



Academy of Business Research Journal

Volume IV 2014

The Mission

The *Academy of Business Research Journal* is an interdisciplinary journal dealing with issues in business and education. Any Best Paper award at an Academy of Business Research conference will automatically be placed into the review process for possible acceptance into the *Academy of Business Research Journal*. Direct submissions to the *Academy of Business Research Journal* are reviewed on a continuing basis. Submissions may be made by submitting a copy of your article either in Microsoft Word or PDF format to info@academyofbusinessresearch.com.

The *Academy of Business Research Journal* is intended for parties that are interested in the practical applications of business and industrial research. The intended readership consists of both researchers and practitioners. The emphasis of the journal is on applications, not the statistical methodology used to derive the applications. Thus, any empirical work should be clearly outlined so that a wide spectrum audience can follow the practical applications of the manuscript.

The mission of the *Academy of Business Research Journal* is to support researchers and practitioners in the application of business and industrial development.

Examples of Topics Included in the Journal

- Accounting
- Business Law
- Economics
- Education
- Finance
- Health Care
- Human Resources
- Management
- MIS
- Marketing
- Operations Management
- Public Administration
- Real Estate
- Strategy

Submission of Articles

The Academy of Business Research is published semi-annually. Articles should be submitted via MS Word format to: info@academyofbusinessresearch.com

All articles must follow APA citations. The specifics are listed on our website www.academyofbusinessresearch.com

Editor: Mark Foster, University of North Alabama

Assistant Editor: Meredith R. Wilson

Journal Statistics for 2012-2013

Articles Submitted	139
Revise and Re-submit	43
Acceptances without Revision	46
Overall Acceptance	33%

**Mark your calendar now for
our upcoming conferences!**



Academy of Business Research Conferences

September 24-26 Atlantic City, NJ

October 15-17 Las Vegas, NV

November 5-7 San Antonio, TX

www.academyofbusinessresearch.com



www.aobronline.com

A RARE FIND

Silver Wheaton is the largest silver streaming company in the world, and continues to grow. Our world-class portfolio of assets, experienced management team and unique business model make Silver Wheaton a true needle in a haystack.



www.silverwheaton.com

TSX:SLW NYSE:SLW

SILVER | **WHEATON™**
the silver streaming company

Table of Contents

MINORITY WOMEN ENTREPRENEURS	8
CARL KOGUT, University of Louisiana at Monroe DONNA LUSE, University of Louisiana at Monroe LARRY SHORT, Northwestern State University	
THE HOT DOG STAND: A BUSINESS 101 CAPSTONE PROJECT	20
MARSHA JANCE, Indiana University East	
MALE GROOMING: AN ETHNOGRAPHIC RESEARCH ON PERCEPTION AND CHOICE OF MALE COSMETICS	24
SWETA CHATURVEDI THOTA, University of San Francisco STACY N. HERMOSILLO, University of San Francisco NEILGOON N. KEYHANI, University of San Francisco JENNIFER A. WALKER, University of San Francisco	
CRITICAL SKILLS FOR NEW ACCOUNTING HIRES: WHAT'S MISSING FROM TRADITIONAL COLLEGE EDUCATION?	34
PAMELA WEAVER, University of Hartford MARIE KULESZA, University of Hartford	
A FOCUS GROUP STUDY: EXAMINING WOMEN MANAGERS' ATTITUDES ON MANAGEMENT AND FIRING DECISIONS IN <i>THE APPRENTICE</i> WITH DONALD TRUMP	50
D. ANTHONY MILES, Our Lady of the Lake University WANDA SPARKS, Our Lady of the Lake University	
PROMISSORY FRAUD: HOW THIS LITTLE KNOWN LEGAL THEORY CAN BE THE KNIGHT IN SHINING ARMOR FOR BUSINESS DEFENDANTS IN EMPLOYMENT CASES.	67
LINDA S. FICHT, Indiana University Kokomo	

FOUR GLOBAL LEADERS WHO ARE FIVE LEADERSHIP DIMENSIONS LEADERS 80

JAMES R. CALVIN, The Johns Hopkins University

PERCEPTIONS OF ETHICS AMONG SUPPLY CHAIN MANAGEMENT PROFESSIONALS 90

JACOB A. HELLER, Tarleton State University
NATHAN A. HELLER, Tarleton State University
GERALD BURCH, Tarleton State University

THE EUROPEAN DEBT CRISIS – IT’S BACK! 103

TERRY YOUNG, Pepperdine University
LINNEA MCCORD, Pepperdine University
PEGGY CRAWFORD, Pepperdine University

AN EIGHT-YEAR STUDY ON QUANTITATIVE CAPABILITY IMPROVEMENT OF COLLEGE STUDENTS 114

SHAOPING ZHAO, Richard Stockton College of New Jersey
JINCHANG WANG, Richard Stockton College of New Jersey

Minority Women Entrepreneurs

Carl Kogut
University of Louisiana at Monroe

Donna Luse
University of Louisiana at Monroe

Larry Short
Northwestern State University

ABSTRACT

Analysis of the U.S. Census Bureau 2007 Survey of Business Owners (a sample of approximately 430,000 entrepreneurs who were sole owners and whose primary income source was their business) reveals some interesting similarities and differences between male and female entrepreneurs and between female minority and non-minority entrepreneurs. Although males dominate the area of entrepreneurship, females have a higher proportion of minority entrepreneurs than do males. Minor differences between male and female entrepreneurs are apparent in age (female entrepreneurs are generally younger) and educational attainment (a larger proportion of female entrepreneurs attended but didn't finish college). Female entrepreneurs usually have smaller businesses (in terms of both receipts and employees) than their male counterparts. Additionally, findings reveal that female minority entrepreneurs tended to be less educated, were generally younger, and were more likely to be foreign born than white female entrepreneurs.

Introduction

Entrepreneurship has long been considered a significant factor in job creation and economic growth in industrialized nations (Birley 1989; Mukhtar 2002; Davis, Haltiwanger, and Shuh 1996; and Davidsson, Lindmark, and Olofsson 1998). Entrepreneurship, however, continues to be more prevalent among males than females. In the United States almost 71% of the 430,000 entrepreneurs in 2007 who were sole owners and whose primary income source was their business were male. Of the remaining 29% sole owners who were female, only 14% of them were members of a minority group (U.S Census Bureau Public Use Microdata Sample, 2012).

Women entrepreneurs are becoming increasingly more important in the United States in terms of the number of firms owned, revenues generated, and employment in those firms. Despite the increase in the number of female-owned businesses, ownership, growth and size of these firms are still significantly lower than male-owned firms (Neeley and Van Auken 2010). There are many theories as to why males dominate the field of entrepreneurship. Some theories concentrate on the differences between men and women and their attitudes toward risk aversion.

Since entrepreneurship is inherently more risky than wage earning, the more risk-averse individuals may choose to avoid self-employment (Kithstrom and Laffont 1979, Brush 1992). Other theories focus on managerial abilities across the sexes. In the past, since men may have had more experience in management positions, men may have a greater propensity to succeed in entrepreneurial endeavors (Jobsnovic 1982). In a study of almost 6,000 members of three small business organizations in the U.K., Mukhtar (2002) found that gender does have an impact on managerial styles. Another possible theory considers an individual's access to capital. Men, in the past, have typically had more access to capital; however, this may be changing (Evans and Jovanovic 1989). As access to capital increases, the probability of leaving wage-earning employment to become self-employed increases (Holtz-Eakin, Jourfaian and Rose 1994).

Ethnicity and family relationships have also been studied to determine their influence on self-employment. Children of entrepreneurs are more likely to become self-employed than children of wage earners (Lentz and Laband 1990, Blau and Duncan 1967). The different attitudes people have towards risk, their ability to run a business, or their financial constraints may be influenced by ethnic ancestry and how they have been exposed to a variety of cultural and psychological factors that affect risk-taking and management skills (Hout and Rosen 2000).

In addition to ethnicity, race has also been identified as a factor influencing self-employment. For example, research has suggested significant differences exist between the motivations of black and white entrepreneurs both in starting and in their intentions to grow new ventures (Edelman, Brush, Manolova and Greene, 2010). Small Business Administration (2007) data indicate systematic differences between white and black owned new ventures with respect to growth rate, profitability, and number of employees.

A rich body of literature exists in the study of the differences and similarities between men and women entrepreneurs and between minority and non-minority female entrepreneurs. Many studies, as can be seen above, have focused on the why and how women become entrepreneurs. This report, however, focuses solely on a description of the statistical analysis of the demographic differences and similarities. Thus, this study is to gain a better understanding of the face of sole owners (whose primary income source is their business) in regards to gender and minority affiliation.

Purpose of the Study

The purpose of this study is to analyze entrepreneurs who were sole owners and whose primary income source was their business to discern what differences, if any, exist between male and female entrepreneurs and among minority and non-minority female entrepreneurs.

Research Methodology

The U.S Census Bureau Public Use Microdata Sample (PUMS) which was created from the 2007 Survey of Business Owners and released in 2012 is the data source for this study. There

were 2,165,680 businesses surveyed. Our analysis is restricted to individuals who were sole owners of a business that provided them their primary source of income.

The PUMS data contains information on the following: age of the owner, age of the business, education attainment, ethnicity, hours worked managing the business, place of birth (U.S. or elsewhere), race, receipts generated by the business, the business sector the firm is part of and veteran status. Thus, this study will only be able to consider these characteristics when describing entrepreneurs and the variation in self-employment opportunities.

Sample

From the 2012 PUMS file, a sample of 432,635 entrepreneurs who were sole owners of their business and who received their primary income from that business was identified (U.S. Census 2012). Of the 432,635 entrepreneurs, 125,066 (about 29%) were female. For the purposes of this study, minority entrepreneurs were classified as Black, Asian or Other Minorities. Although the PUMS data does classify persons into separate categories of American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and some other race, the three groups combined consisted of only about 1% of the total entrepreneurs in the sample. Thus, we combined them into the single Other Minority category.

Analysis

Comparisons of Female and Male Entrepreneurs

Table 1 shows the characteristics of the sample of males and females who were sole owners and whose primary income source was their business. Almost 29% of sole owner entrepreneurs are women. The demographic characteristics between female and male entrepreneurs vary to some extent. A larger proportion of female entrepreneurs are minority (about 14% compared to 11% of males) and a larger proportion of females than males are represented across all minority categories, i.e., Asian, Black, and Other. A larger percentage of female entrepreneurs attended but did not finish college (about 33% compared to about 26%), and female entrepreneurs are generally younger than the male entrepreneurs (about 38% are less than 45 years old compared to only 31% of males). About 1% of female entrepreneurs served in the military, while 16% of males are veterans. The most striking similarity is that almost exactly the same proportion of males (16.3%) and female (16.7%) entrepreneurs were born outside the USA.

Table 1

**Characteristics of Self-Employed Persons
Who Receive Their Primary Source of Income from Their Business**

	Female		Male	
	Frequency	Percent	Frequency	Percent
Sample	125,066	28.9	307,569	71.1
Race				
Asian	9,455	7.6	19,324	6.3
Black	6,788	5.4	10,911	3.6
Other	1,381	1.1	3,005	0.1
White	107,442	85.9	274,329	89.2
Ethnicity				
Hispanic	9,264	7.4	19,914	6.5
Non-Hispanic	115,802	92.6	287,655	93.5
Education*				
High School or less	28,019	22.4	77,774	25.3
Some College	40,955	32.8	80,729	26.3
Bachelors or more	55,264	44.2	145,902	47.4
Age*				
Under 35	17,732	14.2	30,209	9.8
35-44	29,668	23.7	65,137	21.2
45-54	39,956	32.0	100,290	32.6
55 or Over	37,176	29.7	110,444	35.9
Veteran Status				
Veterans	1,343	1.1	49,304	16.0
Non-Veterans	123,723	98.9	258,265	84.0
Birth Place*				
USA	102,761	82.2	252,821	82.2
Outside USA	20,832	16.7	50,138	16.3

*Percentages may not add up to 100% due to missing responses and/or rounding error.

Table 2 presents the distribution of receipts for the businesses in the sample by sex. It is apparent that female owned businesses tend to be smaller than businesses owned by males. Over 50% of the female owned businesses have receipts less than \$50,000 while only 24% of the male owned businesses were that small. Also evident in Table 2 is the significantly higher percentage

of male owned firms that are very large. Over 34% of the male owned firms have receipts over \$500,000 while less than 16% of the female owned firms are that large.

Table 2

**Receipts of Self-Employed Persons
Who Receive Their Primary Source of Income from Their Business**

	Female		Male	
	Frequency	Percent	Frequency	Percent
Under \$50,000	63,480	50.8	74,097	24.1
\$50,001 - \$100,000	14,507	11.6	32,370	10.5
\$100,001 - \$200,000	13,270	10.6	40,918	13.3
\$200,001 - \$300,000	6,856	5.6	25,075	8.2
\$300,001 - \$400,000	4,293	3.4	17,384	5.7
\$400,001 - \$500,000	3,043	2.4	12,953	4.2
Over \$500,000	19,617	15.7	104,772	34.1

Table 3 presents the distribution of the number of employees for the businesses in the sample by sex. First, the categorization scheme used is based on what is present in the data set. The data set generally does not contain the exact number of employees but rather groups them into different categories. The U.S. Census Bureau indicated this was done to help ensure the anonymity of the survey respondents. What is apparent in Table 3 is the same as in Table 2, female owned businesses tend to be much smaller than male owned businesses. While over 91% of the female owned businesses have 11 or fewer employees, only about 82% of the male owned businesses employed that few a number of workers.

Table 3

**Employment of Businesses of Self-Employed Persons
Who Receive Their Primary Source of Income from Their Business**

	Female		Male	
	Frequency	Percent	Frequency	Percent
11 and under	114,170	91.3	253,500	82.4
14	5,065	4.1	22,543	7.3
34	3,328	2.7	17,049	5.5
74	1,370	1.1	7,786	2.5
100 and over	1,133	0.9	6,691	2.2

Comparisons between Minority and Non-Minority Female Entrepreneurs

We now turn our attention to the characteristics and differences among minority and non-minority female entrepreneurs. Table 5 shows the characteristics of the female sample of entrepreneurs. Although only 14.1% of the female entrepreneurs are members of a minority group, the differences between minority and non-minority female entrepreneurs appears large in some areas.

Table 4

Characteristics of Self-Employed Females by Race Who Receive Their Primary Source of Income from Their Business

	Asian		Black		Other		White	
	No.	%	No.	%	No.	%	No.	%
Sample	9,455	7.6	6,788	5.4	1,381	1.1	107,442	85.9
Ethnicity								
Hispanic	180	1.9	517	7.6	252	20.7	8,315	7.7
Non-Hispanic	9,275	98.1	6,217	92.4	1,129	79.3	109,127	92.3
Education*								
High School or less	2,827	29.9	1,845	27.2	451	32.7	23,724	22.1
Some College	1,963	20.8	2,536	37.4	497	36.0	35,959	33.5
Bachelors or more	4,665	49.3	2,407	35.5	433	31.4	47,759	44.5
Age*								
Under 35	1,629	16.7	1,351	19.9	239	17.3	15,047	14.0
35-44	2,885	30.5	1,804	26.6	359	26.0	24,620	22.9
45-54	2,919	30.9	2,026	29.9	458	33.2	34,553	32.2
55 or over	2,022	21.4	1,607	23.7	325	23.5	33,222	30.9
Veteran Status								
Veteran	38	0.4	171	2.5	31	2.2	1,103	1.0
Non-Veteran	9,417	99.6	6,617	97.5	1,350	97.8	106,339	98.9
Birth Place*								
USA	1,252	13.2	5,307	78.2	1,067	77.3	95,135	88.6
Outside USA	8,063	85.3	1,364	20.1	298	21.6	11,107	10.3

*Percentages may not add up to 100% due to missing responses and/or rounding error.

Black and White female entrepreneurs claim similar proportions of Hispanic roots (7.6% vs 7.7%, respectively), while Asian and Other Minority female entrepreneurs have quite different proportions (1.9% vs 20.7%, respectively). Service in the military is quite low for all female

entrepreneurs, with Asians serving less (0.4%), followed by Whites (1.0%), Other Minority (2.2%), and Blacks (2.5%). When female entrepreneurs are examined by place of birth, some quite significant distinctions occur. Only 10.3% of White female entrepreneurs are born outside the USA, while about 20% of Black and Other Minority female entrepreneurs (20.1% and 21.6%, respectively), and 85.3% of Asian female entrepreneurs are born outside the USA. It appears that women who are members of a minority group and who are foreign born have discovered a path to the American dream in self-employment.

Differences are also apparent in the educational attainment of minority and non-minority female entrepreneurs. A higher proportion of minority female entrepreneurs have only a high school education or less (Asian, 29.0%; Black, 26.4%; Other Minority, 31.7%) compared to White female entrepreneurs (21.5%). Asian female entrepreneurs have a much smaller proportion possessing only some college education without a bachelor's degree (20.8%) than do Black (37.4%), Other Minority (36.0%), and White (33.5%) female entrepreneurs. A quite interesting difference occurs at the higher levels of education. Asian female entrepreneurs (with 49.3% achieving a bachelor's degree or more) are more similar to White female entrepreneurs (44.5% achieving a bachelor's degree or more) than their other minority female counterparts (Black at 35.5% and Other Minority at 31.4%). Thus, it appears, that like other minority female entrepreneurs, a larger proportion of Asian females choose not to attend college. At that point, however, the similarity ceases. Once the Asian females begin college, they are more likely to finish at least a bachelor's degree than their female minority counterparts.

When the age of female entrepreneurs is examined, both similarities and differences can be found. Similar proportions of females can be found between the age of 45 and 54 (Asian, 30.9%; Black, 29.9%; Other Minority, 33.2%; and White, 32.2%, respectively), but there is a higher proportion of White female entrepreneurs over 55 years of age (30.9%) than minority female entrepreneurs (Asian, 21.4%; Black, 23.7%; Other Minority 23.5%, respectively). And as you would expect, there is a much lower proportion of White female entrepreneurs (36.5%) 44 years and younger than minority entrepreneurs (Asian, 47.2%; Black, 45.8%; Other Minority (42.7%, respectively). Thus, it appears that minority females may be more attracted to owning their own business earlier in life than are non-minority females.

As was noted above, single female owned firms tend to be very small, which is true regardless of the race of the female owner. For example, the percentage of firms with receipts of less than \$50,000 is 46.5% for Asians, 65.4% for Blacks, 55.5% for Other Minorities and 50.2% for Whites. A similar result is true in terms of the number of employees. That is, 94.1% of Asian owned firms, 93.85 of Black owned firms, 91.7% of Other Minority owned firms and 90.9% of White owned firms employ 11 or fewer workers.

When the types of businesses selected by female entrepreneurs are examined, over 50% of female entrepreneurs are employed in the same four business sectors of the 20 identified by the U.S. Census in the PUMS data. The proportional employment of female entrepreneurs in these business sectors, however, is a little different as can be seen in Table 6. Over 70% of Asian female entrepreneurs worked in the five business sectors of Other Services (17.9%), Professional, Scientific, and Technical Services (15.1%), Retail Trade (14.9%), Health Care and Social Assistance (14.8%), and Accommodation and Food (8.0%). Over 75% of Black female

entrepreneurs worked in the five business sectors of Health Care and Social Assistance (31%), Other Services (16.9%), Professional, Scientific, and Technical Services (14.1%),

Table 5

**Business Sector of Self-Employed Females by Race
Who Receive Their Primary Source of Income from Their Business**

	Asian		Black		Other		White	
	No.	%	No.	%	No.	%	No.	%
Agriculture, Forestry, Fishing & Hunting	20	0.21	12	0.18	9	0.65	412	0.38
Mining, Quarrying, & Oil and Gas Extraction	7	0.07	4	0.06	1	0.07	309	0.29
Utilities	7	0.07	3	0.04	1	0.07	84	0.08
Construction	135	1.43	108	1.59	63	4.56	3,665	3.41
Manufacturing	288	3.05	118	1.74	63	4.56	3,620	3.37
Wholesale Trade	418	4.42	72	1.06	52	3.77	2,976	2.77
Retail Trade	1,416	14.98	503	7.41	177	12.82	11,369	10.58
Transportation & Warehousing	124	1.31	135	1.99	45	3.26	2,509	2.34
Information	147	1.55	105	1.55	30	2.17	2,279	2.12
Finance & Insurance	356	3.77	226	3.33	58	4.20	4,111	3.83
Real Estate, Rental & Leasing	456	4.82	302	4.45	86	6.23	8,375	7.79
Professional, Scientific, & Technical Services	1,433	15.16	963	14.19	202	14.63	21,322	19.85
Management of Companies & Enterprises	5	0.05	14	0.21	1	0.07	159	0.15
Adm. & Support & Waste Mgmt. & Remediation	371	3.92	481	7.09	119	8.62	8,723	8.12
Educational Services	197	2.08	154	2.27	26	1.88	2,726	2.54
Health Care & Social Asst.	1,401	14.82	2,113	31.13	221	16.00	14,929	13.89
Arts, Entertainment & Recreation	222	2.35	208	3.06	47	3.40	4,433	4.13
Accommodation & Food Services	756	8.00	115	1.69	38	2.75	2,490	2.32
Other Services (Except Public Administration)	1,694	17.92	1,149	16.93	141	10.21	12,932	12.04
Unknown	2	0.02	3	0.04	1	0.07	19	0.02

Retail Trade (7.4%), and Administration and Support and Waste Management and Remediation (7.0%). For Other Minorities, almost 65% worked in the five business sectors of Health Care and Social Assistance (16.0%), Professional, Scientific, and Technical Services (14.6%), Retail

Trade (12.8%), Other Services (10.2%), and Administration and Support and Waste Management and Remediation (8.6%). The majority (65%) of non-minority female entrepreneurs worked in the five business sectors of Professional, Scientific, and Technical Services (19.8%), Health Care and Social Assistance (13.8%), Other Services (12.0%), Retail Trade (10.5%), and Administration and Support and Waste Management and Remediation (8.1%).

Thus, it appears that female entrepreneurs are attracted to similar types of business with a few major differences. Almost twice the proportion of Blacks work in the Health Care and Social Assistance sector than do other female entrepreneurs, and a smaller proportion of Blacks work in retail trade than other female entrepreneurs.

Additional Analysis of Female Entrepreneurs

The following regression model was estimated to determine which characteristics had an effect on how well female owned businesses perform as measured by receipts:

$$\begin{aligned} \text{Receipts} = & a + b1*\text{Age} + b2*\text{Education} + b3*\text{Hours Worked} + b4*\text{Black} + b5*\text{Asian} + b6*\text{Other} \\ & + b7*\text{BornUS} + b8*\text{Veteran} + b9*\text{Before1980} + b10*\text{1980s} + b11*\text{1990s} + \\ & + b12*\text{2000-2002} + b13*\text{2003-2005} \end{aligned}$$

Age, Education and Hours Worked are categorical variables representing the owner's age group, level of education and time spent managing the business. Black, Asian and Other are dummy variables for the different race groups. BornUS and Veteran are dummy variables denoting if the owner is native born and served in the military respectively. The last five variables are dummy variables denoting the time period when the business was started. Thus, the base group is White females who started a business within the last two years prior to the survey (2007).

Table 7 presents the regression results. First, notice that both Education and Hours Worked are positive and significant. This indicates, as we would expect, that owners with a higher level of education and who work longer at managing their business tend to have businesses that are more successful. Second, notice that although the coefficient estimate for Black is negative while the coefficient estimates for Asian and Other are positive, none of those estimates are statistically significant indicating businesses owned by minority female entrepreneurs that were started within the two years prior to the survey were not doing any better or worse than those started by White females. Third, interestingly, whether the owner was born in the United States or immigrated or whether the owner served in the military has little to no effect on how well the business succeeds.

The last four dummy variables are measuring the impact of longevity. Obviously, if the business is going to survive, it has to be successful, but what this group of dummy variables indicates is that businesses not only survive, they also grow as time passes. Notice the coefficient estimates are much larger for businesses the further into the past it was started. Although perhaps not a surprising result, it is interesting to see that these single owner firms do grow over time.

Table 6**Regression Results Estimating the Factors Affecting the Success of a Business**

<u>Variable</u>	<u>Coefficient Estimate</u>	<u>p-value</u>
Intercept	-411.17	0.0161
Age	24.90	0.3765
Education	40.40	0.0093
Hours Worked	55.61	0.0138
Black	-182.06	0.1764
Asian	94.79	0.4772
Other	4.96	0.9862
BornUS	78.07	0.3995
Veteran	-133.68	0.6449
Before1980	2487.24	<0.0001
1980s	1016.06	<0.0001
1990s	606.76	<0.0001
2000-2002	292.93	0.0059
2003-2005	111.22	0.2450

Conclusions

A significant difference appears between male and female entrepreneurs whose business is their primary source of income. Males dominate this field of entrepreneurship, but minorities are present in larger proportions in female entrepreneurs than in male entrepreneurs. Additionally, a larger proportion of female entrepreneurs are younger, attended but didn't finish college, and own smaller businesses (in terms of receipts and employment) than their male counterparts. Almost an equal proportion of both female and male entrepreneurs were born outside the USA. As one would expect, a much higher proportion of male entrepreneurs had military experience.

Analysis between minority and non-minority female entrepreneurs reveals some interesting differences. Generally, minority female entrepreneurs tend to be younger than white female entrepreneurs; a larger proportion of female minority entrepreneurs are born outside the USA; a higher proportion of female minority entrepreneurs have only a high school education or less; and female minority entrepreneurs may be more attracted to owning their business earlier in life than non-minority females. Specifically, Asian female entrepreneurs have a larger proportion of business owners with a high school education or less, a bachelor's degree or more, and a much larger proportion born outside the USA. Female entrepreneurs are primarily grouped into four business categories; retail trade, professional, scientific & technical services, health care and social assistance, and other services. Over 60% Asian female entrepreneurs (62.9%), 69.7% Black female entrepreneurs, 53.7% Other female entrepreneurs, and 56.4% of White entrepreneurs own businesses in only these four business sectors. Interestingly, Black female entrepreneurs are represented in smaller proportion in the retail trade industry and in larger

proportion in the health care and social assistance industry. Asian female entrepreneurs have the largest proportional representation in retail trade.

Finally, a regression analysis shows that minority female owned businesses do just as well in terms of receipts as those businesses owned by white females. The important determinants of the success of the business are the owner's education attainment and how many hours she works managing the business.

References

- Birley, S. (1989). "Female Entrepreneurs: Are They Really Different?" *Journal of Small Business*. January, 32-37.
- Blau, P.M. and O.T. Duncan (1967). *The American Occupational Structure*. New York: Wiley.
- Brush, C. (1992). "Research on Women Business Owners: Past Trends, a New Perspective and Future Directions." *Entrepreneurship Theory and Practice*. 16(4): 5-30.
- Davis, S., J. Haltiwanger and S. Shuh, (1996). "Small Business and Job Creation: Dissecting the Myth and Reassessing the Facts." *Small Business Economics* 11:297-315.
- Davidsson, P., L. Lindmark, and C. Olofsson (1998). "The Extent of Overestimation of Small Firms Job Creation – An Empirical Examination of the Regression Bias." *Small Business Economics* 11:87-100.
- Edelman, L.F, C.G Brush, T.S. Manolova, and P.G. Greene (2010). "Start-up Motivations and Growth Intentions of Minority Nascent Entrepreneurs." *Journal of Small Business Management* 48(2): 174-196.
- Evans, D.S and B. Jovanovic (1989). "An Estimated Model of Entrepreneurial Choice Under Liquidity Constraints." *Journal of Political Economy* 97(4):808-27.
- Hamilton, B.R. (1995). "Does Entrepreneurship Pay? An Empirical Analysis of the Returns to Self-Employment." Working Paper, McGill University
- Holtz-Eakin, D, D. Joulfaian, and H.S. Rose. (1994). "Entrepreneurial Decisions and Liquidity Constraints." *Rand Journal of Economics* 25(2):334-47.
- Hout, M. and H. Rosen, (2000). "Self-Employment, Family Background and Race." *The Journal of Human Resources* 35(4):670-92.
- Jobsnovic, B. (1982). "Selection and the Evolution of Industry." *Econometrica* 50(3):649-70.
- Kilhstrom, R. and J-J Laffont. (1979). "A General Equilibrium Entrepreneurial Theory of Firm Formation Based on Risk Aversion." *Journal of Political Economy* 87(4):719-48

- Lentz, B.F and D.N. Laband (1990). "Entrepreneurial Successes and Occupational Inheritance Among Proprietors." *Canadian Journal of Economics* 23(3):563-79.
- Mukhtar, S-M, (2002). "Differences in Male and Female Management Characteristics: A Study of Owner-Manager Businesses." *Small Business Economics* 18: 289-311.
- Neeley, L. and H. Van Auken. (2010). "Difference Between Female and Male Entrepreneurs' Use of Bootstrap Financing." *Journal of Developmental Entrepreneurship* 15(1): 19-34.
- Small Business Administration: Office of the Advocacy (SBA 2007). "Minorities in Business: A Demographic Review of Minority Business Ownership", <http://www.sba.gov/advo/research/rs298.pdf>. April.
- U.S. Census Survey of Business Owners, (2012). <http://www.census.gov/econ/sbo/pums.html>

The Hot Dog Stand

A Business 101 Capstone Project

Marsha Jance
Indiana University East

ABSTRACT

A case study that can be used in an introduction to business course is presented. This case may be used as a final project for student learning and assessment purposes. The case, case discussion questions, and a solution are provided.

Keywords

Introduction to business, entrepreneurship, forms of business ownership, accounting, break-even analysis, marketing mix, mission statement

Case

Jack, a college business student, is back for the summer in his scenic coastal hometown. Jack has been looking for summer employment. His father mentions that his friend, Bob, has a fairly new high quality hot dog stand that he will not be using this summer. Jack's father suggests that Jack run a hot dog stand for the summer since it will give Jack a taste of being an entrepreneur. Jack's dream is to one day run his own business. Plus, the town has a boardwalk along the sea that offers rides, games, and different food vendors, and draws a large number of visitors to the area. A perfect place for a hot dog stand!

Bob offers Jack the use of his hot dog stand for the summer at a rental cost of \$1,800 and wants all the money due upfront. Jack is also responsible for securing the town's \$1,400 permit to sell food on the boardwalk. The amount for the permit must also be paid in full prior to opening the hot dog stand.

Jack is a little concerned since this is a considerable amount of money that must be paid upfront prior to opening the hot dog stand. Jack can cover the upfront costs through his own personal savings and a loan for half the amount from his father that he must repay by the end of the summer plus \$200 of interest.

Jack has also been talking with his best friend, Elizabeth, about going into business together for the summer. Elizabeth is willing to split half the upfront costs and work with Jack running the hot dog stand during the summer. Jack and Elizabeth will then split the business profits evenly at the end of the summer. Under this scenario, Jack will not need a loan from his father since he and Elizabeth will have enough to cover the upfront expenses.

Jack realizes that he will need some help covering the hot dog stand if he goes into business by himself. His younger sister, Sarah, is willing to work with him for \$6.00 an hour plus gets to keep any tips she makes. Sarah will work with Jack for all the hours the hot dog stand is open for the summer. If Jack goes into business with Elizabeth, he will not need to hire Sarah since Jack and Elizabeth will be able to handle the business themselves.

Jack plans to run the business from 10 AM to 6 PM Sunday through Saturday on the boardwalk for the next 12 weeks. His main product will be a premier hot dog loaded with chili, cheese, mustard, ketchup, relish, pickles, and onions for \$3.00. Jack estimates that a hot dog will run him \$0.50 each and an extra \$0.50 for all the toppings for a total cost of \$1.00. Based on his talks with Bob, Jack believes that he can sell anywhere from 200 to 800 hot dogs per week.

Case Questions

- 1) Develop a mission statement for this hot dog business.
- 2) Jack would like to know the following before he commits to starting this business under the scenarios where 1) Jack runs the business by himself or 2) Jack and Elizabeth partner together to run the business.
 - The variable and fixed costs for the business. Explain why they are fixed and variables costs.
 - The number of hot dogs that will need to be sold in order to breakeven.
 - The projected profits (losses) for the hot dog business for the summer period if Jack sells 200, 300, 400, 500, 600, 700, or 800 hot dogs each week.
- 3) What are the common forms of business ownership? Discuss the advantages and disadvantages of each. If you were Jack, would you go into business by yourself or partner with Elizabeth? Explain your reasoning.
- 4) Discuss the marketing mix for the hot dog business.
- 5) Is this a good business for Jack to start? Discuss the advantages and disadvantages and possible risks to starting this business.

Solution

Scenario 1: Jack runs the business by himself

Selling price per hot dog: \$3.00

Fixed costs: Permit (\$1,400), hot dog stand rental (\$1,800), interest expense (\$200), wages (\$4032) since Jack's sister will be working at the hot dog stand regardless of the number of hot dogs sold.

Variable costs: Hot dog cost (\$1.00 per hot dog)

Breakeven point:

$$\frac{\text{Total fixed costs}}{\text{Selling price} - \text{Variable cost}} = \frac{1400 + 1800 + 200 + 4032}{3 - 1} = 3,716 \text{ hot dogs}$$

Thus, Jack must sell a total of 3,716 hot dogs over the summer in order to breakeven. This is roughly about 310 hot dogs per week.

Figure 1: Projected Profits (Losses) for Scenario 1

Hot dogs sold per week	200	300	400	500	600	700	800
Total hot dogs sold during the summer	2400	3600	4800	6000	7200	8400	9600
Total revenues	\$7,200	\$10,800	\$14,400	\$18,000	\$21,600	\$25,200	\$28,800
Hot dog expenses	\$2,400	\$3,600	\$4,800	\$6,000	\$7,200	\$8,400	\$9,600
Rental expense	1800	1800	1800	1800	1800	1800	1800
Permit expense	1400	1400	1400	1400	1400	1400	1400
Interest	200	200	200	200	200	200	200
Wages	4032	4032	4032	4032	4032	4032	4032
Total expenses	\$9,832	\$11,032	\$12,232	\$13,432	\$14,632	\$15,832	\$17,032
Profit	-\$2,632	-\$232	\$2,168	\$4,568	\$6,968	\$9,368	\$11,768

Scenario 2: Jack and Elizabeth form a business partnership

Selling price per hot dog: \$3.00

Fixed costs: Permit (\$1,400), hot dog stand rental (\$1,800)

Variable costs: Hot dog cost (\$1.00 per hot dog)

Breakeven point:

$$\frac{\text{Total fixed costs}}{\text{Selling price} - \text{Variable cost}} = \frac{1400 + 1800}{3 - 1} = 1,600 \text{ hot dogs}$$

Thus, Jack must sell a total of 1,600 hot dogs over the summer in order to breakeven. This is roughly about 133 hot dogs per week.

Figure 2: Projected Profits for Scenario 2

Hot dogs sold per week	200	300	400	500	600	700	800
Total hot dogs sold for the summer	2400	3600	4800	6000	7200	8400	9600
Total revenues	\$7,200	\$10,800	\$14,400	\$18,000	\$21,600	\$25,200	\$28,800
Hot dog expenses	\$2,400	\$3,600	\$4,800	\$6,000	\$7,200	\$8,400	\$9,600
Rental expense	1800	1800	1800	1800	1800	1800	1800
Permit expense	1400	1400	1400	1400	1400	1400	1400
Total expenses	\$5,600	\$6,800	\$8,000	\$9,200	\$10,400	\$11,600	\$12,800
Profit	\$1,600	\$4,000	\$6,400	\$8,800	\$11,200	\$13,600	\$16,000

About the Author

Marsha Jance is an Assistant Professor of Business Administration at Indiana University East in Richmond, Indiana. She earned her Ph.D. in Management Science from Illinois Institute of Technology Stuart School of Business in Chicago. Jance primarily teaches introduction to business, statistics, and spreadsheet and decision modeling courses. She can be reached at mjance@iue.edu.

Male Grooming: An Ethnographic Research on Perception and Choice of Male Cosmetics

Sweta Chaturvedi Thota
University of San Francisco

Stacy N. Hermosillo
University of San Francisco

Neilgoon N. Keyhani
University of San Francisco

Jennifer A. Walker
University of San Francisco

ABSTRACT

The purpose of this study is to explore male perceptions toward cosmetics and their product choice. Applying an ethnographic framework to this study, three males between the ages of 24-30 were interviewed through a series of 141 questions pertaining to their demographics, lifestyle, attitudes toward masculinity, skin care, grooming and cleaning behaviors. The results showed five overarching themes: (1) all of the participants had early experiences with personal care products, (2) the term masculinity was defined with terms such as “calm” and “practical”, (3) all participants looked up to their fathers as their key role models, (4) all participants valued loyal friendships, and (5) location convenience drives shopping for cosmetics – participants tend to only shop for cosmetics at a location where they are based at any given point in time, thereby implying an unwillingness to travel to a specialty store for purchasing grooming items. Managerial implications utilizing the results of this research are also discussed.

Introduction

Consider the following scenarios: (a) A senior manager at a reputed firm is seen shopping by his friends/colleagues at a major department store in the male cosmetics aisles in the specific sub categories of liquid face washes, exfoliating scrubs and ‘scruffing lotions’ and (b) A senior manager at a similar firm is spotted in a comparable department store in the male cosmetics aisles of ‘anti-aging’ and ‘eye and lip care’.

Are these scenarios unrealistic, head turners or laughable? Probably – a decade ago but would probably not command as much attention anymore! Men have been increasingly involved in shopping activities while maintaining their masculine identity (Loo-Lee, Ibrahim, & Chong,

2005). The emergence of aesthetically cognizant men is a societal change that is prevalent in major urban areas and increasingly proliferating to suburban and rural areas as well. Not surprisingly then, concepts such as “feminization of masculinity” (Iida, 2004) and “metrosexual” generation (e.g. Clarkson, 2005) have been discussed and have invited the attention of researchers.

The male personal grooming product market continues to experience growth, aided by a new variety of male consumers that are concerned with their outward appearance. According to a survey conducted by L’Oreal, there has been an exponential increase in men claiming to use male cosmetic products over the past decade. This is supported by statistical evidence showing that only 4% of men used cosmetic products in 1990, but 21% in 2001, and a projected 50% growth in 2015 (Diagne & Souiden, 2009). These results indicate an increasing importance in the development of male cosmetic products.

As a result, men’s grooming has become more prominent. In the past, if anything went beyond deodorant and body wash, men might have gotten laughed at, but today, the male consumer has an array of products for the care and maintenance of their appearance. Diagne & Souiden (2009), (pp. 97) state “major cosmetic companies have created dedicated products for men such as face creams, anti-wrinkle creams, bronzing products, hair coloring and toning gels”. Their results are in line with following statistics: a remarkable 40 per cent of participants reported using hair gel, 35 per cent using facial cream, 28.7 per cent using skin care products, 25.1 per cent using moisturizer, 10.3 per cent using pore exfoliates, and 3.1 per cent using lift treatment products.

It is important to note that prior research has mostly focused on female cosmetics. Even though a study by Woodruffe-Burton (1998) noted a lacuna in research on male grooming products fifteen years ago, it is surprising that current research on male shopping behavior, especially on grooming products lacks in-depth research in identifying the variables that inform, guide, and impart male consumers’ use of cosmetics. Along this vein, this current study extends research on male grooming, and examines potential insights into male shopping behavior and their views on cosmetics.

The rest of the paper is structured as follows: First, we utilize existing theories and extant research to offer our explanation and propositions on why decision-making in male consumers is different in males and the consequent effect this has on the choice of cosmetics they make. Then, we offer our rationale behind utilizing an ethnographic approach to uncovering men’s perceptions of cosmetics. We also discuss its merits over other research methodologies and the importance of implementing this research method to explore hidden motivations that males have toward their views on cosmetics. We then discuss our findings categorized under different themes that emerge from our ethnographic research. Lastly, we discuss the findings of this study along with managerial implications and recommendations for future research.

Theoretical Underpinnings and Propositions

Functionality of Products

Men and women are known to process information differently when it comes to selection and consumption of products (Coley and Burgess, 2003). Differences in men and women in their selection and product purchases are noteworthy. While aesthetic products appeal more to women, men are persuaded by functional products (Dittmar, Beattie and Friese 1996; Rook and Hoch, 1985).

Numerous studies vouch for the differences that men and women show in consumption of material possessions (Csikszentmihalyi and Rochberg-Halton, 1981; Kamptner, 1991; Wallendorf and Arnould, 1988). While women seek emotional comfort in their ownership of material possessions, use-related, activity-related and self-expressive features of possessions are instrumental in men's relationship with products they own (Dittmar, 1989, 1991). Accordingly then, women's behavior is perceived to be more emotionally and socially rooted than men, leading to the following logical argument: men are less susceptible to impulse purchasing and more likely to adhere to a product or brand chosen based on cognitive decision-making in product selection and choice in the past. Guided by this line of reasoning, we propose that:

Proposition 1: Men are guided by functional benefits and attributes of products.

Proposition 2: Men tend to exhibit brand loyalty thus making it difficult for them to switch brands.

Material goods are consumed not only for their functional benefits, but also as symbolic signifiers of taste, lifestyle and identity (Bourdieu, 1979; Featherstone, 1991). Thus, consumers buy and relate to sets of products in a way that fits their preferred self-image. It is clear that men and women have different motivations that make functional versus emotional appeals more attractive to their respective genders. This basis always had women drawn more to product categories that load heavily on impulse purchase dimensions such as to clothes, shoes, jewelry, and cosmetics; whereas men are more drawn to product categories – high-tech, electronic and sports equipment – that can be easily assessed for their rational usage through clear functional dimensions. Because the male cosmetics product category does not fall under the latter category heavy on functional-cognitive dimensions, purchase decisions pertaining to these products are not very exciting, resulting in males not seeking these products actively.

Not surprisingly then, a research study by Holmes (2012) found that even though more men are now shopping for themselves, a majority of women still purchased cosmetics for men. Thus, there is a clear female influence into male consumer behavior, especially in the line of cosmetics. This leads us to suggest the following hypothesis:

Proposition 3. Women influence the choice of cosmetics for males: not only many women purchase cosmetics for males, they influence brand choice and potentially brand switching from a current brand choice.

Methodology

Ethnographic Research Method: Rationale

In order to gain insight into male grooming habits and attitudes on personal care products, an ethnographic research method was adopted. As mentioned at the very outset, the purpose of this research was to further an understanding of key aspects of cosmetics consumption by males. It was felt that quantitative methods employing questionnaire methods and analyses would confine the research to asking people a set of numerically anchored questions and would pose strict limitations in our true exploratory journey on uncovering deep seated feelings and attitudes toward male cosmetics.

Running a focus group or a routine depth interview in a “contained” environment was another choice since it offers the researcher much more control than that seen in a naturalistic setting (Freeman and Spanjaard 2012). However, the risk of other participants influencing the introverted subjects and a moderator streamlining the conversation dilutes the take-aways from each individual respondent. Similarly, a simple depth interview that misses out on the naturally occurring context in which a respondent is ensconced also misses on the richness of data that is usually crucial in a research where a respondent may be uncomfortable answering questions, which are sensitive – take for example a question on cosmetics that threatens male identity or masculinity.

Participant Selection and Demographics

First the researchers obtained permission from three men between the ages of 24 and 30 to observe them for three to four weeks and then conduct interviews with them if they felt comfortable in participating in these interviews. Respondents were assured of their privacy and anonymity when the current research gets published. These participants are urban youth living in major metropolitan cities around San Francisco and Bristol, Connecticut. They are employed full-time and two currently live with their significant others, while one lives alone. This target group includes both single and married men, but none have children.

The researchers immersed themselves full time for almost a month resulting in sustained engagement with the participants. The initial three and a half weeks were spent in observations that centered on understanding the participants, what they valued in day-to-day activities, and their daily routines around grooming themselves. The researchers engaged in copious notes taking when there was anything noteworthy in their engagement during this phase of understanding the respondents.

Given the sensitive nature of this topic, care has been taken to ensure that all names of people are pseudonyms so that informants’ privacy is maintained. Interviews were conducted during the last couple of days. While the interviews with the respondents were spread over three days given their detailed and lengthy nature, the researchers coordinated among themselves to ensure that all the three interviews followed questions around the same themes and had the same guiding patterns so as to be able to compare their results across the three participants.

Data Collection Method

Through two-hour interviews, the researchers created an interview style that enabled accurate data collection and processing of collected information. All interviews were conducted in-person, in the participants' homes. The researcher interviewing would be in-person, while the other two researchers would Skype in. Of the two researchers not interviewing, one would be pre-selected as the scribe for the answers. This would allow the interviewer to concentrate on the participant to make the process more conversational. The researchers met and went through each interview, analyzed all information therein with view to pulling out common responses from the interviews as well as unique responses from each respondent after all three interviews were completed.

The questions were divided into four sections and were designed to understand the premium male user target consumer at a deeper level. The interview included a 45-question introduction on demographics, life and lifestyle. This is where the researchers established a relationship with the interviewee that was aimed at getting an insight into the participant's day, work, hobbies, friends, interests, families, likes and dislikes.

Subsequently, 21 questions were asked regarding masculinity and male role models in order to establish a more personal relationship with the participants, gauging their attitudes towards masculinity and the values associated with these attitudes. Next, 20 questions related to perceptions and feelings about their skin were asked to gain a better understanding of their importance on skin care and an approximate spending budget on cosmetics to fulfill their skin needs.

Lastly, the researchers asked 55 questions on cleansing and grooming behaviors and needs, including several questions how personal care products are purchased. Specifically, this final section allowed the researchers to understand participants' feelings about their current grooming habits and attitudes and routines related to personal care. The questions also aimed to assess product and brand loyalty and factors that influence brand switching or switching to a newly released product. The final set of questions were on product purchase and who makes the in-store or online product purchases.

The flow of questions was designed to start with the broader, easier, demographic and warm-up questions. The idea here was to make the interviewee feel comfortable with the researchers and then share in-depth information on questions related to personal grooming, cleansing issues, overall attitudes and product choices.

Results

Throughout the interviews, five main themes were highlighted. These cover the first use of personal care products, ideas of masculinity, role models, friend influence, and shopping habits.

First Experience with Personal Care Products

All respondents had early experiences with personal care products, but none have continued to use that same brand. In their early experiences, the respondents searched for skin clearing tools to help fight acne. The third respondent noted, “when I was in 7th grade I used Clearasil for acne,” while the second respondent recalled, “7th grade maybe, I used oxy acne pads, Accutane medication.” While breakouts were the initial introduction to personal care products, none of the men continue to use the same products they did as teenagers, since skin needs have changed. The third respondent in current day uses “Nivea aftershave, Neutrogena face wash, Irish spring soap, Spiker hair gel and Old Spice deodorant.”

The second respondent commented on his choice of brands: “BedHead Gel and Paul Mitchell shampoo and Old Spice is the brand for my deodorant and body wash – all these brands work really well for my needs. Besides these nothing else is really consistent.” These findings supports proposed Proposition 1 that men are more guided by functional benefits and attributes of products as evidenced by the attribute-benefit linkage sought. The fact that respondents cease to use acne products when needed, discontinuing when not required and then seeking a different product that functions well for their evolving needs is a testimony to our proposition that men seek products for attributes that satisfy certain specific functions.

Friend Influence

Regarding friendship, all respondents stated that they build relationships and maintain their friendships for decades. Further, they said that they want to be loyal and expect “someone who is loyal.” None of the respondents could think of a bad time with their friends.

This loyalty and trust they have with their friends is also reflected in their behaviors with brands. For instance, the third respondent said “I have been using Irish Spring soap, Spiker hair gel and Old Spice deodorant forever. To change I would probably have to discontinue what I am currently using”. Similarly, when asked how long the respondent has been using a brand, the second respondent answered: “I have been using Paul Mitchell shampoo and Old Spice deodorant for about 5 years now.” This finding supports Proposition 2 that men tend to exhibit product loyalty. They do not switch brands easily once they adopt a brand and are satisfied it.

Shopping Habits

Respondents reported that they prefer to shop for their cosmetics at a location that was convenient especially if they were already present at that location. Specifically, none of them was likely to make a special trip or travel to these locations for their cosmetics: a specialty store, the Internet, or department stores for male cosmetics. For example, the third respondent stated: “I only shop for my grooming needs in Grocery stores or pharmacies. When I purchase groceries or get a medication – I simply buy what I need. As long as I get my brand where I am based.”

Additionally, not only do these respondents change their brands or products as noted above, they also do not actively seek out specialty stores or make a special and separate store trip for

cosmetics. This shopping habit provides additional support for Proposition 2 that men are brand loyal, making it difficult for them to switch brands.

Female Influencer

The potential impact of a female influencer is considerable in the purchase of male cosmetics. This came in two different ways; (a) men either purchase the products that are used in the home by their spouses or girlfriends, or (b) women can suggest finding a new product to use. The second respondent's thoughts are the following:

“I shower and wash my face. I also use my girlfriend's moisturizer when seasons change and my skin gets dry.”

When it came to the decision on moisturizing, the men deferred to their girlfriends or spouses to make the brand decision. For example, the third respondent mentioned that he also used “the moisturizer his wife buys,” and he would change brands if “my wife ...wanted something changed.” Therefore, this finding supports Proposition 3 that men are open to switching brands if there is a female influence.

Below we mention other themes that emerged from the in-depth interviews when discussing ideas of masculinity and the role models that influenced them.

Additional Themes

Ideas of Masculinity

Despite the demographic differences, all three respondents described masculinity very similarly. With repeated ideas of rationality, strong mentality, and confidence, these men felt they are expected to be calm and practical. Since all of the men are in relationships, most of the time this was put in contrast to women who are emotional. The first respondent stated:

“Mental toughness is important because if you are mentally weak then life is an uphill battle... confidence is important because a lack of confidence shows a lack of character...[and] rational is important because being emotional is a female or feminine quality.”

The second respondent similarly responded:

“Confidence is important to take control of situations and be strong for others when they are unsure or scared. If my girlfriend is freaking out about something, I always try to slow her down, and help her understand how it's not the end of the world... to be a strong, smart and able to take care of any problem or situation that may arise.”

Lastly, the third respondent echoed these themes saying:

“A man has to be strong and stable not physically, but mentally strong because of the role of men in a family. It falls on the man to shoulder responsibility to protect his family... stable and confident and rational because I think it’s a male quality to anchor a family and support them.”

Role Models

Another theme that arose for the respondents was that their fathers were their main role models. The characteristics that their fathers had are qualities that the participants value. The first respondent stated: “my dad [was my role model] because he is rational, thoughtful, selfless, hardworking, smart.” While the second respondent similarly answered: “My father. Courteous, intelligent, confident and a problem solver.” The third respondent also mentioned: “My father. Because he is who I aspire to be.” The ideas of problem solver, rational, selfless, and smart were all values of masculinity. The fathers taught their children what being a man was and why the participants associate many of the ideas their fathers taught to masculinity.

Managerial Implications and Recommendations for Further Research

This paper has important implications for marketers. By exploring and gaining an understanding of male consumers’ perceptions of cosmetics, managers could effectively combat the hard-to-break-into male cosmetics market. This market has been particularly difficult to break into and it is our hope that our in-depth research and detailed insights on how males view cosmetics will guide managers into arriving at convincing rationale and positioning bases to launch their products.

Another important implication is that since the men rely on the Internet for research, getting the brand name out through these sites will start to build credibility. Additional insights on brand building are finding ways to build out those personal recommendations from friends for their brands.

Managers could also focus on finding the best way to reach the men where they shop and how they find out about new brands will help win this target market. Results of our research indicate that men tend to look for cosmetics in stores that are easily accessible and convenience based. Thus, emphasizing on placing products in specialty stores is counterproductive and may not help the bottom lines and reaching out to a majority of the population.

Selling in grocery stores and pharmacies, advertising on key Internet sites, and finding ways to get word of mouth or recommendations from friends to direct them to these shopping locations and then to the respective brands will be needed to launch a successful brand. For example, “Brand X – now available at Walgreens is recommended as great for after shave cuts by Facebook friend A.” Finally, it may be prudent to target the significant others’ as brand ambassadors as they determine the brand and purchase decisions of men. There could also be a potential to market these brands to women as influencers in men’s purchasing decisions.

Through the results of this study, recommendations for further research include studying the male teenage market (ages 14-19). It will also be worthwhile to investigate brand loyalty and strategies aimed at attracting males at a younger age before they transition into their adult

personal care product. Furthermore, another study taking women into consideration when advertising and marketing and keeping in mind the women who make the purchases for the men in their lives may provide beneficial insight into the male cosmetic research.

References

- Bourdieu, P. (1979). *La distinction*. Paris: Editions de minuit.
- Clarkson, J. (2005), “. Contesting masculinity’s makeover: queer eye, consumer masculinity, and ‘straight-acting’ gays. ”, *Journal of Communication Inquiry*, Vol. 29 No. 3, 235-55.
- Coley, A. and Burgess, B. (2003). Gender differences in cognitive and affective impulse buying. *Journal of Fashion Marketing and Management*, Vol. 7 No. 3, 282-95.
- Csikszentmihalyi, M. and E. Rochberg-Halton (1981). *The Meaning of Things: Domestic Symbols and the Self*. Cambridge: Cambridge University Press.
- Diagne, M., & Souiden, N. (2009). Canadian and French men's consumption of cosmetics: a comparison of their attitudes and motivations. *Journal of Consumer Marketing*, 26(2), 97-109.
- Dittmar, Helga. (1989). Gender identity-related meanings of personal possessions. *British Journal of Social Psychology*, 28, 159-171.
- Dittmar, Helga, (1991). Meanings of material possessions as reflections of identity: Gender and social-material position in society. In *To Have Possessions: A Handbook on Ownership and Property*, (Ed.) F. W. Rudmin, Special Issue of the Journal of Social Behaviour and Personality, 6.
- Dittmar, H., Beattie, J. and Friese, S. (1996). Objects, decision considerations and self-images in men’s and women’s impulse purchases. *Acta Psychologica*, Vol. 93 Nos. 1-3, 187-206.
- Featherstone, M. (1991), *Consumer Culture and Postmodernism*, Sage, London.
- Freeman, Lynee and Daniela Spanjaard (2012). Bridging the Gap: The Case for Expanding Ethnographic Techniques in the Marketing Research Curriculum. *Journal of Marketing Education*, 34(3) 238–250.
- Holmes, E. (2012). What makes men buy male grooming products? *The Wall Street Journal*. Retrieved from <http://online.wsj.com/news/articles/SB10001424052702304811304577365902173161004>
- Iida, Y. (2004). Beyond the ‘feminisation’ of culture and masculinity: the crisis of masculinity and possibilities of the ‘feminine’ in contemporary Japanese youth culture. *Proceedings*

of the Second Annual Canadian Association of Cultural Studies Conference, February, available at: www.culturalstudies.ca/proceedings04/proceedings.html

- Kamptner, N. L. (1991). Personal possessions and their meanings: A life-span perspective. In *To Have Possessions: A Handbook on Ownership and Property*, ed., F. W. Rudmin, Special Issue of the Journal of Social Behaviour and Personality, 6.
- Loo-Lee, S., Ibrahim, M.F. and Chong, H.-S. (2005). Shopping-center attributes affecting male shopping behavior. *Journal of Retail & Leisure Property*, Vol. 4 No. 4, 324-40.
- Rook, D.W. and Hoch, S.J. (1985). Consuming impulse. *Advances in Consumer Research*, Vol. 12, 23-7.
- Wallendorf, Melanie. And E.J. Arnould (1988). My favourite things: A cross-cultural inquiry into object attachment, possessiveness and social linkage. *Journal of Consumer Research*, 14, 531-547.
- Woodruffe-Burton, H. (1998), "Private desire, public display: consumption, postmodernism and fashion's new man", *International Journal of Retail & Distribution Management*, Vol. 26 No. 8, 301-10.

Critical Skills for New Accounting Hires: What's Missing from Traditional College Education?

Pamela Weaver
University of Hartford

Marie Kulesza
University of Hartford

ABSTRACT

The changing business climate requires new accounting hires to have more than traditional technical skills. A persistent gap exists between what is taught to accounting students in business schools and what skills employers expect accounting graduates to possess when they graduate. A series of studies show that increasingly employers desire soft skills such as critical thinking, problem-solving, and communication skills in addition to essential accounting education. The article provides a recap of recent studies on skills desired by the accounting profession, the call from professional accounting organizations to include soft skills in curricula, and suggested activities for including critical thinking, problem-solving and communication skills in accounting courses.

Introduction

Over the past fifteen years, authors have discussed the persistent gap between what is taught to accounting students in business schools and what skills employers expect accounting graduates to possess when they graduate. The critiques show marked similarities, yet the focus on traditional technical education persists. This paper will explore the historical scholarship in business education, research on skills desired by employers, and suggestions for integrating the requested skills into accounting curricula.

Literature Review

Beginning in 2005 and increasing in later years, authors and researchers have examined perceived shortcomings in business school education and in particular, accounting education. The same period has been a time of dramatic change in the global economy, technology, and the practices of accountants in both public accounting and private industry. The literature review first looks at the scholarship of accounting education in general and then highlights the results of numerous studies on what is missing from traditional accounting education.

Scholarship

In 2005, Bennis and O’Toole challenged business schools to evaluate their effectiveness in their famous article *How Business Schools Lost Their Way* (Bennis & O’Toole, 2005). Many business schools had adopted a scientific approach to business education with less focus on the development of practical knowledge (Bennis & O’Toole, 2005). “Professional schools are challenged and obligated to create both esoteric and exoteric knowledge, accessible and relevant to business leaders (and the general public)” (Bennis, 2012, para. 3). Although much of the research done in business programs was excellent from an academic perspective, the use of abstract financial and economic analysis had little relationship to actual business practices (McNamara, 2006).

Traditional tenure and promotion policies significantly shaped the research done in business schools (Adler & Harzing, 2009). The ranking of journals and the related pressure to publish in A-listed journals molded the perception of value in research (Adler & Harzing, 2009). Publication in other journals, which may have had relevance to the practitioner, frequently failed to support the application for tenure (Dostaler & Tomberlin, 2013). As a result, the focus on business school education may have centered on a more academic approach, rather than balancing the academic with practitioner-based topics. As a compromise, Markides (2007) suggested that business professors follow the traditional path until tenured, and then broaden their research to include more practitioner-focused research later in their career.

Altering the traditional teaching model may also be helpful. Boyer proposed a model of scholarship that included four interconnected elements: (a) discovery, (b) integration, (c) application, and (d) teaching (Boyer, 1990). Specifically, the application of knowledge addressed “how can knowledge be responsibly applied to consequential problems?” (Boyer, 1990, p. 21). The application aspect implied that scholarship requires some type of solving of practical problems to provide feedback about the value of the findings.

Taking the concept a step further, developing a scholarship of integration involves inviting academics to have a collaborative relationship with practitioners (Bartunek, 2007). The approach does not require practitioners to participate in research on the academic’s terms, but rather involves extensive dialogs on what each aspect of the research means to the practitioner in the working environment (Bartunek, 2007). The result is not watered down research, but rather a collaborative integration of shared interest in certain topics (Bartunek, 2007).

Research on Core Competencies Needed in Business

The CPA Vision 2011 Project sponsored by the American Institute of Certified Public Accountants (AICPA) highlighted core competencies needed by CPAs to include (a) communication and leadership skills, (b) strategic and critical thinking skills, and (c) the ability to meet the changing needs of clients, employers, customers and markets (AICPA, 1999). According to the report, “CPAs will develop a broad range of techniques including facilitation, teamwork and ‘people skills’ far beyond traditional written and oral skills to enhance the delivery and effectiveness of new products and services” (AICPA, 1999, p. 17). Additionally,

“CPAs will expand their ability to gather data from a wide variety of sources and increasingly provide valuable, strategic interpretations for decision-making” (AICPA, 1999, p. 17).

The literature has examples of other studies with similar findings. A 2005 study identified the necessary skills for promotion and success in public accounting and found that the skills varied depending on the level of employee – senior, manager, or partner (Blanthorne, Bhamornsiri, & Guinn, 2005). For the senior and manager ranks, technical, communications, and interpersonal skills were most important, whereas for the partner rank, interpersonal, leadership, and communication skills were the most important (Blanthorne et al., 2005). An earlier study examined the perceptions of accounting students, faculty and CPA firm recruiters regarding what characteristics were most important for students trying to get accounting jobs by ranking the relative importance of 19 characteristics (Moncada & Sanders, 1999). While accounting GPA was listed as most important for all groups, evidence of leadership, writing skills, oral communication skills, maturity, and ethical standards were all highly ranked. (Moncada & Sanders, 1999).

In a 2007 report, “the LEAP National Leadership Council calls on American society to give new priority to a set of educational outcomes that all students need from higher learning, outcomes that are closely calibrated with the challenges of a complex and volatile world” (National Leadership Council For Liberal Education & America’s Promise [LEAP], 2007, p. 2). Per the report, the top three intellectual and practical skills that employers wanted increased emphasis in curricula were (a) teamwork skills in diverse groups, (b) critical thinking and analytic reasoning, and (c) written and oral communication (LEAP, 2007). In a related study performed at Richard Stockton College, both alumni and employers agreed that (a) managing time, (b) speaking/oral communication, and (c) strong interpersonal skills were among the top five skills deemed important or very important in the workplace (Holtzman & Kraft, 2011).

A study performing a content analysis of job descriptions, student resumes, course syllabi, and business textbooks found a gap between what is taught in business schools and the skills expected and needed by the hiring companies (David, David, & David, 2011). Accounting employers often requested experience with specific software, but recognized that few students had exposure to the software and certain technical skills while in school, and acknowledged that students with experience had hiring advantages (David et al., 2011). Although elite business schools have made some progress in addressing (a) leadership, (b) writing, (c) organizational behavior, (d) business speech, and (e) ethics in the business school curriculum, other areas need attention as well (Ghannadian, 2013). Skills such as (a) self-awareness, (b) long-term planning, (c) time management, (d) task prioritization, (e) empathy, and (f) persistence are all valued by employers, but missing from curricula (Ghannadian, 2013). The 2013 AACSB updated accreditation standards support the inclusion of practice-related skills in business education (Ghannadian, 2013; AACSB, 2013).

The gap between the skills taught during college and those expected by employers is especially problematic for those students seeking employment as managerial accountants (Cable, Healy, & Mathew, 2009). A review of textbooks and syllabi used in college cost accounting classes found good coverage of traditional topics such as overhead allocation, master budgets, and cost-volume-profit analysis, but less focus on the more contemporary topics such as (a) ethics, (b)

fraud, (c) working capital management, and (d) continuous improvement (Cable et al., 2009). The advances in IT, globalization, and the reduced focus on manufacturing require more exposure to decision-making and improved use of quantitative data for problem-solving (Cable et al., 2009).

In response to concerns about different needs for public and non-public accountants, Cory and Pruske (2012) found that both groups ranked (a) Excel (spreadsheet) skills, (b) word processing, (c) creativity in problem-solving, (d) using Windows, and (e) awareness of ethical issues as top ranked skills. However, the perception of the importance of the skills to the professional was different for the different groups (Corey & Pruske, 2012). For example, the non-public group placed more value on skills relating to presentation software and database software, whereas the public accounting group valued internet research skills (Corey & Pruske, 2012). Adding a technology based course with a broad range of software applications could help students prepare for a career in either category (Corey & Pruske, 2012).

Hart Research Associates (2013), conducting research for the Association of American Colleges and Universities, found that 93% of the respondents agreed that (a) critical thinking, (b) communications, and (c) problem-solving skills were more important than the undergraduate major. In addition, three out of four employers wanted colleges to help students develop (a) critical thinking, (b) complex problem-solving, (c) written and oral communications, and (d) applied knowledge in real-world situations (Hart Research Associates, 2013). The majority of employers desired a combination of industry-specific skills and a broad range of knowledge supported by a liberal arts education (Hart Research Associates, 2013).

The concern about the skills recent graduates bring to the workplace is not simply a U.S. phenomenon. A study based in Tunisia indicated that (a) the ability to inspire confidence, (b) ethical awareness, (c) capacity for dialogue, (d) desire for personal success, and (e) ability to collaborate with other teams were the top five skills needed for an entry-level accounting position (Klibi & Oussii, 2013). However, accounting students from UAE were less likely to acknowledge the value of the softer skills, and indicated that they believed they were sufficiently competent regarding interpersonal and communication skills (Chaker & Abdullah, 2011). Similar to many of the U.S. studies, a Chinese study emphasized the importance of developing critical thinking skills (He, Craig, & Wen, 2013).

Survey Findings

In an attempt to contribute to the existing literature identifying critical skills expected by employers in new accounting hires, employers answered a survey to determine the top ten teachable skills, supplemental to the traditional vocational accounting education, the employers desired in recent accounting graduates. The survey was distributed to 2,808 current members of the Connecticut Society of CPAs (CTCPA) who held supervisory roles (Managers) and 545 members who were under age 35 and not students (Young Professionals) (Weaver & Kulesza, 2013). Both groups were comprised of individuals in public practice, business and industry, governmental, and education, who had provided email addresses to the society (Weaver & Kulesza, 2013). A total of 194 surveys were collected and processed (Weaver & Kulesza, 2013).

The respondents were given a list of 20 skills and asked to rank the top ten skills in order of importance (Weaver & Kulesza, 2013). The two groups, Managers and Young Professionals, were given the same questionnaire, although the instructions addressed each groups' perceptive (Weaver & Kulesza, 2013).

Findings revealed the two groups of respondents, Managers and Young Professionals, ranked (a) *Critical Thinking/Strategic Thinking*, (b) *Time Management and Organization*, (c) *Memos and Writing Skills*, and (d) *Intermediate to Advanced Excel Skills* among their top five skills (Weaver & Kulesza, 2013). In addition, the Managers ranked *Problem-Solving* as the remaining top five skill, whereas, the Young Professionals selected *Basic Workpaper Formatting and Organization* (Weaver & Kulesza, 2013). The overall agreement primarily on the four most valued skills and secondarily on the remaining ranked skills suggests that those identified skills may be important universally throughout the accounting industry.

To determine whether the list of desired skills differed according to industry, the data was separated into three industry categories: Local (i.e. small) CPA Firms, Larger CPA Firms encompassing National/Regional Firms, and Other, which included manufacturing, insurance, and other categories (Weaver & Kulesza, 2013). At the Manager level, the three industry groups were in general agreement on the importance (a) *Problem-Solving*, (b) *Critical Thinking/Strategic Thinking*, (c) *Time Management and Organization*, and (d) *Memos and Writing Skills*, but the rank differed across the industries (Weaver & Kulesza, 2013). In addition, Managers from Local and Large CPA Firms placed less emphasis on *Intermediate to Advanced Excel Skills* than the Other Industry segments, while including *Business Etiquette* as one of their top five skills (Weaver & Kulesza, 2013).

The responses from the Young Professional group resulted in a more significant difference in ranking across industries (Weaver & Kulesza, 2013). The group from the Local Firms valued *Basic Workpaper Formatting and Organization* and the *Ability to Do Basic Tax Research* among their top five skills (Weaver & Kulesza, 2013). The Young Professionals from the National/Regional Firms chose *Basic Excel Skills* as their top skill followed by *Memos and Writing Skills* (Weaver & Kulesza, 2013). These differences likely reflect the more specialized roles of the Young Professional practicing public accounting in local and large CPA firms. The Other Industry group indicated a greater need for *Problem-Solving* and *Data Base Setup and Data Base Management* and less need for *Basic Workpaper Formatting and Organization* (Weaver & Kulesza, 2013). It is important to note that the *Time Management and Organization* and *Critical Thinking/Strategic Thinking* were included in the top five skills for all industry groups (Weaver & Kulesza, 2013).

Summary of Research Findings and Discussion

The findings from the aforementioned study lent support to the findings by the Hart Research Associates (2013) which respondents indicated a need for students to develop critical thinking, communications, and problem-solving proficiencies. In addition, the findings contribute to the existing line of research by Cory and Pruske (2012) highlighting the different needs of public and non-public accountants. Table 1 below summarizes the results of several key studies. All of

these studies show a general agreement of the key skills needed over a broad range of respondents and research methods.

Table 1

Top Five Soft Skills from the Employer's Perspective

Study	Top Five Soft Skills				
Weaver & Kulesza (2013)	Problem Solving	Critical / Strategic Thinking	Time Management & Organization	Memos & Writing Skills	Intermediate / Advanced Skills
Hart Research Associates (2013)	Critical Thinking	Problem Solving	Written / Oral Communication	Applied Knowledge in Real World Applications	Ethics and Integrity
Holtzman & Kraft (2011)	Interpersonal Skills	Time Management	Speaking / Oral Communication	Ethical Understanding	Adapting to Change / Being Flexible
AICPA Vision 2011 (1999)	Communication Skills	Leadership Skills	Strategic & Critical Thinking	Focus on the Customer, Client and Market	Interpretation of Converging Information
LEAP (2007)	Teamwork Skills in Diverse Groups	Critical Thinking and Analytic Reasoning	Written and Oral Communication	Information Literacy	Creativity and Innovation
Blanthorne, Bhamornsiri, & Guinn (2005)	Technical	Communication	Interpersonal	Administrative	Leadership

(Weaver & Kulesza, 2013, p. 12), (Hart Research Associates, 2013, p. 1), (Holtzman & Kraft, 2011, p. 66), (AICPA, 1999, p. 17-18), (LEAP, 2007, p. 11), (Blanthorne et al., 2005, p. 65).

Looking at the body of research as a whole leads to a conclusion that accounting academia is not evolving in response to industry expectations. Accounting education should be reoriented to integrate noted competencies into accounting curricula. Employers are demanding that new accounting hires possess competitive skills in (a) problem-solving, (b) critical thinking, and (c) written and oral communication, among others. With greater focus on these competencies in the

undergraduate and graduation education, new accounting hires will be better prepared to meet the demands of the accounting profession across industry sectors.

National Professional Response

In a joint effort between the American Accounting Association (AAA) and the AICPA, the Pathways Commission was created to explore the future structure of higher education and the profession. Formed in August 2010 in response to recommendations by the U.S. Treasury's Advisory Committee on the Auditing Profession, the Pathway Commission explored a wide range of perspectives on current and future challenges and opportunities for the profession and developed recommendations for educational pathways to engage and retain the strongest possible community of accounting professionals (The Pathways Commission, 2012). A final report was issued in July 2012 and included seven recommendations for accounting education and the accounting profession.

The fourth recommendation highlighted the need to construct a foundational body of knowledge that is the foundation for accounting curricula of the future (The Pathways Commission, 2012). The Pathways Commission noted the need for “. . . an educational model that is at the same time broadly formative and comprehensively attuned to the ever-evolving societal demands placed on the accounting profession” (The Pathways Commission, 2012, p. 24). The Pathways Commission's proposed framework of accounting competencies is grouped into three divisions: (a) technical knowledge, (b) professional skills and professional integrity, and (c) responsibility and commitment (The Pathways Commission, 2012). Further, professional skills were broken down into topical components which included (a) *critical thinking*, (b) *problem-solving*, (c) *judgment and decision making*, (d) *communication/collaboration*, (e) *leadership skills*, (f) *managerial skills*, (g) *technology skills*, (h) *commitment to learning*, and (i) *people skills and personality* (The Pathways Commission, 2012).

The Pathway Commission's recommendations, as well as the identified professional skills are consistent with the results from multiple recent studies. Colleges and universities need to design curricula that enable accounting students to develop the necessary skills expected by the profession. The following section will examine integration of three key areas, (a) critical thinking, (b) problem-solving, and (c) oral and written communication, into accounting curricula.

Suggestions for Integrating Three Key Skills into Accounting Curricula

The move towards internationally converged accounting standards creates challenges for accountants because the updated standards require the application of principles rather than adherence to rules as currently required in GAAP (Kermis & Kermis, 2010). The application of principles may involve stronger critical thinking and problem-solving skills. In addition, as businesses become more complex, business schools need to continually examine their curricula to make sure that the content remains relevant and the graduates have the background to meet the needs of the businesses (Ghannadian, 2013). Employers often hire staff accountants based on grade point average and a somewhat superficial interview, without a good consideration of the softer skills possessed by the applicant (Kermis & Kermis, 2010). As the research shows, employers are then often disappointed by the lack of certain skills in new hires.

Kermis & Kermis (2010) proposed that during the college education and early in career is a time when young adults are open to the positive impact of training and experience. Accounting education traditionally focuses on the technical aspects of the profession, often using problems from the textbook that are one dimensional and sanitized to achieve specific learning goals. Missing are the arduous judgmental, critical thinking, and communication components that accountants face once employed in the field. The following sections outline suggestions for incorporating critical thinking, problem-solving and communications skills into accounting curricula.

Specific Skills Defined

Critical thinking is clearly a valued skill in the accounting profession, but in practice, critical thinking is associated with a wide range of characteristics with no clear consensus on its meaning. Educators faced with the challenge of developing curricula content and teaching methodologies that promote critical thinking skills in new accounting hires first need to fully understand the concepts that encompass critical thinking. The foundation of critical thinking rests on the educational taxonomy proposed by Bloom (1956) which identified *knowledge, comprehension, application, analysis, synthesis, and evaluation* as the six levels of cognitive objectives. The multi-tiered model is hierarchical in that each level is subsumed by the higher levels (Bloom, 1956). In other words, students begin with acquiring basic knowledge of a subject and progress through increasingly more complex higher levels.

Limbach, Duron, and Waugh (2008) developed a 5-step model to develop critical thinking skills in the classroom using the upper levels of Bloom's (1956) taxonomy, specifically the analysis, synthesis, and evaluation levels. The upper levels of Bloom's (1956) taxonomy involve (a) examination of the parts of a process and how the parts function in the whole process, (b) the ability to compile parts together to form new and original processes, and (c) the valuation and making of judgments regarding the process. The 5-step model involves:

- Step 1: What They Should Know – determine learning objectives.
- Step 2: Participation Through Questioning – develop appropriate questions, employ questioning techniques, and encourage interactive discussion.
- Step 3: Practice What You Assess – choose appropriate learning activities
- Step 4: Review, Refine and Adjust – monitor class activities and create a comfortable classroom environment.
- Step 5: Provide Feedback and Assessment of Learning – provide feedback, create opportunities for self-assessment, and utilize feedback to improve instruction. (Limbach, et al., 2008, p. 3)

Limbach et al. (2008) applied their model to accounting education for lessons involving financial statement analysis. The students were encouraged to use information from actual companies using information available online, critique the analysis of other students, and reflect on what they had learned (Limbach et al., 2008). Faculty facilitated the process by asking questions that required students to identify missing information, defend their conclusions, and specify the validity of any assumptions (Limbach et al., 2008).

In their Core Competency Framework, the AICPA defines strategic critical thinking as encompassing “the ability to link data, knowledge, and insight together from various disciplines to provide information for decision making” (AICPA, 2005, para. 2). Reinstein and Lauder (2008) extended the definition by stating that “critical thinking is a process of understanding how thinking and learning work, using higher order skills to comprehend issues, and analyzing, synthesizing, and assessing those ideals logically” (p. 80). However the concept is defined, as accounting moves from a rules-based profession to a principles-based profession, it is crucial that accounting educators incorporate critical thinking into curricula and teaching methodologies.

Critical thinking fosters creative problem solving and development of sound reasoning. Problem-solving skill “broadly defines an employee’s ability to identify a current or potential problem, collect and organize data relevant to the problem, use the data to formulate viable solutions, and finally select the most efficacious solution” (Bowers & Metcalf, 2012, para. 18). In today’s complex business environment, new accounting hires must have the ability to apply acquired knowledge in new and unusual business contexts. Assignments requiring critical assessment of information grounded in sound reasoning strengthen the students’ problem solving process and critical thinking skills.

The role of accountants transcending beyond financial statement preparation into a more strategic role within the organization has increased the prerequisite of strong communication skills. In its CPA Vision 2011 Project, the AICPA asserted that a core competency of all accountants should be the ability to “give and exchange information within a meaningful context and with appropriate delivery and interpersonal skills” (AICPA, 1999, p. 17). Industry expectation is for students to be well grounded in written and oral communication skills, presentation skills, and use of information and communication technology.

Effective writing skills are necessary for students entering the accounting profession. Technical reports, advisory letters, and memos are common ways accountants communicate results of tax research, findings in an audit, and other information. Strong oral communication skills allow new accounting hires to effectively convey ideas and information to different audiences through presentations, participation in meetings, and electronic communication. Curriculum development should integrate activities that not only focus on technical knowledge but also enhance these key communication competencies in students.

Suggested Classroom Activities

Accounting education often uses examples that mimic actual business situations when reinforcing concepts. Often, using existing assignments, but taking them a step further may transform the assignment into one that helps develop critical thinking, problem-solving, and communication skills in addition to the accounting concept. Key activities including asking the student to justify a choice among alternatives, consider the situation from an alternative perspective, develop and present a pervasive argument, among others. The following suggested activities can be incorporated easily within existing curricula to enhance the development of the desired soft skills. Many of the activities have minimal impact on the class time necessary to cover required course material.

Changing conditions paper and discussion. Students are instructed to review recent news reports, legislation, and other documentation for items that impact businesses or individuals and result in a change in the advice given or procedures followed by accountants. Examples include the Affordable Care Act, the legalization of marijuana, and the legalization of same-sex marriage. Students write a 750 -1,000 word paper that outlines the item and specifies the effect on the accounting professional. These papers seed a discussion where all the topics are put on the board and students pick topics to discuss as a group. In the discussion, students are encouraged to propose solutions for dealing with the issue. The student must use their critical thinking skills to make connections between the news item and the impact on the accounting professional, as well as problem-solving skills to generate solutions. The 750 - 1,000 word suggested limit on the paper encourages clear, concise writing and the ensuring discussion gives practice in oral expression and defense of the student's position.

Compare and contrast the financial analysis of public companies. Students are divided into teams of 4 or 5 students. Each team picks an industry and each team member picks a public company within the industry. Care should be taken to pick companies that operate primarily in the industry because companies that encompass multiple industries can be more difficult to analyze. Students are instructed to access the annual reports, company websites, and other financial reports to gain insight on how the company operates and perform a series of financial ratios and prepare a common size income statement and balance sheet. The team then compares and contrasts the performance of the group of companies and how each relates to the industry average. The team chooses one of the companies for a hypothetical investment and must justify why the company stands out and what aspects of the analysis led them to the decision. The assignment uses critical thinking skills to interpret the results of the financial analysis and how the analysis leads to a decision to invest. Writing and report set up are also reinforced as the teams put together a report on the industry that is clear and concise. Students can also present their findings in an oral presentation.

Discussion board in online courses. The discussion board in an online accounting course is great place to explore tangential topics that accountants discuss with clients, but are typically not part of the traditional accounting education. For example, students are asked to read the *Every Business Should Have a Plan* (Department of Homeland Security [FEMA], n.d.) report on disaster plans for businesses. Especially if there is a significant working population in the class, a rich discussion ensues on what the student's company does, what works and what doesn't, how the student can be part of the process of implementing the disaster plan, etc. Alternate discussions can include (a) where in a 50 mile radius of the school would you locate your 100 employee company and why, (b) how to stop internal and external theft in small retail stores, and (c) in the case of an economic downturn requiring a substantial reduction in employee hours, how would the student decide who to lay off and what other alternatives might be available. Discussion board posts in this category require critical thinking skills, problem-solving skills, and clear and concise writing skills.

Article summaries. Article summary assignments can be used to develop critical thinking and improve written communication skills in students. In this assignment, students are required to read topical articles from professional publications they may encounter in the workplace.

Students apply critical thinking to analyzing content of the article, consider alternative viewpoints of the author, and synthesize their own thoughts and opinion into a written summary. By establishing a link between accounting theory and application in practice, students gain a deeper comprehension of course content. Etter and Ross (2013) assert that article summaries improve and reinforce writing skills and stress precision, clarity, and conciseness in writing. Used as an out-of-class assignment, article summaries can provide additional coverage of topics with minimal use of class time.

Podcasting and video productions. Audio and video podcasting incorporated into accounting curricula can be used for capturing instructor prepared lectures, student productions, and listening to or viewing business related public sources. One example is a student project using audio and video podcasting. Students can use their cell phones, digital cameras, or tablets for recording. A video scavenger hunt is an informal project that emphasizes cooperative learning and effective communication in a creative environment. This simple exercise requires students to capture on video (a) financial statement elements (i.e. examples of assets and expenses), (b) personal interviews with business professionals, and/or (c) student led instruction on accounting topics. Completed in groups of 2-3 students, video productions are posted to the online course management system for classmates to view.

Students can also create podcasts as projects to illustrate their knowledge and understanding of accounting concepts. The assignment requires that students working in teams of 2-3 students create a podcast discussing a current business event. The topic is selected from an instructor's compiled list and the podcast is limited to 10 minutes. The final production is posted to an online course management system for review. Students enrolled the course must listen and respond to all podcasts, critiquing for content, understandability, and clarity. These projects enhance presentation skill while providing an engaging learning experience.

Team-based simulations. In the introductory auditing course, a team-based audit simulation can be incorporated into the course curriculum. The simulation creates a safe virtual environment where students integrate information technology skills in the performance of an audit and audit work paper preparation. A team approach provides more collaborative opportunities similar to those typically seen in real life audits. The simulation is completed over the semester allowing students to use acquired knowledge as guidance in problem-solving. Upon completion, each team is required to complete four deliverables (a) audit planning tests, (b) supporting work papers, (c) audit program and (d) proposed audit observations and recommendations. The audit simulation provides (a) a deeper understanding of audit procedures performed, (b) opportunity to objectively evaluate audit results, and (c) practice in preparation of audit documentation.

Traditional and mini-case studies. Case studies are active learning exercises that can be used to contextualize theories while promoting the development of key skills such as communication, problem solving, and working in groups. Beginning in introductory accounting courses, individual mini-case study assignments require students to examine one reporting issue such as revenue recognition or asset impairment. Students are required to use the FASB Accounting Standard Codification for authoritative support for their conclusions. Students are to summarize their finding in a well-constructed professional memo. Brenner, Jeancola, and Watkins (2013) suggest dividing the class into small groups to develop group consensus of case solution for

classroom discussion. Mini-cases can be assigned throughout a semester to improve research and professional writing skills and can also be used in tax courses.

In upper level accounting courses, traditional case studies assigned as group projects provide students the opportunity to explore more complex accounting, auditing, and tax issues. Cases are available from textbook publishers and an array of professional sources (e.g. Deloitte's (n.d.) Trueblood Case Studies). Groups of 3-4 students synthesize and apply concepts learned to analyze a real-world scenario. An effective case analysis containing (a) executive summary, (b) central ideas or problems presented in the case, (c) relevant alternatives solutions, and (d) conclusion is submitted. A formal presentation of the analysis and conclusions can also be included. The use of traditional case studies emphasizes problem solving, fosters teamwork, and stimulates creative discussion among participants.

Ethical debates. Students are organized into debate teams. The instructor assigns the ethical topic to be debated and the position each team will defend. The debating students prepare for the debate by reading assigned material and performing additional research on the topic. The debate begins with each team presenting arguments in support of their position. The opposing team is allowed time for rebuttal followed by questions from the class. After the debate, students in the audience complete an in-class reflection paper discussing whether or not the debate altered their original position on the issue. A written version of each debate team's presentation is required. Camp and Schnader (2010) suggest allowing students to submit a written version after the oral presentation to allow students to incorporate points raised during the classroom debate. In auditing courses, debates can be used to explore ethical conditions new accounting hires may encounter in the performance of an audit, complying with professional code of conduct, and compliance with laws and regulations. Through debates about contemporary tax issues, students gain a deeper understanding of the U.S. tax policy and the implications on businesses.

Conclusion

Over the past fifteen years, research studies and investigations by leading organizations in the accounting profession have concluded that traditional accounting education falls short in preparing accounting graduates for positions in the accounting industry. In response, accounting faculty are encouraged to incorporate softer skills such as critical thinking, problem-solving, and written and oral communication skills into accounting curricula. Faculty can adapt existing assignments to incorporate the desired skills or choose to expand beyond the traditional accounting assignment to facilitate practice of alternate skills. The development of well-rounded students, possessing the skills needed in the profession, helps achieve the goal of placing talented students in good jobs where they can flourish and become the new generation of leaders.

References

- AACSB 2013 business accreditation standards. (2013). Retrieved from www.aacsb.edu
- Adler, N., & Harzing, A. (2009). When knowledge wins: Transcending the sense and nonsense of academic rankings. *Academy of Management Learning and Education*, 8(), 72-95. Retrieved from www.harzing.com
- American Institute of Certified Public Accountants (AICPA). (1999). *The CPA vision project 2011 and beyond*. Retrieved from http://www.aicpa.org/research/cpahorizons2025/cpavisionproject/downloadabledocument/cpavisionproject_finalreport.pdf
- American Institute of Certified Public Accountants (AICPA). (2005). *Broad business perspective competencies*. Retrieved from <http://www.aicpa.org/interestareas/accountingeducation/resources/pages/corecompetency.aspx>
- Bartunek, J. M. (2007). Academic-practitioner collaboration need not require joint or relevant research: Toward a relational scholarship of integration. *Academy of Management Journal*, 50, 1323-1333. Retrieved from <http://www2.bc.edu>
- Bennis, W. (2012). Have business schools found their way? *Bloomberg Businessweek*. Retrieved from <http://www.businessweek.com>
- Bennis, W. G., & O'Toole, J. (2005). How business schools lost their way. *Harvard Business Review*, 83(5), 96-104. Retrieved from <http://hbr.org>
- Blanthorne, C., Bhamornsiri, S., & Guinn, R. E. (2005). Are technical skills still important? *The CPA Journal*. Retrieved from <http://www.nysscpa.org/printversions/cpaj/2005>
- Bloom, B. S. (Ed.). (1956). *Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain*. New York: Longman, Green and Co.
- Bowers, M. Y., & Metcalf, M. A. (October, 2012). *Business class to business career: How can we help students successfully make the transition?* Unpublished manuscript presented at ABC 77th Annual International Convention, Honolulu, HA.
- Boyer, E. L. (1990). *Scholarship reconsidered: Priorities at the professorate*. Retrieved from depts.washington.edu/gs630/Spring/Boyer.pdf
- Brenner, V., Jeancola, M., and Watkins, A. (2013). Mini-cases: An efficient teaching tool. *Business Education Forum*, 68(1), 19-21.
- Cable, R. J., Healy, P. & Mathew, E. (2009). Teaching future management accountants. *Management Accounting Quarterly*, 10(4), 44-50. Retrieved from www.imanet.org

- Camp, J.M. & Schnader, A.L. (2010). Using debate to enhance critical thinking in the accounting classroom: The Sarbanes-Oxley Act and the U.S. Tax policy. *Issues in Accounting Education*, 25(4), 655-675.
- Chaker, M. N. & Abdullah, T. A. (2011). What accountancy skills are acquired at college? *International Journal of Business and Social Science*, 2(18), 193-199. Retrieved from www.ijbssnet.com
- Corey, S. N., & Pruske, K. A. (2012). Necessary skills for accounting graduates: An exploratory study to determine what the profession wants. Symposium conducted at the ASBBS Annual Conference, Las Vegas, NV. Retrieved from www.asbbs.org
- David, F. R., David, M. E., & David, F. R. (2011). What are business schools doing for business today? *Business Horizons*, 54(1), 51-62. Retrieved from www.CheckmatePlan.com
- Deloitte (n.d.) *Trueblood case studies*. Retrieved from http://www.deloitte.com/view/en_US/us/About/university-relations/Deloitte-Foundation/0ac1264f0b0fb110VgnVCM100000ba42f00aRCRD.htm
- Department of Homeland Security. (n.d.). *Every business should have a plan*. Retrieved from http://www.ready.gov/sites/default/files/documents/files/BusinessPlan_booklet.pdf
- Dostaler, I. & Tomberlin, T.J. (2013). The great divide between business school research and business practice. *Canadian Journal of Higher Education*, 43(1), 115-128. Retrieved from <http://files.eric.ed.gov/fulltext/EJ1007033.pdf>
- Etter, E. R., & Ross, B. W. (2013). The use of article summaries in accounting courses: Improving students' reading comprehension, learning, thinking, and communication skills. *American Journal of Business Education (Online)*, 6(6), 595. Retrieved from Proquest.
- Ghannadian, F. F. (2013). What employers want, what we teach. *BizEd*, 40-44.
- Hart Research Associates. (2013). *It takes more than a major: Employer priorities for college learning and student success*. Retrieved from www.aacu.org
- He, H., Craig, R., & Wen, J. (2013). Developing critical thinking skills and effective co-operative international accounting degree programs in China. *Asian Review of Accounting*, 21(2), 144-159. <http://dx.doi.org/10.1108/ARA-02-2013-0012>
- Holtzman, D. M., & Kraft, E. M. (2011). Skills needed in the 21st century workplace: A comparison of the feedback from undergraduate business alumni and employers with a national study. *Business Education & Accreditation*, 3(1), 61-76. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1871161
- Kermis, G., & Kermis, M. (2010). Professional presence and soft skills: A role for accounting education. *Journal of Instructional Pedagogies*, 2, 1-10. Retrieved from www.aabri.com

- Klibi, M. F., & Oussii, A. A. (2013). Skills and attributes needed for success in accounting career: Do employers' expectations fit with students' perceptions? Evidence from Tunisia. *International Journal of Business and Management*, 8(8), 118-132. <http://dx.doi.org/10.5539/ijbm.v8n8p118>
- Limbach, B., Duron, R., & Waugh, W. (2008). Become a better teacher: Five steps in the direction of critical thinking. *Research in Higher Education Journal*, 1, 1-13. Retrieved from [Http://proquest.com](http://proquest.com)
- Markides, C. (2007). In search of ambidextrous professors. *Academy of Management Journal*, 50, 762-768. Retrieved from <http://www.aom.pace.edu>
- McNamara, D. E. (2006). The relevance of business school education, what do you think? *Journal of College Teaching & Learning*, 3. Retrieved from www.cluteonline.com/journals
- Moncada, S. M., & Sanders, J. C. (1999). Perceptions in the recruiting process. *The CPA Journal*. Retrieved from <http://www.nysscpa.org/cpajournal/1999>
- National Leadership Council For Liberal Education & America's Promise (LEAP). (2007). *College learning for the new global century*. Retrieved from Association of American Colleges and Universities: www.aacu.org
- Reinstein, A., & Lander, G. H. (2008). Developing critical thinking in college programs. *Research in Higher Education Journal*, 1, 78-94. Retrieved from [Proquest.com](http://proquest.com)
- The Pathways Commission. (2012). *Charting a national strategy for the next generations of accountants*. Retrieved from <http://www.aicpa.org/press/inthenews/pages/pathways-commission-on-accounting-higher-education-releases-report.aspx>
- Weaver, P. Q., & Kulesza, M. G. (2013, November/December). Are new accounting hires equipped to meet employers' expectations? *Connecticut CPA*, 12-14.

About the Authors

Pamela Q. Weaver, DBA, CPA is an Assistant Professor and the Director of Graduate Programs in Accounting and Taxation at the University of Hartford Barney School of Business. Her research interests include succession issues in small businesses, family businesses, and CPA firms; ancillary skills lacking in accounting graduates; and domestic and international tax issues. She has published in the *ATA Journal of Legal Tax Research*, *Journal of Business and Management*, and *Connecticut CPA*. In addition, she writes and presents seminars for practicing CPAs.

Marie G. Kulesza, CPA is an Associate Professor of Business Administration at the University of Saint Joseph. Her teaching areas are in financial accounting, financial reporting theory, and auditing. Prior to teaching, she worked over thirteen years in public accounting specializing in audits of financial statements of corporations, not-for-profits, and municipalities. She holds a BS in Accounting from Central Connecticut State University and a MS in Public Accounting from University of Hartford. She holds credentials as both a CPA and CMA.

A Focus Group Study: Examining Women Managers' Attitudes on Management and Firing Decisions in *The Apprentice* with Donald Trump

D. Anthony Miles
Our Lady of the Lake University

ABSTRACT

*Women face many challenges in the workplace. Those challenges are chiefly attributed to gender issues. Examining women's issues in the field of management remains an intriguing subject for research. The purpose of this study is to examine female management decision behavior using *The Apprentice* as a focus group for research. The study was conducted with three focus groups. This study was conducted over a four-year period. This study is a continuation of a pilot study on the reality television show. A sample ($N = 139$) consisted of female industry professionals and managers, and female MBA students. The participants viewed various episodes of the reality show and then answered a questionnaire based on their observations and decisions. The data was collected following the observations and analyzed. The statistics design used a one sample t-Test and a Pearson Correlation. First, the results indicated that a majority the female participants thought the project manager should be fired. Second, the findings revealed a fair majority of the participants agreed with Trump's firing decisions. Lastly, the results revealed a strong correlation between (a) task type, (b) industry type, and (c) focus group type and the participants' firing decisions.*

Keywords: Women in management, *The Apprentice*, termination decisions, Donald Trump, management, focus groups, reality television.

Introduction

The prior research on gender and management remains an interesting subject matter. The research on females in the field of management continues to be an interesting subject matter as well. Females in management continue to deal with the glass ceiling phenomenon in many organizations.

The idea for this study originated from observing the popularity of reality televisions such as *Survivor*. The researchers decided it would be interesting to conduct research on *The Apprentice* with Donald Trump. The researchers also thought it would be interesting to conduct focus groups with females in management and how they make management decisions. After some consideration on this subject, the researchers made the decision to pursue this inquiry.

First, a pilot study was conducted with small focus groups. The initial pilot study was conducted with focus groups of business students at a public university (Miles, 2012). As a result of the

research process the researchers amassed a wealth of data and insight into this subject. Some adjustments were made. Second, based on the experiences with the initial pilot study, the researchers made improvements to the formal study. One decision that was made was to work around the time constraints and take a more quantitative approach (rather than a qualitative approach). Last, the formal study was conducted. This study is a continuation of the initial pilot study. This study can be beneficial and make a significant contribution field of management. As a result of this four-year study on *The Apprentice*, this research was presented at two academic conferences and was well attended by a cross-section of researchers.

Objectives of Study

This study attempts to examine perceptions and management decisions of female managers. The two objectives of the study are to: (1) examine perceptions of female industry professionals and female MBA students in focus groups after viewing *The Apprentice*; and (2) examine and compare female firing decisions and if they are in agreement with Trump's decisions.

The study is structured as follows. First, a review of the body of research and prior studies is presented. Second, the article discusses the sample, variables and data collection. Third, the results and the statistical analyses of the data are presented. Last, the discussion of the results and the conclusion and summary are presented.

Background

Prior Studies on Women in Management

A large body of the literature and prior research on females in management has ranged from management roles to comparing and contrasting gender differences. Some of the prior studies have examined women in management roles. Female supervisors at higher levels are moderately argumentative, indicating that the relationship between argumentativeness and success is more complex than previously identified. Furthermore, argumentativeness per se is not linearly related to supervisory level, but rather, moderation in argumentativeness is characteristic of women who have attained advanced supervisory positions (Schullery, 1998). Females as senior managers had an increased capacity to impact on decision-making in managerial universities, mainly related to 'soft' management skills. However, these skills were not valued in a competitive management (Whitea, Carvalhob & Riordanc, 2011).

Women and Management Styles

Some of the other prior studies have examined management styles of women. Females tend to be more participative in their leadership behavior compared to males. Specifically, females tend to make use of group decision-making procedures more frequently and one-to-one consultation less frequently compared to males (Jago & Vroom, 1982). Consultative management style was found to be the most common among women executives (Osland, Snyder, & Hunter, 1998).

Women and Management Decisions

Other prior studies have examined women and management decisions. Historically, concerning the gender effects on managerial hiring decisions, females tend to make more favorable evaluations compared to males. This source of evaluative error could be as detrimental to personnel decisions as errors due to halo, contrast, and first impression effects (Rose & Andiappan, 1978). There were no significant differences between the male and female executives on any of the decision task variables. However, female executives were less prone to risk taking compared to male executives (Muldrow & Bayton, 1979). Women, in general, do not differ from men in general, in the ways in which they administer the management process (Donnell & Hall, 1980). One of the notable factors that contribute to the success of female managers is their decision style. Female managers' decision style tends to be a combination of conceptual, moderate directive and low behavioral (Boulgarides & Rowe, 1983). Despite some of the prior research that stated otherwise, females did not differ in their managerial decision abilities (Johnson & Powell, 1994). Females are significantly more risk averse, tend to be less overconfident and behave less competitively oriented; thus, females behave differently in these three domains (Beckmann & Menkhoff, 2008)

Women and the Glass Ceiling

Some of the other prior studies have examined women in management and the glass ceiling. Women tend to make career choices, which highlight the limitations, which see women's absence as the result either of procedural discrimination or women's primary orientation towards home and family. They had either decided not to have children or were prepared to, and felt able to, work in the way the organization required even when they had children yet this was disregarded (Liff & Ward, 2001). Female executives are more unwelcome as leaders among female than among males. The vote for a male is given because of tradition and habit that the manager should be a male (Vuksanović, 2012). There were other notable studies on the women, barriers and the glass ceiling (Guy, 1993; Wright & Tellei, 1993; Mathur, & Salmi, 2006; Fogliasso & Scales, 2011).

Gender and Management Performance

Other prior studies have examined women in terms of gender and performance. There were no significant correlations between group gender compositions. Gender had no effect on performance in management performance (Fenwick & Neal, 2001). In terms of fund managers, male- and female-managed funds do not differ significantly in terms of performance, risk, and other fund characteristics (Atkinson, Baird, & Frye, 2003). Females are significantly more risk averse, tend to be less overconfident and behave less competitively oriented; thus, females behave differently in these three domains (Beckmann & Menkhoff, 2008). In terms of assessed management dimensions (e.g., organizing and planning, decision making, and leadership), females did not significantly differ from males (Moses & Boehm, 1975).

Women in Management and Ethics

Lastly, the other prior studies have examined women and ethics in management decisions. In terms of ethical decisions, male and female managers generally do not differ in their perception

of what is ethical and what is unethical (Kidwell, Stevens & Bethke, 1987). Lastly, one of the more interesting and recent studies was conducted on gender and ethics. Overall, female professionals appeared to have significantly higher ethics judgment than their male counterparts (Lund, 2008).

Prior Research on *The Apprentice*

The body of research on *The Apprentice* has been limited to a few notable studies. Some of the prior studies have focused on the ethical behavioral and communication dynamics of the reality show (Eliot, 2004; Gyenes, 2004; Popejoy, 2004). Other studies have examined the reality show for group dynamics and decision behavior in management (Henle, 2005). Some studies have focused on communication and leadership skills (Kinnick & Parton, 2005).

Many college and university business programs around the country have used *The Apprentice* for teaching basic principles of business in the classroom. In addition, the reality show has been used in many MBA programs. For example, the University of Washington developed a business course based on *The Apprentice* (Gyenes, 2004). This study attempts to fill that gap in the prior research by examining and measuring female management decisions. This study attempts to take on this endeavor by using the focus groups and the reality show to examine female decision behavior.

Methodology

Research Methodology

This study used a focus group methodology. The researchers made the decision to use a focus group because it provided the optimal way to study decision-making in terms of firing. Focus groups provided the best methodology and opportunity to facilitate a discussion. It also provided the opportunity to explore specific discussion on firing decisions. The use of focus groups as a methodology has the two advantages: (a) the ability to probe in-depth questions on a specific topic which cannot be done otherwise with quantitative consumer tests; and (b) the advantage of allowing for new topics and ideas to be brought up by the interaction among the participants (Stewart & Shamdasani 1991; Wan, Lee, & Lee, 2007). Focus groups were also found to be suitable with studies involving problem identification, planning, product development, implementation of new product or service, evaluation, marketing and research on topics explored using individual interviews, survey or participant observations (Chalofsky 1999; Wan, Lee, & Lee, 2007). The study also used a survey methodology to collect data from the focus group. The overall methodology of the research involved both a survey-based study and structured discussions with the participants (females).

Sample

Three focus groups with a total of 139 participants were conducted. The focus groups were recruited and conducted with in large metropolitan city in Texas. The eligibility criteria for participation in the study were as follows: (a) professional females in the industry; (b) female

students in an MBA program; and (c) age range from 25 – 55 and over. The tables underscore the demographic profile of the focus group participants (see Table 1 and Table 2).

Focus Group Questions and Measurement

The focus groups were based on the use of *The Apprentice* as observation material. Several episodes of the reality show were shown in numerous focus groups with female participants. The participants consisted of both professional females and female MBA students.

The participants in the focus groups were asked questions derived from the research aim of the study. The focus groups for *The Apprentice* used a survey questionnaire for collecting data from the workshop sessions. Respondents were asked to evaluate management decisions in the reality television show used in the focus groups. The questionnaire used a five-point Likert scale structure. The following questions were used to structure the focus groups: (a) What is your gender? (b) What is your ethnicity? (c) Who do you think should be fired? (d) Did you agree with Trump's decision? (e) Did you enjoy this case study (*The Apprentice*)?

Due to the time constraints and one-hour episodes, there was limited time for administering the survey to the focus groups. Because of the time constraints, the participants were asked only five questions in the survey. To allow for the data collected from the focus groups, the researchers made the decision to use the same questions and format for all of the focus groups. The challenge was to facilitate each focus group and collect good data in study.

Experiment

The aim in our experiment was to investigate female firing decisions in focus groups using *The Apprentice*. Respondents were asked to answer evaluate the firing decisions in the reality show. In this study, respondents were instructed to select an answer that corresponds most closely to their opinion. These items measured a single construct ($\alpha = .90$) and the results yielded an index. The values of coefficient alpha ranged from .51 to .90, and the items of all the dimensions were summed to represent the dimension of perceived risk in online shopping.

Research Procedures

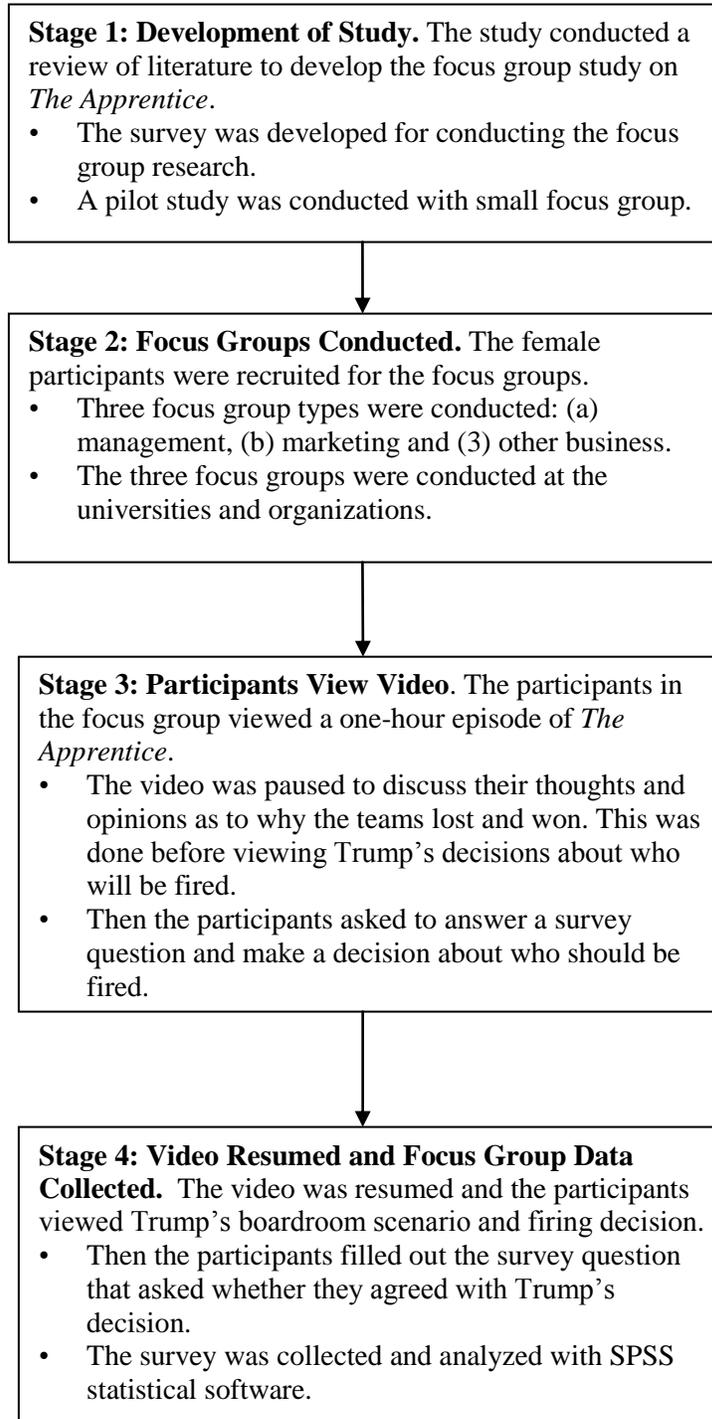
The research with the focus groups has been conducted since Fall 2011 to Spring 2015. The focus groups were arranged with the Business departments at two universities (public and private) and two outside liaison organizations. The focus groups were held at two places: on site at the university and off-site with liaison organizations. The participants were recruited by telephone and email for this study. As noted above, because of the focus group methodology, a convenience sample approach was used in the study. The participants were given the choice to participate or not to participate in the study. There was a 1-hour time duration for each focus group. The female participants were asked to discuss their perceptions and opinions along the following research themes: (a) reasons why the team lost or won for the task; (b) reasons for choosing a person on the team to be fired; and (c) thoughts and opinions about the project manager and team members. The second stage of the method was to view Trump's firing

decisions in *The Apprentice* episode. Then the participants were asked to make a decision if they agreed with Trump's firing decision. Then the surveys were collected following the focus group [see Figure 1].

Data Analysis

The data collected for this required the use of a statistical analytical methodology. A systematic approach was used to clean and organize the data for analysis. After the data collection and screening, the entire data set ($N = 139$). All analyses are conducted using Social Sciences Program Version 21.0 statistical analysis software for Windows (SPSS, Chicago, IL USA). Three statistical analyses were used for this study: (a) descriptive statistics and frequencies for sociodemographic characteristics and behavior were calculated; (b) one-sample t -test was used for the mean values and standard deviations; and compare the responses of the participants and the p scores; and (c) Pearson Correlation to examine correlations within the data.

Figure 1. Methodology Framework of Study.



Results

The sample consisted of 139 female participants for the focus group study. Table 1 shows the demographic variables of the sample. The significant descriptive statistics were as follows: (a) 71.2% of the participants were Hispanic females; (b) 42.4% of the industries in the focus groups were in retail trade sector; and (c) 67.0% of the focus group types were in the field of marketing [see Table 1]. **Table 1.** Demographics of Female Participants in *The Apprentice* Focus Group Study

Demographic Variables	N	%
Ethnicity		
Asian	2	1.4
Black	6	4.3
Hispanic/Latino	99	71.2
White	31	22.3
Other	-	-
Industries		
Manufacturing	48	34.5
Retail Trade	59	42.4
Services	8	5.6
Other Industry	24	17.3
Task Types		
Product	131	94.2
Service	8	5.8
Focus Group Types		
Management	38	27.3
Marketing	93	67.0
Other/Business	8	5.8

(N = 139)

Table 2 illustrates the results of the descriptive statistics of the termination decisions. The results

from the study with female participants prove to be interesting concerning the focus groups in *The Apprentice*. When examining the question, (V3) - *Who Should Be Terminated*, 42.0% of the participants chose the project manager to be fired. However, only 16.5% chose the both the project manager and a team member should be fired. When examining the question, (V4) - *Did You Agree With Trump's Decision*, 33.1% of the participants agreed with Trump's firing decisions chose the project manager to be fired. However, what was very interesting is that the 24.5% disagreed with Trump's decision. The decisions among the participants were interesting because they were more diverse in terms of agreement with Trump's decisions.

Table 2. Descriptive Statistics of Termination Decisions in *The Apprentice*

V3 - Who Do You Think Should Be Fired?	N	%
Project Manager	58	42.0
Team Member	39	28.1
Neutral	19	14.0
Both Project Manager and Team Member	23	16.5
Total	139	100.0

V4 -Did you agree with Trump's Decision?	N	%
Strongly Agree	46	33.1
Agree	30	22.0
Neutral	11	8.0
Disagree	18	13.0
Strongly Disagree	34	24.5
Total	139	100.0

($N = 139$)

Table 3 shows the results from the one sample *t*-test and the means and standard deviations of the ethnicity groups. When examining (V2) ethnicity, the Hispanic participants had a significantly higher mean yet lower standard deviation ($M = 2.13$, $SD = 1.085$) compared to the White participants ($M = 1.90$, $SD = 1.165$). This means there was some significance between the two ethnic groups with this variable. When examining (V5) *Focus Group Type*, the Hispanic female participants had a higher mean and a lower standard deviation ($M = 2.78$, $SD = .563$) compared to the White female participants ($M = 2.81$, $SD = .477$). However, when examining (V6) *Task Type*, the Hispanic female participants had a higher mean and standard deviation ($M = 1.07$, $SD = .258$) compared to the White female participants ($M = 1.03$, $SD = .180$). This means there was some significance between the two groups in the sample. However, when examining the means and standard deviations of Hispanics ($M = 2.69$, $SD = 1.496$) compared to Whites ($M = 2.68$, $SD = 1.585$) they were nearly equal. There were not much any significant gender differences [see Table 3]. One-sample *t*-test indicated that ethnicity is significant to the participants in the decision making in *The Apprentice*.

Lastly, Table 4 shows the results from the Pearson correlation are shown in Table 4. There were some statistical correlations was found between some of the variables. Correlational analyses were used to examine the relationship between the variables for the study and their scores on the psychometric measures of the study. The correlation between (V4) - Did You Agree with Trump's Decision and (V5) - Focus Group Type was found to be statistically significant, $r(139) = +.346$, $p < 0.001$, two-tailed. The results suggest that 1 out of 6 correlations were statistically significant.

The results indicate an inverse relationship between the (V7) – Industry Type and (V4) - Did You Agree with Trump's Decision $r(139) = -.229$, $p < 0.005$. There was also an inverse

relationship between V6 – Task Type and (V4) - Did You Agree with Trump’s Decision $r(139) = -.311, p < 0.001$. The results suggest that 5 out of 6 correlations were statistically significant. The conclusion is that for decisions made by female participants, there is evidence that the decisions made using *The Apprentice* are related to task type and focus group and industry type.

Table 3. Results: One Sample *t*-Test and Ethnicity Group Means and Standard Deviations Statistics (*N* = 139)

Sample: Females	Means and Standard Deviations and <i>n</i>	V3 - Who Should Be Terminated?	V4 - Did You Agree With Trump's Decision?	V5 - Focus Group Type	V6 - Task Type	V7- Industry Type	Weighted	<i>t</i> -Test
Asian	Mean	2.50	3.00	3.00	1.00	5.50	2.000	42.025
	Std. Dev.	2.121	1.414	.000	.000	.707		
	<i>n</i>	2	2	2	2	2		
Black	Mean	1.50	3.50	2.67	1.00	7.17	6.000	21.867
	Std. Dev.	.837	1.761	.516	0.000	2.994		
	<i>n</i>	6	6	6	6	6		
Hispanic	Mean	2.13*	2.70	2.78	1.07	6.55	99.00	20.045
	Std. Dev.	1.085*	1.625	.563*	.258*	2.047*		
	<i>n</i>	99	99	99	99	99		
White	Mean	1.90*	2.71	2.81	1.03	6.65	31.00	61.335
	Std. Dev.	1.165*	1.616	.477*	.180*	2.229*		
	<i>n</i>	31	31	31	31	31		
Other	Mean	1.00	3.00	3.00	1.00	6.00	1.000	53.343
	Std. Dev.	-	-	-	-	-		
	<i>n</i>	1	1	1	1	1		
Total	Mean	2.05	2.74	2.78	1.06	6.58	139.00	36.875
	Std. Dev.	1.105	1.612	.535	.234	2.102		
	<i>n</i>	139	139	139	139	139		

***Bold** indicates significant coefficients observed.

Table 4. Pearson Correlation Results of Females in Focus Group Statistics ($N = 139$)

Variables	V2 – Ethnicity	V3 - Who Should Be Terminated?	V4 - Did You Agree With Trump’s Decision?	V5 – Focus Group Type	V6 – Task Type	V7- Industry Type
V2 - Ethnicity	1	-.074	-.032	.027	-.038	.012
V3 - Who Should Be Terminated?	-.074	1	-.102	.116	.101	-.115
V4 - Did You Agree With Trump’s Decision?	.032	-.102	1	.346**	-.229**	-.311**
V5 - Focus Group Type	.027	.116	.346**	1	-.363**	-.675**
V6 - Task Type	-.038	.101	-.229**	-.363	1	.050
V7- Industry Type	.012	-.115	-.311**	-.675**	.050	1
<i>Means</i>	3.40	2.04	2.74	2.78	1.06	6.58
<i>Standard Deviations</i>	.653	1.105	1.612	.535	.235	2.102

**Indicates the correlation is significant at the 0.01 level (2-tailed) and **Correlation at 0.05 level (2-tailed)

Limitations

Despite the superior advantage of focus groups as a research methodology such as a larger groups and group opinions, forum for developing ideas and creative thinking, the study acknowledges its limitations. One limitation in the study was the use of a focus group methodology. The use of focus groups has been considered to be significantly more in depth than other research methods. However, the issue of groupthink or conformance was a limitation. Furthermore, because of this can be vulnerable to bias because it used a convenience sample approach for collecting data. Lastly, another important limitation in the in study was homogeneity of the sample. This dynamic may have influenced the data given to the research team by the participants. This homogenous makeup of the sample could be vulnerable to some bias. It is because of this research approach that applying the results to the general population must be taken with caution.

We therefore suggest that opportunities for further research be undertaken to address those limitations. First, extend the research to wider population sample. Second we suggest further research with low-level, mid-level and high-level management tiers in organizations, rather than a general focus group approach. We suggest further research would be fruitful by examining different management levels because the results may lead to some interesting findings. Lastly, further research could focus more on management experience as a construct. Examining the years of management experience of managers would be interesting. It would be interesting to see how experience would influence management decisions and firing decisions.

Discussion and Conclusions

The main objective of this study is to examine female's management decisions in *The Apprentice*. The focus group method used in this study seems to be a helpful in examining management decisions and firing decisions. The focus group research worked for this study. This study succeeded because the focus groups were carefully chosen for this type of research process.

A critical observation is that focus group findings indicated that females tended to examine their decisions somewhat differently. They felt the firing the project manager was the optimal choice in their decisions. The research study suggests that women are more attentive to the responsibility of the project manager rather than the team member in *The Apprentice*.

Thus, the findings of this study are as follows: (a) first, a majority of the female participants chose the project manager to be fired; furthermore, only a few chose the both the project manager and a team member; this is supported by the significant findings in the data; (b) second, a majority of the participants agreed with Trump's firing decisions by choice of the project manager to be fired; but some of the participants tended to disagree with Trump's firing decision; and lastly, (c) there were some correlations there were found between the focus group type, task type and industry. These correlations were found to be found to be statistically significant in the study.

The conclusions of this study suggest that females tend to frame management problems and decision making. They have a unique way of framing their management decisions, maybe be different compared to their male counterparts. The findings indicate that ethnicity differences played an important role with the women in the study and are a noteworthy observation. The participants' perceptions of the scenarios portrayed in *The Apprentice* provided a window into their management decisions in terms of firing team members. It was noted in the study the females' attention is drawn to certain aspects (such as management competence, leadership and group dynamics) that provides insight into their decisions.

Our study contributes to the field in two ways. First, this research contributes to the field by opening a new inquiry by attempting a different approach by using a focus group and reality television as a methodology for examining females in management and their management decisions. Second, this research extends the prior research on females and gender studies in management. This study extends the prior research by using a focus group specifically on women and their decision behavior in management decision making. Therefore, this study makes an important contribution to the field of management and gender studies.

References

- Atkinson, S. M., Baird, S. B., & Frye, M. B. (2003). Do female mutual fund managers manage differently?. *Journal of Financial Research*, 26(1), 1-18.
- Beckmann, D., & Menkhoff, L. (2008). Will Women Be Women? Analyzing the Gender Difference among Financial Experts. *Kyklos*, 61(3), 364-384. doi:10.1111/j.1467-6435.2008.00406.x
- Boulgarides, J. D., & Rowe, A. J. (1983). Success Patterns for Women Managers. *Business Forum*, 8(2), 22.
- Chalofsky, N., (1999). *How to Conduct Focus Group*, American Society for Training & Development, Alexandria, VA.
- Donnell, S. M., & Hall, J. (1980). Men and Women as Managers: A Significant Case of No Significant Difference. *Organizational Dynamics*, 8(4), 60-77.
- Elliot, M. (March 2004). Review: There's no business like show business. *Industrial Engineer*, 2(4), 39.
- Fenwick, G. D., & Neal, D. J. (2001). Effect of Gender Composition on Group Performance. *Gender, Work & Organization*, 8(2), 205.
- Fogliasso, C., & Scales, J. (2011). Women in Management: Observations and Trends. *Franklin Business & Law Journal*, (1), 108-117.

- Guy, M. E. (1993). Three Steps Forward, Two Steps Backward: The Status of Women's Integration into Public Management. *Public Administration Review*, 53(4), 285-292.
- Gyenes, K. (2004, April 15). *Apprentice” Sparks Classroom Discussions*. Retrieved April 24, 2014, from http://articles.cnn.com/2004-04-15/entertainment/apprentice.biz.schools_1_jones-reality-show-donald-trump?_s=PM:SHOWBIZ
- Henle, C. (2005). Bad apples or bad barrels? A former CEO discusses the interplay of person and situation with implications for business education. *Academy of Management Learning & Education*, 6(3), 346-355.
- Holst, E., & Schimeta, J. (2013). Slightly More Women in Germany's Corporate Boardrooms—Especially in DAX 30 Companies. *DIW Economic Bulletin*, 3(3), 3-14.
- Jago, A. G., & Vroom, V. H. (1982). Sex Differences in the Incidence and Evaluation of Participative Leader Behavior. *Journal of Applied Psychology*, 67(6), 776-783.
- Johnson, J. V., & Powell, P. L. (1994). Decision Making, Risk and Gender: Are Managers Different?. *British Journal of Management*, 5(2), 123.
- Kinnick, K. & Parton, S. (2005). Workplace communication: What the Apprentices teaches about communication skills, *Business Communication Quarterly*, 68(4), 429-456. <http://dx.doi.org/10.1177/1080569905282099>
- Kujala, J., & Pietilainen, T. (2004). Female Managers' Ethical Decision-Making: A Multidimensional Approach. *Journal of Business Ethics*, 53(1/2), 153-163.
- Kidwell, J. M., Stevens, R. E., & Bethke, A. L. (1987). Differences in Ethical Perceptions Between Male and Female Managers: Myth or Reality? *Journal of Business Ethics*, 6(6), 489-493.
- Kinnick, K. & Parton, S. (2005). Workplace communication: What the Apprentices teaches about communication skills, *Business Communication Quarterly*, 68(4), 429-456. [doi.org/10.1177/1080569905282099](http://dx.doi.org/10.1177/1080569905282099)
- Liff, S., & Ward, K. (2001). Distorted Views Through the Glass Ceiling: The Construction of Women's Understandings of Promotion and Senior Management Positions. *Gender, Work & Organization*, 8(1), 19.
- Lund, D. (2008). Gender Differences in Ethics Judgment of Marketing Professionals in the United States. *Journal of Business Ethics*, 77(4), 501-515. doi:10.1007/s10551-007-9362-z
- Mathur, A. & Salmi, A. (2006). The politics of disharmony in management of gender

- differences. *Vikalpa: The Journal for Decision Makers*, 31(3), 81-93.
- McRae, M. B. (1994). Influence of Sex Role Stereotypes on Personnel Decisions of Black Managers. *Journal of Applied Psychology*, 79(2), 306-309.
- Miles, D. (2012). You're fired: An empirical study of the management and termination decisions in Donald Trump's 'The Apprentice.', *Journal of Management Research*, 4(4), 298-309. doi.org/10.5296/jmr.v4i4.2259
- Moses, J. L., & Boehm, V. R. (1975). Relationship of Assessment-Center Performance to Management Progress of Women. *Journal of Applied Psychology*, 60(4), 527-529.
- Muldrow, T. W., & Bayton, J. A. (1979). Men and Women Executives and Processes Related to Decision Accuracy. *Journal of Applied Psychology*, 64(2), 99-106.
- Popejoy, B. (2004). A question of leadership, *Leadership in Action*, 24(4), 13. <http://dx.doi.org/10.1002/lia.1077>
- Osland, J. S., Snyder, M. M., & Hunter, L. (1998). A Comparative Study of Managerial Styles Among Female Executives in Nicaragua and Costa Rica. *International Studies of Management & Organization*, 28(2), 54-73.
- Renshaw, J. R. (1986). Women in Management in the Pacific Islands: Exploring Pacific Stereotypes. *International Studies of Management & Organization*, 16(3/4), 152-173.
- Rose, G. L., & Andiappan, P. P. (1978). Sex Effects on Managerial Hiring Decisions. *Academy of Management Journal*, 21(1), 104-112. doi:10.2307/255666
- Stewart, D.W. and Shamdasani, P.N., (1991). *Focus Groups*, Sage Publications, Newbury Park, CA.
- Schullery, N. M. (1998). The Optimum Level of Argumentativeness for Employed Women. *Journal of Business Communication*, 35(3), 346-367.
- Terborg, J. R. (1977). Women in Management: A Research Review. *Journal of Applied Psychology*, 62(6), 647-664.
- Toyne, M. C. (1977). Woman's Career Path to Management Through Effective Communication. *Journal of Business Communication*, 15(1), 19-27.
- Vuksanović, M. (2012). Is Manager's Gender An Important Factor In Selection To A Position? *Megatrend Review*, 9(1), 253-263.
- Wan, V.C., Lee, C.M. & Lee, S.Y., (2007). Understanding consumer attitudes on edible films and coatings: Focus group findings, *Journal of Sensory Studies*, 22(20). 353 –366.

White, K., Carvalho, T., & Riordan, S. (2011). Gender, power and managerialism in universities. *Journal of Higher Education Policy & Management*, 33(2), 179-188.
doi:10.1080/1360080X.2011.559631

Wright, L., & Tellei, V. (1993). Women in Management in Indonesia. *International Studies of Management & Organization*, 23(4), 19-45.

About the Author

Dr. D. Anthony Miles is a Visiting Professor at the School of Business and Leadership at Our Lady of the Lake University. He is also CEO/Founder of Miles Development Industries Corporation ®, a consulting practice and venture capital acquisition firm. He is an expert in Entrepreneurship and Marketing. In 2014, he was a guest on *The Michael Dresser Show*. He and Dr. Wanda Sparks won *Best Research/Paper Award for Research in Marketing* at the 2014 Academy of Business Research (ABR) Conference. In 2010, he won the *Student Recognition for Teaching Excellence Award* from the Texas A&M University System, while at Texas A&M University-San Antonio. He has over 20 years in the retail industry, financial services industry and the non-profit sector. He has held positions with Fortune 500 companies. He holds a Ph.D./M.B.A. in Entrepreneurship and General Business Administration from The University of the Incarnate Word (USA); He is also provides expert witness testimony for local, state and federal court cases. Provides expert testimony in the areas of Business, specifically Entrepreneurship and Marketing. He has four professional business certifications: a Management Consultant Professional (MCP)™; Registered Business Analyst (RBA)™; and a Certified Chartered Marketing Analyst (CMA)™. and Master Business Consultant (MBC)™. He has published in the journals, refereed publications and authored two books. E-mail: damiles@lake.ollusa.edu and andrderekx@yahoo.com

Dr. Wanda Sparks is the department chair for the online nursing program at Our Lady of the Lake University, San Antonio. She is an expert in the field of Nursing. She and Dr. D. Anthony Miles won *Best Research/Paper Award for Research in Marketing* at the 2014 Academy of Business Research (ABR) Conference. Dr. Sparks was a Critical Care Nurse with a background in Emergency Room and Flight Nursing. She is past chapter president of Sigma Theta Tau Delta Alpha at Large. She was also a Major in the United States Air Force Reserves whereby she was deployed to the Middle East to provide nursing care to wounded soldiers during Operation Iraqi Freedom. She holds a Ph.D. in Organizational Leadership from the University of the Incarnate Word; MSN in Nursing from the University of the Incarnate Word; and a BSN in Nursing from the University of Texas Health Science Center San Antonio. E-mail: wrsparks@lake.ollusa.edu and shyroses@aol.com

Promissory Fraud: How This Little Known Legal Theory Can be the Knight in Shining Armor for Business Defendants in Employment Cases.

Linda S. Ficht
Indiana University Kokomo

ABSTRACT

This manuscript analyzes the legal theory of promissory fraud and describes how it can be used to successfully defend businesses in an employment law cases. Research has shown that job applicants regularly provide false or misleading information during the interview and selection process. Often the information pertains to exaggerated claims concerning applicants' work experience and education. In these circumstances, the prospective employee "over promises and under delivers." Surprisingly, that research showed that courts often rule in favor of the employees, even those who have been dishonest. That study also explored various legal theories to explain why courts rule in this manner, and often award large monetary damages to individuals who have been proven dishonest. In this paper, the author further develops a legal theory grounded in that previous research, referred to as promissory fraud. This legal theory is rarely used because many lawyers apparently are not aware it exists and those that have heard of the theory are likely applying it incorrectly. This manuscript explains how to effectively argue the legal theory of promissory fraud to defend fraud in the hiring process and limit damages caused by a lying employee. In addition, this manuscript instructs business enterprises on how to structure hiring and selection processes to maximize the usefulness of this theory in the event it is ever needed. This paper also provides practitioners tools to counter promissory fraud, and protect employers from damages and costly severance package payouts. Thus, promissory fraud, if correctly used, can be a knight in shining armor for business defendants in employment law cases.

I. Promissory Fraud Defined

An action for promissory fraud lies when the following elements are met: (1) an intentional misrepresentation with respect to a material fact is made; (2) the representation was made with knowledge that it was false; (3) the representation embodied a promise of future action without the present intention to carry out the promise; and (4) the promisee suffered damages due to the misrepresentation.¹ This cause of action is disfavored because allegations of fraud are easy to state, but difficult to prove.² Ordinarily, a promise that future events will occur is usually treated

1 Hudson v. Insteel Indus., Inc., 5 Fed.App. 378, 2001 WL 210586 (6th Cir. Feb. 23, 2001).

2 LeDonne v. AXA Equitable Life Ins. Co., 411 F.Supp.2d 957 (N.D. Ill., 2006).

as merely opinion.³ There is no doubt that prophecies, predictions and conjecture as to future events cannot form the basis of a fraud claim due to the inherent vagueness and lack of certainty that surrounds such claims.⁴ However there is a significant difference between predictions concerning events outside the speaker's control and statements concerning what the speaker intends, himself, to do in the future.⁵ When a person makes a statement concerning what they intend or promise to do in the future, such a statement of intention can be regarded as a fact upon which another person may then justifiably rely.⁶ Courts have found that when a promisor makes a promise with factual statements, that promise represents his present intention to make good on said promise. Thus, when a person makes a promise knowing at the time he has no intention or ability to fulfill said promise, he has misrepresented a material fact, which is the basis of fraud.⁷

Research has shown that in a majority of US jurisdictions, there are more promissory fraud cases than cases involving mistake and impossibility.⁸ Mistakes typically involve one person misunderstanding the bargain at hand.⁹ Impossibility occurs where there is an agreement between the parties but performance is impossible due to extraneous circumstances.¹⁰ Promissory fraud can be a very useful legal strategy in court given that it allows for punitive damages, can defeat procedural limitations such as the Statute of Frauds and can give rise to criminal liability.¹¹ Despite the fact that promissory fraud cases can be readily found in the facts of cases, due to the fact that it is rarely taught and/or successfully argued in courts, many misunderstand the legal theory of Promissory Fraud and, thus, do not use the legal theory successfully.

The concept of Promissory Fraud must be kept separate from the concept of a breach of contract. These are separate legal theories.¹² It should be noted that most cases of broken promises do not rise to the level of Promissory Fraud. Rather Promissory Fraud is a separate theory under which to hold a party liable for damages when the specific facts necessary are present. Significantly, one must show that when the promisor made the promise, the promisor knew he would never make good on that promise.¹³ This is very different from a situation in which a person makes a promise in good faith, but circumstances do not allow him to make good on his promise. On the other hand, when a person makes a promise *knowing* he has no intention of fulfilling it, he may be held accountable for any damages that misrepresentation has caused.

3 Haynes v. Cumberland Builders, Inc., 546 S.W.2d 228 (Tenn. Ct. App. 1976).

4 See Alston Hamilton, Tennessee's Long-Awaited Adoption of Promissory Fraud: Steed Realty v. Oveisi, 59 Tenn.L.Rev. 325.

5 Id.

6 Prosser & Keeton On the Law of Torts §109 at 764.

7 See Alston Hamilton, Tennessee's Long-Awaited Adoption of Promissory Fraud: Steed Realty v. Oveisi, 59 Tenn.L.Rev. 325, 329. See also, 37 Am.Jur 2d Fraud and Deceit §96.

8 Ian Ayres and Gregory Klass, Promissory Fraud, 78-May N.Y. St. BJ 26, May 2006.

9 Restatement First of Contracts §503 Mistakes by only one party; differing mistakes of both parties

10 Restatement First of Contracts §456 Existing Impossibility

11 Ian Ayres and Gregory Klass, Promissory Fraud, 78-May N.Y. St. BJ 26 May 2006

12 Id.

13 37 Am.Jur. 2d Fraud and Deceit §96

Interestingly, few lawyers appear to have heard of Promissory Fraud; it is generally not taught in law schools and it is rarely argued in court.¹⁴ Because of this, there are very few legal research articles published on the topic and almost no cases can be found regarding Promissory Fraud. In a search of published journal articles, only ten articles could be found that referenced promissory fraud. Of those, only two articles were written from the employment perspective and both were written regarding employees suing the employer for promissory fraud. In the first article, the author discussed the significance of a California Supreme Court case, *Lazar v. Superior Court* 12 Cal. 4th 631, 1996. In this case the California Supreme Court acknowledged that a claim for promissory fraud is cognizable if the plaintiff was fraudulently induced to form a contract.¹⁵ In the second article, again the authors are reviewing a California case, this time a Court of Appeals case for the 5th District, *Helmer v. Bingham Toyota Isuzu*, 2005 WL 1253157 (2005). Again, the issue was whether promissory fraud was cognizable by an employee if they relied on statements by the employer meant to induce them to enter into an employment contract with said employer. In addition, the new issue was whether said employee could recover lost income. As in the 1996 case, the court again held that promissory fraud was a cognizable legal theory and lost income was properly awarded. In this case the jury awarded the employee \$490,913 in economic damages, \$50,000 in noneconomic damages, and \$1.5 million in punitive damages that was later reduced to \$675,000.¹⁶

Four of the ten articles that reference promissory fraud explain this legal theory and/or suggest reforms to the judiciary.¹⁷ Another of the ten articles was written to educate class action counsel to the overlooked tool of using the economic tort of promissory fraud in their tort cases as a basis for recovery.¹⁸ The article notes that all fifty states and the District of Columbia at least take judicial notice or otherwise recognize promissory fraud as a cognizable legal theory.¹⁹ Another article discusses the heightened legal requirements to have a cognizable claim for promissory fraud in Illinois.²⁰ While another article discusses the adoption of promissory fraud as a cognizable legal theory in the state of Tennessee.²¹ The last of the ten related articles describes the difference between lying and what the author characterizes as “bullshit promises,” promises made without any regard for the truth. Due to the lack of sincerity of the speaker, these

14 Id.

15 Terri Schallenkamp, *Lazar v. Superior Court*, *Pepperdine Law Review*, California Supreme Court Survey, 24 *Pepp.L.Rev.* 1119, 1997.

16 James O. Castagnera, Patrick J. Cihon, Andrew M. Morriss, *California Court of Appeals Allows Employee to Recover Future Lost Income Under Promissory Fraud Claim*, *Termination of Employment Bulletin*, 21 No. 8 Term. Of Employment Bulletin 4. 2005.

17 Ian Ayres, Gregory Klass, *New Rules for Promissory Fraud*, *Arizona Law Review*, 48 *Ariz.L.Rex.* 957, 2006. And Ian Ayres and Gregory Klass, *Promissory Fraud*, 78-May *N.Y. St. B.J.* 26, May 2006. And Ian Ayres, Gregory Klass, *Promissory Fraud Without Breach*, *Wisconsin Law Review*, 2004 *Wis.L.Rex.* 507, 2004. And Kevin E. Davis, *Promissory Fraud: A Cost-Benefit Analysis*. *Wisconsin Law Review*. 2004 *Wis.L.Rev.* 535, 2004.

18 Karen Sandrik, *Overlooked Tool: Promissory Fraud in the Class Action Context*, *Florida State University Law Review*, 35 *Fla.St.U.L.Rev.* 193, 2007.

19 Id. Pg 221

20 Roger L. Price, Mark L. Johnson, *Understanding the Scheme to Defraud exception to Promissory Fraud in Illinois*, *Illinois Bar Journal*, 90 *Ill.B.J.* 536 2002.

21 Alston Hamilton, *Tennessee’s Long-Awaited Adoption of Promissory Fraud: Steed Realty v. Oveisi*, 59 *Tenn.L.Rev.* 325

statements cannot be legally held to be promissory fraud. The promise is not considered fraud because the speaker is not concealing an intention not to perform in the future. In these cases the speaker makes statements that sound like promises but later leave options open to unilaterally change the promises made. This article is written from the context of consumer sales.²² Of note, there are no articles regarding the use of promissory fraud by the employer against employees that have lied during the selection process.

In terms of employment law cases that cite promissory fraud as a legal theory, nearly every case reviewed was filed by the employee against an employer for promissory fraud, typically for fraudulent inducement of contract.²³ Only one case was located where an employer attempted, unsuccessfully, to use promissory fraud against its employees, two former executives. As this case was located in Illinois which has a heightened promissory fraud requirement, the employer was unable to meet its burden of proof of either particularly egregious behavior or a distinct pattern of deception.²⁴

Significantly, it is this author's contention that there are cases where promissory fraud should have been argued but was not, most likely because the attorney handling the case did not know of the defense or because the employer did not properly collect the evidence needed to support the defense. An example of such a case will be examined below. Nonetheless, given the special circumstances of the employment interview, wherein much of the selection process is subjective and an uninformed interviewer can be easily fooled by a well prepared job candidate, this legal strategy may have considerable value. This strategy can be used as a defense against lawsuits brought by employees who have committed resume fraud and/or it can be used to reduce or eliminate severance packages for executives that have committed resume fraud. In addition, there is potential for the theory to be used to sue the executive for damages if their fraudulent behavior can be linked to stock price declines or other loss of value to the corporation.

II. Employee Fraud in the Selection Process

In an earlier work, this author outlined behavior commonly found during the selection process such as lying about previous work experience, degrees held, and criminal history.²⁵ The premise of that paper was that much of this deceitful behavior may not be considered illegal misrepresentation or fraud by the courts.²⁶ Indeed, recent cases reveal a trend by courts to place a substantial burden upon the employer to discover the false information provided by the employee through pre-employment screening and by asking specific questions during the

22 Curtis Bridgeman, Karen Sandrik, *Bullshit Promises*, *Tennessee Law Review*, 76 *Tenn.L.Rev.*379. 2009.

23 See, *Hudson v. Insteel Industries*, 5 *Fed.Appx.*378, TN, 2001; *Zic v. Italian Govt. Travel Office*, 149 *F.Supp.2d.* 473, IL, 2001; *Aldridge v. Daimler Chrysler Corp.*, 809 *So.2d* 785, AL, 2001; *Kelly v. Skytel Communications*, 32 *Fed.Appx.*283, CA, 2002; *Halvorsen v. Plato Learning Inc.*, 167 *Fed.App.* 524, TN, 2006; *Cork v. Marriott Int'l*, 426 *F.Supp. 2d* 1234, AL, 2006; *Cochran v. Five Points Temp.*, 907 *F.Supp.2d* 1260, AL, 2013; *Risinger v. Soc LLC.*, 936 *F.Supp.2d* 1235, NV, 2013.

24 *Shield Technologies Corp. v. Paradigm Positioning LLC.*, 908 *F.Supp.2d* 914, IL 2012.

25 Linda Ficht, Julia Levashina, *When Lying, Cheating, and Stealing Isn't Necessarily Illegal: The Need to Adopt a Commercial Fraud Standard in Employment Law Cases*, *Southern Law Journal*, Vol. XXI, No. 2, Fall 2011, 289.

26 *Id.*

interview process. That earlier analysis demonstrated that many legal cases confuse the various theories of fraud, and either fail to produce the evidence or fail to argue the correct legal theory necessary to win the case.²⁷ Moreover, that earlier research revealed the need for additional studies in the area of promissory fraud. Typically, in these cases the employee lied to the employer during the interview process, but over time it became clear that the employee did not have the skill set, credentials or history claimed. When the employment relationship ended, the employee often filed a lawsuit against the employer under various legal theories. Stunningly, it was found that many courts were quite willing to overlook the lies the employees told and hold the employer responsible on claims ranging from administrative review, breach of contract and civil rights violations.²⁸

Commercial law recognizes all four types of faking as fraud.²⁹ 1. Fabrication, a traditional fraud, occurs when the applicant makes a significant representation they know is false. For example, an applicant claims to have an MBA when in fact they only have a Bachelor's Degree. 2. Exaggeration or innocent misrepresentation, occurs when the applicant has a mistaken belief and thus makes a representation that is not true, based on that unintentional error. For example, an applicant claims to have an MBA degree from an accredited business school, when in fact they hold an unaccredited degree. 3. Omission or silent fraud, arises from suppression of the truth. In order for the suppression to constitute silent fraud, there must be a legal duty to disclose the truth between the parties. A legal duty to disclose may occur when an employer makes inquiries of an applicant and the applicant makes incomplete but truthful replies by purposely omitting significant information. For example, an applicant is asked to list past employers and whether they were terminated. The applicant answers truthfully that he/she was not terminated, however, does not divulge that he/she was asked to resign in lieu of termination. 4. Misstatement of intentions, promissory fraud, occurs when the applicant makes a promise to perform a certain act in the future without the present intention to carry out the promise. For example, an applicant promises to work with payables/receivables and financial statements when the applicant knows they do not have the skills to perform these functions in the future.³⁰

An earlier study by this author examined cases in which an employee was involved in a lawsuit regarding fraud during the selection process. In that study, cases were identified in which employees sued their employers under a variety of legal theories and, typically, during the discovery phase of those litigations, the employer found that the employee had misrepresented job-related information during selection. This information was then used to either dismiss the employee's case or limit the damages. Thirty legal cases (13 state and 17 federal appellate courts) were identified, between 1980 – 2010. Of these cases, 26 cases concerned fabrication, 11

27 Id.

28 See Appendix where 30 cases are listed in a grid showing claim and outcome. Linda Ficht, Julia Levashina, When Lying, Cheating, and Stealing Isn't Necessarily Illegal: The Need to Adopt a Commercial Fraud Standard in Employment Law Cases, *Southern Law Journal*, Vol. XXI, No. 2, Fall 2011.

29 *Fruitman, et. al. v. Rubinstein, et.al*, 2010 WL 143478 (Mich.App., 2010); Lord, Richard A. 2010, *Williston on Contracts*, §69:11

30 Linda Ficht, Julia Levashina, When Lying, Cheating, and Stealing Isn't Necessarily Illegal: The Need to Adopt a Commercial Fraud Standard in Employment Law Cases, *Southern Law Journal*, Vol. XXI, No. 2, Fall 2011.

cases concerned exaggeration, and nine cases discussed omission.³¹ Although there are no cases regarding promissory fraud, several cases were located where this legal theory could have been argued by counsel, but was not or was unsuccessfully argued because the employer failed to secure the necessary evidence of the employee's intent to deceive. That earlier study resulted in a few significant findings. Firstly, the results of that study suggest that employers do not regularly sue job applicants for faking during the selection process. Only one case has been discovered where an employer used promissory fraud against its former employees, although the employer lost because they could not prove either egregious behavior by the employee or a pattern of deception.³² Rather, employers used the uncovered lies to defend themselves against cases filed by those employees. As cited above, the vast majority of published legal cases concern employees suing lying employers.³³ This is likely due to the fact that terminated employees do not have a deep pocket and thus the likelihood of successful collection of any awarded judgment is slim. Nevertheless, given the fact that promissory fraud is considered an intentional tort, the damages that an employer could be awarded should encourage employers to seek those damages, particularly against executives who have lied, thus limiting the cost of exit packages, where applicable. In addition, given the amount of media coverage exiting CEOs receive, stakeholders today are increasingly asking organizations to justify their severance packages. These so called "clawbacks" have an important role in public relations and give the organization a more "investor-friendly" persona.³⁴ Moreover, this policy is becoming a legal requirement in the Dodd-Frank Wall Street Reform Act and corresponding SEC rules. Compensation clawback provisions are becoming common place, and soon legally required of public companies, in instances where an executive has committed financial misconduct.³⁵ In addition, there is evidence to suggest that shareholders in recent years have been aggrieved of their board's reluctance to recover money paid to executives that have committed financial misdeeds. Even without the Dodd-Frank law, many organizations had begun to insert voluntary clawback provisions for financial misconduct in executive employment contracts in response to shareholder ire at boards' inaction.³⁶ Therefore it is not a stretch to assume the shareholders would also approve the board seeking to limit or exclude severance packages from a lying executive. Moreover, it shows a level of transparency and strong ethics that the organization can build on to quickly repair the public image damage a departing lying executive may cause.

31 See Appendix where 30 cases are listed in a grid showing claim and outcome. Linda Ficht, Julia Levashina, When Lying, Cheating, and Stealing Isn't Necessarily Illegal: The Need to Adopt a Commercial Fraud Standard in Employment Law Cases, *Southern Law Journal*, Vol. XXI, No. 2, Fall 2011.

32 *Shield Technologies Corp. v. Paradigm Positioning LLC.*, 908 F.Supp.2d 914, IL 2012

33 See, *Hudson v. Insteel Industries*, 5 Fed.Appx.378, TN, 2001; *Zic v. Italian Govt. Travel Office*, 149 F.Supp.2d. 473, IL, 2001; *Aldridge v. Daimler Chrysler Corp.*, 809 So.2d 785, AL, 2001; *Kelly v. Skytel Communications*, 32 Fed.Appx.283, CA, 2002; *Halvorsen v. Plato Learning Inc.*, 167 Fed.App. 524, TN, 2006; *Cork v. Marriott Int'l*, 426 F.Supp. 2d 1234, AL, 2006; *Cochran v. Five Points Temp.*, 907 F.Supp.2d 1260, AL, 2013; *Risinger v. Soc LLC.*, 936 F.Supp.2d 1235, NV, 2013.

34 Adam Piore, *Complying with Clawback Provisions*. Corporate Secretary. November 8, 2012, Retrieval date 5/12/2014.

35 Steven Salky, *Executives: Beware of Dodd-Frank Compensation Clawbacks*, www.suitsbysuits.com, February 28, 2013. retrieval 5/12/2014

36 Gretchen Morgenson, *Making Managers Pay, literally*, *The New York Times*. March 25, 2007. Retrieval date 5/12/2014.

A good example of where the board could have used promissory fraud, in conjunction with a properly written clawback provision can be seen in the case of former RadioShack CEO Dave Edmondson, who resigned his position when caught lying about his academic credentials. Edmondson joined RadioShack in 1994 and had been a senior executive since 1998. His 2004 salary was \$1.53 million. Edmondson claimed degrees in theology and psychology from Pacific Coast Baptist College. Edmondson, admitted lying and accepted a severance package of over one million dollars.³⁷ In addition, there is the case of Scott Thompson, the Yahoo CEO who was terminated in the wake of his resume scandal. In this case, Thompson lied about having a computer science degree from Stonehill College.³⁸ Immediately after the scandal hit the media, Yahoo shares fell 3.4%.³⁹ If Yahoo could prove within a reasonable degree of certainty that stock prices dropped due to the actions of its CEO, there could be recoverable damages under a claim for promissory fraud. Such a claim would be considered compensatory damages. Compensatory damages are present when there is a harm to the pecuniary interests of a person/organization. This damage award is designed to place the party back in the position they were in prior to the harm.⁴⁰ Although Thompson did not receive a severance package, he did exercise stock options worth \$5.5 million and was able to retain cash in the amount of \$1.5 million given to him as a bonus. He also collected \$333,000 of his \$1 million dollar base salary.⁴¹ Yet another example can be seen in the case of Leslie Cohen Berlowitz, president of American Academy of Arts and Sciences who was also found to have fabricated her resume by falsely claiming she has a doctorate from New York University and fraudulently stated her work history in federal grant applications.⁴² In this case, Berlowitz did not receive any severance, but she did receive a one-time payment of \$475,000 for retirement benefits, deferred compensation, accrued vacation, and \$17,500 in supplemental health insurance costs over a five year period.⁴³ Again, it would seem a claim for promissory fraud and a properly written clawback provision could prevent such payments from being made to lying executives.

A second finding of earlier research is that employee lying continues to be an issue for businesses, despite the high costs associated with hiring a dishonest employee, and the large number of management and law articles that explain the benefits of background checks and the perils of not performing them. Jude Werra, a Milwaukee based employment consultant firm, vets 100-300 resumes each year and then biannually reports its findings in what is called the Liar's Index⁴⁴. In 2012 the Liar's Index showed that 21.8%, or roughly one in five resumes contained lies. Research has shown the amount of lying has climbed since the 2008 recession. At the end of 2008 the Liar's Index was at 13.2%. In the second half of 2011 it reached its highest level at

37 MSNBC, *Departing RadioShack CEO to get \$1million*, <http://www.msnbc.msn.com/id/11465251/> (last visited Aug. 29, 2010).

38 Abram Brown, *Yahoo CEO Apologizes for Resume Scandal but Refuses to Leave*, *Forbes*. May 8, 2012, Retrieval date 5/26/2014

39 *Id.*

40 REST 2d TORTS §903, 1979.

41 Julianne Pepitone, *Ousted Yahoo CEO will get no severance*. *CNN Money*, May 15, 2012. Retrieval 5/26/2014.

42 Todd Wallack, *Embattled Head of American Academy of Arts and Sciences to Resign*, *The Boston Globe*, July 26, 2013, Retrieval 5/26/2014

43 *Id.*

44 Galen Moore Researcher: *1 in 5 Executives lie on resumes*. *Boston CBS*. May 7, 2012. Retrieval 5/12/2014.

27.3%.⁴⁵ The current Liar's Index shows that at the end of 2013 18.4% of resumes contained lies. The two year rolling average suggests that one in six resumes will contain lies.⁴⁶

It is assumed employers understand that background checks are a powerful tool in the employee selection process and thus are using them to some degree to carefully document the reasons an employee was hired, on the assumption that said documentation may be needed in the event that the employment relationship is ever terminated in a manner that may lead to legal action from either party. However, as suggested above, the number of lying employees is quite high which suggests that employers are not using background checks effectively, if at all.

III. Impression Management and the Employee Interview

Research suggests that applicants use different impression management (IM) tactics to affect interviewers' decisions and convince interviewers they are competent.⁴⁷ Recent research suggests that there are two types of IM: honest IM and deceptive IM or faking.⁴⁸ Honest IM is used by applicants to truthfully describe their actual job-related abilities and accomplishments. In contrast, deceptive IM is used by applicants to embellish or falsify their credentials.

Past-behavioral and situational questions are two well-known types of structured interview questions. The former ask applicants to describe what they did in past job situations, while the latter probe what applicants would do in hypothetical scenarios. Unfortunately, both types of questions provide applicants opportunities for dishonesty.⁴⁹ For example, to fake past-behavioral questions, applicants may exaggerate, fabricate, and omit their credentials. To fake situational questions, applicants may misrepresent their intentions to behave in a certain way by promising to perform certain job requirements they know they cannot perform.

Another significant finding of earlier research is that dishonesty when responding to past-behavioral interview questions is more likely to be considered illegal by a court, whereas, faking in response to situational questions is less likely to be considered illegal.⁵⁰ Both possibilities argue strongly for the need for employers to carefully document the answers to questions posed during a job interview, as they may be used to support a claim of misrepresentation at a later date. When faking occurs the employee is essentially lying about past experience and intentionally stating false claims to induce the employer to hire him over other, more qualified candidates. This, coupled with statements by the job applicant that they, for example, have

45 Jude Werra & Associates, Liars Index 2013. Retrieval 5/12/2014

46 Id.

47 Barrick, M. R., Shaffer, J. A., & DeGrassi, S. W. (2009).

48 Levashina, J., & Campion, M. A. (2007). Measuring faking in the employment interview: Development and validation of an interview faking behavior scale. *Journal of Applied Psychology*, 92, 1638-1656.

49 Janz, T. (1982). Initial comparisons of patterned behavior description interviews versus unstructured interviews. *Journal of Applied Psychology*, 67, 577-580.

50 Linda Ficht, Julia Levashina, When Lying, Cheating, and Stealing Isn't Necessarily Illegal: The Need to Adopt a Commercial Fraud Standard in Employment Law Cases, *Southern Law Journal*, Vol. XXI, No. 2, Fall 2011.

degrees and/or experience that they do not possess, can lead to a finding of promissory fraud, assuming the employer relied upon that information in making the hiring decision. It is critical that employers collect and save this evidence because a successful case for promissory fraud will only be had if there is evidence of the employee's intent at the time they were interviewing. In addition, as discussed above, employers are well advised to add clawback provisions to employment contracts not just for financial misconduct but for ethical misconduct such as lying and deception with the intent to commit fraud. The following case is an example of promissory fraud occurring, but an employer failing to use that theory to defend against a plaintiff's lawsuit for breach of contract.

IV. Case In Point: Miller V. Lanzo Holding Company

In *Miller v. Lanzo Holding Co.*,⁵¹ Miller was hired by Lanzo as a Chief Financial Officer. When Miller was hired, the employer explained it needed someone who could handle the financial needs of their company and fix the tax problems they were having. Miller assured Lanzo he "was their 'man'," and explained that he had significant experience dealing with tax filings and the required documentation needed for corporate filings. After Miller was terminated for incompetence, he sued the employer for breach of contract. The employer defended on the theories of fraud and silent fraud. Specifically, Lanzo argued that Miller failed to disclose that he had been asked to leave prior positions due to incompetence and did not adequately explain why he left other positions. In addition, Lanzo claimed that Miller committed fraud when he promised he could perform the duties as described during the job interview.

This case seems an excellent example of defense counsel not arguing the correct legal theory; in this case Promissory Fraud likely would have been a more appropriate and effective theory to pursue. Instead, however, Lanzo argued fraud, in regards to a broken promise to perform in the future. The court, rightfully, found in favor of Miller on the fraud claim because, under the law, a statement regarding future performance cannot be the basis of fraud since the promise to do something in the future cannot be a material *present* fact. Had the employer argued Promissory Fraud, on the other hand, the court may have been more likely to find in its favor. Miller knew he did not have the experience or expertise to fulfill the job requirements. Regardless, Miller specifically made promises to perform in the future knowing *at the time he made those promises* he would not be able to perform because he lacked the requisite experience. In addition, the court found that the employer failed to prove its claim regarding silent fraud. The court ruled that the employer failed to show it ever asked Miller why he had left the other positions, nor did it ask Miller to more fully explain the answers he did provide. Thus, the court concluded the mere fact Miller left the other positions, due to poor performance, did *not* mean his failure to note on his resume that he had been previously terminated was tantamount to falsifying his application for employment. Further, Miller was under no duty to answer questions the employer did not ask. Miller was awarded over \$267,000 in this case.

51 *Miller v. Lanzo Holding Co.*, 2005 WL 1030345 (E.D. Mich. Apr. 29, 2005).

This case seems ripe for a Promissory Fraud argument, rather than the claim of traditional fraud that the employer chose to pursue. There appear to be enough facts to argue related to the employee's prior work history and the fact that he did not have - and knew he did not have - the skills necessary to perform the job as required. Regardless, arguing traditional fraud was a losing claim to begin with as explained above and illustrates the fact that fraud claims are frequently misunderstood by legal counsel. In addition, the employer makes a very common error when attempting to argue silent fraud. It is not enough to argue that the employee did not tell the employer he had been terminated in the past. Rather, the employer had to prove it asked specific questions about the employees' background and experience and that the employee lied in response to those questions. In this case, the employer was unable to prevail on its silent fraud claim because, as is so often the case, the employer presented no evidence to prove that specific questions regarding the employees background had been asked and the employee has no duty or legal obligation, on his own, to disclose this information.

V. Conclusion

Promissory Fraud can be a very useful legal theory to dismiss a claim against an employer or as a claim against a former employee as an offensive device. Business Best Practices suggests that employers should be diligent when interviewing candidates to help uncover dishonest claims about background and skills, and in turn, help to avoid or eliminate costly severance packages or lawsuits. In addition, promissory fraud may be used to either dismiss a lawsuit filed by a former employee or significantly reduce the damages a jury may award the former employee if they are suing under a public policy such as Title VII. The key to the success of promissory fraud is that the employer must carefully document why it hired the job candidate over other qualified candidates. Proper documentation would include using a job application which asks for specific information regarding past employment and terminations; having carefully written job descriptions which specifically outline the expectations of the employer; and asking specific questions of the job candidate regarding their past job experience and documenting their answers. Employers should ask detail-specific questions of the job candidate regarding their past job duties, how they handled specific situations that related to the position sought, and how they intend to respond to specific situations or scenarios in the future. When the job candidate answers these questions, the employer should ask the candidate to cite to their past training and experience as evidence of their intention.

References

37 Am.Jur 2d Fraud and Deceit §96.

Aldridge v. Daimler Chrysler Corp., 809 So.2d 785, AL, 2001

Ayres, Ian and Klass, Gregory, Promissory Fraud, 78-May N.Y. St. BJ 26, May 2006.

Ayres, Ian, Klass, Gregory, New Rules for Promissory Fraud, Arizona Law Review, 48

Ayres, Ian, Klass, Gregory, Promissory Fraud Without Breach, *Wisconsin Law Review*, 2004 Wis.L.Rev. 507, 2004.

Barrick, M. R., Shaffer, J. A., & DeGrassi, S. W. (2009).
Bridgeman, Curtis, Sandrik, Karen Bullshit Promises, *Tennessee Law Review*, 76 Tenn.L.Rev.379. 2009.

Brown, Abram, Yahoo CEO Apologizes for Resume Scandal but Refuses to Leave, *Forbes*. May 8, 2012, Retrieval date 5/26/2014

Castagnera, James O., Cihon, Patrick J., Morriss, Andrew M., California Court of Appeals Allows Employee to Recover Future Lost Income Under Promissory Fraud Claim, *Termination of Employment Bulletin*, 21 No. 8 Term. Of Employment Bulletin 4. 2005.

Cochran v. Five Points Temp., 907 F.Supp.2d 1260, AL, 2013

Cork v. Marriott Int'l, 426 F.Supp. 2d 1234, AL, 2006

Davis, Kevin E., Promissory Fraud: A Cost-Benefit Analysis. *Wisconsin Law Review*. 2004 Wis.L.Rev. 535, 2004.

Ficht, Linda, Levashina, Julia, When Lying, Cheating, and Stealing Isn't Necessarily Illegal: The Need to Adopt a Commercial Fraud Standard in Employment Law Cases, *Southern Law Journal*, Vol. XXI, No. 2, Fall 2011, 289.

Fruitman, et. al. v. Rubinstein, et.al, 2010 WL 143478 (Mich.App., 2010)

Halvorsen v. Plato Learning Inc., 167 Fed.App. 524, TN, 2006

Hamilton, Alston, Tennessee's Long-Awaited Adoption of Promissory Fraud: *Steed Realty v. Oveisi*, 59 Tenn.L.Rev. 325.

Haynes v. Cumberland Builders, Inc., 546 S.W.2d 228 (Tenn. Ct. App. 1976).

Hudson v. Insteel Indus., Inc., 5 Fed.App. 378, 2001 WL 210586 (6th Cir. Feb. 23, 2001).

Janz, T. (1982). Initial comparisons of patterned behavior description interviews versus unstructured interviews. *Journal of Applied Psychology*, 67, 577-580.

Kelly v. Skytel Communications, 32 Fed.Appx.283, CA, 2002

LeDonne v. AXA Equitable Life Ins. Co., 411 F.Supp.2d 957 (N.D. Ill., 2006).

Levashina, J., & Campion, M. A. (2007). Measuring faking in the employment interview: Development and validation of an interview faking behavior scale. *Journal of Applied Psychology*, 92, 1638-1656.

Lord, Richard A. 2010, Williston on Contracts, §69:11

MSNBC, *Departing RadioShack CEO to get \$1million*, <http://www.msnbc.msn.com/id/11465251/> (last visited Aug. 29, 2010).

Miller v. Lanzo Holding Co., 2005 WL 1030345 (E.D. Mich. Apr. 29, 2005).

Moore, Galen, Researcher: 1 in 5 Executives lie on resumes. Boston CBS. May 7, 2012. Retrieval 5/12/2014.

Morgenson, Gretchen, Making Managers Pay, literally, The New York Times. March 25, 2007. Retrieval date 5/12/2014.

Pepitone, Julianne, Ousted Yahoo CEO will get no severance. CNN Money, May 15, 2012. Retrieval 5/26/2014.

Piore, Adam, Complying with Clawback Provisions. Corporate Secretary. November 8, 2012, Retrieval date 5/12/2014.

Price, Roger L., Johnson, Mark L., Understanding the Scheme to Defraud exception to Promissory Fraud in Illinois, Illinois Bar Journal, 90 Ill.B.J.536 2002.

Prosser & Keeton On the Law of Torts §109 at 764.

REST 2d TORTS §903, 1979.

Restatement First of Contracts §456 Existing Impossibility

Restatement First of Contracts §503 Mistakes by only one party; differing mistakes of both parties

Risinger v. Soc LLC., 936 F.Supp.2d 1235, NV, 2013.

Salky, Steven, Executives: Beware of Dodd-Frank Compensation Clawbacks, www.suitsbysuits.com, February 28, 2013. retrieval 5/12/2014

Sandrik, Karen, Overlooked Tool: Promissory Fraud in the Class Action Context, Florida State University Law Review, 35 Fla.St.U.L.Rev. 193, 2007.

Schallenkamp, Terri, Lazar v. Superior Court, Pepperdine Law Review, California Supreme Court Survey, 24 Pepp.L.Rev. 1119, 1997.

Shield Technologies Corp. v. Paradigm Positioning LLC., 908 F.Supp.2d 914, IL 2012.

Wallack, Todd, Embattled Head of American Academy of Arts and Sciences to Resign, The Boston Globe, July 26, 2013, Retrieval 5/26/2014

Werra, Jude & Associates, Liars Index 2013. Retrieval 5/12/2014

Zic v. Italian Govt. Travel Office, 149 F.Supp.2d. 473, IL, 2001

About the Author

Dr. Linda S. Ficht is an Associate Professor of Business Law for Indiana University Kokomo. She earned her Juris Doctorate from Southern Illinois University at Carbondale and MBA in Management from Bradley University. She has taught law and management at the undergraduate and graduate level for nine years. Prior to becoming an academic, she was a civil defense trial lawyer in Peoria, Illinois for eight years. In 2003 she was awarded the 40 Leaders Under 40 Award for her work as an attorney. Her area of research is primarily focused in employment law, specifically limitation of damages that arise through the selection process. She also conducts SoTL research and has created a specific teaching method for business law called Team Based Critical Analysis. She has won three teaching awards for this teaching method and has conducted several training workshops. She hopes to publish her research on TBCA in the near future.

Acknowledgment

I would like to acknowledge the work of Dr. Michael Tulley, Assistant Vice Chancellor for Academic Affairs & Professor of Education; Indiana University Kokomo, for his work in editing this article, his thoughtful suggestions and his support in funding the conferences that make my publications possible. Dr. Tulley is an excellent example of true leadership and I am grateful for his support.

Four Global Leaders Who Are Five Leadership Dimensions Leaders

James R. Calvin
The Johns Hopkins University

ABSTRACT

James MacGregor Burns (1978), and Nitin Nohria and Rakesh Khurana (2010) ask the question 'Do we really understand what it takes to develop better leaders? John W. Gardner (1990) asked the question 'Why do we not have better leadership? If there is an answer it is that situational leadership matters greatly.

As such, this paper is a discussion of several contemporary leaders whose efforts are taking place in different country systems and regions of the world. The leaders are Abraham Akoi, a Senior Director in the Ministry of Finance of South Sudan. Dr. Franklin Solis is the Executive Director of the Hospital San Juan De Lurigancho a municipal facility that serves more than five-hundred thousand residents in a poor district of 1.25 million people in Lima, Peru. Javier Calvo is the visionary founder "and keeper of the culture" at Liderman a major international security firm in Lima, Peru and his vision realized Ama Crece which is a pathway of human capital development for low skilled security guards. Finally, Dr. Redha Behebhani, Director of the Global Center at Kuwait University is pursuing a vision and purpose to maximize global participation and influence opportunities for Kuwaiti business leaders, and global partners.

The leaders in this paper are assessed and discussed by applied principles from Warren Bennis and Burt Nanus (1997); Ronald Heifetz and Marty Linsky (2002; and Kouzes and Posner (July 2012).

Keywords: Leadership, Vision, Navigating Change, Globalization/Development

Perspectives and Dimensions: Leaders and Leadership Practices

The portrayal and study of leaders and leadership over the past more than one hundred years is an accumulation of multiple ideas and perspectives. Both contextually and as reference, the portrayal and study of leaders and leadership includes a range of systemic approaches, methods and frames of inquiry and theory, thought traditions including interviews and observations, scientific management, anthropology, psychology and social psychology, sociology, and history as well as sharply focused combinations of some of the traditions mentioned. In brief, some of the major contemporary theories of leadership are situational, contingency, transformational, transactional, constructionist, and servant leadership. Concerning frameworks and context, the modern study of leadership has often focused on who rises to the top of an organization. In recent years there are studies, stories

and portrayals about who leaders are, what leaders do, and why they seek to lead. An expectation of what leaders do as conscious acts does provide supportive evidence that leadership is bound with great promise toward action and change. The view of this author is that new ideas about leaders and leadership are taking hold within a complex global system that has over the past two decades challenged prevailing thinking and ideas about who leaders are, and where they lead from in critical settings. At the present time, these are indicators of a broadened perspective regarding the idea and practice of leadership beyond an American or industrialized world idea of leadership. Hence, the ideas associated with indigenous leadership, and global minded leadership and community leadership are less trivialized partially because of multiple factors and reasons, and change itself. Thus, all of this research and investigative activity continues to yield insights about what leadership is and can be, and what and how leadership adapts and changes with new and future iterations and situations still to arise in years to come.

A starting point of reference for leadership inquiry is provided by James Macgregor Burns (1978), a recipient of the Pulitzer Prize and National Book Award who wrote that to “understand the nature of leadership requires understanding of the essence of power, for leadership is a special form of power”. Burns went on to say “we all have power to do acts...we all have motives to do things as the secrets of personal power remains elusive”. A little over a decade later John W. Gardner likened for leadership two tasks “at the heart of the popular notion of leadership as goal setting and motivating others by pointing people in the right direction (Gardner 1990)”. The practical question about what leaders do, and why they do what they do, is also shaped and influenced by the prevailing conditions, of the times in which leaders function and perform. As the twentieth century came to a close John P. Kotter in *On What Leaders Really Do* (1999) highlighted and discussed a leadership gap that exists for many reasons along with a complexity of the issues. The gap in developing leadership potential has a number of factors including the influence of education, work organization and the sanction of leadership, and the early role of families to encourage young people to learn to lead by nurturing talent.

However, given the broad range and number of daily realities that top or high level leaders in business organizations must confront, the question of what is unique in those spaces arises. To which I suggest it is similar for all leaders in a different type of space and/or level face in order to do their acts as guided and motivated work. I further suggest that pressing realities such as political derision, a health crisis, a strike or shutdown, etc., do not always allow for reflective purpose and practice options to be taken by those leaders. Many leaders of all kinds I further suggest are focused on a sphere or focus of activity in which they grapple to fulfill a passion or purpose or commitment, or all of those in combination. Again, in this perspective of what a leader does is less about having or demonstrating a given theory of leadership, amount or reach of leadership influence, or approach or method of leadership influence and application. Rather, in four brief snapshots to follow each of the individuals is observed over the past two to five years to demonstrate commitment to purpose, presents ideas and vision, navigates complexity, remains consistently on a path, and for each person there is a future view while seeking to be persuasive. Second, there are a range of conflicts, crises and opportunities for new governance in different countries and regions of the world. In Africa it's Juba and surrounding areas in South Sudan; and, in Peru it's the city of greater Lima as well as districts to the north and south, and Kuwait City in the country of Kuwait. Moreover, the four leaders operate in culturally distinct areas of the world where there is some espoused leadership

practice taking place. In this way, the art and practice of leadership can and does differ in Cairo, Egypt where the next leader to be elected in that country will be crucial for unifying dispersed national interests in the country toward potential stability and sustainability of the region. Concerning national stability there are no standard approaches regarding leadership practices and the following two examples: In Kuwait it is leaders in business and government who are grappling with ways to encourage greater participation to manage national economic and social policies by an increasing number of citizens. In Juba, South Sudan the complexities of leadership first involved north versus south dimensions of conflict and strife along tribal competition and cultural lines. So in South Sudan there is not yet sufficient capacity for leadership to speak and act together in a common voice and vision. In brief, the aforementioned perspective underscores that leaders often are doing work in less than desired and optimum conditions and circumstances.

Situation and Context: Leaders and Leadership

In 2007 The Organization of Economic Cooperation and Development (OECD) introduced ‘potential output,’ a term that refers to how much developed economies can produce new capacity without a bubble. By 2014 the potential implication is that developed countries have lost more than 8 percent of their potential output (*The Washington Post*, 2014). The four individuals highlighted in this paper are from different levels of developing economies where optimum potential output is critical for achieving new capacity. Given the OECD idea potential output is much less possible to achieve by an estimated one- third less capacity for many still developing countries than for developed countries. The OECD indicator is one of a number of indicators such as Gallup and World Bank indicators that help to denote the status of the world as a continuous chain of events and situations with consequences for business, governments and people in diverse societies. Going forward, it is a fair position to state that there are still other factors and drivers of change that leaders are expected to deal with as they engage in influence work. Given such effects the assertion is for a range of leadership possibility where leaders may develop ideas to plans while also sorting out what is ideal from reality. At the same time there is recognition that there is no one best way to approach the study and portrayal of leaders and what they do in wielding influence. Moreover, this leader discussion seeks to articulate leader influence as being connective of aspirations, goals, and possibility for engaging people in a system. Doing so also requires leaders to engage structures and institutions of governance and government while in this case the profiled leaders are making strides toward outcomes with varying degrees of accomplishment. This set of interrelated items begins to add up to an overall framing context for the four leaders and their expressed as well as lived commitment to people in their respective systems, and ultimately as leadership consequences.

Table #1: Potential Output Influencers and Inhibitors

Kuwait: There is severe and continuous political destabilization amidst shifting economic stability in a number of countries across the Middle East and Gulf Region. There are questions of leadership and governance that loom large across the region.

Peru: Global participation is expanding while there is economic weakening due to slowdowns in China and Brazil. The lull and instability in US GDP growth is another key factor with wide potential impact across all of South America.

South Sudan: The more than two-decade period of strife with Sudan is still being resolved. Growth and cohesion as a new country is potentially imperiled by deep economic mistrust issues and social relations among the 12 tribal groups in South Sudan.

Specifically, it is often at dynamic intersections where and how leadership occurs and given supports or opposition that also pushes up against leaders. The points and places of intersection are also operating spheres in parts of a society, business or organization, or government and public or community life setting. Moreover, the intent and direction of this paper is to present four leaders whose individual mind, purpose and heart is toward leadership that embodies principles of business with humanity in mind in Innovation for Humanity (I4H) in mind. As such, the lens of focus for viewing each leader's active engagement is integrated with Bottom of the Pyramid (BoP) strategy principles as leadership practice that actively identifies a unique set of circumstances or problems. This involves many different groups of people living at the bottom in the global economic order, and who often experience poverty and misery. Second, the four leaders in the active pursuit of interests are open to the formulating of breakthrough ideas into usable forms of innovation for respective emerging markets. Third, the four leaders have chosen to be a builder in the current ecosystem for new wealth creation. Fourth, the four leaders are constantly grappling with complex issues and challenges of developing adoption and implementation pathways for ideas designed to build and advance enabling infrastructure and supports in their respective spheres of influence. Perhaps the least personally considered aspect of their ongoing work is a personal acceptance by each identified leader that their leadership efforts have influence or impact on a larger structure or system, their respective enterprise, and groups of people that are served or can be served in each society (Prahalad 2010). Thus, I posit then that the daily business of the four leaders is situational leadership in action that draws on each leader's willingness to do and to commit.

Nohria and Khurana (2010) provide that leadership research involves perspectives on different dimensions and modes of leadership which can have different meanings, units of analysis, and complexity. Robert Thomas in *Crucibles of Leadership* (2008) indicates that "crucible events and relationships have the potential to reveal what a leader stands for, that the ongoing education of a leader is a complex thing". In brief, crucible experiences are defining moments that can be a valuable starting point for discovering a form of practice closely attuned to an individual's aspirations and motivations because crucible trigger a search for meaning. Heifetz and Linsky (2002) have suggested that to lead is to live dangerously because when leadership counts, when you lead people through difficult change, you challenge what people hold dear, their daily habits tools, loyalties, and ways of thinking, with nothing more to offer perhaps than a possibility". I see a clear connection with the dangers of leading because each of the four leaders is in different ways and at different levels confronted by leadership dangers as daily reality. Goldsmith, Greenberg, Robertson and Hu-Chan (2003) weigh-in and have written, as have others more recently that the leadership models of the past provide little guidance for the business context of the future". Even if this is the

case, the need for leadership remains a clear need and how leadership is experienced and viewed from internal and external reference points can benefit from some lessons of the past so that there is possibility to avoid some potential pitfalls of poor, ineffective leadership forethought and action.

The aforementioned aspects of leadership are meant to anchor an overarching framework, that is, an organized set of themes and interests with some of those in common. The emphasis is placed on practiced leadership rather than intending a definitive model or theory overlay on the four leaders who are discussed in this paper. Each of the four leaders: Abraham Akoi in South Sudan, Dr. Franklin Solis in Peru, Javier Calvo in Peru, and Dr. Redha Behebhani in Kuwait, all continue to engage in challenge and opportunity within their respective organizations, countries and society. It is also important to mention that the challenge and opportunity conditions and circumstances under which two of the four leaders are doing their work has changed dramatically since this leadership framework was first conceptualized and organized into its present form. The two countries are Kuwait and South Sudan.

In this idea paper, the proposition centers around five connected dimensions of leadership are offered, explored and briefly discussed: Demonstrated purpose, presents ideas and vision, ability to navigate complexity, consistency of path, and future view for managing change (see Figure 2). Moreover, the ‘five leadership dimensions leaders’ construct is still being developed as work with the four leaders and others is being expanded to provide a bridge to potential output. . further as a vehicle and approach for discussing global minded leaders within

Figure 1: A Composite View of Five Leadership Dimensions Leaders

	Abraham Akoi South Sudan	Dr. Franklin Solis HSJL Lima Peru	Javier Calvo Ama Crece Peru	Dr. Redha Behebhani Kuwait Global Center
Demonstrates Purpose	A personal commitment and desire to promote basic infrastructure to build services in a fragile nation	To provide healthcare and services in a healthcare facility that serves 1.2 million poor citizens	To lift security guards economically via results of new and improved workforce skills in two emerging economies	To build and extend capacity among Kuwaiti business leaders and organizations to pursue new international opportunity
Idea and Vision	South Sudan can overcome deep tribal issues to become a country	Hospital San Juan de Lurigancho (HSJL) can be a leading Facility	Skills education leads to upward social mobility	Kuwait needs to take its place in a changing world
Navigates Complexity	Ongoing political and economic tensions with Sudan, tribal history and mistrust between South Sudan national leaders	Dr. Solis has a very capable and committed team that is able to work with a strong bureaucracy	Managing political change as well as increasing economic pressures in a still emerging economy	Instability continues to be widespread in the gulf region. So far deep internal political instability has not taken hold in the

				country
Consistency of Path	Severe conflict and increasing dissolution challenge a democratic future	Progress by HSJL has been steady within the realities of the national health ministry	Javier Calvo utilizes full access and personal influence to maintain the Ama Crece effort	Dr. Behebhani continues to bring together many organizations and individuals to strengthen the Global Center
Future View for Managing Change	Ongoing events suggest a long and fractious campaign to arrive at national vision unity in South Sudan	Dr. Solis has strategically positioned HSJL well to continue on a growth and transformation path into future years	Ama Crece has great potential to become a model process for skills attainment and economic advancement	Dr. Behebhani envisions the Global Center becoming a prominent center of ideas and innovation across the entire Middle East.

Four Global Leaders with Four Visions in the World

All indications are that the four leaders will continue to sustain their respective efforts and work. However, during this current epoch and time of intensified globalization, the importance of rising future leaders is the possibility for engaged leadership to become magnified given future expectations of leaders at different levels. This is a consideration for those who will take up an opportunity to pursue a pathway that may become what leaders do, and can do. A question that arises is what will become key leadership expectations and questions as a global demographic shift in the population accelerates? What will stay the same and what will need to change for leaders to think about and consider as they exert influence on the lives of people and systems caught up in the midst of chaos? A third question concerns prevailing conditions for leading and leadership that will confront potentially more uncertainty, and possibly in-country circumstances not before seen or experienced, and other contributing conditions? I also posit that the four leaders will be able to take up the questions asked and questions to arise in future years.

South Sudan

The first leader profiled is Abraham Ding Akoi because of his courage, personal desire and commitment to participate in the building of a new country. It is the coming together of time and circumstances and other conditions that resulted in the birth of the country of South Sudan at midnight on July 9, 2011. Moreover, South Sudan as a country came about from a 2005 agreement that followed multi-decade long conflicts including two civil wars, and the War in Darfur Genocide through 2010.

Abraham Akoi was born in the Sudan and was forced to flee his village in South Sudan when he was 11 and he walked to Ethiopia. For the next ten years his life was filled with refugee camps and losing family members in the war before he and two remaining brothers made it to the United States as lost boys. Abraham was a graduate former student of mine who decided shortly after his graduation in 2010 to return to Sudan. He took a job in policy and management as Policy Advisor in the Ministry of Finance and Economic Planning, Government of Southern Sudan. His role has been to provide thought leadership and input into the overall South Sudan Development Plan thinking and structure. In this leadership capacity his contributions are critical to all areas and phases of economic and social development of South Sudan. Long standing tribal conflicts and misunderstandings contributed to fighting breaking out between tribes loyal to the President and now dismissed Vice President involving presidential guards on December 15, 2013. The fighting has brought death and destruction to many people, and the situation that could become a full-scale civil war if peace conditions cannot be resolved and sustained.

Hospital San Juan de Lurigancho in Peru

Dr. Franklin A. Solis is Executive Director of the Hospital San Juan de Lurigancho (HSJL) in a district with the same name in Lima, Peru. HSJL was established in 1976 and by 2014 the hospital now serves more than 500,000 residents annually from a total population of more than 1.2 million residents. HSJL is the only government hospital in the district and it is a level two Ministry of Health facility and it constantly struggles with adequate infrastructure and systems to provide the best quality medical services to district residents. The country of Peru is a global epicenter for stomach cancer along with several major infectious diseases that may rise in coming years including Dengue Fever, Malaria, Oroya Fever and Hepatitis A. HSJL maintains a quarantine space for infectious diseases. HSJL under the leadership of Dr. Solis continues on a mission to meet growing health needs of the surrounding community. His leadership has resulted in a strategic vision and plan that has over the past four years resulted in a number of improvements including better high-tech medical devices, technology and data upgrades, improvement to the hospital infrastructure with an adjacent expansion planned, and the hiring of more physicians. Still, Dr. Solis and his team face challenges of improving patient satisfaction at a time when the overall GDP rate for the economy of Peru continues to have a greater than 5.5 annual GDP growth rate over the past ten years with an expected rate of 6 percent for 2014. At the same time, the poverty rate in Peru has continued to decline making Peru one of the leading job expansion economies in the world, yet rising fortunes and wealth inequities remain fragile as global trade liberalization and competition remains intense.

Liderman in Peru and Ecuador

Javier Calvo is the visionary leader of Liderman, a multi-national security firm based in Lima, Peru with extensive operations in Ecuador. Javier Calvo founded Liderman some twenty-four years ago along with two other security guards. The Liderman organization employs more than 11,000 security guards who are stationed at banks, corporations and multi-national company buildings, foreign embassies, railroad stations, and many other places. His eye, mind and heart are on the management of human resources by exploring, developing and adopting pathways upward economically for his security guard employees. This is partially because the work life-cycle of a Liderman guard averages two to three years with an annual 20 percent burnout rate. Further

evidence of Calvo's interest in upward mobility is that he regularly has dinner with security guards and their families to have dialogue and to make inquiry about their interest in personal growth and development. Additional evidence for consideration is that Liderman over the past eleven years has consistently been ranked as one of the ten best companies to work for in South America. In 2011, a Johns Hopkins Carey Business School Innovation for humanity (I4H) team consulted with Javier Calvo to interview and analyze data and interest from 18 companies in 'Ama Crece' which means 'love grows' as a viable vehicle for security guards to gain new skills for enhanced employment opportunities. The I4H team conducted research and analysis and made recommendations for the vetting, development, and implementation of 'Ama Crece'. In June 2012, the first 50 security guard participants were enrolled in 'Ama Crece' through the facilitating vehicle of interest free loans provided to them by Liderman. Ama Crece as the human capital development program is continuing to enroll and support new guard candidates into and through the current year, and into future years.

The Kuwait Global Center

Kuwait is an emirate situated on the Persian Gulf and it drew world-wide attention in 1990 when Iraqi army forces invaded and attempted to re-annex Kuwait to Iraq following a separation in 1918. An intervention by allies led by the United States, NATO forces and member countries of the Arab league in the Operation Desert Storm campaign liberated Kuwait from Iraq on February 25, 1991. The economy of Kuwait was decimated during the occupation by Iraq. In December 2002, Saddam Hussein apologized to the Emir of Kuwait for the invasion prior to his being deposed as the leader of Iraq during the 2003 invasion of Iraq. There was a key study completed in 2005 which detailed that the Iraqi occupation had a long-term adverse public health impact on the Kuwait population

Dr. Redha Behebhani is Director of the Global Center at Kuwait University that was founded in 2007. The mission of The Global Center in the College of Business Administration is to promote education in Kuwait and also to develop the talents and skills of companies in Kuwait for business in the global economy. Behebhani and his Global Center colleagues continue to explore, form and advance international education partnerships in collaboration with a number of universities for the pursuit of global relationships and business opportunities that involve Kuwait business interests. In 2011 and again in 2012 Kuwait experienced internally a form of Arab Spring activism and the Emir of Kuwait Sheikh Sabah al-Ahmad has dissolved Parliament three times to date to hold new elections that would favor Islamist led opposition groups. In 2014 Kuwait will host The Arab Summit under the banner "Solidarity for a Better Future". Under the direction and vision of Dr. Redha Behebhani, The Global Center continues its education and global business push efforts to re-establish Kuwait business in its region, and beyond around the world.

A Concluding Thought about the Four Leaders

Adam Grant in *Give and Take* (2013) discusses how givers, takers and matchers help others as builders. It is my further declaration that each of the four leaders meets and fulfills a vital part of their roles and journeys as givers whose leadership practice and work is inspiring as it contributes to

building potential in their respective societies. Thus, Abraham Akoi, Dr. Franklin Solis, Javier Calvo, and Dr. Redha Behebhani's perceived interests are aggregated as a composite overview that comprises five connected dimensions of leadership: Each leader demonstrates personal commitment and purpose, each presents ideas and a vision, each is able to navigate complexity, each clears and travels a consistent path, and they express a future-oriented view for managing change. Finally, there is also a disaggregation effect which is that each leader in the respective three societies where espoused leadership influence matters.

References

- Bennis, W., Nanus, B. (1997). *Leaders: Strategies for taking charge*. Second Edition. New York: HarperBusiness.
- Burns, J. M. (1978). *Leadership*. New York: Harper & Row, Publishers.
- Calvin, J. Autumn 2003). *Leadership networking and active transitions in the workplace: Freedoms, energy, and transformative relationships*. Society for Advancement of Management Journal.
- Gardner, J. W. (1990). *On leadership*. New York: The Free Press.
- Grant, A. (2013). *Give and take*. New York: Penguin Books.
- Goldsmith, M., Greenberg, C. L., Robertson, A., Hu-Chan, M. (2003). *Global leadership: The next generation*. Upper Saddle River: FT Prentice Hall.
- Heifetz, R. A., Linsky, M. (2002). *Leadership on the line: Staying alive through the dangers of leading*. Boston: Harvard Business School Press.
- Kotter, J. P. (1999). *On what leaders really do*. Boston: Harvard Business School Press.
- Kouzes, J. M., Posner, B. Z. (2012). *The leadership challenge*. Fifth Edition. New York: John Wiley & Sons, Inc.
- Nohria, N., Khurana, R. (2010). *Handbook of leadership theory and practice*. Edited by Nitin Nohria and Rakesh Khurana. Boston: Harvard Business Press.
- O'Brien, M. (June 11, 2014). *Economists fear lasting recession damage*. In Wonkblog. Washington, DC: The Washington Post.
- Prahalad, C. K. (2010). *The fortune at the bottom of the pyramid*. Upper Saddle River: Wharton School Publishing.

Thomas, R. J. (2008). *Crucibles of leadership: how to learn from experience to become a great leader*. Boston: Harvard Business Press.

About the Author

James R. Calvin, PhD. is Associate Professor at Carey Business School, Johns Hopkins University, Maryland, USA.

Perceptions of Ethics Among Supply Chain Management Professionals

Jacob A. Heller
Tarleton State University

Nathan A. Heller
Tarleton State University

Gerald Burch
Tarleton State University

ABSTRACT

This study examined the perceptions of ethics in supply chain management from 117 supply chain management professionals in the Southwest United States. Perceptions of ethical issues, transparency, legal considerations, and sustainability were measured and analyzed using One-way Analysis of Variance to determine if there was a difference in perception across gender, job tenure, and education. Results show that individuals at the midpoint of their careers place more importance on social responsibility, individuals with only a high school education place the lowest priority on legal issues, and women place slightly more priority emphasis on sustainability. Practical and scholarly implications of these results are discussed and recommendations for future studies are offered.

Introduction

A number of studies have examined factors that influence perceptions of business ethics. Ardichvili, Jondle, and Kowske (2012) explored differences of perceptions of ethical business cultures among executives, mid-level managers, and non-managers and found statistically significant differences with executives reporting the most positive assessments of ethical business culture and non-manager reporting the least positive. Results of a study of five hundred Turkish employees' age, gender, and sector affiliation were significant factors affecting perception of business ethics (Akman, 2011). Other studies have similarly correlated perceptions of business ethics with religiosity, gender, career stage, sector affiliation, and education level (Cron, 1984; Dalton & Ortegren, 2011; Mujtaba, Tajaddini, & Chen, 2011; Weeks, Moore, McKinney, & Longenecker, 1999). Not surprisingly, these studies yielded inconsistent results for correlations between various factors and business ethics. Mujhtaba, Tajaddini, and Chen (2011) reported mixed results for studies that explored age and business ethics and management experience and business ethics. Support exists in the current literature that education and public sector (government) job affiliation are positively correlated with business ethics across multiple studies (Akman, 2011). This finding seems to hold across sector affiliation and in studies conducted in several countries (Mujtaba, Tajaddinin & Chen, 2011).

Notwithstanding the abundance of literature exploring these relations, the assessment of these factors in the supply chain management discipline, and specifically with supply chain management professionals, are seemingly absent from the current literature. Though there is considerable discussion regarding supply chain management ethics conceptually, theoretically, and from the decision making standpoint, this study represents an early exploration of three factors, gender, tenure, and education level, which may affect perceptions of ethics in the supply chain management function in corporations.

Literature Review

Supply Chain Management

Supply chain management is a discipline of competitive strategy for integrating and connecting suppliers to customers with the objective of improving corporate response to ‘the market’ and flexibility in the manufacturing of goods or delivery of services (Gunasekaran, 2004; McCue and Pitzer, 2005). Supply chain management has gained significance as a manufacturing paradigm for improving organizational competitiveness and has emerged as a new business discipline in the academic world and as a legitimate source of competitive advantage in the global market. The supply chain management function is to efficiently manage, forecast, procure raw material, manage production, and deliver goods and services through the supply chain life cycle in a cost effective manner. Supply chain efficiency is improved as internal and external capabilities are maximized to create a seamlessly coordinated supply chain.

Supply Chain Management and Ethics

Seemingly myriad situations exist in which agents in the supply chain management function may behave, or be tempted to behave, unethically. In some occurrences, corporations create these situations. Badenhorst (1994) described a double standard created by corporations that sometimes exists between sales and purchasing functions and that opens the door for unethical behavior in the supply chain. On one hand, sales agents within the corporation are encouraged to gain the greatest advantage in negotiations by using every “weapon” available. This may include favors, gifts, or money. On the other hand, the acceptance of such favors, gifts, or money by purchasing agents within the supply chain function in the same corporation is considered an ethics violation. Badenhorst (1994) asserts that the net result of this behavior is the creation of climates of dishonesty by management that tempt both buyer and seller to act unethically.

In other cases, the context supporting the unethical behavior is created by the individual agent(s) specifically for the creation of personal enrichment or other advantages. In these cases, purchasing agents may award a contract, issue a purchase order, or may otherwise provide the supplier some preferential treatment or advantage in exchange for the personal gain described above (Badenhorst, 1994).

Ethical behavior in the supply chain management extends beyond the sales and purchasing functions. Recently, ethical behavior in supply chain management expanded to include corporate behavior that promotes sustainability and social responsibility. This adoption, has in part, been financially driven in that consumers prefer ethically produced goods and services. In fact, research indicates that consumers are willing to pay substantially more for goods and service that were ethically produced and will demand discounts from corporations whose goods are produced unethically. Further, unethical behavior elicits a significantly stronger negative effect on consumer willingness to pay or to conduct business than ethical behavior elicits a positive effect (Heller, 2008; Trudel & Cotte, 2009). These findings reinforce the idea that there is, in reality, a financial benefit for ethical behavior. Trudel and Cotte (2009) summarized this shift in corporate behavior:

The era of self-interested companies trying to maximize shareholder wealth at any cost appears to have been supplanted by an era of corporate social responsibility, a phrase used to describe a decision by the company's management to consider the impact their decisions will have on their customers, employees, suppliers and communities, as well as their shareholders (p. 61-62).

Other factors driving the adoption of sustainable and socially responsible practices are public perception, activism, and heightened government regulations. A number of recent missteps by multinational corporations have drawn considerable media attention for both sustainability and social responsibility violations. Spar and La Mure (2003) reported that at least 30 multinational corporations, including Kenneth Cole, Adidas, Costco, Wal-Mart, and Levi Strauss, with manufacturing facilities in Burma closed operations after considerable public protest given the appalling human rights record of the Burmese military government. This is not an uncommon phenomenon. In separate occurrences, financial disasters stemmed from fraudulent activity at Enron, WorldCom, and Tyco leaving employees, investors, and stake holders financially decimated and corporate executives in prison. Scandals such as these contributed to the drive for the creation of new federal regulations including the Sarbanes Oxley Act of 2002 which forced the shift from principles-based accounting methods to rules based method (Rack, Withers, & Ebrahimpour, 2009).

Gender and Ethics

Peterson et al. (2010) argued that differences in ethical behaviors and attitudes are attributable to gender. Considerable evidence exists in the current and past literature that supports the assertion that differences exist in ethical standards between men and women and that these results held in various academic and professional settings and in different countries (Akman, 2011; Beltramini et al, 1984; Borkowski and Ugras, 1998). In stark contrast, other studies show that there are not significant differences in ethical standards between men and women. Results of a Meta-analysis by Ford and Richardson (1994) revealed statistically significant differences in half of the studies included in their analysis. However, in each study that yielded statistically significant results, women were rated more ethical than men. Similarly, Borkowski and Ugras (1998) concluded that results of their meta-analysis indicated that women exhibit stronger ethical values than men.

Based on the evidence in literature reviewed, the first hypothesis for this study was:

H1: Statistically significant differences are anticipated in perceptions of ethical issues among supply chain management professionals across gender. Female respondents will rate ethical issues in supply chain management as more important than male respondents.

Tenure and Ethics

Results from examination of the correlation between tenure and ethics are mixed. In three of four studies reviewed by Ford and Richardson (1994), tenure was not statistically significantly related to attitudes about ethics. However, other studies, though each measured ethics from a unique viewpoint, yielded contradictory results. Weeks et. al (1999) concluded that practitioners with longer tenure ranked higher in ethical judgment than practitioners with shorter tenure. Similarly, Kidwell, Stevens and Bethke (1987) found that individuals with more years of employment tended to display more ethical attitudes than those with fewer years of employment. Finally, in a study of public and private sector practitioners in Iran, Mujtaba, Tajaddini, and Chen (2011) found that more years of experience was correlated with higher ethics ratings. Though there is some inconsistency in the current research as to the true nature of this correlation, the second hypothesis explored in this study was:

H2: Statistically significant differences are anticipated in perceptions of ethical issues among supply chain management professionals across job tenure. Ethical issues will be rated as less important by respondents with shorter tenure.

Education and Ethics

Recently, consistent correlations between education and ethics emerged in the extant literature (Mujtaba, Cavico, McCartney, & Di Paolo, 2009; Mujtaba, Tafaddini, & Chen, 2011; Kum-Lung & Teck-Chai, 2010). Though these recent findings correlate higher levels of education with higher ethics, contradictory results exist in earlier literature (Dubinsky & Ingram, 1984; Kidwell et al, 1987; Serwinek, 1992). As was the case with the correlations with the previous two factors, some inconsistency exists with regard to the true nature of the correlation between level of education and ethics in the literature.

As a result of a number of corporate scandals, the attention on ethics in business in the last two decades, for practitioners and academics, is significant and may account for the inconsistency in the literature. Holland and Albrecht (2012) argued that the business ethics discipline as grown and progressed over the last several decades. It may be that the increased negative attention from corporate missteps has driven the study and growth of ethics in academia. Enderle (1997) argued that business ethics has grown into its own academic discipline. This result may, in part, be attributed to the strong encouragement given to business colleges by the Association to Advance Collegiate Schools of Business (AACSB) and the Academy of Management (AMA). Thus, notwithstanding the inconsistencies in the literature, based on the recent trends the third hypothesis in this study was:

H3: Statistically significant differences are anticipated in perceptions of ethical issues among supply chain management professionals across education. Ethical issues will be rated as more important by respondents with higher levels of education.

Method

The sample consisted of 124 working adults in the southwest United States (61.5 % female) working in public service (53.3%) and private enterprise (46.7%). Public service members were recruited from a (large/medium) (state/local) agency resulting in (66) participants. Private enterprise members were recruited from a large (retail/information technology) privately traded firm resulting in an additional (58) participants.

Measures

This study incorporated three independent variables (gender, job tenure, and level of education) to investigate their role on perceptions of ethical issues (legal, transparency, social responsibility, ethical, and sustainable). All variables were collected using questionnaires developed by the co-authors.

Job Tenure – Participants were asked to indicate their job tenure by selecting one of six response categories: Less than 1 year, 1- 5 years, 6 – 10 years, 11 – 15 years, 16 – 25 years, or 26 years or more.

Level of Education – Participants responded to their highest level of education by selecting one of the response categories: High school degree, Associate’s degree, Bachelor’s degree, Master’s degree, or Doctoral degree. The categories of high school equivalency or no high school degree were not included based on the requirement of both organizations to have at a minimum a high school education.

Each of the ethics variables, Legal Issues, Transparency, Social Responsibility, Ethical Issues, and Sustainability, were measured using a six point Likert scale: 0 - no importance, 1 - very low importance, 2 - low importance, 3 - medium importance, 4 - high importance, 5 - very high importance.

Results

Descriptive statistics and 95% confidence intervals were generated for all ethical scales based on the three dependent variables. One-way Analysis of Variance was then used to determine if there was a significant difference in means across independent variable subgroups. Results for gender differences are presented in Table 1. Only 117 of the participants listed their gender, so the sample size was reduced from the overall sample of 124. Ethical perceptions based on years of service are presented in Table 2 and ethical perceptions based on level of education are presented in Table 3.

TABLE 1

One-Way Analysis of Variance of Means by Gender								
Variable	Gender	N	Mean	SD	95% CI		F	Sig.
					Lower	Upper		
Legal	Female	45	4.42	.892	4.15	4.69	.591	.44
	Male	72	4.29	.895	4.08	4.50		
Transparency	Female	45	3.93	.889	3.67	4.20	.203	.65
	Male	70	4.01	.970	3.78	4.25		
Social Resp	Female	45	3.91	.949	3.63	4.20	2.68	.10*
	Male	72	3.60	1.04	3.35	3.84		
Ethical	Female	45	4.58	.753	4.35	4.80	1.79	.18
	Male	72	4.36	.908	4.15	4.57		
Sustainable	Female	45	3.98	1.00	3.67	4.28	1.40	.24
	Male	72	3.74	1.10	3.48	3.99		

* *p* significant at .10 or less

The comparison of means shows that females regard social responsibility more important than males (significant at .10 level). However, all four other ethical issues are not significantly different, based on gender.

TABLE 2

One-Way Analysis of Variance of Means by Years of Service								
Variable	Years of Service	N	Mean	SD	95% CI		F	Sig.
					Lower	Upper		
Legal	<1	10	3.90	1.45	2.86	4.94	1.78	.12
	1 – 4	39	4.26	.966	3.94	4.57		
	5 – 10	40	4.28	.816	4.01	4.54		
	11 – 15	18	4.61	.608	4.31	4.91		
	16 – 25	14	4.79	.426	4.54	5.03		
	> 25	3	4.67	.577	3.23	6.10		
Transparency	<1	10	3.60	1.17	2.76	4.44	1.44	.22
	1 – 4	39	3.79	.923	3.50	4.09		
	5 – 10	38	4.11	1.03	3.77	4.45		
	11 – 15	17	4.00	.707	3.63	4.36		
	16 – 25	14	4.29	.611	3.93	4.64		
	> 25	3	4.67	.577	3.23	6.10		
Social Resp	<1	10	3.00	.667	2.52	3.48	2.27	.05**
	1 – 4	39	3.74	1.12	3.38	4.10		
	5 – 10	40	3.70	.939	3.40	4.00		
	11 – 15	18	4.28	.751	3.90	4.65		
	16 – 25	14	3.86	1.17	3.18	4.53		
	> 25	3	4.00	1.00	1.52	6.48		

Ethical	<1	10	4.30	.674	3.82	4.78	1.04	.40
	1 – 4	39	4.44	.994	4.11	4.76		
	5 – 10	40	4.30	.939	4.00	4.60		
	11 – 15	18	4.83	.514	4.58	5.09		
	16 – 25	14	4.43	.756	3.99	4.87		
	> 25	3	4.67	.577	3.23	6.10		
Sustainable	<1	9	3.56	.726	3.00	4.11	.386	.86
	1 – 4	39	3.85	1.18	3.46	4.23		
	5 – 10	40	3.85	1.08	3.51	4.19		
	11 – 15	18	4.11	.832	3.70	4.53		
	16 – 25	14	3.79	1.05	3.18	4.39		
	> 25	3	3.67	1.15	.798	6.54		

* *p* significant at .10 or less

** *p* significant at .10 or less

The comparison of means shows that social responsibility is once again more important to some groups than others. Based on years of service, employees that have been with the company between 11 and 15 years have a significantly higher mean (4.28) to the other groups. It appears that employees early in their careers consider social responsibility as the least important ethical issue (mean = 3.00), but that over time social responsibility increases in the level of concern that employees place on it.

TABLE 3

One-Way Analysis of Variance of Means by Level of Education

Variable	Years of Service	N	Mean	SD	95% CI		F	Sig.
					Lower	Upper		
Legal	High School	3	2.67	1.53	-1.13	6.46	3.20	.02**
	Associates	10	4.60	.966	3.91	5.29		
	Bachelors	60	4.38	.885	4.15	4.61		
	Masters	43	4.40	.728	4.17	4.62		
	PhD	8	4.25	.886	3.51	4.99		
Transparency	High School	3	2.67	1.53	-1.13	6.46	1.73	.15
	Associates	10	4.00	1.15	3.17	4.82		
	Bachelors	58	4.02	.801	3.81	4.23		
	Masters	42	3.98	.975	3.67	4.28		
	PhD	8	4.25	.886	3.51	4.99		
Social Resp	High School	3	3.33	.577	1.90	4.77	.948	.44
	Associates	10	3.90	.876	3.27	4.53		
	Bachelors	60	3.88	1.03	3.62	4.15		
	Masters	43	3.70	1.01	3.39	4.01		
	PhD	8	3.25	1.16	2.28	4.22		
Ethical	High School	3	4.00	1.00	1.52	6.48	.477	.75
	Associates	10	4.50	.707	3.99	5.01		

	Bachelors	60	4.50	.792	4.30	4.70		
	Masters	43	4.35	1.04	4.03	4.67		
	PhD	8	4.63	.517	4.19	5.06		
Sustainable	High School	2	4.50	.707	-1.85	10.85	.356	.84
	Associates	10	4.00	.943	3.32	4.67		
	Bachelors	60	3.82	1.07	3.54	4.09		
	Masters	43	3.88	1.07	3.55	4.21		
	PhD	8	3.63	1.06	2.73	4.51		

* p significant at .10 or less

** p significant at .10 or less

The only statistically significant results in the perception of ethical issues based on level of education were centered on legal issues. Employees with a High School degree rated legal issues significantly ($p = .02$) lower than other employees with more advanced degrees. This result may be due in part to only having three employees with high school degrees, since there is a considerable jump in the rating of legal issues for having an Associate's degree. A similar finding is demonstrated with transparency where although not statistically significant ($p = .15$) employees with a High School education rated transparency at the same level that they rated legal issues. To counter balance the argument that these results may be influenced by the low response rate of employees with high school educations, it is important to note that this group rated legal and transparency issues as the least important and sustainability as the highest. In stark comparison ethical issues were listed as the top ethical issue with those with Associate's and Master's and second in importance with those with Bachelor's or PhD's. A similar finding is shown with sustainability where High School graduates ranked sustainability as the most important while those with Bachelor's rated it as least important, Master's and PhD's next to least, and Associate's ranking it as third most important.

Limitations

Like most research, limitations exist regarding how the results of this research can be interpreted and applied. Comparison research can be limited in its ability to describe incidence and prevalence in populations. Most limitations flow from the nature of the research design and the composition of the participant pool. In this research, the results cannot be statistically generalized beyond those individuals studied. However, a strong likelihood exists that the results would apply to other people with similar jobs, histories, and backgrounds.

Conclusions and Future Research

Much of the literature that exists today supports the finding that females are equal to their male coworkers when questions and considerations of ethics and social responsibility arise. Consistent with this trend, the results of our study find that there is no significant difference between male and female supply chain management professionals when considering issues of social responsibility. One potential explanation for this closing gap between males and females may be owed to an emphasis on equality in the workplace. These findings reinforce the current

literature, consistent with previous research; there is little difference if any. Gender, and its effects, continue to have an inability to make a statistically significant difference in the literature and the workplace.

These findings with regard to tenure are supported by the theory Chron (1984) proposed which states that individuals will experience four career stages: exploration, establishment, maintenance, and disengagement are discussed in further detail.

During the exploration stage, which usually occurs between the ages of 20 and 30 an individual is primarily concerned with finding an occupation in which success can be found. This is often an entry level job, with a very limited understanding of the skills and abilities required for success in the chosen field. Individuals in this career stages are focused on creating a foundation for his/her career, which includes many aspects of professional development. However, this stage does not allow for focus on issues not directly related to professional development, which would include intense study on the subject of social responsibility. As an individual's career develops he/she moves to Cron's establishment stage.

At the establishment stage, the individual is more committed to a particular occupational field which includes moving beyond the basic skills acquired in the exploration stage. Supply chain professionals are able to work independently and with a growing level of responsibility. In this stage, mastery of some skills has begun to take place which includes fine tuning of skills and abilities. It is at this stage that we begin to see a slight drop in the concern for ethical responsibility. This slight drop in concern for social responsibility is potentially based on the focus of the individual on career advancement and development, including promotion to senior positions prior to moving to the maintenance stage.

During the maintenance phase (Cron, 1984), the individual is established in their career. The individual is largely focused on getting their job done effectively in an established career track. The findings at this stage support the research hypothesis as the greatest concern for areas related to social responsibility exists at this stage. These research findings indicate that individuals at this stage are most concerned about ethical issues. This is potentially explained by the familiarity that exists with job roles and responsibilities at this point in a career allowing the individual to act in a manner that is socially responsible, as well as efficient before entering Cron's final stage of disengagement.

At the disengagement stage, a supply chain professional is at the end of his/her career. This stage serves as the final transition from working to retirement for most individuals. Supply chain management professionals are 'holding their own' as they work to get the job done. At this stage, the individual has begun the disengagement process and is focused on retirement. During this stage, there is less concern for issues related to social responsibility.

The results presented here demonstrate how changes in career stage can be used in a couple of ways. First, this information shows the requirement for additional study on the development of supply chain professionals as it is related to the social responsibility. Second, organizations with greater emphasis on social responsibility can use this information to track and develop an

individual's progress and increase emphasis on training in specific areas at each career stage for supply chain management professionals.

The findings on education levels are consistent with the findings of Giacalone et al. (1988) and Kraft & Singhapakdi (1991). These studies both showed that individuals with a higher level of education tend to be more ethical based on the resources they received through formal education. These resources allow individuals, including supply chain management professionals, to have a foundation of informal belief systems which allow the individual to consider what is acceptable and what is not acceptable.

More recent studies, including Swanson & Fisher (2008) support the claim that an education promotes the standards of ethics. A systematic ethics education system not only enhances more recognition and reasoning but also equips individuals with the ability to resolve complex moral issues and provides them with the logical reasoning ability to stand up against opposing forces in their organization.

The results of this study were gathered from both public and private supply chain management professionals. It seems that this group provides a complete picture of the dichotomy and similarity that exists between these two sectors. Further research could include a longitudinal study to compare information gathered from individuals as they progress through each of the stages in their supply chain management careers. One overarching key for all supply chain management professionals is the importance that the organization's place on the value of ethics and social responsibility.

References

- Ardichvili, A., Jondle, D., Kowske, B. (2012). Minding the gap: Exploring differences in perceptions of ethical business cultures among executives, mid-level managers and nonmanagers, *Human Resource Development International*, 3, 337-352.
- Akman, V. (2011). Empirical look at the factors affecting perception of business ethics in Turkey. *Emerging Markets Journal*, 1, 1-11.
- Badenhorst, J., A. (1994), Unethical behavior in procurement: A perspective on causes and solutions, *Journal of Business Ethics* 13, 739-745.
- Bayles, M., D. (1983). Ethical issues in purchasing management, *Business Quarterly* 48, 42-47.
- Beltramini, R. F., Peterson, R., A., & Kozmetsky, G. (1984) Concerns of college students regarding business ethics, *Journal of Business Ethics* 3, 195-200.
- Borkowski, S., C., and Ugras, Y., J. (1998). Business students and ethics: A meta-analysis, *Journal of Business Ethics* 17, 1117-1127.

- Cron, W. L. (1984). Industrial salesperson development: A career stages perspective. *Journal of Marketing*, 48, 41–52.
- Dalton, D., & Ortegren, M. (2011). Gender differences in ethics research: The importance of controlling for the social desirability response bias, *Journal of Business Ethics*, 103, 73-93.
- Dubinsky, A., J., & Intram, T., N. (1984). Correlates of salespeople's ethical conflict: An exploratory investigation, *Journal of Ethics*, 3, 343—353.
- Enderle, G. (1997). A worldwide survey of business ethics in the 1990s. *Journal of Business Ethics*, 16, 1475–1483.
- Ford, R., & Richardson, W. (1994). Ethical decision making: A review of the empirical literature. *Journal of Business Ethics*, 13, 205-221.
- Giacalone, R., Payne, S. L., & Rosenfeld, P. (1988). Endorsement of managers following accusations of breaches in confidentiality. *Journal of Business Ethics*, 7(8), 621-629.
- Gunasekaran, A. (2004). Supply chain management, theory and applications. *European Journal of Operational Research*, 159, 265-268.
- Heller, N.A., (2008) The influence of reputation and sector on perceptions of brand alliances of nonprofit organizations. *Journal of Nonprofit & Public Sector Marketing*, 20, 15-36.
- Hill J. A. (1975) The purchasing revolution, *Journal of Purchasing and Materials Management* 17, 9-16.
- Holland, D., & Albrecht, C. (2013). The worldwide academic field of business ethics: Scholars' perceptions of the most important issues. *Journal of Business Ethics*, 117, 777-788.
- Kidwell, J., M., Stevens, R., E., & Bethke, A., L. (1987). Differences in ethical perceptions between male and female managers: Myth or Reality? *Journal of Business Ethics*, 6, 489-493.
- Kraft, K. L., & Singhapakdi, A. (1991). The role of ethics and social responsibility in achieving organizational effectiveness: Students versus managers. *Journal of Business Ethics*, 10(9), 679-686.
- Kum-Lung, C., & Teck-Chai, L. (2010). Attitude towards business ethics: Examining the influence of religiosity, gender and education levels, *International Journal of Marketing Studies*, 2, 225-232.
- McCue, C. & Pitzer, J. T. (2005). Fundamentals of leadership and management in public procurement. Herndon, VA: National Institute of Governmental Purchasing.

- Mujtaba, B., G., Tajaddini, R., & Chen, L. Y. (2011). Business ethics perceptions of public and private sector Iranians, *Journal of Business Ethics*, 104, 433-447.
- Mujtaba, B., G., Cavico, F., J., McCartney, T., O., & DiPaolo, P., T. (2009). Ethics and retail management professionals: An examination of age, education, and experience variables, *American Journal of Business Education*, 2, 13-26.
- Peterson, R., A., Albaum, G., Merunka, D., Munuera, J., L., & Smith, S., M. (2010). Effects of nationality, gender, and religiosity on business-related ethics, *Journal of Business Ethics*, 96, 573-587.
- Rack, L., Withers, B., & Ebrahimpour, R. (2009) Ethics in the supply chain: A review of the literature, *Northeast Decision Sciences Institute Proceedings*, 107-112.
- Serwinek, P.,J. (1992). Demographic & related differences in ethical views among small businesses, *Journal of Business Ethics*, 11, 555-566.
- Spar, D., L., & La Mure, L., T. (2003). Power of Activism: Assessing the impact of NGOs on Global Business, *California Management Review*, 45, 78-102.
- Swanson, D., & Fisher, D. (2008). Business ethics education. *Advancing Business Ethics Education*, 1.
- Trudel, R., and Cotte, J. (2009), Does it pay to be good? *Sloan Management Review*, 50, 61-69.
- Weeks, W. A., Moore, C. W., McKinney, J. A., & Longenecker, J. G. (1999). The effects of gender and career stage on ethical judgment. *Journal of Business Ethics*, 20, 301–313.

About the Authors

Jacob A. Heller, PhD, is an assistant professor of management at Tarleton State University. He received his PhD and his MS from Arizona State University. Current research interests include business ethics, supply chain & operations management and management education.

Nathan A. Heller, PhD, is an associate professor of management and marketing at Tarleton State University. He received his PhD from Arizona State University and his MBA from Brigham Young University. His research interests include strategic alliances, supply chain & operations management, management education, and implementation of management strategy.

Gerald (Jerry) Burch is an assistant professor of management at Tarleton State University. He received his PhD in Management/Organization Behavior from the Virginia Commonwealth University and his Masters of Science in Operations Research/Operations Logistics at the Naval Postgraduate School. His primary research interests are employee affect, leadership, supply chain management, student engagement, effects of experiential learning, and the neurological learning process. He can be reached at gburch@tarleton.edu.

The European Debt Crisis – It’s Back!

Terry Young
Pepperdine University

Linnea McCord
Pepperdine University

Peggy Crawford
Pepperdine University

ABSTRACT

Europe began a new era on November 1, 1993 with the passage of the Treaty of Maastricht and the creation of a single market for goods and services known as the European Union (“EU”). The purpose of the EU was to reduce costs and increase specialization through the free movement of goods, services, capital and people among the member nations. This European economic integration was intended to make Europe equally competitive with the North American economic bloc united by the North American Free Trade Agreement (NAFTA) and the Asian economic bloc united by the Association of Southeast Asian Nations (“ASEAN”).

To complete the European single market, the Maastricht Treaty provided convergence criteria for acceptance into the European Monetary Union. This led to the creation of the euro as the single European currency in 1999. The purpose of a common currency was to eliminate foreign exchange risk, provide price transparency, and facilitate cross-border trade and transactions.

But, the structure of the European Monetary Union (EMU) contains what many consider fatal flaws. With the euro as a common currency, the European Central Bank (ECB) conducted monetary policy for the members of the EMU with an inflation target of 2 percent. The Eurozone countries that shared the euro lost control over their own interest and exchange rates. While member countries still conducted their own fiscal policy, it was regulated by the EU’s Growth and Stability Pact (GSP). To prevent excessive spending and borrowing by free-spending countries, all member countries were required to keep their budget deficit to 3% of Gross Domestic Product (“GDP”) or face huge fines. Unfortunately, although these standards were written down, they were not enforced. Eleven years after the birth of euro, the concern about profligacy among member countries became a reality. The global financial crisis in 2008

exposed the structural flaws of the EMU. In good times, the investors of the global bond market lured nations into tapping into readily available low cost credit. However, when times turned bad, the bond vigilantes and speculators were merciless in punishing these profligate countries.

The European Union, led by Germany and France, took steps to shore up the weaker economies in the Union, and many felt the financial meltdown had been averted. But recent events, including the Italian elections and the bungled solution on Cyprus, have revealed that problems still exist. Given the very different cultures within the Union, the questions again arise: can the euro zone remain united and can the euro be saved? This paper will outline events leading to the crisis in Europe, discuss structural flaws in the Eurozone, discuss possible solutions, and evaluate the probability of survival.

Introduction

During the spring and summer of 2010, the world watched in amazement as Greek citizens took to the streets to protest the austerity requirements demanded by the European Union (EU). The EU, the world's largest economy, appeared on the brink of a financial meltdown as one country after another required a financial bailout. However by the spring of 2013, the crisis appeared to be over and the EU appeared to have survived the crisis. But by late summer, relief turned to worry as problems begin to bubble to the surface – again. Questions are again being raised as to whether the EU can remain united and whether the euro can be saved? This paper will address these questions

The Steps to European Union

After two World Wars in a 25 year period, six European countries decided to try cooperation instead of conquest. Led by France and Germany, the first step was the Treaty of Paris in April 18, 1951 which established the European Coal and Steel Community (ECSC) in 1952.

This was followed by a series of agreements which continued the move towards cooperation in isolated sectors of the economy. These included the creation of the European Economic Community (EEC) with the Treaty of Rome in 1957 and the creation of the European Atomic Energy Community (Euratom) in 1958. The first major step towards the creation of a union occurred in 1967 when the EEC was consolidated with the ECSC and Euratom, forming the European Communities (EC).

The long-term goal of the European community was to create a true common market, with free transfer of goods, services, capital and people. Europe continued the move towards economic unity with the Single European Act (SEA) of July 1987 which created a single European market. The remaining barriers to the free transfer of goods, services, and capital were eliminated by Europe in 1992.

In November 1993, the Treaty of Maastricht was signed and the European Communities (EC) became the European Union. The purpose of the EU was to reduce costs and increase specialization through the free movement of goods, services, capital and people among the member nations. European economic integration was intended to make Europe equally competitive with the North American economic bloc united by the North American Free Trade Agreement (NAFTA) and the Asian economic bloc united by the Association of Southeast Asian Nations (ASEAN).

Currently, the European Union is composed of 28 sovereign member states. The six founding countries were Belgium, France, (then-West) Germany, Italy, Luxembourg and the Netherlands. They were followed by Austria, Denmark, Finland, Greece, Ireland, Portugal, Spain, Sweden, and Britain. With the fall of the Soviet Union, eastern European countries looked towards the west and in May 2004, Poland, Hungary, the Czech Republic, Slovenia, Slovakia, Malta, Cyprus, Estonia, Latvia, and Lithuania joined the EU. They were followed by Bulgaria and Romania in 2007, and Croatia in 2013.

The Europe Monetary Union

The Maastricht Treaty had another equally important provision. It outlined the convergence criteria which were required for acceptance into the European Monetary Union (EMU). The EMU established the euro as the single European currency as of 1999. The purpose of the common currency was to eliminate foreign exchange risk, provide price transparency, and facilitate cross-border trade and transactions.

The initial members of the EMU or Eurozone were Germany, France, Italy, Spain, Portugal, Belgium, Luxembourg, the Netherlands, Ireland, Finland and Austria. The acceptance of a common currency was no small feat for these 11 countries and when the euro was launched, it was considered a success. Although Britain, Denmark, and Sweden met the financial criteria for European Monetary Union membership, they decided not to join immediately. Greece did not qualify at that time, but was allowed to join in 2001.

Under EU legislation, all European Union members, with the exception of Britain and Denmark, were required to adopt the euro as their currency when, and if, they met the convergence criteria. Currently 17 of the 28 members of the EU have adopted the euro. An often undiscussed provision is that membership in the EMU is irrevocable; that is, those already in the Eurozone cannot leave the monetary union. In short, there is no exit clause.

Stability and Growth Pact

The responsibility for conducting monetary policy for the Eurozone was given to the European Central Bank (ECB) and the ECB immediately established an inflation target of 2 percent. As a

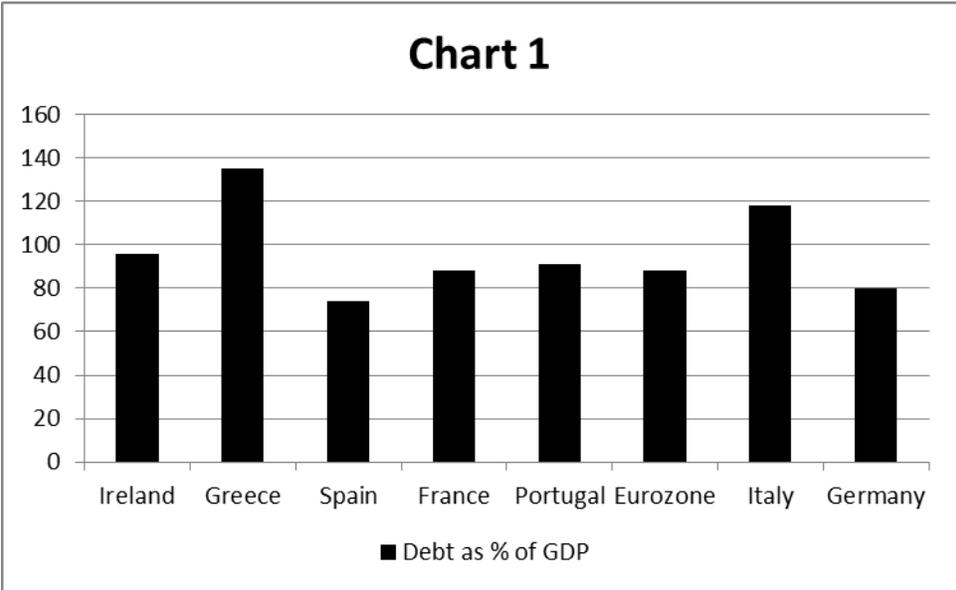
result, Eurozone countries lost control over their own interest and exchange rates. Although member countries could still conduct their own fiscal policy, actions were limited by the provisions of the EU's Stability and Growth Pact (SGP). The SGP required that all member countries limit their budget deficit to 3 percent of Gross Domestic Product (GDP) and public debt to 60 percent of GDP or face substantial fines. Unfortunately, although these standards were written down, they were not enforced. Eleven years after the adoption of the euro, the concern about free spending among member countries became a reality.

In 2001, Portugal was the first to exceed the limit set by the SGP. However, other countries – from Germany to Greece – followed suit and even though they violated the SGP, all routinely escaped fines. On average, most member countries ran a budget deficit more than twice the 3 percent limit.

After a decade, the Eurozone seemed to be financially stable. However, the global financial crisis in 2008 exposed the structural flaws of the EMU. Initially it appeared that the Eurozone members were immune to the financial crisis and hard-hit Iceland lamented that it was not protected like EMU member Ireland. But, the stability did not last and the huge deficits of member countries put the credibility and stability of the euro in question.

Deficits and Debt Grow

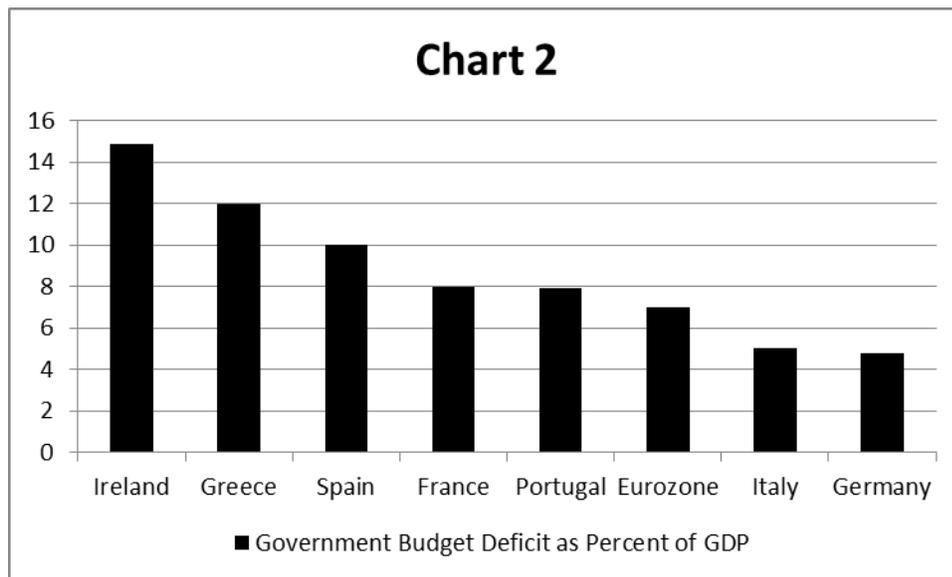
By 2011, budget deficits and public debt were out of control for several members of the Eurozone. Chart 1 below shows government debt as a percentage of GDP as reported by the European Commission.



Debt as a percentage of GDP was almost 90 percent for the Eurozone as a whole – far above the 60 percent limit set by the SGP. In a 2010 paper, Reinhart and Rogoff show that the future potential GDP of a country lowers by more than 1% when the government debt-to-GDP ratio

rises above 90%.⁵² Greece's percentage was the highest at almost 140 percent, but even Germany's debt stood at 80 percent.

Chart 2 below shows 2010 government budget deficits as a percentage of GDP as reported by the European Commission. Ireland led the way with 15 percent, the Eurozone as a whole was 7 percent – more than twice the SGP limit.



The problems continued into 2011 when Greece's government debt grew to almost 160 percent of GDP with Italy and Ireland close behind.⁵³ The bond market took note.

Before the financial crisis, investors in the global bond market lured nations into tapping readily available low cost credit. However, when times turned bad, the market was merciless in punishing the heavily indebted countries. Investors dumped bonds (and refused to lend additional funds) fearing the Eurozone countries were not growing fast enough to pay for the future interest on their debts. They demanded higher premiums for their bonds increasing the likelihood that some of the sovereign bonds would default and causing financial turmoil. The interest rate on Greek 10-year government bonds increased to 10 percent – up 433 basis points in one year. The 10-year interest rate on government bonds in Portugal and Ireland approached 6 percent, up 163 and 71 basis points respectively. In contrast, Germany's 10 year rate hovered around 3 percent.

The common currency eliminated the easiest solution to their economic woes - they could not devalue their currency and export their way out of their economic problems. Labor costs soared in Ireland, Spain, and Greece to 1 ½ times that of Germany by 2010. This competitive advantage allowed Germany to become the export powerhouse and it generated huge trade surpluses

⁵² Reinhart, Carmen M., and Rogoff, Kenneth S. 2010. "Growth in a Time of Debt." *American Economic Review*, 100(2): 573-78

⁵³ "They're Bust. Admit it," *The Economist*, 2 April 2011, pp. 14-15.

against its European trading partners particularly those who could least afford it – Greece, Portugal, Ireland and Spain.

Fiscal Austerity

The EU's solution was to force austerity on these countries. They were forced to slash their budgets in order to reduce their deficits. The fiscal contraction undermined economic growth, deepened the recession and decreased tax revenues. Unemployment grew hitting almost 24 percent in Spain, 21 percent in Greece and 14 percent in Portugal. By the first quarter of 2013, the recession continued to deepen and spread. GDP decreased by 1 percent from the previous year in the Eurozone, but by 3.9 percent in Portugal, 2 percent in Spain, and 5.3 percent in Greece.

The austerity measures increased concerns about government debt and weakened European banks creating a vicious cycle. Markets forced bond yields to remain high making it more difficult for these countries to meet their debt obligations. It became apparent that a more aggressive and expensive response will be required to calm the markets, if indeed a solution can be found.

Further Actions

The euro's founders dreamed that a single currency would end chronic currency crises, promote growth and increase Europe's economic power, but instead the banking crisis led to a debt crisis that led to an economic crisis. The EU faces a structural problem – who backs the euro? Unlike the Federal Reserve in the U.S. the ECB cannot act as the lender of last resort. "Moreover, the euro area did not match the design of the 'dollar union' of the United States in key respects, since the monetary union was not accompanied by a significant degree of banking union or fiscal union."⁵⁴ In addition, one monetary policy – i.e. identical interest rates in each country – is not appropriate for all member countries. However, the cost of returning to sovereign currencies is greater than the cost of retaining the euro. So, what is the solution?

Actions Taken

Long-term Refinancing:

Commercial banks were allowed to borrow over €1 trillion (\$1.3 trillion) of three-year money at the ECB's low interest rate of 1 percent during the ECB's two long-term refinancing operations (LTROs) in December 2011 and February 2012. Banks were able to use some of the cash to buy high-yielding bonds of the Eurozone's southern members. While providing temporary relief,

⁵⁴ Lane, Philip R. 2012. "The European Sovereign Debt Crisis." *Journal of Economic Perspectives*, 26(3): p. 49

this soon became ineffective.⁵⁵ Hence in July 5, 2012, the ECB cut its benchmark rate further to 0.5 percent to stimulate the European economy.

European Financial Stability Facility (EFSF):

The European Financial Stability Facility (EFSF) was given the ability to purchase newly issued bonds of rescued governments. EFSF borrowing is backed by guarantees from Eurozone members, with International Monetary Fund (IMF) contributing the rest. The EFSF was first used to provide relief to Ireland and Portugal. It was used for the second Greek bail-out, which required a commitment of €192 billion, of which all but €18 billion has been disbursed.⁵⁶

European Stability Mechanism (ESM):

The EFSF was a temporary rescue fund which remained active until mid-2013. It was replaced in September 2012 by the permanent European Stability Mechanism (ESM). The ESM differed from the EFSF in two ways. First, the EFSF purchased newly issued government bonds while the ESM can inject funds directly into troubled banks. Second, the EFSF backed its bonds with guarantees from Eurozone members while the ESM started with a paid-in capital of €500 billion.

Fiscal Compact:

On March 2, 2012, the member countries signed a Fiscal Compact, which is a stricter version of the SGP. The goal of the Compact is to prevent the 17 Eurozone countries from maintaining excessive debt levels. The Compact became effective on Jan 1, 2013. Any EU member state which fails to sign the Compact will lose the right to future bailouts.

Banking Union

The Eurozone crisis can be divided into a banking crisis and a sovereign debt crisis which ended with an economic crisis. In June 2012, the member countries agreed to attack the first issue by creating a banking union. A true banking union requires a single supervisor, a central resolution mechanism with access to a common backstop fund, and Europe-wide system of deposit guarantee.⁵⁷

After some political wrangling, the EU's finance ministers agreed that the ECB would act as the single supervisor of the Eurozone banks effective November 2014. The ECB was given the authority to decide the viability of a bank, and a new institution – the Single Resolution Mechanism (SRM) – was created to apply the rules of the Bank Recovery and Resolution (BBR) to restructure or liquidate failing banks. The SRM is backed by a pool of resolution funds. The Deposit Guarantee Scheme (DGS) currently protects deposits up to €100,000. It should be

55 “After the Sugar Rush,” *The Economist*, 14 April 2012, p.79.

56 “Gearing Up for Business,” *The Economist*, 12 October 2013, p. 88.

57 “A La Carte and Half-baked,” *The Economist*, 8 June 2013, p. 13.

noted, however, that significant differences exist within the DGS as to the level of coverage, the scope of covered depositors and products, and the payout delay because of the “minimum harmonization” approach introduced in 1994. The financing of schemes was left entirely to Member States.⁵⁸ The EU is working towards a credible euro-wide deposit guarantee that would reassure savers that their deposits are safe in any Eurozone bank up to the maximum insurance amount.

Fiscal Union

The banking union should stop a run on banks and, hopefully, reduce future banking crisis. However, to address the sovereign debt crisis and stop the run on sovereigns, members of the Eurozone need to consider some type of joint Eurobonds. Eurobonds issued jointly by Eurozone members should reduce the costs of borrowing for troubled countries and provide a safer asset for banks than the current bonds. In addition, a fully mutualized Eurozone debt market would be enormous—at €8 trillion (\$10.5 trillion)—and thus very liquid.⁵⁹

Integration or Disintegration

Changing the structure of the EU is not feasible. Thus, the EU will either have to be dissolved or greater unification will have to be achieved. Either action will be a monumental task – not done easily, or possibly at all, no matter what the consequences are. However, an EU dissolution would be catastrophic, not only to member countries but to the global economy. European leaders are aware of the consequences of a break-up, although the size and complexity of the problem may make it difficult to avoid. Conventional EU wisdom is that the Eurozone faces either “integration or disintegration.” Thus, saving the Eurozone seems to be a more probable outcome than its fragmentation. European leaders met after the May 2012 Chicago NATO meetings. Public comments suggest EU leaders are attempting to stand firm to make sure that dissolution is not the solution. How successful they will be remains an open question.

A fundamental step towards a united European fiscal union may be required. National governments may have to surrender a certain amount of sovereignty over their budgets, but the question is, to whom? This will be especially difficult because it means that some countries will have to change their cultures to be successful; it cannot be “business as usual.” This could pave the way to the introduction of Eurobonds in the future, assuming that all of the countries’ electorates agree. Only if Eurozone countries can borrow as a united group, will all member countries be able to benefit from lower borrowing costs.

However, the most difficult roadblock to success may not be financial, but cultural. Incompatible cultural differences are the true source of today’s financial and banking crises in member EU countries. Culture denotes the history, experience, beliefs and attitudes of people, and

58 European Commission, MEMO/14/296, 15 April 2014.

59 “Euro Snakes and Ladders,” *The Economist*, 14 July 2012, p. 49.

differentiates people of one country from another.⁶⁰ Cultural differences between EU countries are so pronounced that the current economic circumstances in some EU member countries have become very lop-sided. Some countries have ended up being the creditors, while others are laboring under a monumental debt burden. This is not stable.

In recent decades, talking about culture has become politicized. What has been forgotten is that no free country can keep its own culture, freedom and independence, if its culture cannot produce a successful economy capable of distributing economic benefits widely among its population. When an economy cannot do this, it produces a society and government prone to instability and insecurity.

Before the EU can truly be successful, its member countries must be able to achieve a united EU cultural identity – a tall order indeed. The United States was able to do so in the late 19th century only after enduring a bloody civil war in which Americans killed 620,000 fellow Americans. Then and only then, did the reality of the cultural supremacy of American Rule of Law become a reality across all of the individual American states under the U.S. Constitution and Bill of Rights. With the checkered history of brutal wars and distrust between European nations over centuries, one wonders whether and how such cultural EU unity can be achieved. One thing is true – without such cultural unity, further financial and economic unity in the EU is highly unlikely.

Conclusion

The Eurozone countries are facing new challenges. They must tackle their budget deficits and bring down their public debt while instituting economic policies to promote job, income, and tax revenue growth. The debt-strapped countries must address their cost competitiveness issue with Germany. Holding an economic union together goes beyond signing more treaties, creating more laws, and developing more common economic institutions. Europeans must desire – and be able to implement – closer economic, social, political, cultural and legal cohesion as well. With deeply-rooted cultural differences and deep-seated distrust among these nations from hundreds of years of experience and brutal wars, history warns us that the future of the euro and the European Union is certainly not guaranteed.

References

European Commission. MEMO/14/296, April 15, 2014.

Harrison, Lawrence E. & Samuel P. Huntington, editors. 2000. *Culture Matters: How Values Shape Human Progress*. Basic Books, New York, New York.

⁶⁰ For a more detailed discussion of culture, see, Lawrence E. Harrison and Samuel P. Huntington, ed. , *Culture Matters: How Values Shape Human Progress*, (New York: Basic Books, 2000)

Lane, Philip R. 2012. "The European Sovereign Debt Crisis." *Journal of Economic Perspectives*, 26(3): p. 49-68.

Neal, Larry and Barbezat, Daniel. *The Economics of the European Union and the Economies of Europe*. Oxford University Press. 1998.

Reinhart, Carmen M., and Rogoff, Kenneth S. 2010. "Growth in a Time of Debt." *American Economic Review*, 100(2): p. 573-78.

The Economist. After the Sugar Rush. April 14, 2012. 403(8780), p.79.

The Economist. A La Carte and Half-baked. June 8, 2013. 407(8839), p. 13.

The Economist. Euro Snakes and Ladders. July 14, 2012. 404(8793), p. 49.

The Economist. Gearing Up For Business. Oct 12, 2013. 409(8857), p.88.

The Economist. They're Bust. Admit it. April 2, 2011. 399(8726), pp- 14-15.

About the Authors

Terry Young is Professor of Economics at the Graziadio School of Business and Management. She earned her PhD at the University of Southern California and joined the Pepperdine faculty in 1984. She has extensive knowledge of the global marketplace, with a primary emphasis on Asia. Her consulting expertise encompasses global sourcing, business start-ups, and management in many industries, including food distribution, textile/garment, agriculture, and electronics. Additionally, she has significant experience in real estate development.

Linnea McCord is an Associate Professor of Business Law at the Graziadio School, joining the faculty in 1997. She received her B.A. degree from the University of Sydney, Australia (including one year of law school at the University of Sydney Law School). She has a J.D. degree from the University of Houston Law Center and an M.B.A. degree from the University of Texas at Austin. Dr. McCord practiced law for many years prior to entering the academic environment, including acting as the General Counsel of a company in a high-technology Fortune 500 multinational corporation headquartered in New York and Paris. She has been practicing, teaching, researching, or speaking on the topics of ethics, trust, and business law, both from an American and global perspective, for 38 years.

Peggy Crawford is Professor of Finance and earned her PhD from Purdue University. She has over 25 years of business and academic experience. She has consulted with a wide range of companies from AT&T to the Washington Redskins. She has published over 30 articles in a variety of academic and practitioner journals. Her research focuses mainly on corporate finance, capital markets and real estate/mortgage topics. Dr. Crawford joined the faculty of Pepperdine's Graziadio School in 1997 and currently serves as chair of the Department of Accounting and Finance.

An Eight-Year Study on Quantitative Capability Improvement of College Students

Shaoping Zhao
Richard Stockton College of New Jersey

Jinchang Wang
Richard Stockton College of New Jersey

ABSTRACT

This paper presents the results and analyses of an eight-year study on college students' quantitative aptitude improvement using SAT-Math-Simulation-Test (MST) approach. The purpose of the study is to assess the progress of business students' quantitative aptitude. Students' MST test scores were compared to their SAT math scores before entering college, so as to show their improvements in quantitative capability in college. Other factors such as genders, majors, number of credit hours earned, and number of transfer hours are also considered when analyzing students' improvements.

1. Introduction and Literature Review

This paper presents an eight-year study of quantitative aptitude of business students in School of Business at The Richard Stockton College of New Jersey. This public college has an enrollment of 8,458 students in fall 2013 with over 1,000 students majoring in business. The purpose of the study is to investigate whether students' quantitative capability is improved in college up to the time they take our SAT-Math-Simulation-Test (MST) or after the students completed a core course, BSNS 2120 - Quantitative Business Methods (QBM). The paper tries to answer following questions:

1. How much improvement have students achieved in quantitative capability in college compared to the level when they entered college?
2. How is the improvement related to other factors such as gender, majors, number of credit hours earned, and number of transfer hours?
3. What is the overall students' math level, at their entering the college and at present, and what are the reasons behind the changes in the past eight years?
4. How is the improvement related to student groups and classes over semesters?

This study has lasted eight years. It adopted a method, called SAT-Math-Simulation-Test (MST) approach, to do assessment (Wang, Chhtawal, Zhao 2010). The results show that, on average, students exhibited an improvement in their quantitative aptitude in their college years and immediately after taking QBM class. The improvement was more or less related with other factors such as gender, majors, number of credit hours earned, and number of transfer hours. The results show how the status of quantitative aptitude of business students changed in the time span of eight years. The data collected in the eight years provide a convenient resource to study

the evolution of student bodies and quantitative education in the past years and are useful for the future study.

Quantitative aptitude is a key capability that colleges expect their students to possess to deal with the professional and academic challenges of today. Some recent studies explored the underlying reasons for this state of affairs. Dar-Nimrod (2007) presented the findings on whether math ability was nature or nurture. Ruffins (2007) addressed “math anxiety” as the worst enemy of studying math and the ways to overcome it. Jones and Byrnes (2006) studied the influence of students’ characteristics on studying math. Ma (2005) looked at factors of mathematical achievement and their correlations by using regression trees.

There are numerous efforts and methods for conducting quantitative literacy assessment in colleges and universities. Griffith and McCoy (2002) examined the expectations of freshmen students and checked their satisfaction of the expectations of college life when they graduate in senior year. They used both qualitative and quantitative methods combining data from both surveys and essays. They conclude that efforts should be continue to assess the students’ academic experiences through both qualitative and quantitative assessments. Keup (1999) analyzed a big sample of over 9,000 students from 121 institutions. She examined student types of value orientation and related these types to satisfaction of the students. House’s (1998) similar research found that students with higher academic performance were more satisfied with the college experience. Ellington (2003) conducted an assessment study on development of quantitative reasoning skill of Virginia Commonwealth University students. The study used pretest and posttest methods to evaluate students’ progress after taking certain mathematic courses. The assessment revealed that the quantitative reasoning skills of students are improved through participation in the general education mathematics courses. Sundre (2003) discussed a collective definition of quantitative reasoning and provided a progress report on an effort to enhance assessment of quantitative reasoning for the purpose of providing information that informs pedagogy and program improvement. Sinclair, Miller-Jones, and Sommers (2011) did an assessment of quantitative reasoning for psychology majors at Portland State University. They found relatively low levels of competence in areas of quantitative research methodology. They compared the students who took required statistics sequence with those who did not and found that there was little advantage for the students who completed the statistics sequence before taking the quantitative research methods classes. Ward, Schneider, and Kiper (2011) did a quantitative literacy (QL) assessment with a sample of 188 undergraduate students at Miami University. They found that as score on the QL measure increased, statistical /mathematical anxiety decreased and the perceptions of one’s numeracy abilities increased. Sikorskii, Melfi, Gilliland, Kaplan, and Ahn (2011) developed a QL assessment at Michigan State University with 3,701 consented undergraduate students participated in the assessment. Their report showed that males’ QL scores were higher than females, and showed the correlations with ACT and university mathematics placement test. Gilliland, Melfi, Sikorskii, Corcoran, and Melfi (2011) used logistic regression models to assess the relationship between financial literacy and quantitative literacy, ACT math score and gender. They found there was a strong positive correlation between financial literacy and quantitative literacy.

Our paper has three distinct characteristics compared to the above literatures. The first one is the uniqueness and convenience of MST approach, which will be discussed in section 4. Second, we have considered all other relevant factors such as gender, GPA, majors, number of credit hours earned, and number of transfer hours when analyzing the students' improvement of quantitative capability. Third, and more important, the time span of our project covers eight years which is unprecedented in the literature.

Description of the data collection and summary of the data information are in the next section. Section 3 introduces the MST approach. Section 4 shows the general results and analyses. Section 5 presents detailed descriptive statistics which show the students' improvement with respect to the time span, majors, transferred credit hours, and current credit hours earned. Section 6 is the conclusion.

2. Description of Data Collection

The Business School at Stockton offers four to five sections of BSNS 2120, Quantitative Business Methods (QBM), a core course for the business major, every semester in fall and spring. QBM is the only required quantitative methods course for business students and offered at sophomore level in the business program. All sections were capped at 35 students. The Business School is in the process of getting AACSB accreditation. So the assessment of students' quantitative capability is one of the key issues needed to be addressed. As the instructors of QBM, we designed methods and conducted studies of the assessment. We administered MST tests in thirteen semesters at the end of each semester when students completed QBM from spring 2006 to fall 2013.

The MST tests were administered in class. Students were given 25 minutes to complete a 20 SAT math question test (see next section for details). Extra credit was given to stimulate students' interest and to ensure their seriousness in taking the test. Totally 1,395 students participated in the study and took MST in the eight year time span. In addition to MST test, we also collected data such as students' SAT scores, transferred credit hours, current credits earned, GPA, majors, and genders etc. at the end of each semester when students completed QBM. The office of Institutional Research at Stockton cooperated and provided the resource of the data and information. In this way, we have established a data base for this research on students' quantitative capability. The data collection will be continued until 2016 when the SAT math test questions and grading methods will be dramatically changed.

To measure students' academic background when they were taking QBM, we used the data of students' SAT math scores, transfer credit hours (many students transferred to Stockton from two-year community colleges), current credit hours earned, and GAP. Table 1 is the summary of the thirteen semester data, which shows the student body's background information in terms of the averages of transfer credit hours, total credit hours earned, GAP, and more important, students' SAT math scores with the median and standard deviation (STDEV).

Table 1. Year-By-Year Student background Information Summary

Semesters	Num. of students	Average Transfer Hours	Average Credits Earned	Average GPA	SAT Average	SAT Median	SAT STDEV
Overall	1395	37.4	71.04	3.09	536	530	78.62
Spring 2006	53	11.66	68.14	3.05	556.9	570	67.78
Fall 2006	58	12.26	62.31	3.05	523.8	520	81.14
Fall 2007	84	35.01	76.26	3.09	501.1	500	51.97
Spring 2008	101	38.24	76.09	3.05	542.5	545	85.67
Fall 2008	109	34.67	71.8	3.12	556	545	80
Spring 2009	111	35.22	74.91	3.03	533.9	540	70.1
Fall 2009	118	34.91	63.53	3.19	530.3	540	76.81
Spring 2010	108	43.4	74.02	3.1	550	570	93.03
Fall 2011	117	39.37	61.18	3.05	534.4	520	81.2
Spring 2012	110	34.69	66.42	3.06	538.3	530	73.61
Fall 2012	151	40.48	63.72	3.03	529	520	85.94
Spring 2013	124	49.99	82.66	3.16	523.6	520	75.59
Fall 2013	151	45.1	78.25	3.15	544.3	550	83.09

3. SAT-Math-Simulation-Test (MST) Approach

Our MST test is actually an abridged version of SAT test, which is composed of questions randomly selected from the quantitative part of old SAT exams, but much shorter than the SAT test. In a SAT math test, students have 75 minutes to complete 60 quantitative questions. With that rate, students have 25 minutes to complete 20 questions in MST test. Wang et al augured that a test of as few as 20 questions was statistically comparable to the SAT quantitative test of 60 questions (Wang, Chhatwal, Zhao, 2010). A 25-minute test can be conveniently and flexibly inserted and administered in a class.

In general, there are five key steps in the MST approach:

1. Randomly select 20 questions from the math part of past SAT exams.
2. Select classes to take the MST.
3. Collect SAT score and other data for students in each selected class at the end of the semester.
4. Convert MST scores into a base of 800 points so as to compare them with the students' SAT scores and other data.
5. Statistically evaluate changes and improvements in the students' quantitative capability.

4. The General Results and Analyses

Table 2 is the year-by-year summary of MST scores and SAT scores in the thirteen semesters. The overall average and median scores of MST maintained pretty stable, which indicates that students' quantitative capabilities maintained stable in the past eight years except the average 517 and median 502 in spring 2009. The overall standard deviation 102 looks pretty high. That reflects the gap of quantitative background and capability among students. The standard deviations vary from semester to semester with a trend of increase from year 2006 to year 2013. The trend implies that the gap of students' quantitative background and capability was getting bigger as the time going. Faculty members have felt that it is getting more difficult to teach quantitative models in business courses. Our results show that it is likely because students' quantitative capabilities have been getting more dispersed although the average capability has remained unchanged. That is, good students have been getting better and poor students have been getting worse, which makes the teaching job more difficult.

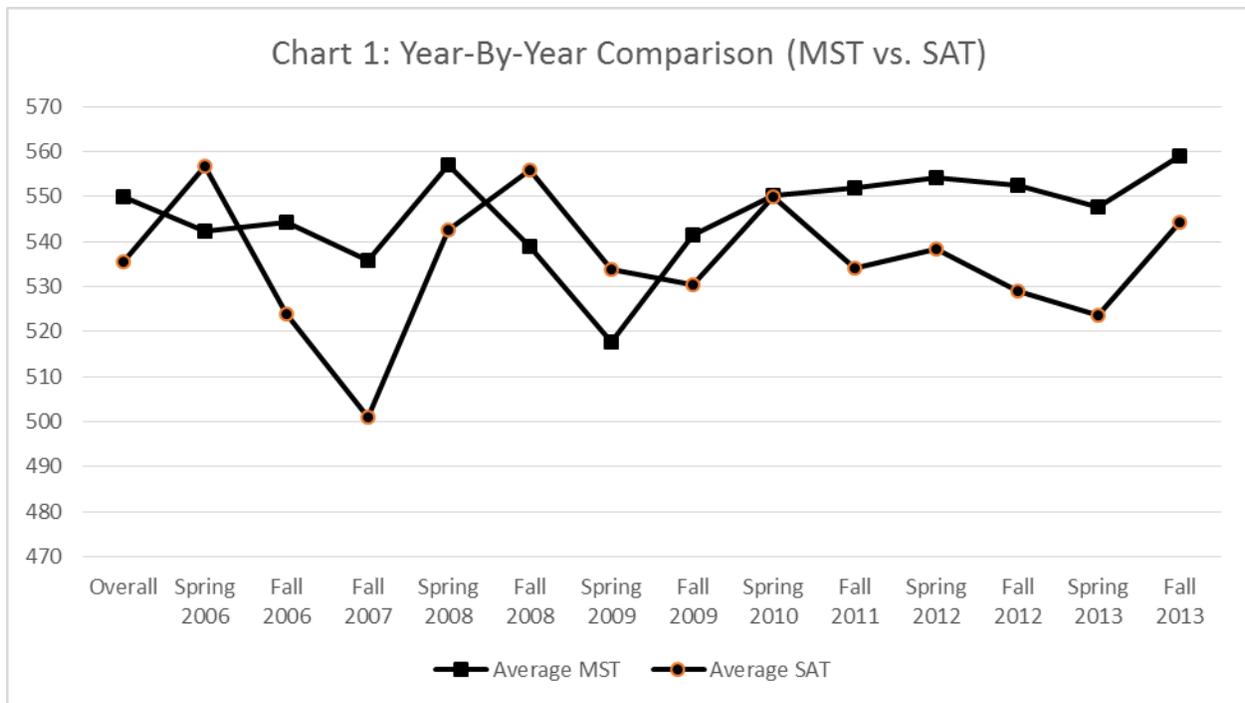
Table 2 also summarized the thirteen semester statistics of students' SAT math scores when they entered the college. Of the 1,395 students who took MST, 696 had their college entry SAT scores recorded. Many transfer students from community colleges do not have SAT scores records. Similar to MST, average and median of students' SAT scores maintained stable in the past eight years. But the standard deviations of SAT scores vary from semester to semester.

It is worth to emphasize that the overall average and median of SAT scores, 535 and 537 respectively, were lower than overall average and median of MST score, 549 and 555 respectively. The average SAT score was also lower than MST in each semester except spring 2006, fall 2008, and spring 2009 (see Chart 1 for intuitive comparison). These results meet our expectation of improved quantitative capability of students. General speaking, students' quantitative capability/aptitude improved after they entered college and completed QBM class (see the last column of table 2). Note that the column "numbers of students" are for students who took MST tests. Since some transfer students did not have SAT scores, the student body size for calculating SAT average and median is smaller than that for MST. In section 5, we will do analyses based on the students who took both MST and SAT tests.

Semesters	Num. of students	MST Average	MST Median	MST STDEV	SAT Average	SAT Median	SAT STDEV	Improve-ment MST-SAT
Overall	1395	550	555	102.08	536	530	78.62	14
Spring 2006	53	542.3	557.5	64.94	556.9	570	67.78	-14.6
Fall 2006	58	544.2	557.5	78.08	523.8	520	81.14	20.4
Fall 2007	84	536	530	98.87	501.1	500	51.97	34.9
Spring 2008	101	557.1	557.5	90.27	542.5	545	85.67	14.6

Fall 2008	109	539	530	111.94	556	545	80	-17
Spring 2009	111	517.8	520.5	103.53	533.9	540	70.1	-16.1
Fall 2009	118	541.4	557.5	105.7	530.3	540	76.81	11.1
Spring 2010	108	550.3	557.5	110.22	550	570	93.03	0.3
Fall 2011	117	552	558	112.58	534.4	520	81.2	17.6
Spring 2012	110	554.3	560	100.34	538.3	530	73.61	16
Fall 2012	151	552.6	560	98.52	529	520	85.94	23.6
Spring 2013	124	547.6	530	101.66	523.6	520	75.59	24
Fall 2013	151	559.1	560	93.47	544.3	550	83.09	14.8

Chart 1 graphically compares MST average score and SAT math average score using the data from Table 2.



5. Student Improvements vs. Varieties of Factors

Section 4 showed the general assessment results of the study. This section discusses the improvements of students with respect to the time span, majors, transferred credit hours, current credit hours earned, and genders. In the past eight years, 1,395 students in total took the MST at the end of QBM class. However, many of them do not have SAT records because they were transfer students from two year community colleges. To measure the improvement precisely, we now consider the student body with both MST and SAT records. As mentioned previously, there were 696 students of the 1,395 students who had taken both MST and SAT.

Table 3 below presents the statistics of MST and SAT of 696 students in the thirteen semesters.

Table 3. Year-By-Year MST and SAT Summary and Improvement for Students Having Taken both MST and SAT								
Semesters	Num. of Students	MST Average	MST Median	MST STDEV	SAT Average	SAT Median	SAT STDEV	Improvement (MST-SAT)
Overall	696	560.4	557.5	94.88	536	530	78.62	24.4
Spring 2006	51	542.7	557.5	66.18	556.9	570	67.78	-14.1
Fall 2006	55	544.5	557.5	80.15	523.8	520	81.14	20.6
Fall 2007	47	543.7	530	85.37	501.1	500	51.97	42.7
Spring 2008	44	576.9	585	99.55	542.5	545	85.67	34.4
Fall 2008	50	572.7	557.5	88.59	556	545	80	16.7
Spring 2009	57	545.5	530	98.07	533.9	540	70.1	11.6
Fall 2009	63	551.2	557.5	86.57	530.3	540	76.81	20.9
Spring 2010	41	578.3	557.5	104.92	550	570	93.03	28.3
Fall 2011	52	570	557.5	100.67	534.4	520	81.2	35.6
Spring 2012	46	561.1	560	112.33	538.3	530	73.61	22.8
Fall 2012	59	569.7	560	98.49	529	520	85.94	40.7
Spring 2013	56	556.1	560	100.25	523.6	520	75.59	32.5
Fall 2013	75	574.4	590	102.81	544.3	550	83.09	30.1

The last column of table 3 shows the differences between average MST and average SAT. All the differences of the thirteen semesters are positive except spring 2006 (-14.1), which was the first semester we started to do the assessment and collect the data. The negative improvements of fall 2008 and spring 2009 with the sample size of 1,395 students showed in Table 2, Section 4, disappeared in Table 3 with the sample size of the 696 students. The degree of the improvements (16.7 and 11.6) in fall 2008 and spring 2009 semesters were lower than the other semesters, which is reasonable and understandable because the improvements of the two semesters were negative with the population size of 1395 in Table 2.

These results demonstrated that the students' math capability was indeed improved in college up to the time they complete QBM. The degrees of the improvements vary from semester to semester. The overall improvement is 24.4 points. The only negative improvement in spring 2006 could be due to the highest SAT math score (556.9) in spring 2006 among the thirteen semesters. On the other hand, the greatest improvement (42.7) was in fall 2007 when the student body had a lowest entry level SAT score of 501.1. Chart 2 intuitively demonstrated the improvements.

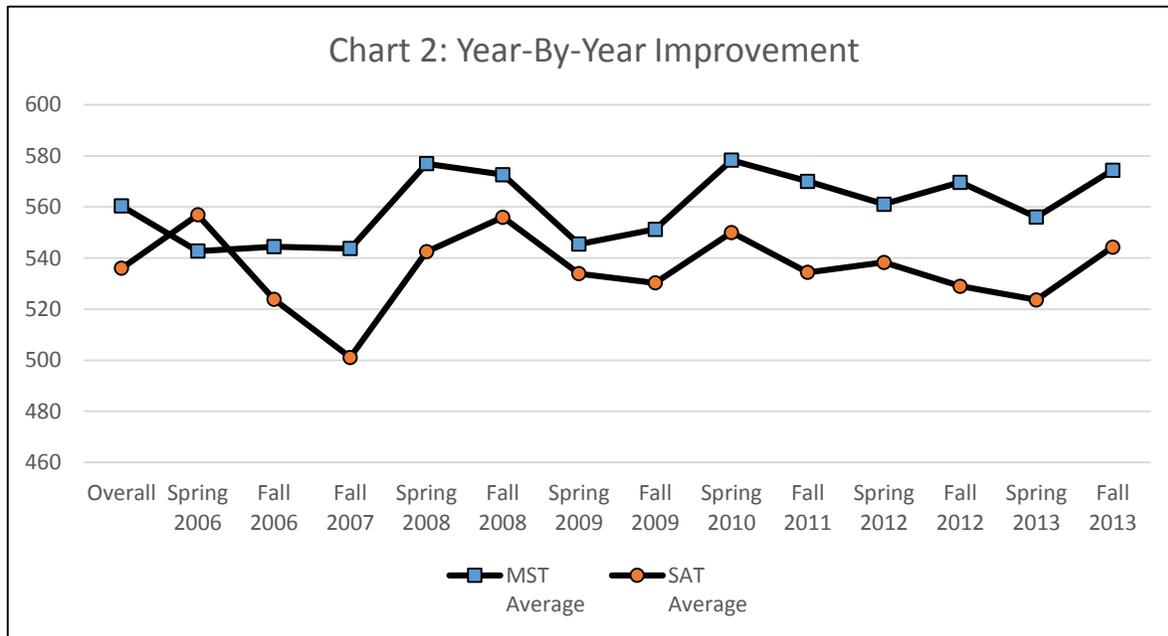


Table 4 summarized the statistics with respect to students' current credit hour earned. We put students into six groups according to their earned credit hours, 0-32, 33-47, 48-63, 64-79, 80-95, and 96 hours or over. Stockton's four-hour course system and students usually take four classes each semester and need total 128 credit hours to graduate. The statistics show that all groups have improvement (see last row) and greater improvements occurred for group 0-32 (32 points), 33-47 (30.8 points), and 80-95 (32.1 points).

	<i>Current Credit Hours Earned at the Time Taking MST</i>						
	Overall	0-32	33-47	48-63	64-79	80-95	96 & Over
Number of Students	696	82	80	178	169	115	72
Average MST	560.4	570.9	584.9	557.8	552	555.4	555.1
MST STDEV	94.88	78.6	101.92	97.89	96.02	89.81	99.01
Average SAT	536	538.9	554.1	542.8	534.4	523.3	526.7
SAT STDEV	78.62	58.92	74.56	82.09	80.53	83.54	79.19
Improvement (MST-SAT)	24.4	32	30.8	15	17.5	32.1	28.4

Table 5 shows the statistics with students' transfer credit hours from other colleges. A zero transfer hour means the students started their college as freshmen at Stockton. Since Stockton accepts maximum 64 transfer credit hours from two year community colleges, we put 64 transfer credits as a group. Usually, the students had an associate degree from community colleges if they had 64 transferred hours.

In Table 5, the spectrum of number of transfer credit hours at the time a student took MST is divided into five segments. There was an obvious tendency for transfer credits less than 65 and greater than zero hours: The more transfer credits a student had the lower the student's MST score. In other word, the more courses a student took from a community college the lower his/her test score was. Therefore it can be viewed as an indicator that the quality of courses in Stockton College, the four year college, was better than that in community colleges in terms of enriching students with quantitative capabilities.

For those with 65 or more transfer hours, the averages and medians of their MST scores were significantly higher than overall average. A reason behind this fact is that many of such students were transferred from four-year colleges or from foreign universities. They brought in transferred credit hours from, for example, universities in Asia and East Europe. Students with such an academic background usually performed better in mathematics, which pulled up the test score average in this segment. This group of students not only had highest MST (606.9) and SAT (545.5) scores but also had much greater improvement (61.5) compared to overall (24.8) and other groups.

	Overall	<i>Number of Transfer Hours at the Time Taking MST</i>				
		0	1-32	33-63	64	65-96
Number of Students	696	294	197	88	95	22
Average MST	560.4	565.4	560.2	546.8	546.9	606.9
MST STDEV	94.88	94.37	96.32	85.24	99.51	92.05
Average SAT	535.5	547.6	536	511.5	517.2	545.5
SAT STDEV	78.62	71.56	82.71	62.47	94.04	86.23
Improvement (MST-SAT)	24.8	17.8	24.2	35.4	29.8	61.5

Table 6 presents the statistics and improvements with different concentrations. Business Major in Stockton has five concentrations, Accounting (ACCT), Business Studies (BA), Finance (FIN), Management (MGMT), and Marketing (MKTG). Hospitality used to be one of the business concentrations and was separated from business program a few years ago but still in the school of business and keeps the same core curriculum with business majors. One can see in Table 6 that Hospitality major had greatest improvement (41.3) with the lowest average SAT math score (495.9) while accounting major had lowest improvement (20.5) with the highest average SAT math score (543). These indicate that the lower the students' entry math capability, the greater the students' improvement, vice versa.

Major	Overall	ACCT	BA	FINA	Hospitality	MGMT	MKTG	Un-declared	Non-Business
Number of Students	696	145	152	58	32	100	87	71	51
Average MST	560.4	563	565	549.7	537.3	555.8	550	565.8	587.2
MST STDEV	94.88	93	93.7	102.9	96.31	92.22	80.6	104.71	105.09
Average SAT	536	543	540	517.2	495.9	529.3	524	543	565.8
SAT STDEV	78.62	78.5	80.9	82.44	79.31	76.48	66.9	75.07	80.66
Improvement (MST-SAT)	24.4	20.5	24.6	32.4	41.3	26.5	25.7	22.8	21.4

Table 7 presents the statistics for female students and male students. The male students have higher average SAT math and average MST scores. Male students showed 37.1 points higher than female students on average MST score. Similarly, there was a 29.3 point gap between male and female students. That is, when entering college, male students had 29.3 SAT points higher than females on average. Such a disparity remained almost same up to the time they took the QBM course. The improvements for male and female students were 28.2 and 20.4 respectively. The overall average improvement was 24.8.

	Overall	<i>Female</i>	Male	Difference between Male and Female
Number of Students	696	301	395	
Average MST	560.4	539.3	576.4	37.1
MST STDVE	94.88	90.7	94.97	
Average SAT	535.5	518.9	548.2	29.3
SAT STDVE	78.62	73.79	79.91	
Improvement (MST-SAT)	24.8	20.4	28.2	

6. Conclusion and Future Study

This study used SAT-Math-Simulation-Test (MST) approach and covered eight years. The descriptive statistics shows that the students' quantitative capability improvements with respect to time span, transfer credit hours, current credit hour earned, majors, and genders. These results are valuable in assessing our curriculums and pedagogy to improve students' capabilities of critical thinking and mathematics.

The next step of the study is to do the correlation analysis of the different factors, to conduct hypothesis tests, and to investigate the reasons behind the facts by using statistics tools.

References

- Dar-Nimrod, I. (2007). "Math ability in women - nature versus nurture". *Nanotoday*, Vol.2 No.3, June 2007, p.56-57
- Ellington, A J. (2003) "An Assessment of General Education Mathematics Courses Contributions to Quantitative Literacy", *Mathematical Association of America, SAUM New Case Studies*. http://www.maa.org/saum/new_cases/new_case_05_04/assessVCUr5.htm
- Gilliland, D., Melfi, V., Sikorskii, A., Corcoran, E., and Melfi, E., (2011) "Quantitative Literacy at Michigan State University, 2: Connection to Financial Literacy". *Numeracy*, Volume 4, Issue 2 2011 Article 6.
- Griffith, R & McCoy, L (2002) "Four Years Later: Qualitative and Quantitative Assessment of the Changes in the Class of 2001". *Association for Institutional Research 42nd Annual Forum*, Toronto, Ontario, June 3, 2002
- House, J. D. (1998). "The effects of entering characteristics and college experiences on student satisfaction and degree completion: An application of the input-environment outcome assessment model". Paper presented at the Annual Meeting of the Association for Institutional Research, Minneapolis. ERIC ED No. 429491.
- Jones, K. & Byrnes, J. (2006). "Characteristics of students who benefit from high-quality mathematics instruction". *Contemporary Educational Psychology*, Vol.31 No. 3, July 2006, p.328-343
- Keup, J. R. (1999). "Student value orientations about college: Direct and indirect effects on student satisfaction". Paper presented at the Annual Meeting of the Association for the Study of Higher Education, San Diego. ERIC ED No. 437875.
- Ma, X. (2005). "Growth in Mathematics Achievement: Analysis with Classification and Regression Trees". *The Journal of Educational Research*, Vol. 99, No.2, p.78-86

- Ruffins, P. (2007). "A real fear. Diverse Issues in Higher Education", Vol. 24 No.2, 17-19, Mr 8 2007
- Sikorskii, A., Melfi, V., Gilliland, D., Kaplan, J., and Ahn, S, (2011) "Quantitative Literacy at Michigan State University, 1: Development and Initial Evaluation of the Assessment". Numeracy, Volume 4, Issue 2, 2011 Article 5.
- Sinclair, R, Miller-Jones, D & Sommers, J, (2011) "Assessment of Quantitative Reasoning in Applied Psychology" <http://www.docstoc.com/docs/104059023>
- Sundre, D.L. (2003), "Assessment of Quantitative Reasoning to Enhance Educational Quality", AERA annual meeting presentation, Chicago, Available through the ARTIST web site: www.gen.umn.edu/artist/articles/AERA_2003_QRQ.pdf.
- US Department of Education (2003-a). "National Assessment of Adult Literacy", <http://www.ed.gov>.
- Wang, J, Chhatwal, G. & Zhao, S. (2010). "A Study on Improvements of College Students in Quantitative Aptitude" with J. Wang and G. Chhatwal. International Journal of Intercultural Information Management. Vol. 2 No. 1 page 40-54, 2010.
- Ward, R., Schneider, M., & Kiper, J. (2011), "Development of an Assessment of Quantitative Literacy for Miami University". Numeracy, Volume 4, Issue 2 2011 Article 4

About the Authors

Shaoping Zhao received his Ph.D. in Business Administration at Pennsylvania State University in 1992. His research interests are in theoretical modelling of joint ventures, IT applications, education assessment, and China's economic reform theory as well. His research papers have been published in *Managerial and Decision Economics*, *International Journal of Business Strategy*, *Journal of International Management Studies*, etc. He is currently associate professor in School of Business, Richard Stockton College of New Jersey, USA and chair professor in School of International Business, Southwestern University of Finance and Economics, China.

Jinchang Wang received his Ph.D. in operations research / information technology at Georgia Institute of Technology in 1990. His research interests are in artificial intelligence, operations research, future of intelligent systems, cyberbullying, and education assessment. His dozens of research papers have been published in journals *Mathematical Programming*, *ORSA Journal on Computing*, *Annals of Mathematics and Artificial Intelligence*, *J. of Automated Reasoning*, *J. of Approximate Reasoning*, *Mathematical and Computer Modelling*, *Knowledge-based Systems*, *Computers and Operations Research*, *J. of Int. Technology and Information Management*, *J. of Combinatorial Optimization*, *Int. J. of Intercultural Information Management*, *Int. J. of Cyber Criminology*, *Int. J. of Technoethics*, *Int. J. of Intelligence Science*, *Int. J. of Open Problems in Computer Science and Mathematics*, etc. He is currently a Professor in School of Business, Richard Stockton College of New Jersey, USA.