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Table of Contents

| | |
|--|----|
| THE SUBPRIME HOUSING CRISIS: UNDERSTANDING THE REAL CULPRIT | 6 |
| A. Cliff Abdool, College of Staten Island..... | 6 |
| Mark Stroud, College of Staten Island..... | 6 |
| DOES GOOD STEWARDSHIP REDUCE AGENCY COSTS IN THE IT SECTOR? EVIDENCE FROM DIVIDEND POLICY AND ESG RATINGS..... | 11 |
| Kevin M. Casey, Jr, University of Central Arkansas..... | 11 |
| K. Michael Casey, University of Central Arkansas..... | 11 |
| Ken Griffin, University of Central Arkansas..... | 11 |
| PEACEFULNESS OF NATIONS AND THE USE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS | 20 |
| Bairj Donabedian, Pace University..... | 20 |
| Raymond J Elson, Valdosta State University | 20 |
| Susanne O’Callaghan, Pace University | 20 |
| John P. Walker, Queens College, CUNY | 20 |
| Cathy Dwyer, Pace University..... | 20 |
| INTERNET TAXATION: DOES IT MATTER?..... | 21 |
| Ken Griffin, University of Central Arkansas..... | 21 |
| Ashley Phillips, University of Central Arkansas | 21 |
| Joe Cangelosi, University of Central Arkansas | 21 |
| US COMMUNITY BANK PROFITABILITY: A CROSS-SECTIONAL AND DYNAMIC PANEL ANALYSIS OF RURAL AND METROPOLITAN BANKS | 24 |
| Robert D. Morrison, University of Texas Permian Basin..... | 24 |
| Diego Escobari, University of Texas Rio Grande Valley..... | 24 |
| ANALYSIS OF COMPASSION IN ACCOUNTING AND BUSINESS STUDENTS, OVERALL AND BY GENDER | 30 |
| Hannah Michelle Russell, Texas A&M University | 30 |
| Donald L. Ariail, Kennesaw State University | 30 |
| Katherine Taken Smith, Texas A&M University-Corpus Christi | 30 |
| Lawrence Murphy Smith, Texas A&M University-Corpus Christi..... | 30 |
| SOCIAL MEDIA USAGE AND RELATIONSHIP TO REVENUE AMONG TECHNOLOGY FIRMS..... | 31 |
| Katherine Taken Smith, Texas A&M University-Corpus Christi | 31 |
| Karen Loveland, Texas A&M University-Corpus Christi..... | 31 |
| Lawrence Murphy Smith, Texas A&M University-Corpus Christi..... | 31 |

SERVANT LEADERSHIP: A STUDY OF AIR FORCE OFFICERS AND ENLISTED 32
 Seth Akhilele, Regent University 32

EMPIRICAL INVESTIGATION OF MACROECONOMIC OUTCOMES OF NAFTA AND USMCA 37
 Veronika Humphries, University of Louisiana at Monroe 37
 Tammy Johnston, University of Louisiana at Monroe 37

A REVIEW AND ANALYSIS OF FORTUNE 100 FIRMS’ IDENTIFIED RISKS 38
 Darwin L. King, St. Bonaventure University 38
 Carl J. Case, St. Bonaventure University 38
 Taylore M. Lunger, St. Bonaventure University 38
 Brianna T. Ragonese, St. Bonaventure University 38

EMPLOYER HIRING PRACTICES THAT ADVERSELY IMPACT JOB APPLICANTS OVER AGE 40 DO NOT VIOLATE THE AGE DISCRIMINATION IN EMPLOYMENT ACT 39
 Dexter Woods, Ohio Northern University 39

IT DOES MATTER WHO YOUR FRIENDS ARE: A CASE STUDY OF NETFLIX AND “FRIENDS” LICENSING 40
 Cori O Crews, Valdosta State University 40
 Casey J Colson, Valdosta State University 40
 Raymond J Elson, Valdosta State University 40

MISSION AMARILLO – A NON-PROFIT MARKETING PLAN CASE STUDY 41
 Andrea Finchum, West Texas A&M University 41
 Jackie Marr, West Texas A&M University 41
 Melissa White, West Texas A&M University 41

INVOLVING STUDENTS IN THE DESIGN OF A CLASS – PRELIMINARY RESULTS 48
 T. J. Gabriel, University of North Georgia 48

CLASSROOM TEACHING TECHNIQUES AND STUDENT PERCEIVED UNIVERSITY PERFORMANCE: AN ANALYSIS OF DIFFERENCES BETWEEN ACCOUNTING MAJORS AND OTHER BUSINESS MAJORS 52
 Kevin L. Hammond, The University of Tennessee at Martin 52
 Robert L. Webster, Ouachita Baptist University 52
 Christie Chen, The University of Tennessee at Martin 52
 Will Kang, The University of Tennessee at Martin 52
 Bonnie Daniel, The University of Tennessee at Martin 52

REVISITING THE SELF-SUSTAINABLE GROWTH RATE 54
 Stephen C. Henry, SUNY Plattsburgh 54

JOB READINESS SURVEY: LINKEDIN 55

 H. Steve Leslie, Arkansas State University 55

 Karen McDaniel, Arkansas State University 55

 Sandra Hrabovsky Bevill, Arkansas State University 55

MINI COLA WARS: THE DIET COKE AND PEPSI BATTLE..... 56

 Ahmed Maamoun, University Of Minnesota Duluth 56

MAGNUS YOUTH LEAGUE – A CASE STUDY FOR SOCIAL RESPONSIBILITY AND APPLICATION OF STAKEHOLDER THEORY..... 61

 Jackie Marr, West Texas A&M University 61

 Andrea Finchum, West Texas A&M University 61

 Melissa White, West Texas A&M University 61

VENMO: WAR ON CASH? 67

 Patrick McGuigan, Pace University..... 67

 Alan Eisner, Pace University 67

 John Byrne, Pace University..... 67

ACADEMIC EFFORT: INFLUENCE OF RELATEDNESS, COMPETENCE AND PROFESSOR-STUDENT SIMILARITY 75

 Michael W. Pass, Sam Houston State University 75

TURMOIL IN THE CUSTOMER SERVICE OFFICE AT BLUEGREEN SHIPPING AGENCY 81

 Denise V. Siegfeldt, Florida Institute of Technology 81

 Jennifer R. Havery Johnson, Florida Institute of Technology 81

SEISMILES BRAND WINE..... 83

 D.K. (Skip) Smith, Baze University 83

 Carlos Aimar, University of San Isidro – P. Marin 83

 Juan F. Ruedin, CEO, Altos de Tinogasta 83

HOW DO ENTREPRENEURS USE SOCIAL MEDIA? 85

 Antonina Bauman, Emporia State University..... 85

CRISIS MANAGEMENT FOR SMALL BUSINESS: APOLOGIES AND EXPLANATIONS DURING AND AFTER A CRISIS 86

 Stephen C. Betts, William Paterson University 86

 Vincent Vicari, Bergen County Small Business Development Center..... 86

THE WOMEN SOCIAL ENTREPRENEURSHIP IN INDIA 87

 Narendra Bhandari, Pace University..... 87

IN THE ENTREPRENEUR’S BEST INTEREST 88
 Gary Bliss, Florida State University 88

CULTIVATING THE ENTREPRENEURIAL MINDSET IN TODAY’S SMALL LIBERAL COLLEGES & UNIVERSITIES 90
 Daryl D. Green, Oklahoma Baptist University 90
 George Taylor III, Tulsa Community College..... 90
 Violet Ford, John Hopkins University 90

DISPOSITION AND ETHICS: AN EXPLORATION OF JUNGIAN TYPES AND JUSTICE, UTILITARIAN AND RIGHTS VIEWS OF ETHICS 91
 Stephen C. Betts, William Paterson University 91

EFFECTS OF CSR AND CR ON BUSINESS CONFIDENCE IN AN EMERGING COUNTRY 92
 Jesús del Brío, Universidad de Oviedo (Spain) 92
 Edmundo Lizarzaburu Bolaños Universidad de Esan (Peru) 92

AN EVALUATION OF CUSTOMER SATISFACTION WITH ONLINE AND WALK-IN U.S. ELECTRONICS RETAILERS ON SEVERAL CHARACTERISTICS..... 93
 Khalid M. Dubas, University of Mount Olive 93
 Lewis Hershey, Eastern Michigan University 93
 Saeed M. Dubas, University of Pittsburg at Titusville 93
 James T. Strong, California State University, Stanislaus 93

AN INVESTIGATION COMPARING STRATEGIC PROFILES OF MARKETING OUTCOMES BASED ON COUNTRY-OF-ORIGIN IN KUWAIT RESTAURANTS 94
 Larry Pleshko, Kuwait University 94
 Richard Heiens, University of South Carolina Beaufort 94

MANAGING SUPPLY CHAIN RISK USING BIG DATA ANALYTICS: A CASE STUDY APPROACH 95
 Nitya Singh, Salisbury University 95

STRATEGIC PLANNING IN HIGHER EDUCATION: DEVELOPING A PROCESS FOR STAKEHOLDER INPUT AND VISION DEVELOPMENT IN A RAPIDLY CHANGING ENVIRONMENT 98
 Robin L. Snipes, Columbus State University 98
 Mark James, Columbus State University 98
 Jennifer P. Pitts, Columbus State University 98

REVISITING SEX-ROLE STEREOTYPING IN THE JOB SELECTION DYAD: AN EMPIRICAL STUDY COMPARING SEX-ROLE BIASES IN SELECTION DECISIONS ACROSS TWO DIFFERENT GENERATIONS 100

 Robin L. Snipes, Columbus State University 100

 Mark James, Columbus State University 100

 Jennifer P. Pitts, Columbus State University 100

THE MODERATION OF ATTITUDES ON LEADERSHIP TRAITS..... 102

 Russell Teasley, University of North Georgia 102

 Wendy Walker, University of North Georgia..... 102

 T. J. Gabriel, University of North Georgia 102

TEACHING ENTREPRENEURSHIP: LESSONS LEARNED FROM TEACHING ENTREPRENEURSHIP THROUGH THE MOVIES. 103

 Laurent Josien, SUNY Plattsburgh 103

THE SUBPRIME HOUSING CRISIS: UNDERSTANDING THE REAL CULPRIT

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ABSTRACT

This paper explores the causes of the subprime mortgage crisis of 2007. Specifically, we examine the impact of three contributing factors—securitization of mortgages, increases in real estate prices, and predatory lending practices—on the global financial recession. While the current literature has tended to focus on the ramifications of the subprime crisis, the actual causes of this phenomenon merit a multi-dimensional assessment.

INTRODUCTION

The U.S. real estate sector experienced a prodigious bull-market run during the latter part of the 1990s and the early 2000s. Purchasers reaped the financial benefits of homeownership first-hand; property values continued to rise, building up equity for owners. Coupled with the relative ease of securing financing, these market dynamics made real estate an attractive commodity.

Unsurprisingly, markets responded well to these conditions. Nominal home prices increased by nearly 9% in 2005 alone (Beracha & Hirschey, 2009), while median home prices increased by 40% between 2000 and 2006 (Leonhardt, 2007). Nonetheless, such growth was not completely attributable to market conditions. Rather, years of lax lending standards and the expansion of credit products provided an impetus for unsubstantiated growth in the real estate market (Dell’Ariccia, Igan, & Laeven, 2012)

Despite the robust increases in home prices, such growth was unsustainable in the long run. Starting in 2007, the U.S. economy was plagued with an increasing rate of home-mortgage foreclosures. This upward trend was noteworthy enough to garner attention by the media (Demyanyk & Van Hemert, 2011). This period also marked a slowdown in the appreciation of home values, in which prices increased by a paltry 0.13% in 2007 (Beracha and Hirschey, 2009).

Sudden decreases in home prices are problematic. High housing prices have generally served as a catalyst for consumer spending (Baker, 2002). Homeowners with equity positions in their property can easily borrow against their homes to finance discretionary spending. Declining home prices erode equity gains, making refinancing less attractive to homeowners.

By September 2008, the global economy was experiencing a recession (Pissarides, 2013). In the United States, “the housing downturn of the late 2000s saw dramatic increases in mortgage defaults” (Campbell & Cocco, 2015, p. 1,495). Similarly, underwriting standards tightened, and the availability of easy credit declined. This further compounded the crisis; stringent lending criteria now meant that homeowners faced a challenge when attempting to refinance existing loans (Ryan, 2008). Popular wisdom would refer to this phenomenon as the “subprime mortgage crisis.”

This paper examines the underlying causes of the subprime mortgage crisis. Namely, we postulate three hypotheses of causation: securitization of mortgages, increased real estate prices, and predatory lending practices on the part of mortgage companies. Understanding causation is important from a policy-based perspective; the subprime mortgage crisis disproportionately affected minority households, contributed to urban blight, and was attributed to declining personal health (Aguirre & Martinez, 2014; Stein & Nguyen, 2009; Currie & Tekin, 2015).

Our paper is structured as follows. In the first section, we present an overview of the literature on the U.S. mortgage crisis of 2007–2010. In the second section, we document our hypotheses. In the third section, we present directions for future research.

LITERATURE REVIEW

Beginning in December 2007, the U.S. economy experienced one of the worst economic cycles since the Great Depression (Levine, 2009). The expanding market for subprime mortgages was a driving force of this turmoil. Continued lending by financial institutions to individuals with little, no, or poor credit had finally taken its toll. As the U.S. economy experienced a notable increase in home-mortgage foreclosures, the subprime mortgage crisis was born.

While much attention has been paid to the repercussions of this financially devastating event, there seems to be little consensus as to the roots of its origin. The rationale for its causes has vacillated in the literature from a lack of regulation to excess regulation (Mian & Sufi, 2008; Lowenstein, 2006). Other explanations for the housing market collapse have ranged from political pressure being placed on banks to extend mortgages to unqualified borrowers to conflicts of interest on the part of auditors (Apgar & Duda, 2003). What remains clear is a lack of uniformity in the literature

One noteworthy explanation for the subprime crisis was predicated upon consumer belief that housing prices would continue to increase (Schiller, 2008). While well-founded, this theory alone does not fully explain how the subprime crisis came to fruition. Initially, the lax lending standards of the late 1990s and early 2000s served as a catalyst for real estate price appreciation. Eventually, loose underwriting criteria led to a substantial increase in the number of subprime loans issued (Demyanyk & Van Hemert, 2011). As the rate of defaults on subprime loans started to increase, real estate prices eventually declined, further compounding matters. “Average house prices nationwide have fallen over 20 percent from their early 2006 peaks through the end of 2008” (An & Bostic, 2009, p. 340).

Yet another issue was the conflict of interest associated with home appraisal companies and parties with financial interest in the transaction. Lenders and mortgage brokers frequently pressured appraisers to inflate the values of homes in order to make the loans look more attractive. Consequently, appraisers had an incentive to commit fraud. By agreeing to overstate home values, appraisers would increase their chances of being hired in the future. “Deception and dishonesty were used for the financial gain of all involved in the sale” (Sims, 2013, p. 161).

The role of government has also been posited as a contributing factor to the subprime crisis. Actions on the part of the Federal Reserve to keep interest rates low stimulated the strong demand for housing (Taylor, 2009). Additionally, the federal government’s fair lending and affordable

housing policies, while seemingly beneficial on the surface, essentially advocated for lending to uncreditworthy borrowers (Sowell, 2009).

HYPOTHESES

Traditionally, mortgage lending followed a simple format in which a financial institution originated and held a loan in its portfolio. Since the financial institution that issued the loan also owned the loan, it had an economic incentive to make prudent decisions with respect to risk. As securitization became more prevalent, this straightforward approach to mortgage lending was transformed.

Securitization permitted mortgages to be sold and traded as investments. This reshaped the primary objective of lenders from holding onto a mortgage to originating and selling a mortgage (Keys, Seru, & Vig, 2012). Since lenders did not hold onto a majority of the mortgage loans that they issued, securitization reduced the incentive to exercise caution and due diligence during the underwriting process. Therefore, we postulate the following hypothesis:

H1: Securitization fueled the birth of subprime lending.

By their very nature, subprime mortgages were riskier than prime mortgages; the typical subprime loan involved a lower down payment and a higher debt-to-equity ratio. Consequently, the default rates for subprime loans would be higher when real estate prices declined. “Having made a smaller down payment than the prime borrower, the subprime borrower has less to lose by defaulting” (Jacobs, 2009, p. 19).

The securitization of mortgages allowed for the shifting of risk from loan originators to investors. “Many have argued that a major driver of the subprime crisis was the increased use of securitization” (Gerardi, Lehnert, Sherlund, & Willen, 2003, p. 73). Indeed, many of these subprime loans were repackaged and sold to investors. The higher interest rates associated with subprime mortgages made them an attractive commodity to investors (Jacobs, 2009). Additionally, continued increases in real estate prices played an important role with respect to the perceived risk in purchasing these loans.

The U.S. real estate sector underwent a period of remarkable growth during the early 2000s. From 2000 to 2006, the composite 20 metropolitan areas, as measured by the Case-Schiller house price indices, increased in price by 100% (Chen & Xiong, 2014). Increases in prices during this time period contributed to overoptimistic behavior on the part of lenders. Therefore, we hypothesize the following:

H2: Increasing real estate prices lowered the perceived risk for lenders and contributed to an increase in subprime mortgages.

Seeing the price of real estate increasing, lenders had less incentive to perform due diligence when underwriting loans. Consequently, lenders eschewed the perceived risk of high loan-to-value ratios and incomplete documentation on mortgage applications. Similarly, lenders

irrationally believed that increasing real estate prices would be enough to mitigate losses on mortgage defaults. These aforementioned factors collectively contributed to the growth of subprime lending.

Popular wisdom endorses the notion that lenders miscalculated the potential risks associated with subprime mortgages. Traditional subprime borrowers inherently lacked satisfactory credit, had questionable employment stability and higher debt-to-equity ratios, and had little financial resources to fall back on in the event of turmoil. Therefore, we posit the following hypothesis:

H3: Predatory lending practices aimed at unsavvy borrowers fueled additional subprime lending.

Subprime mortgage products were the last resort for a cohort of consumers unable to obtain credit through traditional channels (An & Bostic, 2003). The costs and fees associated with subprime loans exceeded any reasonable risk premium (Bailey, 2005). Even more troubling was that lenders specializing in these types of loans purposefully targeted individuals who were poorly informed about the products and services that were being marketed to them in the first place. “The residential real estate market is populated by amateurs making infrequent transactions on the basis of limited information with little or no experience in gauging the fundamental value of the properties they are buying or selling” (Smith & Smith, 2006, p. 3). Minorities were more likely to be exploited by subprime lenders, which calls into question whether financial institutions violated fair lending laws (Lehe, 2010).

DIRECTIONS FOR FUTURE RESEARCH

Despite our overview, there remain a few limitations to this paper. First, we are unable to interpret causality from an examination of the literature alone. A more extensive data set would be needed to analytically prove our hypotheses. Consequently, this is an important area for future research.

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DOES GOOD STEWARDSHIP REDUCE AGENCY COSTS IN THE IT SECTOR? EVIDENCE FROM DIVIDEND POLICY AND ESG RATINGS

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ABSTRACT

The link between corporate social responsibility, firm performance and various discretionary managerial decisions is widely documented in the academic literature. Recently, ESG ratings emerged as one metric that quantifies components of social responsibility. ESG (environment, social and governance) ratings enable researchers to evaluate the firm's overall social responsibility and then to parse that measure into its individual components to identify specific social responsibility decisions that may have greater impact on the firm. Recently, Yahoo! finance added a series of sustainability metrics that provide scores for a firm's "environmental, social and governance issues" (ESG). The ESG data focuses on issues that are most likely to affect the firm and assesses the firm's "ability to mitigate ESG risks." This study obtained current 2019 data from Yahoo! finance for firms in the information technology (IT) sector. The sample size includes 50 firms with sufficient data to run the models. The positive relationship between ESG rating and dividend yield suggests that firms with higher (better) ESG percentile rankings have higher dividend yields. Overall, the results provide additional evidence that firms consider several social and environmental factors when establishing dividend policy.

INTRODUCTION

The link between corporate social responsibility, firm performance and various discretionary managerial decisions is widely documented in the academic literature. Galbreath (2010) shows a link between social responsibility and strategic orientation. Hsu (2018) shows that firms that are better corporate stewards tend to make better financial decisions and do a better job of allocating capital to positive net present value projects. Olowokudejo, Aduloju and Oke (2011), in their study of Nigerian insurance companies, show that organizational effectiveness improves as firms become more socially responsible. Numerous other studies show similar linkages between social responsibilities and various measures of performance, including Buallay (2019) and Feng, Wang and Kreuze (2017). Still other studies document a linkage between dividend payout and corporate social responsibility. Examples include Casey, Ellis, Casey (2019) and Samet and Jarbou (2017).

Recently, ESG ratings emerged as one metric that quantifies components of social responsibility. ESG (environment, social and governance) ratings enable researchers to evaluate the firm's overall social responsibility and then to parse that measure into its individual

components to identify specific social responsibility decisions that may have greater impact on the firm. Given that industry differences do exist, as shown by Feng et al. (2017) and Nyeadi, Ibrahim and Sare (2018), it is appropriate to study the impact of ESG ratings on firms in a specific industry. In this paper we focus on the information technology (IT) sector given its recent prominence in the popular press with regard to privacy and data usage issues. We also evaluate the impact on dividend policy since dividend payout is often used as to mitigate agency issues and push the firm to show greater transparency. The rest of this paper is organized as follows. Section II contains a brief review of the relevant literature. Section III contains a presentation of the data and methodology, section IV presents the results, and Section V provides some concluding remarks and directions for future research.

LITERATURE REVIEW

Jensen and Meckling's (1976) paper on agency theory shows that problems emerge when you separate a firm's ownership and management. These two disparate groups often have different goals. For this reason, academics and practitioners alike have focused research efforts on ways to align the goals of these two divergent groups. Costs incurred to align these goals are known as agency costs. Various oversight and internal control techniques attempt to reduce agency costs by monitoring management to ensure management behavior is consistent with the primary goal of the owners, which is shareholder wealth maximization.

Dividend payment is one common technique firms use to reduce agency costs. Paying dividends depletes cash and forces the firm into the external capital markets to acquire necessary financial capital for operations and/or expansion. Investor bankers, analysts, potential investors and any external stakeholder evaluates the firm's financial condition, recent managerial actions, corporate governance mechanisms, and other factors prior to providing external capital. This review process uncovers any relevant external or internal issues that will negatively impact the firm and future cash flows. Social responsibility issues fall into this category. Dividend payment is therefore an agency cost since retaining dividends for internal financing would be an easier option for firms seeking expansion capital or firms needing capital for existing operations. Given this relationship exists we can evaluate the linkage between dividend payment and social responsibility to determine whether firms that are more socially responsible pay more or less in dividends.

Rozeff's (1982) agency cost and transaction cost tradeoff model postulates that firms adopt a dividend policy that minimizes their overall costs. When firms issue dividends and are forced to the external markets the firms incur issuance costs associated with raising new debt or equity. Firms must balance the costs of dividend payment and the cost of raising external capital with the value of the information disseminated in that process. The dividend payment must convey relevant information that reduces agency costs or the firm's best decision would be retention of that cash dividend for other uses. Rozeff (1982) maintains that firms will adopt a dividend payment policy that minimizes these overall costs. Easterbrook (1984) and Dempsey and Laber (1992) both support Rozeff's model and an agency explanation of dividend payment.

Several studies, including Noronha, Shome, and Morgan (1996), use adaptations of Rozeff's (1982) model. Moh'd, Perry, and Rimbey (1995) provide strong support for the model over time and across various industries. Casey et al. (1999) extends Rozeff's model to investigate the relationship between payout policy and changes in the tax law. This study notes that industry differences exist with regard to payout policy. Other studies support industry differences. Dickens, Casey, and Newman (2002) study banking while Puleo, Smith, and Casey (2009) focus on the insurance industry. Both use variations of Rozeff's (1982) model to evaluate dividend decisions.

The relationship between corporate governance and dividend payout is also documented in the literature. For example, Puleo, Smith, and Casey (2009) find that regulated firms in the insurance industry have a lessor need to pay dividends and subject the firm to the scrutiny of the external capital markets. Regulators appear to perform that function to the satisfaction of market participants. In a separate study, Smith, Puleo, and Casey (2008) show that non-regulated firms with higher corporate governance quotients also pay lower dividends. A higher corporate governance quotient indicates the firm is a better steward and less likely to engage in inappropriate actions. It appears that firms recognized externally as better stewards can lower dividend payout since they have a lessor need to convey governance information via dividend payment and forcing firms into the external capital markets.

Recently, Yahoo! finance added a series of sustainability metrics that provide scores for a firm's "environmental, social and governance issues" (ESG). The ESG data focuses on issues that are most likely to affect the firm and assesses the firm's "ability to mitigate ESG risks." Casey, Casey and He (2018) use this data source and study the relationship between dividend policy and ESG factors in the utility industry. Their study did not find a relationship between dividend policy and the ESG factors in the utility industry. However, the utility industry is highly regulated, and regulation could reduce the need for firms to mitigate ESG risks. Other research, such as Casey, Smith and Puleo (2010), finds that firms in the oil and gas industry with stronger corporate governance structures paid lower dividends. This finding suggests that dividends do convey information and dividend payment does subject the firm to greater external scrutiny.

In this paper we focus on the relationship between dividend policy and ESG factors in an industry that is often in the press for data stewardship and other social responsibility issues, the IT sector. We evaluate the impact on dividend yield using an overall ESG percentile score and then look at the individual components of ESG. The ESG factor is split into governance, environmental and social affects with distinct numerical values. The addition of the controversy variable provides even more detailed information about the public perception of the firm. Casey, Casey and He (2018) note that today's investors are more interested in socially responsible investing and are willing to reward firms that possess the desired socially responsible characteristics and punish firms that do not possess these traits. For this reason, we expect to see a strong link between ESG ratings and dividend policy.

DATA AND METHODOLOGY

This study obtains current 2019 data from Yahoo! finance for firms in the information technology (IT) sector. The sample size includes 50 firms with sufficient data to run the models.

We estimate the following version of Rozeff's (1982) model consistent with Casey, Ellis and Casey (2019) and Casey, Smith and Puleo (2010) who both use a similar model in the oil and gas industry.

$$DY_j = \alpha + \sum B_i X_{ij} + \mathcal{E},$$

Where:

DY = dividend yield as reported by Yahoo! finance

X_{ij} represents each independent variable I, for each firm j. These variables are:

INSTIT = percentage of institutional ownership,

BETA = each firm's beta,

DEBT = total debt/equity ratio,

GROW = next year's percentage forecast growth rate in revenues,

ESG = Sustainalytics total ESG percentile rating,

CONT = controversy rating assigned by Sustainalytics.

The ESG rating can be split into its three components of Environment rating (ENV), Social rating (SOC) and Governance rating (GOV). Each of these ESG ratings can fall between 1-100. The ratings are calculated using a proprietary balanced scorecard system. Percentile rankings are also reported for these individual components. Justification for the included variables follows.

CONT, or the controversy rating computed by Sustainalytics, assumes a value between 1 and 5 and is assigned based on recent controversies involving the specific firm. A value of 5 is assigned to the most serious controversies that could negatively impact stakeholders, the environment, or the firm's operations. Firms with higher controversy ratings will likely need to increase dividend payout and subject the firm to the scrutiny of the financial markets with greater frequency.

Justification for the other included control variables follows:

Instit, defined as the percentage of institutional equity ownership, could have a positive or negative relationship to dividend yield. Depending on the overall faith in management and fund goals, institutional owners may desire to have dividends retained and invested or paid out to shareholders. Institutional ownership can exceed 100% in rare situations where one institution borrows shares from another institution to short stock. If both institutions report the stock as "owned" then the percentage can exceed 100%.

Beta, the firm's beta computed and reported by Yahoo! finance, serves as a measure of market risk. Investors with higher risk tolerances should prefer firms that reinvest earnings instead of paying cash dividend. Beta should be negatively related to dividend payment and therefore dividend yield.

Debt represents the firm's use of leverage. We use the total debt to equity ratio provided by Yahoo!. Debt could also be positively or negatively related to dividend payout. As debt increases firms often opt to retain funds for debt service in lieu of paying out cash dividends. However, an opposing position suggests that firms paying higher dividends could be forced to incur more debt for capital budgeting and operations. Therefore, debt could have either a positive or a negative sign.

Growth, or next year's forecast revenue growth rate, serves as a proxy for the firm's immediate future cash needs. Higher growth rates indicate the firm may need more cash to support that growth. For this reason, we expect to see a negative relationship between growth rates and dividend yields.

RESULTS

Table 1 contains the descriptive statistics for the variables included in this study. Many of the variables have a wide variation. For example, beta falls between 0.280 and 2.520 which indicates a large variation in market risk in this sample. Future growth rates exhibit an even greater variation and range from -28.2% to 34.3%. It is also worth mentioning again that Institutional Ownership can exceed 100% since one institution can borrow shares from another to short. If both institutions report the ownership the total can exceed 100% in rare situations. Institutional ownership ranges between 0.00% and 117.58%.

| Variable | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|---------|---------|---------|----------------|
| Dividend Yield | 0.350 | 4.620 | 1.858 | 0.982 |
| Beta | 0.280 | 2.520 | 1.254 | 0.452 |
| Debt | 0.010 | 426.350 | 101.736 | 112.073 |
| Institutional Own. | 0.000 | 117.580 | 83.685 | 18.367 |
| Next Year's Growth | -28.200 | 34.300 | 10.510 | 8.742 |
| ESG Rating | 43.000 | 87.000 | 64.420 | 10.912 |
| ENV Rating | 42.000 | 96.000 | 66.380 | 14.890 |
| SOC Rating | 38.000 | 88.000 | 62.780 | 12.565 |
| GOV Rating | 54.000 | 87.000 | 64.720 | 6.606 |
| CONT | 0.000 | 4.000 | 1.360 | 1.025 |

The ESG rating ranges 43 to 87 for the IT firms included in this study. We see similar variation when we split ESG percentiles into its three components. ENV ranges between 42.0 and 96.0 and SOC has a range of 38.0 to 88.0. The last component, GOV, has a percentile range from 54.0 to 87.0. Each of these variables should measure a slightly different aspect of corporate governance and stewardship. Controversy level (CONT) has a mean of 1.36 and ranges between 0.0 and 4.0. Table 1 also shows that dividend yields also vary quite a bit. Dividend yields have a mean of 1.858% with a low of 0.35% and a high dividend yield of 4.62%.

In Table 2 we report the variable correlations.

| | Beta | Debt | Instit | Growth | ESG | ENV | SOC | GOV | CONT |
|------------|--------|--------|--------|--------|-------|-------|-------|-------|------|
| Beta | 1 | | | | | | | | |
| Debt | 0.031 | 1 | | | | | | | |
| Instit | 0.087 | 0.131 | 1 | | | | | | |
| Growth | 0.010 | 0.087 | 0.058 | 1 | | | | | |
| ESG Rating | 0.266 | -0.209 | -0.108 | -0.017 | 1 | | | | |
| ENV Rating | 0.223 | -0.171 | -0.116 | -0.042 | NA | 1 | | | |
| SOC Rating | 0.306 | -0.171 | -0.084 | -0.003 | NA | 0.834 | 1 | | |
| GOV Rating | 0.105 | -0.215 | -0.143 | -0.009 | NA | 0.524 | 0.488 | 1 | |
| CONT | -0.055 | 0.093 | -0.260 | 0.207 | 0.207 | 0.262 | 0.163 | 0.103 | 1 |

The correlation coefficients indicate there are no variables that are highly correlated and there are no serious multicollinearity problems with the model. The exception is that ENV and SOC are highly correlated.

Table 3 contains a presentation of the OLS regression results from four different regression models. All four models do a good job of explaining the variation in dividend yields with adjusted R²'s ranging from 0.268 to 0.300. Two of the control variables are significant in every model. Debt is positively related to dividend yield and significant at the 0.05 level in all four models. Growth rates are also significant at the 0.005 level in all four models. The relationship is negative in all models.

| Independent Variables | Regression Model 1 | Regression Model 2 | Regression Model 3 | Regression Model 4 |
|-------------------------|----------------------|----------------------|----------------------|----------------------|
| Constant | 0.303 (0.314) | 1.315 (0.924) | 0.289 (0.294) | 1.307 (0.897) |
| Beta | 0.040 (0.144) | 0.012 (0.041) | 0.043 (0.152) | 0.012 (0.044) |
| Debt | 0.003* (2.600) | 0.003* (2.400) | 0.003* (2.533) | 0.003* (2.346) |
| Institutional | -0.006 (-0.939) | -0.007 (-0.977) | -0.006 (-0.860) | -0.006 (-0.917) |
| Growth | -0.046** (-3.321) | -0.045** (-3.251) | -0.046** (-3.218) | -0.045** (-3.120) |
| ESG Rating | 0.034** (2.927) | | 0.034* (2.772) | |
| ENV Rating | | 0.013 (0.815) | | 0.012 (0.775) |
| SOC Rating | | 0.021 (1.145) | | 0.021 (1.131) |
| GOV Rating | | -0.014 (-0.646) | | -0.014 (-0.636) |
| CONT | | | 0.014 (0.111) | 0.005 (0.037) |
| | | | | |
| R ² | 0.372 | 0.390 | 0.373 | 0.390 |
| Adjusted R ² | 0.300 | 0.286 | 0.283 | 0.268 |

*Significant at .05 level or better

** Significant at .005 level or better

The four models that include various combinations of the ESG and CONT variables are all significant. These adjusted R²s indicate that the regressions explain between 26.8% and 30.0% of the variation in dividend yields. In the four significant regression models, the only significant social responsibility variable was the composite ESG rating used in Model 1 and Model 3. When the ESG variable was split into individual components in Model 2 and Model 4 there were no significant social responsibility variables. CONT was insignificant in both models that included this variable.

CONCLUSIONS

The four regressions help explain a large part of the variation in dividend yields. However, the only significant explanatory variables are the control variables Debt and Growth in all four models and the overall ESG rating in Model 2 and Model 4. ESG rating was positively related to dividend yield and in both cases and highly significant.

Debt is significant and positive suggesting that firms paying higher dividends also incur more debt as one would expect. This finding suggests that managers do opt to pay dividends

knowing they will need additional capital from the financial markets. The negative relationship between growth rates and dividend yield suggests that managers do tend to retain dividends to fund growth when possible.

The positive relationship between ESG rating and dividend yield suggests that firms with higher (better) ESG percentile rankings have higher dividend yields. This increase in dividend yield could result from higher dividends or declines in stock price. Either change will result in a lower dividend yield. This finding suggests that firms that are better overall stewards likely convey that information via dividend distributions forcing them into the scrutiny of the external markets. This explanation seems likely given previous research on corporate governance and performance suggests better corporate stewards outperform firms with lower governance standards in most industries, although the impact is greater in large firms (Nyeadi, Ibrahim and Sare; 2018). Lower governance standards would also tend to be penalized by investors selling stock when issues become public. Firms that do not exhibit good governance or good stewardship are penalized by investor selling activity.

Overall, the results provide additional evidence that firms consider several social and environmental factors when establishing dividend policy. As we would expect in the current investing climate, technology firms are affected by environmental factors. Somewhat surprising is that these firms do not appear to be affected by Controversy levels. Managers of these firms should focus some effort on the prevention of issues resulting in negative publicity and being better corporate citizens. Future research should focus on the impact of ESG ratings on other managerial decision variables and performance metrics. Other industries may show completely different results so this analysis should be conducted on an industry-specific basis.

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PEACEFULNESS OF NATIONS AND THE USE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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ABSTRACT

The purpose of this paper is to identify any correlations between the use of a standardized accounting framework such as IFRS, and the level of peacefulness of the nations in the world. Not all of the worlds’ 163 nations use a standardized framework to capture financial information or to report with a consistent manner of transparency. However, countries that use a particular systematized reporting framework seem to enhance the economic environment and provide an adequate standard of living among their own inhabitants. To explore this hypothesis, we examined two databases: the 2018 Global Peace Index of 163 ranked countries on their peacefulness (including democracy, transparency, education and material well-being in addition to the economic value of peace and violence) and the IFRS database of countries that require domestic companies to file using IFRS. A Chi-Square goodness of fit test was used to examine the strength of association between two categorical variables: a 3 x 2 matrix represented by 3 peacefulness levels and a categorical (yes or no) variable of use of IFRS for domestic financial statement filings. Our results show that the probability that this correlating result happened by chance is 6.6%. There is a 93% confidence level that this correlational between peacefulness and the use of IFRS by countries for financial reporting is not by chance. Future research could study the causation of such a correlation. This research could make a case for consistent use of IFRS around the world and possibly increase the peacefulness of the world.

INTERNET TAXATION: DOES IT MATTER?

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ABSTRACT

Most states and local governments impose sales and use taxes. Only five states do not currently impose some form of general sales tax or gross receipts tax. According to data collected by the U.S. Census Bureau for the 2016-2017 fiscal year, approximately 47% of total state revenue is from sales tax. Given sales tax importance to state budgets, states have been seeking to expand the base of transactions that are subject to state and local sales tax. However, e-commerce has been a stumbling block.

E-commerce has been rapidly expanding as a component of the U.S. retail sector. For the third quarter of 2018, e-commerce accounted for approximately \$130.9 billion in sales according to the U.S. Census Bureau. This amounted to 9.8% of total retail sales. For the third quarter of 2008, e-commerce accounted for only 3.4% of total retail sales according to the Census Bureau. This is an increase of almost threefold.

*Prior to the Supreme Court's decision in *South Dakota v. Wayfair*, 585 U.S. ____ (2018) overruling its earlier decisions in *Quill Corp. v. North Dakota*, 504 U. S. 298 (1992), and *National Bellas Hess, Inc. v. Department of Revenue of Ill.*, 386 U. S. 753 (1967), states could not require the collection of sales tax from e-commerce unless the seller had a physical presence in the taxing state. Consequently, out-of-state remote sellers maintained a tax advantage over businesses with a physical presence in the taxing state. In its decision in *Wayfair*, the Supreme Court discussed the change in the U.S. economy since the *Quill*. It cited statistics showing the dramatic increase in both ecommerce and internet access (from less than 2% of households in 1992 to approximately 89% in 2018). The Court also noted that states were losing out on substantial sales tax revenue due to the rise in e-commerce. Consequently, the Supreme Court held in its June 2018 that states may now collect sales tax from out-of-state sellers provided the sellers have a "substantial nexus" with the taxing state. A physical presence is no longer required. Substantial nexus can be shown when a taxpayer "avails itself of the substantial privilege of carrying on business" in a state according to the Court. The *South Dakota* statute at issue was determined to have substantial nexus since it only imposes a sales tax collection obligation only on remote sellers if they have at least \$100,000 of sales in the state or 200 individual transactions in the state.*

Given the Supreme Court's ruling, most state lawmakers and government officials are now updating existing sales tax laws and administrative guidance as well as pursuing new sales tax laws to define what constitutes "substantial nexus" with their state. This gives rise to the question as to whether or not the imposition of sales tax influences a consumer's purchasing decisions. A survey of 860 individuals was conducted in June 2018 asking questions about their decision-making with respect to purchases, including online purchases. Some conclusions from the data show that males do more online shopping than females, online spending increases with age, cost is the most important factor when shopping online and online shopping would not change if taxes

were applied to all Internet purchases. However, in states where sales taxes are high, behavior would change with less shopping online.

INTRODUCTION

*"The tax code is a monstrosity and there's only one thing to do with it. Scrap it, kill it, drive a stake through its heart, bury it and hope it never rises again to terrorize the American people."
-SteveForbes*

The Streamline Sales Tax Project (SSTP) was organized by a group of state government officials in March 2000. Their mission is to simplify the current complex state sales tax systems and convince Congress to allow taxation of on-line commerce. This Agreement is the result of the effort of 44 states, the District of Columbia, local governments and the business community to simplify sales and use tax collection and administration by retailers and states. The Agreement minimizes costs and administrative burdens on retailers that collect sales tax, particularly retailers operating in multiple states. It encourages "remote sellers" selling over the Internet and by mail order to collect tax on sales to customers living in those state joining the Agreement. It is supposed to create equality among local "brick-and-mortar" stores and internet sellers. This Agreement ensures that all retailers can conduct their business in a fair, competitive environment.

Around 1930, the United States entered into an economic crisis called *The Great Depression*. This time period had devastating effects to both industry and individual income. As a result, the economy worsened from declining corporate and individual income taxes. In 1932, Mississippi, in hopes of raising additional revenue, became the first state to impose a general state sales tax. Twenty-three states followed suit and implemented their own state sales tax. Given its success in generating additional income, the number grew to forty-five states and the District of Columbia by the late 1960's. That number stands today while Alaska, Delaware, Montana, New Hampshire, and Oregon do not collect sales taxes.

In 1999, the National Governors Association and National Conference of State Legislatures requested tax administrators to create a system that was (a) less complex, (b) would address the uneven playing field for merchants, and (c) address states' losses in revenue from the inability to collect taxes already imposed. So, in 2000, the Streamlined Sales Tax Governing Board was formed to help create solutions in the complex sales tax system (streamlinedsalestax.org, 2013).

Their project lasted for several years and on October 1, 2005 The Streamline Sales and Use Tax Agreement was put into place. The Agreement focuses on improving sales and use tax administration systems for all sellers and for all types of commerce through the following: state level administration of sales and use tax collections, uniformity in the state and local tax bases, uniformity of major tax base definitions, a central registration system for all member states, a simplification of state and local tax rates, uniform sourcing rules for all taxable transactions, simplified administration of exemptions, simplified tax returns, simplification of tax remittances, and the protection of customer privacy (streamlinedsalestax.org, 2013).

To date, twenty-four of the forty-four states have passed the conforming legislation. Those states have a total population of 92,781,860 representing 33% of the country's population. The

following states that have passed legislation to conform to the Streamlined Sale and Use Tax Agreement: Arkansas, Georgia, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, Nevada, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin and Wyoming.

According to the 2016 State and Local Finance Initiative, general sales and gross receipts comprise nearly 30 percent of total state tax collections. The sales tax is second only to personal income taxes as the largest source of state revenue.

Prior to the Supreme Court's decision in *South Dakota v. Wayfair*, 585 U.S. ____ (2018) overruling its earlier decisions in *Quill Corp. v. North Dakota*, 504 U. S. 298 (1992), and *National Bellas Hess, Inc. v. Department of Revenue of Ill.*, 386 U. S. 753 (1967), states could not require the collection of sales tax from e-commerce unless the seller had a physical presence in the taxing state. Consequently, out-of-state remote sellers maintained a tax advantage over businesses with a physical presence in the taxing state.

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Given the Supreme Court's ruling, most state lawmakers and government officials are now updating existing sales tax laws and administrative guidance as well as pursuing new sales tax laws to define what constitutes "substantial nexus" with their state. This gives rise to the question as to whether or not the imposition of sales tax influences a consumer's purchasing decisions. A survey of 860 individuals was conducted in June 2018 asking questions about their decision-making with respecting to purchases, including online purchases. The remainder of this paper provides an analysis of the survey results.

On April 2, 2019 Arkansas passed an Internet Sales Tax bill. The impact of this tax on Arkansas is expect to add \$35.3 million in state revenue per year, \$10.8 million for cities and counties and \$11.8 million for local sales tax. Some conclusions from the data show that males do more online shopping than females, online spending increases with age, cost is the most important factor when shopping online and online shopping would not change if taxes were applied to all Internet purchases. However, in states where sales taxes are high, behavior would change with less shopping online.

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US COMMUNITY BANK PROFITABILITY: A CROSS-SECTIONAL AND DYNAMIC PANEL ANALYSIS OF RURAL AND METROPOLITAN BANKS

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ABSTRACT

This study compares 5,286 community banks operating in rural and metropolitan counties from 2000 through the end of 2013 on the variables attributing to bank profitability using pooled OLS, pooled time-series OLS, and dynamic panels methodologies. Following the SCP and competition-fragility literature, one would expect a difference in the variables contributing to profitability. The size of the coefficients indicates that the variables contributing to profitability differ in magnitude when comparing community banks in metropolitan counties to those in rural counties. Both the pooled and time-series OLS models indicate that bank size contributes to profitability more in metropolitan areas.

INTRODUCTION

The US Banking industry in the US has undergone dramatic changes over the past 30 years as restrictions of both the geographic area of operation and the scope of financial services banks can offer have change dramatically. Until 1911, states regulated banks in the US. Even after federal regulation a two-tiered banking system of both state and federally chartered banks existed and depression era federal regulations limited banks to whatever the state they operated in allowed in terms of geographic areas. The result was a large number of small banks serving communities across the nation. Beyond that, Great Depression era Glass-Steagall Act of 1933, limited the scope financial activities in which commercial banks could participate. Although an in depth discussion is beyond the scope of this paper, those limitations from the 1930s through the 1980s through various court decisions and legislative and regulatory changes. In the 1980s a series of legislative initiatives, leading up to the Gramm-Leach-Bliley Act of 1999, eliminated most of the remaining limitations on the geographic scope of banks and restrictions on what services entities in the financial services sector could offer. What followed was a massive progression of acquisitions and mergers as commercial banks, investment banks, and insurance companies combined into comprehensive financial services firms.

In a quest to cover the nation or particular regions of it, publicly traded banks acquired banks across the nation with the vast majority, 87% of branches, being in metropolitan areas. This resulted in a 59% decrease in the number of bank charters and over 80% of all bank assets held by only 107 banks. The remaining 6,356 remaining small banks held only 14% of bank assets. Nonetheless, these small community banks play an important role in the US economy because they continue to provide the vast majority of funding to small businesses and small businesses continue

employee the vast majority of people in the US. In addition, more of the US population is migrating to metropolitan areas and that is likely where community banks encounter the greatest competition from the massive nationwide and regional banks. Therefore, it is important to understand how deregulation has changed the competitive environment of community banking.

LITERATURE REVIEW

Structure-Conduct-Performance and Bank Deregulation

Due to the evolution of banking regulation in the US, the restrictions on geographic operating area resulted in most US banks being small banks with tight ties to the communities that operated in. Great Depression era legislation, the Glass-Steagall Act of 1933, also limited the scope of bank activities by prohibiting commercial banks from engaging in investment banking (Calomiris, 2010). The Douglas Amendment in 1956 allowed states to establish the guidelines under which banks from other states could do business; however, the banking industry remained highly regulated and the vast majority of US banks operated in single counties or metropolitan areas with only a few competitors. During this same timeframe, legislative activity in the area of anti-trust made inter-industry data available for researchers to analyze using cross-sectional approaches (e.g., Bain, 1951, 1956). These studies provided insight in to the relationship between competitor concentration in a particular industry, also referred to as the market structure, and profitability. The use of observable industry structure indicators, such as concentration ratios, to measure the degree of competition lead to the development of the structure-conduct-performance paradigm (SCP) (Schmalensee, 1989). From one point of view, in highly concentrated markets competitors can collude, implicitly or explicitly, to extract higher profits. In contrast, profits may be the result of efficiencies that result from economies of scale in plant, firm, and advertising efforts.

In the 1980s, there was a movement to enhance competition in the financial services industry. During the legislative process Stephen Friedman (1981), Securities and Exchange Commission Commissioner at the time, commented that in the future only ten large banks would cover the US. Federal Reserve researcher Alton Gilbert (1984) reviewed 45 SCP studies on the banking industry to examine the issues of collusion and efficiencies through achieving economies of scale. He found that the studies on the influence of market structure were highly variable, but did not seem to support that competition concentration leads to collusion in the banking industry and that single small banks do not appear to be more costly to operate than a branch of a large bank. Gilbert (1984) did caution that the studies reviewed did not provide a solid basis to generalize about large banks operating branches across the nation. As the result of a series of legislative actions from the Depository Institutions Deregulation and Monetary Controls Act (DIDMCA) of 1980 to the Gramm-Leach-Bliley Act of 1999, the US financial services industry was deregulated. It turns out that Stephen Friedman was wrong only about the number of banks blanketing the nation, as of 2014 it is 4 instead of 10; JP Morgan Chase, Bank of America, Citi Group, and Wells Fargo. At the end of 2011, only 107 banks held 80% of industry assets and federally insured bank and thrift charters fell from 17,901 in 1985 to 7,353 in 2011. However, despite the industry consolidation and increased competition, locally owned community banks have not disappeared.

Despite only holding 14% of total bank assets, they are the most common FDIC insured institution and supply most of the credit to small businesses in the US (FDIC CBS, 2012).

Beyond deregulation, technology has dramatically changed the competitive environment of banking in the last 10 to 15 years. Internet banking has gone from a novel concept to a service that bank customers expect. More recently, smartphones have enabled mobile banking and the ability to take a photo of a check to deposit it combined with mobile electronic payments is quickly making visits to a physical bank a rare event. On the one hand, technology can bring cost reductions that lead to greater efficiency; however, the initial capital investment and the need for highly skilled, therefore costly, support staff can put technology implementation out of the reach of small banks. Community banks in large metropolitan areas would arguably have a larger customer base and assets to cover technology implementation and support cost; however, those are the community banks most likely confronting the highest concentration of competition from the large nationwide and regional banks. This is because the large banks have focused on acquisitions in metropolitan areas while avoiding the small rural communities. Therefore, this study compares the factors contributing to community bank profitability on rural versus metropolitan areas.

Determinants of Community Bank Profitability

Studies examining bank profitability have mostly used the SCP paradigm focusing on market concentration and bank efficiency on concentration (e.g., Berger, 1995a; Smirlock, 1985). As discussed previously, the dispute lies in the underlying causation of market power or efficiency through economies of scale. However, regardless of the level of market concentration, community bank profits are related to exogenous economic conditions; however, when faced with favorable economic conditions managerial skill will result in some banks performing better than others (Kupiec & Lee, 2012). Although return on equity (ROE) and return on assets ROA are often used to measure firm profitability, the study of community banks brings an interesting problem because about one-third of small banks are Type-S corporations. Because Type-S corporations act as a pass-through entities that pay no income tax at the corporate level and pass the profits on to shareholders who pay income tax at the individual level, comparing ROA or ROE between Type-S and Type-C banks would be erroneous. Therefore, this study uses pre-tax ROA as a measure of profitability (FDIC variable ptxroa).

Traditionally, banks make profits by operating as financial intermediaries by paying interest on deposits and loaning those funds out at higher rates. As a result, the gross profit from interest comes from the difference in those rates, which is the net interest margin (FDIC variable NIMY). In highly competitive markets to attract depositors banks would offer higher interest rates; however, by the same reasoning, to attract good clients to lend to banks would have to offer attractive loan rates and the net interest margin would be lower in these markets. However, partly due to competition and partly due to deregulation, banks have turned to generating income through non-interest activities that range from fees on services to operations in the forward and futures markets (FDIC variable noniiay). As is the case in any business, operating expenses reduce the gross profits and in banking terminology these are non-interest expenses (FDIC variable nonixay);

the more efficient a bank is the lower its relative non-interest expense. Efficiency can come through reaching economy of scale and bank asset size maybe used as a proxy (FDIC variable asset5).

Given that the interest income is the difference in the rates paid on deposits and the interest charged for loans and that higher riskier loans pay higher interest rates, banks can arguably increase profitability by taking on riskier loan portfolios. Because of competition for deposits, there is a lower limit of what a bank can pay and retain sufficient deposits to lend. This is the basis of the charter value or competition-fragility views (Hellmann, Murdock, & Stiglitz, 2000; Keeley, 1990). Because deposit insurance can act as a put option that limits bank shareholder losses to the capital invested, banks may take on more risk and maintain lower capital to asset ratios (CAR). While the literature is not conclusive (Canoy, van Dijk, Lemmen, de Mooij, & Weigand, 2001; Carletti & Hartmann, 2003), Berger (1995b) found that higher CAR was correlated with higher profits. One possible explanation is that higher CAR leads to lower insurance premiums and that contributes to higher profits. Under either argument, CAR is an important factor when it comes to explaining bank profitability (FDIC variable eqv).

(MODELS AND TABLES NOT INCLUDED IN PROCEEDINGS VERSION)

CONCLUSION

The goal of this study is to compare community banks operating in rural and metropolitan counties on the variables attributing to bank profitability using pooled OLS, pooled time-series OLS, and dynamic panels methodologies. Following the SCP and competition-fragility literature and given that community banks operating in metropolitan areas are facing direct competition from massive nationwide and regional banks whereas community banks are not to a great extent, one would expect a difference in the variables contributing to profitability. This study is exploratory in nature in that the purpose is to provide informative insight into areas in need of further research.

Overall, the three methodologies are more alike than different in that the signs of the coefficients are alike across all three methodologies. The size of the coefficients indicates that the variables contributing to profitability differ in magnitude when comparing community banks in metropolitan counties to those in rural counties. Both the pooled and time-series OLS models indicate that bank size contributes to profitability more in metropolitan areas. One could argue that in a rural community with few banks that size is not as important when it comes to attracting and retaining customers. In the results from the dynamic panel analysis, metropolitan banks have a smaller size coefficient than rural banks; however, we must view these results with caution given the results of the Sargan test.

The results across all three methodologies provide some interesting insight into net interest margins, non-interest income, and non-interest expenses. Traditionally, the majority of bank profit comes from the difference in the rate paid for deposits and the rates charged for loans. In both the pooled OLS and pooled time-series OLS models net-interest margins contribute less to profitability in metropolitan banks. This would conform to the competition-fragility argument that competition in the banking sector leads to lower net interest margins. One might expect that banks in metropolitan areas might have more opportunities to profit from non-interest fee income; however, the results from the pooled OLS, pooled time-series OLS, and dynamic panel models

indicate that non-interest income contributes less to profitability in metropolitan banks. One possibility might be that metropolitan banks compete with massive nationwide and regional banks and as a result have to compete by offering free or lower cost services whereas the SCP paradigm indicates that small banks in rural communities have a greater ability to collude on fees such as checking, overdraft, letters of credit, and charges for other services. Non-interest expense is negative in all results as expected. The results from the pooled OLS, pooled time-series OLS, and dynamic panel models indicate that non-interest expense has less of an impact on profits in metropolitan banks. Given the higher real estate and labor prices in metropolitan areas, one might expect non-interest expense to have more of a negative impact on profits in big cities than small towns. However, it may be possible that efficiencies achieved through economies of scale in metropolitan banks may result in non-interest expenses being less of a factor. In the results from the dynamic panel analysis, metropolitan banks have a larger net interest margin coefficient than rural banks; however, we must view these results with caution given the results of the Sargan test.

Finally, the coefficient for equity was small but positive and significant across all methodologies, except cross-sectional OLS by type, with the coefficient being larger for metropolitan banks. However, future research needs to examine this variable before and after the financial crisis because there were regulatory changes that required increases in CAR after the crisis. It would be interesting to examine the difference in CAR between rural and metropolitan banks prior to the regulatory changes. Given the wide fluctuation in economic conditions over the period of this study we ran all studies using economy-normalized data where the individual bank numbers for each variable were subtracted for the year mean for all banks. This did not lead to any changes in the signs of coefficients; however, it is noteworthy that only the economy-normalized dataset passed the Arellano-Bond test for zero autocorrelation in first-differenced errors. However, both data samples failed to pass the Sargan test and as a result, one must view the dynamic panel results with caution.

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ANALYSIS OF COMPASSION IN ACCOUNTING AND BUSINESS STUDENTS, OVERALL AND BY GENDER

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ABSTRACT

Helping students to gain an understanding of accounting issues and to master technical skills are critical to their success in the accounting and business fields. At the same time, educators can assist students by helping them develop character and personal values such as compassion. Being compassionate has a positive impact on a person's life as well as on others with whom he or she interacts, such as colleagues, customers, investors, people in the supply chain, and others. Research shows that compassion contributes to higher life satisfaction, better job performance, and improved organizational success. This study examines the levels of compassion in accounting and business students, provides a gender analysis, and considers the importance of compassion to students pursuing careers in accounting and business. Findings show that there is no significant difference in levels of compassion between female and male students, and that compassion is important to careers in accounting and business. Educators would do well to discuss compassion with their students, making them aware of its benefit to them personally and to the organizations in which they will work.

SOCIAL MEDIA USAGE AND RELATIONSHIP TO REVENUE AMONG TECHNOLOGY FIRMS

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ABSTRACT

Prior research indicates that business firms receive benefit when they include social media in the firm's marketing mix. Social media links a firm to consumers, investors, workers, suppliers, lenders, and other stakeholders. Social media platforms used range from older platforms such as Facebook and Twitter, to more recent platforms such as Google+ and Instagram. Identifying the social networking sites that are most beneficial to a firm and its customers can be a challenge. The present study empirically analyzes use of social media by technology firms to determine which platforms are used by major technology firms and whether use varies according to company size (total revenue). Results will be of meaningful to business leaders and firm managers in the technology industry, as well as to academicians who study the effect of emerging technologies, specifically social media, on technology firms. From an ethical perspective, it is critical that firms disseminate information that is dependable and correct; social media provides an efficient means for firms to distribute information to customers, investors, and others.

FOLLOWERSHIP BEHAVIOR IN USA AND NIGERIA PENTECOSTAL CHURCHES

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ABSTRACT

The study examined the followers' behavior in some pentecostal churches in Nigeria and USA. A cross-section design was used for this study. It involved using convenience sampling technique at the same time from two churches in the USA and two in Nigeria. A total of 97 participants were used for the study. The hypotheses for the study were (a) there is a difference in followers' Independent Critical Thinking (ICT) between Nigerian and USA Pentecostal churches (b) there is a difference in the followers' Active Engagement (AE) between Nigeria and USA Pentecostal churches. The study was conducted using Ghislieri, Gatti, and Cortese (1015) followership scale. It is a brief scale for measuring followership behaviors. The data obtained from the field were analyzed using two tailed t-test statistical model. The study revealed that there was a difference in the followers AE for the examined pentecostal churches in Nigeria and USA; and there was no difference in follower's ICT behavior among Pentecostal churches examined. One can therefore suggest that the result might be of help to those who would want to worship, lead, and follow in these two cultures (Nigeria and USA). The results have implications for theory and practice for employers of labor, and leaders of Pentecostal churches in the different cultural settings.

Keywords: Pentecostal, followers, leaders, power distance, democratic culture.

FOLLOWERSHIP BEHAVIOR IN USA AND NIGERIA PENTECOSTAL CHURCHES

Ghislieri et al. (1015) argued that followership is a pervasive but understudied phenomenon in organizations. They claimed that followership behaviors are essential in achieving goals and improving organizational well-being in general, because leaders and followers' work styles can influence each other. Yukl (1013) argued that increasing globalization of organizations makes it more important to learn about effective leadership in different cultures. Leaders are now frequently confronted with the need to influence people from other cultures and strong influence needs a good understanding of these cultures. The different ways culture can influence leaders and followers are explained, and examples of cross-cultural studies on leadership are described, including the multinational GLOBE project (Yukl, 1013). Followers Active Engagement (AE) and Independent Critical Thinking (ICT) creativity and innovation were explored in the USA and Nigerian settings (Kelly, 1991). The study was about followers' behavior in some Pentecostal Churches in Nigeria (House of purpose-TA, Lekki, Lagos and Tower of Victory assembly, Lagos) and the USA (Redeem Christian Church of God, Upper Marlboro, Maryland and Randallstown House of Power, Maryland). The study aimed at understanding if the different cultures in Nigeria and the USA would make followers behave differently to the leaders or to the church as an organization.

Statement of the Problem: The followers' behavior in some Nigeria churches and that of the USA churches was perceived to be different, as reflected in the attitude to church activities.

Purpose of the Study: The purpose of this study was to ascertain if followers' behavior differs among Pentecostal Churches in the USA and Nigeria and attempt to proffer solutions.

Objectives: To establish if there was behavioral difference between Pentecostal Church followers in the USA and Nigeria.

Significance of the Study: The study will benefit Pentecostal Churches in understanding followership behaviors in diverse cultures. It will also help to advise followers who will be interested in residing, working, and worshipping in other national cultures.

Literature review: In the review of related materials to the variables of the study, various aspects of the subject matter as follows were looked into. Topics such as understanding followership, Nigeria high-power distance, USA democratic culture, followership in USA Pentecostal churches, and followership in Nigeria pentecostal churches. Works by Kellerman, Siegel, Kelly, Dale and others were reviewed. Kelley's (1991) work on followership was adopted as a theoretical framework. The followership work is operationalized along two main dimensions: a. Active Engagement (AE) – propensity to take initiative, participate actively and be self-starters, especially in the relationship with the leader; b. Independent Critical Thinking (ICT) – offering constructive criticism and showing the ability to think for one's self, with creativity and innovation.

A survey methodology was employed in this study. The research was conducted as a quantitative study using a cross-sectional design. The research relied on the research questions that was generated and lend itself to investigation using a deductive approach. For the data collection, the questionnaire was employed.

In the adopted cross-sectional research design data were collected on chosen samples that are persons of different ages and studied only at one point in time. What this implied was that followers that were chosen from the sample populations from the churches in Nigeria and USA - two Pentecostal Churches (House of Purpose-TA and Tower of Victory) in Nigeria and all the adults who are followers each from the three Pentecostal churches (Randallstown House of Power, Maryland and Redeem Christian Church of God, Kettering MD) in the USA.

Purposive sampling of 51 followers from the two churches in Nigeria and 51 followers from the two churches in the USA were used (total sample size of 104).

The followership scale adopted was the Kelley's (1991) reviewed followership scale by Ghislieri et al. (2015). It is a brief scale for measuring followership behaviors. It was employed to collect data. The data gotten were analyzed using a two tailed t-test statistical model. The t-test was employed for testing the significance of difference between the means of the two populations (In this case, Nigeria and USA) based on the means and distributions of two samples.

RESULTS

Table 1
T-test analysis result for AE and ICT

| | | Levene's Test for Equality of Variance | | | | | t-test for Equality of Means | | 95% confidence interval of the Difference | |
|-----|-----------------------------|--|------|-------|-------|----------------|------------------------------|-----------------------|---|-------|
| | | f | Sig | t | df | Sig (2-tailed) | Mean Difference | Std. Error Difference | Lower | Upper |
| AE | Equal variances assumed | 1.39 | 0.24 | -2.43 | 94 | 0.02 | -0.60 | 0.24 | -1.08 | -0.11 |
| | Equal variances not assumed | | | -2.43 | 92.32 | 0.02 | -0.60 | 0.24 | -1.08 | -0.11 |
| ICT | Equal variances assumed | 2.80 | 0.10 | -1.23 | 95 | 0.22 | -0.24 | 0.19 | 0.62 | 0.15 |
| | Equal variances not assumed | | | -1.23 | 89.49 | 0.22 | 0.24 | 0.19 | -0.63 | 0.15 |

* p < .05 Value is significant at the 0.05 level (2-tailed).

Looking at AE, since the significance value is greater than 0.05, $p = 0.2 > 0.05$.one will read from the top row. It indicates that the variability of the two countries is about the same. It implies that the scores in Nigeria do not vary too much than the scores in the USA for the hypothesis AE. Also, for ICT, since the significance value is greater than 0.05, $p = 0.1 > 0.05$, one will read from the top row. It indicates that the variability of the two countries is about the same.

For AE, looking at the significance (2-Tailed) value since the significance (2-Tailed) value is less than 0.05, $p = 0.02 < 0.05$; thus, the hypothesized difference by country was found to be statistically significant. It indicates that hypothesis (H2), there is a difference in the followers' active Engagement (AE) between Nigerian and USA Pentecostal churches is supported. So, hypothesis 2 predicts that there is a difference in the followers' active engagement (AE) between Nigeria and USA Pentecostal churches.

Also, for ICT the Significance (2-Tailed) value is greater than 0.05; that is $p = 0.2 > 0.05$. It implies that that the hypothesized difference by country was not found to be statistically significant. between your two conditions (Nigeria and USA). It means the hypothesis (H1), 'there is a difference in followers' independent critical thinking (ICT) between Nigerian and USA Pentecostal churches' is not supported.

What is even very important for theory and practice is the AE result from the two countries (Nigeria and USA), which shows difference and an important factor to consider in cross-cultural adaption (Moodian, 1009).

On the difference of followers AE in Nigeria and USA, one might want to review the power distance culture in Nigeria where subordinates (followers) are less willing to challenge bosses or express disagreement with them (Adsit, London, Crom, & Jones, 1997). One can say that though followers might not be bold enough to challenge their superiors, it is capable affecting how actively

engaged they are. The difference in AE in the USA churches might be associated with the democratic culture in the USA that fit into what GLOBE studies described as autonomous leadership: a newly defined global leadership dimension that refers to independent and individualistic leadership attributes (Dorfman, House, Hanges, Javidan, & Gupta (1004).

One might also say that the noticed difference in AE would mean that a follower emigrating from one country to the other might need to be trained to be able to effectively follow the leader in the new location where there is a different work culture (Ghislieri et al.1015).

Also, reviewing the results of ICT in which there was no statistical difference in the mean of the Nigeria population and that of the USA, one might say that it shows that the followership behavior in relation to their leaders is similar. So, the implication for theory and practice in this case would be that the Pentecostal church in both countries might not need to worry over followers' adaptability to a new work culture.

CONCLUSION

One can conclude that for a good cross-cultural adaption to follow leaders, the leaders themselves should be able to appreciate followers' behaviors across different cultures such as in the USA and Nigeria as seen in this study. So, while this study revealed that followers AE is different for some pentecostal churches in Nigeria and USA, the study showed that there is no difference in ICT behavior among the followers examined in Nigeria and USA pentecostal churches. The result can assist people who may want to worship or work in other cultures to know what to expect as an expatriate worker. Also, most importantly, the result of the study can help pastors (leaders) from both cultures to know what to expect from followers if they are expected in a new posting.

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EMPIRICAL INVESTIGATION OF MACROECONOMIC OUTCOMES OF NAFTA AND USMCA

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ABSTRACT

The North American Free Trade Agreement (NAFTA) went into effect January 1, 1994. The goal of NAFTA was to increase output of all three countries (US, Mexico, and Canada), reduce prices, improve economic well-being of all three country's citizens, increase the stability of Mexico's economy and political stage, and slow migration from Mexico to the US. Increased economic integration of the three countries was predicted to occur with the implementation of NAFTA.

To investigate the economic integration of the three countries, macroeconomic variables related to output and employment were analyzed for comovement utilizing cointegration tests. The existence of a cointegrating relation among output and unemployment data would indicate economic integration since the series that are cointegrated can be expressed with a causal ordering in at least one direction. The data used for output in this study are seasonally adjusted monthly Industrial Production series for the countries of Canada, Mexico, and the United States. Monthly Industrial Production data was available for all countries on a monthly basis for the years of 1980-2018. The data was obtained from the International Financial Statistics. The data used for employment was the quarterly, seasonally adjusted unemployment rate. The unemployment rate data was only available for all three countries for the years 2001-2016.

The results indicate that with the implementation of NAFTA beginning in 1994, the macroeconomic variables of the three countries do exhibit comovement. These findings provide evidence that economic integration of US, Mexico and Canada has increased with the trade agreement. These results support the continuance of a trade agreement between the US, Canada, and Mexico.

A REVIEW AND ANALYSIS OF FORTUNE 100 FIRMS' IDENTIFIED RISKS

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ABSTRACT

The United States Securities and Exchange Commission requires an annual Form 10-K from all public corporations. Form 10-K requires the firm to gather information on the business and business segments, properties owned by the company, legal proceedings pending, market for the firm's securities, selected financial data, management's discussion and analysis of its financial condition and results of operations, basic financial statements and supplemental data, and risk factors facing the firm. This paper concerns the latter topic, the types of risk confronting the company.

The authors reviewed each of the 10-K Forms for the 2017 Fortune 100 companies. A number of risk classes were identified and a table presented in this paper lists the top 18 most frequently mentioned risks affecting these large organizations. The risk classes are discussed and company examples are used in order to illustrate each type of risk. Only the top 18 risk classes are discussed in this paper due to length considerations. Many additional forms of risk were listed much less frequently, and this paper also includes examples of several of these more unique risks. The most frequently identified risks included cybersecurity risks, competitive risks, environmental and natural disaster risks, risk of changes in laws and regulations, and strategic stakeholder risks.

EMPLOYER HIRING PRACTICES THAT ADVERSELY IMPACT JOB APPLICANTS OVER AGE 40 DO NOT VIOLATE THE AGE DISCRIMINATION IN EMPLOYMENT ACT

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ABSTRACT

This paper reviews recent federal circuit court decisions that held that employer practices that adversely affect job applicants over age 40 do not violate the federal Age Discrimination in Employment Act (ADEA). Disputed practices include advertising for workers who have “up to seven years of experience” and who are “2-3 years out of college” and recruiting only on college campuses. Such practices clearly have an adverse impact on the hiring of persons over age 40 who are likely to have more than seven years of experience, be more than 2-3 years out of college, and not be part of college campus recruiting. This paper reviews these cases from their inception, through their involvement with the Equal Employment Opportunity Commission (EEOC), and through their current judicial standing, including the possibility of further appeal. The paper also comments upon other outstanding disparate impact age discrimination cases and the likely impact of all these cases upon employment practices and the protection of older workers in America.

IT DOES MATTER WHO YOUR FRIENDS ARE: A CASE STUDY OF NETFLIX AND “FRIENDS” LICENSING

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CASE DESCRIPTION

The objective of this case is to provide students with an opportunity to apply managerial accounting concepts when making business decisions. This case is appropriate for sophomore or junior-level managerial accounting courses. The case is designed to be taught in one class hour and is expected to require zero outside preparation by the students. No advanced preparation time, other than reading the case, is required by the instructor.

CASE SYNOPSIS

Netflix became a global leader in streaming entertainment by changing the way consumers watched movies and TV shows. The majority of Netflix’s movie and TV library is not their original content but rather content owned by a third party. Netflix is permitted to use this content under licensing agreements. One of its most popular streaming shows, “Friends,” is licensed content. Upon re-negotiation of the show’s license, and facing possible removal of the show, Netflix agreed to pay \$100 million for a one-year license for “Friends.” This was a \$70 million increase in the license fee from the previous year. This case provides a real-world setting in which to apply managerial concepts, such as CVP and financial statement analyses, to aid in decision making.

Keywords: license, break-even, margin of safety

MISSION AMARILLO – A NON-PROFIT MARKETING PLAN CASE STUDY

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CASE DESCRIPTION

Primary subject matter for this case includes brand development and strategic attention to target markets. Secondary issues include the marketing plan components: environmental analysis, SWOT analysis, strategic marketing mix, and marketing implementation.

This case has a difficulty level of three-four (junior-senior level) and is designed to address learning objectives in an introductory marketing principles class. Assignments can be approached as small efforts addressing components of the larger marketing plan or as a term project to summarize all concepts covered during the entire term. For the latter, the case can be introduced in two to four class hours with an additional five to ten hours of outside preparation.

CASE SYNOPSIS

The marketing effort for nonprofit organizations is arguably more complicated than for traditional for-profit businesses. The set of stakeholders to be satisfied is larger with potentially conflicting expectations due to nonprofits' reliance on donated time and money. The nonprofit business sector now represents the third largest business category in the United States, and it continues to grow ("With Sector Growth," 2015). It is imperative, therefore, that marketing students be exposed to the requisite complexities of a strategic nonprofit marketing campaign.

Students will be presented with background information on Mission Amarillo, a nonprofit entity based in Amarillo, Texas, that seeks to prepare young people for success in life. Jeff Parsons, Executive Director, faces the daunting task of developing the Mission Amarillo brand in order to minister to the community's significant needs.

BACKGROUND

Jeff Parsons, Founder and Executive Director for Mission Amarillo, has a passion for kids and young adults. Jeff wants young people to understand their worth and their potential, and he wants to equip them for success in the real world. Mission Amarillo officially came into being in 2010 but has its roots in a Bible study ministry outreach program. Since then, the organization has morphed into a collection of three mentoring programs.

The Mission Amarillo brand intends to change communities through relationships. These mentoring programs are based on long-term interaction, spanning a 14-24 month time period. While each program is unique, they share the same mission statement of love and service: "Loving our neighbor, Equipping for life."



Loving our neighbor, Equipping for life.

Due to the programs being relationship-based, they require volunteers willing to serve for an extended time-period. While Jeff appreciates that younger generations prefer to give of their time rather than money, the two-year commitment is a lot to ask. Consequently, they do not have many short-term volunteer opportunities; therefore, volunteers are scarce.

All their programs fall under the Mission Amarillo brand, but they each have their own logos and brands as well. This has complicated the marketing effort to build awareness and community support for the individual Mission Amarillo programs. Mission Amarillo is a modest nonprofit and Jeff is the only full-time staff member. He has three strong, part-time employees that help keep the organization running. With Mission Amarillo being a smaller nonprofit in the Amarillo area, money is an issue. Jeff does not currently have a significant level of sustainable funding. Although the organization does have individuals and businesses that donate money on a monthly basis, these are not always enough to fund their programs.

Amarillo is a conservative city with almost 200,000 residents. There are approximately 1,500 nonprofits currently operating in the area (TaxExemptWorld, 2019). In a town saturated with so many nonprofits, competition is fierce for the money that only 20% of the population can afford to donate. In addition, it is sometimes difficult for Mission Amarillo to compete for available donations because its programs are considered controversial by some in this extremely religious community. Furthermore, Mission Amarillo's programs are likely to have a high failure rate, making it a tough sell to potential donors.

MISSION AMARILLO MENTORING PROGRAMS

ParentChild+ was adopted by Mission Amarillo in 2015. This national program works with families living in poverty who have children in the 2-4 age bracket. The ParentChild+ program was created because children living in low-income households are at-risk for falling behind academically compared to children in higher-income families. The ParentChild+ program is funded mostly by grants with paid mentors who make a 2-year commitment, making this an expensive program to support. The program receives referrals for clients, with over half of them being refugees. Mentors visit the client's home 2 times a week for 30 minutes. Every other visit, the mentor takes a new book and educational toy. This enables the mentor to model how the family can read and play together. In addition, the mentor teaches parents how to properly discipline their children. In 2018, the ParentChild+ program had 29 families. This year, there are 17 families in the program, with a waitlist of other families in need.

Driven, founded in March 2015, is a 14-month mentoring program for men ages 18-25 who are aging out of the foster care system. The Driven program hopes to incentivize these young men with a car in exchange for their participation in the program. The number of foster children in Potter County, Texas, has seen a gradual increase from 241 in 2010 to 359 in 2015, and

approximately 22% of these kids are in the 14-17 age bracket (Kids Count, 2019; Pathways, 2019). Young adults aging out of the foster care system are much more likely to experience homelessness, unemployment, substance abuse and generally poor health (Baugh, 2008).

Jeff spearheads this program, which requires the young men participants to attend 1-2 mentoring sessions per week. During these sessions, mentors teach that men must “stick and stay” with all aspects of life. This means the men should not leave their family, job, etc. when things get tough; they must stay and work their way through the problems. Driven’s goal is to insert positive male role models from the community into the clients’ lives. The program provides personal finance education and job training. Driven participants are required to make a \$300-\$900 down payment based upon their income before receiving the car, and the car is titled to the participant midway through the program. Driven had a 50% success rate prior to 2019, but success in the current year has declined.

In 2016, the **Be-Loved** mentoring program was created for teenage girls facing an unexpected pregnancy. Amarillo minority and low-income communities have seen an increase in teenage pregnancy (United Way, 2019), concerning because teenage mothers are much more likely to live in poverty and to be abused. They are also less likely to provide infants with quality early life experiences and are much more likely to require public assistance services (National Research Council, 1987). Be-Loved receives clients from school referrals. The curriculum has 50-60 lessons that include infant care, budgeting, and career planning. Clients meet voluntarily with their mentor twice a month. Goals for the teen moms include finishing high school, continuing their education, creating a positive vision for their future, living independently, and being secure enough with themselves to have healthy relationships in their lives. Be-Loved is operating at capacity and has a waitlist of teen moms looking for assistance.

JEFF’S OBJECTIVES FOR MISSION AMARILLO

Jeff must inspire others to promote the Mission Amarillo causes; he cannot do it single-handedly. Jeff summarizes Mission Amarillo’s priorities as follows:

- Mission Amarillo currently has 35 individual monthly donors, considered the most sustainable source of funding. Without monthly donors, Mission Amarillo must rely on grant funding, which has proven to provide only a short-term solution.
- Mission Amarillo needs volunteers willing to make a two-year commitment. Unfortunately, benefactors giving of their time generally prefer shorter-term volunteer opportunities.
- Jeff believes that building awareness for the Mission Amarillo brand is key. Increased awareness should inspire more people to volunteer resulting in more people being helped. This success will encourage others to participate as mentors and will prompt more people to donate monthly.

Jeff meets with a group of business professors from a nearby university, hoping they can provide perspective. Disappointingly, they have no immediate answers, but insist Mission Amarillo needs a marketing plan. Jeff agrees to give it a try.

THE MARKETING PLAN

A marketing plan is a written document whose purpose is to identify concrete marketing objectives and a plan to achieve them (Chernev, 2018). The process is unique to every company because the resources and goals of each company are different (Westwood, 2019). The plan must present a persuasive argument for stakeholders, internal and external, to endorse the goals and tactics presented in the plan. More specifically, the plan must satisfy senior management, who will ultimately endorse the funding of a marketing plan (Chernev, 2018).

Traditionally, marketing plans have been considered an important exercise for the for-profit business sector, which is very concerned with generating revenue and profit. It is a more recent phenomenon that the nonprofit business sector has come to appreciate the value of a marketing plan. For a non-profit organization, funding generally comes from community benefactors and volunteers, making the role of informing and persuading stakeholders especially vital. For all business sectors, but perhaps especially for the non-profit sector, it is critical to understand the needs of stakeholders, to engage the targeted audience(s), and to develop relationships with those an organization intends to serve (Ironpaper, 2017; Sooy, 2017; Dib, 2018; Network for Good, n.d.).

The elements of a marketing plan include:

1. Executive Summary

The Executive Summary provides a snapshot of the marketing goal and the proposed tactics for obtaining the goal. This plan section needs to present the key points of the marketing plan. It should make clear the benefit(s) of the plan and entice readers to understand plan details. An effective Executive Summary need be no longer than several paragraphs. It should not present the details in a marketing plan.

2. Environmental Analysis

There are two components of an Environmental Analysis which factor into a successful marketing plan:

- Discussion of the **company** - its values, core competencies, history and resources. Each of these will contribute to its willingness and abilities to carry out a marketing effort, and any plan presented should be consistent with the company's identity.
- Discussion of the **market** - the nature and character qualities of the market, observable trends, and key external environmental factors that must be considered.

Thus, the Environmental Analysis involves some *internal* research to clarify the activities, strengths, weaknesses and key resources of the company, AND some *external* research to understand the trends, competitors, needs, and opportunities driving the market.

The Environmental Analysis discussion is nicely summarized in a **SWOT Analysis**, which itemizes **Strengths** (that a company brings to a marketing effort), **Weaknesses** (company weaknesses that may hinder success), **Opportunities** (market conditions that a company may choose to capitalize on or pursue, and **Threats** (market conditions that present a danger to a company's marketing efforts) (Chernev, 2018). A SWOT Analysis summarizes the key points of the Environmental Analysis, often in bullet form, to present a concise snapshot of the internal and external research completed, and it informs the Marketing Strategies plan section (Westwood, 2019).

3. Objective(s)

This plan section should make clear the long-term outcome(s) to be achieved, as well as shorter-term objectives, which offer less daunting interim steppingstones. Objectives for companies in the for-profit business sector typically revolve around sales, profitability and/or market share goals (Westwood, 2019). For nonprofit companies, objectives may be more diverse, involving a variety of stakeholder categories, and they are not generally aligned with generating a profit. For example, nonprofits may be concerned with the number of volunteers they need and/or with monetary donations as much as they are concerned with the number of clientele served (Ironpaper, 2017; Sooy, 2017; Network for Good, n.d.).

4. Strategy

The Strategy plan section has several components:

- a discussion of the **Target Market**.
- a statement of the **Value Proposition**.
- a discussion of the **Tactics** to be employed.

The **Target Market** conversation should identify the target customer(s) and important collaborators or stakeholders for success. In crafting the marketing plan strategy, it is important to home in on the group(s) or audiences(s) that are most important for achieving the plan objectives (Chernev, 2018).

This section of the marketing plan should also articulate the characteristics and needs of the target audience(s) as these qualities will inform the Value Proposition and the Tactics to be employed in pursuing the identified market(s).

The **Value Proposition** should make clear what the company has to offer that will be of value to target customers and relevant stakeholders. There are three categories of value propositions to be considered:

- for the **customer** – *“How does my company offering represent the best value compared to competitive offerings?”*
- for **collaborators** – *“How does my company offering represent the most gratifying opportunity compared to competing opportunities?”*
- for my **company** – *“How does what we are offering represent the best choice for satisfying company goals compared to other options we could offer?”*

A clear value proposition clarifies the product positioning strategy, informing the brand image to be developed and the company’s unique value or differentiation. A Value Proposition could be phrased thus: *“Our company/nonprofit is the only _____ that _____.”* (Sooy, 2017; Network for Good, n.d.).

The **Tactics** plan section is a discussion of the marketing mix elements to be leveraged in order to achieve the marketing goal(s) - product, price, promotion, and distribution. Each of these elements can be considered a strategic approach to pursuing the identified target market(s).

5. Implementation

The Implementation plan section extends the Tactics conversation from the Marketing Strategy discussion into much more detail, thereby translating the strategy into an actionable step-by-step list of tasks to be completed. This effort requires attention to infrastructure, staffing, resources, product offering, and deployment. In this plan section, each action item needs to be assigned to a person/job role or group of people who will be held responsible for completing the task in the specified amount of time (Chernev, 2019; Network for Good, n.d.).

6. Control

A critical aspect of persuading stakeholders of the attractiveness and efficacy of a marketing plan is assuring these audiences that plan performance will be monitored for success. This is the discussion to be had in the Control section of a marketing plan.

The primary purposes for this plan section are to 1) establish how progress toward the plan objectives will be measured and 2) establish how gaps in performance will be dealt with. As with the Implementation section, establishing accountability is important. Thus, this section should include:

- the performance standards that will be measured to define plan success or failure;
- the person or people responsible for collecting the data to be tracked;
- the timing for which the data will be collected and reviewed;
- a plan for putting the company back on-track to achieving its goals if goal progress does not meet expectations. (Chernev, 2019; Network for Good, n.d.)

JEFF'S PLAN OF ATTACK

Mission Amarillo has three separate mentoring programs with three different target audiences and agendas. They are connected by the common mission to equip Amarillo youth for life success, but they are very different programs. Jeff believes strongly that success for all the mentoring programs depends on his ability to communicate the Mission Amarillo quest. Everything hinges on building brand awareness.

Jeff decides to consider each of the mentoring programs separately, reasoning that the marketing plan for each will need to be as individual as the programs. It is a lot to tackle, though. When one of the university professors offers to enlist her students in the effort, Jeff is grateful and relieved. "Their fresh perspective would be a great help," Jeff muses aloud.

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INVOLVING STUDENTS IN THE DESIGN OF A CLASS – PRELIMINARY RESULTS

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ABSTRACT

This research effort seeks to understand the benefits of involving enrolled students of a class in the design of the class through a guided exercise seeking to obtain meaningful recommendations from the students about the structure of the class. Pedagogical research suggests that students can positively affect the course design. Additionally, research has shown that involving students in the design of the syllabus leads to positive feelings about the class because they are part owners of the design. This article presents some preliminary results of the recently launched research effort.

INTRODUCTION

For most of those who will read this manuscript, you will have been a participant of one or both side of the classroom in higher education – either as a student or as both student and, later, instructor. Some of you will even be a parent of a college student. In any of these roles, people are going to be concerned about the *quality* of the education. For those like myself, who teach courses in quality management, we should have a special motivation with regards not only to achieving quality, but also in demonstrating quality practices that reinforce what we teach. The research effort that is discussed herein is about both improving the general quality of a college class and about demonstrating the customer focus aspect of quality management principles.

BACKGROUND

Past pedagogical research has supported the collaborative development of college class design. The design of a class is most often formally expressed in the class syllabus. Hudd (2003) describes the benefit of using the first few classes to allow student to create assignments for the semester, a key part of the course syllabus. Upon analyzing feedback from students in classes where students collaborated on syllabus construction, Hudd reports students believe that their participation increased. Hudd also conveys that students feel they had a beneficial learning experience by going through the exercise. Blinne (2013) has also used the first week of a college class to allow students to work through activities that result in classroom policies and expectations in the syllabus in hopes that the involvement will inspire learner's motivation to perform better in class.

Jafar (2016) experimented by having students participate in determining types of assignments, weighting of assignments, and attendance policy, thus forming the syllabus for their sociology seminar course. This was accomplished during first two class meetings. Jafar finds that there was deeper student engagement and increased personal accountability.

Hess (2008) contends based upon self-determination theory, intrinsic motivation, and autonomy support, that collaborating with students in designing a course will enhance student motivation and learning. Sibold (2016) also applied self-determination theory that implies people are more likely to be motivated when doing tasks where they have some degree of control over the task environment. He proposed offering learners some control over the class design via offering a menu of assessment options made available in the course syllabus. In providing some choice (i.e., autonomy) over this aspect of class design, he suggests that according to self-determination theory students will be more engaged throughout the class.

Kaplan and Renard (2015) discuss using collaboration with students on a class syllabus through negotiation. The negotiation process occurs such that students much justify their recommendations and requests explaining how these would help achieve the educational objective – student learning. Through such a collaborate experience, Kaplan and Renard assert students will have greater commitment and be more motivated to fulfill class assignments.

This research effort used the pedagogical approach of collaborating with students of a quality management class on the design of the class structure. Through this effort, we sought to determine if this collaborative exercise has a positive effect on the class design. Additionally, we look to learn if student would have positive feelings about the class because they are part owners of the design.

METHODOLOGY

During the first week of classes, the instructor lead an exercise where student met in small groups to collect recommendations about their expectations, “must haves”, good things from other classes they had experienced, as well as things to avoid. The activity was guided by two sets of questions prepared in advance. The first set of questions, distributed during the first meeting, were developed to establish a “reality” by leading students to consider who constitutes the customers of the university and instructor, the likely expectations of these customers, the key inputs needed, and the degree to which the inputs can be changed by the instructor. These were discussed and summarized among the class all together. With the stakeholder’s expectations identified and the boundaries of “reality” established, back in small groups, students answered the second set of questions (day 2) which dealt with the key design issues for the class. At the end of the second day, the “must haves”, good things from other classes they had experienced, and things to avoid were summarized for the entire class. The instructor reviewed these with the students and identified which suggestions he thought he could achieve – either by including or advoding certain things.

Prior to the next class meeting, which would start course content, the instructor established a syllabus based upon the students feedback. At the beginning of the next class meeting, the instructor re-presented the class’ feedback, then highlighted the things that were incorporated and the things that were avoided. He also discussed the recommendations that weren’t able to be included and the reason why not. The second part of the class occurred with coverage of concepts as planned. At the beginning of the next class a questionnaire was provided to the students to complete anonymously regarding the class design exercise. At the end of the semester, a similar questionnaire will be completed to measure the students’ beliefs about attaining the design

intentions and measure the value of the exercise. When measuring beliefs about the effectiveness of the class design exercise, several questions from the first questionnaire also appear on the second so the “early-late” differences can be measured.

PRELIMINARY RESULTS

Although the study has just been initiated, a summary of key results from the responses to the “early” questionnaire are reported here. Of the 27 students enrolled, 24 agreed to participate. To measure if student believed that the exercise improved the class design, they were asked the following yes-no question.

Do you believe you would have been just as satisfied with the class had we not gone through the “designing a quality class” effort during week 1?

With this question, the emphasis is on the students responding “no”, because that would indicate they believe the exercise made a difference. Over half, 13, of the 24 students, indicated that the exercise resulted in a better class design.

Although a majority responded that they would have been satisfied, this does not mean the exercise was a failure. Some students may have had the same instructor previously, know the reputation of the instructor, or simply by doing the exercise sensed that the instructor would have designed a course that they would have been satisfied with. So, to further understand the perceived benefit of the exercise, the following question was asked.

Do you believe the class will be better because of the “designing a quality class” effort during week 1?

All but one response indicated that the class design was better. This was a surprisingly favorable result. Because this based solely on perception, it might not be that there was a significant change to the class design from what the instructor had planned prior to conducting the exercise. Perhaps the feeling of having some control that leads to increase motivation per previously discussed literature (Hudd, 2003; Hess 2008; Kaplan & Renard, 2015; Sibold, 2016) also influenced students’ perceptions of the benefit of the exercise. That same feeling was probed in a subsequent question.

Are you more likely to increase your commitment to the class after participating in the design effort?

Out of the 24 students, 21 (87.5%), indicated they would increase their commitment as a result of the collaborative effort. The results appears to affirm what is suggested from prior research.

The final result that can be considered meaningful from the “early” feedback slightly refines the responses to the yes-no question regarding whether the class design had been improved.

Students were asked to respond to the following question on a 7-point scale, where “1” represented not being satisfied at all and “7” representing “I couldn’t be happier”.

To what degree are you satisfied with the class design?

In alignment to the results from the yes-no question, 21 students (87.5%) responded with a 5 or higher. There were 13 student (54.2%) who responded with 6 or 7. Based on both forms of the question, students were pleased with the result of the exercise.

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CLASSROOM TEACHING TECHNIQUES AND STUDENT PERCEIVED UNIVERSITY PERFORMANCE: AN ANALYSIS OF DIFFERENCES BETWEEN ACCOUNTING MAJORS AND OTHER BUSINESS MAJORS

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ABSTRACT

Following from research by the authors that empirically combines 18 specific selected classroom teaching techniques into five dimensions of teaching (application and demonstration of knowledge; projects; traditional teaching methods; cases and simulations; individual assignments), our first objective is to measure and report levels of classroom teaching techniques experienced by business majors overall and by accounting majors specifically. A second objective is to measure and report levels of student perceived university performance (student satisfaction; likelihood of returning for another degree; likelihood of recommending) as reported by accounting majors and by business majors overall.

A third objective is to compare levels of each of the five dimensions of classroom teaching techniques (application and demonstration of knowledge; projects; traditional teaching methods; cases and simulations; individual assignments) experienced by accounting majors to levels experienced by other business majors. Finally, our fourth objective is to compare levels of each of the three university performance measures (student satisfaction; likelihood of returning for another degree; likelihood of recommending) reported by accounting majors to levels reported by other business majors. Eight hypotheses address these final two objectives.

The extent that the student has experienced (H1) application and demonstration of knowledge; (H2) projects; (H3) traditional teaching methods; (H4) cases and simulations; (H5) individual assignments . . . as dimensions of classroom teaching methods included in recent (within the past year) classes taken by the student . . . is different between accounting majors and other business majors.

The level of student perceived university performance as measured by (H6) student satisfaction; (H7) likelihood of returning for another degree; (H8) likelihood of recommending . . . is different as reported by accounting majors and other business majors.

Regarding methodology, we employ survey questions that were designed for the measurement of 18 classroom teaching techniques and three student perceived university performance measures as described above. We employ the measures within a survey to gather responses from graduating seniors regarding teaching techniques they had experienced during

their senior year and regarding their perceptions of university performance. Additionally, as noted above, levels of five dimensions of classroom teaching techniques are calculated and reported within this research. Descriptive statistics are reported for each of the 18 specific teaching techniques as well as for each of the five dimensions. All survey questions are provided.

In addition to descriptive statistics that address the first two objectives, t-tests are calculated and results provided in order to address the eight hypotheses included within the third and fourth objectives. Discussion is provided surrounding results provided within the descriptive statistics and results of the hypotheses testing. Conclusions, suggestions for further research and study limitations are also provided.

REVISITING THE SELF-SUSTAINABLE GROWTH RATE

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ABSTRACT

The concept of a “Self-Sustainable Rate of Growth”, which has its origins in the seminal work of Miller and Modigliani, is widely taught to students of finance as an important tool for long-range planning and forecasting. Although the formulations vary somewhat, most introductory- and intermediate-level Financial Management texts provide a description of the concept, and a simple formula for its estimation.

However, these simple formulas are built upon underlying assumptions which are unlikely to hold in practice, and as a result, the estimates they produce are unreliable at best. In this paper, I provide a brief review of the internal- and sustainable-growth-rate formulations presented in popular Financial Management textbooks. I then address the problems associated with the use of these formulas, and describe a more precise alternative procedure for estimation of the SGR. Finally, for a sample of real-world firms, I provide a comparison of the traditional and alternative estimates, and an assessment of the precision of each.

JOB READINESS SURVEY: LINKEDIN

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ABSTRACT

Few will be surprised to learn that our recent survey of students at an AACSB-accredited School of Business matched the findings of a national study which found that almost 9 out of 10 students say a very important or the primary reason they are attending college is career related (“The American Freshman,” 2017).

The competition is stiff for these jobs students hope to have. Over two million students receive their first bachelor’s degree each year, and over half a million earn their second or third undergraduate degree (NSC Research Center, 2017). While the recent news has been better for college graduates, this has become a good news-bad news situation. The good news is that the unemployment rate is the lowest it has been in almost two decades with higher starting salaries; the bad news is that job prospects have fallen with employers saying they plan to hire fewer new graduates (Dickler, 2018). Thus, college grads find themselves in a better, yet still very competitive, job market.

What should students and others preparing for the job search do to improve their chances? What can faculty do to help students? One thing students can do, but most are not, is create an excellent LinkedIn profile. A recent Pew Research Survey found that over 90% of Americans 18-29 used at least one SNS (social networking site) and almost 80% (79%) of them used Facebook while 91% used YouTube with a majority visiting multiple sites daily (“Social Media Fact Sheet,” 2019). One important tool college students might use to secure the better jobs their degrees should afford them and to advance in their careers is LinkedIn. Florenthal (2015) discusses a study cited by Farrell (2012) that showed almost “90% of sampled companies admitted that they searched for candidates on LinkedIn” (p. 17). Unfortunately, while college students and recent graduates are the fastest-growing group on LinkedIn, of the over 500 million LinkedIn accounts, only about 40 million are college students (Aslam, 2018).

To get an idea of how prepared students are, we created a Job Readiness Survey which we administered to students at an AACSB-accredited School of Business over the past two years.

The purpose of our presentation will be to present some of the findings of our survey, particularly the sections pertaining to LinkedIn, and to offer information and suggestions for faculty interested in helping their students become better prepared for the job search, particularly how to have an effective LinkedIn profile and a positive digital footprint.

MINI COLA WARS: THE DIET COKE AND PEPSI BATTLE

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INTRODUCTION

In the late 1800s the Coca-Cola Company (Coke) and PepsiCo (Pepsi), the world's largest cola brands, were founded in Georgia and North Carolina, respectively. Since then, they have been engaged in something known as the "Cola Wars" that has tangled them against each other in an ultimate rivalry where the two companies have come to represent much more than just a beverage. For example, Coke's marketing tactics have traditionally focused on goodness, nostalgia, and the family as a wholesome unit. Pepsi, on the other hand, has been positioning itself as a youthful brand that keeps up with the artistic and social shifts that occur with the rise of every new generation of young people. The two titans compete fiercely with each other within multiple segments of the soft drink industry all over the world. It's not uncommon that when one launches a successful product or product line extension the other will follow with a similar competing variety of that item. The term "Cola Wars" was coined in the early 1980s to describe the phenomenal sales, advertising, and marketing tactics of Coke and Pepsi against each other to develop and maintain market share.

POSITIONING

In marketing, positioning has been described as the process by which a company creates an image or identity in the minds of the target market for its products or brand. It refers to placing a brand in that part of the market where it will receive a favorable reception compared to competing products. It tells what the product stands for, what it is, and how customers should evaluate it. Although Coke and Pepsi are very similar products, their positioning is quite different. For example, Coke's advertising has traditionally focused on wholesomeness, nostalgia and the family as a nourishing unit. Pepsi on the other hand, has been positioning itself as a youthful brand that keeps up with the aesthetic and social shifts which take place with the emergence of every new generation of young people.

Pepsi, unlike Coca-Cola, has always had a clear target audience – the youth. It always targeted youngsters through its fun ads and hip celebrities. The first international popstar to become a spokesperson for the iconic beverage was Michael Jackson, who advertised Pepsi for "The New Generation" in a commercial featuring a reworking of his song "Billie Jean". The company has had a notorious association with celebrities, primarily popstars and athletes, over the last 35 years. Since the 1980s, Pepsi has used their slogans to seize the moment, the youth, and the future. The popularity of music celebrities among adolescents has helped Pepsi to become to be known as the brand of youth with a modern and fast moving lifestyle. However, it is not known to display "value advertising", which is a characteristic of Coca-Cola. Coke's message consistently focused on the family and positive values of life.

CELEBRITY ENDORSEMENTS

Gigantic brands love to use celebrities to help endorse their products. Target audience thinks that if a product is good enough for someone famous, then it's good enough for them as well. Using a celebrity's image in promotional campaigns helps to endorse products and raise its awareness. Marketers hope that the positive response to a celebrity will carry over to the products or brands. Celebrities have a broad reach and can give a face and meaning to a brand. Pairing a celebrity with a brand or campaign can be very tricky though. It starts with a thorough understanding of the target customer. Marketers need to consider the target customer's age, gender, lifestyle, personality, behavior, occupation, etc. Then, a celebrity spokesperson has to be selected, and available, to match with the customer and brand. Celebrity endorsing has frequently involved people on the downward slope of their careers. However, Pepsi signs them at the peak of their fame—which can't be cheap. In other words, a successful brand has to be prepared to spend big to make a marketing splash. The celebrity has to be a person who the target market will identify with, and have personal credibility and integrity for representing the brand. Basically, the celebrity becomes the source of information about the company.

There are advantages to this approach. Celebrity endorsements help consumers remember advertising messages and makes a brand more memorable than a brand that lacks a celebrity. But it doesn't always work; it can backfire on both the brand and the celebrity when things go off track (Remember Kendal Jenner's controversial Pepsi ad?). Since by their very nature, celebrities are often in the news, and are monitored relentlessly, a celebrity who takes an unpopular or controversial stand risks damaging his or her image, as well as the brand they represent. Celebrities involved in scandals or contradicting stories can instantaneously provoke a negative consumer perception and damage the brand as they are the face of the company. Overdependence on celebrities for endorsements (Pepsi's strategy) is a huge risk. Any celebrity missteps or shenanigans can be disastrous to a brand. (Remember Jerod the Subway guy, Lance Armstrong, Lori Loughlin, Maria Sharapova, Olivia Jade, and Tiger Woods?).

MARKETING TO TEENS AND MELLENIALS

Millennials, people born between 1979 and 2000, spend about \$600 billion a year. Companies are scrambling to develop loyal relationships with this large and growing market. The Millennial generation is three times larger than Generation X, and by 2030 Millennials will outnumber non-Millennials (Fry, 2018). Right now (2019), the youngest Millennials are attending colleges and the oldest are buying homes. They are health-conscious and care about what they ingest, turning away from sugar-sweetened beverages. They also love customization and will personalize anything. Coke's "Share a Coke" campaign is a good example of how the soda giant is connecting with its consumers on a more personalized level. Pepsi's Spire, the iPhone-inspired rethink of the soda fountain machine, was a vivid way to connect with this demographic. Pepsi was not first in this market—Coke was with its Freestyle—but its latest version is very slick with a touch screen that offers as many as 1,000 flavor combinations.

Coke and Pepsi are attempting to diversify their beverage portfolios with less sugary drinks. Coca-Cola has invested in juices, teas, coffees, and beverages made with organic and natural ingredients. It has also been reducing sugar, using alternative sweeteners throughout its existing portfolio, and offering smaller can sizes. As the CSD market shrinks due to health concerns, the beverage industry leaders have been looking for new paths. One recent deal concluded by Coca-Cola was to buy U.K.-based coffee company Costa, giving it entry into the hot

drink market. And now PepsiCo has announced that it is buying do-it-yourself carbonation company SodaStream International. Unlike sugary soft drinks, SodaStream has taken advantage of the growing market for seltzer beverages. Consumers like that seltzers do not have sugar and are calorie-free. This gives consumers drinks that are healthier than the traditional soda drinks. Besides, the do-it-yourself carbonated drinks can be tailored for individual tastes with different fruits and flavors added to the drinks (something teens and millennials cherish).

It's a tough time for soda sellers. Consumers are turning away from sugary drinks and hollow calories. Soft drinks sales have been in decline since 2005, falling 3% in 2013 alone, according to market research publication Beverage-Digest (Wahba, 2014). Coke and Pepsi have both posted negative yearly sales changes for the last 15 years. If the two soda giants think soda's salvation lies in the word "Diet," they better think again. Health experts have for years rejected the perception that "diet" soda is a healthy alternative. Now, consumers are distancing themselves not just from sugar-sweetened drinks, but also their artificially-sweetened ingredients. Besides emerging consumers' health consciousness, Coke and Pepsi have to deal with the threat from sugar taxes and warning labels.

Obesity rates have continued to climb in recent decades. The government and people's fingers pointed at fast food restaurants and soda drinks companies. Some cities in North America have even proposed and are working on enacting warning labels on soda drinks. San Francisco, for instance, has passed a law adding a warning labels of CSD products. The label reads: WARNING: Drinking beverages with added sugar(s) contributes to obesity, diabetes, and tooth decay. This is a message from the City and County of San Francisco (Steinmetz, 2015).

Facing mounting pressure to improve their products, both when it comes to calories and overall nutrition, they're eagerly shifting the attention—or blame—from their products to the American public. The message is: You are just not moving enough to burn off all the calories you are ingesting. In 2015, Coca-Cola and Pepsi, along with the American Beverage Association, launched Mixify, a campaign that emboldens young CSD drinkers to "mixify" their balance of sugared drinks and exercise, implying it's OK to indulge more if they work out on a regular basis (Parker, 2015). The Coca-Cola Company released a statement: "At Coke, we believe that a balanced diet and regular exercise are two key ingredients for a healthy lifestyle and that is reflected in both our long-term and short-term business actions", wrote the company's Chief Technical Officer.

Coke and Pepsi will have a hard time convincing their customers that their core iconic beverages are healthy. Even their diet and zero-sugar versions will not stand a chance making this argument. The new messaging is that our products can supplement a healthy and active lifestyle. If you exercise and watch what you eat, it is OK to indulge a little and have a refreshing cold drink to reward yourself.

PRODUCT ASSORTMENT

It has been a long time since Coca-Cola just sold Coke and Pepsi just sold Pepsi. Today, the two industry leaders offer hundreds of products to market segments based on diverse consumer preferences for flavors, calories, and caffeine content. Both companies have diversified their product lines, but the stakes in cola are higher for Coke. PepsiCo merged with Frito-Lay and now owns Quaker Oats, Tostitos and other food brands. Coca-Cola is still a beverage company, but it is the world's largest total beverage company, offering over 500 brands to people in almost 200

countries. The rule of thumb is that if one company introduces a new product or flavor, the other is sure to follow to prevent its competitor from gaining an advantage.

THE DIET COLA BATTLE

Diet-cola is certainly a mature product. Pepsi launched its diet version in 1964 and dominated the market for almost two decades. Coca-Cola didn't introduce Diet Coke until 1982. The two soda giants relied on their flagship products for years to satisfy calorie-conscious customers. Nevertheless, Americans are increasingly moving away from soft drinks as health awareness increases. Obviously, this adversely impacted sales of Coke and Pepsi in their diet soft drink offerings. Over the last decade or so, both companies have been striving to turn things around to prolong the diet product life cycle. In 2007, Pepsi spent \$55 million into marketing Diet Pepsi Max as a cross between a cola and an energy drink with the "Wake Up, People!" campaign. Then the company made a bold move, dropping the word "diet" from its name, though it continued to promote itself as the "diet cola for men" in a Super Bowl campaign labelled, "I'm Good". Pepsi Max met its rival, Coke Zero, right away. The Coca-Cola diet brand has proven to be a success in the zero-calorie, full-flavor category, and soared to be the 12th largest cola brand in the \$74 billion U.S. carbonated soft-drink market (more than four times larger than Pepsi Max).

In 2014, Diet Coke released a "Get a Taste Campaign." This campaign invited consumers to "Get a Taste" of the world they love and featured playful examples of how to make routine moments a little brighter and bubblier. In 2015, Diet Pepsi saw a 5.2% decline and Diet Coke's sales drop by 6.6%. With declining sales over the last decade due to changing lifestyles, the Coca-Cola decided to relaunch the diet category with four bold, new flavors and a new packaging look. R&D for the new product extension took about two years. During the process, Coca-Cola tested more than 30 new flavors. Focus groups and marketing research narrowed it down to only four Ginger Lime, Feisty Cherry, Zesty Blood Orange, and Twisted Mango. The new Diet Coke flavors are also packaged in slick 12-oz. cans. Coke, however, did not remove the aspartame from its diet beverage. Pepsi, that mirrors Coke in most product categories, introduced its version in the late 1980s. The company decided to change the artificial sweetener contained in its Diet products, in order to draw some loyal customers from Coke, who want a beverage without the aspartame sweetener. Pepsi commenced reformulating its Diet recipe two years earlier in response to customer criticism against the notorious sweetener, aspartame. Concerns about aspartame are continually rising as consumers are increasingly looking for natural and organic ingredients in their food and drinks. Aspartame has been the soda industry's favorite diet sweetener since the 1980s. Although The FDA has repeatedly vouched for its safety, internet bloggers blamed aspartame for everything from cancer to autism.

To promote Pepsi's new diet beverage, the product was clearly labelled as "Now Aspartame Free." The same message was also used throughout Pepsi's in-store promotions. Ads boasted the new diet offering, describing Diet Pepsi as "Crisp, refreshing –now aspartame free." The Coca-Cola Company, however, stuck to its guns and announced it had no intentions to abandon the artificial sweetener in its diet beverages. This proved to be a smart position as less than a year after launching its new Diet Pepsi with sucralose, the company brought back the diet beverage with aspartame, citing declining sales. Diet Pepsi without aspartame will go down as the latest in a list of memorable marketing mistakes, along with Sun Chips, Tropicana, and New Coke.

U.S. sales of Diet Coke overtook those of Pepsi-Cola for the first time in 2010, making the diet soda the No. 2 carbonated soft drink in the country behind Coca-Cola. As of 2018, the number 1 soft drink in the United States (in terms of sales) is Coke, followed by Diet Coke.

WHO WILL COME OUT ON TOP?

When it comes to conventional cola drinks, Coke is the undisputed champion. The question should be: Does Pepsi stand a chance of turning this around? Conducting a SWOT analysis for Pepsi is a good start to approach this billion-dollar-one-hundred-year-old question (Table 1).

Table 1. Pepsi SWOT Analysis

| | |
|---|---|
| <p>Strengths:</p> <ul style="list-style-type: none"> - Brand Equity: Brand evaluation of \$20 billion. - Product Portfolio: Broad assortment of beverages and snacks. - Customer Loyalty: Strong customer base all over the world. - Strong Financials: Revenues \$63 billion, Assets \$80 billion in 2018. - Sponsorships: Glamorous sports events and music concerts. | <p>Weaknesses:</p> <ul style="list-style-type: none"> - Unhealthy Products: Sugary soft drink. - Overdependence on Celebrities: Risky strategy. - Failed Products: Some products were not well received. - Failed Campaigns: e.g. Kendal Jenner. |
| <p>Opportunities:</p> <ul style="list-style-type: none"> - Healthy Options: Investing in nutritious and sugar-free products. - Sustainability and CSR: Environmentally friendly production, distribution, and packaging. - Innovation and R&D: New technologies appealing to youth. | <p>Threats:</p> <ul style="list-style-type: none"> - Global Competition: Chief rival Coca-Cola. - Anti-American Sentiments: American brands are not welcome in some countries. - Government Interventions: Soda tax and warning labels. - Economic Slowdown: Another recession would hurt sales. |

The last decade was probably the bloodiest clash yet of the cola titans. Coke, with its relentless focus and original message, has kicked Pepsi's can all over the world. The beverage war continues as the two beverage mammoths reinforce their strength for the next battle.

MAGNUS YOUTH LEAGUE – A CASE STUDY FOR SOCIAL RESPONSIBILITY AND APPLICATION OF STAKEHOLDER THEORY

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CASE DESCRIPTION

This case is well-suited to an introductory-level management class where curriculum includes concepts of stakeholder theory and corporate social responsibility. The primary subject matter for this case concerns identifying stakeholders, their various needs and expectations from a nonprofit organization, and the application of social responsibility in the nonprofit sector. Secondary issues include nonprofit funding and volunteer recruitment. This case imposes the Corporate Social Responsibility (CSR) framework onto a nonprofit scenario, highlighting the need to deliver multiple outcomes for the varied stakeholder group expectations.

This case has a difficulty level of three-four (junior-senior level) and is designed to be taught in less than two class hours with less than two hours of outside preparation time by students.

CASE SYNOPSIS

There is a growing demand for organizations to conduct their business in an ethical manner. Many corporations fall short of this mission, but there is a growing demand for the application of Corporate Social Responsibility (CSR) to their core business practices. Many believe that CSR can only be applied to the for-profit sector, but in reality, it applies to all forms of organizations including government entities, service providers, for-profit and nonprofit organizations. Recognition of stakeholders is key in developing business strategies that aspire to adopt CSR principles.

Students will be presented with background information on Magnus Youth League, a nonprofit which offers a variety of youth sports programs for the Malheur County in Oregon. Bernie Macgruber, the new Executive Director for Magnus, faces the daunting task of revitalizing this nonprofit to deliver much needed direction and mentoring for the youth in this community.

INTRODUCTION

Bernie Macgruber leaned back in the rickety chair and propped his feet up onto the ancient wooden desk, hands clasped behind his head. “What a mess,” he said aloud. The sun was just setting outside the window next to him, and he was beyond tired. When he had driven up to the Magnus Youth League office this morning and saw the line of parents and kids stretching out the front door and around the block, his first thought was that business was good. He was even a little excited. Obviously, there would be no shortage of kids to participate in the flag football program beginning next month! That impression changed when he approached the group and entered the small and very crowded office space. Two clerks behind the counter were talking with parents and

writing on their clipboards. Two others moved between the front counter and the piles of dilapidated helmets, shoulder pads, and jerseys that lined the back wall. Their frustration was obvious as they called out to each other across the chatter in the tiny room.

This was Bernie's first day as Executive Director of Magnus Youth League, a program offering a variety of sports programs for kids aged 5-12 in Ontario, Oregon and neighboring communities. He knew from the Magnus advisory board that parents and coaches were frustrated, too. Certainly, the parents he'd seen this morning had not been happy, waiting in line out in the hot sun. No wonder Magnus' support had been on the decline. It was clear to Bernie that things needed to change, and fast.

MAGNUS YOUTH LEAGUE

Founded in 2003, Magnus Youth League (Magnus) had garnered substantial community support over the last decade, largely due to the variety of youth sports training programs offered and effective community relationships with schools and area benefactors. Magnus served the communities in Malheur County, Oregon which includes the towns of Ontario, Nyssa, Vale, and several others. The total population in Magnus' service area is approximately 20,000 residents, served by a dozen elementary schools. Malheur County is the most impoverished county in Oregon with an overall poverty rate of 25.2%. Ontario, the largest city in Malheur County, has a poverty rate of 35.2% (Poverty Rate, 2019).

Perhaps because the poverty rate is so high, the children in these small, largely agricultural communities are a source of concern, not only at the state and federal level, but for large companies in the area and also for area benefactors. Nonprofit organizations such as Magnus, with a focus on developing skills and opportunities for Malheur County children, have been able to source operational funding from government grant programs and from private donations consistently over the last decade, although the availability of funds as of late has been considerably more constrained.

"Magnus" in Latin means "great." When Magnus Youth League was founded in 2003, its purpose was to develop greatness in the impoverished Malheur County youth. Magnus sports programs emphasize not only the development of athletic skills, but also character qualities like teamwork, integrity, and perseverance. The Magnus mission statement is simple: "Preparing Malheur youth for greatness in sports and in life."

Magnus ran four sports programs per year: football, baseball, basketball, and volleyball. The football program was co-ed, but enrolled primarily the boys. Volleyball was restricted to the girls. The baseball and basketball programs included both girl and boy teams. The Magnus teams competed against each other and with other youth teams across the Oregon/Idaho Treasure Valley area. Most of the coaches were farmers. They were good folks and great with the kids, but it was hard for them to make it to morning games because that's when they're tending crops. Usually, a parent could stand in for them, but not always. Children were transported to practices and games by their parents.

The Magnus advisory board had informed Bernie that funding had dwindled over the last several years. The organization continued to receive a state-funded grant which was enough to cover salaries and related overhead, and parents paid a modest enrollment fee of \$25 per child per sports program which had so far been enough to cover the office lease and utilities expenses. There had been precious little money to devote to new sports equipment in the last ten years. Even the team jerseys were returned at the end of each season to be reused.

Bernie reports to the Magnus advisory board, and they will determine whether or not he will continue in his Executive Director role after this probationary year. They had made it very clear to Bernie that he would be held accountable for major program improvements and team records that could stand up against other Treasure Valley teams. Bernie was starting to feel like he would have to be able to pull a rabbit out of the proverbial hat to satisfy them.

STAKEHOLDER THEORY

R. Edward Freeman first introduced the stakeholder theory in 1984. This concept shifts an organization's main objective of making money for its shareholders to a broader purpose of developing and fostering business relationships with those who have a "stake" or interest in the company and its overall success (Freeman, 1984). The stakeholders of an organization include employees, customers, suppliers, investors, and communities.

The stakeholder theory is based on the assumption that organizations want to conduct business with morals and values (Freeman, Wicks, & Parmar, 2004). This implies that leadership has an ethical component in every organizational decision made, especially when it involves managing stakeholder relationships (Harrison, Freeman, & Sá de Abreu, 2015). Stakeholder relationships should be fostered in a positive, effective manner by an organization. As a result, this will ultimately lead to economic value for an organization because the needs of the stakeholders were taken into consideration (Freeman, Wicks, Parmar, 2004).

Stakeholders can be divided into two classifications: primary and secondary. Primary stakeholders are those who interact with an organization on a daily basis, such as employees, customers, and shareholders. This category also includes regulatory and governmental agencies as companies must comply with the laws generated by these groups. Primary stakeholders are essential to an organization's viability and include employees, customers, investors, and suppliers (Ferrell, Thorne, & Ferrell, 2016). Individuals and groups who do not engage in business transactions on a daily basis with an organization are considered secondary stakeholders (Clarkson, 1995). The media and special interest groups are two common types of secondary stakeholders (Ferrell, Thorne, & Ferrell, 2016).

Since nonprofits are an important part of our society, especially when it comes to their economic impact on the communities they serve, it is important to look at how the stakeholder theory can apply to these organizations as well (Shea, et al., 2012). Just as for-profit organizations align their values and goals with their various stakeholders, nonprofits also have stakeholders who have extremely different interests and diverse expectations that must be effectively managed by the nonprofit's leadership (Wellens & Jegers, 2014). Stakeholders of a nonprofit can include government, beneficiaries, private donors, board members, management, volunteers, and non-managerial staff members (Wellens & Jegers, 2014). For nonprofits to succeed, they must efficiently and effectively produce financial and social outcomes by utilizing their numerous stakeholders' knowledge, resources, and interests (Kaplan, 2001; Kushner & Poole, 1996; McHargue, 2003; Mottner & Ford, 2005; Ostrander, 2007; Seok-Eun, 2005; Speckbacher, 2003). It is important for a nonprofit to recognize that stakeholders will have different expected outcomes and, thus, a nonprofit will need to be able to deliver varied results for each of its stakeholder groups.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility is a concept that became relevant to the business world after World War II (Carroll, 2015). The United States was evolving, and several social movements were making their mark on corporate America. Civil, women's, and consumer's rights, in addition to employee's safety and pressure for environmental protection emerged, which resulted in increasing demands on businesses (Carroll, 2015). Before these social movements, businesses believed they were only responsible for economic success for themselves and their shareholders. A byproduct of the social movements was society's growing expectations that forced businesses to accept more responsibility for their various stakeholders' needs and concerns.

There have been countless definitions of corporate social responsibility. In 1962, Milton Friedman stated in his book, *Capitalism and Freedom*, "Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible" [p. 133]. After varying views and debates as to the exact meaning of corporate social responsibility, Archie Carroll went on to define CSR as, "...the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979). The thought process behind this widely accepted definition of CSR was the following:

1. Businesses' economic and legal expectations were required by society;
2. Society expected businesses to be ethically responsible; and
3. Society desired businesses to have a discretionary/philanthropic responsibility (Carroll, 2015).

Today, all types of stakeholders, including employees, consumers, shareholders, financial institutions, as well as other stakeholder groups, are demanding companies operate in a socially responsible manner (Sprinkle & Maines, 2010). In response, companies desiring to be socially responsible must consider and focus on their various stakeholders' concerns and well-being by implementing CSR in their daily operations and long-term goals. The concept of social responsibility can be applied to any form or size of business. Small and large businesses, sole proprietorships, nonprofit organizations, and even government agencies can incorporate social responsibility into their everyday business practices (Ferrell, Thorne, & Ferrell, 2016).

Businesses are integrating corporate social responsibility practices in various ways to accommodate stakeholders' interests, concerns, and desires. With this in mind, most do not consider nonprofits as having to integrate social responsibility principles into their daily operations. The reason for this is when for-profit organizations achieve their discretionary and philanthropic responsibilities, nonprofits are usually the recipients of their resource donations (Coombs & Holladay, 2012). Since social responsibility can be applied to any type of organization, nonprofits should also be striving to align their business practices with social responsibility concepts. Nonprofits are exactly like for-profit businesses because they have: employees they should treat fairly; a necessity to find steady sources of income (i.e. donations, grants, etc.); end-users who receive and benefit from their products and/or services; and countless stakeholders who can impact the way they operate their organization (Waters & Ott, 2014).

The most basic and simplistic way for companies to establish a CSR program is for them to give of their resources (i.e. money, products, and/or services) to local and national nonprofits as well as community organizations (Isaksson, Kiessling, & Harvey, 2014; Sprinkle & Maines, 2010;

Ferrell, Thorne, & Ferrell, 2016). In addition, companies can establish volunteer programs. One way these programs work is for employees to spend company-supported time to serve local nonprofits and community agencies (Ferrell, Thorne, & Ferrell, 2016). Another way these programs can be established is for companies to allow employees to take off work (paid or unpaid) to perform volunteer activities (Isaksson, Kiessling, & Harvey, 2014; Sprinkle & Maines, 2010). Companies are aware their greatest assets are their employees. Therefore, corporate social responsibility involves taking care of employees' overall well-being and safety. Many employers provide health and wellness support through educational programs, on-site health clinics, and fitness centers (Isaksson, Kiessling, & Harvey, 2014). Companies also protect their employees by providing safe working conditions. Furthermore, employers are vigilant about potential hazards and dangers the employees may encounter while performing their jobs (Isaksson, Kiessling, & Harvey, 2014; Sprinkle & Maines, 2010). Finally, CSR initiatives include environmental and sustainability issues. Companies who are cognizant of their environmental footprint are participating in "green" practices, such as reducing packaging material, recycling, and conserving water and energy, to protect our Earth for future generations (Sprinkle & Maines, 2010). Above all else, for an organization's successful implementation of CSR, it needs to be strategic and align with the company's goals and objectives (Isaksson, Kiessling, & Harvey, 2014).

THE ISSUES

After just one day on the job, Bernie could see a whole host of problems that would need to be addressed. He rummaged around in a desk drawer for a notepad and pen to make some notes.

It was hard to believe that his office was operating on paper records, without the benefit of computer technology. They were getting the job done, but not efficiently. The office was far too small and very rundown. Also, all of the sports equipment was old. Bernie has realized immediately that Magnus was in dire need of safer helmets and shoulder pads for the pending football season. He wondered what kind of shape the rest of the gear was in.

More concerning to Bernie than the facilities and equipment, though, was staffing. His crew simply wasn't working well together. Their frustration was rubbing off on the parents and coaches, and that would be bad for business. Bernie's thoughts turned to the coaches. They were another issue, all to them themselves. It was hard to recruit coaches because they were generally local farmers, and they knew the commitment would interfere with their farming responsibilities. Other parents would usually pitch in to help, but they didn't have the training or knowledge to coach well. Something would have to be done about this.

Bernie looked over his notes, tapping his pen on the desk. The staffing and coaching issues would need to be addressed, as would the facility and equipment issues, but the kids were the primary concern. All these other issues were necessary to serve that mission, but they would require additional funding. Bernie had his work cut out for him.

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VENMO: WAR ON CASH?

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INTRODUCTION

The past couple of years, at the end of a restaurant meal or every month when splitting rent, some millennials began asking, “Do you use Venmo?” If the unfortunate friend answered negatively, there probably was a conversation extolling the convenience of the payment platform.²³ Venmo is a payment service based on combining a social network and a payment system. It gained momentum among millennials as a platform to exchange money, split a bill, and request money from their friends. It has nearly 23 million users, and a devoted generation of social media followers. “Just Venmo me the money” is a common phrase among millennials, making Venmo a genericized trademark like Google or Xerox. The reason why Venmo stands out among its numerous competitors is after every transfer, the exchange appears on everyone’s social feed so they know who’s getting lunch or a drink with whom. These transactions are often included with tasteful emojis that let users personalize their experience of transferring money. Although its target demographic is the younger crowd, the appeal of peer-to-peer payment method is gaining popularity among other age groups.

One of the reasons why the app might be appealing to the younger audience is because, for the most part, it is free. Venmo’s revenue stream is reliant on either the fees levied on merchants, sending money from credit cards, and instant money transfer to bank accounts. The financial technology (FinTech) company, responsible for the funds transfers, functions primarily using a Customer to Customer (C2C) model. They managed to gain consumers with their direct network effects* – more users made the service more valuable. However, they found it considerably harder over the past couple of years to leverage indirect network effects – increasing value by adding businesses to the network. Venmo’s free money-transfer model, with money streaming in only from credit card payments, limited the company’s revenue generation. After acquiring Braintree, Venmo’s parent company, PayPal invested significantly to strengthen Venmo’s Business to Consumer (B2C) market. PayPal Holdings Inc., said that more than two million U.S. retailers will be able to accept payments through its mobile app Venmo.²⁴

As Venmo became popular, large banks felt threatened, and a consortium of banks including Bank of America, Wells Fargo, JP Morgan Chase, and several others developed Zelle in September 2017. Like Venmo, Zelle is a peer-to-peer payment service allowing US banks to enter the financial technology marketplace. Zelle lacked a social dimension, but the backing of the financial services powerhouses, who were strongly motivated to protect their sources of revenue, helped it gain popularity. In 2018, Zelle processed payments of \$122 billion, surpassing Venmo at \$62 billion. However, one of the key differences between Venmo and Zelle remains the social feed and loyal customer base that Venmo possesses. Along with Zelle, long time competitor Square,

Inc. poses a threat via their Cash App (released in October 2013). According to the New York based market research company eMarketer, Zelle is expected to overtake Venmo with 27.4 million Peer-to-peer (P2P) payment users by the end of 2018 or early 2019, and Cash App is expected to have 9.5 million users (See Exhibit 1).

Venmo is widespread in the U.S. and enjoys broad support from its younger audience. Although doing well monetizing its customer base in comparison to its social media counterparts, such as Twitter and Snapchat, its financial performance does not seem to measure up to its reputation. With a growing list of competitors (Cash App, Zelle, ApplePay, Google Wallet, Samsung Pay, Android Pay), and lack of a global presence; how does Venmo plan to remain relevant in today's dynamic market? Will their social-savvy feature provide enough differentiation to prevail in a crowded market space?

PayPal CEO Dan Schulman asserted that: "Instead of trying to compete we are going to open our platform to partner with tech companies and become allies in this war on cash."³¹ Is a war on cash necessary? Is cash a strategic threat to developing the peer-to-peer payments market? It is critical that PayPal develop an effective strategy to monetize, grow, and sustain Venmo as a business. Fundamentally, irrespective of if Venmo is an app or a business, its growth must be addressed. It has been established that peer-to-peer payments are a viable market, but just how important is it that payments be socially connected? Mike Vaughan, Venmo COO, explained about Apple coming into the payments space: "you always have to pay attention to when Apple does things, there is a certain aspect of legitimizing what's happening in that space that can benefit everyone in the space, but we stay focused on what we can do because we can't affect what Apple is going to do. What we can do is build great products and great experiences in our brands."³² Whether Venmo can harness the momentum Apple brings to the space remains to be seen, but with a desire to partner, Venmo does not seem to bring much to the table Apple does not already have. It is easy to see what is in partnership for Venmo, but benefits to the partners are harder to identify.

COMPANY BACKGROUND

Co-founders Andrew Kortina and Iqram Magdon-Ismail founded Venmo, LLC in April 2009. Because of Magdon-Ismail forgetting his wallet and having to borrow and pay back money to Kortina, the idea of a peer-to-peer payment service came into mind. They saw a need for quicker payment solutions as opposed to writing checks or returning cash later. By September 2009, the company raised \$100,000 in debt financing from four investors.⁹ This allowed Kortina and Magdon-Ismail to work full time, hire an engineer and launch its iPhone app by December 2009 and Android app in July 2010. At this point, PayPal was the major competitor in the field of peer-to-peer online transactions. PayPal was created to offer payment solutions to accommodate the new and exploding e-commerce businesses such as eBay. Since inception, the growth and innovation in online markets drives demand for ongoing innovative payment solutions. By June 2011, Venmo began working directly with US banks in order to process transfers overnight (prior to this, Venmo worked with an intermediary processing partner to handle bank transfers). This step was significant for Venmo; it was now faster than PayPal when transferring funds to US bank accounts, inspiring ex-PayPal users to make the switch, thereby growing Venmo's customer base.

At this point Venmo was processing approximately \$10 million in payments every month, with a 30% growth in users on a monthly basis,¹ however going public posed a burden for Kortina and Magdon-Ismail. With the rapidly growing number of processed payments, expenses grew exponentially and almost put the company out of business. In August 2012, four months after being released to the public and two weeks before going bankrupt, Venmo, LLC was acquired by Braintree Payment Solutions, LLC (a company that specializes in mobile and Web payment systems for e-commerce companies) for \$26.2 million. This acquisition would allow Braintree to extend its payment platform to consumers and allow Braintree to make it even easier for e-commerce companies to accept payments on mobile devices. At the time of acquisition, CEO of Braintree Bill Ready said, "The addition of Venmo to Braintree's offering will make it even easier for developers at e-commerce and m-commerce companies to offer the most elegant, frictionless, mobile and social purchasing experiences. More than 20% of e-commerce sessions are already coming from mobile devices, and mobile purchasing experiences will define the next wave of e-commerce. Braintree and Venmo will provide a set of tools as important to the next 10 years of e-commerce as PayPal was to the last 10 years of e-commerce."³ In September 2013, Braintree Payment Solutions, LLC was acquired by PayPal, for \$800 million; making PayPal the parent of Venmo.¹⁰ Before closing the PayPal and Braintree deal, there was talk that Venmo was a key part of what attracted PayPal to Braintree.

PayPal became the ultimate parent officially in 2015 when eBay spun off PayPal into a separate publicly traded company. Separating eBay and PayPal made sense to the investors because it allows each business to enter into partnerships with firms that competed with the former partner. Thus, eBay can accept other forms of payment, and PayPal can enter into partnerships with competing retailers, vendors, and merchants. eBay reasoned that this would allow each company to reach their full potential independently. The new entity, PayPal Holdings, Inc., develops and markets a digital payments platform that is technology driven and user friendly. The PayPal businesses includes: PayPal, PayPal Credit, Venmo, Braintree, Xoom, and Paydiant. Each business serves a complimentary market niche that collectively allows PayPal to offer the most robust portfolio of payment solutions to both consumers and merchants. The company has continuously strengthened its platform, adding iZettle, a Swedish-based company, Fraud Services, and Bill Me Later, in 2018. The company operates in 200 markets around the world with 246 million active consumer accounts who can conduct business with 21 million merchants resulting in PayPal processing \$3.7 billion mobile transactions in 2018.³⁹

Electronic payment solutions, and digital commerce in general, are trending. Global digital commerce volume is expected to double to \$6 trillion by 2022, according to consulting firm McKinsey.⁴¹ The growth rate in digital payments suggests excellent market potential for innovative companies; whether the market can reward investors remains to be seen. Investors appear to have confidence in Pay Pal, as evidenced by their valuation, but some argue that PayPal is simply reinventing the wheel, and the company might be overvalued.³⁶ Whether Pay Pal's commitment to Venmo is justified is unknown. The market is growing and investors are interested. The U.S. Department of the Treasury reports that demand for cash is strong and growing, suggesting that cash has not yet been replaced by electronic funds transfer (EFT). PayPal is always thinking about what is next and working to stay relevant in this fast-changing marketplace. PayPal

has a strong history of innovation and creative thinking, but there are some serious competitors that will need to be addressed. Alipay, WeChat Pay, and Square continue to see record growth, signing up merchants concerned with mobile payments, but PayPal is well positioned to put up a good fight.³⁷ The recent decision by eBay to abandon PayPal, its former subsidiary, for Adyen, a small payments start-up located in the Netherlands, is a sure sign that the fight for dominance in the ecommerce and mobile payments space will be brutal and unpredictable. eBay announced that Adyen can provide merchants with greater flexibility and lower cost while allowing all transactions to be managed via eBay.³⁸ The one stop, one-click approach is exactly the type of innovation that PayPal needs to drive!

INDUSTRY LANDSCAPE

The financial services industry, more specifically the FinTech industry is growing substantially. This sector includes financial and non-financial service companies that develop innovative technological solutions to evolve from the traditional financial methods. Additional sectors within FinTech include Asset and Wealth Management, Banking, Insurance, and Payments/Transfers. Financial services institutions are embracing the disruptive nature of FinTech by learning to collaborate.⁸ A major example of this is the combining of Early Warning Services and clearXchange in January 2016 by several US banks. In a joint prepared statement in October 2015, the CEOs of Bank of America, BB&T, Capital One, JPMorgan Chase, U.S. Bank, and Wells Fargo said, "Our customers want the ability to make payments to anyone, in real-time, making funds instantly available in the recipient's bank account. To achieve this, we are combining our collective, bank-owned digital payments network (clearXchange) with our fraud, risk and authentication assets (Early Warning), to further ensure that our customers can send money, confidently, securely, and in real-time via their financial institutions."⁷ By September 2017, clearXchange ceased and became Zelle, an app allowing transfer of funds via several partnering US banks. In the fourth quarter of 2018, Zelle saw a record \$35 billion in payments on 135 million transactions. Year-on-year payments value soared 61%, while transaction volume shot up by 81%.²⁵ Paul Finch, CEO of Early Warning Services, the network operator behind Zelle, said "Already, customers of more than 5,100 financial institutions are using the Zelle Network, whether it's through their financial institution's mobile banking app, or by registering their debit cards in the Zelle mobile app."²⁶

BUSINESS CONCEPT

Venmo's business model is service based. It simplifies money transfers between person-to-person and person-to-business transactions via a mobile application.¹³ In addition, Venmo provides a social networking aspect with customer's transactions. It is a combination of a wallet and a social network. In their 2018 financial statements, PayPal's total revenue increased by \$2.3 billion, or 18%. The percentage growth in Total Payment Volume (TPV) was up 27% from 2017 at \$578 billion based on 9.9 billion payment transactions completed, also a 27% increase from the previous year (see Exhibits 2-4). Peer-to-peer payments appear to be valuable, as consumers flock to open accounts, but the willingness of users to pay for the social aspect of the product must be

determined and verified. There is a general sense of momentum; established players like Apple's entry into the marketplace indicate that something very real is going on! The challenge is determining the market scope and the potential profitability of the marketplace to support new business models in the payment space. Dan Schulman described "the secret sauce of Venmo was turning a transaction into an experience."³³ The problem is that the secret sauce is usually put on the main dish to enhance the flavor. People will still get the main dish with or without the condiment. Is Venmo just a condiment?

CASH TRANSFERS AND WITHDRAWALS

The company's revenue comes from credit card fees, instant transfer processing fees and various automated teller machine (ATM) withdrawal fees. Although most customers link a debit card or bank account to their Venmo account, credit cards are another option but at a cost of 3% per total value of that credit card transaction. Standard processing time for transfers are free of charge. If a customer wants funds processed instantly, 1% of the value is deducted from the total transfer amount for each instant transfer made, with minimum fee being \$0.25 and maximum being \$10. For ATM withdrawal of funds from a customer's Venmo balance, the daily limit is \$400 at MoneyPass® ATMs in the U.S. For non-MoneyPass® ATMs, there is a \$2.50 ATM Domestic Withdrawal Fee and possible additional fees charged by the ATM's operator. There is a \$3.00 Over the Counter Withdrawal Fee if a signature is required to obtain cash back at a bank or other financial institution.

Mid-2018, Venmo launched the Venmo card, which bridges the gap between the digital app and the real world. It lets the customer use their Venmo balance at any shop where MasterCard is accepted. The card is ATM-friendly in the US, specifically designed for the customers who want to use cash to try that cash-only food truck in town.²⁸ The cards come in six different colors, which is appealing to the younger crowd. It is easy to track the transactions as they are recorded under the transaction history on the Venmo app.

SOCIAL FEEDS

Another important aspect of Venmo's business model is the social network feed.¹⁶ This is what makes the company stand out from competitors. A consumer who provided a review of the app mentioned the following: "It's like Facebook and PayPal combined—only a better version of both of those things."¹⁹ This social feed is the "secret sauce" that Schulman described. At the December 2015 Business Insider's Ignition conference, Schulman said, "Venmo users open the app four or five times a week. But they only do transactions a couple of times a week. It's because everyone is looking at the feed to see, 'What did you buy?' 'What icons did you put on your feed?' 'Why did you go and buy that?' The secret sauce on Venmo is one, the ease of use, but two, that it's tied into your social network. So that payments becomes a sharing experience."⁶

Despite the appealing nature of the social feed, there are privacy concerns and criticism about the amount of information displayed publicly. By default, Venmo's social feeds are public. The Venmo user would have to update their settings manually to change transaction activity settings to private. Note: the amount of money spent by users is not visible publicly. However, the

visible transaction descriptions with emoji's and time stamps say a lot. A report created by privacy researcher Hang Do Thi Duc, included an examination of 207,984,218 public transactions posted on Venmo in 2017.¹⁴ Duc's report detailed life stories and personal habits of several users with data gleaned in the analysis. In February 2018, the Federal Trade Commission made a settlement with PayPal over a complaint about the company's handling of privacy disclosures in the Venmo app. Venmo was required to offer clear disclosures, discontinue misrepresentation of its services, provide privacy setting explanations to new and existing users, and include third party assessment of its compliance every other year for ten years.

FRAUD AND CONTROVERSY

Earlier in 2018, Venmo was hit by a surge of payment fraud that helped push losses higher than the company previously expected and prompted it to shut down some user features to control the damage.²⁷ The company recorded an operating loss of about \$40 million in the first three months of 2018. Fraud can occur in many different ways when it comes to payment platforms like Venmo. For example, stolen credit cards can be used to create new Venmo profiles and send money or hackers can take over accounts of existing Venmo users and syphon off their money.

After the fraud surge, Venmo management blacklisted tens of thousands of users and removed its feature of instant transfers to bank accounts. This was followed by angry users whose legitimate transactions were declined.

CASH APP & ZELLE

Cash App

Cash App is a mobile payment service developed by Square, Inc. (long time competitor of PayPal) in October 2013. It allows users to transfer money to one another via a mobile app or its online website. Most customer accounts use a debit card or bank account free of charge. However, like most other companies, credit card transactions require a 3% fee. Standard deposit times (usually next day) are free of charge, but instant deposits require a 1.5% fee of the total transfer amount. Cash App offers a virtual card and a physical debit card to use online, at retail stores and/or ATMs. An interesting feature of the card is the ability to obtain cash back rewards when used at certain merchants. For businesses that accept Square payments, fees start at 2.75% per swiped transaction and 3.5% plus 15 cents for manually entered transactions. A recent feature of Cash App allows customers to have direct deposits sent straight to their account balance.¹² In January 2018, Cash App expanded to support bitcoin trading through its app in most US states, and by August 2018, supported bitcoin trading in all US states.

Zelle

Zelle is a mobile payments app created by several US banks (Bank of America, BB&T, Capital One, JPMorgan Chase, PNC Bank, US Bank and Wells Fargo) with partnerships with dozens of other US banks. The app, introduced in September 2017, allows users of the respective banks to send and receive money from each other. Zelle's creation was a result of US banks feeling the threat from digital payment apps. Financial institutions introduced Zelle as a way to enter the

financial technology market, and keep and attract millennials. According to a Zelle spokesperson, “the goal is to broaden digital payments from millennials to mainstream.” Zelle has the capability to capitalize on older demographics because those customers are already banking with one of the partnering US banks.

APP RANKINGS

The best mobile payment system or who has the best P2P payments App varies from ranking to ranking, which is expected, as consumers have a lot of choice in the payments space.

As of December 2017, the total dollar amount of transactions processed for the fourth quarter were as follows: Zelle took the lead with \$75 billion, followed by Cash App with \$17.9 billion, then Venmo with \$10.4 billion.²⁰ Although Venmo came in last place, it’s year over year increase for the quarter was up by 86% with continued expectations of periodic growth.

According to the Apple App Store for iOS and Google Play Store for Android, top charts for finance apps display the following as of August 2018²⁹: For Apple, Cash App is #1, Venmo is #2, PayPal is #3 and Zelle is #9. For Android, Cash App is #1, PayPal is #2, Venmo is #3 and Zelle is #9. Venmo’s position has an indirect correlation with a top average app rating of 4.8 stars between Apple and Google Play. Lagging behind, average app ratings for PayPal, Cash App and Zelle, are 4.6, 4.3 and 3.5 stars respectively. With the exception of PayPal and Venmo, all other platforms offer free instant transfers (See Exhibit 5). In regard to social media followings (between Facebook, Instagram, Twitter and LinkedIn), Cash App stands out above the rest, with 92,000 more followers than Venmo and 162,000 more followers than Zelle.

According to Consumer Reports, Apple Pay is actually the best P2P payment system (see exhibit 6), however Apple Pay requires later-generation iPhones to use it. That makes it difficult to split a bill with friends, unless they are all loyal iPhone users. After Apple Pay, Venmo came in second, followed by Cash, Facebook P2P Messenger, with Zelle in last place.

MOVING FORWARD

Expansion into brick and mortar locations puts Venmo on the same level as competitors such as Cash App, who introduced their debit card in 2013. Rachel Huber, a payments analyst at Javelin Strategy and Research, states, “A card familiarizes [Venmo’s] brand with merchants as a payment mechanism – and merchants are going to be the biggest factor in Venmo achieving profitability. Think marketing and loyalty tie-ins, integration fees, and promotional deals. Venmo has access to an extremely desirable consumer segment – expect them to use that to Venmo’s advantage.”³⁰ Venmo’s social feed is of particular interest to retailers. Transactions via the debit card are logged into Venmo’s user history, adding possibilities to promote retailers’ sales activities. It is also an opportunity for companies to gain social endorsements from the Venmo feed and push targeted advertisements to users based on their behavior. Recent merchant partnerships for Venmo include Uber, GrubHub, Seamless, Eat24, and Abercrombie & Fitch. Morningstar analyst Jim Sinegal said, “The unique social aspects of Venmo could provide a path to advertising revenue — few other payment platforms make it fun for users to share their payment activity with friends.”² Similar to other social networks (i.e. Facebook, Twitter, Instagram and Snapchat), advertising

revenue would become a major source of their income.⁴ Most of these well-known social media companies started out with minimal revenue streams and spent many years making a name for themselves. Eventually they expanded in their markets with clever strategies that led to acquisitions, IPO's and other business transactions. Such strategies include the following: Google IPO in 2004, Facebook IPO in 2012, Facebook's acquisition of Instagram in 2012, Twitter IPO in 2013, Facebook's acquisition of WhatsApp in 2014, Snapchat IPO in 2017, and the list goes on.¹¹

Venmo's debit card acts like an intermediary, as users already have a linked bank account or credit card. Now very active Venmo users can keep their money in their Venmo account and spend it in the "real world" (one of the brand's email headlines reads, "How to spend your Venmo money in the real world.").² For example, roommates who use Venmo to pool money for a utility bill can pay that bill with the debit card. The obvious question for Venmo is, what's next? Will it launch a co-brand credit card, like its parent company PayPal?

Although Venmo has succeeded in becoming a ubiquitous way for young people to send money back and forth, it is less successful at being a sustainable business, however Schulman is confident that Venmo will eventually make money. At the Morgan Stanley Technology, Media & Telecom Conference in February 2018, Schulman stated, "I have full confidence that we will monetize Venmo. We are clearly seeing the network effects of Venmo."²² Whatever steps Venmo decides to take, all data and information acquired thus far should steer them in the right direction for future decision models. In its third quarter earnings, PayPal mentioned that it is accelerating momentum across all of Venmo's monetization efforts. Since its launch, more than 24% of all Venmo users have participated in a monetizable action, while Pay with Venmo monthly active users increased approximately 185% month-over-month from August to September 2018. With PayPal's dive into monetization strategies and the Venmo card, will the company be able last in the long run? Or will Venmo succumb to the competition who offer similar services without a middleman?

The Wall Street Journal announced on April 19, 2019 that Venmo is working with banks to launch a Venmo branded credit card; this seems to be a tacit acknowledgement that creating a sustainable business is more difficult than previously believed.³⁴ The commentators were unanimous in expressing their confusion with respect to this move. Shulman explained that the firm wanted to be "very thoughtful about a multi-brand strategy – multi-brands don't intimidate us as long as they are focused at a particular segment, or a particular need multi-brand is fine."³⁵ Is the move to create a Venmo credit card a true multi-brand approach, or is it simply cannibalizing PayPal's existing business – do we have something new, or is this a disaster for PayPal?

ACADEMIC EFFORT: INFLUENCE OF RELATEDNESS, COMPETENCE AND PROFESSOR-STUDENT SIMILARITY

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ABSTRACT

This study examines the influence a professor has on student self-perceptions of competence and academic effort. Business students' perceptions of relatedness to the professor are analyzed in relation to the students' perceptions of competence with administrative skills, thus determining the influence of the professor. This influence is examined further by considering the students' competence with administrative skills in relation to students' perceptions of academic effort. Academic effort can be examined different ways (e.g., effort with note taking, attending class). The form of academic effort included in this study is the student perception of how often assigned readings are completed. A second perspective was taken by examining the same relationships, but taking into account the professor-student similarity. The relationships are examined with the similarity of the students' perception of competence with administrative skills as compared to their perceptions of the professors' competence with the same skills.

INTRODUCTION

Professors regularly assign readings to coincide with topics covered in classes. A challenge facing some professors is that students do not read the material from required texts, or articles. The current study examines this academic effort by exploring how often students completed readings in relation to their perceptions of relatedness to the professor and self-perceptions of competence. In addition, professor-student similarity is examined to determine the possible influence on these relationships. Specifically, student self-perceptions of competency are compared to their perceptions of professor competency. In turn, the degree with which there is similarity is examined with respect to the relationships between relatedness, competence, and academic effort (e.g., how often they completed readings).

The constructs competence and relatedness are drawn from Self-Determination Theory (Deci & Ryan, 2000). The theory explains motivation as being influenced by one's self-perceptions of these two constructs and autonomy perceptions. Competence is an individual's perception of the ability to function effectively in an environment (White, 1959). Presumably, fundamental reading skills are held by college students so competence in the current study is indicated by the student's perception of administrative skills used during a business course. Administrative skills in this study include the ability to organize work, plan ahead, and efficiently complete tasks.

Relatedness is the extent with which someone feels connected to others (Deci & Ryan, 2000). As a student completes a course, the perception of relatedness forms because the student gets to know the instructor. Autonomy is the extent with which someone makes their own choices

satisfying their own internal desires (Deci & Ryan, 2000; Ryan & Connell, 1989; Sheldon & Elliot, 1999). The perception of autonomy, in relation to reading assignments, is not included in this study because a professor chooses the readings instead of students making their own choices.

HYPOTHESES

Perceptions of relatedness to a professor develop as students complete a course. Professors also gain an understanding of the students' difficulties with learning. They may be having difficulty because of weak administrative skills, such as being able to plan ahead, complete work efficiently, and organize work. The students' relatedness to the professor is likely to influence the extent with which the student adopts helpful advice to improve these skills. As the advice is accepted and applied, self-perceptions of competency are likely to increase. Therefore, it is anticipated that a positive relationship exists between student perceptions of relatedness to the professor and their self-perceptions of competence with administrative skills. This relationship is stated below as H1.

The student's self-perception of competency with administrative skills is expected to be positively related to the student's academic effort. In this study, academic effort is the effort taken to complete assigned readings. The administrative skills considered (e.g., being able to plan ahead, complete work efficiently, and organize work) facilitate the choice to complete readings because they support allocation of the appropriate amount of time for the activity. Expectancy-Valence Theory (Vroom 1964) supports the idea that as students perceive greater confidence, stemming from improved competencies, they are likely to develop expectations that a task can be successfully completed. Therefore, increases in perceived competency with administrative skills are likely to be positively associated with the effort to complete assigned readings (i.e. how often readings were completed). This relationship is stated below as H2.

Although professors and students have different levels of subject knowledge, they may have similar levels of competency with respect to administrative skills (ability to organize work, plan ahead, and efficiently complete tasks). As noted, the similarity is explored to determine possible influences on relationships between relatedness, competence, and academic effort. The similarity may develop either when the professor is perceived as a role model or functions as a mentor. As a role model, students emulate the professor without this necessarily being the professor's intention. As a mentor, the professor purposefully interacts with students and does so with the intention of providing guidance. Whether the professor is a mentor, or chosen as a role model, the student perception of relatedness to the professor develops. Moreover, the student may emulate the professor when doing things, such as applying administrative skills (organizing work, planning ahead, and efficiently completing tasks). Therefore, increased relatedness is likely to be associated with greater professor-student similarity on certain behaviors and personality traits. H3 states this relationship with a focus on the similarity of administrative skills competence.

A student viewing the professor as role model, or mentor, is likely to feel more competent with administrative skills when they are similar to those exhibited by the professor. Feeling more competent is likely to be associated with relatively higher expectations that an activity such as completing assigned readings can be completed successfully. According to Expectancy-Valence Theory (Vroom 1964), the higher expectation stemming from the similarity of professor-student

competence is likely to be positively associated with academic effort (i.e. the effort to complete assigned readings). This relationship is stated below as H4.

- H1 Student relatedness to a professor is positively related to the student self-perception of competence with administrative skills.*
- H2 Student self-perception of competence with administrative skills is positively related to the student self-perception of effort to completed assigned readings.*
- H3 Student relatedness to a professor is positively related to the similarity of professor and student competence with administrative skills.*
- H4 Student effort to complete assigned readings is positively related to the similarity of professor and student competence with administrative skills.*

METHODOLOGY

Marketing students completed two questionnaires that obtained self-perceptions and perceptions held for a professor from a recent course. The first questionnaire gathered perceptions of relatedness to the professor, self-perceptions of competence with three administrative skills (organizing work, planning, and efficiently completing tasks), and how often they completed assigned readings. A second questionnaire obtained their opinions of the professor's competence with the same three administrative skills. In total, 225 sets of two questionnaires were completed and the analysis included 201 sets because some were not fully completed.

Respondents were juniors (17%) or seniors (83%), male (46%) and female (54%) between the ages of 20-23 (81%), 24-29 (18%), and 30-39 (1%). During the previous semester, 95% of the students took 12 or more course credit hours and 48% worked between 16 and 25 hours a week. The overall GPA of students was 2.0-2.6 (19%), 2.7-3.0 (32%), 3.1-3.4 (24%) and 3.5-4.0 (25%).

Means and standard deviations of study variables are included in Table 1. The manner in which students were asked about the three administrative skills and effort reading are also reported. Analyses were completed with LISREL 8.51 (Jöreskog and Sorbom 2001). Competency was formed as a latent variable from the three administrative skills and analyzed with a confirmatory factor analysis (CFA). The latent variable has an average variance extracted of .61, composite reliability of .82, and a perfect fit. Figure 1 shows the standardized loadings and t-values for each skill type. The measure for relatedness to the professor was developed for this study and also examined with a CFA. Findings are shown in Table 2. A factor score of this construct was generated for SEM analysis. Student effort to read was included as a direct measure based on a question asking, "How often did you complete the assigned readings?" Professor-student similarity on competence was measured by taking absolute differences between the two measures of competence and recoding them to a scale representing from 1=little similarity to 7=very similar.

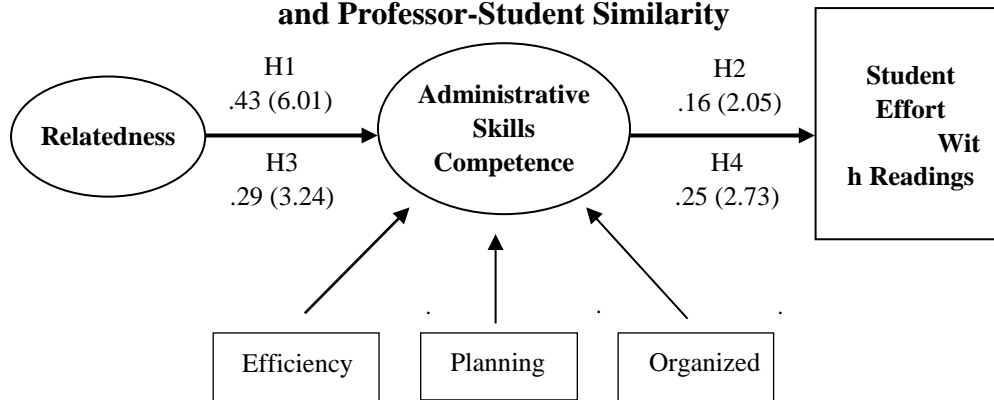
| Table 1 Student Self-Perceptions and Perceptions of Professor Means and Standard Deviations | | | |
|---|-------------|----------------------------------|-------------|
| Student Self-Perceptions (n=201) | | Perceptions of Professor (n=201) | |
| | Mean (SD) | | Mean (SD) |
| Relatedness | ---- | Relatedness | 5.74 (1.13) |
| Competency | 5.39 (1.07) | Competency | 5.62 (1.35) |
| Plans Ahead ¹ | 5.52 (1.53) | Plans Ahead ¹ | 5.68 (1.61) |
| Organized ¹ | 4.87 (1.68) | Organized ¹ | 5.41(1.68) |
| Efficient ¹ | 5.79 (1.04) | Efficient ¹ | 5.67 (1.68) |
| Effort to Read ² | 4.47 (1.30) | Effort to Read ² | ---- |
| Question Formats | | | |
| ¹ How accurately does this describe you? (or describe the professor) (1=Extremely Inaccurate, 7=Extremely Accurate) | | | |
| ² How often did you complete the assigned readings? (1=Never, 7=Very Often) | | | |

| Table 2 Confirmatory Factor Analysis | |
|--|--------------------------------|
| Construct, Scale Item, Composite Reliability, Average Variance Extracted | Standardized Loading (t-value) |
| Relatedness t-values >= 2.00 are significant (p<.05) | |
| To what extent do you agree with each statement? (1=Strongly Disagree, 7=Strongly Agree) | |
| REL1 It was easy to talk with this instructor. | .78(12.72) |
| REL2 I was able to “get to know” this instructor. | .60(8.86) |
| REL3 The instructor was friendly towards me. | .74(11.66) |
| REL4 The instructor seemed to understand challenges when learning. | .90(15.54) |
| REL5 The instructor did not wish to spend much time with me.(R) | .78(12.62) |
| Composite Reliability = .87 Average Variance Extracted =.58 (n=201) | |
| Model Fit n=201 $\chi^2=10.01, 5 \text{ df}, p=.075, \text{ RMSEA}=.071$ NNFI = .98, CFI= .99 , GFI= .98, AGFI=.94, SRMR =.026 | |

Hypotheses were tested by generating a structural equation model. Results are reported in Table 3 and Figure 1 shows the standardized loadings and t-values for the hypotheses. The results suggest that H1-H4 are supported because relationships have t-values greater than 2.00. Acceptable fits measures conform to values recommended by Hu and Bentler (1999).

| Table 3 SEM Analyses | | |
|--|---|---|
| Model | Student Self Perceptions | Professor-Student Similarity |
| REL to COMP | H1: .43 (6.01) ¹ | H3: .29 (3.24) ³ |
| COMP to EREA | H2: .16 (2.05) ² | H4: .25 (2.73) ⁴ |
| Goodness of Fit Measures | Chi-Square (χ^2) 7.79 df 7 p-value .35 RMSEA .02, NFI .97, GFI .98, AGFI .97 | Chi-Square (χ^2) 8.25 df 7 p-value .31 RMSEA .03, NFI .90, GFI .98, AGFI .97 |
| REL=Relatedness COMP=Competency EREA= Effort to Read | | |
| R ² Values ¹ 18% ² 2.4% ³ 8.5% ⁴ 6.4% (n=201) | | |
| Note: Loadings are standardized. t-values are in parentheses | | |

Figure 1
Academic Effort: Influence of Relatedness, Competence and Professor-Student Similarity



CONCLUSION

The findings show that, as student relatedness with professor increases, the perceived competence with administrative skills improves and it is positively related to the effort to complete assigned readings. When considering professor-student similarity of competence with administrative skills, the same relationships hold but the standardized loadings indicate differences as compared to the analysis of student self-perceptions. The model of professor-student similarity shows less impact of relatedness on competence with administrative skills. This finding may exist because, as students become more similar to the professor on competence skills, the relative influence of relatedness declines because the similarity has developed. The standardized loadings for the relationship between competence with administrative skills and effort to complete readings are different. The student self-perception model has a loading of .16 that is much lower than professor-student similarity loading of .25. This suggests that as professor and student reach similarity in competence with administrative skills, there is greater influence on student effort to complete readings. This may occur because of the student's self-perception of competence being higher after adopting approaches similar to those of a professor. As a result, expectations develop that an effort to complete readings will be successful and the expectations lead to a greater effort.

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TURMOIL IN THE CUSTOMER SERVICE OFFICE AT BLUEGREEN SHIPPING AGENCY

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CASE DESCRIPTION

This case is appropriate at the graduate level or for an upper level undergraduate course in organizational behavior, or organizational leadership. The case is centered around the leadership role of an individual who will be taking over as a new supervisor. The course case content is also designed to generate discussion about organizational structure and job design, motivation and rewards, and conflict management. Difficulty level of this case study is a four to five (senior to first year graduate level).

The case is designed to be taught over a one-hour period and will require two hours of outside preparation time by the students.

CASE SYNOPSIS

This case study involves the Customer Service Office of a shipping agency, which consists of three customer service agents and one administrative assistant. Two agents work in Exports and sometimes they are not busy. In contrast, Sarah, the Customer Service Agent for Imports is always busy. At times, some of her work is passed off to the two agents in Exports. Although Tom, one of the two Customer Service Agents in Exports, assists without complaining, Margaret who has been with the company for many years, voices discontentment and passes her work on to Kelly, the Administrative Assistant. In addition to shirking her job responsibilities, she makes careless mistakes with the work that she does. Enrico will soon be promoted to supervisor of the Customer Service Office. He dreads becoming Margaret's supervisor for several reasons, including his belief that she will be resistant and bitter about his upcoming promotion because she has been employed by the agency for many more years than he has. Students will be presented with the case and challenged with using their critical thinking skills to come up with solutions for the customer service office and recommendations for Enrico as a new supervisor.

INTRODUCTION

Enrico did not presently manage any area in his office at Bluegreen Shipping Agency, the South American Branch of Bluegreen Line, which was rapidly becoming recognized as one of the world's leading ocean carriers due in part to the expansion of the Panama Canal and increased importing and exporting with China. However, he knew that he would be supervising the customer service area beginning in the summer, and his current supervisor was training him to take over. The shipping agency has served the international ocean logistics needs of Brazilian importers and exporters since 2004, providing customer service, marketing, sales, logistics and administrative support. The agency recently implemented a climate-controlled storage system for most of their warehousing efforts and since then, business has increased significantly.

Furthermore, the customers were very pleased with the agency's use of radio frequency identification (RFID) technology used for every shipping container because it saved time and helped to reduce the chance of errors.

The Customer Service Office is made up of three customer service agents and one administrative assistant. Two of the customer service agents have quite a smaller workload due to the size of their customer base. Their title is **Customer Service – Exports**, and they are not always busy. The third customer service agent has a very busy schedule and handles the bulk of the work for Imports. Her title is **Customer Service – Imports**.

The current supervisor (who is also Enrico's supervisor) usually designates Tom and Margaret, the two Customer Service Agents for Exports to help Sarah, the Customer Service Agent for Imports, when she is busy. Tom good-naturedly helps all the time. Margaret fights tooth and nail to avoid doing anything outside of her specific job description. When tasks are assigned to Margaret that will help Sarah, she complains, states that it is not her job, and passes the buck to Kelly, the Administrative Assistant. In addition, Margaret works so slowly that Sarah, the person she is helping, will catch up on her workload and will take the work back. Margaret occasionally makes mistakes which make it necessary for Sarah to do the work all over again. It is not clear whether Margaret's mistakes are deliberate or not.

Margaret has worked for Bluegreen Shipping Agency for many years and has been in the Customer Service Office longer than any of her other co-workers. However, she does not have a supervisory role. The three Customer Service Agents are all equals. Margaret seems to have a "veterans vs. rookies" mentality. She has often indicated to Enrico (not knowing that he will one day be her supervisor) that she has resentment towards management because they have not promoted her beyond her current position. Enrico's private feeling is that if employees don't exhibit willingness to help others and act as team players, how can you in good conscience, promote them? He strongly feels that working for the Customer Service Office for a long time is just not reason enough for being promoted.

Enrico dreads becoming Margaret's supervisor, because he knows that she will be resistant and possibly bitter, because he has worked for Bluegreen Shipping Agency for a little over 5 years, verses 15 years for Margaret.

SEISMILES BRAND WINE

D.K. (Skip) Smith, Baze University
Carlos Aimar, University of San Isidro – P. Marin
Juan F. Ruedin, CEO, Altos de Tinogasta

SEISMILES BRAND WINE

Mr. Juan F. Ruedin is CEO of Altos de Tinogasta-La Aguadita S.A., a farming/real estate company located on 3000 hectares in the town of Tinogasta, Province of Catamarca, in Argentina. The business model Altos de Tinogasta (hence, AT) is using, and the results the company has achieved so far, are as indicated below:

1. *The 3000 hectares have been planted in two crops: olives and grapes. The first harvests were in 2013.*
2. *Of the 208 parcels planted in grapes, so far 142 (that is, 68%) have been sold. Of the 338 parcels planted in olives, so far 230 (that is, 68%) have been sold. The trend in sales has varied considerably: After a very strong performance in 2010 (a total of 93 parcels were sold that year), only 29 parcels were sold in 2011. Subsequently, however, sales of plots have varied considerably: in 2012, 2013, 2014 and 2015, sales of plots planted in grapes were 19, 18, 16 and 10 respectively; in 2012, 2013, 2014 and 2015, sales of plots planted in olives were 24, 69, 33, and 13 respectively. The bottom line is that over the last five years, total revenues generated from the sale of plots have (with the exception of revenues for 2016) been on a downward trend; the exact plot-related revenues over this period are as indicated below:*

| | |
|-------|-------------|
| 2013: | \$1,429,828 |
| 2014: | \$988,173 |
| 2015: | \$524,961 |
| 2016: | \$753,116 |
| 2017: | \$344,257 |
3. *AT is very eager to increase its revenues. In particular, the company is eager to increase the amount of revenue generated by sales of wine, from almost nothing in 2013 (the first year AT harvested grapes) to approximately US\$1.5 million for the newly-introduced Seismiles brand in the next 12 months. Achieving wine-related sales of US\$1.5 million for the newly-introduced Seismiles brand in the next 12 months would be a very substantial increase in AT's wine-related revenues of approximately US\$754,000 in 2017.*
4. *Mr. Ruedin has invited Professor Carlos Aimar to develop (within 30 days) a set of alternatives for achieving the above objective, that is, that over the next 12 months, AT's Seismiles brand should generate at least US\$1.5 million of wine-related revenue.*

Additional data and information in the case include:

1. *Regarding Argentina: Historical overview, a sample of recent demographic statistics from the World Bank, (and for benchmarking purposes, comparable statistics for the United States), plus information on the economy of Argentina.*

2. *Regarding the industry: A selection of facts and figures regarding both the global wine industry and the wine industry in Argentina.*
3. *Regarding the company's wine-related activities: Business model, current marketing strategy, current performance, and numerous factors impacting that performance.*
4. *Additional information: Information on the purchase and consumption-related behaviors for wine and wine-related products and services for the market AT has targeted; also, information about AT's competitors.*

HOW DO ENTREPRENEURS USE SOCIAL MEDIA?

Antonina Bauman, Emporia State University

ABSTRACT

Social networks allow companies to communicate with customers in a personal way, develop company's reputation and create a particular image. Social media creates new and unprecedented opportunities for small businesses to expand their existing marketing strategies to improve customer relationships, increase their sales, and improve their reputation. Social media is especially important for entrepreneurs with limited means and skills.

The purpose of this study is to explore how small businesses use social networking sites (social media). The qualitative research method of netnography was used to collect the data. Over the period of four months, social media activities of 36 small businesses were tracked on a weekly basis. As a part of this study, both quantitative and qualitative data were collected. Results of the analysis would be shared during the presentation.

CRISIS MANAGEMENT FOR SMALL BUSINESS: APOLOGIES AND EXPLANATIONS DURING AND AFTER A CRISIS

**Stephen C. Betts, William Paterson University
Vincent Vicari, Bergen County Small Business Development Center**

ABSTRACT

Despite best efforts to avoid or mitigate negative consequences, crises still happen to all businesses. As crises develop, it becomes important to communicate with those who may be affected. However the specific types of crises that face small businesses and entrepreneurial concerns differ from those encountered by larger, more established enterprises. In this presentation, using a crisis 'apology framework, we will explore when a small business should talk to its customers, suppliers and the public. We also address what should be said to whom and how to deliver the message in order to maintain continuity of operations and preserve relationships.

THE WOMEN SOCIAL ENTREPRENEURSHIP IN INDIA

Narendra Bhandari, Pace University

ABSTRACT

The women play a very small role in the field of entrepreneurship in India. Their place in social entrepreneurship in India is even smaller. Several factors are responsible for this situation. These include culture, biology, poverty, and lack of education, among others. However, some women are trying to improve their situation.

The objectives of this paper are, (a) To define social entrepreneurship, (b) To provide some examples of women social entrepreneurship in India, (c) To discuss their challenges, (d) To make suggestions for meeting these challenges, and (e) To present various hypotheses for further research.

Key words: Women social entrepreneurship, examples of women social entrepreneurs, their challenges, and suggestions to address these challenges.

The complete paper to follow.

IN THE ENTREPRENEUR'S BEST INTEREST

Gary Bliss, Florida State University

ABSTRACT

Using data from the U.S. Small Business Administration (SBA) to identify patterns in the application of credit guaranteed schemes in the United States, this study analyzed lending data for the two SBA marquee programs, the SBA 7(a) loan guarantee and the SBA 504 subordinated debenture. The findings are intended to determine the efficacy of the guarantee schemes in providing debt financing to the small business enterprise. Focusing on consistent customer care among banks, three primary questions were explored; 1) Are banks over utilizing the 7(a) loan for longer term loans with higher principal balances when they could be using the 504 loan, which will provide a lower interest rate to the borrowers? 2) Given the neutralizing of credit risks provided by the SBA guarantee on 7(a) loans, are certain banks exercising market power and charging the entrepreneur higher interest rates? And, 3) Are existing businesses receiving more favorable loan terms and conditions, such as interest rates, time to maturity, and loan balances than are new businesses?

Through the literature review, the study recognized the benefits that small businesses provide to national economies. Small businesses are responsible for the creation of the majority of new jobs in many national economies, and especially in the United States. Despite their significance, many credit-worthy small businesses face challenges in obtaining debt capital. Recognizing these challenges, many national governments have created credit guarantee schemes or partial guarantee schemes designed to mitigate a lender's risk when extending debt capital to small businesses. In the United States, the Small Business Administration was created in 1953 to assist small businesses in many ways, and providing credit guarantee schemes to participating banks and financial institutions has been one of the most successful methods to assist small businesses.

Inasmuch as the SBA is a government organization, data on each loan program reviewed were readily available. Information for the 7(a) loan program included the date of the loan authorization, the loan amount, the term of the loan, the interest rate at the time of the loan authorization, the NAICS code for the business, the participating lender, and whether the business was new or existing. Information for the 504 loan program included the date of the loan authorization, the loan amount, the term of the loan, the NAICS code for the business, the participating lender, and whether the business was new or existing. Interest rates on the SBA subordinated portion of the 504 were not provided, but were readily available through public records and an industry trade association. The data provided were considered to be a rich source of information to answer the research questions postulated above.

The methodology used to determine if banks were over utilizing the 7(a) loan instead of the 504 loan included a t-test of means comparing loan balances for 7(a) loans with maturities greater than 120 months to the 504 loan balances. Further analysis included a single factor analysis of variance across different maturity structures of the 7(a) loans to determine if lenders were relying on the 7(a) for long term financing. The methodology to determine if certain banks were exercising market power and charging entrepreneurs higher interest rates focused on the 7(a) loan data. Separating the banks into the top SBA lenders and creating a control bank consisting of community banks, interest rates at the time of funding were compared using a single factor analysis of

variance. The methodology to determine if existing businesses received more favorable treatment than new businesses included t-tests of means for interest rates at time of funding and loan terms.

The findings indicate that banks are overutilizing the SBA 7(a) loan program instead of using the 504 loan product to the detriment of the entrepreneur and US taxpayer. Further, banks with a national presence are charging higher interest rates on loans compared to community banks with the same SBA risk mitigating guarantee. This should be of interest to the entrepreneur seeking debt capital. Finally, new businesses with SBA loan guarantees are receiving more favorable terms than existing businesses, questioning the perceived benefits of relationship banking.

Keywords: Credit guarantee schemes, Small Business Administration (SBA), Entrepreneurial Finance

CULTIVATING THE ENTREPRENEURIAL MINDSET IN TODAY'S SMALL LIBERAL COLLEGES & UNIVERSITIES

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ABSTRACT

Due to numerous problems in higher education, universities are struggling for sustainable answers. Higher education is undergoing tremendous changes. Small liberal arts colleges are the most susceptible to market forces. Disruptive change has a dangerous consequence to traditional institutions. The results of disruptive change for organizations produces unpredictability and uncertainty of outcomes in the environments. This article explores how an entrepreneurial mindset in faculty can help stimulate innovation and creativity in the constant, changing environment in higher education. In analyzing the current crises in higher education, this paper describes a set of strategic implications that will aid universities planning to create sustainability education programs. The result of this investigation is significant because the results can better assist administrators, faculty and practitioners on how to inject the entrepreneurial mind-set in young business professionals in order to produce sustainability education for small liberal arts colleges and universities.

DISPOSITION AND ETHICS: AN EXPLORATION OF JUNGIAN TYPES AND JUSTICE, UTILITARIAN AND RIGHTS VIEWS OF ETHICS

Stephen C. Betts, William Paterson University

ABSTRACT

We live in a time where more and more business scandals emerge and dubious practices are exposed. As a result concepts and constructs related to ethical decisions have emerged as important outcome variables. The study of business ethics currently recognizes that there are different philosophical bases for ethical decision making beyond the dichotomous ethical vs unethical framing. Disposition research tries to predict behavior using personality typologies, taxonomies and multi-factor structures. In this paper we examine the links between personality and bases of ethical behavior. Specifically we look at Jungian types (MBTI) and justice, utilitarianism and rights views of ethics.

AN EVALUATION OF CUSTOMER SATISFACTION WITH ONLINE AND WALK-IN U.S. ELECTRONICS RETAILERS ON SEVERAL CHARACTERISTICS

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Lewis Hershey, Eastern Michigan University

Saeed M. Dubas, University of Pittsburg at Titusville

James T. Strong, California State University, Stanislaus

ABSTRACT

This study evaluates electronics products shopper satisfaction of US online and walk-in electronics retailers. A total of 94,983 respondents rated 30 online and 31 walk-in electronics retailers according to their satisfaction on 156,999 purchase experiences of electronics products between January 2015 and June 2016. Shopper satisfaction is measured on product quality, customer service, price paid, selection, checkout ease, website usability, walk-in retailer buying ease, walk-in retailer web customer support, as well as an overall retailer score. Online retailers include, Amazon.com, Costco.com, Newegg.com, BestBuy.com, TigerDirect.com, etc., while walk-in stores include Apple Store, Costco, Sam's Club, Target, Best Buy, Sears, Walmart, Kmart, etc.

This study performs several exploratory data analyses identifying the variables that best characterize and differentiate shopper satisfaction levels between online and walk-in electronics retailers based on customer evaluations. For this purpose, statistical analyses like correlation, regression, principal component analysis, correspondence analysis, and cluster analysis were utilized. The findings are discussed to guide retailers based on the most important variables for customer satisfaction and how satisfaction may differ between online and walk-in retailers.

AN INVESTIGATION COMPARING STRATEGIC PROFILES OF MARKETING OUTCOMES BASED ON COUNTRY-OF-ORIGIN IN KUWAIT RESTAURANTS

Larry Pleshko, Kuwait University

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ABSTRACT

The purpose of this study was to investigate the effects of country-of-origin on a variety of marketing-related performance measures in the restaurant market in Kuwait, encompassing three categories: coffee shops, fast food, and casual dining. Of the one hundred thirty brands in the study, the split is nearly equal between domestic and international brands. It is shown that, while controlling for category, international brands have more current users, higher penetration rates, higher loyalty rates, greater preference rankings, and larger market shares than domestic brands. No differences were found between international brands and domestic brands on customer retention, satisfaction, or time-in-the-market. It appears that international firms have significant advantages over domestic firms in the general area of marketing performance. It seems intuitive that global or international brands would have the management skills, resources, possible competitive advantages, and the ability to develop strategies better able to implement successful marketing and other strategies than do domestic firms. However, lesser penetration rates may be behind the lagging marketing performance of domestic firms when compared to international brands.

MANAGING SUPPLY CHAIN RISK USING BIG DATA ANALYTICS: A CASE STUDY APPROACH

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INTRODUCTION

As firms have increasingly globalized, so has the multitude of business risks facing them. These events result in business disruptions, leading to extremely negative impact on financial performance, as well as reputation of the concerned organizations. Therefore in recent years, there has been an increased focus on developing a better understanding of how organizations can manage disruption risks more effectively (Oh & Oetzel, 2017). Although there are several perspective on how organizations can develop risk resilience capabilities, there is still significant opportunity to further develop this topic, as well as our understanding of how organizations can develop supply chain risk resilience. (Chen, Chiang, & Storey, 2012; Davenport et al., 2006; Ramanathan, Philpott, Duan, & Cao, 2017; Wang, Kung, Wang, & Cegielski, 2018). A theoretical perspective that has emerged from such a focus is the dynamic capability perspective. The concept of Dynamic Capabilities (DC) was proposed by Teece and Pisano (1994). They defined dynamic capabilities theory as the “subset of the competences/capabilities which allow the firm to create new products and processes and respond to changing market circumstances” (Teece & Pisano, 1994). Dynamic capabilities also refer to an organization’s ability to respond in a rapidly changing environment (Sher & Lee, 2004). When the knowledge assets of a firm are exploited, the firm sees enhanced dynamic capabilities and increased business value (Helfat, 1997). An important aspect of DC is the presence of tools that can promote integrative learning mechanisms of endogenous knowledge. This helps promote dynamic capabilities and enables a firm to develop competitive advantage (Eisenhardt & Martin, 2000; Madhok & Osegowitsch, 2000). One tool that can enable us develop a better understanding of this concept is the role of Big Data Analytics (BDA) capability, and how it enables firms develop business risk resilience(Gunasekaran, Subramanian, & Rahman, 2017). In this paper, we therefore aim to answer this research question of how organization can develop supply chain risk resilience, using Big Data Analytics Capability. To answer this research question, we first conduct a literature review and then follow it up with a qualitative case study approach to further develop our understanding of the topic.

LITERATURE REVIEW

Within the Supply Chain Risk Management Literature, there are numerous definitions of what we mean by the concept of Supply Chain Risk Management. . Ho et al. (2015) define Supply Chain Risk as ‘the likelihood and impact of unexpected macro and micro level events or conditions that adversely influence any part of a supply chain leading to operational, tactical or strategic level failures or irregularities’ (Ho et al.; 2015:5035). Using, this as the basic definition, we evaluated

the various types of risks, and the potential for research in this area. The types of risks facing firms can be sub-divided into numerous categories. Gray et al. (2011), looked at the question of how offshoring production influences quality risk. Their research study shows that there is a strong positive relationship between offshoring of manufacturing and an increase in quality risk. Koster et al. (2011), on the other hand looked at the risk to business entities from inadequate safety performance in warehouses, due to inadequate managerial practices. Their results suggest that inefficient systems and lack of leadership in warehouse safety management plays an important role in an increase in incidences of accidents within warehouses. Hora et al. (2011), analyzed the impact of circumstances under which product recall takes place, and the impact that it has on a firm. Maruchek et al. (2011), on the other hand discussed about the important role played by product safety and security within the global supply chain, and the role played by Global Supply Chains in exacerbating safety risks and vulnerabilities.

This nascent literature on SCRM, has therefore evolved in response to the different types of risks associated in doing business in a globalized economy. Furthermore, within the literature, use of case study as a methodology to identify various aspects of Supply Chain Risk Management have been effectively utilized. Scholars are of the opinion that although large scale survey methods are an excellent way of identifying specific trends within the industry, a thick study, which incorporates Case Study Approach plays an important role in enabling us to effectively identify and understand firm level risk drivers and strategies adopted for risk mitigation (Ganguly, 2013; Khan, Christopher, & Creazza, 2012; Leat & Revoredo-Giha, 2013; Nakashima & Gupta, 2012; Oxborrow & Brindley, 2014; Smith, Gilbert, & Sutherland, 2017; Urciuoli, Mohanty, Hints, & Boekesteijn, 2014).

CASE STUDY ANALYSIS

Based on the above analysis, we observe that Case Study as a methodology for identifying Supply Chain Risk Management drivers, practices and outcome is an excellent way to further add to our understanding of the topic. A multiple-case study approach has been selected for the purpose of this study. Data Collection for the qualitative case study was based on an interview methodology. The data collected typically from limited and described application problems is mainly qualitative in nature and its validity and reliability can be ensured by improving the required careful documentation of the cases (Sykes 1990, 1991). The primary research involved in-depth interviews with seven senior people involved in the Supply Chain and its management. Good case study practice was followed throughout (Hirschman, 1986; Robson, 1993; Reige, 2003), with background research undertaken on the supply system and its participants, and a common set of questions for use with those interviewed. The companies were shortlisted to reflect both the manufacturing and logistics sectors in the United States, with four respondents from the manufacturing sector and 3 respondents from the logistics sector. The personnel interviewed from all these sectors were senior management professionals, and had an experience of 7 years or more in the company. They had been handling the supply chain functions of their company for a minimum of two years. Each interview lasted between 30 – 45 minutes and covered aspects such as what might be the potential drivers of supply chain risk, the role of senior management and

middle management in decision making while dealing with these risks. The potential strategies that the firm might adopt to mitigate the negative impact of the risk, and the final outcomes of these strategies. A semi-structured interview was conducted, and extensive notes were taken during each of these conversations. The final results were then compiled, and conclusion drawn from our observations.

The respondents interviewed as a part of the case study were of the opinion that External Risk Drivers have a significant impact on the firms Supply Chain, and do also have a direct impact on their ability to come up with innovative solutions for the problems at hand (Table 7.1). The respondents suggested that Government Policy Changes such as interest rate hikes frequently impacted their business practices, and their global supply chains. Market risks, especially fluctuating customer demands, also played an important role in impacting the supply chain, and as a result the management had to remain vigilant to deal with them. On the other hand, Energy risks had little to almost no impact on firm's ability to effectively manage their supply chain. Legal risks, such as lawsuits; and Integrity risks, such as scandals, embezzlement etc., also had no impact on the surveyed firms.

It was interesting to note that from the perspective of the management, their primary aim was to develop firm capabilities to deal with macro-economic risks such as Government Policy changes, customer segment loss and competitive threats. It was also interesting to note that the management were quite focused on develop risk resilience by identifying potential issues within the firm supply chain proactively, and then taking steps to mitigate their negative impact on the firm. The results further suggest that from an organizational perspective, although there exist several strategies to manage risk, IS strategy that includes use of BDA capabilities was starting to gain a lot of traction among senior managers. Organizations had started to adopt BDA capabilities, which included infrastructure capability, software capability and human capital capabilities. However, the interviewed managers further suggested that although their organizations had developed the IT infrastructure, they were severely lacking in human capital capability. The primary reason being that it was not easy to find trained manpower with the requisite skill set. However, the managers were in agreement that those organizations that adopt BDA capability, are able to develop supply chain risk resilience and positive financial outcomes.

CONCLUSION

The primary objective of this research paper was to understand how organizations develop supply chain risk resilience using BDA capabilities. To answer this research question, a case study methodology was adopted. Managers who had domain expertise on this topic were interviewed, and their statements were compiled to develop a better theoretical understanding. The results go on to show that organizations that adopt BDA capabilities, are able to develop supply chain risk resilience and positive financial outcomes. The results further show that BDA capability adoption is quite common among firms. However, due to lack of trained human capital; firms are not able to translate the large amount of information inflows into actionable business intelligence. As a result they are not able to effectively use BDA capabilities to manage Supply Chain disruption events.

STRATEGIC PLANNING IN HIGHER EDUCATION: DEVELOPING A PROCESS FOR STAKEHOLDER INPUT AND VISION DEVELOPMENT IN A RAPIDLY CHANGING ENVIRONMENT

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ABSTRACT

Much has been written recently about the disruption occurring in the higher education industry in the U.S. This disruption has been caused by technological advancements and well as shifts in population attitudes regarding the value of college degrees. Many colleges develop strategic plans, but few will admit that they are meaningful or have any real impact on the college's trajectory. This is mainly because strategic plans in higher education generally focus on minor operational changes rather than on major changes that impact the college's direction to match the shifts occurring in the environment. The purpose of this paper is to introduce a process for obtaining data and feedback from all of the college's stakeholders to inform the development of a coherent vision and strategy that will allow the college to maximize its long-term goals and objectives in an increasingly turbulent environment.

INTRODUCTION

According to a recent report published by the international association for management education, AACSB (Association to Advance Collegiate Schools of Business), business schools of the future will need to adapt to today's rapidly changing environment in higher education (see aacsb.edu/vision, 2019). According to this report, in this time of environmental disruption, business schools will need to communicate their value proposition to stakeholders through "important niche opportunities created by combining key strengths (e.g., centers of research excellence, community assets, and other professional schools on campus) with a focus on fostering innovation and entrepreneurship." The report goes on to mention that "business schools cannot breed innovation without being innovative themselves. Their own structures and activities will need to adapt. Like the entrepreneurs they support, business schools will also need to embrace some risk" (aacsb.edu/vision, 2019).

The purpose of this paper is to introduce a process for gathering stakeholder input and accurately assessing data obtained from surveys and focus groups in order to develop a long-term strategic vision and direction in this era of rapid change in higher education. The rationale for developing an effective strategic planning process includes the following:

- To ensure the curriculum continues to be up-to-date, relevant, and attractive to all of the College's stakeholders.

- To respond the modern job market and ensure graduates are prepared to add value and meet the changing needs of employers.
- To create a “value proposition” that communicates the College’s uniqueness and increases its reputation and ranking, possibly impacting both the quantity and quality of applicants.
- To ensure the College is allocating its resources in such a way as to maximize its ability to meet its strategic goals while ensuring the efficient use of its resources.
- To identify the key metrics that will best measure whether the College is fulfilling its vision in the foreseeable future.

This paper will also discuss the importance and benefits of strategic planning in higher education and the appropriate processes to ensure feedback from all of the College’s stakeholders, which include students, faculty/staff, alumni, and employers. The goals of this feedback process include the following:

- To engage all stakeholders (internal and external) to ensure all voices are heard and considered throughout the strategic planning process.
- To combat faculty/staff resistance to change through the use of a data-driven process that includes published research and feedback from faculty, staff, students, alumni, and employers.
- To incorporate multiple feedback opportunities (online and in-person) to increase buy-in and capture input from all stakeholders.

REVISITING SEX-ROLE STEREOTYPING IN THE JOB SELECTION DYAD: AN EMPIRICAL STUDY COMPARING SEX-ROLE BIASES IN SELECTION DECISIONS ACROSS TWO DIFFERENT GENERATIONS

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ABSTRACT

Considerable attention has been devoted to differences in employment experiences between men and women since the passage of Title VII over 50 years ago. This study analyzes survey data collected 20 years ago (N=231) against recent survey data collected in the same manner (N=365) to determine if perceptions regarding job selection decisions have changed over the last 20 years. An important contribution of this study is in its methodology. It assesses raw data collected two decades ago against recent data in a hierarchical regression model to determine if there are differences in the effect size of gender role biases between the two generations. Results suggest that gender biases in the job selection dyad are beginning to disappear for the younger generation of workers.

INTRODUCTION

Stereotypes are perceptions that people have towards a group of people that are a result of past experiences, learned attitudes, or accepted beliefs regarding the group. These perceptions, or stereotypes, lead to expectations about how members of a group should behave. Although they can be somewhat accurate in the aggregate and helpful in some situations (such as determining an appropriate benefits package for an organization given its employee demographics), stereotypes can result in bias and individual discrimination in the workplace and can be very destructive in employment decisions. It has been suggested that Generation Y employees are distinct from the other generations in that many of them do not remember the world prior to 9/11, they grew up with technology and are thus more technology savvy, and they spend significantly less time reading than their predecessors but spend significantly more time using electronics and technology such as video games, the internet and social media. Generation Y has grown up with the internet, globalization, and increasing workplace diversity which has resulted in markedly different attitudes towards gender roles in the workplace and work in general.

This study is a replication of a study conducted over 20 years ago which followed a between-subjects design with three independent variables of interest: job orientation, applicant gender, and rater gender. Two hypothetical job descriptions, taken from actual jobs, were used to depict job orientation. The samples for this study consisted of two cohorts: Generation X collected in 1997 and Generation Y collected 20 years later. Raw descriptive results suggest that differences exist between the ratings of male and female applicants across the two cohorts. These differences are further supported by the estimation of results from a multivariate analysis of variance (MANOVA) and a hierarchical regression model. These results appear to support the notion that the effect of gender bias in hiring decisions may be *beginning* to disappear for Generation Y.

THE MODERATION OF ATTITUDES ON LEADERSHIP TRAITS

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ABSTRACT

Leadership models garner significant attention within the literature of organizational psychology. Leadership effectiveness, for example, is viewed as combinations of various traits, presence of particular dispositions, cognitive or experiential characteristics, influence styles, situational contexts, or structural positioning. Social psychology as a related but distinct field from org psychology and has attributed significant credence to the explanatory nature of attitudes in predicting human behavior. Our research advocates the influence of attitudes, in combination with more traditional leadership indicators, as a significant predictor of leadership performance. Specifically we propose that cynicism, optimism, and perceived organizational moderate primary relationships between traits and leadership effectiveness. We attempt to demonstrate that consideration of attitudes is an absent link in the specification of mainstream leadership models.

TEACHING ENTREPRENEURSHIP: LESSONS LEARNED FROM TEACHING ENTREPRENEURSHIP THROUGH THE MOVIES.

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ABSTRACT

The aim of this paper is to present a novel approach to teaching entrepreneurship. Using movies from Hollywood to highlight entrepreneurial concepts and creating student-led discussion of these concepts has been used in a special topic class in a small public university in the Northeast United States. This paper presents how the class came to be, its results, and lessons learned from the experience.

Keywords: Entrepreneurship, Movie, Education, Experiential Learning.