA   6. Reserved, quiet.

SD   D   N   A   SA   7. Sympathetic, warm.

SD   D   N   A   SA   8. Disorganized, careless.

SD   D   N   A   SA   9. Calm, emotionally stable.

SD   D   N   A   SA   10. Conventional, uncreative.

Key to dimensions:

Factor	Items
Agreeableness	2(reverse coded), 7
Conscientious	3, 8(reverse coded)
Emotional Stability	4(reverse coded), 9
Extraversion	1, 6(reverse coded)
Openness to Experience	5, 10(reverse coded)

Another popular assessment useful for team assignment is the Myers Briggs Type Indicator (MBTI). The MBTI measures an individual's cognitive processing in contrast to

the Big Five which measures behavioral tendencies. Although the MBTI is a more complex measure than the Big Five, it can be used to raise student awareness of how to work with others who may have different cognitive styles. The Keirsey Temperament Sorter is similar to the MBTI and online versions of the test are available (e.g., http://keirsey.com/).

Myers and Briggs developed the scale from concepts that were identified by Carl Jung (Myers & McCaulley, 1986). The MBTI is based on four bipolar scales: extraverted-introverted (EI), sensing-intuiting (SN), thinking-feeling (TF), and judging-perceiving (JP). The extraversion scale is similar to extraversion in the Big Five inventory but the other scales are different. In the SN scale, sensing types use their senses to learn and experience the world while intuitive types examine the 'big picture' and perceive possibilities. The final scale based on Jung's theories is the TF scale; thinkers make decisions based on fact and often make objective and impersonal decisions while feeling types think subjectively and consider the personal values of the situation. The JP scale was developed by Myers and Briggs and is more behaviorally oriented than the SN and the TF scales. Judging types plan work and finalize tasks before moving to the next task while perceivers are adaptable and like to keep options open. Individuals with ESTJ characteristics are more prevalent in business both as employees and as students. Matching students with different EI and SN is a good way to use this measure for team formation. Differences in SN scores provide a mix of cognitive problem solving approaches, while the EI scale can be supportive of group process.

A learning style inventory is another type of assessment that can be used for team assignment. Learning style inventories focus attention on how students learn. It is particularly appropriate to create teams with diverse learning styles when the team will be called upon to examine large complex problems that require extensive learning from multiple sources. Team learning from written material, interviews and practice might be enhanced if students in the team have varying strengths in learning from such different sources. Although there are several learning style inventories, the Kolb Learning Style Inventory (Kolb, 1984) is by far the most researched of the various learning style inventories. The major drawback of the LSI is that it is conceptually difficult to interpret. Instrument reliability has been extensively documented, but there remain some lingering concerns about the reliability of the instrument (Capraro & Capraro, 2002).

The instrument is built on two bipolar scales that relate to Kolb's process model of experiential learning. One scale measures the preference for learning from either concrete experience or from abstract concepts. The other scale is the learning preference from either active experimentation or from reflective observation and thought. Because there is value in each style, learning is enhanced when multiple styles can be utilized within a team. Individuals with different learning styles will have differing approaches to working on group assignments, to research and to essay writing. Creating teams with heterogeneous learning styles can allow group members to learn from each other and capitalize on each others strengths.

Another inventory called the VARK inventory (Fleming, 1995) is a simpler approach to assessing learning style. Unlike the Kolb measure, this assessment approaches learning style in a way that it is not related to learning process. Instead, VARK identifies preferences for different types of learning sources that include **V**isual, **A**uditory, **R**ead/written, or **K**inesthetic. Its benefits as an assessment for team assignment are its simplicity and its availability as an on-line test (http://www.vark-learn.com). It tends to be easy for students to understand and can help to create a helpful discussion of differences within a team.

ASSESSMENT FOR TEAM DEVELOPMENT

Team development should enhance the important characteristics of cooperative learning teams: positive interdependence, individual accountability, and an ethic of group process to continually evaluate the work of the team. Simply placing students into groups and telling them to work together does not insure that they will cooperate or experience the benefits of cooperative learning. Assigning team roles to students, such as leader or report writer, is a good way to help develop effective team processes. This helps students to become acquainted with each other and fosters a sense of positive interdependence.

The Parker Team Player Survey (Parker, 1998) is one way to assign students to different team roles. Such an assessment can help a student to understand the different roles that are needed in a team and to find an appropriate role to adopt within a team. Unlike the previously discussed assessments for team assignment, the Parker survey focuses specifically on the ways that individuals work in teams. It identifies an individual as having tendencies towards four different team member styles: contributor, collaborator, communicator, and challenger. The contributor focuses the team on the task. The collaborator focuses on the purpose of the team. The communicator stresses interpersonal relationships and the process of the group in achieving the common goals. The challenger pushes the team and challenges them by asking tough questions. Collaborators and contributors are the more common styles.

Once students have taken the test they are in a better position to understand their strengths in a team and to consider how to address their weaknesses. The team can also engage in a profitable discussion about how to use each member's team skills. Such a team discussion is a good approach to focus on team interdependence and to enhance its development. Providing students with adequate time to examine these issues can help improve their effectiveness in completing the team tasks that lay ahead of them for the semester.

Cooperative learning can be improved with a carefully created team structure. Although changes such as these take effort, the results can help improve student team performance and also create a team this is knowledgeable about its own team process. This in turn can help individuals form more productive teams in the future. Effective

cooperative learning can create both excitement and positive learning outcomes for our students, and we can experience a renewal of our own interest and excitement in teaching. Assessment is a step in the right direction and worth the effort.

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Blurring the Lines Between "Out There" & "In Here":
Creatively Merging the Workplace and Classroom

Mary C. Meisenhelter
York College of Pennsylvania
mmeisenh@ycp.edu

David S. Greisler
York College of Pennsylvania
dgreisle@ycp.edu

Christopher M. Meisenhelter
York College of Pennsylvania
cmeisenh@ycp.edu

INTRODUCTION

Using guest speakers in college classrooms is not a new phenomenon.   In fact, anyone who teaches has most likely used a guest speaker as an additional resource to inform particular topics. <u>This symposium is designed to provide a case study of one business school's effort</u> <u>to integrate practitioners into courses in a strategic & collaborative manner</u>. In addition, we will show how to leverage the expertise of practitioners in non-classroom experiences that are linked to the in-class presentations. As the following pages show, we will discuss the planning that goes into this process, how practitioners are identified, the logistics of putting a schedule together and the benefits we've seen over the last two years. We will also address the problems inherent in such an endeavor. The second section of this proposal is a summary of each speaker's presentation.

THE CONCEPT

The guest speaker program that exists at York College of Pennsylvania is the product of several years' evolution. During that time, U hired faculty members with significant career experience at executive positions and higher.   In addition to experience, the faculty members brought expansive contact lists from which they could draw guest speakers. These faculty members were also given the responsibility to assess and enhance certain courses. This process necessarily required that all of the faculty teaching a particular course (including adjuncts) meet to discuss course objectives, syllabi, course content and assignments. What emerged from these meetings was the idea that guest speakers should not just be an "add on" to classes arranged by individual professors; rather these experiences should be strategically integrated into particular core courses. The rationale for such an approach included the desire for all students (in all sections of a course) to have the benefit of outside experts for certain topics and the belief that theoretical concepts would be much more meaningful to students when accompanied by "just in time" applications by business professionals.

KEY CONSIDERATIONS

Planning

The level of planning involved in this approach hinges on several variables: the number of faculty members involved, the number of sections that a guest would be asked to visit and the degree to which practitioners are used. Obviously, one faculty member teaching one section of a course has a much simpler task than four faculty members teaching four or five sections, with one of the sections offered in the evening. It is also easier to arrange for one or two speakers than seven or eight, all of whom have work and travel schedules to work around.

The faculty members in this symposium represent several points along a continuum of practitioner usage. We'll discuss the intensive planning necessary to integrate multiple speakers (6+) into multiple sections of our Business Policy course. We will also describe one unique strategy that was developed to ease some of the logistical problems with such a comprehensive approach. A second presenter will represent the middle ground, where a small number of speakers are used in multiple sections, and finally several of the presenters will provide examples of how they plan the use of guests in single section courses. The third speaker will discuss how practitioners are used as mentors to project teams.

One of the most important ideas we will stress is the need for all faculty member using practitioners to communicate with each other. It is important to minimize duplication (i.e., have the same speaker appear in different courses talking about the same material), keep the demands on an executive's time reasonable, and pool the faculty's contacts in order to identify the best expert for particular topics.

Identifying Guest Speakers
Choosing experts first requires that course objectives and course content are agreed upon. Only then can the faculty members decide what content areas would be best illuminated by an outside practitioner.   The faculty members then work together to identify potential experts for the topics and make plans to contact & visit with the practitioners. The overall aim is to find people who can provide real-time examples (e.g. outsourcing an entire business process) or best practices (e.g., use of project management programs).   As this program has evolved, we've developed a core group of practitioners that enjoy the experience and volunteer to participate every semester. Sometimes they will also recommend colleagues both inside and outside of their organizations as prospective guests.

Logistics
There are two parts to this issue. The first is making initial contact with the practitioner and meeting with him/her to "make the pitch". In the initial meeting, the faculty member provides a brief overview of the general objectives of the guest speaker approach, the

course being taught and the particular concept the guest is asked to cover. Obviously, making sure that the guest is available on the dates tentatively planned into the syllabus is important at this stage as well. This is easier for a one-time appearance than if the practitioner is asked to visit two or three sections of a course.

The second part to the logistical puzzle is to provide the reading material that the students have for the concept so that the presenter knows what background the students have prior to the presentation. In some cases, faculty members will go back and meet a second time with the presenter to finesse what he/she will cover.   A more mundane aspect to this phase is to provide the guest with the important information about class location, parking, building access, etc.

THE BENEFITS AND PROBLEMS WITH USING PRACTITIONERS IN COURSES

Benefits
The results derived from this endeavor far outweigh the amount of time and effort needed to put the program together. Student feedback is extremely positive. They feel that practitioners provide relevance – in other words, the guests help the students see why a particular concept is important to learn and understand. Students also note that practitioners provide examples that they can see (through visuals or handouts) rather than just trying to imagine how something plays out in the workplace. One other interesting reflection by students is that guest speakers make them feel respected. Students sense that we care about them and trust them enough to interact with high level practitioners. Finally, one of the most important results we've seen is what we call the "spillover" effect. For example, a student in course B might make a comment something like "remember when Mr. Potter made the presentation in course A and said…" This shows that the practitioners' presentations are meaningful and retained by students, and serve as a common experience that students can draw upon in a variety of courses.

Practitioners and their companies benefit as well. Feedback from the practitioners shows that they love the experience of interacting with young people, and several of them are sparked to investigate the possibility of adjunct teaching. The guests also report that they are happy to provide students with the practical applications that *they* didn't get in their educational experience. From the firm's point of view, two other benefits are the ability to showcase a company to potential job applicants and consumers, and the opportunity to use students as a source of new ideas. This is particularly seen in graduate level courses.

Problems
In addition to the planning and logistical issues already discussed, there are other kinds of problems that arise from time to time. For example, executives may cancel appearances at the last minute due to travel plans, or a weather related school closing requires rescheduling. Another problem is that the executive shows up unprepared or

has an abrasive (or boring) presentation style. Additionally, inappropriate student behavior can deter a speaker from returning and reflect poorly on the university. Such experiences are rare, but when they happen they can cause great harm to the entire program

SYMPOSIUM FORMAT

Our objective is to address the items summarized above by way of talking about different courses.   As noted, we have a continuum of approaches, and it will be more meaningful to talk about our strategies in the context of actual courses. What follows are thumbnail sketches of what each speaker will present:

Organizer: Mary Meisenhelter
The organizer will present an overview of the symposium and introduce the other speakers.

Presenter #1: David Greisler
This individual will present the strategy used to integrate practitioners as a regular feature in graduate level Policy and Operations courses. He will provide an overview of how practitioners were chosen for particular topics, and provide information regarding who the practitioners were and what they brought to the courses.   Two particular examples will be discussed: a module in Project Management presented by a certified Project Manager and a module on Statistical Process Control by a senior QA manager. In both courses, students are given the opportunity to work on projects with the guidance of practitioners. For example, the policy students work in teams to provide strategic audits of local firms. The students present their analyses to the organizations as part of the course requirements.

Speaker #2: Chris Meisenhelter
This person will provide an overview of the in-class and out-of-class encounters between students and practitioners. The course is an undergraduate Operations Management course, where practitioners are integrated into class presentations, and then continue their involvement outside the classroom. In this format, student teams are assigned a company and mentor (usually a mid-to-senior level manager). The practitioners lead the students through a hands-on experience of how the company applies the concepts being taught in the classroom. At the end of the semester, the students present their findings/learnings to the management team of the organization.

Organizer
This individual will present the most comprehensive model of practitioner integration. She will present the plan used in multiple sections of undergraduate Business Policy. The unique feature of this class is that student teams are required to develop a business plan as part of the course requirements. Practitioners are integrated into the class presentations to provide just in time expertise for particular parts of plan development. For example, a senior vice president of a large firm created and

presented a module on market analysis & forecasting. Another practitioner (a commercial loan officer) presented a module on the financial parts of the business plan. The most unique aspect of the strategy used for this course is the scheduling of all sections of the course (except the night section) on the same days and times. Each section has a different professor and different meeting room. However, joint sessions in the auditorium are used when practitioners come to campus for presentations. Simultaneous scheduling solves many of the logistical problems for the professors and the guest speakers. It also creates an interesting synergy between project groups.

Conclusion and Handouts
The Symposium will conclude with an open discussion with participants.[1]   In addition, we will provide samples of guest speaker scheduling templates, some of the practitioners' presentations and course syllabi.

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[1] Questions will be welcome throughout the symposium, but we want to make sure that you (reviewer and program chair) understand that we will also designate sufficient time for interaction with participants.

Servant Leadership: The Value of Service-Learning

Cynthia Roberts, Purdue University North Central, csrobert@pnc.edu

ABSTRACT

Service-learning is gaining interest as a pedagogical strategy that provides an avenue for students to develop leadership and interpersonal skills as they work through practical challenges outside of the traditional classroom setting. The Servant Leadership model was used as the framework for this study evaluating outcomes related to various service-learning experiences of students from a Midwestern university branch campus. Students were asked to complete a self-assessment ranking themselves on six Servant Leadership competencies: empathy, integrity, self-awareness, influence, vision, development and community-building. The service-learning group generally viewed themselves more favorably on these leadership characteristics. The results support the use of service learning as a valuable method to enhance leadership development. This paper also discusses the relationship of service-learning to Servant Leadership and strategies for educators intending to incorporate service-learning into the curriculum.

INTRODUCTION

As technology, global economics, and shifting demographics of the workforce continue to reshape the world of work, the need for effective leadership becomes paramount for success in navigating the complexity of the twenty first century (Marquardt & Berger, 2000; Morrison, 2003). The study of leadership and the development of leadership competencies has become the primary focus of a substantial body of academic and practitioner research and has become an increasingly popular subject in undergraduate, graduate, and executive education programs (Doh, 2003).

How does one learn to be a better leader? Proponents of experiential learning argue that although a classroom education helps the learner acquire knowledge about leadership, it is not sufficient for translating concepts into skills necessary to become an effective leader. The addition of a practical component can provide assistance in the development of these skills (Mitchell & Poutiatine, 2002; Doh, 2003). Connaughton, et. al. also maintain that leadership competencies are best developed over time through a comprehensive program that fosters personal integration of theory and practice, and suggest a model of leadership development that is both reiterative and reflective (2003).

Service-learning, becoming increasingly popular in a wide variety of academic settings, is an educational model that encourages learners to actively apply what they are learning as they work to meet a community need. It is based on the experiential learning cycle theorized by Kolb (1984) which includes action, reflective observation of the consequences of the action, abstract conceptualization, and experimentation or modification of thought or behavior. Projects are developed in partnership with community organizations and linked to academic content. According to the National

Service Learning Clearinghouse: "Service-learning combines service objectives with learning objectives with the intent that the activity changes both the recipient and the provider of the service. This is accomplished by combining service tasks with structured opportunities that link the task to self-reflection, self-discovery, and the acquisition and comprehension of values, skills, and knowledge content (2004)." Learning occurs through the process of action and reflection, resulting not only in academic and cognitive development but in personal and social development as well (Eyler & Giles, 1999; Eyler, 2002; Kayes, 2002). This approach allows for issues to be addressed contextually rather than abstractly, providing a richer, more meaningful learning experience which more closely reflects the real world students will encounter.

Numerous studies have reported that service-learning experiences can enhance a variety of competencies typically associated with leadership effectiveness - communication, self-knowledge and awareness, critical thinking, sense of personal efficacy, ethics and moral decision-making (Eyler & Giles, 1999; Astin & Sax, 1998; Vogelgesang & Astin, 2000; Keen & Keen, 1998; Peterson, 1998; Boss, 1994; Gorman, 1994). Since most service learning projects involve cooperative rather than competitive or individualistic learning experiences, researchers have additionally reported that students improve both interpersonal skills and team skills (Eyler & Giles, 1999). As an added benefit, service learning has been shown to help students develop relationships within their communities, thus enhancing networking skills and aiding in career development (Keen & Keen, 1998).

Service-Learning and Servant Leadership

Servant Leadership, originally introduced by Robert Greenleaf, emphasizes service to others, a holistic consideration of the nature of work, promotion of community, and shared decision making (Spears, 1998). According to Greenleaf: "the servant leader is servant first… it begins with the natural feeling that one wants to serve, to serve *first.* Then conscious choice brings one to aspire to lead … the difference manifests itself in the care taken by the servant, first to make sure that the other people's highest priority needs are being served. The best test, and the most difficult to administer is: do those served grow as persons? Do they while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? *And,* what is the effect on the least privileged in society: will they benefit, or at least, not be further deprived (1970)."

Since service-learning and Servant Leadership both have as a primary focus service to others, it follows that the theoretical underpinnings of Servant Leadership could be practiced and developed though service-learning experiences. To evaluate this potential correlation, common philosophical elements were chosen to serve as a framework for evaluating the development of leadership skills as an outcome of service-learning experience.

Spears suggests that there are ten characteristics that are central to the development of Servant Leaders: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of others, and building community (1998). Farling, et. al. suggest five central competencies for the purpose of exploration: vision, influence, credibility, trust, and service (1999). This study focused on aspects derived from both models as defined below:

Empathy
Servant Leaders are defined by their drive to understand the viewpoints of others. They listen actively to determine the will and needs of the group, displaying genuine concern and care for others. Decisions are made considering input from others.

Integrity
Servant Leaders are authentic and build trust through honesty and consistency in words and actions. The needs of the group supercede any personal agendas of the leaders.

Self-awareness
Servant Leaders are in touch with their feelings, have clear personal values, and understand their own strengths and limitations. They are open to feedback as a means to further personal development.

Influence
Servant Leaders attempt to influence through patient questioning, understanding, and discussion rather than coercion. They serve as positive role models for the group.

Vision
Servant Leaders, through a strong sense of personal mission have foresight and are able to articulate a strategic vision that can inspire and motivate the members.

Development of others
Servant Leaders are committed to the growth of others through empowerment and shared knowledge. They value the contributions of all members of the group and seek to find hidden talents in others.

Community building
Servant Leaders work to enhance collaborative efforts of the group. They build community and group spirit by fostering cooperation.

As one reviews this list, it is salient to note that the competencies mentioned are not unique to servant leadership and there are many similarities to other classic leadership models. Although a detailed comparison is beyond the scope of this paper, interested readers may enjoy reading the work of Farling, Stone and Winston which compares Greenleaf's perspectives on Servant Leadership to those of Bass and Stogdill, Bennis, Block, Burns, Gardner, Kouzes and Posner, Nanus, and others (1999).

STUDY DESIGN AND FINDINGS

This study attempted to determine the effects of student service-learning experiences on the development of Servant Leadership competencies. It targeted the student population of a small university branch campus located in the Midwest where pockets of "service-learning" are present in a variety of business-related disciplines such as accounting, marketing, communication, and organizational leadership. A self-assessment was developed and circulated to a cross-section of students nearing completion of senior level classes in business, leadership, communication or English. Classes were chosen to include a cross-section of majors and to minimize variability in competency attributed solely to overall longevity in the "college experience." Students were asked to evaluate their behavior based on their most recent experience while working on a team to complete a community service project.

The survey consisted of three parts: a self-assessment, demographic information and service learning experience. Items on the self-assessment described behaviors and attributes associated with the six key components of Servant Leadership: empathy, integrity, self-awareness, influence, vision, development and community-building. Students were asked to rate themselves using a Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree). Then, they turned the page over to answer a series of questions related to their demographics and specific service-learning projects. They were specifically asked to list any learning outcomes that they could directly attribute to their service-learning experience. Those students not participating in service-learning were asked if opportunities were available, and if so, why they did not participate.

A total of 129 completed surveys were received from upperclassmen (defined as having either junior or senior status) and formed the basis of this study. Majors reported included organizational leadership, business, accounting, liberal studies and "other." Approximately twenty percent (25 of 129) of surveyed students reported participation in some sort of service-learning activity. Projects noted included Junior Achievement, tax preparation, development of public relations pieces, and youth mentoring.

Self assessment scores related to Servant Leadership characteristics obtained from the service-learning group (SL) were compared to the results of the group not participating in service learning (NSL) using t-test and ANOVA statistical analyses. Table 1 provides a summary of the results for each of the items. Although sample sizes were somewhat

disparate, application of Levene's test for homogeneity of variances indicates that the variances were not dissimilar statistically.

Table 1
Assessment of Servant Leadership Competencies

	SL[1] n=25	NSL[2] n=104	p value
EMPATHY			
I listen to others with respect and try to understand their point of view	4.68	4.34	*0.006**
Many people come to me with their problems because I listen to them with empathy	4.20	4.04	*0.405*
I genuinely care about the people I work with	4.16	4.12	*0.818*
I often have feelings of concern for those less fortunate than me	4.40	4.13	*0.186*
I work to include everyone in decisions	4.21	3.85	*0.041**
INTEGRITY			
I practice what I preach	4.16	3.95	*0.230*
I am more concerned about doing what is right than looking good	4.24	4.07	*0.299*
I more concerned about getting the job done than protecting my "turf"	3.88	4.04	*0.343*
I build trust through honesty	4.48	4.47	*0.939*
I admit when I am wrong or when I do not know something	4.08	4.17	*0.653*
SELF-AWARENESS			
I am open to feedback about my behavior	4.16	4.08	*0.613*
I know my strengths and limitations	4.00	4.10	*0.546*
I have a good sense of who I am and what I stand for	4.40	4.28	*0.392*
I am clear about what is important to me	4.44	4.31	*0.382*
I am in touch with my feelings and intuition	4.28	4.09	*0.182*
INFLUENCE			
I do not use manipulation or deception to accomplish my goals	4.48	3.97	*0.010**
I know how to work with difficult people to achieve results	4.20	3.87	*0.054*
I can usually persuade someone to do something instead of coercing them	4.08	3.99	*0.571*
I am patient with others who have differing viewpoints	3.84	3.70	*0.414*
I serve as a positive role model for my group	4.32	4.11	*0.144*
VISION			
I have a strong sense of where I am going	4.44	4.09	*0.039**
I am able to inspire others with my enthusiasm for what has to be accomplished	4.29	3.92	*0.024**
I can clearly articulate a direction for my group	4.16	3.96	*0.244*
My work is always directed at accomplishing my vision and mission	4.12	3.89	*0.176*
DEVELOPMENT			
Every person in my group brings something of value	4.32	4.20	*0.511*
I spend considerable time helping others succeed	3.80	3.65	*0.377*
I have great satisfaction when I help to bring out the best in others	4.40	4.38	*0.913*
When someone makes a mistake, I am very forgiving and will help them learn from it.	4.00	3.92	*0.678*
I am always looking for hidden talents in others	3.64	3.59	*0.775*
COMMUNITY-BUILDING			
I work to make my group function more effectively	4.17	3.99	*0.283*
I try to develop healthy relationships in my group	4.28	4.13	*0.296*
I support and praise the efforts of others in my group	4.44	4.19	*0.062*
I try to foster a group spirit	4.28	3.92	*0.038**
I encourage cooperation rather than competition in my group	4.44	4.15	*0.125*

[1]SL = service learning experience   [2]NSL = no service-learning experience   *significant at p<0.050, two-tailed*

Upon review, the results do support a positive correlation between service-learning and enhanced Servant Leadership competency. The mean scores of the SL group were higher than the scores of the NSL group for 90% of the competency indicators (31 of 34 items). In six instances (18%) the differences were statistically significant at $p < 0.05$. The four competencies showing the most difference between groups were:

Empathy	*"I listen to others with respect and try to understand their point of view"*
	"I work to include everyone in decisions"
Influence	*"I do not use manipulation or deception to accomplish my goals"*
Vision	*"I have a strong sense of where I am going"*
	"I am able to inspire others with my enthusiasm for what has to be accomplished"
Community-building	*"I try to foster a group spirit"*

Table 2 summarizes the learning outcomes reported by the SL group that that they could directly attribute to their service-learning experience. The most frequently reported outcomes included better communication skills, improved teamwork, increased self-efficacy/self-confidence in abilities, and increased satisfaction resulting from serving others.

Table 2
Student Reported Learning Outcomes

Outcome	Number reported
Better communication skills	8
Improved Teamwork	8
Increased self-efficacy/self-confidence	5
Satisfaction of providing Service	5
More Patience	4
Improved Leadership skills	2
Better Delegation skills	2

Eighty eight percent of the students in the NSL group reported that they had not been offered an opportunity for service-learning. Twelve percent reported that they were given the option but declined, most frequently citing time conflicts as the reason why.

DISCUSSION

Although constrained by limitations in sample size, the findings suggest that a service-learning experience enhances the development of Servant Leadership characteristics, particularly related to empathy, influence, vision and building community. The data

presented in Tables 1 and 2 supports the findings of others who have reported positive effects of service-learning on interpersonal development, the ability to work well with others, and leadership skills (Eyler & Giles, 1999; Astin & Sax, 1998; Vogelgesang & Astin, 2000; Keen & Keen, 1998; Peterson, 1998; Boss, 1994).

It is not surprising to document a positive correlation of service-learning with community-building as most projects do involve teamwork. Several researchers have shown that being part of a team that works on a well-planned and structured project (such as a service learning project) can offer students expanded opportunities to develop cognitive and interpersonal competencies such as collaboration, high achievement, and maximum productivity which are crucial for success in today's workplace (Siciliano, 2001; Johnson, Johnson & Holubek, 1998; Strom & Strom, 2002; Young & Henquinet, 2000). And, since a majority of service learning projects involve working with a community agency that assists the less fortunate, the exposure may help to raise student awareness and empathy as King suggests (2004).

This study was also limited by the relatively small number of service-learning opportunities available on this campus. However, the word is spreading and several workshops for the faculty have been presented to increase its visibility. It is hoped that as more faculty members embrace this pedagogy, more students will be afforded the opportunity and further study will be possible. It may be also be argued that students having higher skill levels in Servant Leadership capability to begin with may have self-selected into courses providing a service-learning component because of increased interest. One final limitation may also be in the underlying self-assessment methodology relying on one's perception instead of actual observed behavior. Additional data collected from third party observers would be valuable to assess this possible bias.

Implications for Educators

The results of this study support a growing body of research that indicates service-learning enhances the development of skills associated with effective leadership, not only as defined by Robert Greenleaf's Servant Leadership framework but by other contemporary leadership theorists as well. It provides the "experiential" component, deemed necessary for transforming abstract knowledge into practice. As one gains knowledge about leadership, one also practices to be a leader.

Students should be afforded an opportunity to take on service learning projects that are meaningful yet tied to the curriculum in a very direct way. Some activities reported by students in this study include:
- Preparation of taxes for the disadvantaged by accounting majors
- Presentation of a Junior Achievement program by students studying training methods
- Development of marketing plans for small businesses and non-profits by marketing students

- Development of public relations pieces for non-profits by students studying communications

Providing this service using project teams can add another layer of richness to the educational experience by incorporating elements of cooperative learning. Although there are many benefits to cooperative or team-based learning, adding the complexities of group dynamics to a service learning project can be challenging. Issues related to conflicting commitments, individual availability, personality differences, and performance will arise and should be anticipated. In addition, simply putting students into groups and expecting them to engage in cooperative behavior does not ensure that they will do so (Johnson & Johnson, 1999). They may lack experience in working as part of a team and consequently may have had little opportunity to develop the skills necessary to be productive members. They may be reluctant to work in teams based on negative experiences with group projects in the past. These challenges must be considered when attempting to structure an experience that will promote positive outcomes, skill development, and ultimately community partner satisfaction.

To accomplish this, one must consider the number of students that are assigned to each group, design a project that is large enough in scope and complexity to require interdependence, establish mechanisms for maintaining individual as well as group accountability, and anticipate the necessity to provide coaching when difficulties inevitably arise (Johnson & Johnson, 1999). It is also challenging for educators to arrange for service-learning opportunities when students struggle with balancing school, work and family demands.

Reflection, an integral part of the experiential learning model, has been shown to greatly enhance learning and should be considered an integral part of any service-learning endeavor, be it team-based or individual (Johnson & Johnson, 1999; Eyler, 1999, 2002; Mabry, 1998). Students should be encouraged to reflect upon their experience and how it impacts their personal values, thoughts, and behaviors from the beginning of the project until its completion – both at the individual level and group level.

CONCLUSION

Service-learning, becoming increasingly popular in higher education, is an effective strategy that helps students translate abstract knowledge into practice. This is especially crucial for the development of leadership skills, as theorists have suggested that these competencies are difficult to develop solely by classroom experience. The results of this study suggest that leadership skills, particularly those associated with Servant Leadership, are enhanced as the result of service-learning experiences. Ongoing validation of this relationship utilizing different outcome measures will help to expand utilization of this valuable approach.

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WHO GOES THERE? FRIEND OR FOE?
D H R PATIO HOMES, LLC AND SNOWY MOUNTAINS, LLC[1]

Herbert Sherman, Southampton College – L.I.U.
hsherman@southampton.liu.edu
Daniel J. Rowley, University of Northern Colorado
djrphd1@msn.com

ABSTRACT

This is a field-based disguised case which describes a dilemma faced by DHR Patio Homes, LLC; do they continue to do business with a land developer who has assisted them in the past when now the developer chooses to, against their recommendations, also do business with their ex-business partner? The problem for the characters in question is that they are afraid that their ex-partner will be a destabilizing factor in the development of the project and that their work sites will be in jeopardy of being vandalized. The case has a difficulty level appropriate for a sophomore or junior level course. The case is designed to be taught in one class period (may vary from fifty to eighty minutes depending upon instructional approach employed, see instructor's note) and is expected to require between three to five hours of outside preparation by students (again, depending upon instructor's choice of class preparation method).

INTRODUCTION

The sun was shining, the birds were singing, and the flowers were in bloom yet nothing was going right for Richard Davis on this bright warm day. "He's dealing with the devil, that's what he's doing!" exclaimed Richard Davis to his wife Adrienne. "How can Justin Martin have looked me straight in the eye and told me he would do business with our ex-business partner, David Russ, when I specifically and categorically told Justin that I could not be associated with any building project that included Russ's company?

Does he not care that I will walk away from the fifty lots I promised to buy in Phase II of Snowy Mountains' new development, about _ of the entire project? Has he so quickly forgotten how I bailed him out of the Mountain Trails deal? Do our previous business relationships mean nothing to Justin?" Adrienne tried to comfort Richard as best as she could but she knew that what little solace she could provide would not remove the proverbial knife that had just been stuck into Richard's heart.

Company Background & History

DHR Patio Homes, LLC was formed in August of 2004 by Richard Davis and Stephen Hodgetts in order to separate their construction projects in Florence (run under the corporate name of DHR Construction, LLC) from their latest project, Mountain Trails. DHR Construction, LLC originally included a third partner (David Russ) and was formed

in April, 2003 as an offshoot of their real estate management firm, D & H Management, LLC. The success of this little construction company lead Davis and Hodgetts to backward integrate their operation; they were now building homes not only to be purchased by D & H as possible rental units but also for public consumption. Except for having to let their partner go for his overbearing management approach and quirky home designs, the construction company was doing fairly well.

Davis in June of 2004 had located a brand new development about 10 miles east of where they currently were building several private homes (the Florence Development), in an area called Snowy Mountains. Snowy Mountains was a unique project for the area since the developers had built lakes, a golf course, and club house (including a three star restaurant) and had very specific designs for community development. The housing currently in the development (phase one) ran the gamut of types of homes, from two bedroom condominiums (that started around $140,000) to million dollar estate homes on the lake.

Davis believed that he and Hodgetts lucked out in that one of the home construction companies in the Snowy Mountain development had pulled out of their project, Mountain Trails, after a disagreement with the developers. The company had built approximately ten patio homes starting in 2002 in a forty-five lot area, leaving the remaining lots vacant. Thirty-three of the lots had been sold back to Snowy Mountain; the other two lots were in foreclosure and held by two different banks. This was the last remaining section of Phase One which needed to be completed before Phase Two could be developed. Justin Martin was reluctant to open Phase Two without a commitment from a home builder for the rest of Phase One since he was afraid that the property would remain dormant. Homeowners in this section of the development were getting quite upset that no action had been taken to complete their part of Snowy Mountains and clearly a solution was needed before the developer faced possible legal action. After several discussions with the local residents, Davis and Hodgetts felt that they were like white knights coming to the rescue of both the developer and the neighborhood when the bought the remaining available Snowy Mountain properties.

Prior Experience Working With Justin Martin

Purchasing the thirty-three lots for Davis and Hodgetts turned out to be a test of determination, endurance, and creativity. In order to close on this deal Davis and Hodgetts needed to raise $2.5 million dollars. Davis and Hodgetts had no experience in raising funds of this magnitude but luckily had the assistance of Justin Martin, the President of Snowy Mountains, the firm that they were purchasing their subdivision from. Through Justin Martin's connections, Stephen Hodgetts and Richard Davis met with Benefit Bank and arranged for the loan. The bank required that Davis and Hodgetts come up with a 10% down payment ($250,000) which Davis and Hodgetts finally raised by borrowing on their retirement accounts and liquidating Hodgetts's stock holdings. However, the bank then required an additional 10% down since Davis and

Hodgetts were new customers. Justin Martin promised to lend Davis and Hodgetts this amount ($250,000) as a same day loan to be paid back by them from the proceeds of their closing on Justin Martin's mother-in-law's house. At the last minute, however, Justin Martin insisted that Davis and Hodgetts deposit $50,000 in an escrow account; $50,000 that Davis and Hodgetts did not have access to for at least a few days after the closing date.

Hodgetts and Davis called Justin Martin and explained the situation to him as succinctly as they could. Martin was quite pleasant but insisted on maintaining the escrow account. They agreed that they would go to closing on July 15th but that DHR would wire transfer $ 50,000 into Martin's escrow account by the 19th, the day Davis's check from TIAA-CREF was supposedly to clear . An enraged Justin Martin called Davis at around 3 PM on the 19th (since the funds had not been transferred to his escrow account) to find out that Davis's check would not clear until the following business day. These funds, when cleared, went immediately into escrow Justin Martin's loan was repaid on August 23, 2004 through an upfront all cash home sale to Justin Martin's mother-in-law.

All's Well that Ends Well … Or Does It?

Davis and Hodgetts breathed a very heavy sigh of relief the day that they finally paid off Justin Martin's loan. Their relationship with Justin had gone from being rock solid (Justin as mentor and savior) to just plain rocky (Justin as overly unrealistic and overbearing). The settling of this matter, as far as Davis and Hodgetts were concerned, allowed both parties to bury the hatchet and put the past behind them. Justin and Davis continued their former friendly relationship while Snowy Mountain moved into Phase II of development.

It was September, 2004 and the patio homes were starting to sell fairly well yet Davis was not known for sitting on his laurels. Hodgetts received the following e-mail which he was forced to read twice before he could breathe again:

> Lots going on here at the site as we're moving ahead with the building of the patio homes. The walls are going up on house lot # 25; the basement is poured on lot # 22; and the footings are poured at lot # 18. We still have drainage issues but we can at least proceed with construction at this point. I'm going to have to build an outside sump, and will do so on the southern side of these properties. We've also found some water in the two holes that we dug over in the north side of Mountain Trails that we will need to investigate before we can continue to develop those properties – never a dull moment.
>
> By the way, I put in a written request for 50 lots in Mountain Valley South (Phase II) and I think this is going to work well for us. They are interested in us coming up with a take-down schedule rather than having to buy all the lots at once. I've put our name on a variety of different locations - about 20 in section T, 14 in section Q, another 14 in section R and 2 waterfront lots.

Hodgetts really did not know what to react to first, the water on the properties or Davis's unilateral decision to go ahead and work with Snowy Mountain on Phase II of their development. DHR certainly could not build on the properties until the drainage issue had been resolved and clearly the firm was so heavy leveraged at the moment that any thought of buying any more property would cause Hodgetts immediate nausea.   He decided that an in-person discussion would be the right approach for both issues and waited for his weekly meeting with Davis in which to bring up both topics.

The Weekly Meeting: Ritual and Results

"Let's get down to brass tacks" said Hodgetts. "What are we going to have to do with the Mountain Trail project in order to keep the properties dry and water free?" "Ah, the water issue" replied Davis. "Water, water everywhere but not a drop to drink, eh Hodgetts?" Davis could tell that Hodgetts was anything but amused at his last comment so he decided to forge ahead in a far more sober tone. "We're going to have to build two outside sumps, one on the north side and another on the south side of our development and have sump pumps running 24/7. We'll also have to dig a draining ditch that will run the perimeter of the property up to the lake and use 4 inch piping to handle both the water from the sump pumps as well as general property run-off. In the meantime the properties are now dry so that basement floors will be poured and walls should go up by the end of next week."

Hodgetts inhaled deeply before he continued, a sure sign to Davis that his next comments were not going to be pleasant ones. "And what is this debacle going to cost us? We can ill afford major cost outlays given our current poor cash flow!" "You're right of course" responded Davis. "Our cash position is fairly poor although we're certainly better off then we were a month ago when we needed to pay back Justin Martin. I have this job out to bid but my gut reaction, having talked with several other developers in the community, is that it will cost us around $ 50K. If we divide the expense over the 33 lots we're only talking about adding a bit more than $1500 per home. The homeowner's association will pick up the cost of running the two sump pumps and any repairs to the system once we sell all of the homes. If we do one sump pump now on the south side, we can reduce our cash outlay to about $ 25K."

Hodgetts looked a little more relieved but was not yet through with Davis. "OK Richard, so you have this situation under control. If I recall correctly, Justin Martin said if we had any problems with these properties that he would handle the situation – so what is Justin going to do about this?" "I'm glad you asked" quickly replied Davis. "That brings me to the second part of my e-mail. Justin has promised to discount the lots that you and I were looking at in Phase II in which to build our own homes. These waterfront lots are going for $295K each but he's willing to give us the lots at $195K each, a huge savings which more than makes up for the costs of the sump pumps."

"Yes, yes, that sounds like a great deal." Hodgetts tersely commented. "But what does that have to do with the us taking 50 lots in Phase Two? We never discussed this and I can't imagine how we're going to pay for this property?" "That's the best part of this deal" answered Davis. "We only will pay for the lots when we build on them, not before! If we build one at a time then we pay for one lot at a time. This is a real boon for our ailing cash flow."

"Again, you seem to have all the right answers, Davis. As long as we don't have to start to take these lots down in the next 6 months then we'll be in good shape in terms of both projects. We can go slow in Phase II and then pick up the pace there once we've built out Mountain Trails."

Meetings Bloody Meetings

Justin Martin called a meeting of all the builders involved in Phase II on September 22, 2004. Richard and his wife Adrienne attended this meeting since Hodgetts had an important prior engagement. The meeting did not go as either Davis or Hodgetts expected and Hodgetts found the following e-mail marked "urgent" on his computer.

> We attended a meeting at Snowy Mountain this afternoon about the lots in Phase II. Three other builders were there all of whom have worked with Martin in the past. Martin wants a quick take-down schedule and cash now. We were all in shock, as that was not the deal we had been led to believe was coming.

Hodgetts shot back a quick e-mail to Richard and Adrienne.

> There seems to be a pattern emerging here - Martin really does push his developers probably beyond their ability to keep up with him. We're certainly in no position right now to do anything in the Phase II (perhaps a show home or two at best) and I'm certainly not prepared to pay for a new home right now (my credit must be terrible!) given the fact that we're on the hook for 2 million dollars. Let's have a meeting with Martin and discuss this with him.

Adrienne, quickly responded.

> Richard is meeting with Justin Martin on the 24th to clear the air on our feelings and see what he's willing to do. We met with one of the other builders this morning and he's doing the same thing as us. There won't be new purchases until we sell out our patio homes.

The 24th came and went and so did the meeting with Justin Martin. Adrienne left a voicemail on Hodgetts cell phone with the following message:

> Just a note to update you. Richard and Justin's meeting went very well. The builders must have worn Justin down I think. He is back to his original position. We will just take down our lot, your lot, and two in T for now. That can happen any time. The other lots can come as needed. Martin has also agreed to pay for the water problem in Mountain Trails. Now we need to get bids for a French drain and sumps for each house.

One More Meeting – The Ambush

Richard Davis and Stephen Hodgetts met with Justin Martin to iron out the details of the Phase II Division in early October. The meeting started out on a very positive note – Justin was quite pleased with the quality of the construction of the homes in Mountain Trails and went out of his way to compliment both Davis and Hodgetts for their work. Justin Martin then started to describe how he allotted lots for Phase II development. "I didn't want to have just one builder in each section so I decided to mix and match my builders. For example, in the T section I have given you the four most southern lots, right next to Amshel Corporation, you know, the guys who built the 27 patio's over on Timber Ridge. And over in section Q I've got four lakefront lots for you wedged in between R & J Homes and Ascroft Construction. …."

Martin was shooting out this information like a machine gun and it got to a point where both Hodgetts and Davis's minds became a blur of information. Then all of a sudden both of their minds came into instance focus. As if they both had been shot by the same bullet at the same time they painfully awakened to the present. "Did you say Jenny Homes" Davis hastily demanded. "Is that the builder you're planning on having us build next to in section R?" "Yes" seconded Hodgetts. "You've never used this builder before have you ... and we hope you never do."

Martin was a bit stunned by this comment and asked for clarification. Davis acted as spokesperson while Hodgetts sat and fumed. "David Russ, the owner of Jenny Homes, is our former business partner. Without going into details as to why we split up, we would just ask you not to put us anywhere near his homes – only trouble would come of it. Our parting was anything but harmonious." Martin was still a bit confused and asked about Russ's quality as a builder. "He's not a bad builder, mind you" Hodgetts indicated. "He just does not work up to the quality standards that we ourselves would want and know that you have come to expect. He can build a basic three bedroom, two bath home with no problem but a specialty builder he's not." "I see" said Martin "I appreciate your position and understand your reasoning. Let's move on to some of the other project details."

The rest of meeting went into details such as the costs of the lots in question, take down schedules, and requested discounts by Hodgetts and Davis as per their earlier conversations with Justin Martin. Everything else seemed to go smoothly and Davis and Hodgetts were quite pleased by the end of the meeting although no papers were signed nor prices agreed upon.

Say It Ain't So!

About five days later, on Saturday the 6th of November, Hodgetts received this disturbing e-mail from Adrienne.

We stopped in the Snowing Mountain office after leaving you. Justin Martin told us he has offered several lots in R to David Russ. Russ had brought in an investor to impress them. I pulled Martin into the conference room and Richard and I both let him know what he was dealing with and that we would pull out of R if he went forward with using David Russ.   He asked that we give him a way to escape and we agreed. Monday we will deliver a list of subs that we know would not work with him again. Richard was very clear this time about our position, as was I.

This e-mail was followed up by a conversation between Hodgetts and Richard Davis with Davis's concluding comments as follows:

I met with Justin Martin again this afternoon about our properties and the lots in R. He called all the references we gave him about David Russ and Justin concluded that Russ has a temper, but no one trashed him enough to convince Justin that he was a terrible builder. I told Justin that we would not build in R if David Russ was there and that I would get a restraining order if we even built in T with him in the area. I would not be involved with builder gatherings or stop in the office, as I don't want to work around this man. Martin said it was ultimately his decision. I hope he can see what we are saying. If not, I'd like to suggest we do another patio home project rather than the houses where we'd be exposed to Russ again. That would be a nightmare.

On November 11th Hodgetts found this e-mail on his computer from Adrienne and Richard.

Martin did not call us back – he had Kim, his assistant, be the messenger. She called this afternoon to say that Jenny Homes will be building on the interior of R. She asked if we still wanted our lots there. I said NO. She asked if this meant that we would increase our lots in T. I told her we'd get back to her as to whether we wanted any lots in T. She also said that Martin agreed to discount your and our lot by 10%, not 20% as we had originally discussed.

We feel betrayed and not important enough to be listened to. If Justin wants to play with David Russ, that's his choice, but we don't want to work in an area where we feel a threat physically and emotionally.

Hodgetts could not believe his eyes. What was going on here? It seemed that Justin Martin was using David Russ as emotional leverage in order to back out of both the land deal for Phase II as well as the property discounts. Was this Justin's revenge for all of the financial problems affiliated with closing the Mountain Trails deal? Or was Justin looking to back out of his commitment to pay for the drainage problems in Mountain Trails? Or did Justin find other builders who could pay for these properties immediately?

Besides the above uncertainties, the real question was, "what should DHR do now?" Hodgetts knew that he and Richard needed to discuss this matter and it could not wait for their usual weekly meeting. He picked up the phone, hit his speed dial, and waited for Richard or Adrienne to answer.

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[1] This is an abridged version. The full case and teaching note may be obtained by e-mailing the first author.

OUTCOME ASSESSMENT OF A MANAGEMENT PROGRAM:
A SYSTEM DYNAMICS VIEW

Paul L. Stepanovich, Southern Connecticut State University,
stepanovicp1@southernct.edu
Pamela J. Hopkins, Southern Connecticut State University, hopkinsp1@southernct.edu
Jeannette Oppedisano, Southern Connecticut State University,
oppedisanoj1@southernct.edu
Robert Page, Southern Connecticut State University, pager1@southernct.edu

ABSTRACT

The application of system dynamics is used to model the outcome assessment process of a management department. By using system dynamics the team was able to explore the various relationships of educating an undergraduate student over a period of time and run various scenarios using the model's flight simulator. The strength of the model is not only its ability to extract the mental models of participants, but also its potential to visually illustrate the impact of decisions.

INTRODUCTION

This paper presents the application of system dynamics modeling to the outcome assessment process. Within universities outcome assessment continues to gain momentum with the staffing of assessment offices, in addition to funding professional development opportunities of grants and workshops. This is particularly true of State universities where legislators are interested in the value-added by their university systems. Southern Connecticut State University awarded a group of management faculty with a grant to develop an outcome assessment model. The team members provided a mix of skills balanced between system dynamics skills and expertise in outcome assessment.

Outcome assessment in universities is complex. Many elements are involved, there are significant delays between decisions and outcomes, there are many stakeholders with differing needs and expectations, over time outcomes feed back to influence policies, and many of the relationships are interdependent and non-linear. In addition to these aspects of outcome assessment, the team recognized that there are structures inherent in universities (e.g., tenure and self-governance) that make the management of outcome assessment particularly challenging.

Tools, such as statistics and spreadsheet modeling, which are usually used for the management of outcome assessment, do not – or cannot – capture the feedback loops, interdependencies, and non-linearity typically in complex structures. On the other hand, system dynamics modeling was designed specifically to capture this type of complexity.

The objective here is to present a basic system dynamics model with management flight

simulator that integrates several of the academic components inherent in the process of delivering and assessing a business education. It is not the intent of the team to prescribe a model, but rather to illustrate how their model can initiate and focus curriculum processes and decisions. Before discussing the content of the model, the paper reviews the administrative rationale for outcome assessments, environmental trends and outcome assessment processes, and the application of using system dynamics and systems thinking for outcome assessments.

REVIEW OF THE LITERATURE

Administrative Rationale for Utilization of Models in Assessment

For more than two decades educational administrators have been under increasing pressures to, in essence, "prove" their organizational effectiveness and efficiency (Heck, 2000; Saunders, 1999; United States Department of Education, 1985). However, the definition of those terms varies by stakeholder. For example, students want to know that their credentials are valued, that their pursuit of education will lead to a higher standard of living through meaningful employment, and that they will enjoy the process – at least some of the time. Teachers want to know that their contributions will have impact, that their unique knowledge will be valued, that their employer will provide them with a positive work experience, and that their students will be successful in their chosen endeavors. Employers want competent, competitive, and flexible talent. Legislators want all of the above but for the lowest expenditure of taxpayer dollars. All of this is set in the dynamic of institutional, regional, national, and international change. Accountability systems in such a complex environment need to incorporate methodologies that enable constituents to examine possibilities for success without exorbitant expenditures of scarce resources (Lubinescu, Ratcliff, & Gaffney, 2001). Modeling is one of the modes to achieve these ends because it permits the simplification of complex ideas, processes, or phenomena so that we may develop an understanding of how they might work.

For an organization to change, especially such monolithic entities as educational institutions, ongoing learning must take place. Strategies need to be established that will encourage members to seek, develop, and apply knowledge. However, they will want to do so while minimizing the risk of failure and containing human, physical, and financial resource allocations. Modeling is one such possibility. **"**Models are explicit, simplifying interpretations of aspects of reality relevant to the purpose at hand," according to Jackson (2003). He adds, "They seek to capture the most important variables and interactions giving rise to system behaviour [sic]. They are used to experiment on as surrogates for the real-world system" (p. 55). Modeling affords us the opportunity to accomplish incrementally the initial steps necessary to achieve organizational learning because it helps participants "stand back" from their daily pressures and to develop ideas and techniques of what could work to achieve a specific goal. In assessing creativity in organizations, Sternberg (1999) suggests that models

can be used "as a heuristic for the generation of a variety of creative ideas...[that most] creative contributions are probably incrementations, and...probably the easiest for a field to recognize because they start where the field is and help move it further in the direction it already is going" (p. 96). Thus, models are less likely to generate resistance to change.

Environmental Trends in the Academy

The Nature of Academia
An unprecedented shift away from an industrial/goods-based society towards a knowledge/service-based society has made a college degree a career prerequisite instead of an extraordinary achievement (AACU National Panel, 2002; Finkelstein, 2003; Rowley & Sherman, 2001). At present, approximately ninety percent of high school students hope to attend college, and seventy-five percent of all high school graduates will go on to receive some form of post-secondary education within two years of graduation (AACU National Panel, 2002).

Finkelstein (2003) argues that when public education offers universal access, it becomes increasingly central to government institutions, both in terms of the importance of the service being offered and the proportion of the budget required to provide this service. As such, higher education has evolved into a "quasi-public utility," and will be managed and evaluated as such. Ironically, the very success in becoming legitimized as an institutionalized norm of American society lies at the root of higher education's most pressing challenges, such as increasing competition, resource constraints, accountability, and technology.

Traditional comprehensive and liberal arts institutions are being effectively challenged by a variety of non-traditional alternatives, ranging from specialty and virtual colleges (such as the on-line Empire State College) to company and corporate institutions such as the University of Phoenix (Rowley & Sherman, 2001). Also, during the last decade, average costs have increased 50% while public spending in higher education has dropped 12%, and the competition for private funding has dramatically increased. These trends are unlikely to reverse themselves in the near future (Carnevale & Strohl, 2001; Omeara, Kaufman & Kuntz, 2003; Rowley & Sherman, 2001).

While higher education is increasingly expensive, it has not justified its existence. Quality standards and evidence of student learning outcomes are inconsistent and not encouraging. Demands for the systematic measurement and documentation of higher education's "value-added" are growing (Massy, 2003; Smith, 2004).

Finally, faculty face an explosion of technology applications for teaching, research and communications. New technologies bring challenges to established institutional structures and teaching pedagogy, bring heightened communications and information

transfer expectations, and redefine availability and accessibility for both students and researchers (Omeara, Kaufman & Kuntz, 2003; Smith, 2004).

Leadership Challenges
In an era of increasing competition and resource constraints, merely providing a quality academic experience is no longer enough. Administrators (presidents, financial officers, strategic planners, system administrators, and legislators) must also embrace accountability, fiscal responsibility and prudent management to ensure long-term viability of the program. Without the documentation of student learning outcomes, timely decision making, efficient institutional controls, and bridging diverse constituencies, organizational legitimacy will be increasing difficult to develop and maintain (Gaff, 1999; Reardon & Ramaley, 1997; Rowley & Sherman, 2001; Shinn, 2004;).

The challenge of doing more with less is complicated by the burden of ever-expanding student needs. With the increased demand for universal college attendance comes the burden of teaching students with unconventional learning needs, styles and expectations. Enrollments of "non-traditional" students now account for the majority of undergraduates (AACU National panel, 2002; Barker, 2000).   Non-traditional students are characterized by one or more of the following characteristics:
- Concurrent employment and school attendance
- Irregular, discontinuous progress towards a degree
- Older than the typical 18 to 24 age range
- Diverse learning styles
- Repeated transfers among colleges and universities (student "swirl")

In addition to the needs of non-traditional students are the needs of increasing numbers of traditional students who are simply under-prepared to engage in college level academic work. This situation is complicated by the fact that both groups, due to a variety of motivation and ability factors, are increasingly unwilling to invest in the amount of study time faculty expect of typical undergraduate students (typically due to conflicting interests, such as family and work obligations, or cultural and peer group pressures) (AACU National Panel, 2002; Ferren & Kinch, 2003).

While a variety of educational organizations have developed comprehensive recommendations to improve curricular designs to reach lifelong student learning outcomes, the same research notes that such proposed reforms are often met with faculty resistance and organizational inertia undermines effective implementation (Banta, 2002). Adapting McCelland's needs theory (1971), faculty meet their needs for affiliation, power and achievement through some combination of teaching, research and service.

Many faculty, trained and socialized in research universities, link the path to prestige, status and resources with research, not teaching or service accomplishments (AACU

National Panel, 2002; Barker, 2000). Such faculty tend to be resentful of any agenda that increases the amount of time devoted to teaching at the expense of research (O'Meara, Kaufman & Kuntz, 2003).

However there always seems to be a cadre of professors who are dedicated to a true "teacher/scholar" model. These faculty are as dedicated to quality teaching and service as they are to quality research, and will champion educational reforms advancing student-based learning outcomes as a matter of academic integrity and professional pride. However this is a heavy burden, and those involved in such efforts must be carefully supported to avoid long-term burnout (AACU National Panel, 2002; Gaff, 1999; O'Meara, Kaufman & Kuntz, 2003).

The literatures above, in turn, suggest that outcome assessment is amenable to modeling and that the nature of outcome assessment in academia is dynamic and complex. The next section demonstrates the appropriateness of system dynamics.

SYSTEM DYNAMICS TO SYSTEMS THINKING

The strength of system dynamics modeling in its ability to provide a mental model of an event has been recognized since its inception by Forrester (1961) and emphasized in organizational learning by Senge (1990). In a recent illustration, Cooke (2003) used a model of the 1992 accident at the Westray Mines in Nova Scotia to capture the mental models related to the mine safety. Using this model, scenarios were evaluated to determine the impact of management measures. Importantly, Cooke's model demonstrated the benefits to safety. Using the model provides the mining industry a way to examine and discuss the relationships between safety and production.

Another example of the complexity with which system dynamics modeling can be used is seen in Cavana and Mares' (2004) model of the critical thinking process behind a policy implemented by the New Zealand Customs Office. Using group process, causal loops were diagrammed to show relationships between actions, policies, behaviors, and interventions. Through revisions and iterations of the model, understanding increased as people joined the group to clarify and provide information. Cavana and Mares believe the model illustrates how critical thinking can be operationalised and "provides a way of moving from a conceptual understanding of a policy to implementation (p. 234)"

The metaphor for systems thinking is seeing the forest rather than the trees. To start this process requires us to practice feedback to show, in Senge's (1990) terms, "how actions can reinforce or counteract (balance) each other. It builds to learning to recognize types of 'structures' that recur again and again…" (p. 73). One of the strengths of systems thinking is the change in those who participate. Rather than act to control and polarize a subset, the influence is directed at enhancing and developing the system (Oshry, 1995).

Tippens (2004) encourages us to design curriculum from a systems perspective rather than Newtonian perspective of parts. Similarly, when we discuss curriculum outcomes, we should look at the whole rather than assessing a part of the curriculum. Arguably Tippen states "People make decisions that are sounder when they are able to understand the interrelationship of all areas (p. 322)."

A common theme in this literature is the use of system dynamics modeling as a tool to enhance the understanding and communication of complex issues. It is often neither necessary nor useful to spend inordinate amounts of time on accuracy and validity. Forrester (1961) noted and Sterman (1994) demonstrated that our commonly employed mental models are often seriously flawed. The field of soft system methodology is based on the assumption that numerical modeling is often not necessary (see Checkland, 1999). The model that follows is used in this context, that is, it is not meant to capture "reality" but to begin to explore the relationships in mental models among stakeholder groups.

THE MODELING PROCESS

Since our interest was in exploring mental models related to outcome assessment, the team used Vennix (1996) as a guide. This method prescribes an iterative process of model development alternating between clients and modelers. Our first challenge was to answer three questions: 1) what is the behavior pattern that we are interested in?, 2) what are the model boundaries, that is, what outcomes, which stakeholders, and over what time period? and finally, 3) what are the major structural elements we want to capture?

The behavior patterns agreed upon in these first meetings were: motivation (want it), knowledge (know it), and application (use it). We also agreed to limit the model to traditional undergraduate students, between the ages of 18 and 23. It was also decided that the model would represent a physical flow of students through the learning system.

Following these decisions, there was an exchange of information; the systems modelers needed to become more familiar with outcome assessment and the outcome assessment experts needed to become more familiar with the modeling concepts. At this point, two models were developed.

THE MODELS

The models were developed using *ithink* v 8.0 software developed by Iseesystems, Inc. The use of a system dynamics model allows us to capture and highlight stocks, flows, interrelationships, and both reinforcing and counter-balancing feedback loops. Stocks (rectangles in the figure) serve as containers over time and flows (pipes/circle/valves) increase or decrease the content of the stocks. Converters (the circles in the figure)

and the connectors (arrowed lines) allow for the manipulation of the rates of change through differential equations.

The first model captures the physical flow of students through both the university and through the management concentration. In the "university flow" chain students enter and take the general education requirements; there is a drain on this stock to reflect an overall drop rate. These students automatically move from the general education stock into major programs. The outflow represents non-business graduation.

Our primary interest, however, is in a "management flow" chain. Some percent of the entering freshmen declare management as their major. These students enter the general education program and experience the same drop out rate. However, after their general education program, they enter the business core curriculum and then the management specialty. Here specific drop-out rates will apply. Also, there is an in-flow representing those management students who transfer into the program. The management graduates enter a stock that accumulates management alumni.

The model highlights key variables that represent entry rates, drop rates, transfer rates (in and out), and graduation rates. Manipulating the model, which is easily done through a management flight simulator, allows for discussion of which variables need to be examined more closely. It may lead to the decision to collect data to better define the drop rate out of the management program. For example, do these students drop out and take jobs or do they transfer to other programs within the University or do they transfer to other management programs. It is important to note that the simulation generates student numbers over time using initial values and process rates of change. At this stage of the project we have used crude estimates and have initialized the model to a steady state.

While this model captures the physical flow of students through the program, it does not address the quality of students. Nor does it include outcomes, beyond basic graduation rates. The real power of the modeling comes as we add more dimensions.

In the second simulation model, the main stocks include student satisfaction with competencies and the reputation of the management program in the community. These are linked to enrollments. All of these are related to structural components of the University (physical as in classroom availability and non-physical as in policies) as they relate to faculty. This model is an attempt to structure our thinking regarding a major shift in emphasis away from teaching toward research and publications. What are the ramifications, in what areas, over what time period?

It is important to note that the two models illustrated above are not independent. We plan to connect the two and test the anticipated effect of policy changes on not only student enrollments, drop rates and graduation rates but also alumni program evaluations (satisfaction) and reputation of the program. At this stage of the process,

we are exploring additional structural components before calibrating the model. Significant shifts in policy can take several years. The simulation allows us to explore alternatives without having to wait years to observe outcomes.

Again, it should be emphasized that the simulations, at this stage at least, are not meant to represent "reality". They are more importantly a tool for extracting mental models. When administrators or faculty make policy changes, what are the anticipated effects? What do administrators expect compared to what faculty and students expect? The modeling above provides an excellent opportunity to get the models out of the stakeholders' heads and onto the table. In this way each group can examine the explicit assumptions of the others regarding not only what is affected but how. This provides an opportunity for dialogue and, perhaps, further studies.

CONCLUSION

A systems perspective is necessary as organizations try to manage knowledge (Garud & Kumaraswamy, 2005). Managing the dynamics of an education spans the boundaries of various disciplines, faculty and student knowledge bases, resources available, and political structures to name a few. Many of the issues and problems created by these interactions are seen as solvable rather than the divergent problems they are that require dialogue. As Senge (1990) points out, compartmentalizing knowledge "creates a false sense of confidence" (p. 283), rather than creating "the freedom to create the results we truly desire" (p. 286). Garud and Kumaraswamy (2005) propose new avenues to explore in creating learning cultures. One suggestion is to develop a "repositories-based approach that emphasizes codification and central storage of organization knowledge (p. 28)". By developing a knowledge organization, access to knowledge diffuses the tensions between the disciplines and allows for full exploration of the academic system. Rather than looking at learning outcomes as separate entities from the system, the system is studied and measured over time.

In an era of increased public scrutiny and resource constraints, systems modeling offers great potential to help administrators plan for the future. In an era of ever-increasing external demands, diverse faculty needs and motivations, and an increasingly non-traditional variety of students, system modeling offers the potential to capture and quantify some of that complexity. At the very least, such models visually illustrate the assumptions behind a strategic plan for discussion and refinement. At best, such models become powerful forecasting tools allowing administrators to predict the effect of incremental changes on the entire system over time.

References available upon request.

SUCCESS FACTORS AND THE PERCEPTION GAP BETWEEN EMPLOYERS AND
BUSINESS STUDENTS

Angela M. Young
California State University, Los Angeles
amyoung4@verizon.net

ABSTRACT

The purpose of this research is to examine expectations held by employers and business students regarding skills and knowledge required for success in mid- and entry-level positions in organizations. Preliminary data were collected with survey instruments administered to managers and business students. Data were summarized and used to clarify skills and workplace characteristics preferred by employers and to assess the extent to which business students' perceptions differed from employers.

INTRODUCTION

Recruiting new college graduates for a multitude of entry-level positions has been a common practice of businesses. There has, however, been an on-going concern about the extent to which college graduates are prepared for the rigors of the workplace and the responsibilities expected of them (Brownell & Chung, 2001; Dickinson, 2000). In response, there has been an increased emphasis on competency-based curriculum, particularly in business schools over the last several years (Dickinson, 2000). Although preparing business students for the workplace is not a new issue, there have been many changes in the demographic composition of college graduates and extreme differences in the extent to which some college graduates actively analyze and research career paths and goals. There are several strategies that colleges and businesses use to prepare new hires that include mentoring (Gladstone, 1988), partnerships between business and academia, and involvement of alumni (Zagoren, 1982). Further, there are numerous analytical tools and methods that have been used to help students determine career goals (Okocha, 2002). Generally speaking, most Universities have career placement centers that offer all types of advice from resume writing to contact with potential employers. Universities host job fairs and professors often act as a liaison between employers and students, helping employers to recruit students by making referrals or announcing jobs in class. Colleges often development internship programs and many departments maintain job books or post job announcements.

Why then, is it reported that college graduates are sometimes unprepared for the workplace (Dickinson, 2000)? There have been many important skills identified in research. In a paper on skills required for employment Siebenaler, Cooper, Gyurko, and Smith (1998), named written and oral communication, job-keeping skills such as taking initiative, getting along with coworkers, etc., and teamwork as three relevant skills. Other researchers have identified critical skills including business communication, making presentations, and other managerial skills (Brownell & Chung, 2001; McPherson, 1998; Tucker & McCarthy, 2001). Moreover, in courses that require students to learn and demonstrate new skills, it is not always certain to what respect

students are aware of the need to develop new skills or their progress toward mastering a new skill (McPherson, 1998).

Thus it seems that we know much about specific skills required for success in a business setting and about how to most effectively teach students new skills. In fact, research and reports of actual practice in Universities suggests that there are many opportunities for students to learn about career possibilities, increase knowledge and skills, and develop success strategies (e.g., Zagoren, 1982). However, given that employer's perceive a gap between skills required and student preparedness (Dickinson, 2000) more needs to be done to understand what students need and how to best serve all students. In developing new skills, students are basically required to become aware of three ideas: 1) the need to change; 2) what to change; and 3) how to change. Without an idea about the need to change or how to develop new skills, little progress will be made. Students must become aware that there is a need for change and what change must be enacted. Thus, this study focuses on the first two issues by examining student and employer perspectives in relation to required knowledge, skills, and characteristics required for a recent college graduate. In addition students' perceptions about career planning, courses taken, and skills needed are identified. Managers perceptions about school reputation, public v. private education, and general preparedness of college graduates are examined.

METHOD

Data collected are preliminary and are being used to further improve the survey instruments. The current sample is comprised of Forty Business students attending Management classes at a local University. Thirty students were in their fourth year of their degree program, 7 in their third year, 1 in a fifth year, and 2 did not report year in school. Eighteen student respondents reported their major as Management, 7 as CIS, 2 as Accounting, and 1 as Human Resource Management, Marketing, Health Care, and Other, respectively. Nine students did not report major. Respondents were, on average, 26 years old and work an average of 31 hours per week. Respondents reported having been on their most recent job for an average of 3 years. Fifty-five percent of the respondents were female, forty-five were male. Thirty-seven percent of the respondents reported ethnicity as Asian, 32% Hispanic, 7% Caucasian, 2% African-American, and 20% reported ethnicity as "Other." Managers and others responsible for hiring entry-level job candidates and recent college graduates were targeted for the employer sample. Ten managers were surveyed. The managers had, on average, 8 years experience in their current jobs. Four managers held a Bachelor's degree, 3 a Master's degree, and 4 have a Ph.D. Eight managers were male, 2 female. Eight managers reported ethnicity as Caucasian, 1 as African-American, and 1 as Asian.

Measures

Most items on the student survey required respondents to use a Likert-type scale. Finally, demographic questions were asked to identify student respondents' age, gender, ethnicity, job responsibilities and experience, and year in school.

General Knowledge and Skills. General knowledge expected by students and believed to be important to success was identified through several questions that

require respondents to rate the importance of each skill or concept. Examples of skills or concepts included in the survey are written communication, creativity, and leadership. The importance of each skill or concept was measured on a 5 point scale ranging from Unnecessary/Unimportant (1) to Essential to Success (5).

      <u>Characteristics Important to Success</u>. Important characteristics was listed and respondents were asked to rate each characteristic in relation to its importance to success. Characteristics such as self-confidence and integrity are examples of survey items. The importance of each characteristic was measured on a 5 point scale ranging from Unnecessary/Unimportant (1) to Essential to Success (5).

      <u>Perceived College Experience</u>. General perceptions about college experiences were measured with 3 questions. A sample survey item is "My experiences at CSLA thus far have given me confidence that I will find a good job after I graduate." Items were measured on a 5 point scale ranging from Strongly Disagree (1) to Strongly Agree (5). The reliability estimate for this scale was .78.

      <u>Perceived Career Development</u>. Perceptions about career preparedness was assessed with 2 questions. A sample item is "I have a very clear idea about my future career goals." Items were measured on a 5 point scale ranging from Strongly Disagree (1) to Strongly Agree (5). The reliability estimate for this scale was .73.

Variables – Employer Survey

      Survey items include questions measured with a Likert-type scale to assess knowledge, skills, concept and topics, and perceptions about schools and student preparedness. Managers also were asked to identify gender, ethnicity, industry, years in current job, and degree. The focus of the employer survey is on skills and characteristics expected of recent college graduates.

      <u>General Knowledge and Skills</u>. General knowledge and skills expected by employers were identified through several questions that required respondents to rate the importance of each skill or concept. The skills and characteristics match exactly the questions in the student survey so that responses can be compared. Examples of skills or concepts included in the survey are written communication, creativity, and leadership. The importance of each skill or concept was measured on a 5 point scale ranging from Unnecessary/Unimportant (1) to Essential to Success (5).

      <u>Characteristics Important to Success</u>. Important characteristics were listed and respondents were asked to rate each characteristic in relation to its importance to success. Characteristics such as self-confidence and integrity are examples of survey items. The characteristics measured in the employer survey match exactly the student survey so that responses can be compared. The importance of each characteristic was measured on a 5 point scale ranging from Unnecessary/Unimportant (1) to Essential to Success (5).

      <u>Specific Concepts and Skills</u>. Specific concepts related to jobs in management were identified through several questions measured on a Likert-type scale. Examples of specific skills included in the survey are employment laws, budgeting, and project management. The importance of each skill or concept was measured on a 5 point scale ranging from Unnecessary/Unimportant (1) to Essential to Success (5).

      <u>Perceptions About Universities</u>. General perceptions about college graduates were measured with 3 questions. A sample survey item is "Generally speaking, recent

college graduates are not adequately prepared for work in our organization." Items are measured on a 5 point scale ranging from Strongly Disagree (1) to Strongly Agree (5).

DATA ANALYSIS AND RESULTS

Descriptive statistics and frequencies were used to analyze the data. Overall, results showed a few differences exist between managers and students. Specifically, results for students' perceptions of important skills showed that, among the largest mean difference (i.e., greater than .50), students rated several skills as more important that did managers. Students placed more importance on *leadership skills, goal setting, creativity global awareness, making decisions independently, working on a team*, and *delegating work*. The greatest differences were found for *delegating work*. Managers' average score for *delegating work* was 2.9 while students' scores were 4.1. *Global awareness* was also scored differently by managers with a mean of 2.9 while students' mean score was 3.9. These large differences might reflect the emphasis placed upon such skills as leadership, global awareness, and goal setting in college curriculum. Managers scored *taking direction* higher than students with a mean score of 4.5 compared to the student mean score of 3.8.

The scores for important characteristics showed fewer differences between manager and student perceptions. Only one characteristic, *competitiveness*, differed by more that .50. Managers scored *competitiveness* as 3.2 while students scored this factor 4.2.

When asked which of the skills and characteristics was most important, managers ranked *written communication, oral communication*, and *familiarity with technology* as the most important skills. Student ranked *written communication, leadership, and oral communication* as the top three skills. Managers ranked *self-confidence, ability to change oneself*, and *integrity* and the most important characteristics while students ranked *self-confidence, ability to change oneself*, and *competitiveness* as the top three characteristics.

Managers' perceptions regarding important topics and concepts required of a recent college graduate reveal only two concepts that were scored 4.0 or higher, indicating importance: 1) *setting and meeting goals and deadlines*, and 2) *prioritizing tasks for self*. The remaining concepts received relatively mediocre scores from 3.0 to 3.7 and included *project management, budgeting, analyzing financial reports, forecasting project timelines, conducting presentations, making decisions based on reports*, and *forecasting budgets*. Five concepts received relatively low scores from 2.1 to 2.9 and include *employment laws, supervising others, teaching others, motivating subordinates*, and *prioritizing tasks for others*. The low scores of these concepts makes sense given that the focus of the survey was on concepts and topics required of recent college graduates.

The last set of questions regarding managers' perceptions of college student preparedness and school reputation indicates that overall, among this small sample of managers, respondents do not feel that students are adequately prepared. With a mean score of 3.2, managers neither agree nor disagree with the statement that students are generally not prepared. That private education is better than public education also received a mediocre mean score of 3.7. Finally, that the reputation of

the school is important was generally scored low, indicating that these managers did not feel that reputation of the school produced better qualified job candidates.

From the students' perspective, all mean scores ranged from 3.4 to 3.8, not really in strong agreement or disagreement with any of the questions related to preparedness or career goal setting. Two questions were: "college has prepared me well," and "college has prepared me for finding a good job." Questions had mean scores of 3.6 and 3.4, respectively. The question, "School has a good reputation" had a mean score of 3.5. Whether students had clear career goals had a mean score of 3.8 and whether students spent a lot of time researching careers had a mean score of 3.4.

IMPLICATIONS

This preliminary data reveals as much about topics and characteristics emphasized in college curriculum as it does about managers' perceptions of success factors. For example, that competitiveness was named as one of the three most important characteristics by students, even over optimism, integrity, or self-awareness might simply reflect students' dispositions or, it might be that business courses are still living up to the reputation of espousing competition as the founding driver of success. Yet, students compete for acceptance at Universities, positions of student leadership, internships, jobs, and perhaps sometimes even grades. Perhaps it is not surprising that competitiveness has a prominent place in students' minds as being critical to success. However, it is difficult to ascertain the extent to which the belief that competitiveness is necessary for success will translate into workplace behavior. Other skills such as global awareness and leadership were not scored as highly by managers as by students. Again, this may be a reflection of the emphasis on some topics that aren't necessarily valued and utilized immediately by employers. The purpose of education is not just to develop practical skills but a longer-term change of perspective that will build success throughout a student's life.

It is important to find a balance between the expectations of employers and the need to serve students given the longer-term purpose of education. However, there are some important ideas that can be gleaned from periodically assessing employer perspectives on required skills and characteristics. First, teachers must be aware of current business practice and the needs of employers if we wish to ensure the successful placement of our graduates. Second, curriculum development should be revised to meet the changing needs of employers and students, while maintaining a balance with education's higher purpose. Finally, becoming aware of differences between employer and student perspectives will help students recognize important changes that they must make if they wish to improve their chances of success in the workplace.

Thus, the three ideas of which students must become aware: 1) the need to change; 2) what to change; and 3) how to change, may be initiated by some students in self-directed career development. For those students, teachers and counselors can offer assistance and information. But for those students who are not yet aware of the need to change or do not have an idea of what to change, this information can offer them a foundation for self-analysis and career planning. At best, this information would be made an integral part of a required course on career planning and development so

that students have time to devote to the necessary reflection and research required to decide upon a career and to learn more about success strategies in the workplace. However, in the meantime, perhaps this information will awaken students to the need to change by developing new skills and workplace behaviors.

CONCLUSION

This preliminary study presented some evidence that a gap exists between student and employer perceptions of skills and characteristics required in the workplace. Further, information about important concepts and topics required of recent college graduates was presented. In sum, the information presented in this study will help to inform teachers, counselors, and curriculum administrators in continually improving college curriculum. In addition, information about the gap between student and manager perceptions will help students to recognize some opportunities and the necessity to develop new skills.

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DIVISION V

STUDENT PAPERS

BEING THERE - SEE 1830, 1930, 2030, OR---2300 (THE ECONOMIC

IMPLICATIONS OF GLOBALIZATION FOR STUDENTS)

Colin Armour (carmour@snet.net)

Abstract

The need to cultivate an interest and a store of knowledge in the cultural and economic aspects of globalization by children is the focus herein. The historically evolving role of children in the family, society and economics will continue at an even faster pace. The changing composition of the leadership positions of the family, from male and female, two males, two females, etc… has only strengthened the need, position and power of children.

The Influence of Work and Family Roles on Organizational Commitment

Erich B. Bergiel
Mississippi State University
ebb6@msstate.edu
Royce Robert Horak
Mississippi State University
rrh38@msstate.edu

ABSTRACT

The effect of family engagement on work is an important issue for managers. This paper addresses this issue by examining the influence that work and family roles have on organizational commitment. Two competing arguments about the effects of engaging in multiple roles are examined, depletion and enrichment, and the influence of gender on these two perspectives assessed. Findings from a sample of 498 employees found support for both the depletion and enrichment perspectives on the influence of family roles on organizational commitment.

INTRODUCTION

Enhancing the commitment of employee's has been a classic problem faced by organizations. This problem is complicated by the existence of multiple roles, since the attitudes, behaviors, and emotions associated with one role may spill over to another (Edwards and Rothbard, 2000). To address this issue of balancing multiple roles and managing the boundary between work and family organizations have turned to human resource practices like flexible working hours to ensure that engaging in one's family does not hinder commitment to the organization (Rothbard, 2001). However, recent research has also suggested that engagement in multiple roles provides gratification to individuals and consequently benefits to the organization (Rothbard, 2001). This study will attempt to address this issue by determining if human resource practices designed to reduce the strain of multiple roles enhances or hinders organizational commitment.

Additionally, it has been suggested that gender differences may exist in the engagement of multiple roles. Thus it is proposed that certain human resource practices might influence male and female employees engaging in family roles differently and subsequently result in varying levels of organizational commitment. For this study the human resource practice of flexible working hours which is used by organizations to assist employees in balancing multiple roles will be assessed to determine its influence on organizational commitment. This will also address the need for increased research on the potential impact of human resource practices on organizational commitment (Meyer & Smith, 2001). Specifically, this study attempts to determine what influence flexible working hours has on the organizational commitment of an employee engaged in family roles and what potential gender difference may exist.

LITERATURE REVIEW

Historically, two main arguments have been used to address the process of engagement in multiple roles. The first, and probably the most prevalent argument is that of depletion. The depletion argument is derived from research on role conflict (Greenhaus & Beutell, 1985), and is based on the idea that people have fixed amounts of psychological and physiological resources to expend and therefore must make tradeoffs to accommodate these fixed resources (Rothbard, 2001). Research suggests that demands from one role create strain on individuals, which thus inhibits functioning in the other role (Edwards & Rothbard, 2000). However, the opposite can be said for enrichment, the second main argument used to address the process of engagement in multiple roles. The enrichment process is articulated by research on role accumulation and multiple roles (Marks, 1977). The enrichment argument suggests that the engagement in multiple roles can actually provide benefits to individuals rather than draining them (Rothbard, 2001).

Emphasis on the effects of engagement in multiple roles has enhanced due to the complexity of today's work environment where individuals must engage in multiple roles to fulfill job expectations. This combined with the increased number of working mothers has been a catalyst for the phenomenon based on the depletion argument known as 'work-family conflict' (McManus, Korabik, Rosin & Kelloway, 2002). Work-family conflict is a type of inter-role stress that arises in response to simultaneous and frequently incompatible pressures from an individual's work and family domains (Greenhaus & Beutell, 1985). A number of studies have looked at the debilitating effects of work-family conflict on dual-income families or on sex-difference. McManus et al., (2002) looked specifically at the effects of work-family conflict on single parents. Results suggested that in line with previous research, and the depletion perspective, that reduced work-family conflict is associated with family and job satisfaction.

However, there has been far less research focusing on the enrichment argument of engaging in multiple roles. Probably one of the more notable studies was conducted by Rothbard (2001) in which she analyzed both the enriching and depleting arguments in regards to work and family roles. Results again provided evidence for the depletion argument; however support for the enrichment argument was also found. Rothbard (2001) suggest that certain gender differences do exist and while engagement in family roles does not negatively affect work engagement of men it actually enhances work engagement for women. Thus while most family researchers assume that depletion is the logical argument for engagement of multiple roles, these findings demonstrate the importance of examining both enrichment and depletion arguments when exploring the engagement between work and family (Rothbard, 2001).

This study will attempt to extend current work-family research by utilizing both the depletion and enrichment arguments to assess the effects of engaging in multiple roles on organizational commitment. Prior research has examined the effects of multiple

roles on absenteeism, turnover, employee health, and as stated job satisfaction (McManus et al., 2002); however, little has been done regarding the effects on organizational commitment. Additionally, it has been suggested that the implementation of flexible working hours assist employees in balancing multiple roles by reducing the strain associated with work. This study will attempt to assess if flexible working hours, by reducing the strain of multiple roles, enhances organizational commitment (depletion) or actually reduces organizational commitment (enrichment). Lastly, it has been proposed that certain gender differences are associated with engagement in multiple roles, utilizing both the depletion and engagement argument these too will be assessed.

DEVELOPMENT OF HYPOTHESES

Depletion

The depletion argument suggests that engagement in a role can lead to negative emotional response to that role (Rothbard, 2001). Those employees engaged in family roles could therefore develop negative emotional responses to both the organization and the family. Thus, it is suggested that organizations that implement flexible working hours will reduce the potential for negative emotional responses to the family or organization. Therefore, the depletion argument hypothesis states:

> *Hypothesis 1: Employees engaging in family roles who are provided flexible working hours will have increased levels of organizational commitment.*

Enrichment

Research on enrichment suggests that multiple role engagement may bring resources and pleasurable experiences to the person rather than strain (Marks, 1977). Benefits of multiple role involvement may lead to gratification, greater self-esteem, and a positive emotional response to the role, rather than a negative emotional response or strain (Rothbard, 2001). Arguably, these positive emotional responses associated with the role could directly influence the employee's level of commitment to the organization. Thus is proposed that organizations that implement flexible working hours may actually be reducing these benefits associated with multiple roles as stated in the following hypothesis:

> *Hypothesis 2: Employees engaging in family roles who are provided flexible working hours will have decreased levels of organizational commitment.*

Gender

Observed gender differences in work-family research are often a function of divergent social roles and societal expectations for women and men (Eagly, 1987). As a result of these different roles and expectations, research on gender suggests that balancing

work and family roles seems to have more of an impact on women than on men (Rothbard, 2001). Research also suggests that relationships between work and family will be stronger for women than for men (Kossek & Ozeki, 1998). Thus, following previous research (Rothbard, 2001) it is hypothesized that the depletion and enrichment processes will be stronger for women than for men:

> *Hypothesis 3a: (Depletion) Women engaging in family roles will have decreased levels of organizational commitment.*

> *Hypothesis 3b: (Enrichment) Women engaging in family roles will have increased levels of organizational commitment.*

> *Hypothesis 3c:(Depletion) Gender will influence the relationship between flexible working hours and organizational commitment, such that women engaged in family roles will have higher levels of organizational commitment then men engaged in family roles.*

> *Hypothesis 3d:(Enrichment) Gender will influence the relationship between flexible working hours and organizational commitment, such that women engaged in family roles will have lower levels of organizational commitment then men engaged in family roles*

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METHODS

Data

As part of the 1991 General Social Survey, 702 interviewees who held full-time employment were asked additional questions pertaining to job experiences. For the purpose of this study, only those interviewees who were married were of interest to represent those employees engaged in family roles. The resulting sample consisted of 498 married respondents. Demographically, these remaining respondents are representative of the full-time adult labor force: 87.7% were white, 9.0% were black, 3.4% other race; 46.1% Male, 53.9% Female; and median income was between $22,500 and $24,999.

RESULTS

Cross tabulation results suggest that there is in fact a relationship between the dependent variable organizational commitment and the independent variable flexible working hours for those employees engaging in multiple roles.. For example, 39.1% of employees engaging in family roles who worked for organizations that offered flexible working hours felt committed to their organization. However, only 28.3% of employees who engaged in family roles who worked for organizations that did not offer flexible

working hours felt committed to their organization. These results provide support for Hypothesis 1, the depletion argument.

Results also suggest that there are in fact gender differences between employees engaging in family roles and organizational commitment. For example, 38.5% of males engaging in family roles felt committed to their organization, while only 27.9% of the female employees engaging in family roles felt committed to their organization. These results provide support for Hypothesis 3a, the depletion argument.

Lastly, it was observed that gender differences do in fact exist in the relationship between the dependent variable organizational commitment and the independent variable flexible working hours. For example, 45.7% of males engaged in family roles who worked for organizations that offered flexible work hours felt committed to their organization. Of the female employees engaged in family roles only 32.5% of those that worked for organizations that offered flexible work hours felt committed to their organization. For those organizations that did not offer flexible work hours only 32.5% of males engaged in family roles felt committed to their organization while 22.5% of females engaged in multiple roles felt committed to their organization.

These results suggest some support for the depletion argument since both males and females demonstrated stronger organizational commitment to those organization that offered flexible working hours. However, in regards to Hypotheses 3c and 3d there is support for the enrichment argument. Women engaging in family roles who worked for organizations that offered flexible working hours demonstrated lower levels of organizational commitment then men. In addition, the difference in organizational commitment between males and females who worked for an organization that offered flexible working hours and those that worked for an organization that did not appeared to be more significant for men. Thus, the implementation of flexible working hours does not provide the same level of assistance in alleviating the strain of family engagement for women as it does for men. Again, the results are very suggestive but there is support for Hypothesis 3d in this analysis and for the engagement argument at least in regards to women.

CONCLUSION

This study examined the dynamics associated with multiple engagements in work and family roles utilizing two competing theoretical arguments. The results support previous findings by Rothbard (2001) in that there is evidence for both the depletion and enrichment arguments as well as gender differences. Specifically, findings suggest that flexible working hours do alleviate some of the strain associated with engagement in multiple roles. Organizations that employed flexible working hours had employees who demonstrated higher levels of commitment than those organizations that did not employ flexible working hours.

However, the beneficial properties of flexible working hours appeared to be more influential to men then women. The simplicity and exploratory nature of the methodology of this study prevent suggesting strong support for any specific findings though the results do imply that future research should still remain cognizant of the enrichment argument. Finally, both researchers and practitioners should be cautious of the applicability of flexible working hours. Though it does appear to provide support to those employees engaging in multiple roles, results suggest that more needs to be done. This is especially true for female employees who continue to be more prevalent in the workforce. Future research should focus more on specific human resource practices that could alleviate the strain of multiple roles and assist employees in balancing work and family.

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Holistically Leading Change

Rebecca Herman, Kaplan University, rlh-aoii@pacbell.net

ABSTRACT

Today's organizations are faced with a rapidly changing environment and increased competitive factors. Organizational leaders must discover methods and processes to adapt the organization's strategy to the ever-changing environment. Working toward implementing change in a piecemeal approach will result in a lack of success for the organization. You cannot implement a change strategy successfully without the business systems to execute it. Often times, information technology is a required component of not only new business systems but also a process-based organization. Finally, change requires the support of people. Leaders must be mindful that their actions affect the recipients of change – the human factor of their organization. Without the members of the organization coming "on board" with the new plan, the chances of success are minimal. Although no change effort is guaranteed, the odds of achieving the stated goals are much great with a holistic approach.

The Role of Trust in Ethical Leadership
Rebecca Herman, Kaplan University, rlh-aoii@pacbell.net

ABSTRACT

Solomon (1998) referred to trust as the "emotional core of leadership" (p.98). A genuine crisis of trust exists today. The purpose of this paper is to utilize a literature review to define trusted leadership and analyze the benefits of trusted leadership in order to evaluate the role of trust in ethical leadership. To accomplish this, there is a review of the components and relationships of trust, including the definition of trust, the perspectives of trust, and the interconnectivity of trust, relationships, and leadership. Next is an examination of the methods of building trust and benefits of trust. Finally, there is an evaluation of the ethical considerations of trust including ethical theory, leadership and ethics, and the ethical challenges of trust.

INTRODUCTION

Within the past several years, there have been numerous and profound corporate collapses such as Enron, Global Crossing, Adelphia Communications Corp., WorldCom Inc., and Tyco International. New regulations have been passed to try to deter such failures in the future; however, what is truly at issue regarding corporate accountability is the importance and need for trust (Currall & Epstein, 2003). A genuine crisis of trust exists today. Although the number of truly corrupt CEOs is a very small percentage of the overall population, there is an overriding sense of mistrust in business and business leaders (Stephenson, 2004).

Regardless of the current state of distrust, the importance of trust is increasing. To accomplish organizational and personal goals, individuals must depend on one another frequently and in many ways (Mayer, Davis, & Schoorman, 1995). These interdependencies require relationships based upon trust for trust enables community, cooperation, and meaningful dialogue through the emotions that appear within its framework. Emotions are therefore central to ethics because they motivate and provoke behavior more than the rationality of simply obeying the rules (Solomon, 1998).

TRUST AND LEADERSHIP

There are numerous definitions of trust yet several common themes: risk, vulnerability, and expectations. Trust involves a decision to have faith and confidence with another during a condition of risk (Currall & Epstein, 2003) or during a perceived condition of risk or vulnerability (Kramer, 1999). Trust is a psychological state involving the intention to accept vulnerability solely on the expectation that the behavior or intentions of another are favorable (Rousseau, Sitkin, Burt, & Camerer, 1998).

In addition, trust concerns one's ability to execute in accordance with the expectations and intentions of a relationship or his or her intentions to maintain an established allegiance (Nooteboom, Berger, & Noorderhaven, 1997). Mayer, Davis, and Shoorman (1995) defined trust as: "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other

party" (p. 712). This definition encapsulates the three themes of trust (risk, vulnerability, and expectations) and serves as the foundation for subsequent analysis within this paper.

Dirks and Ferrin (2002) examined differences in the basis of how trust in leaders is formed. The first perspective is relationship-based and involves the willingness of a follower to reciprocate consideration and care that a leader may convey in the relationship. The second perspective is character-based and focuses on the follower's perception of the leader's character and the degree of vulnerability that a follower perceives in a hierarchical relationship.

There is also a distinction between intentional trust and behavioral trust. Intentional trust involves viewing perceived risk in terms of probabilities by assigning a biased probability that a person or group of individuals will act in a kind or desired manner. In behavioral trust, people willingly increase their vulnerability to another even though that individual's behavior is not in their control (Das & Teng, 2004; Nooteboom et al., 1997).

For trust to exist, a relationship must be assumed because trust is essentially a shared relation. Trust enables community, cooperation, and meaningful dialogue through the emotions that appear within a framework of trust (Solomon, 1998). Trust is the heart of collaboration as well as the essential concern in human relationships (Kouzes & Posner, 2002).

For people to willingly follow someone, they first want assurance that the leader deserves their trust (Kouzes & Posner, 2004). Followers have a need to feel confident in not only their leaders' abilities but also in their motives (Kirkpatrick & Locke, 1991). Three specific behaviors that impact follower trust are individualized support, providing an appropriate model, and fostering the acceptance of group goals (Podsakoff, MacKenzie, & Bommer, 1996). Trust is a dynamic portion of the relationship between leaders and followers (Solomon, 1998).

The existence of trust requires a relationship and trust is the basis for the quality of that relationship. Likewise, leadership is dependent upon relationships; thus, reliant on trust for achieving high quality and effective relationships. Therefore, trust, relationships, and leadership are indeed interconnected. With the necessity for trust established, next is an examination of the barriers to trust, methods of building trust, and benefits of trust.

BENEFITS OF BUILDING TRUST IN LEADERSHIP

Based on the trust themes of risk, expectations, and vulnerability, individual and organizational experiences create various trust thresholds. Trust thresholds manifest as protection from those who may be untrustworthy and define a point in which retreat or withdrawal of trust mitigates risk. Once there is a breach in the threshold, it is difficult to regain trust because the threshold blocks the trust rebuilding process (Shaw, 1997).

There are also several sources of resistance to trust including the fear of negative consequences, embedded we-they mindsets, frustration from being micro- or macro-managed, and a general state of skepticism that actions are realistic or sincere (Galford & Drapeau, 2003). Additionally, social and psychological factors not only

impede the development of trust but also play a role in the fragile nature of trust relations (Kramer, 1999).

The importance of trust accentuates the necessity to build trust purposefully. First, trust building occurs on the foundation that benevolence and respect exist and with behavior that is compassionate, understanding, and demonstrates concern. Second, there is a belief that the trustee will do the right thing and regularly act with integrity (Bracey, 2002; Currall & Epstein, 2003; De Pree, 1997; Mayer et al., 1995; Shaw, 1997). Third, strategic and leadership teams must be held accountable for their group's actions (De Pree, 1997) and individual team members need to provide honest and nonjudgmental feedback to one another (Bracey, 2002).

Fourth, shared values and a vision tied to a positive impact on society increase organizational trust (De Pree, 1997; Shaw, 1997; Stephenson, 2004). Fifth, the trustee's positive past performance as well as actions that are congruent with their words develops a reputation of trust (Bracey, 2002; Currall & Epstein, 2003; De Pree, 1997). Finally, the trustor's confidence in the competence and ability of the trustee builds trust (Currall & Epstein, 2003; De Pree, 1997; Mayer et al., 1995).

Trust is not easy to obtain and maintain; therefore, to be motivated to achieve trust, the benefits must outweigh the effort. First, trust brings an organization together by uniting organizational members in cooperative and altruistic behaviors that enable the attainment of collective goals (Kramer, 1999). In this atmosphere of trust, people are open about their feelings and experience a productive interdependency that fuels a passion for the organization that is exhilarating and contagious (Galford & Drapeau, 2002; Kouzes & Posner, 2002). Individuals and groups are free to make decisions and successfully work through problems because of the clear communication that exists (Galford & Drapeau, 2002; Kouzes & Posner, 2002; Orlikoff & Totten, 1999).

Individuals who are empowered through trust are willing to take the risks necessary to achieve innovation (Galford & Drapeau, 2002; Kouzes & Posner, 2002). Working in an environment of trust reduces transaction costs because individuals spontaneously seek to assist others as problems arise (Galford & Drapeau, 2002; Kramer, 1999). Dirks and Ferrin (2002) validated that trust in leadership is associated with higher levels of job satisfaction and De Pree (1997) indicated that the presence of trust enables people to reach their full potential. Trust also increases employee retention and results in organizational commitment and a keen focus on achieving organizational goals (Dirks & Ferrin, 2002; Galford & Drapeau, 2002; Kouzes & Posner, 2002).

The difficulty in achieving and maintaining trust is worthwhile due to the numerous benefits garnered when trust is present. Trust unites an organization, enables trusted and empowered employees to take risks and strive for innovation, and leads to higher levels of job satisfaction and an increase in organizational commitment. Therefore, trust is essential to not only leadership success but also organizational performance. Regardless of the essential nature of trust, an evaluation of the ethical considerations of trust including ethical theory, leadership ethics, and the ethical challenges of trust is also necessary.

ETHICAL CONSIDERATIONS OF TRUST

Ethics, as a discipline, is concerned with the motives of individuals as well as their virtuousness and provides a foundation for understanding the standards for morally decent human behavior (Aronson, 2001; Northouse, 2001). Acting in an ethical matter is not doing what is legally or procedurally right but rather what is morally right and good (Mendonca, 2001). Theories concerning the character of individuals are virtue-based and rooted in the heart of who they are. Theories concerning a leader's conduct include those that emphasize the consequences of the leader's actions and those that stress the rules or duties that govern the leader's actions (Northouse, 2001).

Northouse (2001) defined leadership as a process that involves an individual influencing others to achieve a common goal. The leader is a role model and the soul of an organization. As such, the self-transformation required for ethical leadership is centered on character development (Mendonca, 2001) for character enables trust and without trust, leadership is not possible. Leaders should be aware of their moral obligations to their stakeholders and the larger society. A truly ethical leader is motivated by altruism and a desire to benefit others (Aronson, 2001; Mendonca, 2001).

Trust brings together the private and public morality of a leader. The use of power and authority is a distinctive ethical challenge for leaders (Ciulla, 2001; Hollander, 1998). Followers delegate power to their leaders; thus, leaders must act in the best interests of their followers. Followers become distraught when it is discovered that leaders have not properly utilized the power that was entrusted to them (Ciulla, 2001).

The question remains as to whether or not there can be too much trust or truly excessive trust. Excessive trust may lead an organization's executives to fabricate more trust through manipulation, social influences, and existing company perceptions (Currall & Epstein, 2003). Employees who trust their leaders are very willing to engage in voluntary actions and behaviors that garner benefits for their organization (Podsakoff et al., 1996). The existence of excessive trust may prompt employees to provide assurances to customers, stockholders, and family members that the organization and its senior leadership know what they are doing (Currall & Epstein, 2003).

Trust dilemmas occur when business pressures drive organizations and their leaders into directions that conflict with established trust. The dilemmas include, but are not limited to, strategic mistakes, ethical violations, brute force management, downsizing, and reengineering or restructuring (Shaw, 1997). These dilemmas lead to a betrayal of trust, a breach of the psychological contract, or both. Betrayal of trust occurs when one member of a trusted relationship believes that another member of the relationship has violated his or her expectation of trust. A breach of the psychological contract occurs for an employee when he or she believes that a breach has taken place, regardless of the actuality of a breach; thus, it need only be a perception that a breach occurred (Robinson, 1996).

Although there are many benefits of trust and trusted leadership, there are several ethical concerns as well. The first ethical challenge is how a leader uses the power entrusted to them. Second, excessive trust can lead to blind followership and organizational collapse. Third, dilemmas of trust often lead to a betrayal of trust, a breach of the psychological contract, or both. Trust is powerful yet fragile; thus, it must be handled with care.

CONCLUSION

Both the benefits and risks of trusted leadership have been established; however, what should be the future direction of ethical leadership. Several questions remain. What would be the affect of adding an individual leader who abuses trust and power into the leadership mix of an organization with a culture that is trusting and ethically strong. Would the strength of the organizational leadership and culture maintain or would the culture of trust begin to erode? It also appears that there is a fine line between beneficial trust and truly excessive trust. When such a line cannot be accurately defined, what can be done to prevent such a breach in the organizations of today? Finally, organizational dilemmas are a reality of organizational life; therefore, what can be done to mitigate the erosion of the trust and trusted leadership that effective organizations require?

Further research is needed. For instance, if the trust within an organization is ineffective, what steps are necessary to change it? Similarly, what impact does organizational culture have on the likelihood of accepting or rejecting trusted leadership? Next, how might organizations recruit and select leaders and followers who complement the organization's culture of trust and ethics? Finally, it would be beneficial to examine the concept of trusted leadership from the followers' perspective to provide guidelines for exemplary followership. Ethics, trust, and leadership are entwined in the fabric of organizational life and require additional scholarly attention.

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A Model for CEO Scapegoating: Possible Reasons and Antecedents for a Peculiar Phenomenon

Royce Robert Horak
Mississippi State University
College of Business and Industry
104 McCool Hall
Starkville, MS 39759
Tel: (662) 325-0651
rrh38@msstate.edu

A Model for CEO Scapegoating: Possible Reasons and Antecedents for a Peculiar Phenomenon

ABSTRACT

This paper examines scapegoating by executives in an organizational setting from a political behavior perspective. The primary objective of this manuscript is to identify two different reasons ("deflecting blame" and "eliminating threats") why a CEO might scapegoat his or her fellow board of directors. The paper concludes with propositions concerning personality-based antecedents of scapegoating along with possible moderators.

Scapegoating appears to be an increasingly common practice used by CEOs as a political strategy. Scapegoating essentially involves powerful CEOs laying blame for poor performance onto others, when in actuality, these subordinates may have little to do with the organizational downturn. These top managers are then inexplicably dismissed or punished while the CEOs remain in charge. This is a far cry from other instances of scapegoating where it is a mutually agreed upon action whereby the scapegoater and culprit accept the outcome and see it as the way the "game" is played (Mintzberg, 1985).

Scapegoating is regarded as an illegitimate and unethical technique for deflecting blame related to corporate financial downturns and performance deficiencies. Gamson and Scotch (1964) were the first to coin the phrase "ritual scapegoating" when they studied 22 midseason, head-coaching changes in major league baseball. They found little evidence of subsequent improvement in team performance after the firing of the head coach. Other studies suggest top executive dismissal has little impact on firm performance (Fizel, Louie, & Mentzer, 1990; Khanna & Poulsen, 1995). These findings lead to very important questions. What good does scapegoating achieve? More importantly, what attitudinal characteristics spark its ignition?

Part of the answer lies in the incentives scapegoating yields to the CEOs who use it. First, it can placate owners and stakeholders by revitalizing the prospect for future organizational success through the dismissal of their human "weaknesses". Second, scapegoating can serve as an organizational tourniquet to uphold an obsolete bureaucratic mechanism along with a fading corporate culture. Finally, by scapegoating, the CEO exercises all means necessary to preserve his or her own dominance. This study will further delve into the logistics and reasoning of these scapegoating outcomes.

As prevalent as scapegoating has become (Boeker, 1992), research on the antecedents for scapegoating is lacking. Research has considered how corporate board demography and power can restrict a CEO's intent to scapegoat (Boeker, 1992). There have also been attempts to categorize various types of scapegoating techniques among European governments (Bonazzi, 1983). Up until now however, none have attempted to specifically identify the various forms of CEO scapegoating in terms of political behavior driven by self-interests, nor have any proposed to look at the psychosomatic standpoints and perspectives that a CEO may be faced with in a scapegoating scenario. This paper attempts to bridge that gap in the scapegoating literature in several ways. First, organizational contextual situations that foster scapegoating activities are cited. Second, the paper will identifies two political scapegoating methods and show how CEOs use them to achieve their dominant positions in an organization. Third, the paper cites propositions as to how the personality characteristics of a CEO can influence their rationale in deciding whether to use scapegoating strategies or not, thereby helping us to understand what causes them to engage in this puzzling phenomenon. Moderators are briefly introduced. Finally, the paper concludes with a discussion of what has been presented followed by future research possibilities.

It is important to note this paper casts scapegoating solely as a political tool used in highly political atmospheres. This paper dwells on scapegoating as a political tool deliberately initiated by the CEO to harm the weak when they are not at fault, while garnering more power for themselves. With that said, the following section describes politics and examines how it and scapegoating go hand in hand to achieve a dominant CEO power position.

A POLITICAL FOUNDATION

By studying the antecedents, effects and probable settings of political behavior, a framework within which to understand scapegoating has been developed. The term "politics" has been defined in a variety of ways, which has led to confusion as to its parameters. For the purpose of this paper, political behavior is deemed as informal behavior related to the promotion of self or group interests that is not regulated or sanctioned by the organization (Farrell & Peterson, 1982). It also can be the manipulation of information or people to gain control of a situation to ensure outcomes will benefit a certain person or dominant coalition (Ferris & Kacmar, 1992; Vredenburgh & Maurer, 1984).

Some examples of political behavior are withholding vital information, spreading rumors, internal/external alliances and interpersonal ingratiation. These activities are most likely to be observed in large organizations, where the ability to deceitfully control the firm's highest stakes may go undetected. Political behavior tends to also blossom at higher levels of the firm where resources and information are most vital and crucial decisions are made (Ferris & Kacmar, 1992). Kacmar and Ferris (1993) have pointed out that politics tend to occur when policies and rules for behavior are wavering, at best.

Political ramifications pose potentially serious issues to group cohesion within top management teams (TMT). High levels of politics may convince certain employees that they are on an unequal playing field with those who go along with the political games. Employees' with negative perceptions of work politics tend to face a competitive disadvantage, which affects company performance (Witt, Kacmar, Carlson & Zivnuska, 2002). These inequitable interpretations may result in perceptions of a social contract breach between themselves and their employer (Witt et al., 2002). Specifically, contextual performance or, "outcomes of behaviors

that are needed to support the social fabric of the organization", can be especially damaged by politics (Witt et al., 2002: 911). Employees who witness high levels of political behavior tend to isolate themselves from these activities and become immersed in their work (Ferris & Kacmar, 1992). Social relationships and reputations damaged through political actions most likely inhibits team cohesion, job satisfaction and commitment within the work group.

Political behavior occurs for various reasons. Individuals or groups may have conflicting beliefs over company policy preferences, resource allocations, information or influence (Vredenburgh & Maurer, 1984). In this case, employees may control agendas, withhold vital information or attempt to create inter-organizational alliances to better position themselves for the means of attaining crucial resources. Self-interests such as promotions, power increases or an individual's perception that their credibility may be at risk are all additional reasons people deploy political schemes. In more instances than not, political behavior boils down to coalitions of organizational participants who ally together in different factions to contend for scare resources and implant their supremacy. Each party vies for position to receive these resources and whichever party winds up dominating the allocation usually is non-saliently dubbed the, "dominant coalition". This paper concentrates on the idea of the dominant coalition and how the CEO tries to control it.

Conflict over resource allocations and other self-interests have been noted for primarily spawning politics and power issues (Vredenburgh & Maurer, 1984). Once conflict has commenced, it is fundamental then to understand that power plays an essential, almost symbiotic role with politics. Using politics fulfills individual self-interests but one can not achieve this goal if they do not maintain a level of power over others. Hence, control of the dominant coalition is extremely vital in the fulfillment of these interests. Through these actions successful political

actors maintain power, obtain additional power and diminish another's power (Vredenburgh &

Maurer, 1984).

Political Behavior and Successful Scapegoating

The need for the CEO to control the organizational environment via political means is

apparent when considering the act of scapegoating. The CEOs' capacities to scapegoat allow

them to disguise their aspirations for the achievement of self-interests. There are several political

games that CEOs can play in order to preserve their power and camouflage their entrenching

means of behavior. Myths act as symbolic stories to provide stakeholders with seemingly

indisputable justification for a CEO's scapegoating of a director. Their use by the CEO acquires

legitimacy in the eyes of the board. Generally, ambiguous outcomes of scapegoating allow more

opportunity for political behavior to exercise influence over the minds of the possible critics. If

cunning enough, the CEO can construct a complex web of narratives throughout time that serve

to conceal their true political interests while providing rationalization for their scapegoating

(Brown, 1994). If strong enough, the stories and myths survive to become perpetually followed

by the CEO's subordinates which sustains the legitimacy of any further scapegoatings initiated

by the CEO for the foreseeable future.

Information manipulation presents itself as anther useful tactic to strengthen scapegoating

effectiveness. A popular political tactic used by a CEO is withholding vital information or

overloading respondents with meaningless data. By withholding information that may be

detrimental to their self- interests, he or she selectively discloses certain information in hopes of

creating valid criticism among the popular opinion towards the scapegoated victim (Allen,

Madison, Porter, Renwick & Mayes, 1979). Information overload is a tactic used by the CEO to

hide important details in an avalanche of data. These details could link the CEO directly to poor

firm performance or any other outcome that may erode or question his or her power. Regardless of what the details concern, the CEO overwhelms his constituents with more details than needed, in hopes of denying the discovery of incriminating evidence.

Ingratiation and favorable image building is a far less malignant political strategy than the ones offered above. In order to pull off a scapegoating, CEOs are best suited to portray a favorable image of themselves within the eyes of their peers. They may promote their accomplishments, act sensitively towards organizational norms, praise fellow directors or create the impression that they possess great knowledge of important firm activities (Allen et al., 1979). Both ingratiation and favorable image building, can serve to create support and backing for the CEO, proliferating strong allies and powerful coalitions (Allen et al., 1979).

By creating organizational myths, manipulating information and creating politically-forged alliances, a CEO's self-interests and political motives can be further imbued into the minds of the board of directors. By accumulating political power, a CEO betters his/her position to control the dominant coalition and thus easily achieves higher compensation, longer tenure and other personal goals. After showing the importance of power and the ways in which CEOs harvest power, a more detailed look at scapegoating is in order to understand how a CEO maintains and prolongs their level of preponderance.

POLITICALLY CHARGED SCAPEGOATING METHODS

Ferris and Kacmar (1992) implicitly reveal a connection between political behavior and scapegoating by referring to Lewin's suggestion that people respond to their work contexts through their perceptions of reality. The next section presents two methods of scapegoating

which can be viewed as types of reactions taken by the CEO and their self-perceived precarious career status within the organization.

Deflecting Blame

Every individual maintains a personal self-identity that gives order to his/her personality and defines where he/she perceives themselves to belong in a social context. Also known as a self-concept, this identity depends upon one's self-perception as well as one's perception of how others see them (Brown & Jones, 2000). Maintenance of the self-concept comes through two processes referred to as sensemaking and impression management (Brown & Jones, 2000). Through sensemaking they provide themselves with a way to place stimuli encountered throughout everyday life into various frameworks, which better allows them to understand daily discrepant experiences in conflict with their traditional rationale (Brown & Jones, 2000). Impression management deals with the techniques used by individuals to influence how others may perceive them (Goffman, 1959). Brown and Jones (2000) reviewed relevant literature to suggest another reason why one would want to maintain a healthy, positive sense of self is to increase self-esteem. In essence, a person's self-esteem can be seen as tied to their self-representation thus encouraging them to carefully consider their actions in a way that presents a satisfactory self-image. It would then behoove a CEO to tailor their image around his/her peers in order to better erect organizational support.

When a CEO behaves in a way that greatly conflicts with internal beliefs about themselves, their self-esteem is challenged and they enter into a state called dissonance. This motivates them to take action to recover from the psychological discomfort they experience (Brown & Jones, 2000). Frustrated with their current state, CEOs likely take up cognitive adjustments where he/she will re-interpret personal behavior repeatedly until his/her actions

seem congruent with self-identity (Brown & Jones, 2000). Essentially, the CEO tries to mentally manipulate their vantage point and situation so they can continue to function unhampered by feelings of regret and shame. Since their past regrettable behaviors are forgone and not visible, they have no way of retaliating against the cause for this dissonance (Berkowitz & Green, 1962). Gradually frustration begins to mount which usually generates aggressive tendencies influencing the CEO's sensemaking methods, wherein sinister mechanisms to fight the dissonance pollutes their judgment.

After this sense-making process has taken place, the CEO will conduct impression management in hopes of revitalizing other people's perceptions of him/her all in an effort to maintain, defend and repair his/her bruised self-image and self-esteem (Brown & James, 2000). One way to reconcile a damaged image is to initiate scapegoating, whereby one deflects dissonance-causing blame onto somebody else, usually an extremely weak organizational member. The CEO could proactively blame and criticize others as failures and denigrate their accomplishments as lucky, unimportant or poorly timed (Allen et al., 1979). Here the scapegoat provides the CEO with a much needed outlet to exhaust pent-up aggression (Berkowitz & Green, 1962). By denying responsibility for an act, the CEO attempts to neutralize negative interpretations of him/herself from other people, thereby raising self-esteem.

The most important ingredient for a successful scapegoating is the CEO's ability to blind their subordinates so that the scapegoating is not noticed as serving the CEO's selfish motives for power. CEOs must create the impression that the scapegoating serves a legitimate need in the acquirement of organizational goals. Once again, power and politics play a key role in the success of blame deflection and ability for the board members to buy into it (Allen et al., 1979).

If the CEO fails to control the dominant coalition he/she may not be able to silence their subordinates' cries of CEO incompetence.

Eliminating Threats

"No distribution of organizational power, whether or not conflictive, is ever completely stable" (Mintzberg, 1985: 15). Meaning, in the long run no established order is safe from challenge (Mintzberg, 1985). The theory of circulation of power posits opposition to the CEO and internal struggles for ultimate power amongst the board of directors strengthens as the CEO's tenure grows longer with the organization (Ocasio, 1994). "According to political models, firm behavior responds to the interests and beliefs of the dominant coalition" (Ocasio, 1994). Defined as a social network of individuals who have the greatest influence on a firm's goals and strategies, the dominant coalition is the force that commands power, respect and the ability to secure and distribute strategic resources throughout the organization (Pfeffer & Salancik, 1978). In most cases the dominant coalition can either be led by an entrenched CEO or the competing board of directors. In the latter case, the CEO loses the ability to determine his/her own compensation, tenure and other self-interests, and is therefore strongly encouraged to engage in actions that will secure control of the dominant coalition. As seen here, upper management is a political arena hidden from the public eye, where power is brokered and contended for by executives (Mintzberg, 1985).

The impetus for a mutiny against the CEO may be caused by a number of factors. An aging CEO's strategic decision making techniques may become antiquated leaving him/her unable to provide solutions for an organization's problems emerging from the constantly evolving, modern day external environment (Ocasio, 1994). Perhaps a new innovation or a reduction of raw materials for the firm could act as a catalyst for action (Mintberg, 1985). More

than likely however, a financial or performance downturn by the company would put pressure on the directors to take action to correct the problems. Any of these factors could cause an unsettling feeling amongst the board members, leading them to believe the current CEO no longer has the capability to be in charge. This leads to senior executives rivaling and jockeying for a position of dominance with a primary aim of ousting the existing CEO and reconfiguring power so that the dominant coalition buys into their newfound authority (Ocasio, 1994).

This introduces the theory of institutionalization of power. Since a firm's behavior responds to the interests and beliefs of the dominant coalition and thus drives a firm's strategic vision (Pfeffer, 1981), it is in the best interest of the CEO to do whatever necessary to take control of the dominant coalition and perpetuate his/her own authority and power in commanding the coalition's beliefs and opinions. Scapegoating may serve these purposes.

Scapegoating serves as a gentrification-like process that eliminates threats and flushes out any "enemies" of the CEO. In order to maintain control of the dominant coalition, CEOs are more likely to scapegoat those that have, or are considered to have, a propensity to conflict with them which correspondingly places the CEO's professional well-being in jeopardy. By setting the rivals up for a fall, CEOs eventually assemble a cast of institutionalized managers who blindly and unquestionably accept and support the CEO's desires – political puppets if you will (Selznick, 1957). Westphal and Zajac (1995) showed that when CEOs are more powerful than their board of directors, newly appointed directors are likely to be similar to them. Consequently, as the CEO purges all possible threats to his reign, he/she crafts a homogenous group who likely will behave predictably and become sympathetic to his/her desires. After eliminating possible threats, the re-socialization of fearful directors occurs until they are persuaded to adopt a value

system congruent with their leader's, while at the same time unconsciously subjugating them to participate in the CEO's self-adopted norms (Schein, 1968).

In this case, scapegoating can reluctantly be seen as an ambivalent force in organizational politics which is not only acquiescing the self-serving benefits for the CEO but also is likely to help the performance of the organization. Evidence reveals that managers who share similar values and beliefs, and internalize the behaviors preferred by the dominant coalition, likely function more cohesively and efficiently (Pfeffer, 1983). O'Reilly, Caldwell and Barnett (1989) found a group's social integration, or the degree to which an individual is psychologically linked to others in the group, was linked to lowered member turnover, higher motivation and increased cohesiveness. Most importantly of all though, these high levels of team cohesiveness resulted in increased pressures to undergo attitudinal conformity (Lott & Lott, 1965). These are exactly the desired end results for CEOs when they scapegoat-out specific trouble-makers in the TMT. Judging from these findings, it appears CEOs not only accomplish their preferred corporate strategies but do so in an extremely expeditious manner, much to the delight of shareholders. This could be a reason why such a beguiling tactic as scapegoating is not questioned by the stakeholders.

A MODEL OF CEO SCAPEGOATING

Both methods of political scapegoating, deflecting blame and eliminating threats, introduce us to speculate on what personality traits and characteristics one CEO may have that could exacerbate the likelihood of resorting to these tactics. Machiavellianism, self-monitoring and need for power are important criteria to consider in determining why CEOs may be obliged to scapegoat. Figure 1 provides a more precise illustration of this model.

Insert Figure 1 about here

Antecedents

Machiavellianism. Machiavellianism is an "individual's beliefs about whether other people can be and should be manipulated to achieve desired ends" (Lewin & Stephens, 1994: 192). People with this trait have aspirations strongly driven by self-interests (Bass, Barnett & Brown, 1999). As mentioned above, scapegoating can be used against managers who are *considered* to pose a threat against the CEO's claim to power. Scapegoating allows a leader to pluck off any undesirable board member without facing much consequence. In effect, highly Machiavellianistic CEOs may use scapegoating to scare the dominant coalition into complying with their wishes.

CEOs who scapegoat maliciously have a tendency to be domineering and believe people can be controlled. Lewin and Stephens (1994) stated CEOs high on Machiavellianism have a vast need for control and do not tolerate diversity, especially in TMTs. Scapegoating those feared to be intolerant of the CEO's rule can be associated with dismissing the dissimilar and upholding sheep-like, homogeneity. These Machiavellian preferences are in line with research that shows that CEOs are susceptible to non-rational acts and indirect tactics, such as with scapegoating (Grams & Rogers, 1990).

Moreover, these individuals tend to exude Machiavellianistic traits evidenced by their tall hierarchical organizational structures, centralized control and heavy monitoring mechanisms (Lewin & Stephens, 1994). These monitoring mechanisms enable the CEO to judge which directors should go and which should stay to carry out their biddings. It helps to identify who is with them and who is against them. In addition, CEOs of this kind prefer submissive

subordinates that do not value autonomy. Finally, when faced with an ethical decision, Bass et al. (1999) have linked Machiavellians to unethical, highly questionable behavioral choices which the act of scapegoating could certainly be classified as.

Proposition 1: CEOs high on Machiavellianism are more likely to scapegoat their subordinate board of directors.

Self-Monitoring. Self-monitoring defines the extent to which a person monitors and regulates their interpersonal behavior in accordance with dispositional versus situational sources of information (Day, Schleicher, Unckless & Hiller, 2002). Essentially, it entails the ability of a person to adapt to situational demands and includes how sensitive they are to situational cues (Bell, Schoenrock & O'Neal, 2000). Low self-monitors tend to display consistent behaviors no matter what social context in which they find themselves (Day et al., 2002). In contrast, high self-monitors regulate and control their outward appearance to better fit into their present social climate and thus cater themselves to what others think (Day et al., 2002).

Gangestad and Snyder (2000) point out that high self-monitors may use their jobs as a way of projecting a desirable self-image onto themselves. Thus these individuals, in contrast to low self-monitors, feel more compelled to tailor their behavior to meet specific demands of the situation, including work related issues, and may act contrary to their dispositions and internal values (Snyder, 1987). When faced with failure of a project, high-self monitors rationalize their use of scapegoating better because it allows them to strictly manage the information others in the organization may receive about their dilemma (Caldwell & O'Reilly, 1982). A CEO who scapegoats someone must utilize these types of traits in order to soothe the external threats and the disappointments aimed towards them, allowing them to be at ease with themselves.

Another characteristic found in high-self monitors is their lack of emotional investment in relationships (Kilduff & Day, 1994). Studies have shown high self-monitors are less committed to their friends and less likely to be attached emotionally to their colleagues in the workplace (Kildfuff & Day, 1994). This would make firing a board of director considerably easy for a CEO who is a high self-monitor. CEOs of this type would be able to scapegoat someone without feelings of remorse of reconsideration.

Finally, risk aversion and high self-monitoring have been found to be negatively related to each other. That is high self-monitors are more liable to partake in risky behavior that would likely place them in an unnecessarily vulnerable position (Bell et al., 2000). There is no question that the intricacies of setting someone up to be scapegoated involves an enormous amount of surreptitious, political conspiring. CEOs who scapegoat put themselves and their reputations in great danger. It can be assumed that by scapegoating, CEOs face a great chance of being accused of deceiving and lying, with the possibilities of embarrassment being insurmountable.

Proposition 2: CEOs who are high self-monitors are more likely to scapegoat their subordinate board of directors.

Need for Power. David McClelland's work (1987) on human motivation best captures the third and final reason for a CEO to partake in scapegoating. He posits that a person's "need for power" (or *n* Power) is one force that motivates them to behave as they do, resulting in the achievement of organizational and personal goals. Those high on *n* Power are driven to seek out influence over others and use their growing power for political gain within the organizational arena.

It has been observed that power is usually aroused by the extent to which the situational outcome is certain or predictable (McClelland, 1987). The more certain an individual is about the outcome of a scenario, the less likely anxiety results within them. In uncertain periods, those high on *n* Power are more likely to resort to power impulses, such as scapegoating, in order to control the situation.

People with a high *n* Power have a tendency to behave in a prescribed manner, as mentioned above. One trait observed is aggressiveness. In more times than not, high *n* Powered individuals tend to be more competitive, aggressive and assertive towards their adversaries (McClelland, 1987). They will likely engage in arguments and pick fights with coworkers. CEOs that fit this classification tend to use punishments and rewards as a way to imperiously dominate subordinates. These types of CEOs are not interested in people. Their interest lies with discipline, which makes scapegoating a much easier, "knee-jerk" reaction for a CEO high in *n* Power. These observations show that a CEO high in *n* Power would be more likely to result to scapegoating when relations between boards of directors falter.

Next, those with a high *n* Power tend to clamor for attention within small groups, with a board of directors being a good example. These individuals take drastic steps to achieve status and prestige within a group and usually do so by choosing the allies least likely to compete with them for prominence (McClelland, 1987). It should be noted this strategy is almost identical to the CEO's scapegoating method of "eliminating threats" spoken previously. Moreover, those high on *n* Power behave in ways that make them more visible to other members of the group. Usually however, these steps taken for recognition are ill-advised and devious. In McClelland's review of power and control experiments (1987), he uses a card-game experiment to reveal that those high on *n* Power are more likely to create and destroy coalitions in order to take advantage

of their teammates in the game. Once again, the relationship between these observed behaviors in high *n* Power individuals and CEO scapegoating, should not be ignored.

One final point in solidifying the relationship between CEO scapegoating and those high in *n* Power is that of decision making. McClelland (1987) argues that people with this trait have an inclination to take up grandiose projects for the sake of appearing important and credible. When faced with a problem, those high on *n* Power are more likely to undertake overly ambitious tasks regardless of whether they have any chance whatsoever of fixing the original problem they are dealing with. This could ring true for a CEO scapegoating a fellow member of the board of directors. If firm performance slips, those CEOs high in the need of power are most likely to scapegoat an innocent bystander just for the sake of doing something. By scapegoating, a CEO may satisfy his/her desire for attention through praise from the public for "taking the quick initiative".

Proposition 3: CEOs who are motivated by a high need for power, are more likely to scapegoat their subordinate board of directors.

Moderators

Scapegoating has to occur for a reason in order for the CEO to justify his/her decision. Three important moderators are presented.

Severity of negative event. The likelihood of a CEO scapegoating a subordinate is heavily dependent on the destructive severity of the situation faced by the organization. For example, suppose a board of directors of a major airline is considering the implementation of additional surplus flight safety standards. If the failure to pass these standards results in the death

of 400 people in a plane crash, a CEO is more likely to be forced to blame a scapegoat in this case rather than if no fatalities occur.

CEO power over the dominant coalition. As seen, the running theme of this paper has been the CEO's ability to maintain control over the firm's dominant coalition so that he or she may be able to fulfill personal wishes. Comte and Mihal (1990) stated that CEOs possess the ability to forestall their terminations from a firm by cultivating a positive public relations image to convince the board of directors to support them. It goes without saying that scapegoating, through blame deflection and threat elimination, could fit under that theory, as well as the other examples of political behavior previously stated.

Firm performance. Much of the TMT turnover research indicates organizational performance is a main determinant in managerial turnover, yet the various findings are debatable (Comte & Mihal, 1990). What can be concluded is a CEO's willingness to scapegoat someone may be influenced by how well the firm is performing. Those in charge of poor performing companies likely feel more pressure internally and externally to find a scapegoat, rather than with a successfully functioning company.

DISCUSSION

This research provides a starting point on which to build an understanding of CEO scapegoating – both in the way it is executed and the possible reasoning behind it. The central research objective of this manuscript addresses the motives for scapegoating, specifically when undertaken by the CEO towards his/her board of directors. The paper achieves this by maintaining that conflict over organizational resources, whether it be money, information or influence, can produce self-serving proclivities to motivate people to resort to political behavior

to attain dominance. By banning together, individuals are in a better position to form coalitions that use politics to advance their devious intentions. It is then logical for the CEO to attempt to maintain his/her power through the channels of a dominant coalition. This paper focuses on the CEO's selfish needs and links the act of scapegoating as a method for securing unquestionable obedience from his/her subordinates.

We provided two categories of scapegoating – Deflecting Blame and Eliminating Threats. Through blame deflection, the CEO is able to lay to rest any uncomfortably felt cognitive dissonance resulting from mistakes made in his/her work role performances. By blaming others for their mistakes, the CEO is able to sustain a positive self-identity and recuperate from any unwanted dissonance. This paper emphasized the fact that political strategies are absolutely necessary to pull off the successful scapegoating and maintain legitimacy in the minds of the critics. Controlling information, creating myths and forging powerful alliances with important people allow them to do so. The elimination of threats is another strategic scapegoating maneuver that turns the CEO on the offensive to aggressively garner control of the dominant coalition. Here, the CEO is constantly mindful of his successors that lay silently at bay on the board of directors. By institutionalizing his power through scapegoating, the CEO specifically plucks away any possible dissenting subordinates. With fear abound and paranoid subordinates conscious of the ever-present threat of termination, the CEO cleverly is able to groom a staff to his liking, whom support his every wish.

Finally, antecedents to scapegoating along with potential moderators are identified along with proceeding propositions. Machiavellianism, high self-monitoring and a high need for power are all personality traits of a CEO covered in this paper that revolve around the control and manipulation of people or images. These individuals have an insatiable appetite for stalwart

power that they hope will go beyond the wildest imaginations of any intruding coalition daring to advance upon their power. Scapegoating is one of the loyal political tools they may use to force any rebels among the ranks to surrender. Moderators, specifically the severity of the event, CEO power over the dominant coalition and firm performance, all play a role in affecting whether these CEOs find it necessary to deploy scapegoating practices.

Future research possibilities. Since the current study's primary concern was with a CEO's deliberately harmful acts to gain power, it ignored many other possible avenues to investigate. Obviously scapegoating may take place in other places in hierarchy besides in top management teams. Studies should explore scapegoating at other locations in the organization's chain of command. Second, the question of how scapegoating affects employee morale needs to explored. Does it contribute to actions like workforce violence for those who are unfairly dismissed? Third, the methods and antecedents for scapegoating a CEO by his/her subordinates needs to be uncovered. It is only fair to consider scapegoating from the board of directors' point of view. Finally, scapegoating and its questionable ethical concerns should be more deeply looked at. After extensive investigation, scapegoating has not been found to be included in many ethical discussions.

In conclusion, this research has uncovered many shortages in the scapegoating literature. Hopefully this piece will encourage further academic research within the realm of this peculiar phenomenon, with an ultimate objective of piecing together a newfound, unabridged facet in the realm of political intentions at the organizational level.

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FIGURE 1
Antecedents to Scapegoating
and Their Moderators
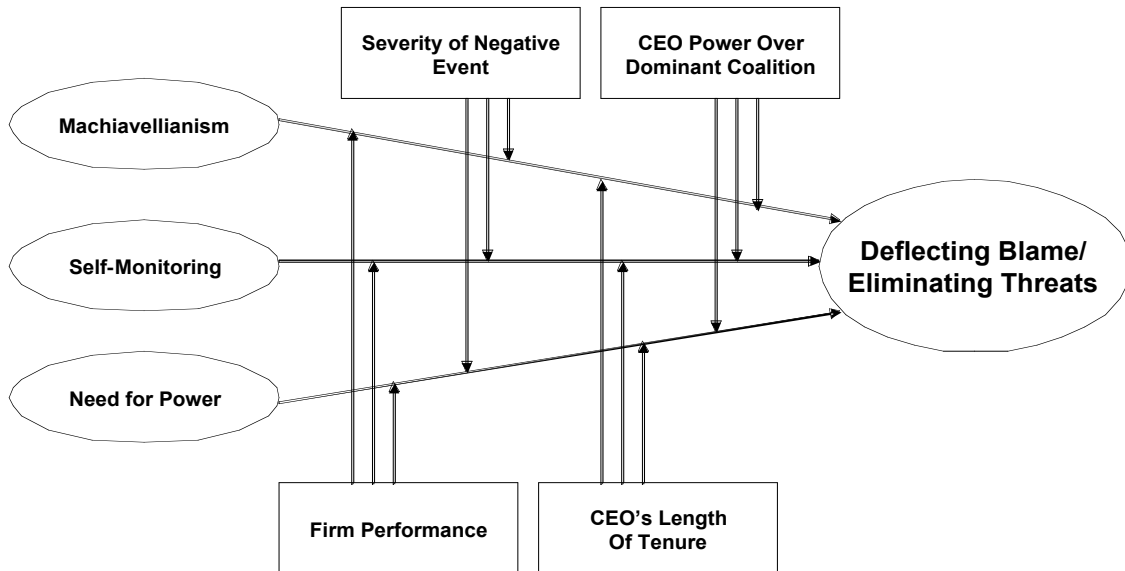
Severity of Negative Event

CEO Power Over Dominant Coalition

Machiavellianism

Self-Monitoring

Need for Power

Deflecting Blame/ Eliminating Threats

Firm Performance

CEO's Length Of Tenure

The Role of The Board of Directors in Building Successful Nonprofit Organizations

John Lipinski and Jaime Rubin de Celis

University of Pittsburgh, Joseph M Katz Graduate School of Business
jolipinski@katz.pitt.edu

Abstract: The effectiveness of nonprofit organizations is dependent on strong board leadership.

This paper lays the foundation for new theories that will help build stronger organizations.

Given the importance of nonprofit organizations in today's economy, it is imperative that we do

everything we can to increase their effectiveness.

Information Technology as a Business Partner through Management Information Systems

Don Andrew Miliaresis
Tagliatela School of Business
Albertus Magnus College
damiliaresis@cc.albertus.edu

ABSTRACT

Management information systems (MIS) and information technology (IT) are two disciplines available to assist business needs through the use of technology. Few organizations recognize their different capabilities, and many have failed to effectively utilize the additional resources offered by MIS departments. This study investigated employee perceptions on Information services and demonstrated that employees perceived MIS services as more effective than IT services alone. Opportunity exists to improve business effectiveness through the use of MIS functions.

INTRODUCTION

Management information systems (MIS) and information technology (IT) have often been interchangeably used in business and research articles when in actuality they serve different purposes (Peppard, 1999). Information technology are systems and tools designed to assist in processing the information needs of an organization while management information systems refer to the planning, implementation, and uses of information technology to further and fulfill the goals of a business (Haag, Cummings & McCubbrey, 2004). IT has traditionally been focused on the technical side of computer systems while MIS was focused on the business needs of information derived from information systems. IT responsibilities included computer hardware and software installation, maintenance and support functions. MIS responsibilities included strategic planning of IT, business analysis, and user training. Effective use of technical resources requires both functions (Hale, Sharpe & Hale, 1999).

Information systems and technologies have had a significant impact on business processes throughout organizations functions (Fedorowicz & Konsynskin, 1992). Information systems assist in making business decisions by providing valuable information, structured processes, and improved communications capabilities for managers. Executives have begun to include information technology into their strategic planning (Gottschalk, 2001). Unfortunately many organizations have not provided sufficient support for these services and have neglected to consider cross-functional training between information technology and business professionals.

Information technology professionals have often been overly focused on systems and disregard the underlying business purpose of the systems they service (Hale et al., 1999). System availability becomes the most critical function for many IT workers while

the true integration of systems, information and business needs was often missed. Communications and political barriers have hindered the process as well (Ware, 1993) and IT professionals have often been alienated from the rest of the organization (Mathieson, & Wharton, 1993). The result is an IT department that is often unaware of the business purpose, concerns and constraints of the internal clients they service.

Conversely, business has lacked an ability to develop successful business strategies through the use of information technology (Luftman & Brier, 1999). Executives recognize the value of information, yet neglect to consider those individuals who provide that information when making decisions or strategy. Information technology must be better aligned with the business functions critical to the organization.

One of the gaps that has hindered the process of understanding between IT and business units is a lack of coherent communications (Ware, 1993). Martin et al. (2004) studied the different ways IT and non IT workers communicate. A fundamental problem was a lack of knowledge of the other departments' activities. This deficiency resulted in poor co-ordination, poor project management and ineffective systems. They also cited many IT projects as going over budget, and time, and still fail to meet user requirements. Their conclusion was a belief that increased knowledge management through cross-training would improve the relationship between IT and business functional units.

Research is limited with regards to studying the delineation between traditional technical activities of the IT professionals and the business systems oriented management information professionals. Many researchers have noted the need to improve communications and effective work teams yet have failed to recognize an existing bridge between technology workers and business needs, notably the management information systems (MIS) professional. Ware (1993) described this need by suggesting that MIS should be involved in the day to day operations of the business functions that IT services.

 Research also concluded that implementation of MIS services improved internal communication and information sharing while meeting the needs of the business more efficiently (Zehir & Keskin, 2003). MIS organizations must have the backing of the corporation including appropriate training in communication skills and business practices if they are to be effective in providing technical resources and relevant information to business units (Ketler & Willems, 2001).

Research demonstrated that organizations place a considerable value on timely relevant information (Paiva, Roth & Fensterseifer, 2002). It has also demonstrated that the volume of raw information has increased to a level that out paces a business functions ability to manage without external assistance. The need for true management information services is clear; however the research to date is limited to the focus of evaluating the technical systems and their value to business. Information technology

and management information services are different and while many of the studies recognized the business need for information systems, and the associated problems that arise with the interaction of business and technology, the value of management information services as a coordinating body has not yet been studied.

Services offered by management information systems organizations provide the necessary structure and bridges the gap between business and technology. This research studied the forces involved that have hindered direct IT to business interaction and offers suggestions that organizations employ MIS services directly in line with business needs.

STATEMENT OF THE PROBLEM

Organizations that overly focus on technology and have system based information technology departments rather than management information services have neglected the business needs of the systems they provided (Hale, et al., 1999). A gap between business needs and information technology services has existed. This was due in part because of a lack of cohesive communications framework between technical and non-technical employees (Ware, 1993). While an increase in the use of information systems in decision making processes was noted, executives did not place a high value on IT or MIS and have not included them in strategic decisions and planning (Luftman & Brier, 1999).

SIGNIFICANCE OF THE STUDY

Allocation of business resources and the management of information has been a critical component of any organization (Mathieson & Wharton, 1993). Understanding the benefits and limitation of any organizational department is a key requirement of any management process. The primary objective of this study was to evaluate the relationship between information technology and management information systems and their ability to meet business needs. The secondary objective was to identify gaps in effective communications and offer an opportunity for business to improve return on their investment in information technology systems and resources.

DEFINITION OF TERMS

This research makes distinctions between Management Information Systems and Information Technology, specifically in reference to the purpose and focus of professionals working in either department. Management information systems (MIS) is the managing and use of information technology systems to further the goals of the organization. It involves information, systems and people (Haag, et al., 2004).

Information Technology (IT) includes the tools, and professionals that service those tools, which support the information processing needs of an organization. (Haag et al., 2004)

IT and MIS effectiveness is a measurement of how well the IT and MIS departments meets the business needs of the organization (Kurien, Rahman & Purushottam, 2004)

LIMITATIONS, DELIMITATIONS AND ASSUMPTIONS

This study was limited as a result of a significantly short timeframe allotted to complete the review, and a limited sampling size. Additional time may have resulted in a larger sampling size which might have revealed additional contributing factors or altered the reliability of the results. The researcher limited respondents from the northeast section of the United States, specifically to IT and Non IT (business) employed workers. Since the psychometrics of the survey was not examined, a potential issue includes the reliability and validity of the questionnaire. The researcher believed that individual respondents would understand the definition of information technology, the nature of each question, and would respond to each question honestly and without regard to personal gain.

RESEARCH HYPOTHESES

This study was designed to evaluate whether Management Information Services were perceived by employees as more effective than traditional Information Technology departments and to identify areas of potential improvement. Four alternative hypotheses were developed, based upon the literature review.

Alternate Hypothesis 1:   There will be a significant positive relationship between the extent to which employees value an understanding of business processes by IT workers and their perceptions of IT effectiveness in fulfilling business needs.

Alternate Hypothesis 2:   There will be a significant positive relationship between employee perceived quality of communications between IT and Business workers and their perceptions of IT effectiveness in fulfilling business needs.

Alternate Hypothesis 3:   There will be a significant positive relationship between employee perceptions of IT involvement in business decisions and strategy and their perceptions of IT effectiveness in fulfilling business needs.

Alternate Hypothesis 4: There will be a significant difference between IT workers and business workers perception of the value that computer based information systems provide in fulfilling business needs.

METHODOLOGY

A questionnaire survey was developed in order to investigate the research questions. The survey instrument was utilized to obtain employee perceptions and

develop four subscales assessing the business value and effectiveness of information and information systems, communication skills, information technology involvement in decision making processes and organizational strategy, and overall IT effectiveness as the global concern. The survey instrument consisted of forty four questions and solicited eleven demographic and thirty three perceptual responses. Specific questions were designed to categorize if the respondents organization utilized IT or MIS functions.

The questionnaire included a general definition of Information Technology without distinct differentiation between IT and MIS functions, and all questions were phrased using only the term IT. Based upon the differing functions of IT and MIS, described by Haag et al. (2004), seven questions included in the survey were designed in order for the researcher to determine if the respondents organization had a functioning IT or MIS department. The purpose was to compare and independently evaluate the effective measures of IT versus MIS. Demographic questions were designed to determine if a correlation existed between specific demographic categories and perceptions of the business effectiveness of information technology. Demographic categories included; age, gender, education level, job function and level, industry, IT organization size and gender balance, and two scaled questions used to determine the level of comfort and technical ability respondents perceived they had with computer systems.

Each measure was preceded by a question soliciting the perceptions of the importance of that measure and a question to determine if their IT department performed the relative functions. Scaled questions were randomly stated with a positive and negative reference and reverse coding was utilized for negatively phrased questions. Respondents were qualified via the first two questions which queried their organizations IT structure. Questions seeking a perceptual response to overall IT effectiveness were randomly placed in the questionnaire and several questions were utilized in more than one original scale. Pearson correlations were performed to examine the relationships between employee perceived IT involvement in business decisions and strategy and their perceptions of IT effectiveness in fulfilling business needs, using global and index measures for these areas that were designed specifically for this study. One-way ANOVA's were utilized to determine if IT workers and Non IT Workers differed significantly regarding the Perceived Value of IT and the value of IT Systems.

Surveys were distributed to 29 students at Albertus Magnus College in Connecticut and 32 acquaintances known to the researcher. The participants who volunteered for the survey were provided with confidential questionnaires containing a cover letter informing them that by completing the survey they were providing their informed consent and opinions on a voluntary and non-retaliatory basis without remuneration. The researcher hand delivered surveys to students at the Albertus Magnus College campus in Stratford following an introduction and explanation consistent with the cover letter. Permission to distribute surveys on campus was

approved by the Albertus Magnus New Dimensions administration. Confidentiality was maintained as all of the completed questionnaires were placed into an envelope in the presence of the researcher.

Surveys were also distributed through a fee-for-service on-line web hosting service euphemistically called "freeonlinesurveys.com." Respondents were sent e-mails with a web link to the survey. The e-mail and an on-line introduction page provided information consistent with the printed cover page. Respondents completed the survey anonymously on-line and survey results were available solely to the researcher. The researcher added the data from the paper questionnaires into the on-line service.

Qualitative Interview data was also collected from four individuals in order to gain more detailed understanding about the relationships and interaction between business functions and IT functions. Two of the interviewees were full time managers, one with IT responsibilities and the other with business responsibilities, one participant was a semi-retired executive and the fourth participant was a retail manager. All of the participants were individually and separately interviewed, and all provided informed consent to be participants in the study. Remuneration was not provided.

RESULTS SUMMARY AND RECOMMENDATIONS

A total of 61 surveys were distributed and 48 received providing a response rate of 78.7%. Five surveys were disqualified (10.4%) and not included in the analysis because the respondent reported they did not have an IT or MIS department (n=3, 6.3%), or the respondent failed to complete the entire survey (n=2, 4.2%). The response rate for qualified surveys (n=43) in the current study was 70.5%. Of those who responded and were qualified, 24 (55.8%) were male and 19 (44.2%) were female. Participants' average age was 40.7 (SD=10.3) years. In terms of managerial level, 6 (14.4%) were executive, 19 (44.2%) were managers and 18 (41.9%) were non managers. Respondents reported their job function was, 7 (16.3%) IT and 36 (83.7%) non IT / business.

Based upon the differing functions of IT and MIS, described by Haag et al. (2004), each survey was evaluated in order for the researcher to determine if the respondents organization had a functioning IT, MIS or mixture department having characteristics of both MIS and IT. For the qualified surveys, 17 (39.5%) were determined to have MIS departments, 6 (14.0%) were determined to have IT departments and 20 (46.5%) had a mixture. Respondents were also queried regarding their comfort level with computers, based upon a scale from 2-10 where a lower number represented a higher comfort level with computers, the mean value was 3.6 (SD=1.33).

The survey was designed to test the study hypotheses on the basis of a literature review. The survey measured four specific areas, including the business value and effectiveness of information and information systems, communication skills, information

technology involvement in decision making processes and organizational strategy, and overall IT effectiveness A global (single-item) and index (multiple item) measures were created to assess each of the four specific areas noted above.

In order to examine the extent to which the index measure and the global measure assessed the same construct, Pearson correlations were performed. Results indicated that the global and index measure for Information technology involvement in decision making processes and organizational strategy ($p<0.05$) was significantly correlated. No significant correlations were found between the global and index measures designed to assess perceptions of: the business value and effectiveness of information and information systems, communication skills, and overall IT effectiveness.

The primary objective of this study was to evaluate the relationship between information technology and management information systems and their ability to meet business needs. The secondary objective was to identify gaps in effective communications and offer an opportunity for business to improve return on their investment in information technology systems and resources Current research demonstrated that many organizations lacked a common framework for effective communications between business and IT professionals (Hale, Sharpe & Hale, 1999). This study investigated the relationship between employee perceived quality of communications and perceptions on IT effectiveness in fulfilling business needs. The intent was to demonstrate that effective communications is a critical component of interdepartmental relations within an organization.

Organizations implored a vast variety of decision making processes. Current research clearly demonstrated the ability of information systems to assist in the decision making process (Roth, Wolfson, Keleewain & Nelin, 2002). Yet research also demonstrated that executives continued to view IT as a cost-center or necessary expense rather than a partner for strategic growth (Luftman & Brier., 1999). This research studied the relationship between employee perceived IT involvement in business decisions and strategy and their perceptions of IT effectiveness in fulfilling business needs. This research also intended to study the potential for diverging opinions between IT workers and Non IT Business workers to further investigate areas needing improvement.

As anticipated, the findings supported the hypothesis that employees perceived that their IT department was effective when the employee recognized value in their IT systems. This was important because it suggested that business workers made a strong perceptual connection between IT systems and the IT department. The qualitative research supported this position. Participants related that IT was viewed by the business as a technical resource, available in order to assist with computer based problems only. The findings also supported the hypothesis that employees perceive that effective communication skills are key components of overall effectiveness. This

was important because it demonstrated that employees potentially recognized the value that effective communications has on productivity.

The findings also supported the hypothesis that employees perceived that IT involvement in business decisions and strategy was connected with their overall perceptions of IT effectiveness in fulfilling business needs. This suggested that business workers appreciated the involvement of IT workers when making business decisions or planning business strategy. It may also have suggested that IT systems were playing a greater role in business decisions and strategy as technology improved. This is especially important to executives and top managers who craft organizational structure and strategy. The qualitative research also supported the hypothesis that employees perceive that IT involvement in business decisions and strategy was connected with their overall perceptions of IT effectiveness in fulfilling business needs. However while all of the respondents felt that IT should be involved in certain business decisions and strategy, the involvement should be limited to those technical areas where IT already had involvement or where information systems had technical problems. Only the IT manager interviewed recognized that IT involvement in business decisions and strategy was inappropriately being limited to technical problems.

As anticipated, there was a significant difference in the way IT and non IT workers perceived IT systems. IT workers more favorably rated the business value of IT systems than business workers. Future research with larger sample sizes is recommended to confirm this study's findings.

The study demonstrated that IT workers differed significantly with Non IT business workers regarding perceptions of overall IT effectiveness and IT involvement in business decisions and strategy. The literature review supported the findings of this study that workers would rate their department as more important and worthy than other departments would rate them. Since existing research did not include IT workers, the significance of this finding is that IT workers were consistent with existing research in this area. Additionally, the findings also suggested that IT workers felt that there was more to contribute than business workers were allowing. The qualitative research in this study further supported this concept. The IT manager interviewed stated that business workers consistently underestimated his department's capabilities to assist with business problems and only viewed them as a technical resource, not a business partner.

The study did not demonstrate that employees perceived that IT workers needed to understand business processes in order to be effective. The interview process and analysis of the data in this study suggested that business workers continue to view IT departments as a help desk, meaning that IT only provided systems and maintenance on those systems. The need for IT to understand business processes was not viewed as important, only an understanding of technology and how to maintain systems was. This was significant because until business worker perceive IT to be a business partner,

IT can not be as effective or productive as possible. Underutilization of resources is a significant problem for businesses and efficiency and effectiveness of departments is not possible without a global understanding of the capabilities of each department.

Significantly, the data also suggested that executives were not effectively communicating strategic direction and planning to all workers. If non managers are not getting the message that IT is a key component of business decisions and strategies when executives are clearly recognizing that, a potential communications issue within the organization may exist. The researcher recommends that further investigation regarding the effectiveness of executive communications be studied and evaluated. Potential solutions include improved channels of communications between the ranks and the potential for involvement of key non-managers in strategy and planning group sessions.

The findings supported the hypothesis that MIS organizations were perceived to be more effective than traditional IT organizations in fulfilling business needs. This was an important acknowledgement that managers must recognize, especially IT and MIS managers. Understanding that business workers appreciate the contribution of MIS departments over IT departments allows IT to be more effective and productive.

The finding that was most significant was that workers rated effectiveness of MIS as higher than IT. The foundation of this study was predicated on the hypothesis that MIS functions provided business with a greater assistance than IT functions alone. This concept is most important for organizations to recognize in order to most effectively define organizational structure and strategy. The researcher recommends that each organization structure their technology departments around the MIS capabilities rather than limiting their effectiveness by providing only IT services.

Several important conclusions can be inferred despite the limitations of this study. Although traditional IT and MIS departments have offered significantly different services, many technical organizations have embraced the benefits of MIS concepts while not limiting themselves to purely IT. However, business workers have continued to perceive IT as a technical service department only and have not recognized the full capability IT could offer. This may be due in part because top management and decision makers were missing the opportunity to fully utilize technology and that even if they perceived that IT systems were key components of decision making and strategy, they were not effectively communicating this to all levels of management and workers.

As a result of the findings in this study, the researcher views an opportunity to improve business effectiveness and efficiency through the more effective use of MIS functions. Organizations should move their technology group through training and more effective communications into MIS and away from pure IT. Executives and top managers should include IT in decisions and strategic planning and communicate to all levels of an organization that intention. While internal politics, personal agendas, and

turf wars may be hurdles to overcome, business workers should be properly training in the capabilities of MIS functions and embrace the added benefits MIS can offer. In addition, further detailed research is warranted in order to study the changing relationship between business and IT and to expand on the particular function of MIS that businesses value over IT.

An unabridged version of this research project is available upon request to the author:
Don Miliaresis at don_miliaresis@yahoo.com

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ARE THEY APPROPRIATE AND WOULD YOU GO?:
HOW MEN AND WOMEN VIEW BUSINESS MEETINGS IN STRIP CLUBS

Mary Edie Mobley
Louisiana State University
Email: emobley@lsu.edu

ABSTRACT

Several controversies involving large companies and their managers attending strip clubs for business purposes have hit the media over the last decade. This study investigates general views of society toward the appropriateness of business meetings in strip clubs and how men and women would react if put in a similar situation. Results reveal that both men and women have negative views toward business meetings in strip clubs, with views are more negative for women in all aspects. Implications for managers in today's organizations are discussed.

INTRODUCTION

Over the last decade, there have been several controversies involving companies that conduct business in strip clubs. In 1997, companies in the auto industry were under assault for the industry's habitual method of entertaining clients in strip clubs to secure contracts. Salesmen use these particular types of clubs because of their ability to "speed up the male bonding that can lead to lucrative contracts" (Meredith, 1997:1A). More recently, some of the most recognizable names in corporate America were involved in costly litigation involving employee patronage of strip clubs for business purposes (Associated Press, 2003; Doran, 2004; *New York Law Journal*, 2004). For instance, in one case, a company is accused of holding business meetings and client meetings in strip clubs (Doran, 2004; Krum, 2004), while another alleges that male managers of an organization routinely attended strip clubs during annual meetings, while "belittling" the female managers who objected to attend (Dreiling, 2004; Rosen, 2003; Schlaffler, 2003).

The practice of conducting business in strip clubs may be more widely spread than we realize. For example, the gaming industry holds it's networking meetings in strip clubs (Krotoski, 2004). And to host these meetings, some strip clubs have designated private conference rooms, while other upscale strip clubs "advertise themselves as places for businessmen" (Frank, 2004:1). While this practice may be common, it raises concerns regarding what consists of ethical and acceptable workplace behavior, particularly for female employees. Therefore, the purpose of this study was to determine how appropriate men and women feel these meetings are and how they would react if put in a situation of meeting for business in a strip club. Specifically, this research examines: why some people, but not all, have a problem with these meetings? And, based on the problems with the meetings, what would make some people attend the meetings in strip clubs? And, how might the problems with the meetings affect how individuals feel, and feel toward their companies?

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Inappropriateness of a Meeting in a Strong Sexual Atmosphere

MacKinnon's (1979) definition of sexual harassment suggests a hostile work environment is "an atmosphere so sexually charged that the employee may be uncomfortable, embarrassed, or even unable to work effectively" (Norton, 2002:85). It has been noted that a hostile work environment can be created in a variety of ways (Norton, 2002). I would argue that a strip club is a sexually charged atmosphere because it promotes sexual desire and fantasy (Frank, 2004). A strip club's mission revolves around "sex," and is intended for the purpose of selling sexualized services and experiences that are pleasurable (Frank, 2004). These sexual purposes of a strip club conflict with, and even disconnect from, the purposes of meeting for business. It would be more appropriate to meet in office buildings and even restaurants to conduct or talk about business, but not in strip clubs. Therefore, by holding a meeting in a strip club, a hostile work environment would easily be created because of its sexual nature, especially if the meeting were to include men and women. And, because of this, individuals will find that meetings in strip clubs are inappropriate.

The nature of the strip club setting and its strong sexual content is such a powerful force that I believe it will influence individuals to think that it would be less appropriate if men and women were attending the meeting, than if only men were attending. Referring back to MacKinnon's (1979) suggestion that a hostile work environment is an "atmosphere so sexually charged" that one may be "uncomfortable or embarrassed" (MacKinnon, 1979, as cited in Norton, 2002:85), if only men are attending the meeting, it is less likely to be uncomfortable and embarrassing to those involved. If all men are involved, descriptive norms will likely guide their behaviors by their perceptions of how others behave (Reno, Cialdini & Kallgren, 1993). Hence, they would likely behave as men do in a strip club, which is not embarrassed, but still, maybe uncomfortable because of the purpose being for business in a place not meant for business. On the other hand, if both men and women are attending, injunctive norms would be more likely to guide their behaviors because of social sanctions for normative conduct related to what society approves or disapproves (Reno et al., 1993). These norms would cause the men and women of the meeting to be uncomfortable and embarrassed because of social norms and the disapproval from society of men and women being together in a strip club, hence, the social undesirability of the meeting in a strip club. If men and women are attending a meeting in a strip club together, it increases the level of discomfort and embarrassment for all involved, therefore, leading it to be perceived as more inappropriate, than if only men were in attendance.

Previous researchers have established that gender differences exist in the evaluation of sexual behaviors. Specifically, women have a lower tolerance for "unacceptable social-sexual behavior" because they have a more broad definition of what constitutes unacceptable behavior than men (Katz, Hannon & Whitten, 1996; Konrad & Gutek, 1986). Men, in contrast, may often condone certain behaviors to be normal or appropriate, while women are offended by those same behaviors (Paetzold & O'Leary-Kelly, 1996; Pollack, 1990). Gender differences in perceptions of what

constitutes appropriate sexual conduct in the workplace exist (Childers, 1993). Therefore, females would find business meetings in strip clubs more inappropriate than men would believe them to be.

> *Hypothesis 1: The majority of respondents will rate meetings at strip clubs including males and females as inappropriate.*
> *Hypothesis 2: Appropriateness of all male meetings at strip clubs will be rated higher than appropriateness of meetings including females and males at strip clubs by all respondents.*
> *Hypothesis 3: Appropriateness of meetings at strip clubs, including males and females, will be rated higher by males than by females.*

Men and Women Feeling Uncomfortable in the Situation

In addition to perceptions of appropriateness, I want to move on to putting individuals in the position of attending meetings in strip clubs and how this can also have deleterious effects on individual's feelings or emotional state. Referring back to MacKinnon's (1979) use of the word "uncomfortable" with specific reference to an atmosphere of strong sexual content to describe and define a hostile work environment, I would argue that an individual, regardless of gender, put in a situation of a business meeting at a strip club would feel "uncomfortable." This uncomfortable feeling comes from the lack of congruence in the person-environment fit, in which a complementary fit occurs when the needs or weaknesses of the individual are offset by the strength of the environment, and vice versa (Cable & Edwards, 2004; Kroeger, 1995). Therefore, when the fit is not congruent, this theory predicts that "individuals will experience stress, dissatisfaction, conflict," and even feel uncomfortable in the situation (Kroeger, 1995:546). By being in a sexual atmosphere to hold a business meeting, the individuals are likely to be uncomfortable because they do not 'fit' with the environment of a strip club as an employee with the purpose of conducting business. This environment would very likely cause any person conflict, stress or discomfort.

In addition, the individuals perceive the strip club environment as inappropriate, and if asked to attend a meeting in a strip club by the company they work for, this could cause values to conflict and a state of dissonance. This dissonance is caused when two elements in an individual's cognition come into conflict (Festinger, 1957), which would be the inappropriate sexual environment of the strip club and the company for which one works for coming into conflict when the company asks for a meeting in a strip club. Cognitive dissonance can cause "psychological discomfort", or feeling uncomfortable, in the situation of attending a meeting in a strip club (Soutar & Sweeney, 2003). In addition, with women having a more broad range of what constitutes unacceptable behaviors, they would be likely to feel more uncomfortable than men (Katz et al., 1996). When women are put in a sexual environment for business consisting of behaviors they deem unacceptable, they are likely to feel uncomfortable because of those behaviors (stripping), whereas, men would perceive them as less unacceptable and be less uncomfortable.

The argument that I have established that inappropriateness is created in the situation of the 'hostile environment' of a business meeting in a strip club, I argue is

strongly related to the level feeling of discomfort of the individuals in the situation. This view of meetings in strip clubs as inappropriate and the uncomfortable feeling of attending one of these meetings is related because of social undesirability. If an individual was to engage in inappropriate behavior, by attending a meeting at a strip club, it would make him or her feel uncomfortable because it is not only inappropriate, but socially undesirably to participate in the inappropriate behavior. In addition, the inappropriateness of business meetings in strip clubs creates the individual's conflict that that leads to the discomfort.

> *Hypothesis 4: The majority of respondents will feel uncomfortable in the hypothetical situation.*
> *Hypothesis 5: Females will rate higher than males for feeling uncomfortable when asked to attend the meeting in the hypothetical situation.*
> *Hypothesis 6: Inappropriateness of business meetings in strip clubs will be positively correlated to feeling uncomfortable in the hypothetical situation.*

Individuals' Views of Company Affected

Psychological contract theory suggests that employees hold beliefs about the particular obligations they are to provide their organization, while, in return, the organization is to reciprocate its own set of obligations to employees (Rousseau, 1989; 1995; Morrison & Robinson, 1997). Psychological contracts of employees usually reflect certain expectations of the company to maintain favorable work experiences and situations (Aselage & Eisenberger, 2003). Organizational decision makers and leaders should provide a constant ethical work climate and consider the moral obligations of the organization in all decisions that are made, including where to hold their business meetings (Victor & Cullen, 1988). So, when a company decides to hold a meeting in a strip club, it is not upholding a favorable work experience for employees, or acting ethically or morally, because strip clubs are often seen as "taboo" or "scandalous", heavily scrutinized by the public with speculations about sex, drugs, and crime (Frank, 2004). With the expectations of mutual obligation between the company and its employees, a psychological contract is breached when one party has failed to meet its obligations (Morrison & Robinson, 1997). The company has failed to meet obligations when putting its employees in a situation which reflects an unfavorable work climate with the decision to hold a meeting in a place that is characterized by sex and scandal. Furthermore, Schein (1980) suggests that psychological contracts can have a strong influence on employee attitudes and behaviors in the workplace. Therefore, when a contract is breached, employees may change their attitudes toward the company. Specifically, researchers have argued that these breaches produce negative affect (Morrison & Robinson, 1997). Thus, as a result of the company holding a business meeting in a strip club, individuals will view their company more negatively than before.

Given the research on gender differences in perceptions of appropriate sexual behaviors, and women's higher sensitivity to social sexual behavior, I believe that women would feel much stronger negative feelings toward their company (Katz et al., 1996). The negative feelings will originate from the strip club atmosphere and from the company failing to meet its moral obligations to its employees. With women perceiving meetings in strip clubs as more inappropriate and women being more uncomfortable

than men, they will see the situation as worse than men will see it, resulting in a more negative view of the company.

Hypothesis 7: Overall, all respondents will view the company more negatively than before as a result of the hypothetical situation.

Hypothesis 8: Female respondents will have stronger negative affections toward the company as a result of the situation than male respondents.

Inappropriateness and Uncomfort Influences on Attendance

Given the inappropriateness of business meetings in strip clubs and the feeling of discomfort that is caused by these meetings, I do not expect that many individuals would attend meetings in strip clubs. This would be because of the sexual nature of strip clubs and that people feel clubs of this type are inappropriate for business meetings. In addition, having a meeting in a strip club would cause individuals to feel uncomfortable. Therefore, the inappropriateness of meetings in strip clubs would affect attendance to the meetings, and feelings of discomfort would also relate to whether individuals would attend. And, because these factors play a role in the decision individuals make as to whether they will attend a meeting in a strip club, there will be a low number of people who would actually attend business meetings in strip clubs.

Hypothesis 9: Inappropriateness of business meetings in strip clubs will be positively correlated to not attending the meeting in the hypothetical situation.

Hypothesis 10: Feeling uncomfortable will be positively correlated to not attending the meeting in the hypothetical situation.

Hypothesis 11: The majority of respondents will be not likely to attend the meeting in the hypothetical situation.

METHODS

The data used for this study were gathered by graduate students enrolled in a Survey Research course at a large university in the southeast during fall 2004. The method of data collection was by telephone surveys. To obtain information on the measures used in the study, please contact the author.

RESULTS

All of the hypotheses under study were supported in the data analysis, and the following tables, Table 1 and Table 2, demonstrate data for several hypotheses.

TABLE 1
Table of Means, Standard Deviations, and Correlations

	Variables	Mean	s.d.	n	1	2	3	4	5
1	Appropriateness	1.38	0.725	313					
2	Appropriateness- males only	1.53	0.849	315	0.681***				
3	Comfort	1.63	0.986	315	0.359***	0.314***			
4	Attend Meeting	1.92	1.096	313	0.428***	0.444***	0.477***		
5	View of Company	1.78	0.901	314	0.481***	0.516***	0.338***	0.544***	

*** $p < .001$

TABLE 2
Table of Means and Standard Deviations by Gender

Variables	Gender	n	Mean	s.d.
Appropriateness	M	110	1.52	0.078
	F	202	1.31*	0.046
Appropriateness- males only	M	111	1.77	0.091
	F	203	1.39***	0.053
Comfort	M	111	1.96	0.102
	F	203	1.46***	0.063
Attend Meeting	M	110	2.33	0.111
	F	202	1.69***	0.070
View of Company	M	109	1.98	0.084
	F	204	1.67**	0.063

⁻Mean differences of independent samples significant at: * $p < .05$ ** $p < .01$ *** $p < .001$

A vast majority, 90.8%, of respondents rated meetings in strip clubs as inappropriate, supporting hypothesis 1. The second hypothesis predicted male only meetings (mean = 1.53) to be more appropriate than meetings including males and females (mean = 1.38), which was significantly supported. It was predicted that females (mean = 1.31) would rate business meetings in strip clubs, including men and women, as more inappropriate than males (mean = 1.52), and was also significantly supported. Hypothesis 4 predicted the majority would be uncomfortable in meeting for business in a strip club, and was supported by 82.2% of respondents. The fifth hypothesis was supported showing females (mean = 1.46) would feel significantly less comfortable than males (mean = 1.96) if put in the situation of being asked to attend a meeting in a strip club by the company they work for. Support for hypothesis 6 shows respondents who believe these meetings to be inappropriate are likely to feel uncomfortable if put in a situation to attend, and vice versa. The majority of respondents were predicted to view the company more negatively as a result of the hypothetical situation, which was supported by 79.9%. Hypothesis 8 results show support that females (mean = 1.67) would have significantly lower, more negative, feelings toward their company than males (mean = 1.98) if put in a situation to attend a meeting in a strip club. Support for hypothesis 9 shows that respondents who view meetings in strip clubs as inappropriate are not likely to attend, and vice versa. Hypothesis 10 results show that those who would be comfortable meeting in a strip club would be likely to attend, where, those who are uncomfortable would be not likely to attend. The majority was predicted not to attend if put in the situation, and was supported by 68.7% of respondents.

DISCUSSION

The current study investigated the perceptions that people hold toward business meetings held in strip clubs, in which, significant support from the study shows that these meetings are inappropriate and unapproved of. The popular opinion seems to be that these meetings are inappropriate whether men and women are involved in them, or if it is just men, which goes to show that people believe meetings should not be held in strip clubs at all. People show slightly more approval of men only meetings in strip clubs, than meetings that are coed, but, they are still viewed as inappropriate. Strip clubs are not a place in which business can be conducted, because their purpose is for something far different, which is based on 'sex'. Of course, women perceive the

meetings to be slightly more inappropriate than men, but there is a stronger difference in their opinions when it comes to the men only meetings. Women still view them at the same level of inappropriateness, whereas, men see them as somewhat more appropriate than the women, but still as inappropriate. If given the opportunity to attend a business meeting in a strip club for a company they work for, many people would feel uncomfortable. This amplifies the issue of the meetings being inappropriate, because it is making the employees feel uncomfortable if they were to attend. Women put in this situation would be much more uncomfortable than men. Businesses should take into consideration their employees, and not put them into situations which would be inappropriate or cause their employees to feel uncomfortable, and therefore, prevent themselves from violating the psychological contracts held between employees and the company. The companies may also be considered to be making unethical decisions by having these meetings, not only by their employees, but by people in the community.

People asked to attend a business meeting in a strip club by their company, would not only feel uncomfortable, they would most likely not attend the meeting at all. The inappropriateness of holding a meeting in a strip club, in addition with feeling uncomfortable, would make people not attend the meeting. Again, women would be much less likely than men to attend the meetings. This brings up, what I would think to be a fairly obvious question, why would companies hold meetings in places that are going to cause their employees such feelings that make them not attend? This is a good question that could be investigated by future research. Companies should hold meetings in places that are oriented for business, not sex. And, a feeling caused because of a situation a company puts people in is going to cause negative feelings toward the company. People will view their company more negatively as a result of it putting them in an uncomfortable and inappropriate situation.

IMPLICATIONS

All of these perceptions and opinions that are held towards companies holding business meetings in strip clubs imply that it is a bad idea. Companies need to take into consideration their employees and the affect it has on them. In addition, a strip club is not a place appropriate to conduct business. By holding a meeting in a strip club, a company is potentially creating a hostile work environment by the inappropriateness of the sexual atmosphere and causing the employees to feel uncomfortable. An unethical and immoral decision is being made on where to conduct business, which can cause negative feelings toward the company, and psychological contracts between the employees and the company are violated. So, the conclusions of this investigation show that businesses should, altogether, avoid this by holding business meetings in places that are traditional settings for business and appropriate business environments. These more traditional business practices could save companies from potential lawsuits, as have been shown in recent media, and from any negative feelings from their employees.

REFERENCES AVAILABLE FROM THE AUTHOR

Introducing the Theory of Living Human Systems as a Management Tool

Verena Murphy
Case Western Reserve University

ABSTRACT

The Theory of Living Human Systems is introduced in this paper as a management tool, including examples of systems-centered practice. It is proposed that the theory's four methods described herein are not just used to solve problems in organizations, but that they *create problem solving systems* within organizations in order to manage the following in an efficient and effective manner: conflict, time, space, current reality, and information transfer. The four methods are: *contextualizing*, (developing an awareness of different contexts), *boundarying* (organizing energy), *vectoring* (directing energy towards a goal), and functional subgrouping (discriminating and integrating information). Examples are used to illustrate the practical applications of the theory, and the reader is invited to test the presented hypotheses and to collect their own data in their own contexts.

Theory informs practice. A theory is useful when it allows one to see and do things one otherwise couldn't do. A meta-theory can inform not just professional practice, but potentially all aspects of human life. This paper introduces such a meta-theory – the Theory of Living Human Systems including systems-centered® theory and its application, also called SCT – that allows not just for new ways to solve problems, but for creating problem solving systems (Slaikeu & Hasson, 1998; Costantino & Merchant, 1996).   [Systems-centered Theory, SCT and systems-centered training are registered trademarks owned by Yvonne M. Agazarian].

Having one language for understanding individual and group dynamics, makes it easier to understand and use what one knows about one human system (e.g. an employee) and apply it to other human systems (teams, departments, businesses, organizations and vice versa). The following example illustrates the difference in approach between a manager and a systems-centered manager. (The theory that is at the basis of this approach is partly described later in this paper):

Example: A manager, Doris, notices that some employees seem to be spreading much gossip in the organization and creating a lot of confusion among other employees. She is tempted to 'go after the culprits and tell them what the consequences are of their behaviors and what a waste of their work time this is', or she is determined to admonish some individual she overhears gossiping the

next time. (The acting out of Doris' retaliatory impulses towards certain employees is considered 'targeting individuals for their behaviors').

Lynn, a hypothetical systems-centered manager in another organization facing similar gossip behaviors, sees them as a function of the context the people are working in and doesn't feel compelled to target individuals. She is curious about collecting data about what in the system's context is promoting such behaviors.

Lynn, who is trained in systems-centered theory, knows that gossiping is likely occurring in a context where data and facts are not easily available. When people are left in an information vacuum, they tend to make up stories of their own, and then tend to believe them, even if they are not true. Lynn calls the stories 'negative predictions' ("Some of us are going to be laid off!"), and 'mind-reading' others' intentions and motives. ("He probably thinks this is a stupid idea".) She knows these are common coping mechanisms people engage in when faced with the unknown. They generate thoughts that create anxiety. Therefore, Lynn's disposition is not likely one of wanting to target individuals. She can approach her employees and ask them directly what their 'hear say' information is, and can then go and collect data and facts, so her employees feel less compelled to 'fill in the blank'. She will also check out to what extent she and/or other managers can improve the information flow in the organization.

Such issues that are surfacing in organizations and which are often perceived as 'a problem between personalities, teams or departments' (and frequently result in strong emotions, such as fear, frustration and anger), can be addressed from this more objective – a systems-centered – perspective.

The Theory of Living Human Systems and its systems-centered practice opens the way to organize information in such a way that personal experience is placed in the context of the larger environment in which the individuals live – and ultimately in the developmental phase of the system. The intensity of emotions or other 'restraining forces' (Lewin, 1951), such as passive resistance, that usually prevent a joint effort towards solving of what are essentially structural problems in an organization, are then decreased. Solutions can be worked out by integrating the differences, without retaliatory thoughts or deeds getting in the way of that process.

Understanding dynamics from a systems-centered perspective can therefore enhance management practice, and influence the behavior of individuals, teams, and departments within organizations, as well as the behavior of organizations themselves.

<u>Development of the Theory of Living Human Systems</u>

Agazarian describes a particular event that illustrated for her the entirely different perspectives and *resulting experiences* one has from the point of view of an

individual and from a system's point of view: in 1979 her friend George Vassiliou at the Athenian Institute of Anthropos threw some hamburger into a fishpond to demonstrate the difference between individual and group dynamics: the one goldfish, who had caught the piece darted off. However, other fish darted after him because it was too large for him to swallow. George said: 'from the perspective of the fish in general, we see an efficient distribution and feeding system: one fish is playing a role for the whole shoal of fish by catching the hamburger and holding it in his mouth while the whole group of fish feed. However, we see something different when we take the perspective of the individual fish, which is having his dinner stolen from him before he can eat it…' (Agazarian, 1987).

This example illustrated to her how, when we take something strictly personally, we can saddle ourselves potentially with a lot of grief. However, when we learn to see every interaction also in its larger context, or even from multiple perspectives, in short – from a systems-centered, rather than a self-centered perspective - our personal experiences in life can then be filled with less anguish, particularly as interpersonal dynamics are concerned, and with more curiosity, and an increased tolerance for ambiguity and the unknown.

Theory of Living Human Systems is based on the visible and invisible dynamics Agazarian observed in 35 years of working with individuals, as well as leading and co-leading therapy groups (Agazarian & Peters, 1981). She built her theory on the work of the following researchers: Korsybski (1948), Lewin's Field Theory (1951), the work of Bennis & Shepard (1957), Festinger (1957), Bion (1961), Howard and Scott's theory of stress(1965), Shannon & Weaver's information theory (1964) , von Bertalanffy's system's theory (1968), Miller's General Systems theory (1978), and others.

Systems-centered Theory (SCT) and its methods and techniques were originally only used in psychotherapeutic work with individuals and groups (Agazarian, 1997; Agazarian & Gantt, 2000), but since then has also been applied in organizational interventions (Agazarian & Gantt, 2005; Murphy, 2005; Trey, 2000; Solomon-Gillis & Trey, 1997).   Research, particularly on the theory's application to organizations, is in its infancy – this paper being still among the earlier introductions of the theoretical model applied to organizational and management contexts.

The reader is advised that the limited space of this paper allows only for a brief overview of the theory and its four methods (contextualizing, boundarying, vectoring and functional subgrouping). It does not address or include her theory on the phases of system development. It also does not include techniques, such as "The hierarchy of defense modification", or the "Fork in the road technique" mentioned in Appendix A. However, for a Management context, or for the Role of Manager, having an awareness of the four methods (contexualizing,

boundarying, vectoring and functional subgrouping) will be sufficient to achieve desired changes.

Basic Assumptions

Agazarian (1997:18-20) states: "The practice of SCT is based on the following ideas about systems and how they change and progress:

Systems give and take. Systems exist in a hierarchy or give-and-take (output and input). Systems keep themselves stable and in balance by giving no more than they can afford and taking no more than they can integrate.

Systems open and close their boundaries. Systems manage the flow of give-and-take by opening and closing their boundaries. This, in systems-centered language, is called "boundary permeability". Similarities and differences in a living system hierarchy are communicated across the system's boundaries. System boundaries open to similarities and close to differences. Similarities are already familiar enough to the system's internal organization and thus do not overwhelm the systems with too much that is new. Systems let in the familiar with little difficulty. Integrating similarities does not require the system to change. Differences however, do require change.

Systems stay stable and survive by integrating similarities. The give-and-take of familiar information between the system and its environment maintains the system in a good relationship with its inner and outer world, keeps the system stable, and increases the probability that it will survive in the short run. Too much similarity and not enough difference, however, introduce redundancy and rigidity, which in the long run will threaten system survival.

Systems close boundaries to differences. Systems have difficulty with differences. Differences introduce new information into the system. Both the new information and the existing system have to be reorganized before the new information can be integrated. Differences create "noise" in the system while the system changes sufficiently to integrate them.

Systems change and transform by integrating similarities and differences – differences in the apparently similar and similarities in the apparently different. The give-and-take of unfamiliar information between the system and its environment require both the system and its environment to develop the ability to change. Differences can make for bad relationships within the system and between the system and its environment in the short run, but integrating differences is what enables systems to change and transform in the long run.

Systems organize differences in two ways. When differences are not too different, the system can do the work of integration and can develop from simple to complex without too much difficulty. When differences are too different, however, the system either closes its boundaries and keeps the differences out

or lets the differences in as a split-off part of the system that does not communicate with the rest of the system. Sometimes the system maintains the split, and whatever developmental potential would have developed from integrating the difference is lost permanently. At other times, as the system develops greater complexity, the difference can be taken in and integrated."

'Functional subgrouping' (described below) is the SCT method for managing the challenges in integrating differences. In systems-centered training each system is deliberately and actively structured so as to potentiate system function.
It is further assumed that all living human systems develop from simple to complex, and the less sophisticated the system the more primitive will be the attempts to organize chaos. In this theory, maturation is defined as the process of differentiating, organizing and integrating information. The organization of chaos is the primary survival goal of a human system: to contain the dissonance that chaos arouses, to maintain system boundaries and system equilibrium (Agazarian & Gantt, 2000: 132). Translated to a manager or a management team as human systems, it refers to how the manager or the team contains the dissonance, and how the different human systems maintain internal and external boundaries and achieve the equilibrium necessary to sustain them. This in turn will determine the kind of survival, development and transformation that is made possible through the implicit or explicit norms that are formed early in a system's life (Scribner & Donaldson, 2001).

The Theory of Living Human Systems and its Systems-Centered Practice

The theory of Living Human Systems defines a *hierarchy* of *isomorphic* systems that are *energy organizing, goal directed, and self-correcting*.

Hierarchy

Figure 1. <u>Systems-centered Hierarchy</u>

Self-centered system (Person system as a whole)

Observing –self system

Member system

Subgroup system

Group-as-a whole system
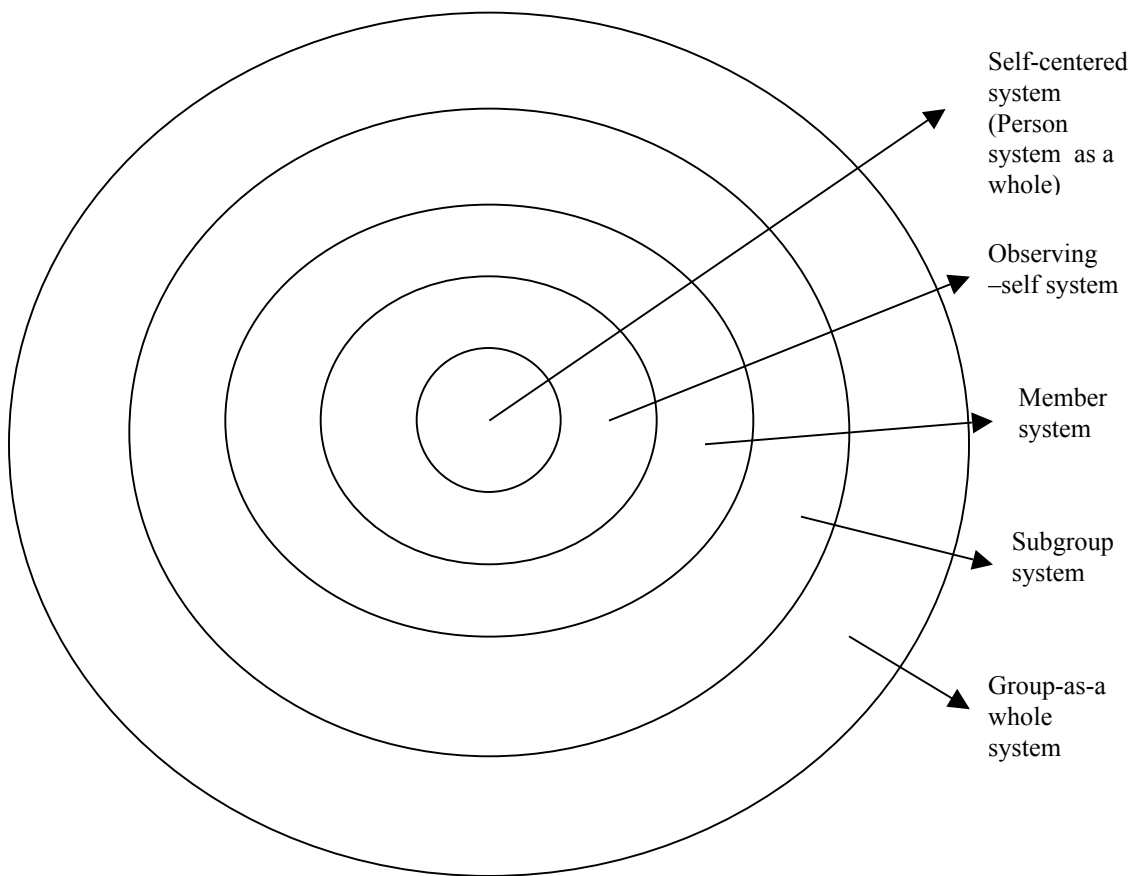
Self-centered system: intrapersonal personality and character, the source
                             of potential energy
Observing-self system: discriminates between thinking (comprehension) and emotion
                             (apprehension) in the self-centered system

Member system: energy source vectors through member role into the sub-group.

Subgroup system: discriminates, contains splitting and integrates differences

Groups-as-a-whole system: contains subgroup systems and vectors energy toward primary and secondary
                             goal.

As the illustration (Fig.1) suggests, every system exists in the environment above and is the environment for the system below. The ability to recognize how the context changes as the roles change opens the door to seeing the world from more than one perspective.   The term *hierarchy* also refers to the systematic hierarchy of strategies used in SCT for effecting change. This path is explicitly mapped and the methods and techniques are specifically developed from a systematic application of the theory. What the next step is for a system can always be determined by where the system is on the map. There are two theoretical maps (Agazarian & Gantt, 2000), but for the scope of this paper I only include the map of the Theory of Living Human Systems. The second map, which illustrates the 'SCT Modifications of Restraining Forces to Group (Team) Development' will not be discussed, because of the scope of this paper, but is included in Appendix B.

The first of the four methods is:

'Contextualizing' (developing a systems-centered hierarchy)

'Contextualizing' refers to one's ability to see the roles of a context and recognize the goal of the context at any given time either in the person system or as a member in an outside context. One example of 'contextualizing' is the roles we inhabit in our daily lives.

Agazarian defines "role" as an "identifiable collection of behaviors that serve as driving forces toward the goal, appropriate to the context. It is a construct that is independent of the people who take on the role. Whether we are conscious of it or not we change our role many times a day: in one context we may be a student, in another a manager (of a business or a household), in another an employee, in another context we may be a parent, spouse, daughter, son, leader, driver, guest, and so on.

The important consideration here is that the role is separate from the person in the role, and in that way it separates an individual's personality (in SCT called "person system") from the way an individual performs the role. Thus, it increases the likelihood that an employee, who is given feedback, can see the feedback as being about the performance of the role, rather than a critique about his or her personality, to which people ordinarily tend to react with a vehement defense, as if their sense of self had just been attacked.

Having the systems-centered skills not to take something "just personally" greatly influences a person's capacity to NOT be indiscriminately reactive, but to remain centered and to see the feedback about the role performance as an opportunity for learning on how to use his or her resources for moving more effectively towards the goal (by identifying and weakening the restraining forces) (Murphy, 2005). A manager can, in the way he or she interacts with the employee support

such a differentiation between the person and the person in the role of employee, and enhance the way the employee receives, particularly critical feedback.

Another important aspect of any of the above mentioned roles is the fact that each role requires Authority to implement the *functions* (discussed below) that come with the role, an awareness of the Responsibility (appropriate behavior) that go along with the role, and Accountability to the next higher and lower level in the system. To perform effectively in a role, all three - Authority, Responsibility and Accountability inherent in each role - are necessary.

Every role also differs in the kind of Responsibility and Accountability and Authority it entails. In a professional hierarchy, such as a manufacturing firm, the role of CEO is different from the role of a Vice-President of Engineering, in that the CEO may be accountable to several board members and responsible for the performance of an entire business, whereas the role of VP of Engineering is to be accountable to the CEO and the group of design and mechanical engineers, and responsible for meeting the objectives of that team, and for the interpersonal climate that resides in the team (Baer & Frese, 2003; Wyss-Flamm, 2002;).

The Authority – 'the right to work' (A.K. Rice Institute) – that the position of CEO carries is also different from the Authority the role of Vice-President contains, and again different from the Authority that the administrative support staff carries, because each differ in responsibility and accountability.

How an organization performs, however, lies in the system's ability to communicate across boundaries between systems in the hierarchy. Ideally, Authority, Responsibility and Accountability are all present in every role, but at times it is possible that an employee has all of the Responsibility of a job and Accountability to a superior, but has not been given the Authority that his or her role entails, which often results in a frustrated employee.

Another important consideration is the fact that each role has a different goal. Ideally, the goal of the role of "team member" is to contribute energy / information to the team in such a way that tasks can be jointly accomplished and in a timely fashion. The goal of the team manager is to support all members in such a way that they are able to have authority over their work, and that they are able to be responsible for the outcome of their work and are accountable to the management.

Explicit and Implicit Roles and Goals

"In reality, reaching work goals means adjusting to reality demands, and struggling to work through the concomitant frustration, jealousies, competition, and other painful human social responses that working generates. At the group level, as well as at the individual level, a work culture requires that compatibility

be developed between the system's implicit and explicit goals" (Agazarian 1987:4).

"Explicit" refers to the stated or intended role or goal that can be verified by written documents or verbal statements individuals made about them. Often, explicit roles or goals differ from what actually happens in the real world. The goal that can be inferred from what really happens is called "the implicit" role or goal. The discrepancy between the explicit and implicit impacts the organizational functioning.

<u>Isomorphy</u>

The term *isomorphy* refers to systems that are similar in *structure and function* and different in different contexts. "The isomorphic principle requires that operational definitions of the structure and function of any one system in a hierarchy can be applied to every other system in the same hierarchy" (Agazarian, 1987:1). What one knows about the structure and function of one level in the hierarchy of an organization, informs us about similarities in structure and function at all different levels in the same hierarchy: *structure* refers to boundaries and *function* is about discriminating and integrating information (energy).

Example: if a CEO takes a "hands off" approach to his subordinates and allows them a lot of autonomy in how they accomplish their work, autonomous behaviors will be found throughout all other levels in the organizational hierarchy.

Understanding how the context changes as roles change opens the door to seeing the world from more than one perspective. Enabling team members to recognize the differences in perception and experience as the context changes is one of the tasks of SCT practice. (Agazarian, 1997:23)

SCT recognizes an interdependent relationship between the dynamics of STRUCTURE, ENERGY and FUNCTION.

Structure

Systems-centered *structure* defines boundaries in *Time, Space and Reality. Time, Space, and Reality boundaries are potentially permeable to information.*

Time

Time boundaries mark the coming and going of the system in reality. Time boundaries are among the most important boundaries, yet they are not always acknowledged as important (Agazarian, 1997:67). The team that starts and stops on time has a working quality that is never present in a team whose starting and stopping times are blurred. Managing time boundaries is an ongoing

challenge not just in one's work life, but throughout one's life in general. *Example: Late arrivals to meetings can cause a distraction to others and even mild irritation as a result of the interruption those who are on time may experience. Information already passed along in a team, if not repeated, will be lost to that system and will not be available as a potential resource.*

Simply adhering to time boundaries is a powerful intervention. Valuing time, and respect for time limits sets the tone for the day's work.

Psychological Time

Remaining mentally focused on what is happening in the present moment (remaining focused on task) requires mental discipline. The potential for creating and then living in an 'irreality' increases whenever the present gets tough.

For example: it gets tough when we get bored. We get more easily bored when we already know the information that is being conveyed. Or when we get inundated with so much information we cannot possibly retain it all. The likelihood of us starting to daydream about the exciting plans we have made for the upcoming weekend is greater in an environment that produces redundant information. At that point we have lost contact with present reality and have gone into the 'irreality' of our fantasy and wishes.

The term 'irreality' is used to discriminate real facts and data that can be verified by others, from thoughts about what is perceived as 'reality'. Thoughts often veer to the past or the future. To comfort ourselves, we may veer to the past, or we create imaginary ones that only we can "remember". Alternately, we can take flight into the future, when we no longer like what is going on in the present, and make negative predictions about anything that is unknown. (Agazarian, 1997:67)

Example: 'Gary' hears that the General Manager will be visiting the plant in a few days. From his past experience he gathers that his visit means changes are likely to happen as a result of it. He is already making a negative prediction, based on his experience in the past. It will take discipline to tell himself: it could mean some changes might happen, but really: I JUST CAN'T KNOW FOR A FACT and want to stay open and remain curious until I find out the new facts.

Space

The kind of geographical and physical location and of a system defines it and sets the context for what is possible within it. When every team member's chair is arranged in such a way that each member can see every other in the team, it is easier to influence others or be influenced by others in the team. A geographical boundary then becomes a functional boundary.

The clarity of a manager's awareness of a team's boundaries in both reality and psychological space and time may have a potentially significant impact on the team. When space and time boundaries are clear, team members can locate themselves in both real and psychological space and time, which potentially eases the focus on work.

An example of a clear time and space boundary in an organization is a team's meeting time that is set for 9:00 -10:00 am that begins on time and ends on time in a predetermined room in which, when everyone is seated, each member can easily make eye contact with another.

Reality

The map below is Agazarian's(1997:68) adaptation of Lewin's (1957) map of Reality and Irreality in the Past, Present and the Future:

Table 1. Map of Boundaries in Space, Time, and Reality

	PAST	PRESENT	FUTURE
Explaining Experience (irreality)	Interpreting of memories	Interpreting on the basis of wishes and fears - Mind reading	Making negative and positive predictions
Exploring Experience (reality)	Exploring past experience	Exploring present experience - Common sense - Reality testing	Making plans and goals

Explaining and Exploring

The goals of explanation and exploration lead in different directions. Explanations organize what is already known and keep the world comfortably familiar; exploration requires experiencing the unknown. SCT emphasizes exploring experience rather than explaining or interpreting it. Exploring and

experiencing reality in the here-and-now generates potentially new information - before one explains it – and makes it possible to see the same event from different contexts and to recognize that different contexts yield different explanations. (Agazarian, 1997:69)

Having an awareness of the two different outcomes that exploration and explanations have helps managers during brainstorming sessions, when possible options are explained away and potential new information is not being surfaced as a result.

<u>Reality – Irreality Boundaries</u>

To emphasize: the term 'irreality' is used to describe thoughts – the internal world of explanations, self-talk, opinions and judgments about oneself that are not verbally expressed. Refocusing attention away from the world of explanations, mind reading, and negative predictions requires crossing yet another boundary: the boundary between 'irreality' and 'reality'. The term 'reality' refers to facts and data that can be verified by others.

Example: The world of "should" and "if" and "maybe" creates a 'reality' that never needs to be tested. Mind reading (e.g. "The boss doesn't like me") creates relationships that have no existence except in the mind. Until checked out in reality - it is possible that the mind-read "the boss doesn't like me" is a fact and therefore 'reality'. It is equally possible that the same mind-read is not a fact, not at all true, and therefore in 'irreality'. We can't know for sure until we get the data in reality by asking the boss).

Here-and-now reality is the only context within which such problems can be solved (Agazarian, 1997:69).

The section described above of the theoretical model is operationalized by the method of:

<u>'Boundarying'   (organizing energy / information)</u>

'Boundarying' manages the permeability of system boundaries (in the hierarchies of systems) by reducing noise in the communications within and between them (Agazarian & Gantt, 2000). Shannon & Weaver's (1964) information theory suggests that ambiguity, contradictions and redundancy are the source of entropic noise in the communication and reduce the potential that the information contained in the communication will be transferred.

It is hypothesized that the more managers can pay attention to these time, space and reality boundaries in the work with their teams the more effective the team is, the more motivated the team members are, and the more satisfying the outcome

of their work will be. This presents again an opportunity for the reader to test these hypotheses in their own contexts when applying the four methods.

Energy

Energy, in the theory of Living Human Systems, is defined as the ability to do work (Rothman, 1992). Energy in SCT is equated functionally with *information* and is defined as a *force field of vectors approaching or avoiding system goals* (Agazarian, 1997; Lewin, 1951). (See Table 2. below).

Howard and Scott's (1965) Theory of Stress hypothesized that all human behavior can be seen as either approaching or avoiding the problems (that lie in the path to a goal). In systems-centered systems it means the energy in a system is deliberately contained, directed and used for work towards system goals (survival, development, and transformation).

Table 2.   Force Field of Vectors approaching or avoiding system goals

GOAL

Driving Force (approaching the goal)	Restraining Force (avoiding the goal)
◄ energy ———————►	◄——————— energy

'Vectoring' (directing energy / information towards a goal)

'Vectoring' is the process by which information is directed across boundaries in space and time and toward goals   (Agazarian, 1997:20). Vectoring requires the identification of driving and restraining forces in communication. Communication is understood in terms of the transfer of energy across the system's boundaries (boundaries are the structure within which information is located in space and time) (Miller, 1978). Being able to recognize "the music" (emotional tone) in a work team and having alternatives to "discordant" music is quite useful in the managerial role.

Systems-centered Systems are energy organizing

Example: a team can discharge its energy in frustration (the frustration often being vented in complaining about what is wrong, or by blaming others), which is a restraining force towards the goal of problem solving. It can also be contained

and explored by collecting information about what is working well at present, and what one wants to do more of, and what is working not well in the present, and one wants to do less of. Energy thus can be used in defensive behaviors (moving away from a goal) or it can be used to move towards a goal. A conflict (within or between human systems) can be conceptualized as the meeting of two oppositional forces: a driving and a restraining force in the pathway of a goal.

By deliberately separating and exploring both kinds of energy (information) - energy moving towards the goal (driving force), and energy moving away from the goal (restraining force or resistance) - it is possible to identify which restraining forces to weaken.

Systems-centered systems are goal directed

Moving towards a goal requires *'vectoring'* the energy deliberately (by conscious choice) towards systems goals. Members direct their energy toward the alternative of solving problems rather than the alternative of defending against them. A vector can be visualized as a moving arrow that has a direction, a force, and a target (goal). Shifting energy from one part of the system to another is like changing the direction of this arrow and redirecting its energy. Vectoring enables individuals to cross the boundaries from all their many roles outside the team and into the role of team members in the context of this particular team system (Agazarian, 1997:30).

By thinking in terms of vectoring of energy, team members learn to recognize when they are avoiding their here-and-now reality and emigrating across the boundaries of space and time. Members emigrate in two ways: in physical reality by changing locations (cigarette breaks, restroom breaks etc.), or by ignoring clock time. (In psychological reality they do it by turning their thoughts and emotions toward the past or the future or by leaving the here-and-now experience to live in the reality created by their thoughts) (Agazarian, 1997:30).

The example below (Table 3.) illustrates a hypothetical goal, and the information collected that moves the system towards and away from the stated goal.

Specifically, the example presented is an interaction pattern that illustrates an analysis using the concept of driving and restraining forces. Using this technique it is then possible to recognize and intervene in patterns that are identified as restraining forces towards the goal of reducing "noise" in a team's communication.

Table 3. Force Field

Goal: to create a working environment, including a supportive emotional climate between the employees that promotes the reliable delivery of products to consumers.

Driving Forces towards the goal +	Restraining Forces towards the goal -

- collecting facts and data
- consider employee's feedback in the decision making and problem solving process
- developing a procedure for following up on decisions that were made
- adhering to time boundaries
  Etc.
	- making assumptions
	- contradictions between intentions and actions
	- Ambiguity about work schedules
	- not using available information
	- making negative predictions about the future
	  Etc.

Recognizing Communication Patterns that are Driving and Restraining Forces towards the Goal of Information Transfer

Agazarian's (1997) hypothesis is that it takes *less energy* to move towards a goal, when the restraining forces are identified and weakened, than by pushing the driving force towards the goal, when the resistance or restraining force is not reduced. Empirical data suggests that simply increasing the driving forces without identifying and reducing the restraining forces can improve conflicts in the short term (Cooperrider, 1987; Bushe; 1995). Invariably though, the same restraining forces, if not weakened, have remained in the system and therefore will surface again. This is likely to leave a system in stasis (survival) and impedes development.

Table 4.   Goal: effective information transfer

As-if" Talk

Driving Forces	Restraining Forces
Facts, figures, a clear question with a pause for the answer, answering a question, owning a subject change, etc.	Intellectualizations, vagueness, answering a question with a question, non-answers, changing the subject, concealed contradictions in the form of "yes-but" communications, etc.

Table 4. (continued)   Goal: effective information transfer

Emotional "One-Downmanship": Fighting for one's place

Driving Forces	Restraining Forces
Checking out mind-reading, Checking out negative and positive predictions, owning success and triumphs, etc.	Unchecked mind reading, negative predictions about self, discounting oneself, complaining (and directly blaming) from the role of victim about what "they" did. Gallows humor.

Intellectual One-Upmanship: Fighting for one's place

Driving Forces	Restraining Forces
Asking open-ended questions; owning mistakes, frustrations and disappointments; asking for another's opinion; paraphrasing another's communication accurately before responding, etc.	Attack – counterattack, sarcastic rebuttals and putdowns, diatribes, relentless questioning, blaming and indirect complaining, sarcastic jokes. Asking "helpful" personal questions about the other person's problem instead of exploring one's own reaction, etc.

Intellectual One-Upmanship

Driving Forces	Restraining Forces
Open disagreements stating an opinion without implying that the other should agree. Decoding the yes-but by clear owning of what is the yes (I agree with this) and, separately, what is the but (I disagree with that), etc.	Arguing, yes-buts, leading questions, only disagreeing, discounts, interrupting, pre-emption, etc.

Less Obvious Intellectual One-Upmanship

Driving Forces	Restraining Forces
Keeping conversational balance, giving opinions with facts and conclusions, questioning for someone else's response, being descriptive, etc.	Establishing a question-answer pattern, giving opinions without a reference, using 'uh-huh' and 'hmm' as reinforcement, interpreting, giving advice, using persuasion, being prescriptive, diverting through jokes, etc.

TABLE 4. (continued)   Goal: effective information transfer

Moral Righteousness

Driving Forces	Restraining Forces
Consensually validating data and descriptive information, making clear connections between the act and the consequence, etc.	Giving advice couched in terms of 'oughts' and 'shoulds', using words like "always" and "never", making threats, making compliments and approval contingent upon compliance, etc.

Keeping Onself Safe in Authority and Intimacy Relationships

Driving Forces	Restraining Forces
Exploring the differences and similarities in one's opinions and experience, defining the goal, sharing resources, etc.	Giving double messages, maintaining incongruities, saying one thing but doing another, being ambiguous, presenting an expressionless fact (or a good-child gaze with "nobody home" behind the eyes), avoiding contact, etc.

Self-Protective Communication Pattern

Driving Forces	Restraining Forces
Connecting in the here-and-now, resonating with others, maintaining a balance of contribution and response, etc.	Gossip, telling funny stories, crossing from present to the past, crossing from the present to the future, parallel talk

Function

The definition of Function in SCT is that each system survives, develops from simple to complex, and transforms through discriminating and integrating similarities and differences – differences in the apparently similar and similarities in the apparently different.

Managing conflict is the major challenge in all human systems. The method of "functional subgrouping" is a way to contain and manage conflicts in communication around differences and the unknown. Conflict resolution through 'functional subgrouping' is successfully applied to all living human systems.

Groups tend to typically stereotype or scapegoat differences. The following model illustrates such a process:

Table 5.   Model of Stereotype Subgrouping (Agazarian & Gantt, 2000)

Stereotype subgroups join around similarities and separate around differences.
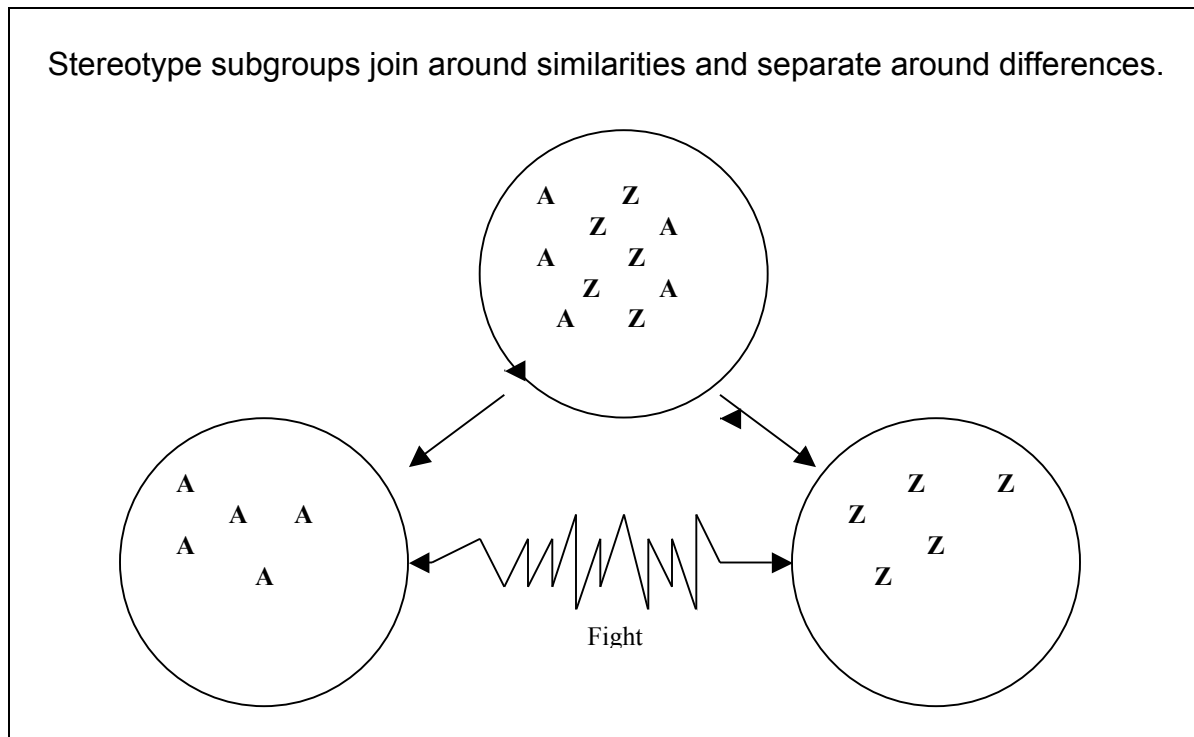
Stereotype subgroups form around similarities and attack differences.

Living human systems defend against difference and maintain the status quo (resist change) either by denying the difference exists, by stereotyping around similarity or by splitting off, rejecting or persecuting deviance. Stereotype subgroups form around obvious differences: men and women, black and white, yeas and nays, and so forth. Stereotype subgroups manage conflict by denying that it exists, by explaining why it should not exist, or by behaving as if it should not exist.

In SCT it is a given that no living human system can contain conflict without splitting and projecting. Containing these splits, so that the differences can be integrated eventually, is always desired, but in most groups there is not structure in place to contain them, let alone integrate them (Agazarian, 1997:42).

Systems-centered systems are self-correcting

Systems stay stable in the context of an ever changing world by receiving, containing, and integrating information. Conflictual (noisy) communication destabilizes the system. Systems re-stabilize through conflict resolution, either by splitting off differences that disrupt the existing integration (avoiding change) or

by delaying and containing conflict until differences can be integrated.

The section described above of the theoretical model is operationalized by the method of:

<u>'Functional subgrouping' (correcting energy / information)</u>

"Correcting" information does not mean "rectifying" something that is considered 'wrong'. The term "correcting" refers to a process of exploring and containing conflict through the change process in the 'Group-as-a-whole context' until the differences in the apparently similar are recognized and the similarities in the apparently different can be discovered and integrated.

The following is an illustration of the Model of 'functional subgrouping':

Figure 2.   Model of Functional Subgrouping

Result: Integration
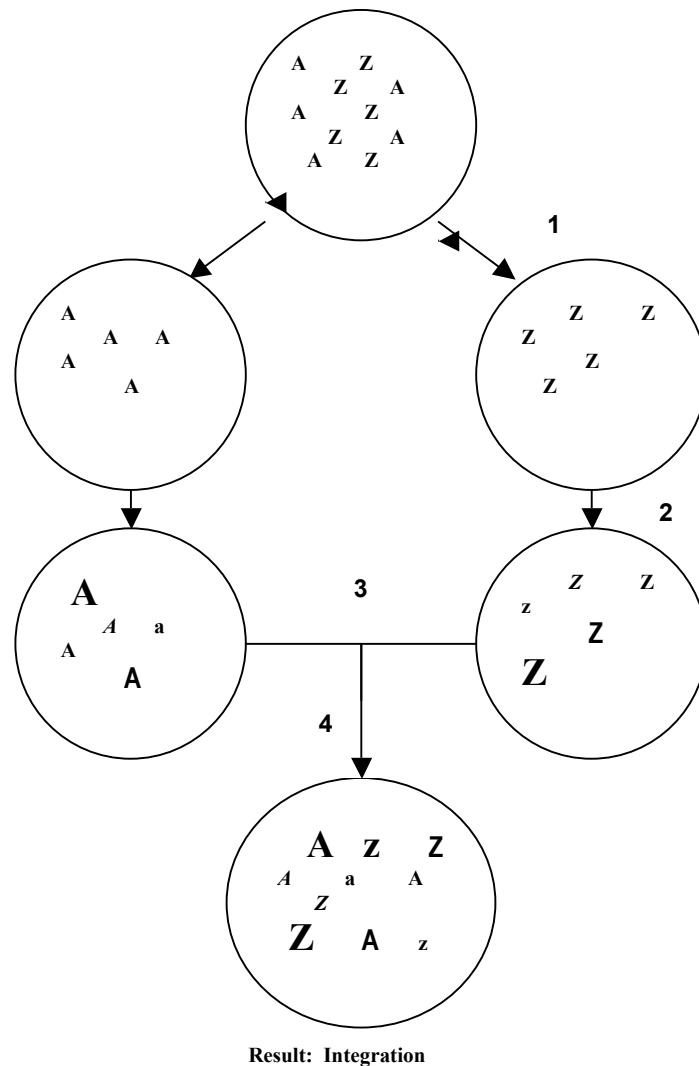
Figure 3: This represents a simplified model (adapted from Agazarian & Gantt, 2000: 247) of the process of 'functional subgrouping,' because usually there are more than just two subgroups in a team. However, whether there are only two opposite ideas, or there are several idea presented in a team, the process of exploration of the information that each subgroup contains, is the same. **1**) Each subgroup explores first their similarities, while the other subgroups remain silent and listen. **2**) In the process of sharing those ideas that appear to be similar at first, it becomes evident that what was perceived to be similar contains also differences that were not explicit before the subgroups engaged in their joint exploration. Thus each subgroup develops through the recognition and integration of differences. When each subgroup has

a chance to explore their similarities and minor differences, which is a parallel process for each subgroup, similarities become apparent in what at first appeared to be too different to integrate. **3**) In the process of developing each subgroups become permeable to the similarities between subgroups and **4**) integration takes place in the system-as-a-whole.

In systems-centered practice, the tendency to subgroup around similarities is actively directed into 'functional subgrouping' and away from stereotype subgrouping. Stereotype subgroups scapegoat on the basis of differences; functional subgroups explore them (Agazarian, 1997:25).

The formation of functional can be easily facilitated by setting up a structure requiring every member to conclude their respective statements with the question: "Anyone else…?"

The function of that question "anyone else…?" is to invite others to join the member with a similar idea. The question also underscores the fact that only one voice has been expressed so far in a process where all kinds of voices will be coming forth to be explored. Asking "anyone else…?" minimizes the potential that a member carries a lone voice that does not get joined. This in turn minimizes the potential for the development of the phenomenon called 'group think', where differences are suppressed in favor of the voice of an overwhelming majority. Functional subgrouping permits for differences to emerge, because of the inherent understanding that the information contained in the difference is an important resource towards the goal of joint problem solving.

<u>Example of a Dialogue containing Functional Subgrouping</u>

A. I am beginning to feel a little irritated that we haven't been able to get to our last agenda item. Anyone else…?

B. Me too. I feel irritated, even a bit annoyed that we've spent so much time discussing the last three items and not getting to this last important one. We haven't paid attention to the time…anyone else?

[The fundamental principle is that similarities are built upon first before the differences are explored. A hypothesis is that A is going to feel better by being joined in his experience (similar to empathic attunement), and by not being contradicted right away. Contradictions are often brought in early in other conversations, and unwittingly elicit a defensive reaction. Having those speak first who are of a similar mind (in this case those who experience irritability) increases the first speaker's sense of validation of his or her experience].

C. Yes, I have some annoyance about that and hope next time we can structure ourselves in such a way that this doesn't happen. That piece has been with us for a while now and we let it fall through the cracks. Anyone else…?

D. Is there room for a difference?

E. Anyone else irritated? [No response…] Then go ahead, what's your difference?   *[With no one else finding themselves apparently in this subgroup, an opening is made for the difference to be introduced, whatever the difference may be].*

D. I don't find myself irritated. I'm greatly relieved that we haven't tried to tackle that item. It's seems complicated and I want to devote sufficient time to discuss it, and not cover it just so we can pat ourselves on the back about how much we have been able to do. Anyone else?

F. Actually, it feels like a big item to me, too. And we have been carrying it over from one meeting to the next, apparently for a good reason…anyone else?

G. Absolutely! I want us to take the time. I propose we set it as a first agenda item for the next meeting, so we will get to it and it doesn't fall through the cracks again. Anyone else…?

E. Anyone opposed to the idea of having it as our first agenda item next week?   *[In this case, the group's silence indicated a consensus on the decision].*

Conclusion

This paper introduced the Theory of Living Human Systems and its systems-centered theory (SCT) and practice as a tool not just for problem solving, but for creating *problem solving systems,* which takes personal dynamics out of the person and into a systems perspective. This paper only focused on SCT applied to a management context, and is presented as a management tool, it is implied that its constructs are applicable to any context that living human systems reside in. SCT offers a way of thinking about individuals, groups and organizations as systems comprised of structure, function and energy that potentiate the efficient organizing, containing, discriminating and integrating of information. Its methods are hypotheses to be tested in any setting, including the management of organizations.

Lewin (1951) stated that the way we think about our world first affects how we behave in it. With regard to managing teams, "doing nothing" and just letting teams develop on their own has its own consequences, as research on work teams shows (Gersick, 1994; Lipman-Blumen, 1999). The mechanisms teams use to do and pace their work may have critical effects on members' collective

motivation to move ahead, and on attentional and perceptual shifts that allow progress to occur in a team (Gersick, 1994). For example, Gersick discovered that teams exhibit a deliberate quality of effort to advance at the *midpoint* of their allotted time, which she calls 'punctuated equilibrium'. She states: "The findings show a deliberate, abrupt attentional shift at the heart of groups' midpoint efforts to progress". In systems-centered terms, such 'organizing' and 'focusing' on the task happens right from the beginning of the team's collective work, not merely by the midpoint of their work. The SCT methods for such immediate focus to the task at hand and remaining focused is called "boundarying" (organizing energy) and "vectoring" (directing energy). The two other methods "contextualizing" (building awareness of different contexts) and "functional subgrouping" introduce additional structures for discriminating and integrating differences, including the management of conflict in teams.

Developing systems-centered thinking and acquiring systems-centered skills requires time and patience, but building any effective human system (including teams and entire organizations) is ongoing work regardless of what approach we take. Whether we are more conscious and conscientious about how we approach this work of building effective human systems, or less conscious and conscientious has powerful consequences.

APPENDIX A

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A THEORY OF LIVING HUMAN SYSTEMS AND ITS SYSTEMS-CENTERD PRACTICE

Yvonne M. Agazarian

A theory of living human systems defines a hierarchy of isomorphic systems that are energy-organizing, goal directed, and self-correcting.

THEORETICAL DEFINITIONS

HIERARCHY

Every system exists in the environment of the system above and is the environment of the system below.

ISOMORPHY

Systems are similar in structure and function and different in different contexts. There is an interdependent relationship between the dynamics of structure, function and energy.

Systems-centered hierarchy
The systems-centered hierarchy is defined by the member the subgroup system and the group-as-a-whole system.

Structure
systems-centered structure defines boundaries in space, time and reality that are potentially permeable to energy (information).

Energy
systems-centered energy is equated with information & defined as a force field of vectors approaching or avoiding system goals.

Function
systems-centered systems function to survive, develop and transform by discriminating and integrating information (energy).

SYSTEMS-CENTERED METHODS

Contextualizing:
Developing the systems-Centered hierarchy

Boundarying:
organizing information (energy)

Vectoring:
directing information (energy)

Subgrouping:
correcting information(energy)

Person system: primary Personality
Observing system: Discriminates & integrates information.
Member system: directs energy into subgroups.
Subgroup system: contains and explores information
Group-as-a-whole system: Integrates information.

Survival: managing the permeability of system boundaries (in the hierarchy of Systems) by reducing noise in the Communication within and between systems. secondary environmental task goals.

Development: directing information towards the primary goals of survival, development and transformation and /or towards the secondary environmental goals.

Transformation: containing, discriminating and integrating differences (in similarity) and similarities (in difference) at all three system levels.

SYSTEMS-CENTERED TECHNIQUES

Eliciting the SCT group requires developing an observing self-system and establishing the member, subgroup and Group-as-a-whole roles by using boundarying, subgrouping and vectoring interventions tailored to the context of each phase of system development.

Applying the SCT "Hierarchy of Defense Modification" weakens the restraining forces to valid communication and releases the drive towards system goals.

The "fork-in-the-road" techniques frees the energy bound up in defenses and redirects it towards exploring the conflicts or impulses defended against.

The SCT conflict resolution technique of "Functional Subgrouping" contains, explores and integrates differences instead of stereotyping or scapegoating them.

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APPENDIX B

SYSTEMS-CENTERED® TRAINING IN THE PHASES OF SYSTEM DEVELOPMENT

Support the development of your organization
Reduce the restraining forces and release the driving forces

Signs of Phase Conflicts	Restraining forces to development	Entropic Communications

PHASE ONE OF SYSTEM DEVELOPMENT: AUTHORITY
Driving forces: Developing the ability to support authority

FLIGHT SUBPHASE	**SOCIAL RESTRAINTS**	
Keeping one's head down	Social Status communications and	Vagueness, redundancy, contradictions,
Not rocking the boat.	Stereotypic social communications.	"yes-buts", leading questions,
Dragging one's feet.		generalizations, joking around.
Complying by following the	**RESTRAINTS AGAINST REALITY**	
Letter of the law but not the spirit.	Ruminations and worrying that divert	Speculations, negative predictions:
Setting unrealistic goals.	Attention from reality testing.	Too much to do, not enough time,
		too much stress.
	RESTRAINTS AGAINST FRUSTRATION	High use of sick days, absenteeism
		Tension generating stress.
TRANSITIONAL SUBPHASE	Turning frustration and anger back on	Passive, helpless, impotent
BETWEEN FLIGHT AND FIGHT	oneself or discharging in righteous	complaining, or righteously indignant,
Blaming oneself or others. Gossip and	complaining or outrage.	Sarcastic, hostile blameful.
outrage.		
FIGHT SUBPHASE	**ROLE-LOCKS**	
Blaming others, scapegoating differences	Creating one-up / one-down role	Complying with or defying the boss
	Relationships	or co-workers instead of working on
		tasks & departmental goals.
TRANSITIONAL SUBPHASE BETWEEN	**RESISTANCE TO CHANGE**	
AUTHORITY AND TEAM BUILDING	1. Externalizing conflicts onto "them"	Scapegoating. Making a case
Restraining forces: Conflicts with authority	2. Disowning one's own competence	against the boss, the department,
Attributing all difficulties to the boss or the		the organization or oneself.
Organization or the work conditions.		

PHASE TWO OF SYSTEM DEVELOPMENT: COLLABORATION
Driving forces: Using the differential resources of members while working as an interdependent team

ENCHANTMENT SUBPHASE	**RESISTANCE TO AUTONOMY**	
Restraining forces: Idealizing the	Enchantment and blind followership, rather	Never give up! Everything is all right
department or organization.	than legitimizing differences in resources	in the best of all possible worlds.
	between oneself and others.	The glass is always half full.
DISENCHANTMENT SUBPHASE	**RESISTANCE TO TEAM WORK**	
Restraining forces: Disillusionment about	Disenchantment. Independence at the cost	Give up, give in! Nothing is any good
the department or the organization.	of collaboration. Discounting similarities in	ever, anywhere. The glass is always
	Resources between oneself and others.	half empty.

PHASE THREE OF SYSTEM DEVELOPMENT: INTERDEPENDENT WORK
Driving forces: Working with awareness of one's role in relationship to the goals of the context

ONGOING WORK PHASES IN THE	**RESISTANCE TO KNOWLEDGE**	Impairment of decision-making &
EXPERIENCED ORGANIZATION	Resistance to reasoning and intuition	implementation abilities; loss of
Restraining forces: losing mastery of	Loss of emotional intelligence.	common sense and humor.
developmental phase. Losing the ability to		
direct energy, resources and emotional	**RESISTANCE TO COMMON SENSE**	Self-centeredness at the expense of
intelligence towards interdependent work.	Resistance to reality & reality testing.	both oneself and the organization.

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Exploring Consumer Resistance to Change

Michael Walsh and John Lipinski*
University of Pittsburgh, Joseph M. Katz School of Business
jolipinski@katz.pitt.edu

Abstract: Managing resistance to change is a real concern for managers. Consumers grow accustomed to their favorite products and develop a relationship with them. Our paper explores this problem and suggests ways that organizations can proactively work with their client base when and if change is truly needed without damaging their brand.

In 1985, Coca Cola introduced a "new and improved" Coke that quickly met widespread criticism and consumer boycott (Gelb and Gelb 1986). In taste tests, consumers were found to prefer the sweeter taste of New Coke by a wide margin; but Coca-Cola discovered that consumers really didn't want New Coke. Coke realized their error and re-introduced "old" Coke. Consumer responses to the change by Coke bordered on the vitriolic: "Like spitting on the flag" (Newsweek, 1985)

Managing consumer reaction to product change is a key concern of managers. Daimler Chrysler announced a move to reengineer the Jeep with cheaper and less durable components. Within a week, the publisher of Automotive News opined, "Whether every Jeep goes off road doesn't matter. Every Jeep sold to a consumer is expected to have certain traits including the ability to go anywhere. Anything else will cheapen the brand and destroy the value that it has developed" (Crain, 2003). If Crane has accurately predicted overall consumer reaction to the proposed changes, Chrysler's managers may regret their decision.

Literature Review and Theoretical Foundation

Behavior as seen in the introduction of New Coke is termed "resistance" (Poster, 1992). Poster notes resistance is "the way individuals and groups practice a strategy of appropriation in response to structures of domination. Yet not all products that change experience resistance. Hirshman (1970) studied reaction to change though he looked at this phenomenon in organizations and behaviors that cause members to be dissatisfied. Hischman's typology included three responses to change: exit, where a person confronting change leaves; voice, described as open and direct communication of a complaint to the leadership of the organization; and loyalty, described as staying with the organization and hoping it improves.

Several studies (Miller 1970; Kraft 1977; Zaltman, Srivastava et al. 1978; Beardon 1983) have linked demographics with complaining behavior. Complaining behavior studied in these articles is not limited to complaints in response to product change. In many cases the trigger for complaining behavior was product performance. This stream of literature has established no consistent conclusions and at times the studies contradict each other. Turning to personality and attitudes, several authors (Bell 1968; Beardon and Crockett 1981; Marquis and Filiatraut 2002) have explored personality and attitude factors leading to complaining behavior.

Studies have shown that brands have and convey meaning (Leiss, Kline, & Jhally, 1986;; Mick & Buhl, 1992). Further, brands enjoy a communal understanding (Douglas & Isherwood, 1979; Muniz Jr., 1996). McCracken (1993) found that consumers who selected brands for the meanings they would convey to others, recognized and accepted those meanings in others who used those brands. For example, Saturn has had a huge festival directed at its car owners. Saturn drivers travel hundreds of miles to socialize with other owners, meet company representatives

and tour the facilities. (Aaker, 1994). For brands that enjoy repeated transactions with a consumer, researchers have used the concept of "relationship" to characterize a consumer's involvement with a brand. Relationships are purposive and add structure and meaning to a person's life (Bersheid & Peplau, 1983).

Cantor and Zirkel (1987) developed a framework for understanding relationships. First, relationships revolve around life themes. Life themes are rooted in one's history and self concept (Csikszentmihalyi & Beattie, 1979). Alternatively, a relationship may deliver on important life goals (Cantor & Zirkel, 1987; Caspi, 1987). Using this framework, one can see why consumers react negatively to change in a brand since it is linked to self-concept, life goals and daily tasks. As with consumer complaint literature, research has shown there are five demographic influences on relationship attitudes and behaviors: age, life cycle, gender, family and culture. (Gilligan, Lyons, & Hammer, 1990; Levinger, 1995; Milardo & Wellman, 1992). These factors influence the strength, style, type and nature of relationships.

A natural extension of brand relationships is the concept of brand community. Brand community is described as a community of members that share an identity based on their shared appreciation of the brand. Weber provided the classic definition of community: A social relationship will be called communal if and so far as the orientation of social action…is based on a subjective feeling of the parties, whether affectual or traditional, that they belong together. A social relationship will be called associative if the orientation of social action within it rests on a rationally motivated adjustment of interests. (Weber, 1978).

Study Design and Methodology

We wanted to understand consumer resistance to firm induced change. Given the complexity of this concept in-depth interviewing was chosen as our methodology. Fontana and Frey state (2003), in-depth interviews are preferred when trying to understand complex behavior without imposing any a prioi categorization, limiting the field of inquiry.

Our focus was campers who have attended the Deer Valley Family Camp. Deer Valley YMCA Camp is owned and operated by the YMCA and is located in Southern Somerset County at the base of Mount Davis, Pennsylvania's highest point. This paper's authors have vacationed at Deer Valley for years. Of particular interest is the camp's summer weeklong camping program. Each week 200 campers come to Deer Valley. The camp offers 10 sessions. 99% of campers renew each year and the camp maintains a waiting list of people. These campers are very satisfied. The camp surveys their guests on all aspects of the camp experience (facilities, meals, activities) and the average satisfaction is 1.2 (on a 4 point Likert scale, 1=excellent).

While the camp enjoys exceptional levels of satisfaction, there is evidence that suggests widespread resistance to change. For example, the camp announced plans to upgrade camper cabins by adding hot water. When campers heard of this, a camper who was upset circulated a petition among campers demanding the camp not add water heaters. Because of these and other stories, Deer Valley was a natural location to study resistance.

For a week during the summer, campers live in a community. The campers at Deer Valley share the community concepts developed by Muniz and O'Guinn (2001): 1.) They are "conscious of kind" in that they feel a special connection between themselves, Deer Valley and fellow campers, and 2.) The camp by its nature is characterized by a number of rituals and 3.) There is a sense of shared responsibilities between campers and each other

We interviewed 11 campers. The camp director also nominated approximately 11 campers that would represent the camper population in terms of age, years involved with the

camp and life stage. He nominated 11 campers and all agreed to participate. Our sample of campers was diverse. We spoke with equal numbers of men and women. Our respondents ranged from people in their early 30's to 81. Half of the interviewees were parents raising children and half were older with grown children. Some campers have come to Deer Valley since it opened in the late 1950s and one gentleman had just spent his first summer at the camp. In addition, we interviewed 3 staff members.   Two campers and the three staff members were interviewed in person. The balance of campers were interviewed by phone. We used a "semi structured" approach to the interviews. There were three broad areas of interest:

- Life stories regarding Deer Valley
- Their feelings towards the camp and reasons for satisfaction
- The general topic of resistance, specifically their knowledge of resistance at Deer Valley, their feelings toward change and their reaction toward change.

Author 1 conducted the interviews. The interviews began with a brief introduction of the interviewer, how we obtained their name, and the purpose of this study. Everyone consented to participate and we offered anonymity. We mentioned a summary of this research would be shared with camp management and we offered to send participants a copy. Author 1 took notes during the interview. Following the interview, the notes were converted into life stories.

Most of the people we spoke with are passionate about the camp. Interestingly, the most difficult topic was the main thrust of our research interest: resistance. People had difficulty responding to the prompt to "tell me about your experiences regarding change at camp?" We included this topic in the interview and re-contacted all prior interviewees to ask the question. The interviews worked well. We would not change the approach or topics for the interviews.

After writing the life stories, Author 2 read the stories and compared them to the interview notes. The purpose was to identify gaps between the notes and the stories. This step was invaluable for there were instances where Author 1 omitted details from the life stories. After this, We asked the camp director to read the stories and provide reactions. Our efforts were not done to verify stories but to be aware if a recollections differed. Interestingly, the director supported the stories as written and did not refute any story or portion thereof.

Coding

The interviews were coded both deductively and inductively. We began with a deductive approach and did a sentence-by-sentence coding of the interviews via NUD*IST. Each sentence was analyzed and summarized with a word or phrase that best described the subject of the sentence. As each sentence was read, we looked to see if a previously written word or phrase described the sentence. If there was no suitable word or phrase, we added an additional listing. This resulted in a laundry list of terms. Following this, the summary words/phrases were organized into groups of similar words/phrases. Our first pass at coding resulted in the following:

This coding scheme resulted in 112 separate nodes. The advantage of coding approach was its thoroughness. Every line of each person's life story was coded and this ensured "nothing fell through the cracks." This coding approach resulted in no emergence of overall themes- especially understanding resistance to change. Our understanding of the literature suggested a variety of potential explanations and yet our coding did not reflect this. Quoting a popular expression, we couldn't see the forest through the trees.

This led to another coding approach featuring a more inductive approach. Relevant literature suggested a variety of possible explanations for resistance. With this in mind, we began with an impressionistic reading of life stories. After this, we identified ten major themes

relating to why people resist change. These themes broadly fall under four dimensions as behavioral (things people do), attitudinal (things people feel), cognitive (things people think) and social (how change affect their social relationships. The 10 themes were:

-Predictability/Stability (behavioral).   -Control (attitudinal

-Cling to tradition (behavioral).   -Threat to recapturing youth (attitudinal)

-Desire to preserve satisfaction (attitudinal) -Insufficient rationale for change (cognitive)

-Escape from pressures (Attitudinal)   -Fear of the unknown (cognitive)

-Sense of ownership (attitudinal).   - Social bonds (social)

As part of this, we developed a matrix that for each theme listed paradigmatic examples of each theme pertaining to people, artifacts and processes of the camp. We recoded the life stories using the 10 themes. Through the coding, we decided to condense four themes into two (ownership and control & stability and tradition) because we felt the concepts were too similar to code separately. Another colleague examined the life stories separately. In terms of results, we both had the same number of coding instances. About 10% of our codes disagreed…primarily between concept of predictability/stability and desire to preserve satisfaction. Through discussion, we discovered we had different interpretations of the concepts-despite the definitions we developed. We redefined the concepts and were able to resolved differences. In terms of coding we arrived at 122 instances of resistance to change. The final coding scheme reflected a combination of the deductive, line by line coding plus the inductive big theme coding.

In terms of other adjustments, we found the original line-by-line coding scheme to be too detailed. Two adjustments were made: For respondents' description of relationship, the sub categories under the two broad categories internal versus external locus were eliminated. Likewise for respondents' source of satisfaction, the numerous sub categories under five broad categories: self, friends & family, camp personnel, activities and values were eliminated.

Analysis & Results

While this is a qualitative study, we used a decidedly quantitative approach for analysis. Our analysis is based on counting the number of instances each code appeared in the life stories.

In terms of their relationship to Deer Valley, camper comments were evenly split. Half (17) tend to define their relationship along internal loci (e.g. nostalgia, passion, and owner) and half (17) define their relationship along external loci (e.g. feeling welcomed, assimilated, relationships with family and friends).

Campers overwhelmingly cite people as their main reason for satisfaction (17 out of 42 comments). Primarily, people cite their family and friends, camp staff and camp values as the primary sources of satisfaction. The balance of comments were spread evenly across self, camp personnel, activities and values. Interestingly, very few people mentioned their own pleasure as a source of satisfaction. Likewise, as befitting the rustic nature of the camp, no one cited facilities as a source of satisfaction. One would expect since camper satisfaction is very high, the campers have very few concerns. We found only 9 comments pertaining to concerns.

In terms of our main research interest, why people resist change, overwhelmingly people mentioned "Social Bonds" (22%). The camp has become intertwined with camper's relationships with family, friends and staff. Change is viewed as threatening those relationships.

Second to social bonds, change also threatens people's desires for stability…both in terms of attitude as well as behaviors. In terms of attitudes (17% of total mentions), people are overwhelmingly satisfied with their Deer Valley experience and view change as a potential threat to their happiness. In terms of behaviors, people are looking for a predictable experience and

don't want to learn new things and thereby threaten their Deer Valley experience (16% of total mentions). 12% of mentions viewed change as a generalized fear of the unknown.

The other themes were mentioned but to a lesser degree (less than 10%). Some campers found change accompanied without acceptable rationale (If it ain't broke, don't fix it) and a sense of ownership (I am the owner and have veto power over change) as their reasons for resisting change. Finally, finally, we noted some fear of the unknown.

While all respondents mentioned several reasons for their resistance to change, there was no apparent correlation between each resistance item. Likewise, there was no consistent trend or correlation of demographics (gender, age, children, years at camp, status and original involvement) with the various reasons people cite for resisting change. As expected, there was a high correlation between those citing people oriented sources of satisfaction and the primary reason for resisting change since both topics deal with people. Finally, there was no apparent correlation between loci of relationship (internal versus external) and reasons for resisting change. From our understanding of the literature, some writers have argued that the uproar over the change in Coke was due to changing the meaning of the brand to its users. This was something we had hoped to see in our interviews. However, people didn't see Deer Valley as a "brand" but rather it is intertwined with things people hold near and dear (like family). Thus we did not find support for the idea that changing brand meaning results in resistance.

Discussion and Implications

We have shed light on understanding why people may resist firm induced change. Understanding resistance to change requires understanding a products impact on 1) interpersonal relationships, 2) behavior (we hate to learn new things) and 3) attitudes (when extremely satisfied, we view change as a threat toward continued satisfaction).

Deer Valley is a victim of its success. The "product" is linked with camper's interpersonal relationships (friends and family) and has created satisfied campers who crave stability. Some reasons for resistance are preventable. Better communication might assuage camper concerns that changes are unjustified as well as blunt the generalized fear of the future. Our findings would also apply to other products and services. The one exception is the finding of escapism that is probably something unique to Deer Valley or at least vacation spots.

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DIVISION VI

SPECIAL TOPICS: LAW, ETHICS, SPIRITUALITY, GENDER AND OTHER ISSUES

Retailers' Remedies Against Dishonest Deliverypersons:
A Survey of Civil Recovery Statutes

Bruce M. Batterson, Peru State College, bbatterson@oakmail.peru.edu
Christopher J. Lindner, Peru State College

ABSTRACT

At least 49 states and the District of Columbia have enacted statutes that govern retailers' recovery of stolen merchandise from thieves. In most jurisdictions, these civil recovery statutes extend the traditional tort remedy beyond mere recovery of the stolen merchandise or its value. Courts can usually award double or treble damages, or impose other financial penalties, against wrongdoers. The authors reviewed the civil recovery statutes currently in effect to determine their applicability to cases in which dishonest deliverypersons prey on retailers. Only eight of the statutes reviewed clearly apply to cases beyond shoplifting of merchandise offered for sale. In the other 42 jurisdictions, applying the civil recovery statutes to cases of deliveryperson theft would be problematic.

DELIVERYPERSON THEFT

Shrink, the value of cash or merchandise that is missing from inventory, is estimated to cost the retail industry more than $33 billion per year (Hollinger & Langton 2004), and most of that loss is due to crime. Fensholt (1980) believes that such estimates are probably low, because much of this crime is undiscovered or unreported. An estimated $2 billion of retail shrink is attributable to dishonest activity of truck wholesalers, also called route salespersons, vendors, or deliverypersons (Hollinger & Langton 2004). Such deliverypersons commonly provide direct store deliveries of potato chips, soft drinks, bread, beer, and other merchandise that is too perishable or bulky to distribute via central distribution centers.

The direct store delivery system provides dishonest deliverypersons with opportunities to steal from retailers. Although numerous methodologies are used, most deliveryperson theft consists of a failure to deliver the entire quantity of goods for which the retailer is invoiced (Thomas & Thomas 1992; Thomas & Thomas 1994; Thomas, Kesh, & Sherwood 1999). When a retailer discovers a deliveryperson theft, the deliveryperson may face criminal prosecution. While criminal prosecution may result in punishment of the wrongdoer, it rarely provides restitution or other compensation to the crime victim. To attempt to recover their losses, retailers who are the victims of deliveryperson theft generally must seek remedies in civil lawsuits (Batterson & Thomas 2004).

TRADITIONAL CIVIL REMEDIES: CONVERSION AND FRAUD

The tort of conversion provides a civil remedy for theft of one's property. Conversion is the most appropriate claim for a retailer victimized by a dishonest deliveryperson. The deliveryperson who intentionally deprived a retailer of property to which the retailer was entitled would be liable in conversion for return of the dispossessed property or its value to the retailer. The tort of fraud is also present in many cases of deliveryperson theft. Fraud occurs when a wrongdoer obtains a victim's property as a result of an intentional misrepresentation of fact. For example, a deliveryperson might represent to a retailer that 30 cases of a product were delivered, when in fact only 24 cases were delivered. If the retailer, in reliance on the deliveryperson's representation, pays for 30 cases, the retailer is a victim of the deliveryperson's fraud. The retailer can recover damages from the deliveryperson measured by the amount of the overpayment.

Tort law requires that a tortfeasor pay compensatory damages, sometimes called "actual" damages, to the victim of the tort. In the case of a retailer victimized by a dishonest deliveryperson, compensatory damages would include amounts paid for merchandise that was not delivered or was wrongfully removed from the retailer's premises, as well as the costs incurred in litigation and any other losses incurred as a result of the theft or fraud. In a typical deliveryperson theft, however, the retailer is deprived of a case or two of merchandise, worth less than $100. It is often not cost effective for the retailer to pursue common law remedies against a dishonest deliveryperson for a single incident of theft. Even if the retailer alleges and proves multiple thefts by the same deliveryperson, recovery of the value of the converted property probably will not compensate the retailer for the time and effort necessary to pursue the case.

Furthermore, the dishonest deliveryperson suffers no detriment when forced to relinquish goods (or their value) to which the deliveryperson was not entitled. The deliveryperson simply must deliver the goods or their value to the retailer. There is no penalty for the wrongdoing and no particular deterrent to future thefts.

In addition to compensatory damages, the court may award a victimized retailer punitive or "exemplary" damages. While compensatory damages are intended to compensate the injured victim for the victim's actual loss, the purposes of punitive damages are to punish the wrongdoer and to deter future misconduct. Punitive damages may be awarded in an amount substantially higher than the compensatory damage award; however, punitive damages are rarely awarded in cases such as theft, in which the primary injury is economic, rather than personal injury.

CIVIL RECOVERY STATUTES

Because the traditional tort remedies for conversion and fraud are inadequate incentives for a merchant to pursue civil remedies against theft, at least 49 states and the District of Columbia have enacted statutes that allow retailers to recover additional damages from thieves. The penalties range from the retailer's costs and attorney's fees (Nebraska), to twice the retail price of the merchandise or a liquidated sum (several states), to a maximum of up to ten times the value of the stolen merchandise (Michigan). Most states allow recovery of the damages from the parent of an unemancipated minor, and several impose lower or higher civil penalties on minors. As the summary in Appendix A indicates, no two jurisdictions' statutes provide exactly the same penalty.

Most civil recovery statutes were intended to address the problem of shoplifting. As discussed below, the application of many statutes is expressly limited to shoplifting. A number of states include removal of shopping carts and employee theft in their application. The general objects of the civil recovery statutes are to provide incentives to retailers to pursue civil actions against thieves, to deter retail theft, and to impose some of the economic burden of theft on the wrongdoers, rather than raising the prices honest customers must pay.

APPLICATION OF CIVIL RECOVERY STATUTES TO DELIVERYPERSON THEFT

The authors identified, located, and reviewed the civil recovery statutes in effect in the District of Columbia and each state (other than Delaware, for which no statute was found), to determine their application to cases of deliveryperson theft. The results of the review are summarized in Appendix A. States frequently use other states' statutes as models. For this reason, different jurisdictions' statutes dealing with the same subject matter often display similarities. In addition, uniform state laws have been proposed and adopted to address issues of interstate concern, such as commercial transactions (Uniform Commercial Code) and probate proceedings (Uniform Probate Code). While there is no compelling need for national uniformity of civil recovery statutes, the existing civil recovery statutes reflect a variety of approaches to the issue. Within this variety, some generalizations can be drawn, which allow for some broad categorizations of the state statutes.

When the authors considered the likely application of existing civil recovery statutes to deliveryperson theft, several common shortcomings became apparent. Most civil recovery statutes are intended to apply to shoplifters. As a result, these statutes cannot be interpreted broadly enough to allow recovery against a dishonest deliveryperson. In a state with a narrow, shoplifting-oriented statute, a retailer who is the victim of deliveryperson theft is left with the common law remedy for conversion – recovery of the stolen property or its value.

A second significant shortcoming of many existing civil recovery statutes is the limited potential recovery they offer. The statutory penalties may not provide sufficient incentive for a merchant to pursue a civil action against a dishonest deliveryperson.

These shortcomings are examined in detail below.

Civil Recovery Statutes Address Shoplifting

The civil recovery statutes of 15 states (Arizona, Connecticut, Illinois, Michigan, Mississippi, Nebraska, New Hampshire, New Jersey, New Mexico, Pennsylvania, Rhode Island, Vermont, West Virginia, Wisconsin, Wyoming) apply when a retail merchant is the victim of "shoplifting" or "retail theft," as defined either in the civil recovery statute or in the state's criminal code. An additional 24 statutes define the conduct that gives rise to a right to civil recovery in terms that apply clearly to shoplifting. Although the details of most states' descriptions vary, a typical civil recovery statute applies to unlawful "removal" of merchandise "displayed." "held," or "offered for sale" from the premises of a merchant.

"Removal." It is clear that in any of these 39 jurisdictions, it would be very difficult for a retailer to pursue recovery from a dishonest deliveryperson under the civil recovery statute. As described above, deliveryperson theft frequently consists of failure to deliver purchased merchandise. Therefore, it would be difficult for a defrauded retailer to prove that merchandise had been "removed" from the retailer's establishment within the meaning of the civil recovery statute. In common understanding, if merchandise has not been delivered, it is not on the premises. If it is not on the premises, it cannot be "removed" from them.

"Displayed," "held," or "offered for sale." It is conceivable that, in certain factual circumstances, a retailer could successfully argue that undelivered merchandise had been "removed" from the retailer's premises. For example, the retailer might be able to convince a judge or jury that the undelivered goods were on the delivery truck when it was on the premises and were "removed" when the deliveryperson drove away without leaving them. Even in those circumstances, however, a merchant would have difficulty proving that the merchandise so "removed" was "displayed," "held," or "offered for sale" in the merchant's establishment. Again, in the common understanding, merchandise that was never delivered could not be "displayed," "held," or "offered for sale."

The statutes' reference to merchandise "displayed," "held," or "offered for sale" clearly makes them applicable to cases involving shoplifting, as it is traditionally understood. However, their application probably does not extend – and was not intended to extend – to cases in which a dishonest deliveryperson deprives a retailer of goods to which the retailer is entitled. It is doubtful that without clear legislative direction a court would stretch the application of a shoplifting statute to a case involving deliveryperson theft.

Statutes with broad application. Only eight of the jurisdictions surveyed (District of Columbia, Florida, Georgia, Indiana, Minnesota, North Carolina, Ohio, Texas) have adopted civil recovery statutes that are clearly broad enough to apply to deliveryperson theft and other crimes, in addition to shoplifting. These statutes impose civil liability for any criminal activity or for theft generally. In a jurisdiction with such a statute, a retailer will be entitled to recover the statutory penalty from a dishonest deliveryperson.

Statutes subject to interpretation. In a few jurisdictions, it is impossible to determine from the statutory language whether the civil recovery statutes apply to deliveryperson theft. Maine's statute, for example, applies to "[a]ny person who unlawfully takes or attempts to take merchandise from a merchant," without language limiting the offense to shoplifting. Similarly, the North Dakota statute applies against one "who commits the offense of theft from a merchant." The statute does not specifically define "theft from a merchant," so it might apply to any theft offense in which the victim is a merchant. On the other hand, the title of the North Dakota statute refers to remedies against "shoplifters." In these jurisdictions, and perhaps in others, only judicial interpretation in actual cases will clarify whether the civil recovery statutes can successfully be used against dishonest deliverypersons.

Civil Recovery Statutes Impose Modest Penalties

As the summary in Appendix A indicates, the civil recovery statutes describe the permitted civil penalties in various ways. It is difficult, however, to expect that a retailer will recover more than a few thousand dollars in a typical case brought pursuant to a civil recovery statute. In most jurisdictions, the maximum recovery for a typical vendor theft would be far less, assuming the civil recovery statute applied at all. With the modest expectations of civil recovery afforded by the statutes, many thousands of successful cases would be required to begin to address a $2 billion problem.

CONCLUSION

Civil recovery statutes offer a potential tool retailers may use to help combat the significant problem of deliveryperson theft. However, most civil recovery statutes are drawn too narrowly to assist retailers in actions against dishonest deliverypersons. In addition, the statutory penalties may not be sufficient to provide a substantial effect. Retailers and their trade associations should consider urging state legislatures to enact amendments that would make civil recovery statutes more useful in cases of deliveryperson theft.

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APPENDIX A
CIVIL RECOVERY STATUTES

The following summary reflects the authors' interpretation. It is necessarily limited and does not address the subtleties of any jurisdiction's civil recovery statute. Therefore, this summary should not be relied upon as legal advice. Legal counsel should be consulted regarding the possible application of a civil recovery statute to a particular situation.

State	Citation	Application	Recovery
ALABAMA	Code of Ala § 6-5-271	Shoplifting, as defined	Retail value + $200 recovery expenses + atty's fees & costs up to $1,000
ALASKA	Alaska Stat § 09.68.110	Shoplifting, as defined	Actual damages + lesser of retail value or $1,000 + penalty of $100-$200
ARIZONA	ARS § 12-691	Shoplifting, § 13-1805	Retail value + penalty of at least $250, up to actual damages plus $250 for adult (at least $100, up to actual damages plus $100 for emancipated minor)
ARKANSAS	ACA §§ 16-122-101 to 16-122-103	Shoplifting, as defined	Retail value + penalty up to $1,000 for adult ($500 for minor) + court costs + atty's fees
CALIFORNIA	Cal Pen Code § 490.5	Petty theft of mdse from merchant's premises	$50-$500 + retail value
COLORADO	CRS 13-21-107.5	Shoplifting, as defined	Actual damages + penalty of $100-$250
CONNECTICUT	Conn Gen Stat § 52-564a	Shoplifting, § 53a-119(9)	Costs & atty's fees + retail value + penalty up to $300
DELAWARE	No statute found		
DISTRICT OF COLUMBIA	DC Code § 27-102	Fraud, shoplifting or theft from a merchant	Treble actual damages + greater of $50 or retail value
FLORIDA	Fla Stat § 772.11	Theft or exploitation	Treble damages, minimum $200 + atty's fees & costs
GEORGIA	Official Code of Ga Ann § 51-10-6	Damage to or theft of personal property	Actual damages, including value + greater of $150 or twice the loss (if total claim < $5,000) + costs
HAWAII	Hawaii Rev Stat §§ 663A-1 to 663A-2	Shoplifting, as defined	Actual damages + penalty of $75 + costs of $50-$500
IDAHO	Idaho Code §§ 48-701 to 48-703	Retail theft, as defined	Retail value + $100-$250 + costs & atty's fees
ILLINOIS	720 ILCS 5/16A-7	Retail theft, § 16A-3	Retail value + $100-$1,000 + atty's fees & court costs
INDIANA	Burns Ind Code Ann §§ 34-24-3-1 to 34-24-3-4	Theft & other crimes	Three times actual damages + costs + atty's fees. Retailer's damages presumed to be at least $100.
IOWA	Iowa Code § 645.3	Shoplifting, as defined	Actual damages + costs of $50-$200
KANSAS	KSA § 60-3331	Shoplifting, as defined	Twice retail value, minimum $50, maximum $500 + atty's fees & costs
KENTUCKY	Ky Rev Stat § 411.095	Shoplifting, as defined	Actual damages + penalty of retail value up to $500 + addl penalty of $100-$250
LOUISIANA	La RS 9:2799.1	Taking mdse from merchant's premises	Retail value + $50-$500
MAINE	14 MRS §§ 8301 to 8302	Taking mdse from merchant	Retail value + three times retail value, minimum $50, maximum $500
MARYLAND	Md Code Ann §§ 3-1301 to 3-1303	Shoplifting or employee theft, as defined	Retail value + actual damages + penalty of twice retail value, minimum $50, maximum $1,000
MASSACHUSETTS	ALM GL ch. 231, § 85R1/2	Shoplifting, as defined	$50-$500 + actual damages
MICHIGAN	MCL § 600.2953	Retail fraud, §§ 750.356c, 750.356d	Retail value + ten times retail value (minimum $50, maximum $200)
MINNESOTA	Minn Stat § 604.14	Theft of personal property	Value + greater of $50 or value

State	Citation	Application	Recovery
MISSISSIPPI	Miss Code Ann § 97-23-96	Shoplifting, § 97-23-93	Greater of triple actual damages or $200 + atty's fees & court costs
MISSOURI	§ 570.087 RS Missouri	Shoplifting, as defined	Actual damages + penalty of $100-$250 + court costs & atty's fees
MONTANA	MCA § 27-1-718	Shoplifting, as defined	Actual damages + penalty of $100-$1,000
NEBRASKA	RRS Neb § 25-21,194	Shoplifting, § 28-511.01	Actual damages + costs + atty's fees
NEVADA	Nev Rev Stat §§ 597.860 to 597.870	Shoplifting, as defined	Retail value + $100-$250 + costs & atty's fees
NEW HAMPSHIRE	RSA 544-C:1	Shoplifting, RSA 644:17	$200 + value of mdse
NEW JERSEY	NJ Stat § 2A:61C-1	Shoplifting, § 2C:20-11	Value of mdse up to $500 + additional damages incurred + penalty up to $150 + atty's fees & court costs
NEW MEXICO	NM Stat Ann § 30-16-21	Shoplifting, § 30-16-20	Retail value + $100-$250 + costs & atty's fees
NEW YORK	NY CLS Gen Obl § 11-105	Shoplifting, as defined	Retail value up to $1,500 + penalty of five times retail value (minimum $75, maximum $500
NORTH CAROLINA	NC Gen Stat § 1-538.2	Larceny, embezzlement, theft by false pretenses	Value + consequential damages + punitive damages + atty's fees. Minimum $150, maximum $1,000.
NORTH DAKOTA	ND Cen Code, § 51-21-05	Theft from merchant	Retail value + up to $250 + costs & atty's fees
OHIO	Ohio Rev Code Ann §§ 2307.60 to 2307.61	Criminal act	Highest of value + $50-$150, $200, or three times value + costs & atty's fees
OKLAHOMA	21 Okla Stat § 1731.1	Shoplifting, as defined	Retail value + exemplary damages or $50-$500 of public service at minimum wage
OREGON	Ore Rev Stat § 30.875	Shoplifting, as defined	Retail value up to $500 ($250 for parents of minor) + penalty of $100-$250
PENNSYLVANIA	42 Pa CS § 8308	Retail theft, 18 Pa CS § 3929(a)	Value + actual damages + atty's fees & court costs + penalty of value plus $150
RHODE ISLAND	RI Gen Laws § 11-41-28	Shoplifting, § 11-41-20	Up to three times retail value + penalty of $100-$500 + court costs
SOUTH CAROLINA	SC Code Ann § 15-75-40	Shoplifting, as defined	Retail value up to $1,500 + penalty of three times retail value, minimum $150, maximum $500
SOUTH DAKOTA	SD Codified Laws § 22-30A-19.1	Retail theft, as defined	Retail value + penalty of greater of four times retail value or $100
TENNESSEE	Tenn Code Ann §§ 39-14-144 to 39-14-145	Willfully taking possession of mdse valued at $500 or less from retail merchant	Greater of $100 or three times retail value
TEXAS	Tex Civ Prac & Rem. Code §§ 134.001 to 134.005	Theft	Actual damages + up to $1,000 (up to $5,000 from parents of minor)
UTAH	Utah Code Ann §§ 78-11-14 to 78-11-19	Shoplifting, as defined	Actual damages + penalty of retail value up to $1,000 (up to $500 for minor) + penalty of $100-$500 ($50-$500 for minor) + court costs & atty's fees
VERMONT	13 Vt Stat Ann § 2579	Retail theft, § 2575	Retail value + penalty of twice retail value, minimum $25, maximum $300
VIRGINIA	Va Code Ann § 8.01-44.4	Shoplifting, as defined	Greater of twice merchant's cost of mdse or $50 (if mdse returned, up to $350) + fees & costs up to $150
WASHINGTON	Rev Code Wash (ARCW) § 4.24.230	Shoplifting, as defined	Actual damages + penalty of retail value up to $1,000 ($500 for minor) + addl penalty of $100-$200 +atty's fees & court costs
WEST VIRGINIA	WV Code § 61-3A-5	Shoplifting, § 61-3A-1	Actual damages, including value of mdse + penalty of greater of $50 or double value
WISCONSIN	Wisc Stat § 943.51	Shoplifting, § 943.50	Retail value + other actual damages + exemplary damages up to three x actual damages (two x for minor) + costs & atty's fees. Maximum exemplary damages & atty's fees $500 ($300 for minor).
WYOMING	Wyo Stat § 1-1-127	Shoplifting, § 6-3-404	Retail value + twice retail value (minimum $50, maximum $1,000) + atty's fees & court costs

A Sporting Adventure: How to Retire in Style
M. Jane Crabtree

Benedictine University
5700 College Avenue
Lisle, IL 60532
630 829-6466
JCRABTREE@BEN.EDU

Abstract
This case is about a soon-to-be retired individual who wants to start a new venture to provide additional funds for her retirement plus a chance to travel and enjoy outdoor adventures. The case relates a cruise on the Danube River with a focus on the Iron Gate dramatic scenery. Dr. Jane Wadsworth becomes excited about the outdoor adventure opportunities in the Iron Gate region and would like to start a tour company that brings adventurous outdoor enthusiastic to the area. At the end of the case, she is faced with three options for a new venture.

This case would be most appropriate for discussion and analysis in International Business, Strategic Management, and Entrepreneurship courses. This case would be excellent to use with chapters dealing with strategic decision-making.

Case
Dr. Jane Wadsworth, an eminent physicist at a national accelerator laboratory near Chicago, was nearing retirement. She had received an early retirement offer that was too "good to pass up." With her pension, 401K, and stock holdings, Dr. Wadsworth was looking forward to retiring comfortably but not leisurely. She wanted to start a "second career," one that combined her interest in travel and outdoor adventure sports.

Two summers ago, Dr. Wadsworth spent time in Malaysia, seeing the sights of Kuala Lumpur and spending a day white water rafting in the jungle. She loved gliding through the jungle, listening to the sounds of the animals and birdcalls. She fell out of the boat twice, paddled hard when asked, held onto the ropes tightly when going over steep drops, and thoroughly enjoy the trip.

Cruising the Danube River
Last summer she had taken an Elderhostel trip, cruising the Danube River through Eastern Europe. Her fellow travelers defied the stereotype of "senior citizens." They were well educated, had traveled extensively, quite healthy, enjoyed seeing and doing new things. Dr. Wadsworth took pleasure in discovering their pre-retirement occupations (chemist, liturgist, member of the CIA, teacher, medical doctor, etc.), discussing their prior travels to exotic locals, and exchanging opinions on a wide variety of topics. She sat with different individuals at each meal and each conversation proved enlightening.

They boarded the cruise ship in Passau, Germany. Dr. Wadsworth's cabin was small but comfortable. Meal service was exquisite. The cruise vessel's staff was friendly and accommodating. The cruise ship was small, with 95 cabins carrying 186 passengers. Besides Dr. Wadsworth's Elderhostel group, most of the passengers were from Western Europe with a few from the U.S. and Canada.

They walked the streets of old Passau, on the border between Germany and Austria, while the local church bells chimed. Durnstein, Austria, is a small fortified town where Richard the Lionheart was held prisoner. A walk through Budapest, Hungary, included a hike

up to the castle and the cathedral. They took a bus to the university town of Mohacs, Hungary, and saw gates covered with locks from graduating students' lockers and trunks. In Pecs, Hungary, the Orthodox Church reflected the former Turkish occupation.

The river banks provided a constantly changing variety of sites: weekend cottages with huge fishing nets, rocky hillsides, fields of grain, ruined forts, waving children, and small villages. They saw herons, raptors, swallows, and turtles along the river. The city walking tours were interspersed with relaxing on the top deck, naps, and musical events.

Eastern Europe

Cruise ships had only started going all the way to the Black Sea in the last two years. During the Soviet occupation of the Eastern European countries, bridges had fallen into disrepair and debris cluttered the river. After Hungary, Bulgaria, Serbia, and Romania achieved independence, the governments charged such high lock tolls and docking fees that cruise ship operators refused to continue to the Black Sea.

Because these countries aspire to enter the European Union, they are becoming more accommodating. With the recent reinstatement of cruise ships on the lower Danube River, the tourist industry was slowing forming. There were not any tourist shops near the dock but a few entrepreneurs set up tables to sell their wares. Tour guides and buses came from larger inland cities to accommodate the river tourists.

As they cruised through the Eastern European countries, Dr. Wadsworth realized that she had not seen airplanes flying overhead for days. Barge traffic on the Danube River had dwindled. There were longer stretches of fields, trees, and small villages between towns. There were some deserted Soviet-era factories. With little river traffic, most factories and companies had moved inland or went out of business. Without the support of the Soviet controlled economy, many farmers let their field go fallow. Buildings and homes were left empty to fall in ruins. Horse drawn carts were common in the rural areas. Streets had little traffic. Crime and corruption was common. Tourists were warned of pick-pockets and gypsies. Old Soviet hotels that once served the elite and government officials are now open to everyone who can afford to stay there. Some retirees from other countries were finding retiring in Eastern European countries very economical, compared to their home country.

Iron Gate

The Iron Gate was a narrow gorge separating Romania and Serbia, between the Balkan and Carpathian Mountains. The cruise ship slowly moved by the most breathtaking natural scenery on the Danube River. The forested hills gave way to rugged cliffs. There were ruins from previous Roman occupations, seemingly inaccessible chapels, a few homes perched among the crevices, rock carvings on the precipices, and an occasional small village clinging to the hillside. The ship's narrator told of river bandits, foreign occupiers, and folk tales of sirens luring ships towards the treacherous rocks.

Dr. Wadsworth imaged herself climbing the sheer cliffs, catapulting down, and strolling along the narrow roads clinging to the shore. What wonderful opportunities for rock climbing, exploring chapels and shrines, searching for local animals and birds.

There had been several attempts to control the mighty river with dams. The huge Gabcikova Dam with a hydroelectric plant was built in the 1990s at the south end of the Iron Gate. It had two fifty-foot drop locks and it took over an hour for boats to get through the locks. Building the dam meant flooding the area behind the dam. Several villages were submerged and buildings still remain below the waters of the Danube River.

Dr. Wadsworth had visions of scuba diving around the spires of the underwater churches, touching the tops of the town halls, gliding down towards long deserted houses and shops. What a great scuba diving opportunity!

At last Dr. Wadsworth knew what she wanted to do with some of her retirement savings. As the cruise ship docked near the dam in Turnu Severin, Romania, Dr. Wadsworth's mind began to formulate a unique sport adventure vacation company that would provide rock climbing, scuba diving, visiting the local Roman ruins, nature hikes along the riverbed and through the nearby marshes to adventurous tourists. Turnu Severin had a Soviet-era hotel where the adventurers could stay during their visit to the Iron Gate. The nearest cities were Craiova, Romania, and Bor, Serbia.

Business Ventures

The final stop was Constanza, Romania, on the Black Sea. Dr. Wadsworth had time to stroll through town, past mosques and Orthodox Churches, Roman ruins, the new casino, and the Black Sea beaches. She was still developing her plan for the new company when she discovered a small sporting goods store. She entered, introduced herself, and began to explain her idea to the owner, Hans Geisler. He and his wife had lived in Constanza for over 30 years though he was German and his wife was French. Their customers were mainly from Western Europe but a few came from Eastern Europe and Russia. Tourists who were vacationing at the Black Sea bought or rented small boats, hiking gear, mountain bikes, fishing equipment, and appropriate clothing for the various outdoor activities from the Geisler's store.

Mr. Geisler was excited about Dr. Wadsworth's suggestion of a multi-adventure tour in the Iron Gate area. He said he would consider a forming a partnership since he already lived in the region and knew the various regulations, local customs, politics, and other issues that would impact the new venture. He suggested catering to middle-class or wealthy Western Europeans and advertising in European magazines targeted to outdoor sports enthusiasts. He also expressed concern about appropriate lodgings near the Iron Gate. Hiring a small ship with sleeping accommodations might be best. Dr. Wadsworth and Mr. Geisler exchanged addresses, e-mail addresses, phone numbers and agreed to keep in touch.

Back in the Chicago area, Dr. Wadsworth e-mailed friends and family about her trip and included digital pictures. She excitedly called her brother who lived in Denver. David Bush owned three indoor rock-climbing faculties in Denver and Boulder, Colorado. He loved the pictures of the Iron Gate and was thrilled to hear that his sister was considering starting a company to provide adventure tours to the area. With his business experience, "Sure," he will be a partner in the new venture. As they talked, Mr. Bush decided he would prefer to target U.S. customers first. He already had a list of customers who might be interested in the unique trip. They might bring the equipment from the U.S. or maybe rent it from a sporting goods store in a large city near the Iron Gate – perhaps Bucharest or Belgrade. Why bother to hire a boat to use as lodging. His sister's description of the hotel in Turnu Severin sounded fine for adventurous tourist who would want to "experience the local culture."

Mr. Bush had often thought of operating local rock climbing, hiking, white water rafting tours in Colorado and other parts of the western U.S. He suggested to his sister that they first build a U.S.-based outdoor adventure company before they begin a project in Eastern Europe.

With her retirement date nearing, Dr. Jane Wadsworth wanted to finalize her plans on how to invest her savings. She had several objectives for the new venture: (1) to earn a

modest income to supplement her pension and retirement savings and (2) to provide opportunities for her to travel and participate in outdoor adventures. She began searching the Internet – U.S. Department of Commerce, CIA, Central Eastern Europe Business Information Center, outdoor adventure tour operators, various government and travel web sites for information on Romania and Serbia.

That evening, Dr. Wadsworth was carefully exploring her three options: (1) a partnership or strategic alliance with Mr. Geisler to offer adventure tours for Western Europeans, (2) forming a company with her brother for U.S. tours to the Iron Gate, and (3) developing a U.S. tour company.

Case Discussion Questions

1. What political, economic, legal, social/demographic, cultural, natural resources, business issues and problems impact foreign companies operating in Romania and/or Serbia? Illustrate the difficulties faced by companies and entrepreneurs in former communist countries.
2. What additional information will Dr. Wadsworth need to help in her decision? Where will she get this information?
3. Describe the advantages and disadvantages for each of the three options.
4. Considering Dr. Jane Wadsworth's objectives for her new venture, what is your recommendation to Dr. Wadsworth? Give a specific and detailed description of your recommendation.

A Sporting Adventure: How to Retire in Style

This case would be most appropriate for discussion and analysis in International Business, Strategic Management, and Entrepreneurship courses. This case would be excellent to use with chapters dealing with strategic decision-making.

Teaching Objectives

Through analysis of this case, students will be expected to:
1. Illustrate the difficulty faced by companies and entrepreneurs in the former communist countries.
2. Compare and contrast entrepreneurial opportunities in Eastern European countries with those in the United States.
3. Analyze the advantages and disadvantages of several new venture opportunities.
4. Make recommendation that will ensure a successful new venture as well as achieve Dr. Jane Wadsworth's objectives.
5. Illustrate their ability to critically analyze a case and to communicate the results of this analysis through required oral and written responses to assigned case questions.

Questions:

1. **What political, economic, legal, social/demographic, cultural, natural resources, business issues and problems impact foreign companies operating in Romania and/or Serbia? Illustrate the difficulties faced by companies and entrepreneurs in former communist countries.**

Both countries are still moving from a communist regime towards a market economy. There is still pollution, ethnic clashes, slow recovery from recession, inefficient industries and poor infrastructure. There is corruption, red tape, widespread poverty and high unemployment. Both countries are installing democratic and economic reforms in hopes of

joining the European Union. There is slow progress towards privatization and increasing foreign investment in the countries.

Foreign corporations are moving into Romania and Serbia. With cruise ships continuing down the Danube River to the Black Sea, there are opportunities for entrepreneurs to develop tours, start small restaurants and catering services for tourists, stands and shops to sell folk crafts and souvenirs, and other services for tourists in the towns along the Danube River.

If students prepare the case before class or use it as a written assignment, sufficient information on Romania and Serbia can be found on the Internet and through library sources.

2. **What additional information will Dr. Wadsworth need to help in her decision? Where will she get this information?**

Dr. Wadsworth will need to know about the quality of hotels, food/restaurants, and tourist sites in each country/local area. This information can be obtained through Internet web sites, government and tourist agencies but visits to the locations are important to gain first-hand information. Students are often dependent on Internet web sites for information and a discussion of appropriate agencies that should be contacted is important. Marketing issues; financial information; assessment of risk, potential hazards, and contingency plans; identify local/national competitors for tours and outdoor adventures; identify general environmental and demographic trends; national and local taxes; exchange rates; international banking services; sources of additional capital if needed; budget for the first year and projected for the next five years; legal issues

3. **Describe the advantages and disadvantages for each of the three options.**

Dr. Jane Wadsworth, Mr. Hans Geisler, and Mr. David Bush are very naïve. While they have probably participated in the outdoor sports that will be offered by the new company and Mr. Geisler and Mr. Bush may have led day trips, they do not understand the complexities of managing a lengthy tour. Transportation, accommodation, meals, equipment, illness, and accidents need to be considered. Something will go wrong!

(1)   a partnership or strategic alliance with Mr. Geisler to offer adventure tours for Western Europeans

Advantages: Mr. Geisler and his wife currently operate a sporting goods store in Romania. They understand the local and country laws, politics, and economy. They have an established customer database that can be the starting place for advertising the new company's tours. They are originally from Germany and France and understand the culture and customs of the future customers, Western Europeans.

Disadvantages: There may be communication problems and misunderstandings because Mr. Geisler lives in Romania and Dr. Wadsworth lives in the U.S. Neither Mr. Geisler nor Dr. Wadsworth have experience in managing a tour company.

(2)   forming a company with her brother, Mr. Bush, for U.S. tours to the Iron Gate

Advantages: Mr. Bush and Dr. Wadsworth are brother and sister which usually improves communication. Mr. Bush understands outdoor sports and owns a sporting goods store. He has an established customer database that can be the starting place for advertising for the new company's tours.

Disadvantages: Mr. Bush and Dr. Wadsworth do not have first-hand knowledge of Eastern Europe. They do not understand the political, economic, legal environment of the region. Neither Mr. Bush nor Dr. Wadsworth have experience in managing a tour company. There may be sibling rivalry and business dealings might uncover unresolved family problems.

(3)   developing a U.S. tour company with Mr. Bush.
Advantages: Mr. Bush and Dr. Wadsworth are brother and sister which usually improves communication. Mr. Bush understands outdoor sports and owns a sporting goods store. He has an established customer database that can be the starting place for advertising for the new company's tours. Mr. Bush may have led one-day outdoor sporting trips in Colorado.
Disadvantages: Mr. Bush and Dr. Wadsworth do not have experience in managing a tour company. There may be sibling rivalry and business dealings might uncover unresolved family problems.

4.   Considering Dr. Jane Wadsworth's objectives for her new venture, what is your recommendation to Dr. Wadsworth? Give a specific and detailed description of your recommendation.

Students' responses will vary depending on their answer to question 3. Since Dr. Jane Wadsworth's stated that "She had several objectives for the new venture: (1) to earn a modest income to supplement her pension and retirement savings and (2) to provide opportunities for her to travel and participate in outdoor adventures", forming a partnership with Mr. Geisler and his wife might seem to be the best option considering their experience in the region and contacts in Western Europe. Dr. Wadsworth would be able to travel throughout Eastern Europe and participate in exciting, adventurous outdoor activities.

Another alternative would be to combine options 2 and 3 – start an adventure tour company in the Denver area. Once that is successful and the list of customers is growing, lead a trip to the Iron Gate in Europe. Dr. Wadsworth and David Bush will learn the difficulties of operating a tour company in the U.S. before they attempt foreign adventures.

REFERENCES AVAILABLE ON REQUEST

AFFIRMATIVE ACTION AND DIVERSITY AS MORAL AND ETHICAL ISSUES:
AN ARGUMENT FOR AN ETHICALLY BASED TRAINING APPROACH FOR
ORGANIZATIONS

David Hurlic
Graduate School of Education and Psychology
Pepperdine University

ABSTRACT

An organization's traditional affirmative action and diversity training program typically satisfies the legal and political requirements of the business, but existing training programs are missing a vital connection linking the legal/political with the moral/ethical implications of affirmative action and diversity. The purpose of this paper is to present reasoning and approaches that organizations should consider in their development of affirmative action and diversity training programs.

INTRODUCTION

Over the last decade affirmative action and diversity issues and their relationship to moral and ethical behavior has begun to gain a foothold in the literature (Andre, 1995; Cordeiro, 1995; Groarke, 1990; Shaw, 1988; Valentine & Fleischman, 2002; Wilson, 2000), but with few links to organizational training. This paper proposes that organizations are not taking the proper tact in their affirmative action and diversity training programs. Currently, traditional training programs satisfy the legal and political requirements of organizations, but these programs are missing a vital connection linking the legal/political with the moral/ethical implications of affirmative action and diversity. The purpose of this paper is to present reasoning that organizations need to develop affirmative action and diversity training programs that use moral and ethical values as guiding principles.

THE LINK BETWEEN AFFIRMATIVE ACTION AND DIVERSITY

Affirmative action is a product of a legal evolution that began with F. D. Roosevelt's effort to remove governmental barriers to the use of minorities in obtaining defense contracts during the Second World War (Gutman, 2000). Roosevelt's efforts were manifested using his power as president by issuing three executive orders (EO 8802, 9001 and 9346) prohibiting discrimination based on race, creed, color, or national origin. In 1961, President Kennedy issued EO 10925 which contained the first mention of using "*affirmative actions*" as a mean to ensure that employees are hired and treated during their employment fairly without regards to their race, creed, color or national origin (Eisaguirre, 1999; Gutman 2000).

In the 1970's a backlash against affirmative action beganto develop in various sectors of society (Deslippe, 2004; Green, 2004). By the 1980's and with the election of

Ronald Regan the stage was set for a counter revolution (Eisaguirre, 1999). Some authors have placed the erosion of affirmative action policy squarely on the door of the Supreme Court (Lee, 1999; Schuck, 2002). The Adarand decision in 1995 held that all governmental (federal, state, and local) affirmative action plans had to meet a "strict scrutiny" test and must "promote a compelling state interest" and be "necessary" or "narrowly tailored" to be approved by the court (Eisaguirre, 1999). This judicial redefinition of affirmative action created a ripple effect in society (e. g. Hopwood v. State of Texas, California Proposition 209). Most of these reactionary events affected state and local jurisdictions. Some authors infer that this growing sentiment reflects a belief that affirmative action harms more people than it helps (Easterland, 1997; D'Souza, 1991). Other authors believe that affirmative action has failed society and the institutions it is meant to support and improve (Bernhardt, 1993; Guernsey, 1997).

If affirmative action characterizes the process that companies and institutions (private and public) used to determine the extent they integrate people into the organization, then diversity describes the results and approach used to maximize human capital created by affirmative action. Diversity is a term that denotes differences between people (Loden & Rosener, 1991; Sonnenschien, 1999). But, when used in an organizational context, it takes on a new meaning of opportunity, innovation, and profitability (Cox, 2001). Organizations deal with the impact and affect of affirmative action and diversity policies, laws and regulations as an everyday fact of doing business in today's competitive environment.

DIVERSITY AND AFFIRMATIVE ACTION AS ETHICAL ISSUES

Affirmative action, diversity and ethics are diverse topics but each is rooted in the same theology of tolerance, fairness and equity. Because of our unique history, people view affirmative action and diversity as the "right" things to do. Various authors believe that the central role of a moral philosophy is to identify what behaviors are right or wrong (Hare, 1981; Warburton, 1996). Diversity and affirmative action can also be included in this explanation. As the demographics of our nation changes, markets and organizations will reflect that change. Only through valuing affirmative action and diversity as vital components to an organization's ethical convention and strategy can companies reap the benefits (Cox, 2001; Easley, 2001; Muller & Haase, 1994). But, how do organizations translate their affirmative action and diversity policies into employees' behaviors?

ORGANIZATIONAL APPROACHES TO TRAINING

If individual employees are central in the goal of creating an ethical organization should companies create and implement ethical training programs that include affirmative action and diversity moral or ethical perspectives as core components? Several authors (Cordeiro, 1995; Siponen, 2002; Valentine & Fleischman, 2002) believe that businesses can build an ethical culture within the organization through training.

Siponen (2002) examined the use of various ethical training theories as a way of initiating a link between moral rules (human morality) and ethical behavior. Siponen's examination of ethical theories found that non-descriptive theories supported his belief that organizations can determine and identify what kinds of actions are right or wrong and develop specific rules that reduces unethical behavior. In Dillard and Yuthas' (2001) article, "A responsibility ethic for audit expert systems," the authors supported a more descriptive approach to instilling ethical behavior in the organization. Using Niebuhr's (1963) theory of the responsible self, the authors identify what constitutes an ethical issue and then proceed to provide a framework for identifying responsible actions. There is evidence that both approaches have success in training employees in various ethical behaviors (Barker, 2002; Boo & Koh, 2001; von der Embse, Desai & Desai, 2004; Siponen, 2002). But, can these approaches work for diversity training? The next section of the paper will examine various issues and methods organizations should consider when developing a training program for affirmative action and diversity.

IMPLICATIONS

One could say the legal and political approaches used by organizations in their affirmative action and diversity training programs fosters resentment which could explain the failure of many organizations to create the type of culture identified in their diversity missions. Siponen (2001) believes that organizations create employee dissonance and resistance through their inconsistent application, communication and support of various organizational programs and policies. If we extend Siponen's perspective to current affirmative action and diversity training programs one could infer that when organizations anchor their training programs from a legal or political perspective, employees who support affirmative action and diversity as a core moral value might see the strategy as weak morally, while employee's who's core belief perceives affirmative action and diversity as morally unfair, will also reject the organization's efforts.

For any affirmative action and diversity training program to succeed there must be balance between the program's goals and objectives, and the value employees find in the information and knowledge provided by the curriculum (Knowles et al., 1998). This means that the organization will need to identify objectives that meet real world expectations. Pohan and Mathison (1999) found that most resistance to difficult issues like affirmative action and diversity is created by the employee's need to question their core beliefs. The inability to question one's core beliefs and to resist any substitute viewpoint was defined by Rokeach (1960) as a "closed belief system." Pohan and Mathison's (1999) article gives insight into overcoming possible resistance to affirmative action and diversity training by focusing on three approaches: (1) Understanding the nature and strength of belief systems; (2) Identifying the conditions for belief change; and (3) Creating the conditions for belief change to occur.

Pohan and Mathison (1999) supported the idea that, "beliefs" are shaped by the individual's direct experience and through the socialization process. The authors believed that to question the central beliefs in a person is to question the very nature of one's existence and self-identity. To change just one belief (acceptance of affirmative action or diversity) means that other beliefs must also change. The difficulty in changing an individual's belief system becomes more complicated when those attitudes are central to a person's core belief structure. Knowles et al. (1998) also identified the need of the training programs to identify the inherent biases that exist in the learner and to assist the learner in the process of reshaping their belief system by providing an environment where the new beliefs are grounded in the learner's new self-identity construct. This approach is also supported by the findings of Savery and Duffy (1996) whose eight constructivist instructional principles include the need to design a learning environment that supports and challenges the learner's thinking and encourages the testing of ideas against alternative views and alternative contexts.

Pohan and Mathison (1999) suggested some practical strategies (tactics) that could assist practitioners in handling organizational and individual resistance to affirmative action and diversity training programs. The authors identified eight suggestions that they have found useful and successful, which include teaching about defensiveness and resistance, and the use of a critical pedagogy that creates a dialog between the various stakeholders in the process. The use of dialogues and discussions are also helpful in the exchange of ideas surrounding affirmative action and diversity. Dialogues and discussions should make use of experts in the field of diversity that can provide examples and guiding questions which will familiarize and clarify the central ideas of the program for the employees (Cox (2001).

Finally, Zeichner et al. (1998) identified, as good practice, a step-by-step principal development process an organization could use to achieve the goal of educating individuals in the area of affirmative action and diversity as moral and ethical issues. The authors developed three guiding principals in the development of an ethical platform which include: (1) *Institutional and programmatic principles*, guiding philosophies that include the mission, policies, and procedures of the organization; (2) *Personnel principles,* which encompass organizational conduct that includes diversification of the methods used to identify candidates that are admitted to the organization; and (3) *Curriculum and instruction principles*, which emphasizes the goal of integrating multicultural perspectives into the entire training curriculum.

CONCLUSION

No one can argue the fact that affirmative action and diversity are real and unavoidable themes in today's society. The true strength of our culture and nation lies in the fact that our society and nation has always been a place where people of many different cultures, religions, nationalities and ethnicities can find a safe harbor that allows them and their children an opportunity to fulfill their goals and dreams. If society

is the place where we act out the issues of affirmative action and diversity, organizations and the individuals who lead them are important change agents in creating a society of tolerant and understanding citizens.

This paper has identified the reason we need to provide instruction to employees about affirmative action and diversity through an ethical and moral construct, identified approaches to teaching about affirmative action and diversity in organizational programs, and provided some strategies to help trainers deal with the realities of employee resistance and defensiveness. The beginning of any process is difficult. Until organizations take the lead in developing and training employees to effectively deal with societal diversity honestly, the goals and objectives stated in their affirmative action plans and diversity mission statements will only be empty words. Our society and organizations should foster an environment that moves us past fear and exclusion to a society that values every one and becomes rooted in cooperation and inclusion.

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Ethnic and Gender Differences in Motivations and Barriers to Business Education: Keeping Adult Learners in the Pipeline

Sara B. Kimmel, Ph.D., Belhaven College, skimmel@belhaven.edu
Mary Nell McNeese, Ph.D.,The University of Southern Mississippi,
Mary.McNeese@usm.edu

ABSTRACT

The study compares the responses of 646 adult learners in degree programs from five institutions in the U.S. and Canada to determine statistically significant differences in motivations and barriers to enroll by gender and ethnicity. The students surveyed were enrolled in nontraditional degree programs offered primarily within the context of night classes and accelerated program study in faith-based colleges and one public university, between 2004 - 2005.

INTRODUCTION

Bricks and mortar schools are increasingly challenged by students' electronic access to higher education. The addition of more accredited programs to the on-line delivery system will force colleges and universities to focus recruitment and retention efforts on adult learners who, heretofore, have been a secondary audience for most campuses, despite their current contribution to enrollment numbers and the potential for brand loyalty through their children.

Aging campuses have been something of a curiosity, if not a phenomenon, in the U.S. since the early 1980's. Driven by an increasingly competitive global economy and access to record amounts of student loan funding, adults have flocked to college for academic degrees that they did not attain as traditional undergraduates, citing various reasons, including: the college degree did not seem necessary for success when they were entering job fields at 18 – 22 years of age; higher education was not accessible (or practical) to them as traditional undergraduates due to funding, distance, or limited degree offerings; or, the student began, but did not complete, a college degree program as a traditional undergraduate.

Not all adults who did not achieve college degrees as traditional students seek degrees in adulthood. Many are not drawn to college campuses (actual or virtual) by the reasons mentioned earlier. Still others may be interested in attaining a degree, but face numerous barriers that cannot be overcome by personal motivation. This study seeks to provide a framework for understanding the barriers and motivations that exist for adult students by gender and race/ethnicity, recognizing that the true picture cannot be drawn by sampling only those who have overcome barriers to enrollment. The researchers acknowledge that this is a limitation of the current study.

Several conditions inhibit those who set out to conduct comprehensive studies of adult learners in public and private colleges and universities. Among these are: (1) lack of access to students currently enrolled and those recruited, but not enrolled; (2) the proprietary nature of enrollment figures in private colleges; (3) the separation of registration from recruitment and marketing to adult learners; and (4) the lack of a national or international database to collect information specifically about adult learners seeking undergraduate and graduate (non-doctoral) degrees.

Findings and commentary from the current study will benefit administrators of non-traditional and accelerated degree programs that market to adult learners and will provide recommendations for program improvement based on the stated needs of the population sample. In addition, the study recommends further research and improvements to the data collection procedures of colleges and universities that have, or plan to have, significant adult student populations.

HYPOTHESES

The hypotheses will be used to test the existence of differences by gender and race/ethnicity in motivations and barriers of adult students, and are enumerated as follows:
H1: Adult students will differ significantly by gender in their motivations for seeking education.
H2: Adult students will differ significantly by race/ethnicity in their motivations for seeking education.
H3: Adult students will differ significantly by gender in their barriers to higher education.
H4: Adult students will differ significantly by race/ethnicity in their barriers to higher education.

LITERATURE REVIEW

Adult enrolment in higher education in the past two decades has provided a boon for North American colleges and universities, and has been a tremendous source of growth for private and faith-based institutions that had historically experienced slow or declining growth prior to 1970. Despite numerous differentiations for adult learners, researchers agree that the market for adult learners is becoming more competitive, and that institutions seeking to attract adult learners must offer more than simply convenient hours and locations. Encouragement toward degree completion through peer interaction, access to faculty support at convenient hours, and quality of relationships with school administration as cited by Lundberg (2003), could be contributing factors for future success.

Jacobs (1998) examines the "life course transitions" that have provided baselines for studying adult student enrolment, and pays particular attention to delayed school enrolment, suggesting that future growth will not follow the aging trend line that has

become apparent in recent years. This being the case, education programs will become more competitive and, as Geiger, Weinstein, and Jones (2004) forecast, "colleges [will] need to revise their programs and curriculum to better fit the needs of these students."

Because several definitions of "adult learner" exist, most studies establish an age and experience baseline at the outset to establish research parameters. The National Center for Education Statistics of the U.S. Department of Education offers the broadest description of adult learner as "adults age 16 or older and not enrolled in the 12th grade or below" (NCES, 2005). Other studies have focused on the tenacity of adult learners and the relationship of admissions test scores to predict college level performance in students 25 years old and older (Hensley & Kinser, 2001; House & Keeley, 1996). Lundberg's (2003) study of adult students 30 years old and older, suggests that adult student performance tends to be enhanced by social relationships and that barriers that would be significant to younger students are overcome in older students due to advanced time management skills.

 The Osgood-Treston (2001) review of studies of adult learners suggests that group members tend to seek or continue in learning environments when they (adults) can adapt easily to the role of student, cope with multiple challenges, and envision themselves as successful over obstacles. For the purpose of this study, adult learners are defined using the Osgood-Treston description of adult learners: age 25 or older with multiple commitments, experience that contributes to their learning, and goals based on well-defined needs. Osgood-Treston further subdivides adult learners into two groups: "those who participate in organized learning activities" (enrichment and community education) and "those who engage in adult learning for academic credit" (p. 3) .The current study focuses on the latter group.

Motivation to learn and its positive correlation to student hardiness are examined in the Cole, Field, and Harris study (2004). Adults in non-degree learning programs most frequently participated in work-related courses to maintain or improve skills, to learn new skills, to keep a certificate or license, because their employer required further education, or to receive a promotion or additional pay, but the level of their participation depends on age, income level, experience, and educational level (NCES, 2005).

Gender and ethnic differences have been researched extensively in motivation and performance expectations, including the recent study by Skaalvick and Skaalvick (2004) that focused on gender stereotypes in self-concept in college students. Furthermore, Nellen (2003) emphasizes the need to address adult students' access to campus and professors at times other than office hours, and suggests that technology should be used to promote maximization of in-class time for adult students whose attention spans are low at the end of a long work day. Bell (2003) finds that there are significant differences in "stressors" of college students based on age and gender. The comparison of ethnic and gender differences is detailed by Thornton, Hollenshead, and Larsh (1997)

who studied the effect of the measurement device on gender and ethnic differences in motivation to manage.

The need to create shared, participatory experiences for adult learners in hypermedia environments is a conclusion of the Campbell (2004) text. Friga, Bettis, and Sullivan (2003) respond to the substantive forces effecting change in education, particularly MBA institutions, although the enumerated forces are predicted to change the face of education delivery in the 21st century. Among the factors influencing change in education and other industries are globalization, disruptive technologies, demographic shifts, and deregulation, complexities that have contributed to the growth of business degrees as a percentage of all degrees. Grey (2004) adds that business schools in particular must undergo a reinvention process to provide education that offers value to the marketplace through "discernible positive effect upon career success (or managerial performance)."

The argument for market driven adult education appears to be supported by business itself. As firms increasingly offer work-life benefits and fully-paid education packages for employees (Sherwood, 2005), adults' expectations from their educational institutions extends beyond the offerings of traditional learning environments to online learning, child and elder care, and grants and scholarships. The current study groups descriptive statistics and examines two factors of demography – gender and race/ethnicity – to inform education administrators in the development of programs for non-traditional adult students.

METHODOLOGY

The survey instrument was developed using items of significance noted in the literature review and the responses to open ended questions of cohorts of adult students on two campus locations in Mississippi. One group consisted of undergraduate adults in an accelerated management program. The other group consisted of adult students in a graduate level accelerated business administration program. Each group had spent less than six months in their current program of study, and individuals were believed to offer significant insight into the issues of barriers and motivations. Students in the instrument development groups were asked to list their five most significant motivations for seeking their current degree and their five most significant barriers to attending college for their current degree. Cohorts were advised to record items that they believed had motivated them or acted as barriers, apart from the marketing efforts of their current school.

The resulting questionnaire contained 51 items, including: institutional identification; level of degree and course of study; demographic information, with questions designed using U.S. Census Bureau standards; fifteen motivators to which respondents self-rated using a Likert-style scale; and sixteen barriers to which respondents self-rated using a Likert-style scale. Participants had the option of indicating that motivators and barriers

were not applicable. The final item was an open-ended question for additional remarks from participants, which queried, "Are there any additional motivations you had or barriers you faced (or currently face) in your decision to enroll in college for the degree you currently seek?"

The survey was administered to 646 students attending four separate faith-based institutions and one public university in four U.S. states and one Canadian province. All of the U.S. programs were located in the southern half of the country. None of the students surveyed were participants in an on-line degree program. The analysis of data was conducted using SPSS.

FINDINGS

Descriptive Statistics
The majority (57.58%) of survey respondents identified themselves as business majors. Related degrees, including accounting, management, marketing, finance, and organizational management accounted for another 162 (25.06%) responses. The remaining respondents were education, social services, history, speech, and ministry and leadership majors. Approximately 58% of those surveyed entered their current degree program between the ages of 25-44, with the highest percentage (35.75%) enrolling between the ages of 25-34. The average initial age of entry of all students was 31.8 years.

Female respondents (58.20%) outnumbered males (40.71%). White respondents made up 52.16% of those surveyed. Black or African American respondents totaled 37.15% of the total, and Asian respondents totaled 2.16%. Hispanic/Latino respondents made up 4.7% of those surveyed. Less than 1% of respondents identified themselves as Alaskan or Native American and almost 5% respondents described their race/ethnicity as "Other".

The highest percentage (30.49%) of respondents classified their household income as between $25,000-$49,000 annually, while 25.85% earned between $0 - $24,999 annually. Those in the income group $50,000 - $74,999 household income category made up about 20% of survey participants. Almost 11% indicated income of $75,000 – $99,999. Just over 9% reported income of $100,000 or more.

Some 34% indicated they have at least one child under age 12 at home, while another 22% have children between the ages of 12-18. Of those with children under 12, almost half (47.55%) also had children between the ages of 12-18. Given these parameters, approximately 46% of students have care-taking responsibility for minor children. At the same time, 300 adult students (46.43%) indicated the existence of a spouse in the home, while 339 (52.4%) indicated no spouse in the home. About 19% of those responding have relatives who live with them. Of adult students with children under age

12 in the home, 66% also have a spouse at home. Of those with children under age 12 and no spouse at home, one quarter (24.6%) have another relative living in the home.

Of the 376 females represented, 140 (37.23%) indicated that they had children under age 12, and 37% of those with young children also had children 12-18 in the household. Another 39 (10.37% of total females) had only children over 12 in the home. Correspondingly, of the 263 male respondents, 78 (29.65%) indicated that they had children under age 12 in the home. Of those, 19.23% also had children 12-18 living in their household. Another 34 (12.92%) had only children over 12 in the home.

Comparison of Motivations and Barriers (Full Sample)
While age is not a focus of this study, almost 25% of those surveyed were ages 24 and younger. It should be noted that motivations vary somewhat when this younger groups of students are removed from the sample. The justification for this approach is suggested by the previous mentioned Osgood-Treston (2001) study, segregating "adult students" as those aged 25 and over.

TABLE 1
FIVE HIGHEST MOTIVATORS, FULL SAMPLE

Rank	Item #	Motivator	M	n
1	20	A desire for personal accomplishment	3.67	645
2	33	A desire to be a role model for my children	3.63	645
3	21	A desire to finish a degree that I began, but did not complete earlier	3.62	645
4	22	A desire for knowledge/skills in this degree field	3.47	643
5	29	Encouragement from my children	3.33	644

Table 1 illustrates, using the full sample of respondents, the highest motivators as determined by aggregate mean scores.

TABLE 2
FIVE HIGHEST MOTIVATORS, ADULTS 25 OR OVER

Rank	Item #	Motivator	M	n
1	20	A desire for personal accomplishment	3.67	484
2	21	A desire to finish a degree that I began, but did not complete earlier	3.63	484
3	33	A desire to be a role model to my children	3.62	484
4	22	A desire for knowledge/skills in this degree field	3.47	483
5	29	Encouragement from my children	3.33	483

Table 2 illustrates the sample of respondents, excluding students who reported their ages as under 25. While the top five motivators do not change, degree completion ranks higher with the older age groups than does role modeling for children. At the same time, the five greatest barriers did not vary in rank order between the full sample and the sample excluding those under 25; however, mean scores were slightly higher among adults 25 and over on the two items dealing with funding for college education: student loan payback and personal funds to pay for college. The comparisons are shown in Tables 3 and 4.

TABLE 3
FIVE GREATEST BARRIERS, FULL SAMPLE

Rank	Item #	Motivator	M	n
1	48	My role as primary caregiver for an elder	3.01	645
2	46	Lack of childcare for my minor child/children	2.99	645
3	47	Lack of funds for childcare for my minor child/children	2.96	645
4	40	Concern about paying back student loans	2.68	644
5	39	The lack of personal funds to pay for college	2.62	645

The funding scores may reflect a concern among older students that any anticipated salary increase for the degree sought may not be adequate to pay back the student loan. Or the greater concern may simply reflect the knowledge of other financial obligations common to the age group.

TABLE 4
FIVE GREATEST BARRIERS, ADULTS 25 OR OLDER

Rank	Item #	Motivator	M	n
1	48	My role as primary caregiver for an elder	2.95	484
2	46	Lack of childcare for my minor child/children	2.93	484
3	47	Lack of funds for childcare for my minor child/children	2.91	484
4	40	Concern about paying back student loans	2.70	484
5	39	The lack of personal funds to pay for college	2.66	484

Comparison of Motivations and Barriers by Gender
Using the sample of 376 females and 263 males, no motivations or barriers of significance by gender were noted. The researchers suggest that a region by region comparison, as the data base is further developed, could be helpful in exposing gender differences. The findings from the current study fail to support H1: *Adult students will differ significantly by gender in their motivations for seeking education*. As there were no significant barriers noted by gender, the researchers conclude that the findings also

fail to support H3: *Adult students will differ significantly by gender in their barriers to higher education*.

Comparison of Motivations and Barriers by Ethnicity
Ethnicity was compared by using the majority (337 white) responses and combining the minority (240 Black or African American; 32 Other; 14 Asian; and 5 Alaskan Native/Native American) responses to form two comparison groups. One motivator (shown in Table 5) and four barriers (Tables 6-9) were shown to be significant, supporting H2: *Adult students will differ significantly by race/ethnicity in their motivations for seeking education* and H4: *Adult students will differ significantly by race/ethnicity in their barriers to higher education*. As shown in Table 5, minority respondents indicated significantly higher desire for the knowledge and skills offered by the degree field than did majority respondents.

TABLE 5
MOTIVATION SIGNIFICANCE BY RACE/ETHNICITY – DESIRE FOR KNOWLEDGE

Item #	Motivator	df	n	M	SD	*t*	*p*
22	A desire for knowledge/skills in the field of study	622				-1.79	.04*
	Majority		337	3.41	0.82		
	Minority		287	3.53	0.81		

*1-tailed

The combination minority group members self reported significantly less confidence in their ability to be successful in matriculation than did the majority students, as illustrated in Table 6.

TABLE 6
BARRIER SIGNIFICANCE BY RACE/ETHNICITY – CONFIDENCE IN ABILITY

Item #	Barrier	df	n	M	SD	*t*	*p*
35	A lack of confidence in my ability	624				-1.81	.04*
	Majority		337	1.98	1.15		
	Minority		289	2.15	1.23		

*1-tailed

As Table 7 shows, time away from the job to attend college classes posed a greater barrier for majority students than it did for minority students. Majority adult students were significantly more likely to cite lack of childcare for a minor child or children as a barrier to seeking higher education, as detailed in Table 8. Interestingly, just 28.18% of majority students reported having one or more children under the age of 12 living in the

home, while 39.86% of minority students reported having one or more children below the age of 12 in the home. Of majority students reporting, 11.57% had only children ages 12-18; whereas, 9.2% of minority students had children ages 12-18 only.

TABLE 7
BARRIER SIGNIFICANCE BY RACE/ETHNICITY – TIME AWAY FROM JOB

Item #	Barrier	df	n	M	SD	t	p
44	Time away from my job	623				1.80	.04*
	Majority		337	2.44	1.38		
	Minority		288	2.24	1.43		

*1-tailed

TABLE 8
BARRIER SIGNIFICANCE BY RACE/ETHNICITY – LACK OF CHILDCARE

Item #	Barrier	df	n	M	SD	t	p
46	Lack of childcare for minor child/children	617				2.57	.05*
	Majority		337	3.15	1.70		
	Minority		289	2.81	1.67		

*1-tailed

Majority white adult students were also significantly more likely than minority students to report that acting as primary caregiver for an aging family member was a barrier to enrollment. This finding is shown in Table 9.

TABLE 9
BARRIER SIGNIFICANCE BY RACE/ETHNICITY – CAREGIVER FOR ELDER

Item #	Motivator	df	n	M	SD	t	p
48	Primary caregiver for elder	624				1.68	.05*
	Majority		337	3.10	1.76		
	Minority		289	2.87	1.74		

*1-tailed

DISCUSSION

The study finds that adult learners in undergraduate programs are often those with some college experience, but lacking a four-year degree, and motivated by a desire for personal accomplishment and completion of a previously set goal. While adult learners

in all degree programs are often believed to be highly motivated to return to college for employment promotion requirements, pay scale benchmarks, career change, or attainment of management position, intrinsic benefits appear to be greater motivators for the sample group studied. The role of minor children in the decision to attend college should not be disregarded, as it is something of a "Catch-22" for parents. Adult learners recognize the competitive value of a college education and seek to emphasize this to their own children by acting as role models, but may not be able to find or afford childcare so they can attend classes.

Barriers were not expected to be significant for the population surveyed (adults enrolled in nontraditional education), as barriers have been overcome or did not exist for many of those who responded; however, descriptive statistics reveal that having a primary caregiver role for minor children and elders, coupled with lack of funds for childcare and concern about paying back student loans are worrisome factors for adults in the decision to return to college.

The lack of statistically significant differences by gender on items of motivation or barriers in the current sample group fails to support the related hypotheses, but is revealing nonetheless. Although the current study did not closely analyze the compound effect of gender and age,   a previous analysis using a sample of some 400 students in the southern region of the U.S. revealed gender distinctions by age, suggesting that barriers become more significant to females as they age. The correlation needs more study.

Differences in motivations and barriers noted between groups by race suggest that institutions can do more to serve ethnic populations. Minority students reported significantly higher motivation than those in the majority to gain knowledge and skills in the degree program, but were significantly less confident in their own abilities than were majority students. This extends the Campbell (2004) conclusion in favor of participatory groups beyond hypermedia and into mentoring and supportive educational group environments. At the same time, majority students noted significantly higher barriers than did majority students in time away from work, lack of childcare, and primary role as caregiver to an elder than did minority students.

It should also be pointed out that none of the barriers noted by students as significant fall into the "quick fix" category. Indeed, motivation and confidence are based in a shared cultural experience and are generally considered to be ingrained as a part of the individual's schema (Bem,1985). Some colleges and universities offer some form of assistance to students through institutionalized child care or elder care; however, these services are not customarily considered by administrators to be within the realm of the college educational experience and are often viewed as creating greater liability for the institution.

Assuming equal societal and institutional access to dependent care services, the child and elder care responses appear to suggest that minority students have a supportive domestic or extended family environment that is not available in the same measure to majority students.

Apart from supporting the convenience attraction of on-line degree programs, these findings seem to point institutions toward planning for alternative class delivery formats, times, and media. This is not to suggest that the "on-campus" experience is a thing of the past. To the contrary, the findings indicate that colleges and universities can thrive in the adult market by creatively addressing the barriers that adult students face. Administrators should consider reasonable options, such as: hybrid delivery programs that include "face time" and online learning; solid opportunities for adult minority mentoring; strong team experiences and team training; and, partnerships with new or existing child and elder care facilities.

REFERENCES ARE AVAILABLE UPON REQUEST

Bridging the Leadership Gap: Examining the Glass Ceiling
Sheri A. Knippelmeyer, Doctoral Student, University of Nebraska-Lincoln
sknippelmeyer@oakmail.peru.edu
Judy A. Grotrian, Associate Professor of Business, Peru State College
jgrotrian@oakmail.peru.edu

ABSTRACT

Women's progression to management and executive positions remains a challenge. The purpose of this study was to report findings about (1) the glass ceiling; (2) the significant gaps in earnings between women and men; and, (3) the common gender stereotypes of "his" and "her" leadership roles. However, there is evidence to show the philosophy of valuing both women and men employees is permeating the workplace.

INTRODUCTION

Leadership is essential in all aspects of society. Leadership is equated with a position one holds in an organization. Climbing the ladder to these hierarchical "positions" has become much too familiar to the average working woman. Even in today's society that is to be open to change, there is still a dominance of the male counterpart. This inequality can be attributed to the supposed glass ceiling that looms above the heads of women in the workplace.

Stephen Covey (Glenn, 2002) states: "Leadership is not a position, but a choice (p.10)." It is a choice that is often preferred by most, but not necessarily granted. Women and men alike can be strong leaders, and leadership equity - or the lack thereof - remains an issue of mass dispute in today's society.
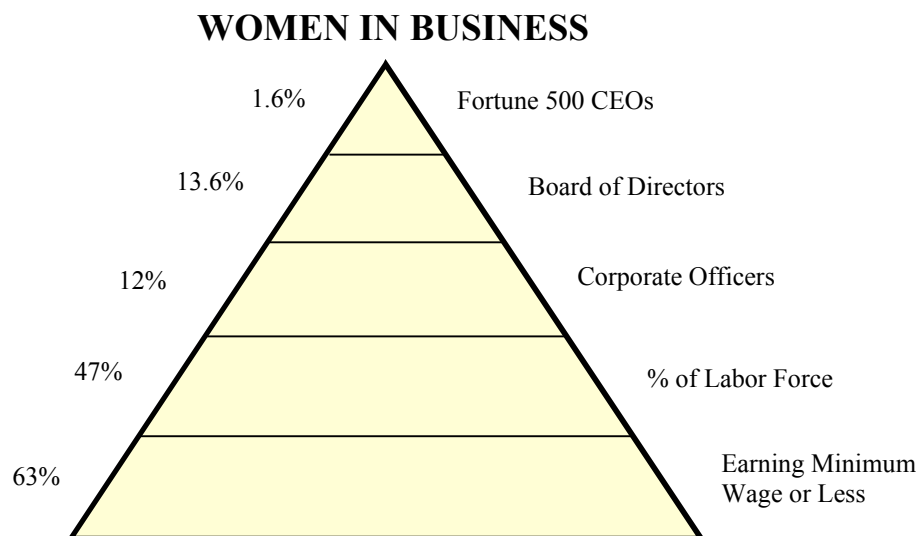
REVIEW OF THE LITERATURE

Research shows women commonly face more challenges when trying to *rise* to leadership roles. This leadership gap may be attributed to the infamous glass ceiling that causes many women to relinquish from their journey of pursuing leadership roles. While the hopes are that the glass ceiling may be wearing, and may even be cracking, most studies indicate that it truly still exists.

What is the glass ceiling? "'Glass ceiling' is a term that describes the artificial plateau, beyond which women and other minorities are denied the opportunity to advance to upper levels of executive management in corporate America" (Davidovich, 2003, p. 1). It is thought of as an invisible, but yet impenetrable barrier between women and the top ranks in the workplace. The term also "refers to attitudinal and organizational barriers that severely limit opportunities for the upward mobility of qualified women candidates" (Dingell & Maloney, 2002, p. 5). Whether a thin or thick glass ceiling, it can successfully hold down promising individuals and cause a definite loss of opportunity (Matkowski, 2002). However, even though the glass ceiling paints a dismal picture, women today do

have more opportunities for challenge and chances to prove themselves in leadership roles (Soloman, 2000).

The book, *Breaking the Glass Ceiling,* was published in 1987. Then women filled only one third of middle management positions. In the Fortune 500 companies, less than two percent of corporate officers were women; when narrowed down to the Fortune 50, the percentage dropped to one percent (Haben, 2001). In the 21st Century, there is evidence to support some progress. As illustrated in the Women in Business figure, women make up nearly 12 percent of the corporate officers of Fortune 500 companies (Haben, 2001). In 2004, 1.6 percent of the CEO positions, 13.6 percent of Fortune 500 board members, 47 percent of the nation's workforce, and 63 percent of all laborers making minimum wage or less were women (Coughlin, Wingard, & Hollihan, 2005).

WOMEN IN BUSINESS

| Percentage	Category
1.6%	Fortune 500 CEOs
13.6%	Board of Directors
12%	Corporate Officers
47%	% of Labor Force
63%	Earning Minimum Wage or Less

Even with improving statistics, confirmation that the glass ceiling still remains a barrier to leadership equity comes from one of the nation's top work force experts, former U. S. Secretary of Labor, Alexis M. Herman. "I definitely believe there is a glass ceiling—it does still exist. You will find well-qualified women positioned far lower in the company than men who are similarly qualified." Karen Nussbaum, head of the Working Women Department at the AFL-CIO, states the cultural bias against women "is still very well entrenched. We see it in the statistics that come out year after year" (Glasheen & Crowley, 1999, p. 2).

Not only do women fall below male employees in their level of leadership, but also in their level of pay. While more women constitute the workforce, the glass ceiling is still a prevalent issue to be addressed since women's "economic opportunities are restricted because of their gender," (Albelda & Tilly, 1997, p. 2). In 2001, the average woman earned 76 cents for every dollar a male earned, and by the time she reached the age of 55, it decreased to 69 cents for every dollar a male made (Wirth, 2001). As Ms. Herman says, "It's not just a question of pay equity, it adds up to pension inequity" (Glasheen & Crowley, 1999, p. 6). Women retirees end up earning nearly half the pension income of males due to the continuous lower pay.

In a recent study of ten specific industries, women managers earned less than males in equal positions in each industry. This study compared earnings of males and females in 1995 and 2000. Even with supposed evidence of the glass ceiling "cracking," in seven of ten private sector industries, women managers were better off in 1995 than in 2000; whereas in three public sector industries, women are found to be better off in 2000 than in 1995. The data from the General Accounting Office compiled from the Current Population Survey is found in the Salary Differentials of Full-Time Managers chart.

SALARY DIFFERENTIALS, FULL-TIME MANAGERS
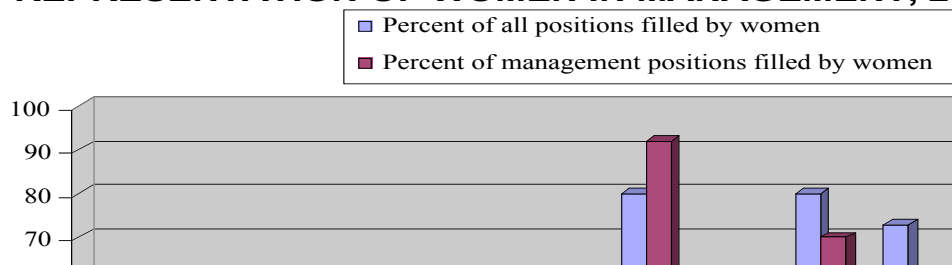### Full-time Female Manager Earnings for Every $1.00 Earned by Male Full-time Managers
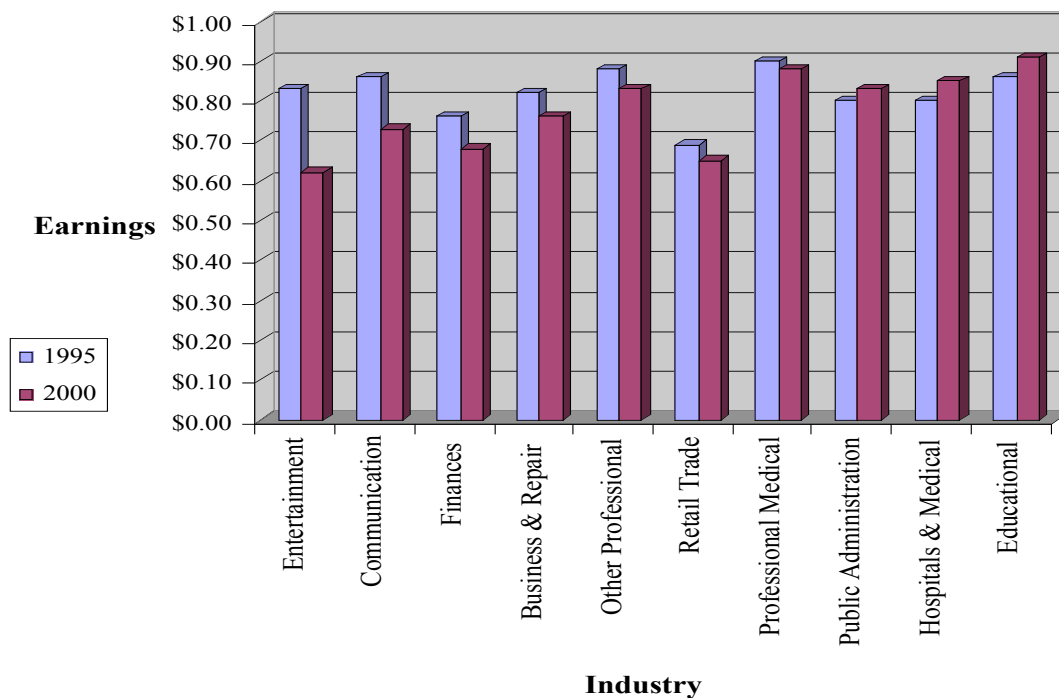
Adapted from Dingell & Maloney, 2002.

Not only is there a glass ceiling and salary differentials for women to overcome, but the research findings from the General Accounting Office also suggests a common gender stereotype of "his" and "her" leadership roles. In only five of ten industries do women hold a portion of leadership roles that is proportionate to their share in the industry. According to the Bureau of Labor Statistics, women and men in managerial leadership positions tend to work in different industries. A graphical representation of women in leadership roles is shown in the Representation of Women in Management, 2000 chart.

REPRESENTATION OF WOMEN IN MANAGEMENT, 2000

These professed barriers of promotion into leadership roles beyond the glass ceiling must somehow dramatically progress. Being promoted is the most obvious path in the business world to obtain a higher salary and gain more leadership and power. But, studies show that women are not being promoted by the same criteria as men. Jennifer Allyn, a researcher at Catalyst states, "We talk about the fact that women have to be 'overripe' for promotion—they have to demonstrate they can do the next job before they get promoted to it. Men, however, are promoted on a fast track when they're 'hungry', not when they're ready" (Glasheen & Crowley, 1999, p. 4).

Because women are directly affected, they were asked to characterize what they felt were prime elements in the construction of the glass ceiling. Women responded: "their contributions were not recognized or valued, they were not taken seriously, they felt isolated as one of few women, they were excluded from informal networks, they were excluded from training opportunities, or the overall generalization of facing inhospitable corporate cultures" (Soloman, 2000, p. 2). When asked to provide advice to future ladder climbers, the following list was collected:
- Dig deep into your chosen area of expertise in the first five years of your career.
- Build a track record in a given functional area and establish your credibility.
- Increase the scope of your people management skills, the size of your team, and the complexity of the task for which you are responsible.
- Gravitate toward the visible, difficult, strategic tasks.
- Deliver, deliver, deliver. Performance and results are paramount (Melymuka, 2002, p. 36).

Recent leadership studies provide promising evidence of improvements for women in the future to evade the glass ceiling. While women and men can hold leadership roles, research has often found that males and females possess differing characteristics, each important to leadership in their own individual way. Common descriptions of men are competitive, independent, aggressive, and objective. Women are seen as intuitive, accommodating, nurturing, gentle, and emotional (Nelton, 1991). Research also indicates women are more successful at routine tasks involved in leadership roles. In recent surveys, co-workers rate women higher at hiring the right individuals, training and development responsibilities, and organizing, monitoring, and controlling the work of others. It should be known that whether leaders are male or female, they all share vital characteristics of self-discipline, ambition, embracing of visions, and utilizing actively influential approaches.

FUTURE IMPLICATIONS

It is important to realize women are strategic in everyday life; thus, women in leadership positions should be strongly considered as strategic business moves in themselves. Some known facts regarding women and how this gender can affect the business world are as follows:

- $1.15 trillion in sales are generated by women-owned businesses. Women are starting businesses at twice the rate of anyone else.
- Eighty percent of consumer decisions are made by women and other minorities.
- American women constitute the largest economy in the world (Nelson, 2004, p.16).

The Small Business Administration studied the increase of women-owned businesses. Nine million women-owned businesses were present in 1999 compared to 400,000 businesses in 1972 (Glasheen & Crowley, 1999). "These women-owned businesses provide employment for more women than all of the Fortune 500 companies as a whole" (Coughlin et al. 2005, p. 486). Women entrepreneurs are no longer uncommon, and this may be attributed to the fact that the rate of women graduating from business schools is rising drastically. The Women's Research & Education Institute notes that "over half of the associate, bachelor's and master's degrees, and 40 percent of doctorate degrees are held by women" (Soloman, 2000, p. 5).

Another *major* factor to take into consideration regarding women and leadership is that the "bottom lines" appear to prosper more positively. "In a four-year study of 353 companies in the Fortune 500, companies with the most women in top leadership (defined as jobs within three positions of the CEO) had a 35.1 percent higher return on equity and a 34 percent higher total shareholder return than those in the bottom quarter" (Feeney & Lewis, 2004, p. 22). Comparing those companies studied, they were broken down into four groups based on the number of women and the firms' success. Those organizations in the top quarter had 20.3 percent women in higher positions compared to only 1.9 percent women in the bottom quarter (Feeney & Lewis, 2004).

When questioned about the survey, a female senior executive commented, "that the study intuitively makes sense. If a business lacks representatives in upper management who reflect the customers in a new or target market, how can a company be sensitive to them" (p. 22). It makes perfect sense that if you are diversifying your organization, you are better suited to meet the needs of a diverse market.

CONCLUSION

Gender is not to be the deciding factor in the employment selection process, and as Glass (1999) writes, "as the number of women in management continues to rise, more companies may find that when they reach into their talent pool for their next executive, the best person for the job may well be a woman" (p. 3).

Gender diversity in leadership positions brings about better all-around management, better all-around decisions, and the overriding factor in business terms is an increased profit. Unfortunately, the glass ceiling still hovers over the heads of women; however, it is only due time before it will shatter, leaving a wide open array of leadership opportunities, and yes, even more challenges.

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References are available upon request.

EMPIRICISM VERSUS POSTMODERNISM: A CASE IN POINT

Paul Poppler, Bellevue University, ppp@bellevue.edu
Ernie Stark, Bellevue University, estark@bellevue.edu
Paul Stepanovich, Southern Connecticut State University, stepanovicp1@southernct.edu

ABSTRACT

In this panel we explore how the philosophies of empiricism and postmodernism lead to significantly different recommendations in a case study. In the case an executive team must decide whether to invest in a "Violence Against Women" awareness campaign. How would an empiricist respond to the issue? How would a postmodernist respond? The session provides foundations for each position, reactions to the case, and a discussion from the participants.

INTRODUCTION

Philosophies represent deep, perhaps, unexamined assumptions about organizations, work relationships, and individual behavior. In this panel, we explore two philosophies that have different implications for a hypothetical decision facing an organization. The first philosophy represents the empirical or positivist view. The second represents an alternative that incorporates elements of postmodernism, phenomenology /hermeneutics, and systems theory. Essentially we explore how differing assumptions about the nature of truth and reality play out in a typical decision faced by an executive team.

The panel includes 1) opening statements for the two philosophical positions, 2) the presentation of the case, 3) responses to the case from each perspective, 4) rebuttals, that is, the empiricist response to the postmodernist and the postmodernist response to the empiricist, and 5) an open discussion from participants. Below, we provide a brief background on the foundation for each position and a description of the case study.

Empiricist Position
The empiricist is concerned with truth and the question of how one achieves true knowledge of the human condition. The empirical method is contrasted with "tenacity" (repeated self-reaffirmations about the human condition), "authority" (truth is based on public sanction and tradition), and "a priori" (we can use reason to arrive at truth). What separates empiricism, and what makes it the preferred method to empiricists, is its ability to "self-correct." The methods and procedures allow one to get closer to objective reality. Importantly, the methods and procedures are guided by standards of argument and proof and appeal to evidence that is open to scientific testing.

The goal of the empiricist is to develop testable theories that allow us to explain and predict phenomena. These theories, through the self-correction mentioned above, allow

us to approach an objective view of reality. We "approach" a view to reality since theories can never be proven – only falsified.

The methods of empiricism rely heavily on systematic and standardized measurements that can be independently verified. Empiricists use mathematical systems and strict protocols to reduce, and hopefully eliminate, personal judgments and bias. Finally, for the empiricist, knowledge is considered value-free in that it is the validity of the findings that are of utmost importance, not whether the specific knowledge is "good" or "bad".

Postmodern Position
In this panel, "postmodern" is shorthand for an amalgamation of philosophical positions. It includes aspects of not only postmodernism, but also post-structuralism, phenomenology, hermeneutics, critical theory, and systems theory. In general, this view posits that there is no truth in an absolute sense, only truths in a relative sense. The subject or observer has a significant role in reality. Theory and methods can never be thought of as bias-free and there is no separately existing, independent, objective reality "out there" that can be used to validate theories.

Since it posits that reality is constructed through metaphor and analogs then it behooves us to examine the construction. When was it constructed, how was it constructed, and why was it constructed? Critical theory encourages us to examine these deep structures beneath our behaviors. Are they appropriate and fair? Are there "better" ways? If so, according to whom? Finally, this construction process is complex. As such, how do we handle the complexity? Systems theory is presented as an approach that is more suited for dealing with complexity.

THE CASE: VIOLENCE AGAINST WOMEN WEEK

The head of the HR function of a medium size business firm in the Midwest returned from the annual SHRM conference filled with activism and social conscience. The head of HR approached the CEO with a proposal to institute a week-long company awareness campaign about "Violence Against Women" at a projected cost of $50,000, justifying the cost on the following assumptions: 1) women comprise the majority of employees in the firm, 2) women are disproportionately victims of violent acts, and 3) men must be made aware of and sensitive to behaviors that lead to acts of violence against women.

After a review, the COO objected and reported that men, not women, were overwhelmingly the target and victims of acts of violence. Further, there was no history of workplace acts of violence against the firm's female employees. The HR head responded that such data was irrelevant to the situation because the firm's female employees "believe" that they are at risk. Thus, in this "reality", the expenditure would lower the anxiety of female employees and result in improved job satisfaction and performance. What should the CEO do?

ORGANIZATIONS IN MOTION:
TRANSITIONING STRUCTURES IN ORGANIZATIONS FOR CONTEMPORARY
DEMANDS

Maya Reddi, Touro University International, mreddi@tourou.edu and Teamnet Solutions
Mark Purnell, Touro University International, mpurnell@tourou.edu and Omaha Public
Power District, mpurnell@oppd.com

ABSTRACT

This symposium was designed to reflect the conference theme and focus on change in organizations.   Specifically, the two papers included in this symposium address transitions that corporations need to think about their structure and how they conduct business, when customer demands and new ways of organizations are changing in contemporary organizations.   The first paper is titled "*Managing in the Virtual World*" written by Dr. Maya Reddi. The second paper is titled "*The Remaking of Customer Operations at the Omaha Public Power District: A Case Study*", written by Mark Purnell.

INTRODUCTION

These papers provide an opportunity to reflect on the intersection of some of the structural challenges that managers and organizations face today.   First, Dr. Reddi demonstrates some of the challenges of a virtual world and managing without face-to-face communications.   Dr. Reddi consults with companies and trains managers in the nuances of "managing remotely".   In her presentation, she will discuss differences in this environment, and how they affect customer satisfaction and other outcomes important in business settings. Specifically, her paper concentrates on a key aspect of Globalization – outsourcing. The critical component of the paper discusses the challenges (and opportunities) for managers who are involved in remotely managing the operations. How do you manage a group/an organization which is remote, culturally different and yet be responsible for the results? It requires a complete different orientation, an understanding and training to work in a borderless and seamless world of information and technology. She will provide a number of examples of companies that can be utilized by the audience in a discussion with their coworkers and students in a classroom setting.   As well, many academics are now faced themselves with working in virtual environments, and this discussion with the audience provides an opportunity to share experiences and solutions for future work settings.

Mr. Purnell is a PhD student and has developed his research in the area of organizational culture, organizational design, leadership, and performance, and in addition to his academic literature review, provides a case study of an organization that is forced to transform to a customer-focused team without disrupting the organizational culture that had been built. Mr. Purnell's paper is a worthy case study that integrates the ideas of a changing environment, forcing organizations to transition to new forms of organizing and ways of conducting business, without upending the existing positive aspects of the organization.   Mr. Purnell's case study suggests that a team-based setting may be very effective.

THE ETHICAL DILEMMAS OF COMPETITIVE INTELLIGENCE: AN EMPIRICAL INVESTIGATION

Thomas W. Zimmerer, Saint Leo University
tom.zimmerer@saintleo.edu
Stephen L. Baglione, Saint Leo University
stephen.baglione@saintleo.edu

ABSTRACT

The authors surveyed predominately mid-level managers regarding a series of scenarios which pose potentially unethical situations and asked each respondent to rate the scenario in terms of its ethical nature, whether others would do it, and lastly, whether it was a good business decision. Responses lead the authors to believe that little ethical consistency exists among respondents and that most respondents believe others to be less ethical than they are. Almost all scenarios viewed as unethical were deemed prevalent by others. Whether a scenario was a good or bad business decision was the most vexing question for respondents with most scenarios being evaluated as neutral.

INTRODUCTION

For most managers and executives, their day-to-day decisions may not be complicated by major ethical dilemmas. For this reason, when a situation occurs that has potential ethical implications, they can display uncertainty about which actions to take except in the most grievously unethical situation. Secondly, managers and executives may not have a well-grounded base upon which they evaluate the moral and ethical nature of a situation. Are ethical criteria personally or organizationally dictated, and what steps have top-level leaders taken to clarify the "ethical expectations" of the organization? Clearly, for the most grievous ethical issues the proper and ethical actions are easy to identify. It is the situations which are in the "gray zone" of ethical behavior which pose the greatest concern and are most likely to conflict a decision maker. Except for the most recent series of publicized ethical and legal corporate transgressions, where agreement exists on the egregiousness of their actions, the reality is that no organization can define and describe every situation with ethical considerations and prescribe the proper response.

Organizational shareholders and stakeholders depend on the ethical or moral compass of their managers and executives to act always in an ethical fashion. The Enrons, World Coms and others seem to have virtually disintegrated due to decisions and actions which were unquestionably unethical and possibly illegal. Unethical practices wrecked havoc on all parties connected to these firms.

Facing the forces of unrelenting global competition where market actions can often negatively impact an organization's established competitive foothold, executives find

themselves increasingly pressured to compete against advisories whose values, and consequently ethical behavior, are unknown or perceived to be negative. Consequently, for executives where fear or insecurity has risen to an elevated level, their ethical standards maybe challenged in circumstances where the application of unethically acquired competitive intelligence is concerned. The normal defense mechanism is articulated as "everyone else does it," or that actions were "good business decisions" implying that the actions taken were made to better compete in the marketplace.

In many cases, organizations have limited knowledge of how their managers, and even top executives, will respond when faced with critical "bottom-line" situations where ethical considerations might be involved. At a fundamental level, will managers even recognize that an ethical issue is connected with a decision or action? If so, do these employees apply absolute or relative standards of ethics to the evaluation of the specific situations? Do their ethical standards change from personal to professional decisions?

ETHICS AND COMPETITIVE INTELLIGENCE

Competitive intelligence can be defined as the purposeful and coordinated monitoring of the actions and plans of your competitor(s) (http://aurorawdc.com/whatissci.htm). Competitive intelligence has become a recognized profession. Professionals in this arena attempt, in all ethical and legitimate ways, to collect and interpret information to produce usable intelligence about their employer's competitors. Sophisticated organizations directly integrate competitive intelligence into every aspect of their strategic planning process. Strategy formulation is developed based, in large part, on what their strategic competitive intelligence has uncovered about the market or the strategic intent of the key market competitors. The tangible benefits associated with excellent competitive intelligence have been known for centuries. The legendary Chinese military strategist, Sun Tzu in his writing, *The Art of War*, offers today's executives the following advice (http://www.marekting-intelligence.co.uk/resources/competitor-analysis.htm):
> "If you are ignorant of both your enemies and yourself, then you are a fool and certain to be defeated in every battle."
> "If you know yourself, but not your enemy, for every battle won, you will suffer a loss."
> "If you know your enemy and yourself, you will win every battle"

With exceptional intelligence, the weaker opponents may be capable of redefining the competitive environment to their advantage. The goal of a competitive intelligent process is to gather data and then, through thoughtful analysis, convert the data into meaningful and accurate intelligence. This intelligence must then be skillfully distributed to all relevant personnel in a timely fashion. Lastly, the key people who shape the formulation of the organization's strategies-based competitive decisions on intelligence that has been collected, analyzed and interpreted, and distributed to the ultimate decision maker. For these reasons, it is tempting to take actions in the competitive

intelligence process that may "step over the line" in terms of ethical measures. Today's organizational leaders have taken the words of Sun Tzu to heart and know the importance, and possibly firm-altering, value of competitive intelligence.

The Society of Competitive Intelligence Professionals has a code of ethics for its members which, upon reading, should make clear the specific behaviors to demonstrate, and avoid, in fulfillment of their position. The following is the Society of Competitive Intelligence Professionals' Code of Ethics (http:www.spic.org/ci/ethics.asp):

- To continually strive to increase the recognition and respect of the profession.
- To comply with all applicable laws, domestic and international.
- To accurately disclose all relevant information, including one's identity and organization, prior to all interviews.
- To fully respect all requests for confidentiality of information.
- To avoid conflicts of interest in fulfilling one's duties.
- To provide honest and realistic recommendations and conclusions in the execution of one's duties.
- To promote this code of ethics within one's company, with third-party contractors and within the entire profession.
- To faithfully adhere to and abide by one's company policies, objectives, and guidelines.

It might be valuable to consider the ethics of competitive intelligence by looking first at the end, or use, of the products of competitive intelligence. Competitive intelligence is collected solely to influence the decisions made by managers and executives at either the business or tactical level or the corporate or strategic level. If the decisions or actions that are to be made by managers and executives are to be ethical, then the inputs (competitive intelligence) used to make these decisions or actions must themselves be completely ethical. Competitive intelligence collected in an unethical fashion would, in effect, poison the pool of information upon which a decision or action is made or taken. A poisoned root, in the long-term, cannot bring forth fruit. Thus, although short-term benefits may exist, exposure of the unethical practice by industry competitors and others will likely produce serious long-term negative consequences (e.g., adoption of unethical practices by all competitors).

Competitive intelligence is at the front end of the business and corporate level decision process, and, as such, must be conducted with unimpeachable integrity to protect the organization's key decision makers. An organization's ethical alignment is essential in ensuring that the entire process upon which the inputs to decision making are made are integrated together to support organizational decisions and actions are understood and

accepted by all organizational personnel. Organizational integrity must exist with every employee. Every decision maker must be confident that the competitive intelligence he or she draws upon to make decisions and shape the direction of his or her organization is, from its inception, collected ethically.

For these reasons the authors constructed a series of decision scenarios based upon ideas or concepts previously investigated (Sapia-Bosch and Tanner, 1998; Trevino and Weaver, 1997)   These studies focused on the actions of competitive intelligence professionals while our research focused primarily on mid-level managers. Many of the scenarios violate, at least implicitly, the tenets of the Society of Competitive Intelligence Professionals' Code of Ethics, while others balance on the precipice of that demarcation. We have purposely constructed scenarios that would manifest in response ambiguity. For the latter scenarios, these gray areas will produce wide distributions of responses. Greater agreement, lower variation, should exist in the former scenarios. The following was the research methodology employed in our study, the results obtained and conclusions which can be drawn.

RESEARCH METHODOLOGY

The survey instrument was pretested within an undergraduate Marketing Research class. Respondents were requested to complete the survey and write down what they were thinking while answering. These responses were then examined by one of the authors, and the students' responses were discussed with the class. This feedback was used to refine the scenarios. The pretest results also were coded and analyzed for consistency and variability within.

The final survey included 27 questions, the same three questions for each of the nine scenarios on competitive intelligence. The three questions dealt with whether the scenario is ethical, widespread in practice (others would do it) or a good business decision. Response options were on a one-to-seven scale with anchors differing by question (scenario 1) and four labeled as neutral. The survey was administered to four graduate classes at a small southeastern non-secular university. The program is a professional weekend-MBA program, where students are predominantly mid-level managers. Collectively, this group of men and women would, in their work environment face ethical scenarios involving competitive intelligence that may reside in that gray or nebulous area. Questions were tested against the scale midpoint using a one-sample t-test. Missing data were deleted question-wise.

Although the t-test does consider variation through the standard error of the sampling distribution of means, we delve further into the analysis to understand the distribution of individual responses. In other words, some questions were found to be statistically significant but still demonstrate variation among responses while others showed little variation, hence agreement among respondents. Conversely, a question that is not

statistically significant may reflect the "gray" area indicating lacking of consensus because of high variation among respondents.

Furthermore, a chi-squared test is done by question. Statistically significant results mean that answers do differ from the expected values (a uniform distribution across the seven response categories). Questions which are not statistically significant under the chi-squared test indicate that respondents are equally split among the seven categories; in other words, there is a lack of unanimity among respondents, hence this scenario presents a gray or nebulous area.

RESULTS

Sixty-four surveys were completed. Of those, five were deleted because of large sections of incomplete data or that the respondent did not take the survey seriously. Total sample size is 59. None of the remaining questions had more than one missing value. Coding errors were identified through printing frequencies by question and have a person different from the person who did the data entry match the survey with the computer data; corrections were made. Analysis was conducted in SPSS.

Scenario #1 Interviewing the New Employee
At no time during the hiring process did anyone ask Ms. Hoover any questions about her employer, (our major competitor), that could in any way be considered improper regarding products or processes of her employer. Ms. Hoover was a mid-level market analyst with 19 years in the industry and the past 12 years working for the firm's major competitor. The V.P. of Marketing was interested in what the competitors were planning and scheduled a meeting with Ms. Hoover and three industry-knowledgeable senior marketing managers. Once beyond the "welcome and are you settling in" talk, the conversation turned to some very specific and pointed questions about her previous job and how her previous employer assessed the industry and our firm. As the V.P. of Marketing sees it, Ms. Hoover is now an employee of our firm and expected to be loyal and contribute to our success.
Please evaluate the V.P. of Marketing on a one-seven scale by circling your choice.

1 Completely Ethical	2	3	4 Neutral	5	6	7 Absolutely Unethical
1 No One Does It	2	3	4 Neutral	5	6	7 Almost Everyone Does It
1 Good Business	2	3	4 Neutral	5	6	7 Poor Business

Decision					Decision

All questions were tested against the scale midpoint of four. Two of the questions for scenario one are statistically significant. Respondents believe it is unethical (t=2.32, p<.025, M=4.47) and that almost everyone does it (t=4.98, p<.000, M=4.90). Whether the decision was a good or bad business decision, respondents were neutral.

We then examined the distribution of responses. Almost half believe it is unethical (47%), with the remainder split between neutral and ethical (25% and 27%, respectively). Respondents overwhelmingly believe that almost everyone does it (70%); conversely, only 14% believe no one does it (16% are neutral). Respondents are almost equally split on whether it is a good or bad business decision (39% vs. 36%, respectively). The chi-squared test for each question is statistically significant indicating a pattern of responses other than a uniform distribution (chi-squared=15.15, p<.02 for ethical; chi-squared=35.80, p<.000 for prevalence; chi-squared=13.97, p<.04 for business decision)

> Scenario #2: The Special "Consulting Contract"
> A prominent research physician has first-hand knowledge of a research project that has been underway for nearly two decades. The physician was hired before his employer required all employees to sign confidentiality agreements. Because of the employer's oversight in *not* requiring the physician to sign a confidentiality agreement, he cannot be sued by his employer if he divulges what might be considered trade secrets. The physician will turn 65 years of age next month and is considering retirement. Your firm would benefit greatly from what the physician knows about the project he has worked on for almost two decades. This type of competitive intelligence is extremely valuable and you suggest that your firm approach the physician with a one-year consulting contract at a salary that many would consider a premium for someone with his experience.

With scenario two, two of the three questions were statistically significant. Respondents believe that everyone does it (t=6.35, p<.000, M=5.07), and that it is a good business decision (t=-1.92, p<.054, M=3.5). They were neutral on whether it is ethical. Now we detail the distribution of responses. Ethically, respondents were almost equally divided: 50% believe it unethical and 38% believe it ethical (12% are neutral). They are unequivocal on whether the practice is common: 71% believe almost everyone does it; only 14% believe no one does it. They are divided on whether it is a good business decision: 57% believe it is, and 36% do not (only 7% are neutral). Only the prevalence of the action is statistically significant using a chi-squared test (chi-squared=22.07, p<.002). The questions on ethics and business decision have an equal distribution among the seven response categories, hence wide variation among respondents.

Scenario #3 The Competitive Intelligence Consultants

Knowing that few, if any, of your firm's competitors would willingly share information with you, the decision has been made to hire an external consulting firm to gather information about your firm's competitors. The information you would like to have includes new products under development, new market initiatives or information about key managers or technologists that are leaving and why. As the manager responsible for competitive intelligence, you have been asked to review the proposals from the consultants. After reading a brief description of the proposed information collection processes, please rate each on the scales provided.

Consultant A – They will identify themselves (consulting firm, but not reveal who hired them) and conduct interviews with the supplier/vendors of each of your firm's major competitors, as well as your competitor's current customers, and former employees of your competitors. Additionally, they will conduct a thorough search of secondary research (i.e., information already gathered from another source) to confirm, if possible, the information they collect from the interviews. Even if secondary sources do not confirm it, the company will probably use the interview results.

All the questions for scenario 3a were statistically significant. Respondents believe it is ethical (t=-3.40, p<.002, M=3.31), almost everyone does it (t=4.89, p<.000, M=4.86), and that it is a good business decision (t=-3.13, p<.004, M=3.31). Since all questions are statistically significant from the neutral point, the distribution should be balanced in one direction. Most respondents believe this scenario is ethical (54%), the rest almost even between neutral and unethical (20% and 25%, respectively). More than half believe that everyone does it (58%), with a quarter being neutral (25%). They do believe it is a good business decision (53%), with the remainder split between neutral and a poor decision (22% and 23%, respectively). According to the chi-squared test, respondents are divided equally among the seven categories on whether the actions in the scenario are ethical. Its prevalence and business decision questions are statistically significant (chi-squared=14.93, p<.012; chi-squared=13.25, p<.04, respectively), meaning a pattern exists other than a uniform distribution.

Consultant B – They will identify themselves and indicate that they are conducting a benchmarking study for multiple firms in the industry. Interviews will be conducted with competitors' supplier/vendors, current customers, former employees, and lower-level employees currently employed by the competitor. They plan to conduct minimal search of secondary research.

With scenario 3b, only one question was statistically significant. Respondents believe that everyone does it (t=4.54, p<.000, M=4.8), but are neutral on whether it is ethical or a good business decision. Respondents are split on whether the scenario is ethical, 46% believe it is ethical, and 39% do not (15% are neutral). How commonplace the

practice is provides an almost equal split among respondents: 41% are neutral and 49% believe almost everyone does it (10% believe it is rare). Forty-one percent believe it is a poor business practice, 34% disagree with them, and a quarter is neutral.   Only the question on prevalence, according to the chi-squared test (chi-squared=30.19, p<.000), indicates a pattern other than an equal number of responses across the seven categories (i.e., statistically significant). Respondents are equally distributed among the seven responses on whether it is ethical or a good business decision.

> *Consultant C* – They plan to conduct primary research interviews both by telephone and in person with your competitors' employees at all levels in the organization. They plan to begin the interviews by identifying your company as "one of many" interesting in benchmark their firm as a "model of excellence," even though you are the exclusive client. No secondary research will be conducted.

Every question under scenario 3c was statistically significant. Respondents believe it is unethical (t=1.94, p<.058, M=4.47), almost everyone does it (t=2.78, p<.008, M=4.49), and it is a bad business decision (t=1.97, p<.055, M=4.46).   This scenario is seen as unethical by most respondents (54%) to slightly less than a third who see it as ethical (31%).   Although unethical, almost half see it as a common practice (44%), with more than a third neutral (36%). Less than a fifth view it as uncommon. A similar distribution is found on whether it is a good business decision or not; forty-four percent say no, while almost identical amounts say neutral (27%) and good (29%). Whether the scenario is ethical or not provided a lot of differences among respondents, who were equally divided among the seven categories, using a chi-squared test. (i.e., fail to reject the null hypothesis) The last two questions, on prevalence and business decision, were statistically significant (chi-squared=33.66, p<.000; chi-squared=12.07, p<.07, respectively).

> *Consultant D* – They plan to conduct personal interviews with current employees of the competitor and offer to compensate those employees for providing worthwhile information. They do not plan to identify the client, and if asked, the interviewer will tell them that the information is confidential. No secondary research will be conducted.

Two of three questions under scenario 3d were statistically significant. Respondents believe it is unethical (t=6.88, p<.000, M=5.49), and that it is a bad business decision (t=7.46, p<.000, M=5.37). They are neutral on how widespread the practice is.   They are definitive that this scenario is unethical (75%), the rest are split between neutral (14%) and ethical (12%). This unethical behavior is seen as widespread (41%), again an even split between neutral and no one does it (31% and 29%, respectively). It is seen as a poor business decision (70%), with less than a fifth in either of the other two: neutral or good. Under the chi-squared test, whether it is a good or poor business decision is not statistically significant. Respondents are equally distributed among the

seven categories. The other two questions are statistically significant, exhibiting a pattern other than a uniform distribution (chi-squared=42.92, p<.000 for ethical; chi-squared=18.95, p<.005 for prevalence).

Scenario #4 The Convention Bar

Your firm's V.P. of Sales was joined in the bar at the Ritz-Carleton by his counterpart at your firm's major competitor. It was the third day of the annual industry convention and everyone was tired. Your V.P.'s counterpart was both tired and somewhat drunk. He buys your V.P. a drink and orders one for himself. Over the next two hours, the conversation is mostly about the industry and occasionally about what's happening at his firm. Your V.P. does not ask any leading questions but does listen intently and even takes notes on the cocktail napkins. When he arrives back from the convention, he shares what he was told by his counterpart, and what's on those cocktail napkins is really valuable competitive intelligence.
Scenario four had only one question that was statistically significant.

Respondents believe almost everyone does it (t=8.21, p<.000, M=5.39), but they are neutral about whether it is ethical or a good business decision. Ethically, they are split down the middle: 41% saying it is ethical and 39% saying unethical (20% are neutral). They are also split on whether it is a good business decision; 46% believe it is, and 36% believe it is not (18% are neutral). No dithering on its commonness, 75% say almost everyone does it, with 19% being neutral (7% view it as uncommon). The chi-squared for the scenario's prevalence is the only one statistically significant (chi-squared=21.44, p<.002). The other two questions, ethics and business decision, exhibit a pattern that is equal among the seven response categories.

Scenario #5 The Unsolicited Information

Bright and early Monday morning you receive an e-mail from your friend Nelson, the firm's human resources recruiter. The e-mail details that Nelson was given Saturday at the company's recruiting "open house" by an employee of a competitor. In addition to the normal résumé content, references, etc., the applicant included detailed information about his current position, as well as information on current, and, one would assume, sensitive projects. It is assumed that the sensitive project information was simply provided by the person as a means of demonstrating to the recruiter that he worked on "meaningful" projects. Most of what was included in the package of material was unknown to your firm.

Everything in scenario five is statistically significant. They believe it is unethical (t=2.84, p<.007, M=4.62), almost everyone does it (t=3.35, p<.002, M=4.53), and that it is a bad business decision (t=1.83, p<.073, M=4.38). Respondents believe it is unethical (53%), only 26% disagree (21% are neutral). Half believe almost everyone does it (47%), but an almost equal amount is neutral (38%). Sixteen percent believe no one does it.

Forty-five percent view it as a bad business decision, with the rest almost evenly split between neutral and good (29% and 26%, respectively). All of the questions are statistically significant using the chi-squared test, that is, they demonstrate a response pattern different from a uniform distribution (chi-squared=10.79, p<.096 for ethical; chi-squared=28.28, p<.000 for prevalence; chi-squared=17.31, p<.009 for business decision).

Scenario #6 The Misdirected Test Results

Our firm, like nearly 40% of our industry, employs CI Resources to conduct proprietary market analysis of new products. CI Resources has an exceptional reputation for conducting sophisticated new product testing both for the electrical and mechanical reliability of the product as well as initial customer reaction to the product. Currently, your firm has two new products under evaluation by CI Resources so it was not a surprise to receive a large Fed Ex package from CI Resources. When the package was opened, you discover that CI Resources had sent you the complete analysis of your competitor's new product by mistake. It was 10 minutes of reading before you actually recognized that the detailed data analysis was not for your product but your competitor's. You quickly placed all the material in a new Fed Ex package and sent it back to CI Resources. But "the genie was out of the bottle" and your firm does know the results of your competitor's new product test.

Finally, two of three questions were statistically significant for scenario six. According to respondents, it is unethical (t=2.20, p<.033, M=4.53) and almost everyone does it (t=4.60, p<.000, M=4.81). They were neutral on whether it is a good or bad business decision. The ethics of the scenario divides the groups: 51% unethical versus 31% ethical (19% are neutral). On its commonness, it is a similar split, but now it is between almost everyone does it (53%) and neutral (37%). A three-way split occurs on whether it is a good business decision: 32% say yes, 37% say no, and 31% are neutral. Using the chi-squared test, only ethics is not statistically significant (chi-squared=40.31, p<.000 for prevalence; chi-squared=16.81, p<.02 for business decision). For ethics, respondents are equally distributed among the seven response categories.

CONCLUSION

It may be the public revelations of corporate executives' ethical transgressions have affected our respondents' beliefs that what they identify as unethical behaviors are more commonplace, (others do it). Eight of the nine scenarios (except 3d, which was neutral) were viewed as being on the scale side of almost everyone does it; none indicated a uniform distribution among responses. Yet five scenarios were viewed as unethical (1,3c,3d,5,6), four of them were deemed prevalent. Among those five unethical, three were considered poor business decisions (3c,3d,5). Three of the five scenarios viewed as unethical were viewed as poor business decisions (3c,3d,5); the other two evaluated

as unethical were viewed as neutral when evaluating it as a good or poor business decision (1,6). And, one of the three scenarios viewed as neutral on ethics was seen as a good business decision (2). Only one scenario was viewed as ethical, 3a, while three were seen as neutral: 2, 3b, and 4. Six scenarios indicated a uniform distribution among the possible responses on ethics (2,3a,3b,3c,4,6). Overall, two scenarios were viewed as good business decisions (2,3a), three poor (3c,3d,5), and four were neutral (1,3b,4,6). Four scenarios indicated a uniform distribution among responses for the business decision response (2,3b,3d,4).

With three questions and nine scenarios, there is a total of 27 evaluations. Of these 30% (eight) were evaluated as neutral, and 36% (10) produced a uniform distribution among respondents. The questions to be asked next, if respondents would be willing to answer truthfully, is that when placed in a position where the outcome of a decision or action has significant impact on the personal or organizational future, would the belief that "others do it" weaken the ethical resolve of the decision maker?

The intent of the scenarios was to provide the respondents with a variety of situations where some would challenge their determination of the ethical nature of the decision. These results, therefore, speak volumes to the ethical consistency of the respondents, which argues for the need to make clear exactly the ethical boundaries for employees at every level.   We endorse better guidelines reinforced through improved training.

Today's corporate policy makers must aggressively address the expected behaviors of all its employees regarding issues which may involve violations of the organization's ethics policies. The past few decades have taught western corporations a great deal about the value systems and economic realities of doing business across the globe. Without a simply written and absolutely transparent set of ethical standards and highly descriptive situational examples which together illuminate the ethical problem areas and provide guidance on actions to be taken, organizational ethical problems are likely to produce dysfunctional consequences. The complexity of the issues, the pressures to survive and prosper in a globally competitive environment, and the perceived instability of employment may all contribute to the willingness of some managers and executives to "do what it takes" to personally survive. The study's practical utility is in highlighting variation among respondents, that is, a lack of consistency in evaluating scenarios produces inconsistent decisions in the workplace. The implication is that the decision is dependent upon who is confronted by it.

FUTURE RESEARCH

Our research can be extended to specific companies. Companies espouse values and train employees to act in an ethical fashion. Yet the variance in time and preparation of that training is great. In companies that endorse ethical behaviors, prepare employees adequately to confront ethical dilemmas, and where upper management overtly behaves according to those guidelines and training, would there be less variation

among their employees about ethical behavior? Would employees view unethical behavior as a poor business decision and ethical behavior as a good business decision? With proper training and guidance, do employees behave consistently when confronted with "gray" areas? Although one cannot anticipate all scenarios, does proper preparation enhance the probability of the best or most ethical decision being chosen?   Using the SCIP Code of Ethics, can consistent responses be elicited? Replicating the study at a secular institution might provide even less consensus. Students at a non-secular institution pay a premium to be at a school that endorses religious beliefs instead of a much lower cost institution without those restrictions.

Experimentally, we could have all groups evaluate the scenarios. Four groups are then randomly assigned to a consensus, training, or SCIP group. The consensus group re-answers the scenarios by attempting to reach a consensus among members. The second group is trained on how to approach these gray areas, with the final group receiving only a copy of SCIP guidelines. A control group will complete the scenarios twice with a filler activity in between.

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TABLE 1
MEAN, STANDARD DEVIATIONS, AND T-TEST RESULTS

Scenario	Question	Mean	SD	t (two tailed)	p	
One	Ethical[1]	4.47	1.6	2.32	.024	**
	Prevalance[2]	4.90	1.9	4.98	.000	**
	Business Decision[3]	4.02	1.7	0.08	.938	
Two	Ethical	4.19	1.9	0.75	.454	
	Prevalence	5.07	1.3	6.35	.000	**
	Business Decision	3.50	1.9	-1.92	.053	*

Three (a)	Ethical	3.31	1.6	-3.40	.001 **
	Prevalence	4.86	1.4	4.89	.000 **
	Business Decision	3.31	1.7	-3.13	.003 **
Three (b)	Ethical	3.78	1.9	-.885	.380
	Prevalence	4.80	1.3	4.54	.000 **
	Business Decision	4.02	1.8	0.07	.942
Three (c)	Ethical	4.47	1.9	1.94	.057 *
	Prevalence	4.49	1.4	2.78	.007 **
	Business Decision	4.46	1.8	1.97	.054 *
Three (d)	Ethical	5.49	1.7	6.88	.000 **
	Prevalence	4.19	1.5	0.93	.355
	Business Decision	5.37	1.4	7.46	.000 **
Four	Ethical	4.03	2.0	0.13	.895
	Prevalence	5.39	1.3	8.21	.000 **
	Business Decision	3.68	2.0	-1.21	.230
Five	Ethical	4.62	1.7	2.84	.006 **
	Prevalence	4.53	1.2	3.35	.001 **
	Business Decision	4.38	1.6	1.83	.072 *
Six	Ethical	4.53	1.8	2.20	.032 **
	Prevalence	4.81	1.4	4.60	.000 **
	Business Decision	4.22	1.7	1.01	.316

[1] One-to-seven scale with anchors of completely ethical (1) to absolutely unethical (7)
[2] One-to-seven scale with anchors of no one does it (1) to almost everyone does it (7)
[3] One-to-seven scale with anchors of good business decision (1) to poor business decision (7)
** Statistically significant at the p<.05
* Statistically significant at the p<.1

TABLE 2
CHI-SQUARED RESULTS

Scenario	Question	Chi-squared	p
One	Ethical[1]	15.15	.019 **
	Prevalance[2]	35.80	.000 **
	Business Decision[3]	13.97	.030 **
Two	Ethical	3.31	.769
	Prevalence	22.07	.001 **
	Business Decision	9.35	.155

Three (a)	Ethical	5.58	.350
	Prevalence	14.93	.011 **
	Business Decision	13.25	.039 **
Three (b)	Ethical	2.34	.886
	Prevalence	30.19	.000 **
	Business Decision	9.22	.162
Three (c)	Ethical	4.48	.613
	Prevalence	33.66	.000 **
	Business Decision	12.07	.060 *
Three (d)	Ethical	42.92	.000 **
	Prevalence	18.95	.004 **
	Business Decision	7.19	.126
Four	Ethical	3.05	.802
	Prevalence	21.44	.001 **
	Business Decision	5.42	.491
Five	Ethical	10.79	.095 *
	Prevalence	28.28	.000 **
	Business Decision	17.31	.008 **
Six	Ethical	6.37	.383
	Prevalence	40.31	.000 **
	Business Decision	16.81	.010 **

[1] One-to-seven scale with anchors of completely ethical (1) to absolutely unethical (7)
[2] One-to-seven scale with anchors of no one does it (1) to almost everyone does it (7)
[3] One-to-seven scale with anchors of good business decision (1) to poor business decision (7)
** Statistically significant at the p<.05
* Statistically significant at the p<.1

TABLE 3
OVERALL T-TEST AND CHI-SQUARED RESULTS (statistically significant)

T-test Results (scenarios)

Prevalence	*Ethics*	*Business Decision*
No one:	Ethical: 3a	Good: 2,3a
Everyone: 1,2,3a,3b,3c,4,5,6	Unethical: 1,3c,3d,5,6	Poor: 3c,3d,5
Neutral: 3d	Neutral: 2,3b,4	Neutral: 1,3b,4,6

Chi-squared Results (scenarios)

Prevalence	*Ethics*	*Business Decision*

Uniform: 0   Uniform: 2,3a,3b,3c,4,6   Uniform: 2,3b,3d,4

TABLE 4
T-TEST AND CHI-SQUARED RESULTS BY SCENARIO

Scenario *Prevalence*	*Ethics*	*Business Decision*
One		
Everyone	Unethical	Neutral
Two		
Everyone	Neutral (uniform)	Good (uniform)
Three a		
Everyone	Ethical (uniform)	Good
Three b		
Everyone	Neutral (uniform)	Neutral (uniform)
Three c		
Everyone	Unethical (uniform)	Poor
Three d		
Neutral	Unethical	Poor (uniform)
Four		
Everyone	Neutral (uniform)	Neutral (uniform)
Five		
Everyone	Unethical	Poor
Six		
Everyone	Unethical (uniform)	Neutral

PRACTITIONER PANEL

SUBMISSION

TITLE

"What are online courses doing to develop virtual team skills in tomorrows workforce?"

MEMBERS
Sharon Borowicz, Asst. Professor
Benedictine University
5700 College Road
Lisle, Illinois
(630) 980-9343
Goldenchase@aol.com

Cindy Atchley, Program Coordinator & Developer
Deltak edu, Inc.
745 McClintock Drive
Suite 105
Burr Ridge, IL 60527-6490
Telephone 630/366-2800
Fax 630/366-2801

Richard Magner, Dean
National Lewis University
850 Warrenville Road
Lisle, IL 60532
(312) 261-3850

Bill Leban, Dean
Keller Graduate School of Management
One Tower Lane
Suite 1000
Oakbrook Terrace, Illinois 60181
(630) 571-2358
(630) 382-2939 Fax
bleban@devry.edu

ABSTRACT

The proliferation of new technologies has fostered alternatives in the world of work. Computer

technology, information technology, and telephony have given workers far more freedom

regarding their work environment and schedules. Today's employees can interface with internal and external business stakeholders either working from home or at an organization's satellite office near home. These options are attractive to employees, but they present challenges for today's leaders and managers who must be able to facilitate, motivate, and communicate as effectively in the virtual workplace as they do in a face to face setting. Managers and supervisors have comprised a principal barrier to the widespread use of telecommuting. The traditional relationship between a manager and employees differs from the relationship between a distance manager and virtual employees. The virtual manager/employee relationship is characterized by the absence of a common work space; interaction primarily through computer-mediated communication; the limited sharing of face-to-face time; and determination of employee performance based on the quality of the results or end product rather than on a day-by-day visual assessment. Many managers ask, "How can I manage them [employees] if I can't see them?" Managers often feel uncomfortable coaching in a virtual environment and doubt their ability to identify the struggling employee. They understand neither the best way to communicate with virtual employees nor the differences between virtual and face-to-face communication. Worse they feel they have no transferable facilitation skills for remote teams. This begs the question: Are traditional management theories and skills translatable to the virtual workplace? If we determine that traditional management theories and skills are translatable to the virtual workplace, then are online MBA programs adequately preparing managers and virtual employees to work effectively in the virtual workplace? This panel discussion will explore the curriculum of various universities offering an online MBA degree and discuss whether online MBA programs are adequately preparing managers, employees and ultimately team members to function effectively in the virtual workplace.

TRANSCENDING PEDAGOGY TO ANDRAGOGY IN ONLINE EDUCATION – STRATEGIES THAT BRING E-LEARNING ALIVE

Jennifer A. Moss, M.S.
Doctoral Candidate
University of Nebraska-Lincoln
Jennifer.Moss@ohdela.com
Brian V. Hittlet, M.A.
General Manager, White Hat on Campus
Senior Faculty, University of Phoenix
Brian.Hittlet@whitehatmgmt.com

ABSTRACT

This paper discusses a shift in educational delivery and philosophy. E-learning, or learning via the Internet, World Wide Web and learning platforms, in combination with shifting from a pedagogical to an andragogical approach are discussed. Many academic institutions would like to reap the benefits of distance education offerings, but resist due to instructor time-restraints, technology deficiencies and questions about instructional methodologies. This paper first outlines the necessity for change in education, and then suggests ways that instructors can make the shift from teacher to facilitator through online learning. The result is a facilitation of knowledge exploration where learning-community members share educational discovery that equally benefits students, faculty and academic departments and institutions.

INTRODUCTION

E-learning has become a topic of debate in education as it can present both learning opportunities and hurdles for students, faculty and trainers. Universities, colleges and corporate E-learning programs want to make use of all available technology to increase revenue, student base, reach of service and accessibility. Their conflict, however, arises when considering how to make E-learning relevant, active, available, and engaging.

In this paper, we will discuss how to make E-learning effective and how to engage the learner through a shift from pedagogy, which is more teacher-centered, to andragogy, which is focused on a learner community-centered knowledge exchange. E-learning allows institutions and corporations to reach learners they have had difficulty reaching before – adult learners who have different needs, lifestyles, experiences and expectations than the traditional college student.

Specifically, we will discuss why E-learning is important to education, how professors, trainers and universities can benefit from increasing their E-learning offerings, and what educators can do to reach students of all ages in ways that

increase not only the knowledge and experiences of the student, but the experiential learning of the instructor, while advancing and expanding a meaningful, applicable body of knowledge.

PEDAGOGY AND ANDRAGOGY – LINKS TO E-LEARNING

When one typically thinks of college, they often envision the 18-year old student packing up their belongings and heading off to a new adventure. Today, however, more learners are not traditional students, but non-traditional students pursuing their educational goals. Learning is also occurring more frequently at the corporate level, where trainers and leadership development specialists fill the learning gap with experiences and outcomes that traditional college programs do not address. Different types of learners need different types of instruction (some don't need instruction at all, rather a meaningful dialogue, exchange and critical thinking challenge) – thus the need to shift from a pedagogical model to an andragogical model. This shift opens up possibilities for discovery, expression and thought provocation around what is meaningful with regards to learning.

Pedagogy is described as teacher-centered. The teacher sets learning goals, directs how those goals will be met, and evaluates whether learning was achieved. Pedagogy is usually associated with teaching children (Marshak, 1983). Andragogy, however, differs from pedagogy in that andragogy is community exchange-centered. Students are responsible for directing their own learning journey and setting learning goals. The teacher is seen as facilitator of learning than instructor of knowledge. Students bring their experiences and needs to the E-learning setting and evaluate their learning through measurable outcomes (Knowles, 1972).

When linking learning needs, instructional methods and E-learning, an opportunity is created to utilize current technology to reach students in new ways. Engaging and effective E-learning requires the use of an andragogical model. One cannot simply post discussion threads, notes or PowerPoint presentations on a learning management system and coin it effective and maximized distance education. A new paradigm for learning is created through E-learning, and the new paradigm requires a shift in educational focus -- a focus toward the student. The student is the reason why the learning opportunity exists, not just a tolerable necessity to build institutional faculty or departmental knowledge.

Technology eliminates time and space issues in learning – through E-learning, students can access learning platforms at a time that is convenient for them. In fact, many learners would not be able to access learning at all if not for E-learning. Research has shown that students of all ages appreciate access to computer learning. For example, in a study of multiple intelligences, computer guided learning and adult learning theory, students responded favorably to the use of computer tutorials and hypermedia instruction (Coil, 1998). All students in the aforementioned study demonstrated positive gains in knowledge. Access to

E-learning is an andragogical approach as it is available when the student needs it, not when the institution offers it.

Andragogy, though originally focusing on adults, is an equally effective model for traditional college-age students, provided that they are cabable of critical thought and the development of decision-making. Many students work full-time, go to school part-time, have family responsibilities, are not located near the college or university, or simply prefer to guide their own learning. E-learning serves these students where and how they may need to grow.

Research has shown that, while young learners prefer concrete examples and a pedagogical approach, they also have life experiences from which can draw which allow them to bring meaning to their learning through an andragogical approach (Nkungula, 1998). Additionally, young learners are comfortable navigating on-line courses, connecting with friends, family and fellow students via email, accessing the World Wide Web to obtain learning resources and contacting professors with relevant questions and ideas. Youth with experience and access to internet resources and the ability to effectively navigate the Web offer new insights and applications of material that is valuable to educators. This allows fluidity between academics and practitioners, theory and application, yielding positive results for each. Young learners are viable market in e-learning programs.

TEACHING AS FACILITATION – WHAT ARE THE BENEFITS?

Imagine you are teaching an MBA course on leadership in an E-learning setting. You have previously taught the course on-ground and, therefore, are somewhat tenuous about the E-learning process. You have established an andragogical model that focuses on student needs and goals, student-paced learning. You've developed the on-line course so each student is responsible for a real leadership project in an organization or group to which they belong.

As a course facilitator, as opposed to instructor, you see yourself as a mentor to each student. You provide individual feedback and support to enhance each student's experience and thereby increase retention. You have created groups and communication channels within your course to increase student to student and student to facilitator contact. Because students are working on projects already present within their lives, your course not only helps them meet program goals, but more importantly, life goals. This is the scenario recommended by those researching online education (Easton, 2001).

One day, an adult learner student contacts you via email to inquire further about a specific topic in your course. The student describes a situation in their workplace that is causing considerable conflict. Rather than offer your insight immediately, you enter into a dialogue with the student that brings the student to higher levels of critical thinking and decision-making. The student is encouraged

to seek answers, resources and solutions – the facilitator guides the process of discovery, through Socratic methodology of questions and critical thought development. The student, in turn, considers facilitator questions, and incorporates new knowledge into their work setting. The student's work team decides to give their suggestions a try. As a result of guided discovery through the facilitator, the student owns new knowledge and experiences, has navigated a real problem, implemented changes, and made valuable discovery with conclusions that can be defined as trigger events of learning.

A few weeks later, your student gives you feedback on how their suggestions impacted their organization. Linking theory to practice, the facilitator then shares this case with other students as a meaningful learning tool. This communication results in increasing the knowledge-sharing network where both facilitator knowledge and the knowledge of the student can reach more people than it could reach before. Both the facilitator and the student grow in confidence, cognizance, and reputation. A transformational discovery of how to blend academics and practical application via E-learning has occurred.

Perhaps you will encounter resistance when shifting from a pedagogical approach to an andragogical approach. Students are accustomed to the pedagogical model of lecturing, note taking and testing, and therefore the andragogical model seems vague. It requires the student to take direct responsibility for their learning. Communication about your method will be necessary, reiterating for students that the role of the facilitator through an andragenous approach is to lead the students through reflection and contemplation in order to find meaning from the learning process.

Whether online or in person, it is not the modality through which the perfect question is asked that is most important. What is most important is that with every stage of learning, we are able to continuously improve the quality of the questionsis asked. The student does not have to wait until class time to ask their question. You do not have to wait until class time to share your knowledge. Trust and respect between facilitator and student grow. Student learning is engaging and relevant. Your work is acknowledged and valued. Through an andragogical approach to learning, both your social capital and the social capital of your student are increased (Kessels, Enschede, Poell, 2004) and E-learning assists in the process.

NEXT STEPS – HOW TO MAKE AN IMPACT

It is worthy of mention that both pedagogy and andragogy are of benefit to learners, as are both access to on-ground and E-learning opportunities. Neither methodologies nor teaching paradigms are mutually exclusive. In fact, it is recommended that the ideal learning scenario is a blend of method and modality (Marshak, 1983, Pratt, 1988).

It is useful for us to consider our natural learning style with regard to online versus on-ground learning as well as the style of instruction. Some students would be more naturally comfortable with an andragogical approach. For example, research has shown that female students prefer the andragogical method (Davenport, 1986). Some suggest that those of us who are more creative are more likely to prefer an andragogical style (Patterson, 1986). Additionally, the world-view of an educator has been found to impact their view of pedagogy versus andragogy. Those who adopt an integrated world-view and stress unity in education reject andragogy. Those who adhere to a differential world-view prefer andragogy, while rejecting all-inclusive views on education (Davenport, 1985). Finally, it is logical to conclude that those who are comfortable navigating the Web, learning platforms and have general comfort with technology will have an easier time developing and facilitating web-based learning.

In order for one to adopt and adapt their current coursework to an E-learning and/or andragogical method, several factors are necessary. Instructors need the support of their department and institution as well as the time to create E-learning modules. Technical support, offered 24/7, from the learning management system is essential. Shifting to a completely new paradigm is not a speedy process. This is where a blended approach to learning is recommended (Marshak, 1983). Facilitators need to explore areas in which they can bring technology into their course and how they can capitalize on existing student experience. Consider the following:

- How can facilitators incorporate student-led goals into each class session? Perhaps students could bring real projects from other areas in their lives into the course.
- When teaching an on-ground class, how can facilitators incorporate chat sessions, web-sessions, and on-line materials that would increase communication into their course?
- Through students, instructors can connect to employers who can offer valuable insight into what organizations need from graduates and how professors can teach and research topics of high importance. How can facilitators encourage students to bring material from previous experiences and work settings into the class?
- How can facilitators encourage connectivity between themselves and students?
- How can facilitators enhance student critical thinking and decision-making skills?
- How can facilitators encourage trust in the classroom so higher-order learning, rather than memorization, is taking place?

When attempting to incorporate technology in to the course, use the experts in the area – the students. They spend a great deal of their personal time using technology. Find out what they appreciate about the computer and how

instructors can make technology part of every course.   Finally, resist the temptation to be completely pedagogical. Consider the needs of learners. The shift in paradigm will be refreshing for facilitators and students.

CONCLUSION

E-learning offers universities, colleges and corporations the opportunity to reach more learners. When creating an E-learning environment, it is wise to consider the teaching approach. While pedagogy is appropriate for young students and in certain situations, a shift to an andragogical approach will re-energize teaching and stimulate the minds of students. Education needs to keep pace with reality by using technologies available to use and shifting to a student-led system.

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Special Topic Panel: Senior Faculty Performance Enhancement

James L. Nimnicht
Central Washington University
Nimnicht@cwu.EDU

Don R. Nixon
Central Washington University
nixond@cwu.EDU

Mary C. Meisenhelter
York College of Pennsylvania
mmeisenh@ycp.edu

Colleges and universities have historically focused much attention and no small expense on the encouragement and development of their faculty as they advance in rank and move toward receiving tenure. In fact it is rather common place to find organizational rewards ranging from monetary compensation to travel funds to developmental monies both directed and even earmarked for junior faculty as the organization attempts to help its faculty create acceptable levels of performance in scholarship, teaching and professional service.

Because the success and reputation of academic institutions is closely linked with the rising success and reputation of its faculty, it follows that these institutions would be willing to help facilitate faculty development. Somewhat ironically however, it is not uncommon to find much attention paid to junior and developing faculty while senior faculty are often granted more autonomy for their own development. It might be presumed that once good performance habits have been developed they will continue throughout the career of the now senior and likely tenured professor.

While it is no doubt true that many tenured full professors continue to be stimulated by their teaching, research and service activities, it also appears that there are others whose performance seems to wane as their years of service accumulate. It is not uncommon to hear complaints from students regarding their instructor's continued use of once viable but now dated materials in the classroom. Similarly, administrators and department chairs often find themselves somewhat perplexed over what to do to help a senior faculty member regain some of their fire and enthusiasm from years gone by.

Yet another problem in senior faculty development occurs when administrators, in an attempt to hold down costs or in an era of declining budgets, attempt to lower instructional costs by increasing class sizes or making increased use of adjunct instructors. These moves are often viewed by senior faculty as being destructive to the overall quality of the instructional program. Hence, while the administrator seeks cooperation he/she may actually be creating frustration and dissatisfaction.

Commonly cited areas of concern for senior faculty who encounter "compromises" to the instructional program include salary compression, lack of meaningful involvement in decision making and lack of recognition of accomplishments.

The purpose of this special topic session is to consider the current role of senior faculty and what has or can be done to encourage them toward new learning and higher levels of performance in all academic categories. While it goes without saying that the senior faculty member may well have made substantial valuable contributions to the college or university in the past, it is perhaps now even more important to tap into their accumulated knowledge and expertise to assist junior faculty, a new breed of student and the institution in general.

While the discussion focuses on the academic environment, an overview of mid to late career issues in all settings will be presented. A good overview of "Career Blues" is found in Clawson & Haskins (2000) article on that subject. They report that the phenomenon is characterized by a loss of enthusiasm, loss of desire to go to work and emotional flatness. Most importantly, persons experiencing career blues have difficulty finding a purpose in their work and feel that work is not adding value to their lives.

Moving the focus back to academia, the panel will use Altman's (2003) work to discuss the causes of faculty burnout. These include disillusionment with the profession, boredom, stress, constant change and the belief that no one (departmentally or institutionally) cares about senior faculty opinions.

Finding ways to assist senior faculty revitalize themselves is important for many reasons. Senior faculty often serve as the institutional memory of the organization and help to direct future activities based on past successes and failures. In addition, when they are fully engaged in the mentoring of junior faculty all of the university stakeholders benefit. On the other hand, when senior and tenured faculty attempt to "retire on the job", it causes a serious drain on resources and a negative effect on programs, enrollment, reputation, budgets and the overall success of the institution. And finally, though certainly not least important is a leader's ethical duty to attend to the human beings in his/her area of responsibility.

What can be done to assist faculty members experiencing "the blues"? Clawson & Haskins (2000) suggest that a leader's responsibility is to help the "blue" employee assess his/her emotional state. Sometimes the person is not explicitly aware of their condition. Next, the leader should assist the person in identifying those activities that do lead to a sense of happiness and fulfillment. Armed with that knowledge, the two can work together to find ways of integrating those fulfilling activities into the person's work role.

Altman (2003) provides wide range specific strategies that can be used to help senior faculty members. Strategies can be informal such as helping them network with other faculty members with similar interests (causes) and encouraging faculty members to become more engaged in professional development. For example, a Chair or Dean might ask the faculty member to attend a conference or workshop outside of his/her usual discipline. More formal strategies can include using the senior faculty member as a mentor for new faculty or providing a sabbatical so that the faculty member can discover and cultivate new teaching or research interests. Some of the more unique suggestions that Altman makes are having the senior faculty member serve as a "visiting professor" in another department, serve as an institutional "teaching consultant" or be loaned to an organization for a "business internship".

This special topic session incorporates a group of three panelists representing the interests of faculty, department chairs and administrators who recognize the problem areas but focus on the potential solutions to the problem of senior faculty disengagement in teaching, research and professional service. The panel will address the pros and cons of the suggestions listed above and will also share their strategies for revitalizing senior faculty members. The presenters fully anticipate that audience participation will generate additional strategies that have been successful at other institutions.

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10 APPALLING ERRORS IN MANAGEMENT RESEARCH
AND HOW TO AVOID SOME OF THEM

by

Ernie Stark, Bellevue University
John J. Sosik, Penn State University, Great Valley

#1. Fishing For Statistical Significance While Lacking *A Priori* Theory.

Campbell (1990) made the case that theory is important to management research and that it always has been and always will be. As management scholars, we observe a phenomenon and we speculate about possible relationships that are likely explanations of the phenomenon. This speculation constitutes theory. A theory is a collection of assertions that identify what variables are important for what reasons, specifies how they are interrelated and why, and identifies the conditions under which they should be related or not related (Campbell, 1990). Within theories are hypotheses by which we, as management scholars, make predictions that variance in X will explain variance in Y. If we can cause X to occur or vary and document that Y occurs or varies concomitantly, then the hypothesis of a theory is confirmed. As Kerlinger and Lee (2000) argued, this is more powerful evidence than simply observing, without prediction, the covarying of X and Y. Management research is, in some sense, a betting game in which scholars bet that X will lead to Y, and if in playing by the rules of the game one succeeds in demonstrating that X does indeed lead to Y, one can be said to win the bet. Most importantly, one cannot just enter the game at any point and capitalize on a fortuitous occurrence of X and Y and proclaim success. Doing so is not playing by the rules of management research, and the rules of management research are made to minimize error and fallibility. Models and their associated hypotheses are part of the game of management research.

#2. Interpreting A Statistically Significant Interaction As Evidence Of A Mediating Variable

Too frequently, management scholars carelessly confuse the concepts of "moderation" and "mediation." A moderator is a variable that influences, or moderates, the relationship between a supposed independent variable and a dependent variable. A mediator is an intervening variable located in a temporal position between a supposed independent variable and a dependent variable acting to transmit the effects of the first variable to the second variable. The presence of a moderating variable is demonstrated by the interaction effect of the independent variable and the moderator on variance in the dependent variable. Determining the presence of a mediating variable is much more complicated. The most widely accepted approach for demonstrating the presence of mediation is the three-step approach described by Baron and Kenny (1986). Briefly, in the first step, the assumed mediator is regressed on the assumed independent variable, and beta must be demonstrated to be $\neq 0$. In the second step, the dependent variable must be regressed on the assumed independent variable, and beta must be demonstrated to $\neq 0$. Finally, in the third step, the assumed dependent variable is regressed simultaneously on the assumed independent variable (IV) and the assumed mediator. The result must confirm that beta of the IV and beta of the proposed mediator = 0.

#3. Confusing Statistical Significance With Practical Significance.

Kirk (1996) observed that because all null hypotheses are false, non-rejection simply means that the researcher is unable to specify the direction of the difference of conditions. A rejection of the null hypothesis, on the other hand, means that the research design had adequate power to detect a true state of affairs, which may or may not be a large effect or even a useful effect. Focusing on p values and rejecting null hypotheses actually distracts us from the real goal of deciding whether data support our scientific hypothesis and are practically significant or useful. It is incorrect to believe that the p value is the probability that the null hypothesis is correct or that the complement of the p value is the probability that a significant result will be found in replication. Rosenthal, Rosnow, and Rubin (2000) argued that statistical significance at the conventional level is not necessarily practically significant; that is, highly significant p values should not be interpreted as automatically reflecting large effects. Effect size is the measure of practical significance and is defined as the degree to which the null hypothesis is false. Among the several measures of effect size are "Person's r" or "eta", eta squared, delta (used primarily in meta-analysis), E-tests and A-tests in Within-and-Between Analysis (Dansereau, Alutto, & Yammarino, 1984) and statistical power. In short, the level of statistical significance (.05, .01, or .001) simply indicates the likelihood that the study could have come to a false conclusion. By itself, it tells you absolutely nothing about the actual magnitude of an effect.

#4. Using Statistically Significant Relationships To Argue For Cause And Effect.

While most scholars acknowledge that a statistically significant correlation does not demonstrate causality, too often such a relationship is used to argue for causality. A current example is found in the numerous journal articles arguing that there is a causal relationship between HR practices and a firm's financial performance based on statistically significant relationships (covariation) between the two variables. However, Wight, Gardner, Moynihan, and Allen (2005) casts doubt on such claims by pointing out that these studies seldom examine their data for evidence of reverse or alternative causation. For instance, they propose several alternative explanations that may account for the significant covariation between the two variables. First, high-performing firms have slack resources and are more likely to use these resources to engage in progressive human resource practices. That is, high financial performance is likely to predict human resource practices. Further, the relationship between the two variables may be a spurious relationship resulting from a third, yet unexamined, variable. For instance, it could be that effective leaders influence an organization's financial performance and they also treat employees well through progressive HR practices. Finally, it may be that organizational culture causes both the implementation of high performance HR practices and influence an organization's financial performance. In short, correlation does not imply causation. Causation must be supported by theory and empirically demonstrated through the temporal ordering of variables in experimental or survey research.

#5. Failure To Adequately Screen And Clean Data Before Conducting Statistical Tests.

Legion are the errors resulting from a failure to commit the necessary time and effort to careful examination of data before running the main statistical analysis. Tabachnick and Fidell (1996)

provide guidance. First, the accuracy of the data file itself must be determined by proof reading the original data against a computerized listing. Specifically, are all continuous variables within the expected range? Are all categorical variables within range? Is the missing data properly coded? Second, missing data must be examined. That is, determining if the missing data demonstrates a pattern is more important than the amount of missing data. Further, decisions must be made as to how the missing data will be treated. Fourth, the data must be examined for outliers and decisions made regarding how outliers are to be defined and dealt with. Fifth, underlying the outcome of almost all tests of parametric statistics are assumptions about normality, linearity, and homoscedasticity. "While it is tempting to conclude that inferential tests are robust to violations of assumptions, that conclusion is not always warranted and transformations may be necessary to improve normality" (Tabachnick and Fidell, 1996).

#6. Conducting Multiple *t*-tests To Explore The Means Of Three Or More Populations.

While almost every graduate level class in statistics admonishes students against conducting multiple *t*-tests, this error continues to show up in conference and journal submissions. As Everitt (2001) makes clear, the consequences of applying a series of *t*-tests to a one-way design with a moderate number of groups is very likely to be a claim of a significant difference, when in reality there is no difference. Even with only three groups, the separate *t*-test approach increases the nominal 5% chance of committing a Type 1 error (probability of incorrectly rejecting the null hypothesis) by almost three fold (.14). Thus, researchers should use Bonferonni or multiple comparison tests.

#7. Failure To Acknowledge Problems Inherent In Excessively Large Or Exceedingly Small
     Samples.

As sample size increases, so does the probability of finding a statistically significant difference between means or a statistically significant relationship between variables. For instance, a difference of 10 IQ points in a sample of 4 is statistically significant at alpha=.05. On the other hand, a difference of 0.2 IQ points is statistically significant at alpha=.05 in a sample of 10,000. As Streiner (1986) noted, we would probably pay handsomely for a course that would raise our IQ 10 points (from 140 to 150), but we wouldn't part with a dime for a course that was just as statistically significant, but only raised our IQ by 2/10ths of point. Sample size has a similar impact on β. If the true mean IQ of a population is 110, a sample of 4 would have $\beta = 0.37$. That is, only a 63 percent chance of detecting the true IQ of the population. The β-level of a sample of 100 is 0.05 or a 95% chance of detecting the true population mean, and β in sample of 10,000 is less than 0.0001. Further, with small samples, the probability of selecting a sample that is truly deviant from the population is greater than with large samples (Kerlinger & Lee, 2000). Fortunately, several data analytic techniques, such as Partial Least Squares analysis (PLS; Wold, 1985) and Within-and-Between Analysis (Dansereau et al., 1984) have been developed to overcome problems associated with small sample sizes.

#8. Assuming That A Regression Model That Provides Adequate Fit Of The Initial Data Will
     Do So With Different Data.

The overall goodness of fit is determined by calculating a correlation coefficient (*r*) from the ratio of the variance fitted by the line of least squares to the total variance. This correlation coefficient is called the multiple correlation. The multiple correlation (*R*) obtained in a regression equation is only an indication of how well the initial data were fit by the regression model. If the model is used for different data, the fit will not be as good because of statistical fluctuations in the initial data (Streiner, 1986).

#9. Failure To Secure A Random Sample.

Without random selection of a sample, members of a population with certain distinguishing characteristics may be selected in numbers disproportionate to their numbers in the population. As a result, their characteristics may unduly influence the dependent variable resulting in the sample not truly reflect the measure of interest in the population. Too frequently, studies in the field are in reality relying on samples of convenience rather than random samples of a population. Since, in random procedures, every member of a population has an equal chance of being selected for a sample, members with certain distinguishing characteristics will, if selected, probably be offset in the long run by selection of other members of the population with counterbalancing characteristics resulting in bias being removed from the sample. That is, individuals with varying characteristics are spread approximately equally so that characteristics that might affect the dependent variable have equal effects (Keringler & Lee, 2000). In short, researchers should collect random samples whenever possible.

#10. Making Grand Generalizations About The Results Of A Study To Populations Dissimilar To The Population From Which The Study Sample Was Taken.

It should be most stridently and forcefully stated that results of any study apply only to similar populations. Thus, the results of a study conducted in one business setting can only be considered relevant to another business setting to the degree that the second population is similar to the original population of study. To the degree that the characteristics of the second population differ from the population of study, the less one can assume that the original findings will hold in the second population (Streiner, 1986). In short, in the discussion and implications section of a paper, be wary of grand and sweeping generalization made about the results of a study.

PLS: A Data Analytic Technique to Avoid Most of These Pitfalls

Partial Least Squares (PLS) regression provides a logical and statistically defensible approach to avoiding many of the aforementioned appalling errors. PLS does not make assumptions about (1) data distributions to estimate model parameters, (2) observation independence, or (3) variable metrics. Because of its unrestrictive assumptions, PLS may be preferred over LISREL, another structural modeling technique, which requires multivariate normality, interval scaled data, and large sample sizes. PLS is appropriate for analyzing predictive research models tested with primarily small samples and those that are in the early stages of theory development (Wold, 1985), a condition characterizing many management research studies. By

using this robust methodology, researchers may expect to detect associations that might not be revealed with a more standard OLS regression analysis method (Wilcox, 1998).

PLS offers several additional advantages over OLS regression. These include smaller standard error of estimates (Wilcox, 1998), better calibration metrics for computing standardized path coefficients and more powerful detection of effects, greater consistency between the meaning of measurement items and their definition in the research model, and optimal weighing and combination of multi-item variables to increase the predictive power of the model (Wold, 1985). PLS simultaneously assesses both the structural component, representing the relationship among variables, and the measurement component, representing the relationship between variables and their items.

There are other advantages offered by PLS over OLS. PLS enables a greater consistency between the meaning of measurement items and their definition in a research model. Specifically, measurement items can be defined as reflective or formative in PLS analysis (Wold, 1985). *Reflective indicators* are those that are determined by the latent variable and *formative indicators* are those that combine to give rise to the latent variable. The choice between reflective and formative modes, which is not an option in traditional analyses such as OLS, influences results by affecting how measurement errors are to be treated in data analysis. Depending on how measurement items are defined, PLS optimally weights and combines items of multi-item variables to increase the predictive power of a model. In OLS, a scale is created by weighting all items equally before combining them. This weighting may not be optimal, particularly in a situation where one is exploring the items that represent a multi-dimensional construct (e.g., transformational leadership).

For OLS one needs more observations than variables for sample size sufficiency (e.g., 3-4 observations per variable to get reliable estimates of the errors). In contrast, PLS uses subspaces. As such, the data are converted into pseudo-variables called scores. These pseudo-variables capture the relevant variability in the data that is related to what you are trying to predict. Since there are fewer pseudo-variables than variables, fewer observations are needed (Martens & Neas, 1989).

Wilcox (1998) summarized some of the problems in using standard statistical routines such as OLS. Part of his concern dealt with the problems with outliers, and how a single outlier can dramatically affect one's results. Wilcox also raised the concern about distributions not being normal, and why it is often advisable to use alternative modern methods such as PLS. By using modern and more robust methods, as indicated by Wilcox, we may be able to detect associations that would not be revealed with standard methods. Finally, Wilcox (p. 311) states, "…no single method is perfect. In terms of computing accurate confidence intervals, modern methods give reasonably good results for a much broader range of situations than does the standard techniques…The main message is that the OLS estimator is one of the poorest choices researchers could make. In some cases, its standard error is more than 100 times larger than certain modern methods." Of course, OLS is still a very useful statistical method, but PLS may be more beneficial in contexts which are prone to the aforementioned appalling errors in management research.

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