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# CROWDFUNDING AND GOVERNANCE: A REVIEW AND RESEARCH ROADMAP

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## ABSTRACT

*Crowdfunding is a growing area of interest in entrepreneurial finance for both academics and practitioners and the prospects for future research are abundant. As this research area matures, the increasing depth of the research questions being explored demands more fine-grained examination. This paper reviews recent research related to crowdfunding and governance. Our aim is to synthesize current findings and provide suggestions for future work in this area.*

*The growth in the crowdfunding marketplace can be gauged from the fact that while worldwide funds raised in 2012 was $2.7 Billion, that figure went up to almost $14B in 2019, with projections that funds raised will triple to more than $ 40B by 2026. Entrepreneurs have recognized this funding opportunity and are increasingly using crowdfunding for new ventures. In comparison to other, more traditional sources of new venture funding, this is still a relatively small fraction. This large projected growth rate is heavily focused on Asia. In that part of the world, new ventures have less access to professional investors such as venture capitalists, leaving an important void in entrepreneurial financing that can be filled through crowdfunding.*

*Scholars have taken note of this emerging research area. Most of the early research in crowdfunding focused on factors that are associated with successful campaigns. The contribution of this review is to highlight the excellent research that has been done in this area.*

## METHODOLOGY

To collect the articles to include in this review, we followed the process outlined in prior reviews (e.g., Shepherd, Williams & Patzelt, 2015). Article titles from premier journals and key word searches in Business Source Premier, JSTOR and ProQuest were used to identify the relevant articles. Searches used the keywords 'crowdfunding', 'startup', 'new venture', and 'governance'. The journals included: *Entrepreneurship Theory and Practice, Journal of Business Venturing, Strategic Entrepreneurship Journal, Small Business Economics, Strategic Management Journal, Academy of Management Journal, Academy of Management Review, Journal of Management, Management Science, Organization Science, Research Policy, Corporate Governance, Journal of Corporate Finance, and Journal of Banking and Finance.* This resulted in a large number of articles and to narrow the scope of the review we concentrated on recent, governance-related work. This requirement limited the number of articles for our review to 19.

## RESEARCH ROADMAP

We organized our review of crowdfunding and governance research into three categories. The first section discusses the differences among crowdfunding platforms, and the governance implications of associated with these differences. This section provides important information on crowdfunding terminology which is used throughout the paper. The second section focuses how entrepreneurs use signals to provide information about the new venture to potential investors. The need for signaling arises from the acute information asymmetry between the entrepreneur and investors. The third section deals with actions by either the entrepreneur or influential campaign backers. Each section concludes with a discussion of research opportunities.

# BLACK "LIES" MATTER: WHY DO BLACK PEOPLE DISCRIMINATE AGAINST BLACK BUSINESSES? A CULTIVATION THEORY AND CONSUMER XENOCENTRISM ANALYSIS

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## ABSTRACT

It is well known that black businesses lag behind almost all other racial/cultural groups in terms of business starts, survival, and growth. However, this phenomenon has yet to be explained comprehensively. While there have been theories and studies that highlight the lack of experience, education, capital, and opportunity (due to discrimination) as primary reasons for black business failure, there have been almost no efforts to examine if, and why, black people themselves purposely avoid the patronage of black business (especially in black communities). While this notion is counterintuitive to most perceptions about black business culture, there is historical evidence and theoretical justification that provides a compelling case for black consumer avoidance of black businesses as being a significant factor contributing to the paucity of black business success. A major contribution of this work is that, for the first time in business literature, black discrimination of black businesses is explained through the historical lens of negative cultivation of mediated images relating to black people, which is postulated to contribute to a type of black consumer xenocentricism (explained as the purposeful distancing of one from having anything to do with their native racial/ethnic culture in favor of a perceived superior one).

Drawing from historical and theoretical foundations, we develop propositions, propose a theoretical model, discuss implications and limitations, and provide directions for future research.

Keywords: Black Businesses, Cultivation Theory, Consumer Xenocentricism

# DID MARKET REACTIONS TO COST-CUTTING VIA OFFSHORE SOURCING CHANGE AFTER THE GFC?

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## ABSTRACT

*Labor-cost savings have historically spurred decisions to outsource business functions offshore. We suggest that a paradigm shift occurring around the Global Financial Crisis (GFC) resulted in markets rewarding offshore outsourcing to low-cost settings less than before, while acknowledging the importance of softer, more tacit factors more than before. To test this claim, we create the world's largest dataset of offshore sourcing returns, that includes 2,000 observations from 1993-2015, with clients and vendors from all over the world (versus a median of 120 observations over 8 years, focused on U.S. clients). We then calculate three-day BHARs and analyze their determinants via weighted least squares regressions and find support for our claim that the importance of low labor-costs decreased relative to the importance of softer factors.*

## INTRODUCTION

Janet Yellen, former Chair of the U.S. Federal Reserve and current U.S. Treasury Secretary, says that offshore outsourcing gives us "cheaper ways to do things" (Davis, 2004). Mankiw and Swagel (2006: 1054) claim that failing to take advantage of its cost savings is "giving up the gains to trade", while former Singaporean Prime Minister, Lee Kuan Yew, says (2004: 5): "If you deprive yourself of [offshore] outsourcing and your competitors do not, you're putting yourself out of business." The empirical record, however, does not seem to agree. Lahiri's (2016) review of outsourcing and firm performance, for instance, finds that just one of three cross-border studies detects positive general effects.

One reason for poor outcomes may be an overreliance on cost-efficiency motives that fails to properly consider the role of softer, tacit factors. Yet this may be changing, as managers learn that labor-cost savings do not guarantee improved performance. Ketokivi et al. (2017), for example, attempts to determine how interfirm design elements related to coupling, specificity, and formalization – reflecting degrees of partner interdependence, idiosyncratic resources, and routinization – affect location choice. Rather than reflexively choosing low-cost settings, they are now often chosen when coupling and specificity are low, and formalization high. Clampit et al. (2015) integrate thought from Verbeke and Greidanus' (2012) bounded reliability construct (that considers benign causes of partnership failure in addition to opportunism) with cultural complementarities to create a model of offshoring satisfaction. It suggests that for more advanced forms of offshoring, coupling and specification needs may rise, while formalization may be

replaced by or converge towards shared norms that emerge over time. This may magnify the impact of softer factors such as cultural differences (Doh, Bunyaratavej, & Hahn, 2009).

Seminal events have the potential to prompt reassessments in the minds of decision-makers (Barberis et al., 1998). We suggest that the Global Financial Crisis (GFC) made past or projected loss more salient in the minds of managers and capital markets, which prompted learning effects that induced more expansive valuation approaches than those built upon simple cost-saving heuristics. As a result, capital markets began to reward deals that offshored functions to low-cost settings less than before, while paying more attention to non-cost factors.

## HYPOTHESIS DEVELOPMENT

First, we consider loss. Inaccurate assumptions that cost savings guarantee profits may have facilitated pre-shift client-side losses. Worsening trade terms, due to lowered demand after the GFC, increased vendor-side losses. And any crisis precipitating such shifts may increase losses in general. Capital markets may thus frame decisions in terms of their capacity to avoid further loss. And while decision makers "in a gain (compared to a loss) frame are not very diligent…in a loss frame, they are more careful" (Fischer et al., 2008:313).

This newfound vigilance prompts more and faster learning that is unobserved in the absence of loss, as cognitive effort and information search increases to prevent further loss (Bereby-Meyer & Erev, 1998; Ditto et al., 1998; Fischer et al., 2008). Behavioral theories have been invoked to explain variety of managerial decisions, e.g., homophily as a device to reduce interdyadic uncertainty (Dharorkar et al., 2019). Consistent with prospect theory's suggestion that people on average weigh losses twice as heavily as gains (Kahneman & Tversky, 1979), decision makers in investing domains also exhibit asymmetrical learning patterns by collecting more information after experiencing loss (Blay et al., 2012; Nicolosi et al., 2009; Pennington & Kelton, 2016).

Linking loss to the saliency of news and data, Hirshleifer (2001) finds that volatile settings resulting in loss lead to increased usage of new information as decision makers update Bayesian priors. Seminal events, such as crisis, may serve as especially powerful learning triggers, as actors suddenly learn they knew less than they thought, resulting in the consumption of news and information that is now be acutely salient (Barberis et al., 1998; Hoffmann et al., 2013; Koulovatianos & Wieland, 2011; Marimon, 1996). This induces stock price movements, with stronger effects for "attention-grabbing" stories with high media coverage (Ferguson et al., 2015; Klibanoff et al., 1998). Offshore sourcing reports in this vein after the GFC were not in short supply.

For example, TPI's periodical and annual global outsourcing reports (2009-2015) relentlessly documented client dissatisfaction, liquidity issues, restructurings at lower rates, shrinking contract values for the market overall, and newer contracts that were smaller and shorter than before. Hopeful predictions of a global outsourcing market recovery that would finally "stick" alternated with admissions of freefalls and false dawns, e.g., TPI's 2015 lament that firms were "hitting the reset button" once again. Media reports mirrored trade reports, regularly detailing high profile outsourcing failures, despite highly anticipated cost savings, e.g., IBM's failed partnership

with Queensland which saw an initial AUS$550,000 quote in 2007 ultimately cost taxpayers $1.2 billion and was called "the worst failure of public administration in this nation" by Queensland Premier Campbell Newman (Berry, 2013; Moore, 2013). Furthermore, frequent reports and political speeches reflecting rising levels of backlash against globalization offered motivation to search for more socially acceptable offshore motives than cutting costs by firing expensive local workers to hire cheaper foreign labor (Bussière et al., 2011).

Scholars, meanwhile, had moved beyond simple cost-based analyses to provide decision makers with ready-made templates to guide them in a world which was realizing that cost-cutting may not be a panacea after all. Newer post-cost theories generated empirical tests documenting the importance of a cornucopia of softer, tacit factors with the capacity to affect offshore partnerships (e.g., Doh et al., 2009). Extending Hymer's (1960) finding that firms operating in unfamiliar settings experience a "liability of foreignness", scholars operationalized many forms of cross-national "distance" to measure how different countries are along many dimensions impacting performance. Cultural distance (Kogut & Singh, 1988), for example, makes communication and coordination difficult, increasing the odds of misunderstanding or conflict due to mistranslations or unshared implicit assumptions or values. Berry et al. (2010) compiles and validates a broad list of institutional distance-based measures that scholars use to explain the success or failure of cross-border economic activity. Large political distances, for instance, suggest that firms working with partners in distant countries could be unfamiliar with various political constraints or stability issues, while large administrative distances may indicate unfamiliarity with legal systems and languages. Gwartney et al. (2017), meanwhile, provide indicators related to heterogeneous degrees of government scope and regulation that have been shown to impact firm performance, e.g., competing against state-owned or subsidized actors, or in onerous regulatory settings, may lower returns.

Tools have also been created to bridge the gap between scholars and practice, by directly converting thought from the former into tools for the latter. For example, the U.S. Department of Commerce created a Black-Scholes option model (available at acetool.commerce.gov) that helps managers determine if offshore labor cost savings outweigh a variety of other factors, such as added demand-risk exposure when lead times are long, and the potential cost of factors related to shipping, financing, political risk, product quality, the protection of intellectual property, etc. Bringing clear tradeoffs to the surface, when underlying mathematical relationships can be nonlinear and counterintuitive, can provide managers with a jolt of hard reality that tempers the initial enticement offered by simpler tools that are overly focused on labor cost differentials. Here we suggest that as losses lead to learning and a desire to make better investment choices (Coursey et al., 1987; Dhar & Zhu, 2006; List, 2003), managers or investors may now augment simple labor cost-based calculus with assessments of a variety of softer, tacit factors suggested by post-cost trade theories and publicly available "total cost" evaluation tools.

In sum, we suggest that losses surrounding past or projected offshore sourcing deals (e.g., due to demand shift changes) and general losses (e.g., due to broad earnings or stock price declines during shocks that prompt demand shifts) changed valuation approaches moving forward. Primed to avoid future loss, the mid-shift explosion of new information surrounding the inability of cost-savings to guarantee success becomes more salient, and the appetite for due diligence and learning

increases. This results in decision makers discarding simple "low cost" heuristics in favor of a more nuanced approach that bundles labor costs with softer costs to produce an "on net" form of calculus. As a result, the relative importance of labor cost decreases (versus softer costs) with respect to its ability to predict firm valuation changes after offshore sourcing deal announcements.

> **Hypothesis 1:** *After demand shifts, tacit soft-cost variables will increase in importance relative to hard-cost predictors (such as the cost of labor).*

## METHODS

We collected offshore sourcing announcements by searching Lexis-Nexis from 1993-2015, excluding public entities and firms with other major announcements +/- 10 days of the outsourcing announcement. This yielded 2,000 observations. Buy-and-hold abnormal returns (BHARs) were calculated by comparing returns with country indexes (from DataStream), via the standard model event-study methodology (Dodd and Warner, 1983; Mackinlay, 1997). We collected various market reaction determinants suggested by the literature from Berry et al. (2010). *Administrative distance*, for instance measures how different countries are with respect to language, religion, and legal systems. *Connectedness* captures how connected countries are with the world. *Demographic distance* captures demographic data, economic distance captures differences in economic development and macroeconomic traits, and *geographic distance* captures physical distance.

**Table 1**
**WLS REGRESSION OF BHAR(-1, +1) ON EXPLANATORY VARIABLES**

| Independent Variables | Full Sample | | | Vendors | | | Buyers | | |
|---|---|---|---|---|---|---|---|---|---|
| | Before 2007 | After 2007 | Difference | Before 2007 | After 2007 | Difference | Before 2007 | After 2007 | Difference |
| Intercept | 1.762 | 2.164 | -3.926 | 3.164 | 3.464 | -.300 | -2.204 | -2.579 | .375 |
| | (.849) | (.280) | (.678) | (.353) | (.145) | (.942) | (.914) | (.421) | (.986) |
| Deal Value | .002 | -.003 | .006 | .001 | -.002 | .003 | .001 | -.003 | .004 |
| | (.323) | (<.001)*** | (.024)** | (.171) | (.099)* | (.032)** | (.804) | (.073)* | (.413) |
| Deal Duration | -.180 | -.114 | -.066 | .159 | -.053 | .212 | -.322 | -.204 | -.118 |
| | (.294) | (.025)** | (.713) | (.156) | (.468) | (.113) | (.284) | (.004)*** | (.702) |
| Financial Institutions | .680 | -2.114 | 2.794 | -.639 | -3.400 | 2.761 | 4.413 | -1.497 | 5.910 |
| | (.665) | (<.001)*** | (.090)* | (.385) | (<.001)*** | (.004)*** | (.185) | (.073)* | (.084)* |
| Renewal | 4.568 | -.082 | 4.650 | 2.275 | .613 | 1.662 | 7.158 | -1.779 | 8.937 |
| | (.038)** | (.804) | (.037)** | (.004)*** | (.150) | (.064)* | (.222) | (.002)*** | (.128) |
| Administrative Distance | .001 | -.004 | .005 | .001 | -.002 | .003 | .003 | -.016 | .019 |
| | (.288) | (.413) | (.305) | (.371) | (.774) | (.741) | (.151) | (.025)** | (.009)*** |
| Political Distance | .001 | -.001 | .002 | -.001 | -.001 | .000 | .001 | -.001 | .002 |
| | (.034)** | (.033)** | (.004)*** | (.367) | (.043)** | (.061)* | (.044)** | (.057)* | (.006)*** |
| Connectedness Distance | .049 | -.352 | .401 | -.012 | .430 | -.442 | .097 | -.760 | .857 |
| | (.010)*** | (<.001)*** | (<.001)*** | (.079)* | (.009)*** | (.007)*** | (.040)** | (<.001)*** | (<.001)*** |
| Finance Distance | .013 | -.150 | .163 | .002 | -.147 | .149 | .109 | -.013 | .122 |
| | (.226) | (<.001)*** | (<.001)*** | (.699) | (<.001)*** | (<.001)*** | (<.001)*** | (.787) | (.029)** |
| Geographic Distance | .001 | .001 | .000 | .001 | .001 | .000 | -.001 | .001 | -.002 |
| | (.489) | (.045)** | (.036)** | (.030)** | (.841) | (.917) | (.008)*** | (.929) | (.522) |
| Knowledge | -.013 | -.059 | .046 | -.002 | -.042 | .040 | -.044 | -.102 | .058 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Distance | (.041)** | (<.001)*** | (.001)*** | (.475) | (.018)** | (.025)** | (.002)*** | (<.001)*** | (.006)*** |
| Economic Distance | -.016 (.078)* | .146 (<.001)*** | -.162 (.001)*** | .008 (.249) | .014 (.763) | -.006 (.893) | .006 (.696) | .216 (.005)*** | -.210 (.008)*** |
| Demographic Distance | -.063 (.002)*** | .057 (.356) | -.120 (.064)* | -.006 (.470) | .134 (.242) | -.140 (.220) | -.101 (.015)** | -.242 (.001)*** | .141 (.097)* |
| Cultural Distance | .061 (.372) | -.046 (.035)*** | .107 (.135) | -.164 (<.001)*** | -.170 (<.001)*** | .006 (.913) | .103 (.378) | .034 (.271) | .069 (.571) |
| Partner Location Labor Cost | -.384 (<.001)*** | .231 (<.001)*** | -.615 (<.001)*** | -.010 (.792) | .185 (<.001)*** | -.195 (<.001)*** | -.534 (<.001)*** | .296 (<.001)*** | -.830 (<.001)*** |
| Hofstede Ind. Distance | -.073 (.106) | -.005 (.735) | -.068 (.150) | .145 (<.001)*** | .043 (.040)** | .102 (.001)*** | -.159 (.047)** | -.028 (.173) | -.131 (.111) |
| Partner Location Govt Scope | -.531 (.129) | 1.715 (<.001)*** | -2.246 (<.001)*** | .088 (.638) | 1.081 (<.001)*** | -.993 (<.001)*** | -.698 (.241) | 2.691 (<.001)*** | -3.389 (<.001)*** |
| Partner Location Regulation | 1.766 (.001)*** | -1.920 (<.001)*** | 3.686 (<.001)*** | -.346 (.188) | -1.323 (<.001)*** | .977 (.003)*** | 2.543 (.009)*** | -2.667 (<.001)*** | 5.210 (<.001)*** |
| Ind. fixed effects | Yes | Yes | | Yes | Yes | | Yes | Yes | |
| Yr. fixed effects | Yes | Yes | | Yes | Yes | | Yes | Yes | |
| Observations | 650 | 984 | | 378 | 645 | | 272 | 339 | |
| Adjusted $R^2$ | .1624 | .3740 | | .1652 | .3593 | | .2667 | .6023 | |

*Knowledge distance* measures technology gaps, *political distance* measures political differences (e.g., political stability), and *cultural distance* measures cultural differences. *Government scope* and *business regulation* measures are from Gwartney et al. (2017). The former captures the degree that political rather than private processes allocate societal resources while the latter measures regulation. High scope or regulation scores indicate lower levels of each. We also include Hofstede individualism scores. Labor costs were obtained from The Conference Board, International Labor Comparisons Program (February 2018). We then regress these factors on to company BHARs.

## RESULTS

As seen in Table 1, political, connectedness, finance, and knowledge distances decreased returns more after the GFC, and the cultural distance term became significant and negative. More regulation (indicating a desire for stability) and less government scope was favored after the GFC. Economic distance (a proxy for labor costs) now raised returns, and while high labor-costs (measured directly) were punished before the GFC, they were rewarded after it. Our hypothesis is thus supported. (Subsample analysis suggests that this effect was especially pronounced for U.S. firms.)

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# OFFSHORE OUTSOURCING: WHERE ARE THE MISSING RETURNS?

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## ABSTRACT

*It is commonly accepted that offshore outsourcing increases firm performance by providing access to low-cost labor markets, yet the empirical record does not support this belief. We suggest that our inability to detect positive returns in studies that measure changes to the value of firms is due to: (a) a reliance on small samples and short time frames, and (b) an incomplete application of classical trade theory that prioritizes Ricardo while ignoring Mill. As incorporating the latter suggests examining offshore deals on a dyadic basis, we analyze 2,000 firm valuations, on both sides of the outsourcing dyad, after offshore sourcing announcements from 1993-2015. We find robust evidence that firm valuations did, in fact, increase in response to these announcements (though primarily for non-U.S. firms and vendors rather than clients).*

## INTRODUCTION

Outsourcing advocates claim it is the modern application of Smithian theories of specialization and the division of labor, e.g., Ricardo's theory of comparative advantage. And sourcing *offshore* is a means to access labor markets whose advantage is often low wages. Former Chair of the U.S. Federal Reserve and current U.S. Treasury Secretary, Janet Yellen, is pithy: offshore sourcing gives us "cheaper ways to do things" (Davis, 2004). Mankiw and Swagel (2006: 1054) lament that foregoing associated cost savings is "giving up the gains to trade". And former Prime Minister of Singapore, Lee Kuan Yew bluntly declares (2004: 5): "If you deprive yourself of [offshore] outsourcing and your competitors do not, you're putting yourself out of business." Proponents of what Batra and Beladi (2010) label "the Mankiw-Yellen hypothesis" sometimes give the impression that positive returns are inevitable, fated almost to the point of tautology (e.g., Mankiw-Yellen logic that if low costs boost efficiency in a theoretical vacuum, they simply must be good for the firm). Yet Lahiri's (2016) review of the empirical literature on outsourcing and firm performance finds that just one of three cross-border studies detects positive general effects.

The outsourcing returns literature often responds by looking for boundary conditions that allow predicted gains to trade to emerge. Yet the puzzle remains with respect to why full sample returns are rarely positive. Can the economists have gotten it so wrong, i.e., are general returns to outsourcing nonexistent or simply rare, with positive returns consigned to a subset of special cases? Hints lurk within this literature's: (a) implicit assumptions of temporal homogeneity (Roztocki & Weistroffer, 2015), (b) studies characterized by small samples of only U.S. firms, and (c) the

reflexive reliance on classical economic theory that focuses on the gains to trade while ignoring the terms of trade. Our claim is that adopting a larger and more holistic lens – with respect to theory, time and space, and perspective may help us find the returns predicted by economists and detect.

While most outsourcing return studies examine smaller samples and time frames (as low as 40 over 3 years) and focus on U.S. firms, we create a more expansive dataset that includes 2,000 observations from 1993-2015, involves firms from 42 countries, and incorporates an expanded dyadic perspective. We begin our empirical analysis by examining returns at the level of the dyad (i.e., clients *and* vendors). As persistent demand shifts often accompany seminal events, we search for the existence of a shift near the advent of several large shocks: 9/11, the dotcom bubble, and the global financial crisis (GFC). (2020's COVID-19 outbreak was too recent to examine, though we do discuss its clear implications.) Detecting a persistent shift around the same time as the GFC allows us to examine its impact on dyadic and interdyadic returns while offering a degree of reconciliation with respect to competing theories, predictions, findings, and practice.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Lahiri's (2016) review of 57 papers over 20 years provides the most comprehensive account of outsourcing's effect on firm performance. Its mixed record with respect to measurable benefits prompts Lahiri (2016:1) to ask if "outsourcing actually improve firm performance", before noting that as nearly 70% of studies failed to find clearly positive effects, we simply cannot conclude that firms should or should not outsource, domestically or offshore. With respect to event studies, we found 20 that, like ours, measure changes to firm value after outsourcing announcements (Beasley et al., 2009; Butler & Callahan, 2014; Daniel et al., 2009; Dardan et al., 2006; Duan et al., 2009; Eggert et al., 2017; Farag & Krishnan, 2003; Florin et al., 2005; Friedrich & Gellrich, 2004; Gellrich & Gewald, 2005; Gewald & Gellrich, 2007; Hayes et al., 2000; Juma'h & Wood, 2003; Kalaignanam et al., 2013; Lee & Kim, 2010; Mani et al., 2013; Oh et al., 2006; Peak et al., 2002; Raassens et al., 2014; Willi & Knolmayer, 2009). None analyzed returns after 2007. The median sample size and time frame in these studies was 103 deals (with several between 40-60) and eight years (versus our 2000 deals over multiple decades). 16 of the 20 do not show positive full sample returns. With respect to our inclusion of dyads, we are unaware of any other outsourcing return study published in peer-reviewed outlets that similarly examined the full dyad rather than half of it. Just one study measuring offshore deals found positive returns (Lee & Kim, 2010). Overall, we are unsure of why this literature – or the full outsourcing performance literature– is so uneven. Theory and practice predict positive general returns. Why do 80% of papers, then, begin by noting that, like others, their full sample analysis suggests that outsourcing destroys firm value or is neutral, before switching to moderator analysis in hopes that a subset of special deals may allow positive returns to emerge? Put simply, where are the missing returns?

Classical trade theory describes how specialization and comparative advantage allow partners to divide tasks and trade in a manner benefitting both. A closer reading, though, reveals the centrality of partnership; trade creates a "surplus" (i.e., the gains to trade) for *the dyad*. Mill (1844) augments Ricardo by describing how surpluses are distributed according to *terms* of trade.

Samuelson (2004: 135) paraphrases the belief that "The gains of the winners from free trade, properly measured, work out to exceed the losses of the losers." Examining trade relations involving the U.S., China, and India, he then invokes Ricardo *and* Mill to show how surpluses do *not* guarantee even splits among partners, and some may even lose. In other words, Samuelson explicitly considers *both* sides of a trade, in a way that allows one side to gain more from trade than its partner does, while the other "loses". Whether one side loses or not, our takeaway is that properly measuring the gains to trade accruing to outsourcing partners means supplementing Ricardo with Mill.

Mill and Samuelson show that gains may be highly uneven. And if managers feel that efficiency mandates of global competition compel outsourcing as a survival condition, slight losses may be preferable to going out of business. Furthermore, others have noted that trades are made by imperfect agents operating under conditions of bounded rationality (e.g., Simon, 1997) and bounded reliability (Clampit et al., 2015; Verbeke & Greidanus, 2012). Crossing borders may amplify these effects, by adding information asymmetries and cultural frictions or complementarities to the equation, as less experienced managers are likely to be at the vanguard of their personal learning curves in this arena. In other words, one side may not fully appreciate the true cost/benefit ratio when agreeing to trade. Deloitte (2005), for example, suggests that half of outsourcing deals fail due to clients who "don't know what they are doing" and "don't understand outsourcing". TPI (2007) notes that 89% of clients felt that they failed to appreciate the importance of managing partnerships, with 69% claiming that this was due to inexperience. And scholars have documented that technological vendor superiority often makes it risky for managers who have little initial understanding of processes and cost structures (Niederman, Davis, Wynn, & York, 2006; Sullivan & Ngwenyama, 2005). Melitz and Trefler (2012), in fact, finds that only the best-performing firms can justify the costs associated with offshore outsourcing.

With respect to offshore outsourcing announcements, scholarly adoption of efficiency-based lenses suggest offshore sourcing is fundamentally a Ricardian endeavor. The comparative advantage of vendor countries (e.g., cheap labor) enables the low-cost provision of goods and/or services, and investors reward cost-cutting. This focus effectively operationalizes the "returns to outsourcing" construct as a manifest, single-item variable that ignores half of the dyad, i.e., it predicts the following positive association: Outsourcing Announcements → Client Returns. An explicit incorporation of Mill suggests that we consider a more expansive perspective that permits reconceptualizing our dependent variables as latent (i.e., formed by summing discrete interdyadic returns) as opposed to manifest (i.e., directly measuring returns on the client side alone).

**Figure 1**
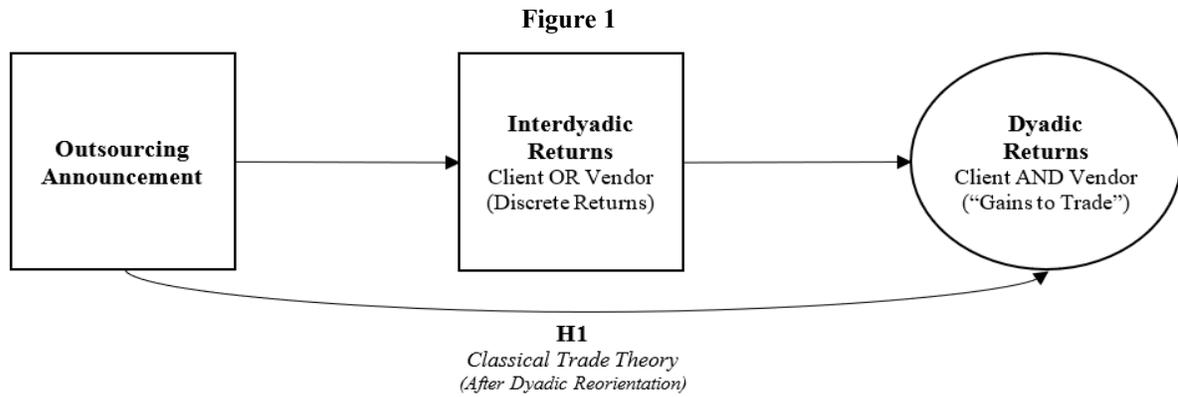


Our argument is pithy: to accurately determine if offshore sourcing results in general gains to trade, Ricardian thought must be supplemented with Millian thought. Employing Ricardian logic alone is appropriate when studies aim to consider performance on one side of a partnership. It also, however, raises the odds that the lack of positive returns will be interpreted as a mystery whose solution is the inclusion of boundary conditions, rather than a nudge to sometimes include the other side (as a fuller measure examines returns at the level of the dyad). This may help us determine if general gains actually exist (as suggested by many theorists and practitioners) or if gains are, in fact, relegated to a special subset of deals. Figure 1 reflects this reorientation from examining discrete gains on the client side alone to examining gains accruing to the dyad. In general, we expect the returns to offshore sourcing to be positive when analyzing our full sample at the dyadic level.

**METHODS**

To create our sample, we hand collected offshore sourcing deals by searching public announcements from 1993 to 2015. First, we identified announcements reported in the business news media in Lexis-Nexis. Second, as reports may be delayed, we searched for each announcements' original press release (e.g., on corporate websites). We excluded firms with other major announcement 10 days before or after the outsourcing announcement. Each firm's abnormal returns (ARs) and buy-and-hold abnormal returns (BHARs) were calculated by comparing their returns with related country market index returns (from DataStream). Stock returns were examined from 265 days before to ten days after announcements. After deleting firms with missing stock returns, privately held firms, not-for-profit and government entities, our final sample contains 2,000 observations.

We applied the standard model event-study methodology (Dodd & Warner, 1983; Mackinlay, 1997). We assume firm returns are jointly multi-variate normal and independently and identically distributed over time. We estimate market model parameters using a pre-event period of 265 to 11 days prior to the event. We estimate ARs and BHARs with respect to firms' country market index. We focus on the three-event window with: day -1 as the trading day prior to the

announcement (to capture any potential information leakage or announcement timestamp issues given various time zones), day 0 as the announcement day, and trading day +1 (in case announcements were made official after market close, with market reaction captured the following trading day).

## RESULTS

Unlike most, our sample includes global returns on both sides of the dyad (e.g., non-U.S. vendors) and spans decades (1993-2015). We do find a positive and highly significant ($p<0.1\%$) BHAR $_{(+1, -1)}$ of 0.25%. Our hypothesis suggesting that the general returns to sourcing – that most predict but few find – would emerge at the level of the dyad, in a long-term global sample, is thus supported. As a robustness check, we also analyzed returns before and after the global financial crisis. While they were lower after 2007 (.16% versus .36%), returns were positive in both periods.

Importantly, while this suggests classical theories of value creation may have merit, it obscures important insights from partitioned analysis. For example, the full U.S. subsample shows no significant BHAR (0.14%). The significant global reaction, then, is derived from the non-U.S. subsample's positive and highly significant ($p<0.1\%$) BHAR of 0.47%. U.S.-centric studies may thus find very different results than global studies, and while our full-sample results support H1, they seem to actually provide support for value creation by non-U.S. firms. When examining subsamples discretely, for instance, we find higher BHARs for non-U.S. buyers versus U.S. vendors. When U.S. firms were hiring non-U.S. vendors (e.g., outsourcing software development to India), vendors saw positive returns before the GFC, with this difference becoming statistically non-significant afterwards. Outside the U.S., vendor returns consistently exceeded client returns.

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# WHAT INFORMATION IS PROVIDED BY MARGINAL TAX RATES?

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### ABSTRACT

*This paper explores what information is provided by marginal tax rates. We find evidence suggesting that the marginal tax rate signals one-year-ahead earnings and firm value. We also employ statistical subgroup regression analysis to find that the marginal tax rate provides information about one-year-ahead earnings for both high and low marginal tax rate firms. High marginal tax rate firms are associated with more robust earnings persistence than low marginal tax rate firms. The analysis also suggests that marginal tax rate is a predictor of firm value for firms in the high marginal tax rate subgroup. Additional analysis enhances the findings by parsing the subgroups into those with positive and negative pre-tax income. Our work contributes to the evaluation of earnings persistence and firm value through investigation of the predictive value of the marginal tax rate.*

# A VISUAL ANALYSIS OF AUTOMOTIVE BRANDS ON SEVERAL ATTRIBUTES USING PCA BIPLOTS AND CLUSTER ANALYSIS

**Khalid M. Dubas, University of Mount Olive**
**Chiang-Nan Chao, St. John's University**
**James T. Strong, California State University, Stanislaus**
**Jennifer Barr, Stockton University**

## ABSTRACT

*Producers of commodities compete on price where market forces favor the low-cost producers. Unlike commodities, brands differentiate one company from another where companies compete on product characteristics and service and charge prices that are higher than the industry average. Marketers are very interested in brand management to improve an organization's competitive position in the marketplace and capture above market returns.*

*This study utilizes a recent dataset published by Consumer Reports evaluating 32 automotive brands and their attributes (performance evaluations and characteristics) such as road-test score, predicted reliability, owner satisfaction, safety, the number of models evaluated and recommended by Consumer Reports, and the number of green choices offered by the carmakers. These attributes were utilized to answer research questions regarding brand performance on attributes, brand similarity (to identify direct competitors), attribute similarity (to reduce complexity), and attribute importance.*

*These research questions were addressed by converting the brand-by-attribute dataset into biplots in a reduced space to display both loadings and scores. Biplots were developed by utilizing principal component analysis and multidimensional scaling and a two-dimensional solution was displayed in each case. Hierarchical and k-means cluster analyses were also performed to group similar brands together and these clusters were superimposed on principal component analysis and multidimensional scaling plots to facilitate a description of clusters on the attributes under study.*

*This study offers interesting insights about the role of attributes in understanding how various automotive brands stack up with respect to one another in terms of existing customers' and Consumer Reports perception of the value the various brands offer. Consumer Reports is the leading and most credible evaluator of automobiles. The visual aspect of this study facilitates explanation and understanding by managers.*

# "LET'S MAKE & PLAY A GAME": USING A GAME CREATION ASSIGNMENT TO TEACH & PRACTICE CREATIVITY

## Ron Duggins, University of Central Arkansas

## ABSTRACT

*Teaching the skill of creative thinking is a key component in entrepreneurship education and is growing as a key learning objective throughout all business disciplines. In order to learn a skill one needs to practice that skill and creative thinking is recognized as a skill that can be developed over time with practice. Finding activities for creative thinking in the context of a class that are engaging, active, and build the student's skills and confidence in creative thought can be a challenge. The subject matter of this teaching note introduces an assignment that involves each student or teams of students creating an original table top game using a randomly chosen artifact. The assignment involves the students' active engagement in brainstorming, creation, testing, revising, and teaching. The activity allows the students to practice autonomy throughout the creativity process and pushes them to think about how their creative thoughts will be operationalized and understood by others. The exercise has a difficulty level of one (freshman) through six (second year graduate) and has also been used with students as young as middle school.*

# A DECADE OF SUPER BOWL HALFTIME SHOWS: HOW POSITIVE WERE THE VIEWERS REACTIONS?

## Selcuk Ertekin, Brenau University

## ABSTRACT

*In order to find out how users reacted to the Super Bowl half time shows for the past decade, we analyzed comments posted on a popular video sharing site. We conducted a sentiment analysis on the text data and found that there were no significant changes in the positivity or negativity of the emotions expressed by the social media users. There was also no link between the number of positive or negative emotion expressions and branded content mentions such as main sponsors of the event or performing celebrities. Yet, we observed that there was at one branded content mention per one thousand words of comments and this is quite significant for the sponsors of the event.*

*Keywords: Super Bowl Halftime Show, sentiment analysis, event sponsorship*

## INTRODUCTION

Text-based qualitative analysis became a common methodology within the business discipline due to massive amounts of data becoming available as consumers are ever more connected through communication devices, mobile internet and social media. Furthermore, in services marketing, social influences and electronic word of mouth are more influential as consumers cannot immediately make an assessment of intangible, client relations-based and heterogeneous offerings. In this study, we focused on our research question of 'how did social media user comments change over time for Super Bowl?'. We ran our code on a longitudinal data set derived from the last ten years of social media user comments for the Superbowl halftime shows. In fact, such a code can run on any data set, even real-time data, to make instant emotion analysis in a qualitative form.

## LITERATURE REVIEW

In order to explore the existing studies on text-based analysis in business research, we accessed ABI Informs database by using the 'text-based analysis social media' keywords. We narrowed our search results for the most recent ten years and excluded non-business resources as well as non-peer reviewed research from our list. Our final list contained more than 25 articles that comes from the business/marketing journals.

We found that a number of studies used a text mining approach for a sentiment analysis using a wide variety of software packages. Wu et al. (2019) used text mining and sentiment

analysis for retrieved texts from the Twitter platform. They used R's TwitteR programming package and preprocessed tweets to use them for formal analysis such as changing all letters to lowercase, taking punctuation and numbers out of analysis. Wilk, Soutar and Harrigan (2017) also used a text mining methodology. They indicated that marketers are recently getting big text-based data that comes in fast and with great variety. Similarly, Moro and Rita (2016) used R statistical software text mining package and topic modeling tool with its word cloud application to create an automated literature analysis for hospitality and tourism brand strategies and social media linkage. Dhaoui, Webster and Tan (2017) also used a text mining method. They indicated that marketers now have the opportunity to explore brand-related social media conversations. In an international domain, Song et al. (2019) used OpenHangul software of South Korea for sentiment analysis of Korean blog posts and news articles. Zare and Mahmoudi (2021) in Iran found that text mining can be used as an instrument for brand management and improved customer experience in the context of Instagram social media platform.

We note that some studies combined content analysis and data mining. Andehn et al. (2014) state that qualitative analysis of user-generated content on social media can help provide brand analyses. Park, Lee and Back (2020) used XLMiner software that can conduct a mixed method approach composed of content analysis-based text analytics and regression analysis to understand the wellness features on online reviews posted at TripAdvisor.com. Similarly, Noguti (2016) employed R coding platform QDAP package to the data to categorize speech. Nofer and Hinz (2015) attempted to replicate recent studies that looks at mood states on Twitter and stock market performance. Three were novel approaches to text mining that uses machine learning or artificial intelligence for sentiment analysis. Rout et al. (2018) expressed a similar concern with the unstructured nature and large volume of text-based data. Similarly, Taylor (2019) used the AI text analysis tool Word Embeddings and note that at least ten thousand data points are needed for reliable text-based analysis.

Some researchers employed manual models with no software usage. Alamsyah, Laksmiani, Rahimi (2018) looked at Indonesian customers and their Twitter and Facebook posts in regards to e-commerce services levels. Similarly, Barreto and Ramalho (2019) used a content analysis with manual sheet coding and no software. Barkemeyer (2010) also used longitudinal content analysis with text mining to study how business ethics is represented in the print media. Finally, Lu et al. (2014) used Elaboration Likelihood Model (ELM) in combination with consumer learning theories to come up with a framework to explain how electronic word of mouth (eWOM) shapes consumer information sharing interactions in relationship to consumer learning. A different dimension of big data analytics involved non-text icons. Liao and Hsu (2019) analyzed the combination of icons and emotions (emoticons) posted by the users of Line sticker, a Taiwanese social media platform. Similarly, non-text pictures are content analyzed by Chen (2019). They found that social media user interaction with content can support brand image.

## METHODOLOGY

In this study, we wrote a Java program that can sort through a text file in an array (Appendix). The maximum array size for Java is 2,147,483,647. Therefore, our code can hold

more than 2 billion words and compare it to another file with the same maximum size. We used the code on social media user comments for the last ten years of Super Bowl halftime shows (from LV to XLVI). For each year, we randomly copied one thousand words of comments for a total of 10,000 words from a popular video sharing site. We compared the user comments to most commonly used 100 negative and positive adjectives as listed in "EnglishGrammarHere.com".

We found that among the associated brands, NFL was mentioned nine times, Pepsi/Bridgestone three times and for associated celebrities Madonna had the most positive mention word ratio, but in terms of word count Shakira/JLo was at the top with a total of 49 mentions. Super Bowl XLVI generated the most positive emotion adjectives ratio (14:1), and Super Bowl LIII generated the least positive emotion adjectives ration (3:3).

## RESULTS AND CONCLUSION

The purpose of this research was to bring a new perspective to text mining and sentimental analysis for social media derived consumer data. We custom-tailored a Java code that can sift through billions of text data and compare it to as varied data sets for different aspects of the content. We applied our code to a major services marketing event in the United States, the Super Bowl halftime show. We found that the positive and negative emotions expressed by social media users for the super bowl halftime show event did not improve or disimprove in a linear fashion over time (Table 1). It also appears that there is no striking linkage between the number of positive emotions and branded content mentions such as the names of main sponsors or event celebrities. Still, main sponsors are mentioned 12 times out of a data set of 10000 and this roughly corresponds to one mention per 1000 words of comments, which is not negligible.

**Table 1: Style and font size for printer-ready papers**

| Superbowl No. | Band/# Mentions | Main Sponsor/# Mentions | NFL # of Mentions | No. of Positive | Positive Ratio | No. of Negative | Negative Ratio |
|---|---|---|---|---|---|---|---|
| XLVI | Madonna/24 | Bridgestone/0 | 0 | 14 | 93.3% | 1 | 6.6% |
| XLVII | Beyonce/14 | Pepsi/0 | 2 | 9 | 69.28% | 4 | 30.7% |
| XLVIII | Bruno Mars/24 | Pepsi/0 | 0 | 12 | 75% | 4 | 25% |
| XLIX | Katy Perry/18 | Pepsi/1 | 0 | 7 | 77.7% | 2 | 22.2% |
| L | Cold Play/2 | Pepsi/0 | 0 | 12 | 80% | 3 | 20% |
| LI | Lady Gaga/15 | Pepsi/0 | 1 | 6 | 85.7% | 1 | 14.2% |
| LII | Justin Timberlake/6 | Pepsi/2 | 0 | 11 | 73.3% | 4 | 26.6% |
| LIII | Maroon 5/5 | Pepsi/0 | 5 | 3 | 50% | 3 | 50% |
| LIV | Shakira Jlo/49 | Pepsi/0 | 1 | 19 | 79.1% | 5 | 20.8% |
| LV | The Weeknd/6 | Pepsi/0 | 0 | 13 | 59.1 | 9 | 40.9% |

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# APPENDIX

```
import java.io.*; import java.util.Scanner; public class informscodeone {
    public static void main(String[] args) throws IOException  {  int positivecount3 = 0;  int negativecount3 =
0;    String[] mystring1 = new String[100];    String[] mystring2 = new String[100];  String[] mystring3 = new
String[1000];  for (int n=0; n <=99; n++)  {
        mystring1[n]= " " ; }  for (int p=0; p <=99; p++)  { mystring2[p]= " " ;  } for (int s=0; s <=999; s++) {
mystring3[s]= " " ;  }
        File file1 = new File("C:\\Users\\seltekin\\Desktop\\Newer folder\\P.txt");     Scanner sc1 = new
Scanner(file1);    File file2 = new File("C:\\Users\\seltekin\\Desktop\\Newer folder\\N.txt"); Scanner sc2 = new
Scanner(file2);  File file3 = new File("C:\\Users\\seltekin\\Desktop\\Newer folder\\fourtysix.txt"); Scanner sc3 = new
Scanner(file3); String searchedword = " " ;
        for (int c=0; c<=99; c++)  {    mystring1[c]= sc1.next();  }  for (int z=0; z<=99; z++)  { mystring2[z]=
sc2.next();       }    for (int b=0; b<=999; b++)  { mystring3[b]= sc3.next(); }     for (int t=0;t<=99; t++)   {
System.out.println(mystring1[t]);   }   for (int q=0;q<=99; q++) { System.out.println(mystring2[q]); }   for (int
h=0;h<=999; h++)  { for (int g=0;g<=99; g++) { if((mystring3[h]).equals((mystring1[g]))) {
        positivecount3++;        System.out.println("this    positive:    "+mystring3[h]+"    ");    }}}
System.out.println("positivecount3 count is "+positivecount3);  for (int a=0;a<=999; a++) { for (int u=0;u<=99; u++)
{ if((mystring3[a]).equals((mystring2[u]))) {  negativecount3++;
        System.out.println("this negative: "+mystring3[a]+" "); } } }   System.out.println("negativecount3
count is "+negativecount3); }}
```

# USING A MODIFIED DU PONT RATIO MODEL TO ANALYZE FACULTY COSTS

**Daniel Fox, Ashland University**
**Dennis Witherspoon, Ashland University**

## ABSTRACT

*The Du Pont model has been used for a number of years by financial analysts to measure the financial performance of large and small businesses. Also, commonly referred to as the "Du Pont identity", the equation uses profitability, efficiency, and leverage ratios to provide analysts with an effective tool to better analyze the overall financial performance of a firm in the aforementioned areas of ratio analysis. University administrators have limited financial ratios to assist in measuring faculty costs at the program, college and university level. The authors have developed a modified version of the Du Pont Model, using profitability, efficiency and leverage ratios to analyze net tuition revenue, tenured faculty costs, non-tenured faculty costs, margin and total faculty costs. This modified approach can provide administrators and faculty with new and helpful ratios for measuring and understanding faculty costs.*
*Key Terms: Du Pont Model, Faculty Costs, Financial Ratios*

# UNPAID MATERNITY LEAVE IN THE UNITED STATES: SOMETHING IS ROTTEN IN THE STATE OF DENMARK

**Veronika Humphries, University of Louisiana Monroe**

## ABSTRACT

*A quote from Shakespeare's Hamlet written at the beginning of the 17th century could not be more fitting for the current state of paid parental leave in the United States of America. "Something is rotten in the state of Denmark," said Marcellus in the play, set to place in the late middle ages. The year now is 2021, and something is still not quite well considering paid parental leave, or rather the lack thereof, in the United States. This paper will investigate the history, evolution, and current state of affairs of paid maternity leave in the United States and abroad, mainly focusing on factors (mostly related to financial aspects) that seem to hinder efforts towards a paid parental leave program. Nearly 30 years have passed since the Family and Medical Leave Act (FMLA) came into existence, but still, only three states (California, New Jersey, and Rhode Island) offer some paid family leave. However, three other states, Colorado, Connecticut, and Oregon seem to have embarked on a similar route and will begin to offer employees either a paid family leave or the option to purchase a family-leave related insurance policy in the next few years. According to the National Conference of State Legislatures, the federal FMLA provides protection to approx. sixty percent of the workforce; however, employees often cannot afford to take unpaid family leave, even if offered. The average length of paid maternity leave of countries that are members of the Organization for Economic Cooperation and Development (OECD) is 42 weeks; the same number for the United States is zero, making it the only member that still does not provide any paid maternity leave to employees. The only feasible reason for such standing at the very bottom of the list is that neither companies nor taxpayers want to support funding for parental leave. Employees seem to favor the idea but none of the constituents is willing to provide funds for it. However, there is a ray of hope with President Biden's cabinet and the proposal of the American Families Plan, which would provide paid parental leave to employees. This plan is proposed to be funded by increasing the current highest 37% tax bracket. When health outcomes of infants, children, and women are considered, research shows only positive results. The longer maternity or parental leave is provided, the more beneficial it is to infants, with lower mortality rates, healthier children, and mothers as well. Even when considering postpartum depression and the overall mental health of mothers, the option to stay home with their offspring has a desirable effect. From an economical perspective, studies also show that employee turnover decreases and satisfaction rise when parents are provided a leave and can afford to stay home with their children in their early years. For example, European countries are among those offering the longest paid parental or maternity leave to employees, with Estonia leading the way, offering up to 85 weeks of paid maternity leave. Bulgaria offers 65 weeks and Austria 51 weeks. On the bottom of the list*

*are Switzerland, Australia, and New Zealand with eight weeks, and then there is the United States again with zero weeks of paid maternity leave, except for federal employees who can enjoy up to 12 weeks of paid parental leave provided by Section 7602 of the Federal Employee Paid Leave Act. In contrast, Germany has had some form of paid maternity leave since 1883. Another issue is that even though the Family and Medical Leave Act provide up to 12 weeks of unpaid leave to qualified employees, they often simply do not have the financial means to forego three months of pay while attempting to sustain their livelihood. That is why paid parental leave would be so important, especially to avoid discrimination of certain segments of the workforce. Nearly half of employees are not even eligible for this leave, primarily those working for small companies in the private sector earning wages $14 an hour or less.*

# IMPACT OF COVID-19 ON SERVICE LEARNING AND THE SURVIVAL OF SERVICE-LEARNING PROGRAMS: THE PERFECT STORM OR THE CONFLUENCE OF COMPLACENCY?

**H. Steve Leslie, Arkansas State University**
**Natalie A. Johnson-Leslie, Arkansas State University**

## ABSTRACT

*COVID-19 negatively impacted all aspects of the service-learning experience for students in higher education. The purpose of this paper is to share feedback received from students registered in a social impact management course at a mid-south college of business, with a service-learning component, as well as members of the public regarding the impact of the COVID-19 pandemic on non-profit organizations and its ricocheting effect on volunteerism and service-learning. Redesigning the signature service-learning assignment and gaining feedback from students and those in their locus of influence provided perspectives on the impact of the COVID-19 pandemic on non-profit organizations and, by extension, service-learning programs.*

*Partnerships with non-profit organizations are established through internships and service-learning projects. These service-learning projects and internships provide students with the opportunities to put theory into practice. Thereby aligning cognitive, behavioral, and environmental factors while gaining valuable work experience and making a meaningful impact on the wellbeing of the communities in which they live and work. Service-learning is assessed as a critical component of business students' preparation for the workforce through the lens of Social Learning Theory (SLT), as advanced by Bandura and Dewey. A total of 971participants completed the survey. The findings indicate that 48% of respondents were willing to volumeter at non-profit service organizations before the pandemic compared with only 21% during the fall of 2020, the pandemic's peak. The results from the COVID-19 service-learning survey are discussed in the context of many higher education institutions going back to the "old normal," pre-pandemic operations for fall 2021. The findings suggest that to return to a pre-pandemic position for service-learning is shortsighted, reckless, shows complacency, and voids strategic thinking on the future direction and viability of service-learning programs.*

# TEACHING CASE STUDY: BYTON–A FALLEN CHINESE ELECTRIC VEHICLE STARTUP

## Priscilla Liang, California State University, Channel Islands

### CASE DESCRIPTION

*The primary subject matter of this case concerns the survival of a technology startup company in the unique Chinese market. Students will apply theories and tools of strategic management to analyze the external and internal environment of China's electric vehicle (EV) industry, and to assess corporate strategies and business models for an EV startup attempting to succeed in China's intensely competitive EV industry. This case study is appropriate for junior or senior-level business students or MBA students in a management class in which the curriculum includes international business, entrepreneurial management, and/or business strategy and planning. The case is designed to be taught in a three-hour class. Students are expected to spend 5 to 6 hours in preparing for the case.*

### CASE SYNOPSIS

*Many business students in the United States undoubtedly are familiar with Tesla. However, they may not be aware of the intensity of global EV competition and the importance of foreign EV markets - particularly the Chinese market - to American automobile companies. This case introduces students to China's unique and rapidly developing EV industry, and helps students understand the central role that governments are playing in promoting a global EV trend. The case also provides the history of Byton and its entrepreneurial journey as one of the 600+ EV startups in China. Byton is a Chinese EV startup that had innovative products, an elite leadership team, and global operations. Several years ago, Byton was viewed as a potential challenger to Tesla. However, Byton began experiencing serious financial distress in 2018, and has never brought an EV to market.*

*This case provides enough background information for students to apply PESTLE and SWOT analyses to assess the macroenvironment of China's emerging EV industry, and to use the Porter's Five Forces model to investigate the competitive landscape faced by Byton. Students will draw upon lessons in entrepreneurial management to analyze the factors that are important for a technology startup to succeed in a highly competitive emerging field. Additional related teaching materials could be added depending on student interest and knowledge. These materials might include China's socialist-market economic reforms, China's environmental and demographic issues, China's ambitions and challenges in technological advancement, etc.*

## CASE BODY - SUMMARY

Electrifying surface transportation fleets is a global trend, and China has been leading the wave. Rapid industrialization has greatly improved the living standards and purchasing power of Chinese citizens, but has also led to severe environmental degradation in China. In order to reduce pollution and secure energy resources, China has designated the new energy vehicle industry as one of the seven strategically important emerging industries in the country's 12th Five-Year-Guidelines. The Chinese government has been aggressively promoting consumption and production of domestic EVs, as well as helping build a competitive supply chain ecosystem for EVs. China's supply chain advantages include raw materials processing, battery production, and the world largest network of charging stations. During the last decade, there have been significant technological advances in EV research and production. These advances will help reduce the average purchase price of an EV, which may soon be on par with that of conventional internal combustion engine (ICE) vehicles. Unlike American consumers, consumers in China do not have a strong preference for ICEs, and they have been more open to purchasing EVs than American consumers. Chinese consumers also have been very responsive to generous EV purchase subsidies provided by the governments. China has become the world's largest EV market since 2016.

Strong government support in China has also paved the way for many EV startups to enter the capital-intensive EV industry. More than 600 EV startups had registered in China by 2019. Byton was viewed as a rising star among them. The company was backed by well-known leaders in different industries in China, including big names like Tencent, Foxconn, FAW and CATL. Byton's co-founders were top former BMW executives who were well-regarded in China's premium auto markets. Byton contracted with some of the world best suppliers in the automotive industry to develop its innovative models. It also recruited talent world-wide, including a 600-member strong team at its innovation and technology center in Silicon Valley, California. Byton's first luxury electric SUV – the M Byte – was called the "futuristic truly smart car" by the BBC. Byton was once considered a strong potential competitor to Tesla. However, Byton started to face financial difficulties in 2018 as it exhausted external funding and was unable to raise the additional investment that was needed to launch mass production of the vehicle. In the first half of 2020, Byton shuttered operations at its North American and German subsidiaries, and halted production in China. China Central Television criticized the company for its wasteful and excessive spending in June 2020. Soon after, many other issues with Byton, including the company's overly-elaborate global structure, a lack of teamwork and poor communication, and a lack of entrepreneurial experience and crisis management, have surfaced.

The COVID-19 pandemic decimated the global economy in 2020, but the EV industry has remained resilient. In 2020, approximately half of 370 new EV models available to consumers were SUVs. Byton has missed the golden opportunity to be an early mover in the electric SUV market. Since 2021, there has been very little news about Byton, and its future is a mystery.

# CASE QUESTIONS

1. Use a PESTLE and/or SWOT analysis to assess the macroenvironment of the EV industry in China.
2. Use a Porter's Five Forces model to analyze the competitive landscape faced by Byton during the company's early years (2017-2018).
3. Analyze the following five elements with respect to Byton – idea/product, team/management, business model, funding, and timing; and discuss the importance of these elements to the success/failure of a technology startup like Byton.
4. What lessons can we learn from Byton with respect to the management of a technology startup with global ambitions?

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# TAIWANESE BUSINESS STUDENTS AND ACADEMIC ENTITLEMENT:  A WESTERN CONCEPT?

**Thomas Gwinner, Chien Hsin University of Science and Technology, Taiwan**
**Marty Ludlum, University of Central Oklahoma**
**Ashley Wiltz, University of Central Oklahoma**
**Josue Carreno, University of Central Oklahoma**

## ABSTRACT

*Taiwanese business majors (n=603) were surveyed on their views on the academic entitlement. We found Taiwanese students felt very entitled about grades, felt somewhat entitled about outside of class interactions with students, but not entitled about issues of classroom decorum.  We examined differences between students' attitudes based on several demographic factors. We found gender, First-Generation status, military experience, and having taken ethics to have significant influence on academic entitlement.  However, marital status and employment did not affect academic entitlement.*

# EXPLORING THE DYNAMICS OF PURCHASING BEHAVIOR OF THE GROWING MIDDLE OF THE PYRAMID CONSUMERS IN SUB-SAHARAN AFRICA

**Akins Ogungbure, Sorrell College of Business - Troy University**
**Charles Chekwa, Sorrell College of Business - Troy University**
**Conrad Francis, Bethune-Cookman University**

## ABSTRACT

*The discourse on the bottom of the pyramid (BoP) for several years has given rise to a focus on new segment in the emerging markets. This segment is the middle class, which is positioned right above the BoP…the segment is referred to as the Middle of the Pyramid (MoP). The MoP accounts for about 1.9 billion consumers who spend more than $US6.9 billion a year. This segment of consumers in emerging markets is a relatively new; it has the potential to present the opportunity for global marketing scholars to explore the key drivers that relate to the purchasing behavior of this growing group of consumers; the business opportunities that may emerge from studying the behavior of this group, and the need for global businesses to develop innovative strategies to engage and interact with this segment of the market.*

*This paper focuses on the MoP in Sub-Saharan Africa because most of the research on middle class in developing countries has largely been on the middle class in China and India and not much in Sub-Saharan Africa or Africa as a whole; however, there is empirical evidence signifying the rising influence and importance of the middle class in Africa. This research seeks to explore the factors that influence the purchasing behavior of the growing middle class (Middle of Pyramid) consumers in Sub-Saharan Africa. There is an absence of or inadequate insights on the buying behavior of the emerging MoP segment in the context of Sub-Saharan Africa in the extant literature. This presents a number of significant marketing-related questions that need to be explored so that marketers and/or service providers can understand the purchasing behavior of these consumers and thus develop relevant marketing strategies to cater to the segment*

*The research will focus on a few selected Sub-Saharan African countries. Data will be collected from Middle of Pyramid consumers in the selected countries by surveys and/or interviews.*

*We hope that the research findings will provide some valuable insight on the factors that influence the purchasing behavior of MoP consumers; practical insights for marketing managers who intend to serve this market; and academic scholars as well.*

*Keywords: Consumer behavior, Purchasing behavior, Bottom of the Pyramid (BoP), Middle class.*

# A FLIPPED CLASSROOM APPROACH TO HYBRID CLASS SCHEDULES

**Amy L. Parsons, King's College**

## ABSTRACT

*This paper describes a flipped classroom approach to the challenge of teaching with hybrid classroom schedules during the Covid-19 pandemic.  Due to classroom size limitations, some in-person classes at a small, liberal arts college were designated as hybrid where students were required to attend class on a rotating basis.  Instructors could opt for a live-steam event approach or a flipped classroom approach. A review of the flipped classroom literature is provided to understand the validity of the approach for the pandemic environment. Instructors were challenged by the administration to ensure students were engaged for the same number of contact hours that they would be with a traditional course format.  With the selected flipped classroom approach, when students were not scheduled to appear in person, they were required to watch a recorded lecture. When students attended class, they took a short quiz about the lecture using their cell phones, listened to a short mini-lecture review of key material and/or watched short videos, and then participated in individual or group activities and assignments related to the lecture material. Activities and assignments in four different marketing courses in two semesters included news article and case discussions, computer simulations, skills worksheets, online exercises, and other applied exercises. Adaptions were also made to other assignments due to pandemic restrictions. If a student was unable to attend class in person on their scheduled day due to quarantining or other issues, they were given the option to attend class on Zoom.  Student feedback and lessons learned are also provided.*

## INTRODUCTION

The 2020-2021 academic year brought many challenges for educational institutions, students, and instructors.  Some institutions chose to conduct all their classes online while others chose to offer some or all in-person classes with accommodations made for the pandemic.  When offered, in-person classes were either in traditional formats using larger classrooms with social distancing or in hybrid formats using smaller classrooms with students attending class in person in smaller groups on a rotating basis.   With the hybrid format, instructors were told by administration that it was important for the students to have equivalent contact hours to traditional formats.  Instructors faced a challenge of how to achieve this goal.  One option was for instructors to conduct each class meeting as a live-stream event with half the students attending in person and half the students attending the class on Zoom.  The second option was to use a flipped classroom approach that required professors to record course material and for students to watch the videos outside of class, take quizzes on the videos, and participate in activities and assignments when they

attended class in person. Both options required faculty to use technology in new ways and for faculty to be ready to deliver content fully online at any time. This paper describes the literature related to flipped classroom approaches and explains why and how it was implemented in four different courses during the 2020-2021 academic year (Consumer Behavior, Principles of Advertising, Selling Strategies, Digital Marketing). Student feedback and lessons learned are also included.

## LITERATURE REVIEW

Bergman and Sams (2012) define the flipped classroom as "that which is traditionally done in class is now done at home, and that which is traditionally done as homework is now completed in class" (p. 13). The lecture or content component is moved outside of class and some of the assignments are moved inside the class. (Sherrow, et. al. 2016). With flipping, instructors use technology to spend more time on learning activities in class than on lecturing which allows them to provide an expanded range of learning activities during class time. (Roehl, et. al. 2013). In the flipped classroom, "less emphasis is placed on the lecturer as the 'sage on the stage', and more as the 'guide by your side.'" (Bliemel, 2014, p. 117). Key components for implementing a flipped classroom are recorded material to be watched before class, quizzes on the material which provide an incentive for watching them, and in-class exercises and debriefing time. (Frydenberg, 2013)

In a flipped, or inverted classroom, the teacher "delivers" lectures before class in the form of pre-recorded videos (Mok 2014). This reverses traditional lecturing because students learn content before class (Green, 2015). Instead of being passive recipients of material in class, students gather information largely outside of class by watching the lectures, reading, or listening to podcasts (Berrett, 2012)

**Why Use a Flipped Classroom for Hybrid Courses**

By design, with a hybrid course schedule students are not physically in class for half of the scheduled class time. Providing students with 24/7 access to lectures and other course materials, allows them to determine when and how often they interact with content (Scovitti, 2016). With this availability, students can watch videos repeatedly as needed to thoroughly prepare for quizzes and exams at any time. (Mok, 2014.) As Burford and Chan (2015) suggest the 'flipped classroom' aims to give students greater control in the education process" (p. 161). Therefore, allowing students to watch videos on their own time rather than attending class on Zoom at a set time gives them more flexibility.

Students can consume course materials on personal computers, tablets, smart phones, or personal media players, and instructors have increased availability of web-based tools for collaboration and communication which makes the flipped approach a viable hybrid option for most students and instructors (Frydenberg, 2013). Phillips and Trainor (2014) found that students desire more interaction in class with their professors and less lecturing and would like lectures to

be provided online and not during class time. Providing recorded lectures and conducting in-class activities and assignments are in line with these findings.

## COURSE STRUCTURE/FORMAT

### Course Preparation

In order to implement the flipped classroom approach to the hybrid schedules, the first task was to divide each class section in two groups.  Group sizes were limited based on classroom seating capacity determined by the college's maintenance department based on CDC guidelines.  Students were informed prior to the start of the semester about group membership.

The next challenge was to determine course material coverage.  Prior to the pandemic most class meetings for this instructor consisted of partial lectures and applied activities and assignments.  The goal for pandemic classes was to not make significant changes to the nature of the classroom activities from how material was delivered prior to the pandemic.  Jia et al. (2021) had similar goals when they adapted their flipped classroom to an online flipped classroom in response to the pandemic. The flipped classroom approach required the instructor to prepare one lecture in Power Point per topic or chapter, record it using Panopto software or Zoom and to plan for two separate class sessions to cover the chapter or topic in class.  After the videos were prepared, short quizzes were prepared from the Power Point slides.  Additionally, assignments for both in-class and outside of class were developed.

## TEACHING CHALLENGES

Course preparation was different.  Rather than preparing a lecture and delivering it during class time, the lectures needed to be recorded at least three days before the class meeting and quizzes needed to be created. Recording videos was time consuming and it was often a challenge to overcome outside distractions while recording.  With limited time devoted to lectures in the classroom, there was more time available to conduct activities and assignments in the classroom, so assignments needed to be longer and more in depth.

Course management and organization could be challenging with so many moving parts.  With the hybrid schedule an instructor was teaching double the number of sections.  Being flexible was key.  It was important to have material ready at all times.  Even though, students were required to attend class in person, the actual number of students attending in person was consistently changing due to quarantining and other issues such as inclement weather.  In-person teaching was often online teaching at the same time even with the flipped classroom approach.  Especially during the first semester, students were often confused about when to attend class even though it was clearly listed on Moodle.  This was less of a concern during the second semester. A few students in both semesters completed classes completely online.

As classes did not meet as frequently as normal, establishing continuity was often challenging.  Students needed to rely on the course management system more than they were used

to and did not have the instructor reminding them in class as often. This was especially challenging in the digital marketing class because it had frequent assignments. As Koponen (2019) suggested, some students required more guidance on time management to handle course requirements even though they could access material at their own pace (Koponen, 2019)

There were some concerns about the potential for cheating, so changes were made accordingly. As mentioned, quizzes were different for each group to eliminate cheating. During the first semester, exams were given online. Multiple-choice questions were not included on these exams and students were allowed to use notes and online materials to answer the short answer questions. During the second semester, exams were given in person. These exams included multiple-choice questions and students were again allowed to use notes and online materials to answer the short answer questions.

## STUDENT FEEDBACK

Official feedback from students was limited. In the first semester, teaching evaluations were to be administered in person, but classes were moved entirely online for the last two weeks of the semester so teaching evaluations were not distributed in all the groups of each class. In the second semester, the college switched to administering teaching evaluations online but response from students was low. Below are some comments from students:

- Other hybrid classes should follow the methods used in this class. Rather than having half (the) students in person/half online. (Others should) give online students a prerecorded video to watch and have your focus on students sitting in front of you.
- I do not like the quizzes.
- Other teachers need to teach online hybrid/classes similar to your methods.
- (The) only aspect I did not like was having a quiz before each class.
- I enjoyed how we watched the lecture prior to class and got quizzed on our knowledge about it.
- I liked the way the quizzes and tests worked. Made me sure I definitely knew the info.
- I think she handled the hybrid course very well where in-person meetings focused on hands-on assignments to better understand lecture material.
- Your hybrid classes feel just the same as the traditional class I took with you last year. We listen to a lecture and then do assignments related to the lecture. Your lectures keep my attention.
- The use of prerecorded lectures (and) the articles/questions we receive while in class have been most valuable to my learning experience.
- I really enjoyed to coming to class each and every day.
- Her courses were the only ones I can I enjoyed each and every class session for. It takes a great deal of commitment and a very high level of quality to make that possible, but you manage to make that happen.
- Her in depth explanations on the Panoptos (videos) and in class discussions were great.
- I think the in-class activities were great as always and really contribute to students' learning of the course material.

## LESSONS LEARNED

In today's ever-changing world, flexibility is key. You must be prepared to teach to a full class in person, online or somewhere in between. With quarantining and inclement weather, the number of students attending class in person on a given day was always different. It helps to have a contingency plan and have everything saved on your computer and on your course management system. Implementing the same exercise four times helped to identify which elements worked well and which elements needed improvement. This allowed for modifications to be made along the way.

Communication with students on a regular and consistent basis is important for hybrid classes, as students need to be reminded early and often. With the Monday, Wednesday, Friday class schedule some weeks students only met in class once so the ability to remind students in person was reduced. Students faced a challenging environment that was very different than prior years and every faculty member seemed to have a different approach for the students to adapt to. Consistency is also key. For example, in the digital marketing classes all assignments were due at 11:00 p.m. In all four classes, students took a quiz almost every day they attended class.

Removing the lecture from the classroom allowed more time for students to apply the material and understand it at a deeper level. Videos seemed to be viable replacements for reading assignments. Letting students watch the videos on their own time rather than attending class on Zoom at a scheduled time seemed to be appreciated. A similar approach to lectures is worth considering when returning to a more traditional class schedule.

Having a quiz each class helped to encourage attendance. Students were conscientious about coming to class either in person or on Zoom to take each quiz. Overall attendance was consistently strong with this format. Other instructors using the live stream approach without quizzes had more attendance issues in their courses. Having a quiz on each topic might be implemented in future non-hybrid classes, although they might not be given every class.

Having multiple assignments can get confusing and overwhelming for students. Students needed to have more class meetings and in retrospect, one of the courses could have been more effective if there were fewer assignments.

In summary, the flipped classroom approach was a viable option for both the instructor and the students during the pandemic. This approach might have been more challenging with larger class sizes. Split class sizes averaged between ten and twelve students which was ideal for the flipped classroom approach.

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# WFH AND WORK-LIFE BALANCE IN THE TIME OF COVID: CHALLENGES AND OPPORTUNITIES FOR WORKING PARENTS

**Asha Rao, California State University East Bay**

## ABSTRACT

*WFH (work from home) has become part of our lexicon with the continuance of the Covid 19 pandemic. After the first wave of Covid 19 in January, businesses rapidly closed their physical spaces and anyone who could #WFH, did so. The current pandemic has exacerbated the imbalance as physical barriers between work and home have vanished. Over a year and half into the pandemic, we have an opportunity to examine the challenges in work-life balance, and the issues and organizational changes that may continue post pandemic. This paper reviews recent research on the topic and draws from primary data collected by UrbanSitter, an app based childcare provider, to explore the issues faced by working parents during the pandemic, examine their stressors, and advocate changes for them and their firms as we work through Covid 19.*

## INTRODUCTION

The Covid-19 pandemic has disrupted lives all across the globe. The U.S. has gone through a harrowing time with the largest number of cases in the world in 2020. While we see some return to work now that almost 70% of the population is vaccinated, new threats emerge with the Delta mutation and the virus threatens to linger on. Beyond the direct impact of the virus and the loss of lives and health, the pandemic has transformed the process of work and even the possibility of work itself. Millions have lost their jobs, while those who continue to work do so under very changed circumstances with social distancing or in conditions that put them at risk. WFH started trending with the pandemic as anyone who could work from home, did exactly that. The tag WFH has been in use for much of the 2000, replacing the more traditional term of telecommuting. While people have been working from home for centuries, the scope of change with the global pandemic has transformational implications for the global workforce. The focus of this paper is to examine issues of childcare and work-life balance in the lingering pandemic, and their implications for a workplace transformation.

In most economies. a fragment of the population, is able to do "smart work" (Armanda, Dario and Virgillito, 2020) from home. In the U.S. and Europe about 15% of the employees have worked from home in the past, but with the pandemic half of all employees shifted to working remotely in April (Sull, Sull and Bersin, 2020) in the US and about 40% did the same in Europe (Science for Policy Briefs, 2020). This kind of rapid and staggering change has far-reaching implications, especially with the uncertainty of when it will end, even with the arrival of vaccines in the coming year.

## REVIEW OF LITERATURE

**The Pandemic and Working Parents**

In the pandemic, working parents in particular are faced with a primal dilemma – hold down their jobs or take care of their kids? As schools struggled to open at any level, the realization dawned on societies that they provide not just education but also essential childcare to millions of working parents (Cavanaugh, 2020). Angry parents in Georgia protested outside schools, not just for an education for their children but in a desperate need to be able to work. Denmark, acknowledging that opening schools was necessary to open the economy, opened schools for young children in their first phase of reopening (Cavanaugh, 2020). Yet, as the pandemic expands and contracts, schools have gone online or have staggered schedules with kids in school only for a fraction of the time, and working parents continue to make tough choices between their jobs and their families.

Reports indicate that in the U.S., over 64% of children have both parents working, and 69% have working mothers (Bureau of Labor Statistics, 2020). Which means that when most states instituted shelter-in-place to prevent infections from Covid-19 these working parents took on two jobs of work and childcare. Not just for a week or so but for many for over nine months. While working parents have always had to juggle both, they have rarely had to do both at the same time and in the same space. The *second shift* that researchers have long attributed to the home front for women became simultaneous rather than sequential, creating a multitasking nightmare. The temporal impossibility of juggling has led to negative consequences for parents, especially women, leaving the workforce, or engaging in counterproductive juggling that has led to firing and lawsuits (New York Times, 2020), and potential health hazards for both parents and children from 10 hour workdays and stress. About one in five working mothers surveyed by Mckinsey/ LeanIn (2020) are planning to stop work, at least temporarily, compared with 11% of fathers. Another 15% of mothers say they will cut back on work by cutting their hours or switching to a less-demanding role.

**The Pandemic and Working Women**

Today, women are disproportionately impacted by the pandemic. Over the last four decades from 1980 onwards women's employment has risen by 74% in the U.S. (Pew Research Center) By the end of 2019, women overtook men as a majority of the workforce in the United States (Wall Street Journal, 2020) by holding 50.04% of jobs, a growth driven by the growth in the education and healthcare sectors. However, a few months into the pandemic, 11 million women lost their jobs, wiping out the gains of a decade. Many who remained are essential workers and vulnerable to Covid in their line of work and confronted with the possibility of taking it home to their families. Working mothers have reduced their work hours or taken the tough decision to drop out of the workforce. A recent report by McKinsey/LeanIn (2020) indicates that 25% of the female workforce plans to downscale their work or drop out of the workforce as a result of the pandemic. Getting back into the workforce will not be easy and the atrophy of skills will set women back.

McKinsey/LeanIn call this a state of emergency for the employment of women and gender equity in the workplace.

Paradoxically, working from home (WFH) has been a sought after option for women looking for work-life balance. Within the family, women have traditionally shouldered the brunt of childcare pre-pandemic with working moms providing 70 percent of the childcare in families. Part of the motivation for women to leave the workforce now is the increased weight of childcare from the pandemic. Taking caregiving out of the equation, some report that women without children or with older children, the pandemic has created opportunities because of time and flexibility gained from WFH (Weber, L. and V. Fuhrmans, 2020).

Empirical academic research lags behind industry research on this issue. Logically, this occurs because of the rigors of scholarly research requiring IRB approval to work with human subjects, and the time line for publications. Hence, a search of academic indexes yielded few scholarly articles on the current issues of work life balance in the pandemic, but thousands of articles in the popular business press. The majority of them refer back to seminal surveys by organizations such as McKinsey/LeanIn (2020) and SHRM (2020).

**RESEARCH METHODS**

Given childcare is a major factor in the balancing act of working parents, a San Francisco Bay area firm, UrbanSitter, conducted surveys of their subscribers to determine what they needed to survive the pandemic at two different timepoints in April and November 2020. The author provided pro bono advice on survey questions and the organization shared the anonymized data. UrbanSitter is an online service and mobile all that allows parents to search for, book, pay review and recommend sitters and nannies in 12 cities in the U.S. Beyond the anecdotes on work-life imbalance we see in the popular press, their data provides snapshots of the situation on the ground for working parents during the pandemic at two phases in April or the first peak and in November as we head into the third wave of infections.

UrbanSitter's April 2020 survey gave a snapshot of work-life issues at the beginning of the pandemic, and the recent November survey gives an account of the enduring changes a year after Covid 19 arrived in the U.S. Their April survey received 477 responses, and the November survey received 466 responses, each representing a unique household. In April, respondents indicated that one (29%) or both parents were WFH (49.2%), while a quarter of them were essential workers (25.6%) who needed to go into the workplace. Over half the group had one child (56.1%), 37.3% had two children (Rao, 2020). The majority of the respondents were female, 85.2% and 12.4% were male. They identified the primary caregiver in the house as the mother (53%), split between the parents (31.1%) or the father (6.2%). More than half of the respondents were continuing working remote in November, almost a year after the pandemic started, and a third had a partner working remote. A third of the sample had cut back on their work hours, or have a spouse or partner do so 34.8%. Others experienced job loss through layoffs or business closure.

**Survey Findings and Discussion**

Almost half of those responding had no childcare given reduced employment and Covid concerns around care (42.3%). Others used a range of supplementary childcare from family, sitters, daycare and pre-schools for their various children. The majority found it difficult to work from home with children without childcare (56.4%) and even those with childcare struggled to work (26.2%). Many turned to family for caregiving support (33%) and we see that the bulk of care is through individuals – either family or sitters. The leading stressors for working parents during the pandemic were from childcare and schooling (35.6%), financial concerns (27.4%) and their health (15.5%).

Reflecting back to April where parents had to find rapid ways to cope with the shutdowns. For many households one parent took primary responsibility (34.7%), others juggled work and childcare simultaneously (28%), and a third group developed internal shifts with one parent taking primary responsibility for a period of time (15%) (Rao, 2020; UrbanSitter, 2020). Parents stayed up late, alternated days, took emergency leave. Clearly, this was stressful, with 40% of respondents indicating that managing work and home was their main stressor, followed by childcare, the fear of job loss and then their physical and mental health. However, at that time, rather than education, parents were most concerned about their children's socialization and enrichment activities. UrbanSitter also asked respondents of their childcare plans if the pandemic continued into the coming year. Parents reported their intention of primarily relying on 1:1 support at home through tutors, family and sitters.

UrbanSitter asked families what they needed from their employers. Parents are looking for increased or modified childcare benefits given the absence of external childcare, flexibility in work hours to juggle their dueling needs, a "normalizing" of working from home where the boundaries of space and time between their two worlds are permeable, and the tools to be productive outside the office such as equipment. In normal times, firms provide a range of childcare benefits such as subsidized onsite day care facilities and a pre-tax childcare allowance. With the pandemic, some firms like Kaiser provided an additional childcare cash bonus of $300 a week to help working families who had to use services such as care.com or UrbanSitter to get in home childcare to be able to work. The UrbanSitter survey shows that parents are looking for this kind of support to continue through the pandemic as well as additional services such as grocery and food delivery, and support for older children who are not typically in the mix for childcare. With homeschooling, there is an increased need for tutoring or academic aides within the same space.

Parents are also looking to normalize working from home. This involves both structural changes and resetting expectations to develop new norms. These new norms include re-evaluating the workday. Parents report varied schedules that do not reflect a 9-5 traditional workweek. For instance some report working late into the night, others a staggered day that starts at 6 am, and resumes after the children start home school, and resume after dinner. Note that firms reap rewards in the increase in work hours during the pandemic. Other changes include dress codes that end up being more casual when parents are working in home spaces. Modes of communication also change with parents using their cell phones for work, the comfort level with video conferences, and privacy issues. Both productivity and the impression management of productivity are issues

where employers can be supportive. In working from home, workers are asking for equipment allowances for tables, chairs, webcams, subsidized broadband and even private office space. Employers need to understand variances in work style and schedules in the WFH model to develop an accurate impression of productivity. Another recent study indicated that the most popular way to help employees manage work life balance, mentioned by 10% of respondents, was making allowances for them to adjust their schedules to accommodate personal obligations. Other popular policies included adjusting employees' workloads to accommodate family responsibilities and making it easier for employees to take paid time off (Sull, Sull and Bersin, 2020).

**Returning to the Workplace After the Pandemic**

Now that we see vaccines coming online in 2021 we can look forward to returning to work. What does this workplace look like, and what workplace policies around *childcare, flexibility and WFH*, that impact working parents, will stay in the waning pandemic?

According to the Society for Human Resource Management's survey of post pandemic strategies (2020) fewer than half the U.S. companies that have returned to in-person work have a plan for employees with child-care responsibilities, and only 32% of companies that have announced a set date for returning to work have come up with a plan, which leaves working parents adrift. Nearly 6 in 10 (59%) of firms plan to handle childcare accommodations on a case by case basis and plan to return to pre-Covid policies eventually. Their primary accommodation is in providing more flexibility on work hours, times and allowing WFH. After the pandemic, 68% plan to have broader and more flexible WFH policies. One in four firms will allow people who did not work remotely in the past to continue WFH permanently. To address safety concerns, 83% intend to enforce social distance measures that reimagine physical spaces at work. On a broader level, remote work from the pandemic is going to stick with firms planning to have more video interviews, employ more remote workers. McKinsey (2020) reports similar trends from their survey and indicate that 80% of people are enjoying the WFH option and may firms plan to reduce their office space and allow for more flexibility and a more permanent WFH force.

**CONCLUSION**

The U.S. had a childcare crisis before the pandemic. Covid 19 became a tipping point. As the pandemic drags on, some short-term changes may become long term, creating a borderless workplace where there are no physical barriers between work and home. This requires developing a new vison of the workplace and the roles of employers in helping their employees cope with uncertainty and family responsibilities.

Three key recommendations can be made from the UrbanSitter survey to enable parents to WFH and balance caregiving with work are as follows – broaden childcare benefits and allow for flexibility in benefits; normalize WFH and provide the tools and equipment needed to be productive. In the absence of childcare centers and the unpredictability of work, app based care like UrbanSitter that rely on gig workers provides some much needed flexibility. Firms need to be creative in their approach. As working from home WFH becomes the norm, we need to develop

new methods of engagement and social interaction. There is a lot to be gained in the transformation, if we can change norms and expectations of employers and employees.

## ACKNOWLEDGEMENTS

## REFERENCES

Available upon request

# THE IMPACT OF HELPING BEHAVIOR AND VOICE ON PLEASANT TEAM MEMBER'S INCLUSION

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**Jeff Brice, Texas Southern University**

## ABSTRACT

*Need to encourage inclusion within work setup is one of the biggest challenges faced by most contemporary organizations. There are considerable studies on effects of inclusion on individuals and businesses but there is dearth of empirical work to understand its causes. This study investigated three predictors of team inclusion through 105 business students nested in teams. Data was collected through self-rated surveys conducted in two phases over four months. Results establish that positive affect improves team inclusion via increase in helping behavior. The indirect relationship between positive affect and team inclusion via helping behavior is strong for high levels of voice. The findings provide implications for managers to deal with team dynamics more effectively and promote inclusion within teams. They also provide a criterion to identify team members for communication training for a better inclusive team.*

*Key words: team inclusion, social exchange theory, positive affect, helping behavior, voice, teams*

# ACCOUNTING STUDENT PREFERENCES REGARDING TRADITIONAL, HYBRID OR ONLINE CLASSES—PRE AND POST PANDEMIC

**Susan Shurden, Lander University**
**Mike Shurden, Lander University**

## ABSTRACT

*Around 5 pm on a Friday afternoon in mid-March 2020, at a small university in the southeastern United States, the Provost sent an email to faculty and students saying that beginning the next week, all classes were to be conducted online until future notice. In other words, "go home and don't return to campus until instructed"! Thus began what was to become an almost one year hiatus from traditional, face-to-face classes to online delivery. This move to online instruction was not isolated to this one small university but was to become nationwide…no, in fact, worldwide! Why? Covid-19…the viral pandemic which entered the United States around the end of 2019 and would claim approximately 3.81 million lives worldwide, including over 600,000 United States citizens. How did accounting students handle the transition to online classes? Did they like them or hate them? This paper addresses accounting student instruction preferences both pre and post pandemic. A survey was given in spring 2019 and 2021 across four areas of business which included accounting. The purpose of the survey was to identify student preferences regarding traditional (face-to-face), hybrid, or online classes. The results may not be what one would expect!*

# LEADERSHIP DEVELOPMENT MODEL IN RETIREMENT COMMUNITIES

## Michael Stowe, University of St. Francis

### ABSTRACT

*Knowledge, skills, and abilities (KSAs) are essential to the success of any executive. This study explores the KSAs necessary for successful executive directors of continuing care retirement communities (CCRC). The critical dimensions ranked as the essential include descending rank order: organizational skills, business acumen, and interpersonal skills. Based upon these findings, a CCRC leadership development component model is proposed. The model exhibits the six C's of successful CCRC leadership: communication, customer service, change management, creativity, coaching, and controlling.*

### INTRODUCTION

The 21st century brings new and continuing challenges for healthcare organizations. The industry is changing and having to adapt to new business models continuously. This is especially true with the new federal healthcare legislation that was recently passed. The complexity of the healthcare arena has multiplied, and leaders will need to satisfy all stakeholders, including the payers, consumers, and regulators. There is a shortage of labor to fill many healthcare jobs, and the demand will likely increase as the baby boomers retire and require additional services. It will take extraordinary leaders to guide healthcare organizations forward, particularly those dealing with the older population.

Continuing care retirement communities (CCRCs) are one piece of this healthcare web. CCRCs are typically non-profit organizations that provide living arrangements for various stages of the aging process. This includes living in individual apartments, assisted living arrangements, or nursing facility beds (Winklevoss & Powell, 1984). The number of CCRCs has continued to grow since the late 1980s. The Commission on Accreditation of Rehabilitation Facilities has indicated that there are approximately 1,100 in existence today in the US ("CARF Commission on Accreditation of Rehabilitation Facilities," 2010). Little research has focused on this niche of healthcare organizations, yet, with the potential explosion of the baby-boomer population moving into CCRCs, leadership will be vital to growing the industry appropriately. The question will be what type of leader should be at the helm of the CCRC and what kind of leadership development is necessary for future transformation and growth?

**DISCUSSION AND IMPLICATIONS**

Of all of the research findings, the three top dimensions identified by CCRC executives were organizational skills, business administration skills, and interpersonal skills. When these particular areas are further defined, it is evident that they fall into the top leadership roles for practitioners. Organizational skills contain leadership qualities within the dimension, including decision-making, delegation, training, time management, and project management. In addition, it has a solid base of managerial skills. A leader must also understand the essential functions of running a business: budgeting, financial management, and strategic planning. These are the business administration factors and could be in the top three given the current economic conditions and financial constraints healthcare organizations are currently facing. And, of course, no leader could be without interpersonal skills and the ability to interact with others, negotiate where necessary and resolve conflict resolution. These were the core competencies identified by the CCRC executives.

So, perhaps, senior management development needs to be redefined in terms of leadership requirements for CCRC executives. "Leaders are asked to play multiple roles including coach, global thinker, change driver and, entrepreneur" (Bernthal & Wellins, 2016, p. 32). This is highly valid for CCRC leadership today. CCRC executives must be coaches on a team to motivate employees to perform in a new and changing environment where the customer comes first. Without senior residents of all ages and levels of independence, the retirement communities will fail. Critical to strategic planning is the ability to think "out of the box"; otherwise, creativity cannot occur, and profits might stagnate. Finally, of course, these leaders must be able to manage financial operations as this is basic for all levels of management.

A CCRC executive development model will assist leaders in changing the future direction of CCRC organizations. The drivers of future leadership and organizational effectiveness will depend on a change in the qualities of the leaders. The industry must change and grow, and so must the leaders. A proposed model would include the six C's of CCRC leadership development factors. Figure 1 displays a wheel where multiple factors emerge from the base to enhance and build a successful leader.

**Figure 1 Wheel of CCRC Executive Leadership Development Components – The 6 C's**
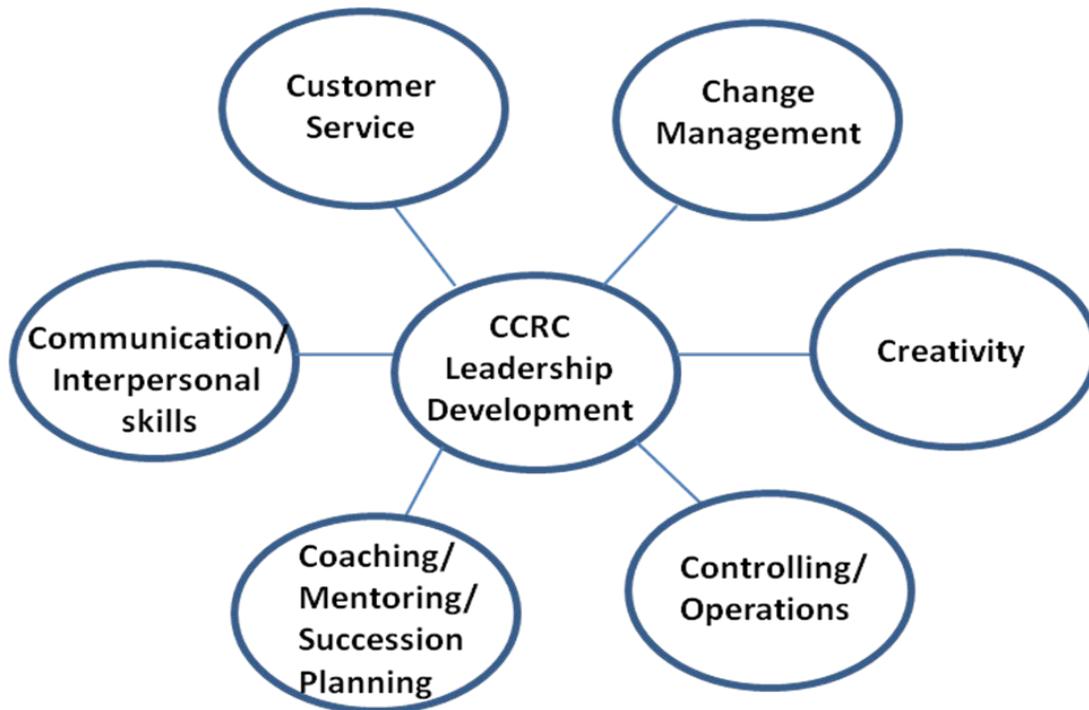


Many organizations look for the individual skills that a manager needs to possess to succeed instead of taking a broader view to look at the "core group" of abilities and knowledge to draw expertise and strength in leadership.  Prahalad and Hamel (1990)  purport that competencies are the root of organizational competitiveness.  Like organizations, individuals also need to develop core competencies as they comprise "the collective learning in the organization" (Prahalad & Hamel, 1990, p. 82).  A study conducted by Shewchuk, O'Connor, and Fine (2016) looked at what skills a newly entering healthcare manager would need to become a successful executive. For the traditional management cluster, which was weighted as one of the most important, the healthcare practitioners identified behaviorally-based competencies which included in descending order of importance (top 50% listed): communication skills (29%), team building (9%),  credibility (8%), listening skills (6%), analytical skills (6%), and the ability to adjust to constant change (6%). As a leader, these core competencies can provide the tools for organizational success.

In analyzing the critical dimensions identified as necessary for a successful CCRC executive, the top four have not changed over twenty years. Yet, the CCRC business model has grown from a person-centered approach to a customer service approach.  The strategy for attracting and retaining residents is very different today as there is now a focus on recruiting seniors into communities that contain social and physical amenities.  Many organizations have implemented values within their organization to promote the organizational vision, and one of the top values for many organizations is customer service (Grensing-Pophal, 2016).  The customer always comes

first.  With the change in the business model for CCRCs moving toward a social and entertainment environment, it is evident that customer service cannot be ignored.  Some individuals have described CCRCs today as cruise ships on land with various services for all different needs (Chung-Herrera et al., 2003). If residents are not happy, they will leave.

      Therefore, to interact with residents and attract new participants, interpersonal skills have to be fully developed. Roper (2015) defines interpersonal communication as the foundation for all actions in the workplace. Without communication skills, leaders cannot succeed. "Certainly those who work on project teams or ultra-competitive management teams know they must enhance their interpersonal effectiveness to function at all" (Sinetar, 1988, p. 74).

# THE LEVEL OF SOPHISTICATION OF COSTING PRACTICES OF THE THAI LISED COMPANIES

**Witchulada Vetchagool, Khon Kaen University**
**Rudchanee Buttarat, Khon Kaen University**

## ABSTRACT

*This study aims to examine the extent to which traditional and advanced costing practices were used by listed companies in The Stock Exchange of Thailand (SET). The data was collected from 256 companies from three industries: industrial, consumer products, and services. The research instrument of this survey study was a questionnaire. Sixty-one questionnaires were returned, and they were analyzed using an IFAC-based model to indicate the four stages of costing practices evolution in Thailand, updated in 2021. Based on framework, the chosen practices were Standard costing, Absorption costing, Variable costing, Quality costing, Activity-based costing (ABC), Kaizen costing, Target costing, Throughput costing, and Value chain costing. The first three practices were categorized as Stages 1 or 2 whereas the remaining practices were as Stages 3 or 4.*

*The findings indicated that most of the practices used by the companies were located in stages 1 and 2. The highest level of adoption was variable costing (86.89% usage). Overall, traditional costing practices (IFAC Stages 1 or 2) were found to be implemented more highly than advanced costing practices (IFAC Stages 3 or 4). However, the adoption rates of advanced costing practices increased among large Thai companies. The top three most popular advanced costing practices were ABC (67.21%), Quality costing (55.71%), and Target costing (55.71%). This study also pointed out that more than one of these costing practices were adopted by the companies. The study sheds light on management accounting practices over a one-year period that of 2021 since the pandemic began.*

# A SHORT CASE STUDY: THOMAS MORE, CHRISTIAN HUMANIST SERVANT LEADER

## Shawn C. Williams, Regent University

### ABSTRACT

*The paper examined Thomas More as a Christian humanist that lived and practiced Servant leadership. More's altruistic approach towards others by advocating on their behalf and the development of true friendships illustrated his genuineness as a leader, which demonstrated concern about humanity. Qualities of More's leadership in government and welfare for followers are attributes that have timeless application. The example of More's as a Servant leader can be applied in many sectors or organizations of human interaction—commercial, government, military, and emergency management. A testament to More's philosophy was found in the book Utopia, which provided insight into being a Servant leader with a view for building an ideal society. The same societal outlook could also be useful to organizations of human interaction.*

*Keywords: Christian humanism, Servant leadership, Servant followership, Utopia.*

# HONORING A DONOR'S INTENT

**Tommy Wooten, Belmont University**
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**Brad Childs, Belmont University**

## ABSTRACT

*Donations to organizations often come with "strings attached," requests and expectations by the donors for specific utilizations of their donations. These expectations can create legal and ethical dilemmas for organizational leadership, particularly in the nonprofit sector. This research proposes a model for decision making in such situations. When the two questions presented in this paper are asked, and the proper supporting functions and policies are in place to support these questions, an organization will have a stronger likelihood of having success in funding its mission and achieving higher donor satisfaction.*

## INTRODUCTION

Managing donors and their expectations is challenging for all nonprofit organizations. There is a constant tension between attracting donors and ensuring that the contributions they make are handled and spent in the proper manner.  Some donors have very specific stipulations on their contributions while others give contributions that are free of any restrictions. The purpose of this paper is to provide nonprofit professionals a systematic way to assess and evaluate contributions made by donors to maximize the likelihood that these donations are handled legally and ethically.

## A DECISION-MAKING FRAMEWORK

Henderson (1992) presents a conceptual framework that distinguishes legal from illegal acts, conjointly with ethical and unethical actions. The result is a matrix of four quadrants, actions that are: 1. both legal and ethical; 2. illegal but ethical; 3. legal but unethical; 4. both illegal and unethical. The framework is intended to supplement the decision-making process in a business context. Consistent with Henderson and recent business scholarship is the observation that ambiguity and volatility often occur in this process, particularly due to changes in law or public perceptions, modifications of acceptable professional practices and alterations to products or services (Millar et al., 2018). Ideally the purpose of the matrix is to provide clear and reasonable guidance to business decision-making, monitoring the legal and ethical status from the beginning of considerations throughout the business decision-making process.

| Table 1<br>**CONTRIBUTIONS DECISION-MAKING FRAMEWORK** | | |
|---|---|---|
| | Legal Dimension | |
| **Ethical Dimension** | Quadrant #1<br>Legal and Ethical | Quadrant #2<br>Illegal but Ethical |
| | Quadrant #3<br>Legal but Unethical | Quadrant #4<br>Illegal and Unethical |

## First Quadrant – Legal and Ethical

This is the quadrant where a nonprofit wants to reside.   A nonprofit wants to accept and spend contributions for activities, according to any donor restrictions, in a manner that does not violate the law.  Likewise, a nonprofit wants to know that the funds are being used for activities that all stakeholders will view as ethical.  Obviously, this is what any organization should be doing. The vast majority of the contributions will fit into this category.  The nonprofit professional needs to make sure the organization stays here.

## Second Quadrant – Illegal but Ethical

This contribution situation is likely to not occur but needs to be listed so that a nonprofit can have the correct policies and procedures in place to make sure that an illegal act is not justified by saying it is ethical.  Some organizations could justify "bending the law" or not "exactly" following donor stipulations because of the "greater good."  Also this quadrant can deal with circumstances where donor stipulations were once legal and ethical but now the societal norms and expectations have changed it to being illegal or unethical.

## Third Quadrant – Legal but Unethical

In this quadrant, the nonprofit is not breaking any laws, but the activities funded or the handling of the contributions could be considered unethical by a significant number of stakeholders.  This is more challenging and requires more judgement.  In this quadrant, the organization wants to consider do what is "right" even if it is not required to do so.  This quadrant

requires the nonprofit to provide the greatest amount of oversight, approval, and documentation in order to ensure that the organization has consistent policy and procedures that projects a consistent message. Contributions that fit into this quadrant may vary with some being closer or further away from being "clearly" legal or "clearly" unethical. The nonprofit would likely want to either move these questionable contributions closer to a clearly ethical decision or reject (or return) the contribution.

**Fourth Quadrant – Illegal and Unethical**

This quadrant is the worst case scenario and would likely involve deception and/or fraud on the part of the donor and/or the nonprofit. Accepting an illegal contribution or using it in an unethical manner, would risk the organization's ability to maintain its tax exempts status. Similarly, the nonprofit's reputation could suffer to the degree that it may not be able to continue in existence. Any business, especially a nonprofit organization, wants to avoid being here at all costs and should want to avoid even the perception of being close to this quadrant.

**Using the Framework**

In this analysis, the framework is applied to a nonprofit's decision to accept and spend a donor's contribution or to reject the contribution. Nonprofit professionals need to assess each contribution in the light of this framework and document its proximity to the legal and ethical continuums. These quadrants are likely not absolutes but are guidance for helping a nonprofit organization understand how the handling of a contribution may be viewed by stakeholders (donors, board members, society, charity recipients, government agencies, press, etc.).

## UNDERSTANDING LEGALITY

To apply the framework, one must start with a clear understanding of whether the acceptance or holding of a contribution is legal or illegal. Several institutions and rulemaking bodies provide guidance that can help with this determination. These include, but are not limited to, IRS regulations, state laws, and federal laws. Essentially, the requirements placed on a nonprofit by the IRS and state laws provide the basis for determining whether contributions are considered restricted by donors and whether those restriction are temporary or permanent.

## UNDERSTANDING ETHICALITY

To determine if a situation is ethical or unethical is dependent on the model or framework on which a decision is made. While everyone understands the idea of a transaction being ethical or unethical, there is a great deal of differing opinion as to where this may fall on a continuum. Organizational ethical frameworks can be built by a combination of adopted policies as well as by general theories of ethics. For example, the Association of Fundraising Professionals has a Code of Ethical Standards that list specific requirements dealing with public trust, transparency and

conflicts of interest as well as solicitation and stewardship of philanthropic funds. These standards contain statements that require members to not engage in "activities that conflict with their fiduciary, ethical and legal obligations," "comply with all applicable…laws" and "ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds," to name a few ("Code of Ethical Standards," 2019). These standards and principles can be used to build the organization's own expectations and ethical boundaries and could be the basis for the development of policies, procedures and value statements related to dealing with donors.

## EXAMINING THE QUADRANTS OF THE FRAMEWORK

What follows are specific examples of applying the framework introduced previously and shown in Table 1.

### Legal and Ethical

Accepting contributions and using these contributions to support programs that are consistent with the organization's exempt purpose and the donors' intent would meet the dimensions of legal and ethical. Obviously this should be the quadrant that is held up as the goal. Policies and procedures should be put in place to ensure and encourage this behavior and actions; nonprofit organizations should have published contribution acceptance policies, signed agreements for large or complex donor restrictions, clear communications with donors involving the expected use of contributions, and a method for reporting results back to donors.

### Illegal and Unethical

Examples of this quadrant are demonstrated when an organization violates the written rules or laws and/or acts in an unethical manner. As stated earlier, this is not where the organization wants to be. There is a continuum as to the degree that which an action may be illegal and unethical. These violations could go from merely misleading donors, to misusing the contributions and then all the way to committing fraud. At the most egregious end of this quadrant, individuals are misappropriating the organization's assets. Funds and assets are stolen or used for personal expenses. Transactions that benefit related parties such as board members, founders and their family are considered personal inurement and not consistent with IRS or legal requirement.

Are there examples of activities in this quadrant actually happening? While not an everyday occurrence, a Washington Post study indicated that 1,000 NFP organizations between 2008 and 2012 reported on their informational tax returns "significant diversion" of assets, disclosing losses attributed to theft, investment fraud, embezzlement and other unauthorized uses of funds ("Millions Missing, Little Explanation," 2013).

**Legal but Unethical**

This quadrant is the most difficult due to it being more difficult to understand what is ethical and unethical. Sometimes it is difficult to interpret a donor's intent when it is unwritten, written without much specificity, or the context of the reason for contribution is no longer relevant. Sometimes nonprofit leadership just may choose to ignore the "true" intent because they don't have to legally do so.

**Illegal but Ethical**

This quadrant represents an almost impossible situation. By definition, if a contribution is not handled correctly or not used for the organization's exempt purpose, it is illegal and it would therefore be unethical. Occasionally, laws and public attitudes change that make a donor's intent that was once legal, now illegal, or perhaps it was once practical but now impractical or impossible.

## SUMMARY AND CONCLUSION

An important part of nonprofit management is donor relations. Without donors that contribute to the mission of the organization, the organization cannot help meet the societal need and will likely not be able to survive. Accepting, managing and spending contributions in a manner that is consistent with donor expectations and stipulations is a key success factor for every nonprofit organization. In this paper, a model of legal and ethical decision making was presented that can be used to help nonprofit managers assess these two dimensions. It is paramount that organizations handle contributions in a manner that is consistent with IRS, legal and accounting requirements. Equally important is that organizations handle contributions in a transparent manner that is considered ethical. In order to accomplish these objectives, all nonprofit organizations should assess all contributions in the light of these dimensions: Is it legal? Is it ethical? To ensure that these questions are continually asked is best supported by having clear mission and values statements that address contributions and donors. The organization should have contribution policies that address the acceptance, denial and return of contributions. The organization must have sufficient accounting and control systems to be able to accurately track restricted contributions and the ultimate spending or protection of the related assets. When the two questions presented in this paper are asked, and the proper supporting functions and policies are in place to support these questions, an organization will have a stronger likelihood of having success in funding its mission and achieving higher donor satisfaction.

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# ENHANCING STUDENT SUCCESS AND RETENTION THROUGH METACOGNITION DEVELOPMENT IN THE POST-COVID-19 LANDSCAPE OF INFORMATION SYSTEMS EDUCATION

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## ABSTRACT

*Prior research suggests that metacognition significantly contributes to self-regulated learning, thereby enhancing students' academic achievement and satisfaction. Better academic performance and satisfaction help to retain students. Therefore, we believe that metacognitive skills hold the key in ensuring information systems (IS) students' success and retention, regardless of how the "classroom" looks during and after the pandemic. To this end, we propose a six-step framework of metacognition-centered learning, which offers sustainable opportunities for IS education to cultivate and improve skills for life-long learning in IS students amid unprecedented disruptions. We explain why IS faculty are in a unique position to champion metacognition-centered learning by developing "a classroom culture grounded in metacognition" (Tanner, 2012). Long-term impacts on IS education are also discussed.*

## INTRODUCTION

According to the United Nations Educational, Scientific, and Cultural Organization (2020), school closures during the coronavirus pandemic have affected more than 60% of learners worldwide. Over 1 billion learners, including college students, have had to switch to distance learning or virtual classrooms. Learning in an environment for which they are not prepared poses unprecedented challenges for many college students. A national survey by EY-Parthenon on higher education and COVID-19 (Lundy & Lytle, 2020) has revealed that about one in every four college students is dissatisfied with their remote learning experience. A less engaging teaching experience, lack of access to instructor help, and technical difficulties are among the top complaints regarding remote learning. These results potentially point to a looming crisis in information systems (IS) student retention.

In the past few decades, comprehensive research has provided theoretical frameworks and rich empirical evidence on factors associated with student retention. Studies have concluded that student satisfaction significantly contributes to improved retention rates (e.g., Lau, 2003; DeShields, Kara, & Kaynak, 2006). Students who are satisfied with the academic and social environment in a higher education institution are more likely to remained enrolled. Positive student

experiences include constructive faculty–student relationships and innovative teaching methods that can lead to learning achievements and cognitive development (Freeman & Urbaczewski, 2019).

In addition to the institutional perspective, individual students' satisfaction is also driven by academic success, motivation to learn, and ability to manage future challenges. Recently, a meta-analysis of college student retention suggested that first-year academic performance is the best predictor of second- and third-year retention (Westrick et al., 2015). Therefore, we believe that a nurturing learning environment inspired by instructional methods promoting cognitive development in "how to learn" can be a crucial part of retaining IS students.

To this end, as IS educators, we should be asking how to design our courses to be more responsive to the needs of individual learners. Are we teaching course materials or teaching effective learners? Within this coronavirus crisis exists the opportunity to switch to a new paradigm in IS education in how we define education and educators: Learners' life-long well-being depends on more than just books and notes. Educators' responsibilities are not limited to teaching course materials, but also include bringing out the best in learners. As the impact of the pandemic reverberates around the globe, much-needed innovations must be incorporated into IS curriculum design to address the issue of "how to learn" (McGuire and McGuire, 2016). In other words, we believe that metacognition development holds the key to an effective response to the pandemic. We continue this opinion paper with a look at metacognition.

## WHAT IS METACOGNITION, AND WHY DOES IT MATTER?

American developmental psychologist John H. Flavell introduced the concept of *metacognition* to describe "cognition about cognition" (1979). The best way to understand metacognition is by considering its two components: metacognitive knowledge and metacognitive regulation, illustrated in Figure 1. *Metacognitive knowledge* refers to knowing the learning capabilities of oneself, knowing one's effective learning strategies, and understanding the learning tasks. *Metacognitive regulation* describes a learner's ability to plan their own learning process, monitor their learning activities, and assess their learning performance.

**Figure 1. Metacognition and Its Components and Subcomponents**
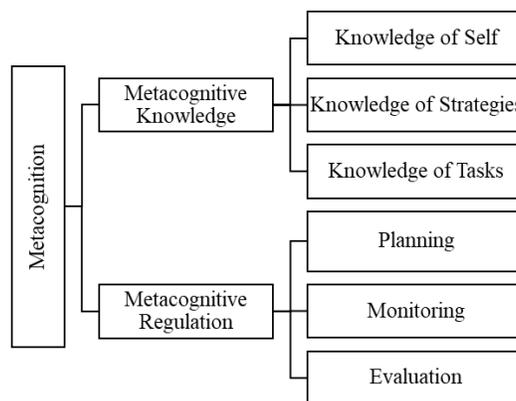
Research in educational psychology has demonstrated that metacognition is a reliable predictor of college students' academic performance under traditional modalities (e.g., Nietfeld, Cao, and Osborne, 2005). Richardson, Abraham, and Bond (2012) reviewed 13 years' worth of research on college students' academic performance in traditional classrooms and identified metacognition as among the most effective self-regulated learning strategies. Moreover, Everson and Tobias (1998) have demonstrated that metacognitive monitoring accuracy predicts not only college freshmen's test scores in a class but also their first-year GPAs.

The popularity of online courses has grown rapidly in the past decade, a trend drastically accelerated during the pandemic. Garrison (2003) has contended, in a conceptual discussion regarding the cognitive process of online learning, that "online learning calls on learners to be self-directed and to take responsibility for their learning. That is, to assume greater control of monitoring and managing the cognitive and contextual aspects of their learning." He has further argued that self-knowledge and self-regulation – two cornerstones of metacognition – are both essential components of the online learning process. This notion has gradually gained support in recent empirical examinations of the impact of metacognition on learning performance in online education (Broadbent and Poon, 2015). For example, Zhao and Ye (2020) have confirmed that greater metacognitive monitoring ability leads to better performance on online self-regulated assignments and higher exam grades in an introductory IS course.

In sum, educational research has established that college students with higher metacognitive abilities are more likely to be high-performing learners (Nietfeld et al. 2005). As discussed previously, better academic performance improves the likelihood of retention (Westrick et al., 2015). Educational psychologists have described students who are self-proficient in carrying out "learning that includes metacognitive, motivational, and behavioral processes in order to achieve specific goals in a particular context" (Lehmann, Hähnlein, & Ifenthaler, 2014, p. 313) as self-regulated learners. We believe that developing metacognitively capable self-regulated learners holds the key to improving student performance and retention in the post-pandemic landscape of IS education.

## PROPOSING A FRAMEWORK OF METACOGNITION-CENTERED LEARNING

Built on prior educational research on metacognition, our proposed six-step framework describes how students, with help from instructors, could metacognitively adapt to learning during and after the pandemic.

**Figure 2. Framework for Metacognition-Centered Learning**
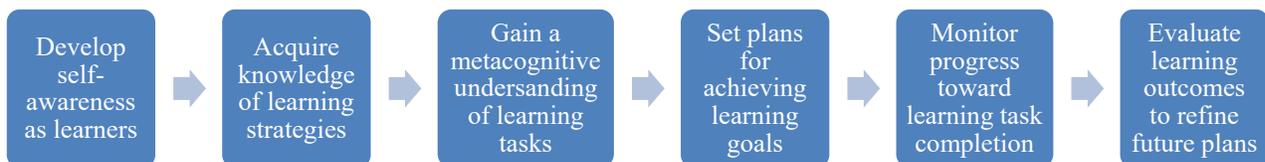
## 1. Develop Self-Awareness as Learners

The journey toward being an effective self-regulated learner begins with knowing who one is as a learner. This step entails students developing self-awareness of their own strengths and weaknesses regarding their learning abilities, learning styles, and personal preferences. In this process of self-discovery, instructors can encourage learner introspection through appropriate tools and interactions. For example, they can ask students to perform a self-assessment of learning styles at the beginning of a course or stimulate reflection on a student's learning experiences through questions such as "How have you done in this class so far, and how can you do better?" after a student completes a course milestone. At the program level, students should be encouraged to continuously update their self-understanding. In the absence of face-to-face interactions, tools such as online questionnaires, online discussion forums and suitable incentives could be instrumental in the process.

## 2. Acquire Knowledge of Learning Strategies

Learning to apply effective learning strategies is another crucial component of metacognitive knowledge development. Students, especially those who are new to college-level online classes, may not be aware of the learning strategies available and how to adapt the strategies to their own studies. In this regard, instructors need to be proactive in providing guidance on the most effective learning strategies for different subjects and learning tasks. For example, developing concept maps of the textbook's chapters may be helpful in an introductory IS course. On the other hand, students in an introduction to programming language course should be advised to apply what they are learning via trial and error throughout the semester. Moreover, tools such as online discussion forums and social media groups could provide a virtual place for students to share their experiences and artifacts, such as digital concept cards, and for senior students to provide online mentoring to novice learners. In the post-pandemic landscape of IS education, peer-to-peer online interactions could be a crucial supplement to traditional instructor–student interactions.

## 3. Gain A Metacognitive Understanding of Learning Tasks

During this step, students gain a clear understanding of the learning resources required for specific tasks. These requirements are metacognitive in nature and additional to the requirements of the assignments. For instance, students need to know not only that a research paper should be 10 pages long, written in APA style, and featuring certain mandatory sections, but also that it is "an assignment that would require 20 hours of internet research and reading, at least 5 hours to perform data analysis, and 15 hours to write the paper for someone like me." Of the three stages concerning metacognitive knowledge, this step requires the most direct involvement from instructors, especially for classes in the new post-pandemic reality. From the technical difficulties that students may encounter when trying to install a client program needed to complete a hands-

on ERP assignment to the VPN needed to access an on-campus digital resource, it falls on instructors' shoulders to provide accurate and timely information before students perform their assessment of necessary learning resources.

The knowledge gained from the first three stages will converge and guide learning practice through metacognitive regulation in the next three interconnected and iterative steps. To become a self-regulated learner, a student needs to regularly practice these steps in cycles.

## 4. Set Plans for Achieving Learning Goals

In this step, students work with their instructors to understand the learning goals and then consider how they will approach the tasks and which strategies they will implement. With the same learning goals as those in face-to-face classes, online classes during the pandemic present students with different challenges, such as technology barriers, time management issues, and magnified distractions. Since online courses may be synchronous or asynchronous, students need to craft their plans to align with their priorities. The instructors should anticipate students' difficulties and accommodate several learning strategies. For example, the instructor may supply short videos for each topic rather than recording a long lecture.

## 5. Monitor Progress Toward Learning Task Completion

Students implement their plan and continuously monitor what they have learned and what remains to be accomplished. The shift in teaching modalities during the pandemic means that students should play a more active role monitoring the learning progress. Instructors should frequently remind students of the timeline for tasks so that they can complete goals on time, and instructors should ask students to complete a checklist indicating which tasks they have completed or missed, and why. A regular check-in is highly recommended to engage online students, especially underprepared groups. Learning management systems such as Blackboard and Brightspace could be helpful in providing a real-time dashboard demonstrating ongoing progress and automatically sending out reminders.

## 6. Evaluate Learning Outcomes to Refine Future Plans

Students assess the learning outcomes, reflect on goals, and adjust plans as needed. At this stage, the instructor's role is crucial in convincing students that every learner makes mistakes and sometimes fails, but wise ones adjust accordingly rather than quit. To facilitate the evaluation process, instructors may include self-assessment questions on exams; conduct pre- and post-class assessments; or assign reflection papers asking students to think about a topic before and after the course, the successfulness of the strategy that they used to achieve the learning goals, the obstacles and concerns that hindered their progress, and the additional resources needed to learn more effectively. The evaluation results naturally lead to goal modification and the establishment of new goals and plans for continuous improvement.

The ultimate aims of this framework are to foster an institutional culture of "learning how to learn" and to increase awareness of metacognition through teaching practice, curriculum design, professional development for faculty members, and assessment. The starting point could be as simple as conducting a campus-wide metacognitive awareness inventory survey, a common instrument for evaluating "self-regulated learning skills across the disciplines" (Schraw and Dennison, 1994). Furthermore, promoting this inexpensive but effective approach throughout the curriculum helps students to take ownership of learning and trains both faculty and students to form a self-reflection habit.

**CONCLUSION**

In conclusion, demand for self-regulated learning to overcome metacognitive challenges is growing, regardless of how the "classroom" looks during or after the pandemic. Metacognitive knowledge and regulation should be central to academic success and retention amid unprecedented disruptions. With the crisis comes opportunities – chances for business educators to apply what educational researchers have learned about metacognition and to develop metacognitively aware and capable learners. Although metacognitive developments are important to learners from all disciplines, we believe that IS educators and scholars are in a unique position to benefit from pedagogical practice and educational research on metacognition for two reasons. First, some IS subjects are particularly challenged by the pandemic situation because of limited access to on-campus computing resources and reduced teacher–student interactions. Non-verbal synchronous interactions, such as guiding a student to a hard-to-find submenu item in a complex computer program or pointing to a missing operator in the source code that is causing incorrect output, have become difficult. Second, enrollment has been a challenging issue for IS programs (Akbulut-Bailey, 2012), and a new budget crisis caused by falling enrollment possibly looms after the pandemic, which means that IS programs will strive to attract and retain existing students. Retention needs our continuous attention and can improve via empowering IS students through self-regulated learning, an affordable and practical approach regardless of dramatic changes in teaching modalities. Ideally, we would like to incorporate metacognition-enhancing practices throughout the IS curriculum to overcome retention barriers and help students to avoid the frustration that leads to desertion.

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