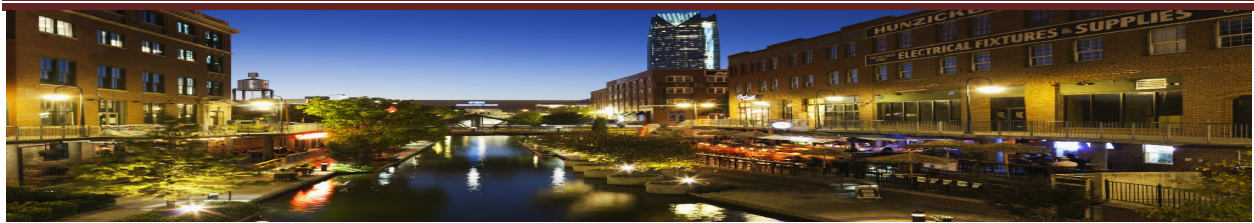


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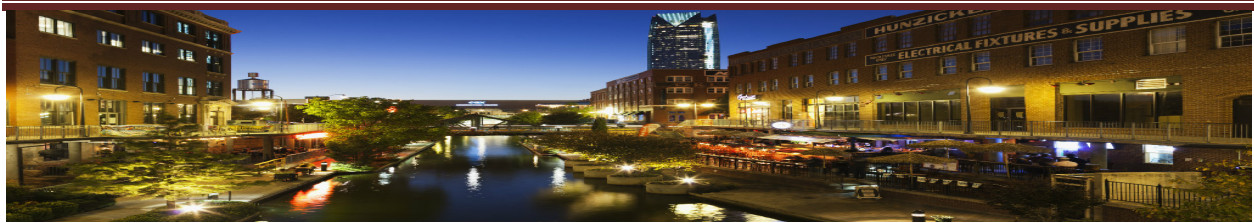
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CONVERGING AND DIVERGING FORCES ON BRAND PREFERENCES: COMPARATIVE EMPIRICAL ANALYSIS OF HOLLYWOOD MOVIES IN THE U.S. AND CHINA

Fiona Sussan, University of Phoenix, USA Fiona.sussan@phoenix.edu
Ravi Chinta, Auburn University at Montgomery, ravichinta@hotmail.com

ABSTRACT

The debate about whether global consumer behavior is converging or diverging continues. The convergence of satisfaction in a product and/or service partially exists as a result of expectations created by standardized marketing strategies; divergence exists due to social, cultural and individual differences among global consumers. Our empirical model uses consumer satisfaction data, recorded marketing activities, and social, cultural and individual expectations of the same global brands in the U.S. and China and reveals the relative impact of converging and diverging forces on brand preferences. Results find marketer-generated expectations on satisfaction of Hollywood movies in China and the U.S. converge, while the impact of social, cultural and individual expectations diverges between Chinese and U.S. viewers.

INTRODUCTION

Global brands are ubiquitous. From the streets of Aoyama to Zagreb, locals wear Levi jeans, eat at McDonalds or KFC, talk on iPhones, and drive Toyotas. These geographically dispersed consumers share a “global consumer culture” (Alden, Steenkamp, and Batra, 1999 p. 80). This belief in a global consumer culture transcends the belief in variances according to country- and culture-of-origin and has rendered products, concepts, services, and ideas as commodities that are sold on the basis of newness, fashion, convenience, and cleanliness. While the motivation of their purchase is similar, their post-consumption satisfaction behavior differs. Researchers reported that Chinese consumers are more satisfied with global brands such as KFC and McDonalds, than their counterparts in the U.S. because of product attributes (Hoare and Butcher, 2008). Or, their satisfaction variance is due to group perception and individual difference in the expressions of satisfaction due to cultural difference (Koh, Hu, and Clemons, 2010).

These prior works point towards two routes to cross-cultural post-consumption satisfaction that may be happening at the same time. One, expectation is universally created by marketers. Two, expectation is created by psychology and social-psychology, that is, self-based experience and social influence. We propose the co-existence of these two routes and empirically test it among two groups – consumers in China and the U.S., in their satisfaction of the same product – Hollywood movies.

BACKGROUND

This research compares consumers from two countries (United States, China) with different cultural backgrounds (Kim and Sherman, 2007) that endorse different means of expressing satisfaction. These differences accentuate the complexity and difficulty of determining the psychosocial aspects by which consumer’s expression of satisfaction converges within

consumers' behavior. This article uses Hollywood movies to compare global consumers' satisfaction because the marketing of Hollywood movies is highly standardized around the globe. Movie marketing is somewhat unique in that almost all marketing decisions and activities are completed before the launch of the new product. Since the opening effect and opening week sales performance are key to a movie's success, marketers concentrate on creating expectations prior to a movie being released. As such, marketers can use standardized strategies to manipulate expectations of consumers across different markets. Further, the trend of simultaneous openings in theatres around the world is increasing. This means the customers' expectations are formulated solely by the pre-release marketing. Since movies incur the majority of their time and money costs prior to launch and once launched they are rarely subject to change, marketing strategies for movies are determined prior to product launch and have little flexibility for change.

Individual prior experience impact their future satisfaction due to comparison level theory. Interesting in the context of movies, the more experience a person has in watching and evaluating movies, the less satisfied the person is with movies, resulting in lower ratings (Moon et al., 2010). However, if an individual lacks prior experience, his/her expectations are influenced by the product itself including brand connotations and symbolic elements, and by their individual characteristics such as their susceptibility to persuasion and perceptual distortion. In the movie context, an individual consumer's expectation depends on the individual's latent product interest expressed in the frequency of movie watching (Neelamegham and Jain, 1999).

Social influence in the movie context include evaluation sources by film critics (Moon et al., 2010) and early adopters' (i.e., those who view the movies during the first week of release) word-of-mouth (Koh et al., 2010; Moon et al., 2010). Peers' evaluation of movies are abundant and exert a major influence on consumers' choice of movies because peers' opinions are important, represent signals of quality (Koh et al., 2010). Such influence is sometime viewed as social contagion or social because of the homophily of the social media and websites.

In the comparison of satisfaction behavior between consumers in the U.S. and China, researchers reported in general that Westerners value their self-expression more, consequently expressing themselves more visibly than Asians (Kim and Sherman, 2007) and tend to be more gregariousness in their expression of complaints about vendors than Asians (Mooradian and Swan, 2006). Westerners view expressions of emotion as having therapeutic value; Chinese practice moderation and assert more emotional self-constraint by suppressing their expression of emotions out of respect for the status hierarchy and attempts to remain in harmony with others. Chinese consumers calibrate their expectation to match their satisfaction level. From an expression of satisfaction perspective, people from collectivist cultures are less likely to express their emotions; and do not show negative emotions or complaints to the public resulting in mid-level evaluations for both the dissatisfied and satisfied.

CONCEPTUAL AND HYPOTHESES DEVELOPMENT

Prior movie-related research reports that production budget, new non-sequels, and longer runtime positively impact consumer satisfaction; but wide distribution among theaters negatively impact consumer satisfaction. These research findings report a single country. Extending these findings to a multiple country context leads to the notion that standardized producer-created

expectations may impact satisfaction from one country to the next. In other words, the impact of producer created expectations converges among global consumers. More formally resulting in the following converging hypotheses:

H1. Expectation formed by standardized marketing strategy expressed in a) movie budget b) running time of a movie, and c) a new product as in non-sequel of a movie, positively impact global consumer satisfaction in both China and the U.S.

H2. Expectation formed by standardized marketing strategy in the form of theater distribution negatively impact global consumer satisfaction in both China and the U.S.

Based on the salience of social- and peer-based influence on individual consumer behavior, and in particular among Asian culture, film critics' and peers' evaluative ratings will likely exert a different impact (moving the evaluation toward the mid-level) on Chinese consumers' expectation toward satisfaction when evaluating a movie than on U.S. global consumers. More formally,

H3a) Social-based expectation published by professional critics' evaluation positively impact global consumer satisfaction in both China and the U.S., with the impact being higher (lower) on global consumers in China (the U.S.).

H3b) Social-based expectation published by peers' evaluation positively impact global consumer satisfaction in both China and the U.S., with the impact being higher (lower) on global consumers in China (the U.S.).

Since the Asian cultural norm of collectivism results in Asians being more willing to attribute bad performance of products to fate than something correctable, Chinese consumers are less likely display negative satisfaction of Hollywood films than their American counterparts. Also, as less (more) experienced consumers are more (less) generous evaluators in general and in particular in movies and Chinese global consumers are in general less experienced than U.S. global consumers in the consumption of Hollywood movies, Chinese global consumers are more likely to express more satisfaction than their American counterparts of the Hollywood movies.

H4. For the same standardized Hollywood movies shown in both the U.S. and China, Chinese (U.S.) global consumers express higher (lower) satisfaction.

Previous literature had noted the difference Asian and Westerners place on the value of emotional expression. Due to the practice of moderations in expressing opinions among Asians, contrasting Westerners' expressing a wider range of emotions, both positive and negative, global consumers in China (the U.S.) are more likely to have a narrower (wider) range of expressed satisfaction across the same Hollywood movies they watch. More formally,

H5. For the same standardized Hollywood movies shown in both the U.S. and China, Chinese (U.S.) global consumers express less (more) varied satisfaction across movies.

METHODOLOGY AND RESULTS

Each Hollywood movie is a brand (Hennig-Thurau, Houston, and Heitjans, 2009). We use the same movies released into theaters in both China and the U.S. between 2006 and 2011. Also, we collect online user ratings for these movies as a surrogate measurement of consumer satisfaction, a similar approach used by Moon et al. (2010). The online ratings originate with movie evaluation websites *Mtime* and *Sina* in China (SATISFY_CHINA) and *IMDb* and *Yahoo* in the

U.S (SATISFY_US). Production budget (BUDGET), opening screens (SCREENS), movie length (RUNTIME), and sequel (SEQUEL) data represent producer-created expectations. From Yahoo movie website, professional film critics' evaluation (CRITIC) ranging from D to A+ is converted to numerical scale from 1 to 11 to represent social-based expectation. Users' votes from China's *mtime* website (VOTE_CHINA) and U.S.'s IMDb website (VOTE_US) represent peer-generated social-based expectation.

This research uses Partial Least Squares (PLS, implemented in SmartPLS 2.0 by Ringle, Wende, and Will, 2005) for analysis. Three sets of comparisons between China and the U.S. models are necessary to test the proposed conceptual framework: 1) the impact of marketing-created expectation on satisfaction, 2) the impact of social-based expectation on satisfaction, and 3) the joint impact of both marketing- and social-based expectations on satisfaction. When the comparison reports no difference between the two samples, then the respective expectation impact on satisfaction converges, and vice versa.

PLS comprises two levels of analyses: the measurement model and the structural model. The former analyzes the relationship between the latent variable (LV) and their indicators. The measurement model has three LVs: Marketing-created expectation that is positive to satisfaction (MARKETING_POS) which consists of BUDGET and RUNTIME, Marketing-created expectation that is negative to satisfaction (MARKETING_NEG) which consists of SCREENS, social-based expectation (SOCIAL) which consists of CRITIC and VOTE. SEQUEL, a categorical variable, is not included in MARKETING_POS. This is because categorical variable is difficult to interpret within SmartPLS analysis.

Estimation and reporting follows Hair et al. (2012, Table 5, p. 429–430) recommendations. All standardized outer loadings of indicators in various LVs in all six models are larger than .70, except for one indicator BUDGET loaded .67 in the MARKETER model in China. The composite reliability (CR) of all LVs for the three models are above .70. This convergent validity of the constructs by means of average variance extracted (AVE) are above .50 satisfying the minimum requirement. Discriminant validity is measured by the Fornell–Larcker criterion and cross loadings. For the former, the square root of each construct's AVE is larger than the correlation with any other construct. None of the correlations with any other construct is larger than the square root of each construct's AVE. No indicators cross-loaded on another construct. In other words, each indicator has the highest correlation with its own construct than with any other constructs.

The analysis of the inner model uses the bootstrapping procedure recommended by Hair et al. (2012) with the original number of observations (88 for all models) as the number of cases, and 1,000 as samples for each model. The path coefficients, standard errors and t-statistics of each of the models from bootstrapping procedure and summarizes the hypotheses tests' results. The results support H1a, H1b, and H3 for both the China and the U.S. model, but did not support H2 for either the U.S. or China model. H1c posits that innovative product in the form of non-sequel will positively impact satisfaction for both countries. T-tests results do not support this hypothesis for either country (SATISFY_CHINA $M_{\text{sequel}} = 7.5$, $M_{\text{non-sequel}} = 7.21$, $t = 3.14$, $p\text{-value} = .00$; SATISFY_US $M_{\text{sequel}} = 6.88$, $M_{\text{non-sequel}} = 6.41$, $t = 2.45$, $p\text{-value} = .02$). H4 hypothesizes that satisfaction is higher among Chinese moviegoers than their U.S counterparts. T-test results

support H4 (SATISFY_CHINA $M_{all} = 7.29$, SATISFY_US $M_{all} = 6.54$, $t = 4.98$, $p\text{-value} = .00$; SATISFY_CHINA $M_{sequel} = 7.50$, SATISFY_US $M_{sequel} = 6.88$, $t = 4.22$, $p\text{-value} = .00$; SATISFY_CHINA $M_{non-sequel} = 7.21$, SATISFY_US $M_{non-sequel} = 6.41$, $t = 2.96$, $p\text{-value} = .01$). H5 hypothesizes that satisfaction among U.S. audience is more varied than audience in China, and variance F -test results support this hypothesis (SATISFY_CHINA $SD = .09$, SATISFY_US $SD = 6.41$, $F_{(87,87)} = 1.68$, $p\text{-value} = .02$).

Sarstedt, Henseler, and Ringle (2011) recommend using confidence interval (CI) to compare multigroup differences within the PLS context. The calculation uses the path coefficients and standard errors obtained from bootstrapping results to derive a bias-corrected 95% CI. When the CI range of lower and upper limits of a path coefficient in one model does not fall into the CI range of lower and upper limits of the corresponding path coefficient of another model, the paths of the models will be significantly different. The results of pair-wise comparisons for three hypothesized paths that measures the convergence and divergence relationships between the China and U.S. models. The CIs in the two comparison paths in MARKETER MODEL in China and the U.S. overlap, leading to the conclusion that the models from the two countries do not differ and therefore converge in their respective marketer-created influence on satisfaction as hypothesized in H1. The CIs in SOCIAL MODEL in China and the U.S. do not overlap, which suggests the path coefficients differ significantly. This result leads to the conclusion that social influence impact on satisfaction diverge between China and the U.S., as hypothesized in H3, except that the impact of social influence is larger in the U.S. than in China, a reversal of H3a and H3b.

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BOARD OF DIRECTOR COMPOSITION, AND OWNERSHIP AND THEIR RELATIONSHIP TO PATENTS: AN EMPIRICAL STUDY

David Epstein University of Houston Downtown, epsteind@uhd.edu
Cory Angert University of Houston Downtown, angertc@uhd.edu
Charles Strain University of Houston Downtown, strainc@uhd.edu

ABSTRACT

In this paper we examine the impact of board structure on patenting activity. In particular we look at inside directors, board diversity and inside ownership, and board size. Board diversity was significantly and negatively related to patenting activity and inside ownership was marginally and negatively related to patenting activity. The paper is relevant to current businesses by illustrating the potential dangers of board diversity and inside ownership on patenting activity.

The rising cost of research and development (R&D), increasingly evident in high-tech industries, has led to the tangible consequence of certain companies' hedging their bets by focusing on incremental improvement on existing products and processes rather than on investigating truly innovative research streams. This adaptive learning climate has led some industries to largely value efficiency over originality – a course that often guides an industry toward preserving the status quo until a new paradigm is established. Companies in such industries as semiconductors can reap ample rewards from successfully creating an intellectual property that brings about a paradigm shift or even simply introduces a relatively smaller but nonetheless unique offering. Since devoting resources to creating generative knowledge can result in impressive rewards, it would seem that astute companies would instinctively engage in large-scale R&D programs. The presence of these initiatives in some firms but not in others begs the question as to what conditions determine a company's undertaking more research and development functions.

In this study, we propose that board composition and ownership are significant factors in determining the scope and extent of a company's intentions to engage in R&D. We believe that factors related to an organization's board of directors have potential bearing on many company-wide decision making processes in general and on those regarding research and development in particular.

Boulton (1978) observes that boards of directors, in their conversations, typically focus more on long-range strategic planning than on past events. During board meetings, directors consider how resources should be allotted and how the company should proceed in the future. We proceed from the assumption that it is during this discourse that individual board members interact with other members of the given board, and with external entities, in order to shape prospects for the future.

LITERATURE REVIEW

Much research on the relationship between boards of directors and outcomes has been published in management journals. Surprisingly, however, the field of academic research in marketing is comparatively deficient in this area – a review of the past ten years of the *Journal of Marketing*

failed to uncover a single article on the subject. Given the importance of the topic to company performance and success, it is critical to examine historical and recent information on boards and to consider what factors contribute to marketing outcomes. Boulton (1978) contended that boards generally do not perform their designated roles. Instead, the author observed that the boards of directors he sampled served in a limited capacity, only intervening in corporate affairs during times of crisis, when advice or counsel was necessary, or when their input was otherwise needed. Boulton found that, whether it was a result of researcher error or, more likely, a sign of changing business environmental conditions, boards actually did play a much larger role in corporate decision making and everyday affairs. Boulton attributed his findings to the increasing threat of litigation that obligated the boards in his study set to transcend the conventional legitimizing role to assume more active roles such as that of auditing and directing. The more active role by board members suggests that directorships influence business strategies.

Useem (1979) developed the notion of an inner group axis in which “those business people who are primary owners or top managers of several major corporations” are classified as the inner group. Useem’s study led to the conclusion that one’s inner group membership often results in a greater likelihood and extent of participation in the governance of other enterprises. Burt’s (1980) study of interlocking directorates expanded on this idea by approaching the construct from a distinctive angle. His research conclusions revolved around “cooptive corporate actor networks,” defined as the extent to which a company’s board of directors represents assorted business segments. Burt, using network methodology found that boards of directors form the backbone of decision making in corporate America.

Applying agency theory to the study of board composition enabled Li (1994) to propose that the configurations of corporate ownership and boards most directly shape governance and control. Although Westphal and Zajac (1995) agree with most of Li’s statements, they believe that board members’ demographic similarities have a stronger bearing on matters of control. Their study also finds that CEO power is the primary determinant of said similarities. Zajac and Westphal (1996a) looked at CEO characteristics and how these traits affect successor appointments. The writers extended their preceding exploration of the subject by examining potential antecedents to the appointment of an insider rather than outsider board member. The authors determined that successors are usually chosen on the basis of demographic similarity to the selecting incumbent.

Zajac and Westphal (1996b) felt that most analysis of corporate governance had simply assumed board composition as a given, concentrating exclusively on its consequences. The authors decided to scrutinize the antecedents of board makeup. The most significant determinant identified was internal politics involving interactions between a company’s CEO and the board of directors. Additionally, the interaction between the CEO and the board plays a critical role in director hiring and retention. Klein’s (1998) study stated that inside directors inform companies in unsure situations. These directors provide pertinent knowledge that can put boards at ease during stressful and ambiguous situations. She determined that firm performance can be increased by insiders with valuable knowledge that can assist in educating boards and minimizing the uncertainty of risk taking actions.

Dalton, Daily, Johnson, and Ellstrand (1999) conducted a meta-analysis examining the variables of the number of directors on a board and the financial performance of the particular company.

The authors found no consistent support for the influence of board size on financial performance. The same principle held true in their examination of director appointments, especially when boards grew in influential organizational power (Useem, 1993; Westphal & Zajac, 1995) and effected progressive modifications

Leadership, according to Waldman, Ramírez, House, and Puranam (2001) definitely matters, as director charisma influenced decision making, especially when the firms in question were undergoing periods of uncertainty. In such situations, say McDonald and Westphal (2003), CEOs and directors rely on their business acquaintances and colleagues for advice, meaning that interconnectedness between top managers of their own boards engenders associations that may ultimately form into working business alliances. In addition, find Ferris, Jagannathan, and Pritchard (2003), the amount of interconnectedness, as measured by the number of directorships an individual holds, may actually enhance that director's effectiveness and performance; in fact, discovered Perry and Shivdasani (2005), "Charged with hiring, evaluating, compensating, and on-going monitoring of management," the board actually provides its company with management control and direction. The researchers also aver that an outside board increases the likelihood of a firm's deciding to restructure assets. Perry and Shivdasani found that improvements in operating performance accrue largely to firms that both restructure and that have outside-dominated boards. These boards wield influence when determining a company's intention to engage in more, or less, research and development.

Fich and Shivdasani (2006) contradict Ferris, et al (2003), and Perry and Peyer (2005) claim that executives' outside directorships enhance firm value, by asserting that companies with directors too involved in outside directorships do not fare as well as companies with fewer interlocked directors, as evidenced in lower "market-to-book ratios" and profitability, two key capital structure determinants. Ruigrok, Peck, and Keller (2006) conclude that while the board's monitoring function has been the subject of much work, less examined is the role that the board has in setting company strategy, leading the researchers to concentrate on the effect that the directors have on the firm they represent. The focus of their investigation was on Swiss companies, but the findings may be considered generalizable. Using agency and network perspectives, the researchers found that powerful CEOs tend to constrain board input to mainly contributions that will assist in strategy formation and that bank representation on the board may negatively affect the company. Ruigrok, et al. (2006) advise that companies should safeguard against their directorships' becoming too interlocked. While individual charisma and expertise definitely influence the effectiveness of a director, Ruigrok et al. (2006) contend that companies would be wise to assign the CEO and chairperson roles to two distinct individuals, in order to advance a company's economic advantage.

Hypotheses

Useem (1979) examined the impact of inside directors on governance decisions. His study suggested that inner groups of directors are able to mobilize more corporate resources. This finding seems particularly relevant to R&D expenditures. R&D involves a commitment by the firm of considerable resources for an uncertain return. Innovative products offer the potential for considerable return; in high technology industries such as biotechnology and semiconductors, R&D is an important business function. Other sectors, such as hospitality and service industries,

might, however, produce smaller rates of product innovation. The risk inherent in innovation suggests that corporate decisions for R&D expenditures might originate at the highest levels. Baysinger, Kosnik, & Turk (1991) found that inside directors are associated with higher R&D spending. Since R&D spending is often used as a proxy for innovation, this finding supports the likelihood that these firms would produce more patents. Baysinger and Hoskisson (1990) observe that outsiders usually sit on several boards. Between managing their own businesses and sitting on multiple boards, outside directors may lack the ability to understand another's business as well as these outsiders understand their own. Consequently, outside directors may tend to defer to inside directors' knowledge when effecting corporate decision making. Inside directors who are likely more familiar with their own business may be more likely to reward top management for strategic decisions while outside directors may have a more superficial view. One primary goal of R&D is innovation, a construct that can be objectively represented by the securing of patents.

Therefore it is proposed that:

Hypothesis One: Firms with a higher proportion of inside directors will produce more patents in the same industry than will firms with a smaller proportion of inside directors.

Tripsas & Gavetti (2000) view demographic heterogeneity as a good representation of cognitive heterogeneity. This may vary somewhat by the measure of heterogeneity however. Tenure heterogeneity however would address the fact that some board members have been with the firm longer than others and may become more acculturated to the "way things are done".

Green, Witt, and Greer (2012) in a meta-analysis observe that conflict can benefit the quality of specific tasks; however it can have negative consequences for group trust. Where group heterogeneity is higher, differing mental models are likely to lead to task conflict which in turn can lower group trust. This lack of trust can lead to dysfunctional characteristics such as factionalization leading to fewer initiatives and less innovation (Hambrick, 1995).

Heterogeneity can have positive benefits for specific tasks as well. (Kosnik (1990) suggests that diverse boards provide benefits for the firm by providing different perspectives on issues, reducing complacency, and reducing narrow-mindedness among board members. However, diversity may also render strategic decision making more difficult, because the different perspectives may hinder the process. Contemplation of multiple perspectives may ultimately lead to higher quality decisions; however, resolution may take longer as members assess more viewpoints. Additionally, the likelihood of conflict and disagreement may increase when many positions are being considered. R&D represents a significant investment by the firm that may require approval from the board. One measure of R&D is the issuance of patents. Thus it is proposed that:

Hypothesis Two: Board diversity will be negatively related to patents issued within a given industry.

Goodstein (1994) examined the impact of board size and board diversity on strategic outcomes in a hospital setting. Board size was partially supported as a variable slowing strategic change while board diversity was found to slow strategic change in the hospital setting. The authors suggest that larger boards are probably less cohesive, are more difficult to coordinate, and are more likely to develop factions and coalitions. Lack of cohesiveness would possibly make consensus about strategic decisions less likely. Further, difficulty with coordination among board members

might delay strategic decision making. Finally, factions and coalitions could severely hinder strategic decisions when coalitions find themselves in opposition on an issue.

Beiner, Drobetz, Schmid, and Zimmerman (2004) examine whether board size was an independent variable or was actually dependent on other board and organizational variables. In their empirical study, they discovered that board size actually impacted tobin's Q even when related variables were considered which suggests that board size is worth considering. Golden and Zajac (2001) found that larger boards are associated with less strategic change. The authors view this outcome as the likely result of social loafing and factionalization of board members in larger boards. In terms of research and development, the creation of new products is a strategic decision to move in a specific direction towards innovation. Larger boards would be slower to act or less likely to act due to the possibility of differing factions or even non involvement by some board members.

Hypothesis Three: Board size will be negatively related to patents issued within a given industry.

Hill and Snell (1998) found that higher ownership among outsiders was negatively related to innovation. This could be the result of risk aversion when one's personal holdings are tied to the results of the firm. The same study however found no relationship for inside ownership. Wright, Ferris, Sarin, and Awasthi (1996) examined the impact of insider equity for board members on strategic decision making. The authors found that insiders who hold larger equity in their firms tend to be more risk averse. This relationship holds for firms possessing growth opportunities; however, the relationship between risk taking and insider equity decreases as growth opportunities decrease. Growth opportunities may be related to the industry or may be the characteristics peculiar to the firm, such as superior resources. Where growth opportunities are present, the firm faces a decision of whether to pursue those opportunities. Pursuing opportunities, particularly those requiring innovation, could be viewed as a risk taking activity, since R&D proves expensive and, historically, innovation efforts exhibit greater likelihood of failure than of success. Insider board members with high equity holdings may be unwilling to take risks with the firm's resources. Additionally, insiders holding larger equity in the firm might be more entrenched, possibly through stock options over time; stock equity in the firm might be larger for seasoned members of the board than for newer members. The length of time that individuals has been employed by the firm might in turn lead to lower willingness to take risks, because these insiders are well established within their firms. Thus it is proposed that:

Hypothesis Four: Insider equity will be negatively related to patents issued for the firm such that higher insider equity will be associated with fewer patents issued by the firm compared to the number of patents produced by firms with lower insider equity.

METHODS

Sample

The sample consists of publicly traded firms in the pharmaceutical industry (SIC codes 2833 and 2834). This industry is a subset of the industries used by Schilling and Phelps (2007) in their study of interfirm collaboration networks. They specifically chose firms from industries designated as high technology by the Bureau of Labor Statistics. These firms were chosen for

two reasons. First, this study examines the impact of ownership and board composition on patents. Firms in the pharmaceutical industry frequently use patents to protect their intellectual property. Secondly this sample provides a rich range of firms from the very large to the very small. The size and increased range of the firms increases the likelihood of finding differences in the study variables.

Companies were chosen that had data available in January 1997 on Mergent Online. Mergent Online provides a database of 15,000 U.S. companies listed on the NYSE, AMEX, and NASDAQ exchanges. This database consists of active and inactive firms. The list of firms chosen from Mergent was accessed by SIC code and year selections. Firms were chosen that were listed as United States businesses or whose primary headquarters was located in the United States.

Variables

Dependent Variable

The dependent variable in this study will be patents issued by the firm. Patent data were obtained from the United States Patent and Trademark Office Web site. Full text patents are available from 1976 to the present; however, some high tech industries have come into existence or changed dramatically in this time period. For this investigation, we will view patents from 1996 to 2006. Annual patent issuance data for each firm are provided in the patent database. The number of patents issued will be the dependent variable in the analysis.

Independent Variables

Inside director equity was calculated as equity holdings of inside directors divided by common shares outstanding (Hoskisson, Hitt, Johnson, and Grossman, 2002). The independent variable of inside/outside director percentage has been used in a number of studies involving the board of directors (Dalton, et al, 1999; Dulewicz & Herbert, 2004; Kroll, Walters, & Wright, 2008). This percentage will be measured as inside directors divided by total board size and board size will be a simple count of the appointed board members. Board diversity for this study is measured as the coefficient of variation of the board's tenure. Newer board members may bring different ideas than established board members which could produce conflict and lower the number of patents. Finally board size is measured as a simple count of the board members/ These variables are all available through the Edgar database that provides proxy statements containing board data.

Control Variables

Outside directors was measured as the number of business specialists divided by the board size. The number of business specialists was determined by disaggregating board members into business specialists, outside directors from inside the industry, inside directors, support specialists, and community members (Hillman, Cannella, and Paetzold, 2000). Support specialist is defined as the percentage of board members who provide a support function (Law, accounting, consulting). Community board members are the percentage of board members who are from the community such as generals, politicians, charitable organization leaders. Finally board members with previous experience in the pharmaceutical or biotech industry are the percentage of these members on the board. The purpose behind categorizing board members in this way is to find differences that might otherwise be overlooked. However a separate measurement that simply treated these categories as outsiders was also conducted and found not significance with patents. Duality occurs when the CEO is also the chairman of the board and

was represented as coded 1 if dual and 0 otherwise. Duality has been found to impact strategic decision making (Dalton & Kesner, 1987; Rechner & Dalton, 1991). Log Sales was used as a measure of firm size and was measured as the log of company sales. Earnings per share (EPS) was used as a measure of performance from a shareholder perspective and the data was obtained from Mergent Online. Outside director equity was calculated as equity holdings of outside directors divided by common shares outstanding (Hoskisson, Hitt, Johnson, and Grossman, 2002).

Analysis: Model and Estimation

The dependent variable in this study, total patents is a positive count variable with a mean of 7.41 and a variance of 951. Negative binomial regression is appropriate when the dependent variable is a count measure and when overdispersion is present (Greene, 2012). Negative binomial distribution takes the form: $\ln \lambda_i = \beta' x_i + \varepsilon$. The disturbance term ε can reflect specification error or cross-sectional heterogeneity, λ_i represents the mean and variance of the distribution, and x_i is a vector of regressors. In the context of panel analysis, another choice must be made between random and fixed effects. The general form of the panel regression equation is $y_{it} = i\alpha_i + X_i\beta + \varepsilon_i$ (Greene, 2012). The random effect model preserves degrees of freedom but assumes that individual effects are uncorrelated with other regressors. The Hausman test was used to determine which model is more appropriate (Greene, 2012). The null hypothesis that random effects was appropriate was rejected ($p=.000$). Therefore the model used in this analysis is a fixed effects negative binomial model.

RESULTS

Table 1 (please see above) provides the correlation matrix for the study variables along with the means and standard deviations. Table 2 provides the negative binomial regression results for patents. Two models are reported below. Model 1 includes only control variables. Model 2 adds the independent variables of inside directors, board heterogeneity, board size, and inside ownership to the control variables.

Hypothesis one predicted that higher percentages of inside directors would lead to increases in patenting activity. The results were not significant for inside directors in the full model $-.446$ ($p>.10$). Board heterogeneity was significant and negative in the full model $-.879$ ($p<.05$) supporting hypothesis two. Hypothesis three, predicting that board size would be negatively related to patenting activity was not supported $.028$ ($p>.10$). Finally hypothesis four proposed that higher amounts of ownership among inside directors would be negatively related to patenting activity. This hypothesis was marginally supported -1.31 ($p<.10$). The control variable Community was significant in the partial model -1.27 ($p<.05$) and the full model -1.83 ($p<.05$). LogSales was highly significant in the partial $.077$ ($p<.001$) and the full model $.065$ ($p<.001$). Finally, outside ownership was highly significant in the partial -1.0 ($p<.01$) and in the full model -1.06 ($p<.01$).

Table 1
Descriptive Statistics and Bivariate Correlations

Variable	Mean	s.d	1	2	3	4	5	6	7
1. patents	7.4	30	1						
2. Duality	0.55	0.5	0.1**	1					
3. Outside	0.27	0.19	0.21**	0.13**	1				
4. Support	0.12	0.13	0.08**	0.02	-0.2**	1			
5. Community	0.04	0.08	0.05*	-0.04	-0.05	-0.04	1		
6. IntrainB	0.31	0.22	-0.15	0.15**	0.56**	-0.3**	0.18**	1	
7. Oblock	0.08	0.12	0.11**	0.14**	0.01**	0.12**	-0.04	-0.02	1
8. EPS	-3.16	28.98	0.03	-0.03	0	0	0.07**	-0.02	0
9. LogSales	2.7	2.95	0.41**	0.16**	0.25**	-0.02	0.12**	0.19**	0.12**
10. TMTSize	5	2	0.1**	0.09**	-0.02	0.07**	0.08**	0.09**	0.06**
11. Inside	0.27	0.15	0.15**	0.04	0.25**	0.12**	0.12**	0.35**	0.02
12. Iblock	0.09	0.11	0.16**	0.21**	0	0	0.08**	0.28**	-0.02
13. BoardHet	0.61	0.12	-0.01	0.01	0.02	0.31**	0.3**	-0.2**	-0.02
14. BoardSize	7.2	2.1	0.44**	0.1**	0.23**	0.03	0.18**	-0.01	-0.03
8	9	10	11	12	13	14			
1									
0.1**	1								
-0.01	0.25**	1							
0.05	-0.11**	-0.08**	1						
0.02	-0.05**	-0.11**	0.44**	1					
-0.07**	0.08**	0	-0.23**	-0.11**	1				
0.04	0.43**	0.33**	-0.37**	-0.25**	0.18**	1			

N=2281

* p<.05

**

p<.01

Table 2
Negative binomial panel regression of patents

Variables	Model 1	Model 2
Duality (.069)	-0.109 (.068)	-.094
Outside (.328)	.165 (.688)	-.573
Support (.383)	.568* (.669)	.237
Community (.623)	-1.27 (.851)	-1.83*
IntrainB (.295)	.077 (.683)	-.656
OBlock (.376)	-1.01** (.377)	-1.07**
EPS (.018)	-.077 (.005)	-.008
LogSales (.018)	.077*** (.018)	.065***
TMTSize (.016)	.019 (.016)	.008
Inside (.674)		-.447
Board Diversity (.380)		-.879*
Board Size (.019)		.028
IBlock (.773)		-1.32+

DISCUSSION

Board variables have been considered in a number of contexts. For instance, board size and board composition have also been studied extensively (Dalton, et al., 1999). In both instances, Dalton used meta-analysis to examine these board variables, which requires that a reasonably large number of studies exist. While broader strategic decisions have been examined in past studies, the impact of board composition and characteristics on research and development and innovation has not been studied. This is surprising considering the substantial amount of research on firm innovation that includes many theoretical and empirical studies. We do not propose that the board is the sole antecedent to R&D expenditures. Rather, we propose that the board is worth considering, since important strategic decisions are generally made at the top levels of the organization.

In this study, we found some support that tenure heterogeneity on the board and insider ownership were negatively related to patent output. In the case of heterogeneity, the most likely cause can be found in differing mental models among board members. Those members who have been with the firm longer would be more in tune with the company culture while the newer members might bring models from other companies and industries. The result could be a slowdown in decision making resulting from conflicting models and leading to fewer patents. In the case of inside ownership, higher company ownership could make executives more risk averse since their own financial wellbeing is at stake. R&D is an inherently speculative activity requiring large investments with uncertain outcomes. Executives with stock ownership may find such risks less acceptable.

Three control variables were significant: LogSales, outside ownership and community. LogSales is a measure of the size of the firm and was positively related to patents. The fact that larger firms produce more patents is not surprising as these firms have greater resources to produce patents with. Outside director ownership was negatively related to patents. In some ways this lends credence to the idea that ownership whether by inside or outside directors makes these directors more risk averse and focuses their attention upon more immediate results. Finally community board members were negatively related to patents. This relationship may be the result of an endogenous variable, the type of board that would select influential community members to be on the board. Such firms may seek success through more political channels rather than through research. Another possibility is that having well known board members could be good for business through positive publicity. This is an area for future research.

This study has several limitations. Patents may be considered an inaccurate proxy for R&D expenditures. Firms may spend a considerable amount of money on R&D without having many, or even any, successful patents. However, patents represent a desired outcome of the R&D process and should be highly correlated to R&D expenditures. Beyond the studied variable of industry membership, diversity in race and religion might also be considered. It is reasonable to expect that business decisions requiring ethical judgments might be strongly influenced by race and religion. However, this data is not readily available, and we consider industry experience, gender, and other like factors to provide a partial measure of diversity. In conclusion, we propose to examine the impact of board composition on R&D using patents as a proxy. We consider the possible importance of board size, board diversity, equity holdings, and percentage of inside and

outside directors to be important variables. We believe that this study has important implications for the fields of research involving boards of directors and innovation.

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THE ORGANIZATION DEVELOPMENT PROFESSIONAL: A DEMOGRAPHIC PROFILE

Jennifer Smith, Benedictine University, jennifer.smith0763@gmail.com
Lisa Machtemes, Benedictine University, machtemes@mediacombb.net

ABSTRACT

The purpose of this paper is to develop a demographic profile of the organization development professional. Due to limited a priori research, a quantitative analysis of 21st century United States public data is performed. The organization development professional is identified as an Industrial-Organizational Psychologist or an Organization Development consultant at a large company on the east coast that services companies in the management, scientific, or technical and scientific research and development services industries and has experienced small year-over-year but large 2000 to 2014 employment or wage adjustments. Because this paper is introductory, opportunities for extended and in-depth research abound.

INTRODUCTION

The purpose of this paper is to develop a demographic profile of the organization development professional. The broad research question asked is who is the organization development professional? The more specific research questions are:

- What titles do organization development professionals have? Are they known as organization development professionals or by other names?
- Where do organization development professionals work? In what industries, at what size companies, and in what geographic locations are they employed?
- How many organization development professionals are employed? What are the employment trends?
- How much do organization development professionals earn – per hour and per year? What are the wage trends?

Because it is limited to the 21st century and to the United States, this study is not intended to be comprehensive. Nevertheless, this paper is intended to answer many of these questions, either by data analysis or conjectural discourse. Furthermore, this paper is expected to be of value to organization development professionals who have likely asked the same or similar questions.

LITERATURE REVIEW

The organization development professional, also known as the organization development practitioner, can be found in three groups of people. Cummings and Worley (2009) define these three groups as 1) those people specializing in organization development as a profession, 2) those people specializing in fields related to organization development, and 3) an increasing number of managers and administrators who have gained competence in organization development and applied it to their work areas.

Those specializing in organization development as a profession are the traditional organization development practitioners. They are most often employed as internal or external consultants to the organization. Grounded in humanistic values and focused on social processes, they have been challenged to expand their work to cope with the pressures of the external environment and organization change. Those specializing in fields related to organization development are responsible for content-oriented functions such as performance management systems, operational excellence, and information technology systems. Due to the nature of change in these functions, professionals in these roles gain experience and competence in organization development interventions specific to their area of responsibility. Finally, due to the fast pace of change in organizations, managers and administrators are expected to have the knowledge and skills necessary to innovate and facilitate change.

Organization development has been defined in many ways including:

- A planned process of change in an organization's culture through the utilization of behavioral science technology, research, and theory. (Burke, W. 1982)
- Refers to a long-range effort to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioral-scientist consultants. (French, W. 1969)
- An effort 1) planned, 2) organization-wide, and 3) managed from the top to 4) increase organization effectiveness and health through 5) planned interventions in the organization's "processes," using behavioral science knowledge. (Beckhard, R. 1969)
- A system-wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at 1) enhancing congruence among organizational structure, process, strategy, people, and culture; 2) developing new and creative organizational solutions, and 3) developing the organization's self-renewing capacity. It occurs through the collaboration of organizational members working with a change agent using behavioral science theory, research, and technology. (Beer, M. 1980)
- Based on 1) a set of values, largely humanistic; 2) application of the behavioral sciences; and 3) open systems theory, organization development is a system-wide process of planned change aimed toward improving overall organization effectiveness by way of enhanced congruence of such key organization dimensions as external environment, mission, strategy, leadership, culture, structure, information and reward systems, and work policies and procedures. (Burke, W. & Bradford, D. 2005)

Behavioral science theory found in all of the above-noted organization development definitions coincides with Cummings and Worley's view of the traditional organization development practitioner, specializing in organization development as a profession and identified as an internal and or external consultant to the organization. Organization development, as Schein (1999) states, is typically defined as a planned organization-wide program, but its parts are usually activities that the consultant carries out with individuals or groups. Block (2011) defines a consultant as a person who is in a position to have some influence over an individual, a group, or an organization but has no direct power to make changes or implement programs. Both Schein and Block refer to the consultant as the traditional organization development practitioner defined by Cummings and Worley. Distinguishing one group of people from another through this

haze is challenging. As Cummings and Worley (2009) indicate, the integration of strategic change interventions driven by transformational organization change is the result of joining organization development with business strategy. Similarly, the fast pace of change affecting organizations requires managers to manage change. Thus, organization development is called to become a management skill in addition to a profession.

METHOD

A quantitative analysis of public data was performed. The data analyzed included Occupational Employment Statistics (OES) reported by the United States Bureau of Labor Statistics (BLS) and comprehensive company and industry data reported by Hoover's.

BLS

An OES search for "Organization Development" yielded no results. However, an OES search for "Organizational Development" yielded 49 results, including 1 Occupational Definition (United States Bureau of Labor Statistics, 2014):

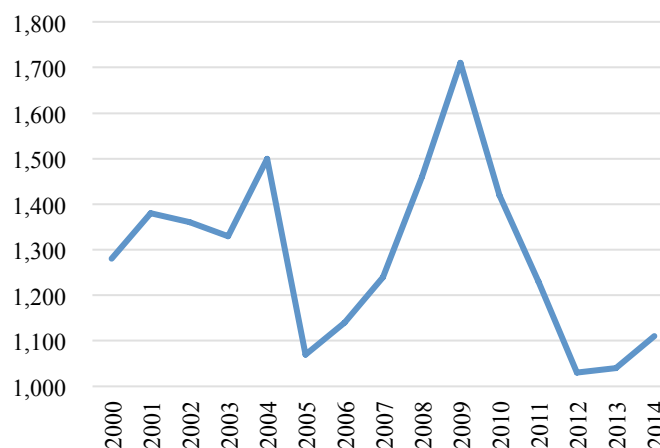
Code	19-3032
Title	Industrial-Organizational Psychologists
Definition	Apply principles of psychology to personnel, administration, management, sales, and marketing problems. Activities may include policy planning; employee screening, training and development; and organizational development and analysis. May work with management to reorganize the work setting to improve worker productivity.

The data analyzed for occupation 19-3032 included 2000 to 2014 national employment and wage estimates, industry profiles, and geographic i.e. state and metropolitan area profiles.

National Employment and Wage Estimates

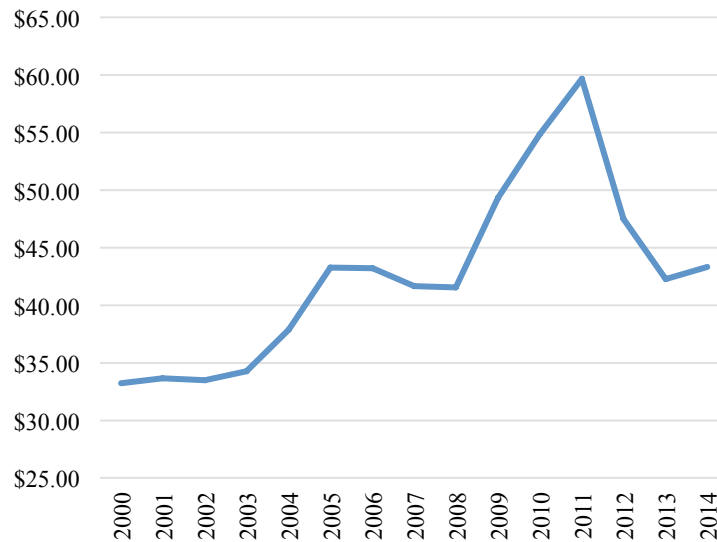
Employment estimates ranged from 1,030 in 2012 to 1,710 in 2009 with an average of 1,287 (see Figure 1).

FIGURE 1
National Employment Estimates



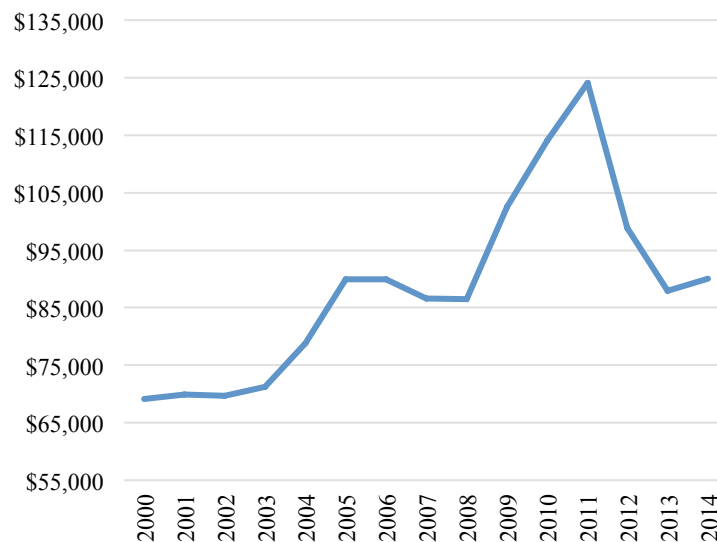
Mean hourly wage estimates ranged from \$33.22 in 2000 to \$59.69 in 2011 with an average of \$42.61 (see Figure 2).

FIGURE 2
National Mean Hourly Wage Estimates



Mean annual wage estimates ranged from \$69,090 in 2000 to \$124,160 in 2011 with an average of \$88,623 (see Figure 3).

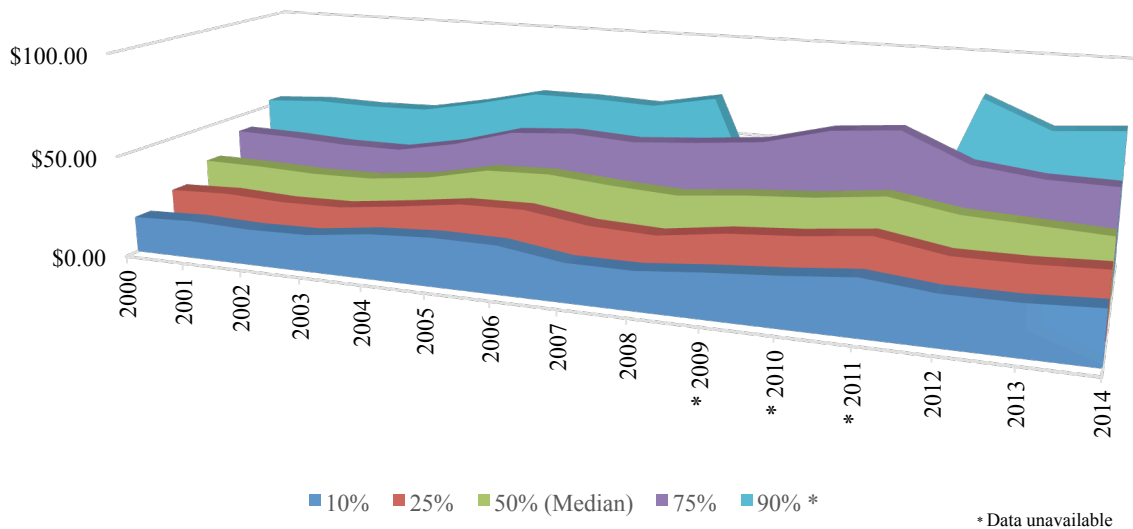
FIGURE 3
National Mean Annual Wage Estimates



Percentile hourly wage estimates ranged from \$17.51 in 2000 to \$26.60 in 2011 with an average of \$20.10 in the 10th percentile, ranged from \$23.34 in 2002 to \$35.74 in 2011 with an average of

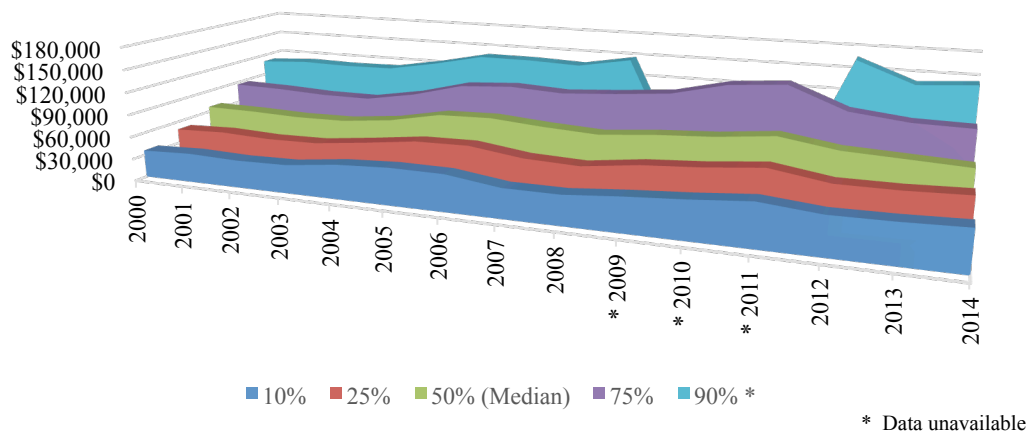
\$26.89 in the 25th percentile, ranged from \$30.63 in 2002 to \$45.54 in 2011 with an average of \$37.42 in the 50th percentile, ranged from \$39.23 in 2003 to \$69.21 in 2011 with an average of \$48.57 in the 75th percentile, and ranged from \$53.11 in 2000 to \$80.78 in 2012 with an average of \$59.09 in the 90th percentile (see Figure 4).

FIGURE 4
National Percentile Hourly Wage Estimates



Percentile annual wage estimates ranged from \$36,410 in 2000 to \$55,330 in 2011 with an average of \$41,851 in the 10th percentile, ranged from \$48,540 in 2002 to \$74,340 in 2011 with an average of \$55,904 in the 25th percentile, ranged from \$63,710 in 2002 to \$94,720 in 2011 with an average of \$77,837 in the 50th percentile, ranged from \$81,600 in 2003 to \$143,950 in 2011 with an average of \$100,918 in the 75th percentile, and ranged from \$110,460 in 2000 to \$168,020 in 2012 with an average of \$122,769 in the 90th percentile (see Figure 5).

FIGURE 5
National Percentile Annual Wage Estimates



Industry Profiles

The industry profile was developed from national employment and wage estimates. From 2002 to 2014, the industry with the highest level of employment was Management, Scientific, and Technical Consulting Services (see Table 1).

TABLE 1
Highest Levels of National Employment by Industry

RANK	INDUSTRY
1	Management, Scientific, and Technical Consulting Services
2	Scientific Research and Development Services
3	Colleges, Universities, and Professional Schools
4	Management of Companies and Enterprises
5	Offices of Other Health Practitioners

From 2010 to 2014, the industry with the highest concentration of employment was Management, Scientific, and Technical Consulting Services (see Table 2).

TABLE 2
Highest Concentrations of National Employment by Industry

RANK	INDUSTRY
1	Management, Scientific, and Technical Consulting Services
2	Scientific Research and Development Services
3	State Government (OES Designation)
4	Colleges, Universities, and Professional Schools

From 2002 to 2014, the industries with the highest wages were Management, Scientific, and Technical Consulting Services and Scientific Research and Development Services (see Table 3).

TABLE 3
Highest National Wages by Industry

1	Management, Scientific, and Technical Consulting Services
1	Scientific Research and Development Services
3	Management of Companies and Enterprises
5	Colleges, Universities, and Professional Schools

Geographic Profiles

The geographic profile was developed from state employment and wage estimates. From 2002 to 2009, the state with the highest concentration of workers was Virginia (see Table 4).

TABLE 4
Highest Concentration of Workers by State

RANK	STATE
1	Virginia
2	Ohio
3	California
4	Pennsylvania
5	Massachusetts

From 2010 to 2014, the state with the highest concentration of jobs was Massachusetts (see Table 5).

TABLE 5
Highest Concentration of Jobs by State

RANK	STATE
1	Massachusetts
2	Mississippi
3	Minnesota
3	Virginia
4	North Carolina
4	Pennsylvania
4	South Carolina
4	Texas
5	Missouri
5	New York
5	Ohio

From 2010 to 2014, the state with the highest level of employment was Massachusetts (see Table 6).

TABLE 6
Highest Levels of Employment by State

RANK	STATE
1	Massachusetts
2	New York
3	Minnesota
4	Ohio
5	Pennsylvania

From 2002 to 2014, the states with the highest wages were Colorado and Minnesota (see Table 7).

TABLE 7
Highest Wages by State

RANK	STATE
1	Colorado
1	Minnesota
2	Virginia
3	Pennsylvania
5	District of Columbia
5	Massachusetts

The geographic profile was also developed from metropolitan area employment and wage estimates. From 2002 to 2009, the metropolitan area with the highest concentration of workers was Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (see Table 8).

TABLE 8
Highest Concentrations of Workers by Metropolitan Area

RANK	METROPOLITAN AREA
1	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
2	Columbus, OH
2	Minneapolis-St. Paul, MN-WI MSA
2	West Palm Beach-Boca Raton, FL MSA
3	Boston-Cambridge-Quincy, MA NECTA Division
3	Houston-Sugar Land-Baytown, TX
3	San Francisco, CA PMSA
4	New York-White Plains-Wayne, NY-NJ Metropolitan Division
5	Philadelphia, PA-NJ PMSA

From 2010 to 2014, the metropolitan areas with the highest concentrations of jobs were Boston-Cambridge-Quincy, MA NECTA Division and Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (see Table 9).

TABLE 9
Highest Concentrations of Jobs by Metropolitan Area

RANK	METROPOLITAN AREA
1	Boston-Cambridge-Quincy, MA NECTA Division
1	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
2	Minneapolis-St. Paul, MN-WI MSA
4	New York-White Plains-Wayne, NY-NJ Metropolitan Division

From 2010 to 2014, the metropolitan area with the highest levels of employment was Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (see Table 10).

TABLE 10
Highest Levels of Employment by Metropolitan Area

RANK	METROPOLITAN AREA
1	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
2	Boston-Cambridge-Quincy, MA NECTA Division
4	Minneapolis-St. Paul-Bloomington, MN-WI
4	Raleigh-Cary, NC

From 2002 to 2014, the metropolitan area with the highest wages was Minneapolis-St. Paul-Bloomington, MN-WI (see Table 11).

TABLE 11
Highest Wages by Metropolitan Area

RANK	METROPOLITAN AREA
1	Minneapolis-St. Paul-Bloomington, MN-WI
2	New York-White Plains-Wayne, NY-NJ Metropolitan Division
2	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
3	Boston-Cambridge-Quincy, MA NECTA Division
5	Dallas-Plano-Irving, TX Metropolitan Division
5	Los Angeles-Long Beach-Glendale, CA Metropolitan Division
5	Washington, DC-MD-VA-WV PMSA

Hoover's

Hoover's, a subsidiary of Dun & Bradstreet, maintains a database of over 85 million companies and 100 million professionals globally. The search for companies in the United States yielded more than 18 million results. Utilizing the North American Industry Classification System (NAICS) codes for the industries with the BLS highest levels of Industrial-Organizational Psychologist employment, the search was refined to build job reference and classification profiles. The research identified the total number of job titles/job roles occupied within the highest level of OD employment industries.

Job References Profile

A keyword search to filter the job titles was conducted using "Industrial-Organizational Psychologist", "Organization Development", "Organizational Development", and "OD" for the industries with the BLS highest levels of Industrial-Organizational Psychologist employment. A total of 774 job titles/job roles were identified. They were dispersed across the Management, (Scientific), and Technical Consulting Services (*total of 385 references*), Scientific Research and Development Services (*total of 217 references*), Colleges, Universities, and Professional Schools (*total of 159 references*), Management of Companies, Enterprises, Colleges and Universities (*total of 10 references*), and Offices of Other Health Practitioners (*total of 3 references*)

industries (see Table 12). No references were found for the State Government (OES designations) industry.

TABLE 12
Highest Level of Job References by Industry

RANK	INDUSTRY	JOB REFERENCE
1	Management, Scientific, and Technical Consulting Services	385
2	Scientific Research and Development Services	217
3	Colleges, Universities, and Professional Schools	159
4	Management of Companies and Enterprises	10
5	Offices of Other Health Practitioners/State Government	3

Job Classification Profile

The search was refined to better understand the most referenced job titles/job roles for all industries

with the BLS highest levels of Industrial-Organizational Psychologist employment. As previously stated, a total of 774 job titles/job roles were identified. They were dispersed across the Organization Development (*referenced 394 times*), OD (*referenced 224 times*), Organizational Development (*referenced 155 times*), and Industrial-Organizational Psychologist (*referenced 1 time*) classifications (see Table 13).

TABLE 13
Highest Level of Job References by Job Classification

RANK	JOB CLASSIFICATION	JOB REFERENCE
1	Organization Development	394
2	OD	224
3	Organizational Development	155
4	Industrial-Organizational Psychologist	1

Job Frequency Profile

The search was refined to better understand the most referenced job titles/job roles for each industry with a BLS highest level of Industrial-Organizational Psychologist employment. They were ranked by Management, (Scientific), and Technical Consulting Services (*ranked Organization Development most often, 215 times*), Scientific Research and Development Services (*ranked Organization Development most often, 156 times*), Colleges, Universities, and Professional Schools (*ranked OD most often, 87 times*), Management of Companies, Enterprises, Colleges and Universities (*ranked OD most often, 6 times*) and Offices of Other Health Practitioners (*ranked Organizational Development most often, 3 times*) frequency (see Table 14).

TABLE 14
Most Frequently Referenced Job Classifications by Industry

RANK	INDUSTRY	JOB CLASSIFICATION
1	Management, Scientific, and Technical Consulting Services	Organization Development
2	Scientific Research and Development Services	Organization Development
3	Colleges, Universities, and Professional Schools	OD
4	Management of Companies and Enterprises	OD
5	Offices of Other Health Practitioners/State Government	Organizational Development

It should be noted that Offices of Other Health Practitioners industry showed 19,286 OD job classifications and 3 Organization Development job classifications. Further research on the OD job classification indicated an Optometry Doctor job function. Further research on the Organization Development job classification indicated a Licensed Professional Clinical Counselor (LPCC) job function. Therefore, these findings are not included in the overall results for the study.

Job Market Profile

The search was refined to better understand the job market for organization development professionals, specifically the locations and sizes of companies with the most frequent job classifications for the industries with the BLS highest levels of Industrial-Organizational Psychologist employment. The Management, (Scientific), and Technical Consulting Services industry employs 57% of Organization Development roles in 7 companies with sales revenues between \$50 and \$500 million located in 4 states and 20% of Organization Development roles in 37 companies with sales revenues less than \$1 million located in 16 states. The Scientific Research and Development Services industry employs 41% of Organization Development roles in 37 companies with sales revenues less than \$1 million in 16 states and 19% of Organization Development roles in 7 companies with sales revenues between \$5 and \$10 million located in 6 states. The Colleges, Universities, and Professional Schools industry employs 2% Organization Development roles in 9 companies with sales revenues between \$50 and \$500 million located in 6 states. The Management of Companies, Enterprises, Colleges, and Universities industry employs 100% of OD roles in 5 companies with sales revenue less than \$1 million located in 4 states. The Offices of Other Health Practitioners industry employs 100% of Organizational Development roles in 3 companies with sales revenues less than \$1 million located in 3 states.

FINDINGS

The findings from the analysis of BLS and Hoover's data were as follows:

1. Industrial-Organizational Psychologist is the only BLS recognized title. However, Organization Development, OD, Organizational Development, and Industrial-Organizational Psychologist titles are all recognized by Hoover's.

2. The BLS reported industries with the highest Industrial-Organizational Psychologist level and concentration of employment are Management, Scientific, and Technical Consulting Services and Scientific Research and Development Services.
3. The BLS reported industries with the highest Industrial-Organizational Psychologist wages are Management, Scientific, and Technical Consulting Services and Scientific Research and Development Services.
4. The Hoover's reported industries with 94% of the Organization Development job market are Management, Scientific, and Technical Consulting Services and Scientific Research and Development Services.
5. The Hoover's reported Management (Scientific), and Technical Consulting Services line of business is management and business consulting, with 57% of jobs roles found in few (7), large (\$50-\$500M) companies and 20% of job roles found in many (37), smaller (<\$1M) companies.
6. The Hoover's reported Scientific Research and Development Services line of business includes research and development of social sciences and humanities and research and development in physical, engineering, and life science (not biotechnology), with 41% of job roles found in many (37), smaller (<\$1M) companies and 19% of job roles in few (7), large (\$5-10M) companies.
7. The BLS reported states with the highest Industrial-Organizational Psychologist concentration of workers was Virginia, concentration of jobs was Massachusetts, level of employment was Massachusetts, and wages were Colorado and Minnesota.
8. The BLS reported metropolitan areas with the highest Industrial-Organizational Psychologist concentration of workers was Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division, concentrations of jobs were Boston-Cambridge-Quincy, MA NECTA Division and Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division, level of employment was Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division, and wages was Minneapolis-St. Paul-Bloomington, MN-WI.
9. The BLS reported Industrial-Organizational Psychologist employment and wage estimates support little if any year over year average increase. Year over year from 2000 to 2014, employment estimates ranged from -29% to +18%, but averaged 0%, mean hourly and annual wage estimates ranged from -20% to +19%, but averaged 2%, and percentile hourly and annual wage estimates ranged from -20% to + 21%, but averaged 1 – 3%.
10. The BLS reported Industrial-Organizational Psychologist employment and wages estimates support a 2000 to 2014 employment decrease, but wage increase. From 2000 to 2014, employment estimates decreased 13%, but mean hourly and annual wages increased 30% and percentile hourly and wages increased 15 – 43%, 15% in the 50th percentile and 43% in the 10th percentile.

SUGGESTIONS FOR FURTHER RESEARCH

There are many opportunities for further research. Longitudinal and international studies are the most obvious. However, more detailed job titles, roles, and responsibilities would confirm the aforementioned conclusions. And, specific knowledge, skill, and ability definitions would offer valuable insight to formal educators and professional associations. Overall, a firm understanding

of whom the organization development professional is would be beneficial, to the practitioner as well as the industries and companies he or she serves.

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JENNIFER SMITH is an independent consultant with 28 years of involvement in the global manufacturing industry. Her career includes knowledge, skill and experience in technical sales and customer support, global training and development, global change initiatives and process improvements.

Jennifer is a Ph.D. student at Benedictine University, holds a graduate degree in Organization Development and is Green Belt Six Sigma Certified. She is an active member of The National Academy of Management and The Midwest Academy of Management. She holds certification in DiSC, DDI and PDI Leadership Assessment Tools. She is a member of the Benedictine University Graduate Business School's adjunct faculty, where she teaches on the topics of Organization Behavior and Organization Development.

Contact Information: Jennifer.smith@jmssynergy.com

LISA MACHTEMES is a PhD student at Benedictine University. She holds a BA in History from Arizona State University and a MBA in Accounting from Dominican University. She is a PHR, Six Sigma Green Belt, and member of AOM, ISODC, MAM, OD Network, and Sigma Iota Epsilon. Lisa is currently employed by McDonald's Corporation.

AN INTERGENERATIONAL LEADER DEVELOPMENT PILOT PANEL SYMPOSIUM

Deborah A. Colwill, Trinity International University, dcowill@tiu.edu
Trevor Cox, Trinity International University, ztcox@tiu.edu
David N. Daniel, Trinity International University, zddaniel@tiu.edu
Yulee Lee, Trinity International University, zylee4@tiu.edu
Taina Luhtala, Trinity International University, ztluhtal@tiu.edu
Ebenezer G.P. Perinbaraj, Trinity International University, zeperinb@tiu.edu

ABSTRACT

Generational differences in the workplace pose an ongoing threat to the interpersonal nature of collaborative leadership and healthy teamwork. A grant from the C. Charles Jackson Foundation supported the design of a leader development pilot experience for five intergenerational cohorts. The goal was to foster communication and collaboration among existing and emerging leaders. Our symposium entitled *An Intergenerational Leader Development Pilot* will debrief what we have been learning through the design phase, implementation phase, and evaluation phase of our work together. The research study focused on the interactions of the intergenerational cohort members in the leader development pilot sequence.

OVERVIEW

Generational differences in the workplace have received much attention in the literature (Parry & Urwin, 2011), (Cogin, 2012), (Twenge, 2010), (Lyons, Duxbury, & Higgins, 2007), (Sessa, Kabacoff, Deal, & Brown, 2007), and (Lancaster & Stillman, 2002), and continue to be an important issue in how young leaders are engaged and empowered (Schullery, 2013) (Hershatter & Epstein, 2010); creating thriving, innovative organizations (Worley & Lawler, 2010), (Edmondson, 2013); and leadership development and succession (Howard & Silverstein, 2013, p. 76).

With an aim toward garnering mutual understanding and respect among leaders of different generations, providing purposeful intergenerational leader development opportunities might be a practical way forward. Our team designed a leadership development pilot to begin to consider the question: How might existing and emerging leaders learn effective collaboration attitudes and skills that will help bridge their generational differences in order to work more effectively together? The symposium will be a presentation of our design, implementation, and significant learnings found during the pilot.

Proceedings

The symposium format will feature brief presentations by the panelists followed by a roundtable discussion with the attendees. The basic components of the symposium will include:

- 1) A brief introduction, (5 minutes)
- 2) Five brief presentations, (10 minutes each or 50 minutes total) and

- 3) A roundtable discussion lead by the Chair (15-20 minutes).

The introduction will include a summary of the challenges in both intergenerational research and practice, as well as an overview of the grant and the pilot we designed.

Each presenter will discuss the following:

- 1) His or her responsibilities in the pilot design and why these components were important for an intergenerational study
- 2) A brief description of the group he or she facilitated and how the pilot was implemented
- 3) Significant individual and collective learnings

The Chair will then open the floor for questions and feedback about the design of the pilot, the importance for intergenerational study going forward, and what questions the pilot raised.

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NON-MONETARY INCENTIVES AND REWARDS: A REVIEW AND RESEARCH AGENDA

Mark Brightenburg, University of Dallas, mbrightenburg@udallas.edu
R. Greg Bell, University of Dallas, gbell@udallas.edu
Christopher M. Harris, Texas Woman's University, charris17@twu.edu

ABSTRACT

Workplace rewards have evolved from being narrowly defined as monetary remuneration to now include virtually everything that employees perceive to be of value stemming from their employment relationship. This paper reviews the growing body of research examining non-monetary incentives and rewards. Specifically, we review the varying definitions of non-monetary incentives along with the theoretical frameworks in which non-monetary incentives have been examined. We also provide a comprehensive examination of the ways researchers have measured non-monetary incentives at both individual and group-levels. We conclude with opportunities and directions for future research investigating the use and impact of non-monetary incentives and rewards.

INTRODUCTION

The work incentives and rewards literature has advanced considerably since Fredrick Taylor (1911) proclaimed that labor productivity was a function of monetary incentive. While there has been considerable attention paid to understanding the importance and role of monetary incentives, there is growing interest today in better understanding the power of non-monetary work incentives and rewards in response to their growing popularity in firms around the world (Giancola, 2014; Long & Shields, 2010). Indeed, workplace incentives and rewards has evolved from a narrowly defined monetary remuneration (Chang, 2006; Dean & Bowen, 1994; Hansen, Smith, & Hansen, 2002) to be considered virtually “everything an employee perceives to be of value resulting from the employment relationship” (Hsieh & Chen, 2011: 15).

On the whole, firms spend billions annually in employee rewards and recognition (Bersin, 2012). Maintaining a reward system is costly with an average budget equating to 2% of a firm’s payroll, according to a trade group survey of more than 650 HR professionals (World at Work, 2011). Indeed, in light of cost concerns and the competition for talent firms today are increasingly looking at creative ways to incentivize and reward.

Recent studies have linked non-monetary incentives and rewards to a host of outcomes, including performance (Bareket-Bojmel, Hochman, & Ariely, 2014), job satisfaction (Dave et al., 2011), employee turnover intention (Pare & Tremblay, 2007), social responsibility (Tymon, Stumpf, & Smith, 2010), and career success (Tymon, Stumpf, & Smith, 2011). There is considerable research evidence which points to the effectiveness of monetary incentives and rewards. However, much of what is known about the growing non-monetary incentives and rewards domain is disconnected (Xavier, 2014) to the extent that some have warned that

decoupling non-monetary incentives and rewards from monetary rewards may have a negative consequences (Stajkovic & Luthans, 1997).

Interestingly, despite their widespread use increasing research attention, there has not been a comprehensive review of the growing non-monetary incentives and rewards literature. Hence, in the remainder of this paper we will synthesize the significant body of theoretical and empirical research that has accumulated in recent years that has explored the use of non-monetary incentives and rewards. Specifically, we will review the varying definitions of non-monetary incentives and theoretical frameworks under which non-monetary incentives has been examined. We will also investigate how researchers have attempted to operationalize and measure non-monetary incentives at individual and group-levels. Finally, we explore the ways in which non-monetary incentives and rewards research can be extended and expanded in the future.

Our paper makes a number of contributions. First, our review will examine how the landscape of work rewards is shifting and is reflected in a growing body of research examining non-monetary incentives and rewards. While this domain of research offers a fascinating area of study, our review will show that the literature in aggregate is inconsistent and unclear with regard to what constitutes non-monetary incentives and rewards.

Our second contribution is in synthesizing the theoretical lenses that have been used to examine non-monetary incentives and rewards. Scholars have developed theoretical frameworks to explain how types of rewards can motivate people and how the management of rewards can elicit desired work behaviors (Adams, 1965; Skinner, 1969; Vroom, 1964).

Our third contribution is to identify common measures of non-monetary awards and the outcomes associated with the measures at the individual and group levels. To date operationalizations of non-monetary awards has included many things from tangible items employees can hold or consume to intangible rewards, such as a statement of recognition (Dzuraniin & Stuart, 2012).

Lastly, our review will offer a host of ways in which research investigating the choice and use of non-monetary incentives and rewards research can be extended. For example, the conceptualization and analysis of non-monetary incentives and rewards were essentially developed in the context of employees working in close proximity to supervisors and other employees within a single firm. Hence we will address the need to adapt our understanding of the uses and benefits of non-monetary incentives and rewards to a world in which employees are increasingly interacting with their co-workers and supervisors in the virtual space.

DEFINITIONS OF NON-MONETARY REWARDS

An important element in the review of non-monetary rewards and incentives is to identify the variety of ways in which researchers have defined non-monetary rewards and incentives. The variety of definitions used need to be understood in order to grasp the differing perspectives from which researchers have approached non-monetary rewards and incentives. In light of these different definitions, different outcomes of the non-monetary rewards and incentives might be

anticipated. Later in this review we will identify the outcomes associated with non-monetary rewards and incentives.

Intrinsic rewards have been identified as a type of intangible non-monetary reward and incentive and definitions of intrinsic rewards have been used in studies concerned with non-monetary rewards. For example, intrinsic rewards exist in the job itself (Herzberg, 1987) and can include achievement, challenge, autonomy, responsibility, and personal growth (O'Driscoll & Randall, 1999; Raghy, Sen, & Rao, 2003). Additionally, intrinsic rewards are inherent in the job and can include the job characteristics identified by Hackman and Oldham (1978): skill variety, task identity, task significance, autonomy, and feedback. Intrinsic rewards can also include: recognition, praise from superiors and/or peers, and status (Baker, Jensen, & Murphy, 1998). When employees have these types of intrinsic rewards they are thought to have greater job satisfaction, work motivation, and job performance (Hwang, 2005).

The second category of non-monetary rewards and incentives are those that are tangible. These can include a variety of items that have a cash value (Jeffrey & Adomdza, 2011). Tangible non-monetary rewards can include: gift cards, travel, meals, merchandise, and other small gifts (Dzuranin & Stewart, 2012; Presslee, Vance, & Webb, 2013). It has been argued by Jeffrey and Shauffer (2007) that tangible, non-monetary rewards are better motivators of employees than cash rewards.

THEORETICAL PERSPECTIVES OF NON-MONETARY REWARDS

Self-determination theory (SDT) proposes that individuals prefer to have control over their behavior. For example, volunteering to paint a house is a task that one may find enjoyment in doing, but their motivation may be undermined if they believe the task is more of an obligation, as opposed to a free choice (Ryan, & Deci, 2000). Self-determination theory is also concerned with the motivation behind the decisions that people make. In terms of intrinsic reward incentives, does that leave the individual feeling like they *want* to do more? Or, *have* to do more?

Cognitive evaluation theory seeks to explain how an individual's motivation is effected by external consequences (Deci, 1975). It focuses on two main factors that can influence motivation: (1) the capability of the individual to perform the task and (2) performing the task is voluntary and not due to external controlling factors (Dzuranin & Stuart, 2012).

According to social exchange theory a variety of transactions take place in organizations (Cropanzano, Howes, Grandy, & Toth, 1997; Cropanzano, Prehar, & Chen, 2002). Blau (1964) distinguished between economic exchange and social exchange. Economic exchanges tend to involve tangible resources and generally have a short term, quid pro quo focus. On the other hand, social exchange relationships tend to involve less tangible resources and have a long-term focus. Additionally, social exchange involves an exchange of socio-emotional benefits, mutual trust, and open-ended commitments (Blau, 1964, Van Dyne, Graham, & Dienesch, 1994).

Within expectancy theory, it is expected that employees will be motivated to perform at a high level when it leads to a good performance appraisal. A good appraisal, in theory, leads to rewards (Robbins & Judge, 2012). According to this perspective, firms expect employees to

perform their roles well, whereas employees expect rewards for their performance. Expectancy theory assumes that employees make choices among different behaviors based on which behavior they believe will help them to best achieve their goals (Lawler, 1994). Additionally, employees make their behavioral decisions based on the anticipated reward or reward reference. In the end, the decision to engage in a particular behavior will be based on whether the behavior will lead to the desired rewards and outcomes (Porter & Lawler, 1968). Therefore, expectancy theory indicates that if employees desire non-monetary rewards, they will engage in behaviors that will help them earn the non-monetary rewards. For example, in a study that followed expectancy theory, Kominis and Emmanuel (2007) found that intrinsic rewards positively influenced employee motivation.

Some studies that examined non-monetary rewards and incentives have relied on McGregor's (1960) Theory X and Theory Y. Theory X indicates that work is unpleasant and therefore people dislike work and seek to avoid it, if possible, while Theory Y indicates that people enjoy work and like to do a good job. The opposing viewpoints of employees and work indicate different types of reward should be used. Theory X indicates that extrinsic, monetary reward should be used, while Theory Y indicates that intrinsic, non-monetary rewards should be used (Mottaz, 1985). From a Theory Y perspective, job enlargement and job enrichment, which could include the job characteristics identified by Hackman and Oldham (1978) can be used as intrinsic rewards that would lead to positive employee attitudes and behaviors (Mottaz, 1985).

NON-MONETARY REWARDS: MEASUREMENT AND OUTCOMES

Based on our review, the operationalization of non-monetary rewards and incentives fall into two broad categories. The first category is *intangible* non-monetary reward and incentives and the second category is *tangible* non-monetary rewards and incentives. Additionally, most studies were conducted at the individual level, while fewer studies were conducted at the group or firm level. In the paragraphs below we present the results of our review of both the intangible and tangible non-monetary rewards literature.

Intangible non-monetary rewards and incentives at the individual level

Several studies in our review operationalized non-monetary rewards and incentives as an intangible reward. Lee and Pecci (2008) examined the effects of intangible nonmonetary rewards in automobile plants. They operationalized intangible non-monetary rewards as task autonomy, teamwork, production responsibility, and information. The results of the study showed that each of these intangible non-monetary rewards was related to greater commitment to quality in lean manufacturing plants. With a similar operationalization of intangible non-monetary rewards, Malhotra, Budhwar, and Prowse (2007) measured intangible non-monetary rewards as role clarity, participation in decision making, skill variety, autonomy, feedback, and training. They found role Clarity, participation, and autonomy predicted affective commitment and that autonomy, feedback, and training predicted normative commitment.

In a study of the Indian manufacturing sector, Mundhra and Wallace (2011), in line with self-determination theory operationalized non-monetary incentives as perceived competence, perceived autonomy, and perceived relatedness. In this study, this operationalization of intangible non-monetary rewards as positively related to employee job performance. With a

sample of project managers, Mahaney and Leder (2006) found pride, sense of contribution to organization, and public praise were positively related to client satisfaction and perceived quality. Additionally, Manolopoulos (2008) operationalized intangible nonmonetary rewards as creative work, esteem and reputation, social need, need for competence, and opportunities to take responsibility and this measure to be positively related to employee performance.

Using a sample of employees in Singapore, Indonesia, and Malaysia, Stumpf, Tymon, Favorito, and Smith (2013) operationalized intangible nonmonetary rewards as: meaningfulness, choice, support, and employee authority. The authors found choice and meaningfulness predicated satisfaction with the organization. Additionally, choice predicted lower turnover intentions. In another study by some of the same authors, Tymon, Stumpf, Smith, and Doh (2010) with a sample of Indian employees assessed non-monetary rewards with a scale of 24 items that assessed competence, progress, choice, and meaningfulness. The results of the study showed that the measure of nonmonetary rewards as positively related to career success and negatively related to intentions to leave the organization.

In a study of reward preference, Heath (1999) used a sample of MBA students and measured intangible non-monetary rewards as: praise from supervisor, friendly to co-workers, chances of promotion, amount of freedom, respect of co-workers, learning new things, accomplishing worthwhile, developing skills, and feel good about self. The results of the study indicated that people think others are motivated than themselves by monetary rewards than non-monetary rewards. In another study of reward preference, Chiang and Birtch (2005) assessed both monetary and nonmonetary rewards with a multi-country sample that included the United Kingdom, Canada, and Finland, and Hong Kong. The authors found that employees in the other countries showed a preference for nonmonetary rewards.

Linz and Semykina (2013) investigated both expected and desired rewards in former socialist countries, and operationalized intangible nonmonetary rewards as: the chance to learn new things, the chance to accomplish, more freedom at work, friendly co-workers, feel better about self, and chance to develop skills. Interestingly, they found that for women, when the desirability of the reward is considered, non-monetary rewards are positively related to job satisfaction. Additionally, for men the relationship between job satisfaction and a specific reward is stronger if the reward is desired, the same was found for women when examining job security. In another study of desired and expected rewards in former socialist countries Linz, Good, & Bush (2015) operationalized intangible non-monetary rewards the exact same way as Linz and Semykina (2013). The authors found the expected chance to develop skills and accomplish something worthwhile related to employee loyalty and the desired chance to develop skills, accomplish something worthwhile, and more freedom on the job related to employee loyalty.

Tangible non-monetary rewards and incentives at the individual level

While most articles we found for our review focused on intangible non-monetary rewards, we did find a few articles that examined tangible non-monetary rewards and incentives. In a study of a financial services firm, Jeffrey & Adomdza (2011) operationalized tangible non-monetary rewards as points that were earned by employees that could be redeemed for merchandise in a catalog. Their study focused on the salience of rewards and how it influenced performance. The

results of the study indicated that people think more frequently about non-monetary tangible incentives than monetary incentives and as the frequency of thought increased, so did job performance.

Interestingly, few studies have examined both tangible and intangible non-monetary rewards within the same study. Bareket-Bojmel, Hochman, and Ariley (in press) operationalized a tangible non-monetary reward as a meal voucher and an intangible non-monetary reward as a verbal reward. This study also examined monetary rewards. The results of this study showed that all types of rewards increased performance by over 5%, however the non-monetary rewards had a greater impact on performance than the monetary rewards. Dzurainin and Stuart (2012) also examined tangible and intangible non-monetary rewards along with monetary rewards in the same study.

Firm level non-monetary rewards and incentives

In our search for articles for this review, we were only able to find a few articles that examined non-monetary rewards and associated outcomes at the firm level. In a study of Turkish manufacturing firms, Ozutku (2012) found intrinsic rewards to be positively related to firm performance. Ozutku (2012) measured intrinsic rewards with a scale that include rewards such as: non-monetary recognition, celebrations, expression of appreciation by managers, and development based performance appraisal, to name a few. In this study managers estimated the percentage of employees in the firm who were eligible for each reward. The likert scale for the items ranged from 1 (no employees covered) to 5 (all employees covered). In another study at the firm level, Allen and Helms (2001) assessed both monetary and non-monetary awards. The non-monetary award assessed was regular expression of appreciation by managers to employees. Similar to Ozutku, they asked respondents to indicate the percentage of employees eligible for the each reward. Allen and Helms (2001) found that expression of appreciation by managers was positively related to firm performance.

Lastly, in a study of Canadian and Australian firms, Long and Shields (2010) asked respondents to indicate the percentage of non-managerial employees that were covered by individual noncash recognition plans and team noncash recognition plans. The authors found a positive and significant relationship between the use of a combination of noncash recognition practices and the use of cash recognition plans. The authors also found that unionized firms were less likely to have noncash recognition plans and that larger firms were more likely to have team based noncash recognition plans.

DISCUSSION AND FUTURE RESEARCH OPPORTUNITIES

Based on our review there is a variety of directions in which future research can further develop scholarly inquiry into non-monetary rewards and incentives. One future research direction is to examine the moderating effects at various levels of analysis (i.e., individual, team, and firm) on the relationship between the rewards types and the perceived value of the reward. For instance, firm-level moderators may include firm's age, size, non-profit vs. for profit, and dynamic vs. static environment. Team-level moderators may include degree of member homogeneity, reward-based conditions (equity vs. equality), and communication behaviors. At the individual

level potential moderators include: age of employee, personality, tenure, type of job, and perception of job.

Multilevel research on non-monetary rewards and incentives is also a promising direction for future research. As rewards can be offered at the individual, team, and firm levels, this provides opportunities for multilevel research. Additionally, as most studies in our review dealt with nonmonetary rewards at the individual level, multilevel research provides opportunities to examine the effects of nonmonetary rewards at the team or firm levels of analysis.

Future research could also focus on the measurement of non-monetary rewards and incentives. As shown in our review there has been a variety of operationalizations and measures of non-monetary rewards and incentives. Additionally, while some studies use similar items, there does not seem to be a consistent set of non-monetary rewards and incentives that are assessed. More consistent assessment of non-monetary rewards and incentives may provide a clearer direction for this line of research and may help to provide more consistent evidence of the effects of non-monetary rewards and incentives. Another factor to consider in measuring non-monetary rewards is whether to measure tangible rewards, intangible rewards, or both. In our review, we found that most studies measured intangible rewards. This seems to provide an opportunity for future research to consider tangible non-monetary rewards. Researchers could examine which form of tangible non-monetary rewards (e.g., merchandise, food, travel, etc.) are preferred by employees. Additionally, future research could examine the differential effects of tangible rewards and intangible rewards on employee attitudes and behaviors.

Another area of interest concerns personality, which none of the reviewed studies examined. This is surprising since research suggests that individuals with high conscientiousness tend to exhibit greater involvement in their work and hence are more likely to receive rewards. Highly conscientious individuals tend to meet commitments, hold promises, hold themselves accountable for achieving goals, and are careful in their work (Goleman, 1998). Individuals possessing high levels of this trait are many a manager's dream, and employers may profile for the conscientious trait during the hiring process. Understanding the impact of personality on employees' preferences for rewards and how personality can influence the outcomes associated with non-monetary rewards is a promising direction for future inquiry.

Future research should also focus on the strategic aspect of non-monetary rewards and incentives. For example, research could examine the horizontal and vertical fit (Wright & McMahan, 1992) of an organization's non-monetary rewards. When examining horizontal fit, researchers can examine the extent to which non-monetary rewards fit with the other human resource practices that a firm is using. With vertical fit, researchers can examine the fit of the non-monetary rewards with the overall strategy of the firm. If there is misalignment either horizontally or vertically, then the non-monetary rewards may not have the desired effect.

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ORGANIZATIONAL DEVELOPMENT AND BIG DATA: MAKE THE CASE FOR OD USING BIG DATA AS A CHANGE AGENT

Talha Ashraf, Benedictine University, talha_ashraf@yahoo.com

ABSTRACT

This paper presents Big Data and its relationship to OD. The main premise being how OD can help organizations use this amalgamation of data as a change agent. We explore uses of Big Data in building efficiencies and embracing real time opportunities building competitive advantage and valuation. I believe OD is in the best leadership position to harness this power. OD has long worked with structured (transactional) and non-structured (behavioral) data, which Big Data comprises of. The paper walkthroughs: (i) introduction, (ii) literature review aligning OD with Big Data, (iii) key definition, theories, frameworks and concepts, and (iv) conclusion.

PART I: INTRODUCTION: BIG DATA AND ORGANIZATIONAL DEVELOPMENT – MAKING THE CASE

“Imagine the positive impact if we were to use data-driven methods to predict which managers would become the most effective leaders in the future, and which employees will leave before the employees know themselves? That is the potential of the concept of Big Data.” Church & Dutta (2013)

Storage has gotten cheaper over the years. It has become easier to store, house and make data available because of the inexpensiveness of storage. From a point to a click; to a share; to a post; to a like; everything can be cut up, analyzed, stored and used later for insights. The mere acts of: browsing via your mobile phone, making calls, recording messages, making payments, capturing your daily habits, your workout plan, purchasing items, sending texts, tweeting, posting messages, pinning and sharing pictures – they all contribute to the sheer volume, variety, velocity and complexity of data and the cheapness of storing it. Google Glass, the self-driving car, the case of dynamic pricing and the goal of interacting in real time is made possible by the advances made and the existence of “Big Data”.

Data, as it exists today, comes in three forms: (i) structured – research, transactional, product data, (ii) non-structured – social media, texts, voice recordings and (iii) machine/web/software related – mapping, call records, etc. It can be used to provide value and betterment to organizations or individuals one and all.

Miller (2014) argues that data is quickly becoming a strategic business asset. He further argues that data will impact the full business spectrum and is not just about IT and technology. “Job spanning the entire business spectrum, including legal, sales, marketing, finance, product development, manufacturing, and operations, will be impacted by the big data phenomenon” (Miller 2014). Leaning on literature, Laster 2010; Miller 2010; Parry 2010; Vaidhyathan, 2010, all argue that every profession, whether business or technical, will be impacted by big data

and analytics. Galbraith (2014) also maintains the legitimacy of Big Data by citing reports from the World Economic Forum, the McKinsey Global Institute, and *The Economist* Intelligence Unit. In his article, Galbraith (2014), presents the case of how Nike has used Big Data to create a completely new business unit and summarizes the impact that Big Data has on organization design by using the Star Model™ Framework with Big Data – Appendix A. Furthermore, Gartner Inc. through its research mentions “Through 2015, 85% of Fortune 500 organizations will be unable to exploit big data for competitive advantage.” Big data, McAfee and Brynjolfsson (2012) write, is far more powerful than the analytics of the past. Executives can measure and therefore manage more precisely than ever before. They can make better predictions and smarter decisions. They can target more-effective interventions in areas that so far have been dominated by gut and intuition rather than by data and rigor. The differences between big data and analytics are a matter of volume, velocity, and variety: More data now crosses the Internet every second than was stored in its entirety 20 years ago. Nearly real-time information makes it possible for a company to be much more dynamic and responsive than its competitors.

Obsession with and creation of data is nothing new – in fact, data has existed over the last few decades. Organizations have had the capability to work with, record and use them to develop insights and make decisions. They have had the ability to work with really large datasets as well – think the Census Bureau. The question beacons - why the sudden hype and focus on Big Data? Well, for a few reasons. First, and as Galbraith (2014) notes, this data is unstructured and is different from the usual structured datasets that we have shared across and within organizations. It is different than the columns and rows we are used to visualizing and sharing. Second, and also as Galbraith (2014) notes, this data is available in real time. Third, the first two aspects of Big Data open up business opportunities that did not exist before – as the case of Nike’s new service offerings or the tweaking and decision-making by gathering sensor feedback from car and driver performance in Formula 1 races (Munford 2014). Lastly, current analytical or database management systems cannot manage and provide insights with the variety and the volume of data gathered. Essentially, we are sitting on a gold mine of information, which we are struggling to mine and gain insights from.

The fact of the matter is that organizations have been slow to get on the bandwagon and start utilizing Big Data. There are some really good reasons for the slow start, namely: (a) this is going to be change in how organizations conduct current business and operations – their current value proposition may come at stake, (b) the resources and expertise are not readily available to embrace this change and (c) there is no framework, governance or method to go about implementing such a program.

This is where I believe OD has a role to play. OD, foundationally, is concerned with organizational effectiveness/value. We are trying to get the organization from one instance to another through research, data collection, diagnosis and action due to changes as they occur in the world. Our goal is always with improving effectiveness or value of the organization. The arguments in our favor include:

- (a) Our methods, tools and models require us collect data both structured and non-structured from multiple sources and vantage points. This is similar to how Big Data is formed from multiple sources. Since the beginning, dating back to Fredrick Taylor’s work with organizations, the effort revolved around collecting quantitative (structured) and

qualitative (non-structured) data. Weisbord (2012) talks about how Frederick Taylor in the early 1900s did consulting engagements with organizations helping to provide efficiency by studying not only the solid quantitative evidence for improvement but also the human interaction. Church and Dutta (2013) capture this piece perfectly noting the singular role that data (and feedback) play in creating energy for change. The use of data, (whether quantitative or qualitative) as a catalyst for action is one of the most unique contributions that OD makes to organizational transformation. Furthermore, the evidences to partake in a change was derived in early OD was as much based on structured data, such as error rates, cost, profit as unstructured data that referenced human interaction, behavioral knowledge and organizational culture (qualitative). Similarly, Pentland (2014) mentions “the use of large-scale data to predict human behavior is gaining currency in business and government policy practice, as well as in scientific domains where the physical and social sciences converge”.

- (b) The second argument in OD’s favor deals with the insights, analytics and meaning that is derived from such data that exists and/or can change in near real-time when working on a change effort from the current state to a future ideal state. The current issue where tools and expertise are not available to utilize meaningful data insights presents OD scholar-practitioners with path to lead laying down of the foundation for organizations to embrace and to build on from.
- (c) Finally, the last argument in favor, as Church and Dutta (2013) also mention, deals with the action that is tied once data and realization is made. The action is derived from what we gathered, analyzed and given as feedback.

Additionally, Church and Dutta (2013) provide a conceptual framework for how different levels of data analytic methods and capabilities commonly found in OD and I-O Psychology can be linked together with Big Data applications. The role of Big Data as an approach to data- driven change within the broader context of OD is clearly indicated as being at the highest (and most expansive) level of the framework – see Appendix B.

The purpose of this paper, therefore, is to take core components of OD – change and strategy within the organization and come up with a few questions that may lead into a research topic for further investigation surrounding Big Data

PART II

OD, in a sense is all about challenging tradition. If it was done a certain way, we can do it better now. The driving force or motivation, it seems, is derived from better understanding and availability of knowledge, tools, technology and other resources. Traditionally, organizations have existed as teams of people, businesses, and even individually run but today apps, pages or software due to advances in computing, real time data availability and mobility can represent organizations. Organizations are now increasingly being known for their digital property, footprint and presence. This has caused a shift in how organizations tackle the value proposition provided by them. The organizations don’t need to be left behind when new technology or data, in our case, is available to be “opportun-ized”. It was a similar case when e-commerce came calling and left many brick and mortars behind who did not feel obliged to take notice.

As Styrk (2015) notes, In the past 15 years, many organizations have seen an increase in the amount of data, named Big Data, in the order of terabytes (10^{12}) which has been acquired and stored, but not prepared, cleaned, managed, and analyzed enough in order to provide competitive value for the organization (LaValle, Lesser, Shockley, Hopkins, & Kruschwitz, 2011). The organizations that analyze Big Data have profit performance that is about twice the amount of the organizations, which do not analyze Big Data (LaValle et al., 2011). The decisions include providing enhanced customer service and making improved or new products through the use of updated business processes (Beath et al., 2012). Malik (2013) compared Big Data to oil. The costly extraction of oil in a crude form from the earth has to be managed and then it has to be prepared to provide a cleaned substance, which can be used in a variety of ways to provide value (Malik, 2013). Big Data may come from many different sources, and the process to prepare and clean Big Data to extract value may also be costly (Malik, 2013).

There is change brewing and OD should take the leadership position and come forward and align business, strategy and Big Data. Twenty-six years ago, Jelinek and Litterer (1988) wrote an article titled, “Why OD Must Become More Strategic” made a case for OD being needed by businesses ever more so than before. The caveat was that OD had to align with business goals and take the leadership position in the business world by (a) leading the way of enabling the acceptance and amalgamation of change, (b) acknowledging more integration across business units and (c) using their skills to help leaders across the organization implement and shift strategy/mission as needed. The basis for such an argument from Jelinek and Litterer stems from facts such as: (a) competitive pressures, (b) an ever changing technological and (c) economic landscape and organizational demands. It was clear then and should be now that OD is needed by business to traverse the various changes on the horizon and be strategic about it. One such new area we need to align and take a leadership position is with focus on “Big Data”.

Weisbord (2014) calls Frederick Taylor as the “father of scientific management” who worked as a traveling consultant going to organizations and working to create efficiencies based on research and data. Cummings and Worley (2014) give the title of “Father of OD” to Kurt Lewin where his initial work in the 1940s with T-Groups led to the coining of the term itself. They talk about how his focus on more of the unstructured data (behavioral, environmental, etc) allowed him to do what he did in the 40s-50s. Even the more recent scholars of OD McGregor, WiseBord, Likert, Schien and others used data, some unstructured through observations, to assess the current state, diagnose and put an action plan together for change.

Change

The reality of the 21st century, according to Freidman (2006) and Kerber and Buono (2010), that companies are faced with constant change. It is ongoing, ever lasting and just part of everyday life. The “pace” of this change, along with its flavors, is what is hard to keep up with. Burke (2014), Cummings and Worley (2014), Buono and Jamieson (2010), Sorenson and Yaeger (2009) and Galbraith et. al (2002) all discuss the various areas of change within OD. Buono (2010) discusses the challenges and taking account of organizations with respect to their change capacity and the strategies that go with it. The common theme among the scholars is how changes (advances in technology, global presence, leadership methods and various cultural dimensions) are more broad and complex. Furthermore, Cummings and Greiner (2009) further go on to document the ease of eliminating competitive advantage by using the technology to

enter a space and start competing in today's hyper connected world. This pace of change keeps increasing and managing this change, therefore, requires a certain element of flexibility. Burke (2002) talks about change as transitions and goes on to mention that such change is an "ongoing, evolving process". Buono and Kerber (2010) categorize change through micro, meso and macro levels within the organization that contribute to the effective management and profitability of the organization. The other parts of the organization such as strategy making and the environment (external and internal) are also being challenged to be more nimble and dynamic. All these combined create challenges for the organization, the one common ground for such items to coexist. As such, an organization, with its limited resources, needs to be ever watchful of how, when, where and with the biggest impact it can create value. Below you will find a quick summary for each of the different early planned change models and how they tie in with the unstructured-ness of Big Data (illustrations in Appendix C, D and E - Models 1, 2 and 3):

1. **Lewin's Planned Change Model:** This is one of the earliest of the change models. Lewin's basic idea of change was anything or any force that keeps the system from being stable. He proposed the following three steps: (a) unfreezing: breaking down the current behavior/level or a group, department or team, (b) moving: shifting the behavior/level to the required place that will allow it to get to the new state and (c) refreezing: reinforcing the current behavior/level such that it becomes the norm or expected from the group, department or team.
Clearly, this change model does not use structured data for research, diagnosis and action implementation. There is a method of approaching the change that causes the instability but the data to move into a more stable form requires analysis, study and observation beyond simple structured data.
2. **Action Research Model:** this model treats the process of planned change as an ongoing cycle. There are 8 main steps: (a) problem identification, (b) consultation with a behavioral science expert, (c) data gathering and preliminary diagnosis, (d) feedback to key client or group, (e) joint diagnosis of the problem with members of the team, group or department where problem was identified, (f) joint action planning, (g) action and (h) data gather after action. After (h) you will go back to (d) and repeat the process till problem is rectified or a new diagnosis is identified that needs attention.
In some aspects this is similar to #1 except that this involves a far more steps and treats the gather of data and its insights separately. The freedom to record the amount (volume), type (variety) and speed (velocity) of data and communication is fairly evident in this model.
3. **Positive Change Model:** this model is different from the first two models as it focuses on what the organization is doing best. It takes what the organization or teams do effectively and builds on that to infuse change. This is applied through the process of using appreciative inquiry (AI). Its goal is to promote positive value and use that to analyze the organizations. It involves 5 phases: (a) initiate the inquiry, (b) inquire into the best practices, (c) discover the themes, (d) envision a preferred future and (e) design and deliver ways to create the future. You would repeat the process back to (b) in an ongoing cycle to implement that across the team, teams or the organization. In this model, we look at current "best" method of work or infusing change and utilize that to move forward with any new change that is causing the organization to be unstable or performing below its peak.

In summary, each of the models presented requires unstructured data coming from individuals who contribute to improve the organization. There is leadership (individual, leadership team) who usually initiates/identifies that a change is needed, followed by diagnosis by collection of data, planning and implementation of change and finally the evaluation of the result. The emphasis is on utilizing various strengths of the data that can be mined, the people involved, and the action to take for organization effectiveness.

Other change models such as Likert's method to identify and move towards ideal System 4 for participative management was to utilize survey feedback in order to identify differences to achieve the ideal System 4 conditions. It is clear the use of data, strategy and emphasis on using the internal environment (individuals and teams) in Likert's method to allow for organizational effectiveness and to institute change with minimal resistance.

Other models such as QWL (Quality of Work Life) were all about connecting people and technology and utilizing data with coining of the term "socio-technical" systems. The other phase of the QWL movement was bought together by global competition having relatively low cost and high quality foreign products. It pressed home the value of low cost and high quality resulting from management practices. It bought about well-known programs such as "TQM", Total Quality Management, "EI", employee involvement, and Six Sigma. The goal of such is to recognize the growing emphasis on how teams together with the right data, which is made readily accessible and shared, can unite and contribute to an organization so that it can be more flexible, productive and competitive. It goes without saying that as it gets easier to collaborate, share information and conduct business without any boundaries, as Thomas Friedman (2006) mentions in his book, organizations will need to have efforts to address and adapt to change and Big Data stands as an option that can allow teams and organizations to come together for the bigger purpose.

Strategy

Moving on to strategy, Head (2009) argues that true OD is, by definition, strategic. It is not that the focus or definition of strategy/OD has changed but actually the comprehensiveness of what strategy entails. Furthermore, Yaeger and Sorensen (2009) point to Cummings and Worley's 2009 text that highlights a broad encompassing of activities that show the strategic nature of OD. In a more practical use case, if our aim/strategic goal was to acquire market share to become more profitable, we may look to form alliances, acquire companies, or look at the various global opportunities present. All of these options would be considered OD interventions (Cummings & Worley 2014) but are strategic in nature. All the above scenarios will impact, by way of change, the current organization, its processes, structure, people and strategy.

It is important to define what the term actually means within realm of OD. My understanding of strategy is of an assessment of the organizations' mission and how to utilize its scarce resources to effectively achieve that mission. This may contain business strategy; change strategy, team strategy and the like to effectively allow the organization, team or department to best utilize its resources. Richard Beckhard's article (1969), talks about how OD efforts are required in various conditions and one of them is the adaptation of the organization to a new environment. Again, this is now commonly referred to as the organizations' strategy. This new environment could be culture change due to a merger or acquisition, or an alliance, or even use of a new technological innovation (hint: Big Data) that affects the organizations' effectiveness and induces change. In

all cases, the importance of giving OD a strategic view extends its boundaries to look at various other factors that can influence and cause disruptions in achieving organizational effectiveness. The way organizations allow their teams to adapt, communicate and function gives way to how a challenge is approached. With various team focuses, such as marketing, finance, operations, marketing, accounting and the like team building, interactions and communications at various levels becomes strategic especially with the advent of vendors, contractual employees and virtual members that while contributing may not be strategically aligned to the organizations' mission.

Lets put this together into ODs definition.

Definition

Many pioneers and experts in the field have penned definitions for Organizational Development. Each definition has embodied traits that characterize this field and hope to be all inclusive of the current real world situation.

An OD pioneer, Richard Beckhard, in his 1969 article, defines OD as follows: "Organization development is an effort (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization's "processes," using behavioral-science knowledge" (Gallos, 2006).

A second definition authored by Thomas Cummings and Christopher Worley in the Addison-Wesley 2009 10th edition book states: "Organization development is a system wide application of behavioral science knowledge to the planned development, improvement, and reinforcements of the strategies, structures and processes that lead to organizational effectiveness" (Cummings & Worley, 2014, p.2).

A third definition, also found in Thomas Cummings and Christopher Worley's 10th edition, was formulated by Wendell French, in his 1969 article: "Organization development refers to a long-range effort to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioral-scientist consultants or change agents, as they are sometimes called" (Cummings & Worley, 2014, p.2).

Finally, a fourth definition, also found in Thomas Cummings and Christopher Worley's 10th edition, was taken from Michael Beer's 1980 book: "Organization development is a system-wide process of data collection, diagnoses, action planning, intervention and evaluation aimed at (1) enhancing congruence among organizational structures, process, strategy, people and culture, (2) developing new and creative organizational solutions; and (3) developing the organization's self-renewing capacity. It occurs through the collaboration of organizational members working with a change agent using behavioral science theory, research and technology" (Cummings & Worley, 2014, p.2).

As you read those definitions, you will see that there are similar characteristics that embody each definition of OD, namely:

1. Organizational effectiveness: We understand from the definitions that the goal of OD is marching towards improving organizational effectiveness. There is something the organization must do differently or change to ensure it is being more effective and/or competitive. Big Data will only allow this goal to be met more

feverishly, simply because the sole act of measuring the effectiveness focuses on data. It can unstructured data but nevertheless is data itself. It can be measured via economics, humanistic values or in other forms, such as time saved in a new process that show positive gain overall for increasing organizational effectiveness.

2. **Planned change:** we can infer that in order for organizations to embark on the goal and do things differently, change will occur. This change needs to be planned. The planned change is not based on accepted best practices of change but rather a process of how change should be approached – data is used in decision making for change. For instance, action research, which is one of the planned change models by Kurt Lewin, is based on compiled data from research conducted to present a diagnosis and plan of action. Other planned models are listed in Appendix C, D and E.
3. **Use of Behavioral Science/Knowledge:** Organizations contain people and any planned change will likely impact those people who work in teams or groups. As such, the use of behavioral science that deals with group dynamics, individuals, culture, strategy, leadership, etc allows focus on tools, actions and methodologies to be used by OD experts to ensure that change is carried out successfully across the organization. This is important as the environment we live and work in is impacted by what we can collect (structured vs non-structured data), how much we can access (available and ready for use), how to harness and use to improve.
4. **Long term:** there is no start and end date like a project. These interventions and changes carried out are for the long term and are cycled (repeat). We don't stop once we complete one aspect of change; it is a continuous cycle to ensure that effectiveness is a never-ending process for the organization that deals with changes in its external and internal climate. It also becomes part of organizational strategy as you revisit it with changing conditions, new data and growth.
5. **Organization-wide and teams:** the effects of this are very rarely limited to one individual. The effects and changes usually start with one team but in most cases include multiple teams, the whole organization and in some cases multiple organizations to come to a common goal.

We see from the above definitions that change and strategy are core components of OD and data has played a role in defining OD and has very much a main stay in guiding organizations to improve its effectiveness and value.

PART III

Big Data is here – now what?

OD, Organization Development, at its core is concerned with the effectiveness and the profitability of the organization. Each of the aforementioned items: strategy, change and the environment are all part and package of OD. The use of data has always been and will always be a part of OD. An OD scholar, practitioner or scholar-practitioner is interested in all these moving parts that contribute to the effectiveness and profitability of the organization.

Big Data exists out there to be utilized for the betterment. Granted there are ways that it can be exploited but OD's concern would be to take the leadership position to guide organizations

through the betterment of this change. It can be used for better engagement opportunities, better healthcare services, better financial controls, better business regulations and governance and even for enhancing safety and security. For example, as McAfee and Brynjolfsson (2012) note, the United Nations' Global Pulse is an initiative that uses new digital data sources, such as mobile calls or mobile payments, with real-time data analytics and data mining to assist in development efforts and understanding emerging vulnerabilities across developing countries. They also note that new insights gleaned from such data-value extraction can meaningfully complement official statistics, surveys, and archival data sources that remain largely static, adding depth and insight from collective experiences—and doing so in real time, thereby narrowing both information and time gaps.

The Gaps

Though “big data” has now become commonplace as a business term, there is very little published management scholarship that tackles the challenges of using such tools—or, better yet, that explores the promise and opportunities for new theories and practices that big data might bring about (Gerrard, Haas, Pentland 2014). Church and Dutta (2013) further note, “Despite the potential inherent in Big Data driven OD applications to deliver entirely new types of insights for organizations, there are some potential barriers to using this approach as well. These consist of the three different issues: capability, mindset, and ethics.” Moreover, the realm of big data-sharing agreements remains informal, poorly structured, manually enforced, and linked to isolated transactions (Koutroumpis & Leiponen, 2013). This acts as a significant barrier to the market in data—especially for social science and management research (Gerrard, Haas, Pentland 2014). Church and Dutta (2013) reference “there is no singular Big Data theory, methodology, or value structure” and “just about anyone can enter the consulting space and engage in Big Data mining activity”. It is imperative as scholar-practitioners that we engage in and discuss/debate the implications of such with governance and oversight.

Definition

There is a lot of discrepancy in coming up with defining what Big Data actually stands for. Young (2014), Church and Dutta (2013), Gerrard, Haas and Pentland (2014) have put together the various definitions of Big Data that are present across literature and the confusion that exists in defining Big Data. Below is a sample:

1. “Big Data” is a science of fielding algorithms that enable machines to recognize complex patterns in data. It fuses machine learning with a very deep understanding of computer science and algorithms and that, of course, is key to being able to take machine learning and deploy it in a very scalable way (Paredes, 2012).
2. “Big Data” exceeds the processing capacity of conventional database systems. The data is too big, moves too fast, or doesn't fit the strictures of your database architectures. To gain value from this data, you must choose an alternative way to process it (Dumbill, 2013).
3. “Big Data” is the ability to mine and integrate data, extracting new knowledge from it to inform and change the way providers, even patients, think about healthcare (Roney, 2012).
4. “Big Data” is not a precise term; rather, it's a characterization of the never-ending accumulation of all kinds of data, most of it unstructured. It describes data sets that are growing exponentially and that are too large, too raw, or too unstructured for analysis using relational database techniques. Whether terabytes or petabytes, the precise amount

is less the issue than where the data ends up and how it is used (EMC2, 2012).

5. “Big Data” is the ability to collect, process, and interpret massive amounts of information. One of the biggest potential areas of application for society is healthcare (Rooney, 2012).
6. “Big Data” are datasets whose size is beyond the ability of typical database software tools to capture, store, manage, and analyze (Manyika et al., 2011).
7. “Big Data” is techniques and technologies that make handling data at extreme scale affordable (Hopkins & Evelson, 2012).
8. “Big Data” is more data than our current systems and resources can handle (Fogarty 2012).
9. “Big data” is an explosion of available information, a byproduct of the digital revolution (I. Thomas, 2013).
10. “Big data” does not really exist in healthcare settings (Bollier & Firestone, 2010).
11. “Big Data” n: the belief that any sufficiently large pile of s--- contains a pony (Arbesman, 2013).
12. Big Data "high volume, velocity, and/or variety information assets that demand new, innovative forms of processing for enhanced decision making, business insights or process optimization." (Gartner 2012)
13. At a basic level, Big Data is a concept, approach, or way of thinking about massive amounts of information and the outcomes that can be achieved by integrating that data. (Church and Dutta 2013)
14. Big Data has been defined by one group of technology consultants as “information that can’t be processed or analyzed using traditional processes or tools” (Zikopoulos, et al., 2012).

Big Data Characteristics:

Big Data can be described by the following characteristics – (IDC research):

1. Volume – the quantity of data that is generated is very important in this context. It is the size of the data, which determines the value and potential of the data under consideration and whether it can actually be considered as Big Data or not. The name ‘Big Data’ itself contains a term which is related to size and hence the characteristic.
2. Variety- the next aspect of Big Data is its variety. This means that the category to which Big Data belongs to is also a very essential fact that needs to be known by the data analysts. This helps the people, who are closely analyzing the data and are associated with it, to effectively use the data to their advantage and thus upholding the importance of the Big Data.
3. Velocity- the term ‘velocity’ in this context refers to the speed of generation of data or how fast the data is generated and processed to meet the demands and the challenges, which lie ahead in the path of growth and development.
4. Variability- this is a factor, which can be a problem for those who are analyzing the data. This refers to the inconsistency, which can be shown by the data at times, thus hampering the process of being able to handle and manage the data effectively.
5. Complexity- Data management can become a very complex process, especially when large volumes of data come from multiple sources. These data need to be linked, connected and correlated in order to be able to grasp the information that is supposed to be conveyed by these data. This situation, is therefore, termed as the ‘complexity’ of Big Data

Examples of Big Data

1. Calls, text, tweet, net surf, browse through various websites each day and exchange messages via several means.
2. Social media usage by several million people for exchanging data in various forms also forms a part of Big Data.
3. Transactions made through card for various payment issues in large numbers every second across the world also constitutes the Big Data.
4. Search engine traffic (e.g., via Google, Bing, etc.)
5. Social media exchanges (Facebook, Twitter, LinkedIn, etc.)
6. Purchase transactions (via credit cards, Amazon or Ebay activity on iPads)
7. Digital pictures and videos posted on sites such as Flickr / Photobucket
8. Cell phone usage, message content, and even movement and location via GPS signals
9. High school and college performance
10. Medical records
11. Current and prior residences, marriage status, tax filings
12. Weather sensors used to gather climate information

Theories and Frameworks

There are certain theories and frameworks present that are more aligned with information architecture, computer science and engineering disciplines. The only conceptual framework that is provided as part of the Big Data and OD (or any social sciences) is the one provided by Church and Dutta (2013) – in Appendix B. Essentially, the framework “provides a conceptual framework for how different levels of data analytic methods and capabilities commonly used in OD and I-O Psychology can be linked together with Big Data applications. The role of Big Data as an approach to data-driven change within the broader context of OD is clearly indicated as being at the highest (and most expansive) level of the framework”. One other framework provided by Galbraith (2012) deals with Big Data in Organization design where he investigates using the 5 Star Framework.

Gartner (2015) released a table of Q/A that talks about Big Data Planning and Implementation that I believe will be helpful in creating a framework for organizations:

TABLE 1
Questions and Answers About Big Data Planning and Implementation

Question Summary	Answer Highlights
Key success factors and pitfalls?	Begin big data projects as experiments to prove feasibility and value; operationalize the result in concert with business strategies.
How do we get big data skills?	Build your own knowledge; hire experienced people; work with external consultants and universities.
How do we justify big data projects?	Along with TCO and ROI, quantify the economic value of data as if it were a balance sheet asset.
How do we collect information from social media?	Going through data providers is an efficient method for many businesses and social application providers.

TABLE 1
Questions and Answers About Big Data Planning and Implementation

Question Summary	Answer Highlights
Big data analytics for SMBs?	Focus on the type of data itself and the corresponding use cases, not whether the "big data" definition fits.
How does information governance meet big data?	Shift emphasis from truth to trust, and integrate information into internal structures.
What are the hot new technologies in predictive analytics?	Deploy ensembles of models (bagging, boosting, random forests) for predictive analytics — these are becoming increasingly popular.
Is Hadoop a platform and how is it deployed?	Hadoop should be considered a platform (not a tool); it can be deployed in many different ways.
What are the key analytics technologies supporting Hadoop?	Recognize that vendors tend to specialize in either BI tools or analytic platforms.
How will big data affect our information architecture?	Plan for scaling via hybrid components and approaches for virtual/logical data integration.
ROI = return on investment; SMB = small or midsize business; TCO = total cost of ownership	

Source: Gartner (January 2015)

PART IV

Summary and Relevance

In summary, we made a case for OD and Big Data. We covered similar aspects that make it easier for both to relate to each other. OD as a field has been around for many decades while Big Data is a new phenomenon that exists in today's complex, hyper connected world. Big Data in its most raw form contains the necessary ingredients that can help OD in maximizing value, improving efficiency and keeping its focus on behavioral knowledge for planned change. There is a case to be made for Big Data's use in every industry from finance to marketing to education. The use cases that exist covers for profit businesses and not for profit organizations alike.

Questions

Having reviewed the literature for both Big Data and OD and identifying gaps that are present, I would like to look at the following topics:

1. A Framework to implementing Big Data by way of OD models of strategy or change
2. A field study by utilizing the big open datasets that are open to the public that help provide value or increase efficiency/performance from an OD perspective
3. Governance and ownership of Big Data: How OD can help streamline efforts

Lastly, I also believe that the current form and method of data gathering that exists may also change with the technological advances in getting data and the pace at which we get it may impact how OD responds and the models we use. It may be required that OD needs to make a few changes in terms of implementation of its models of change or strategy with the growing

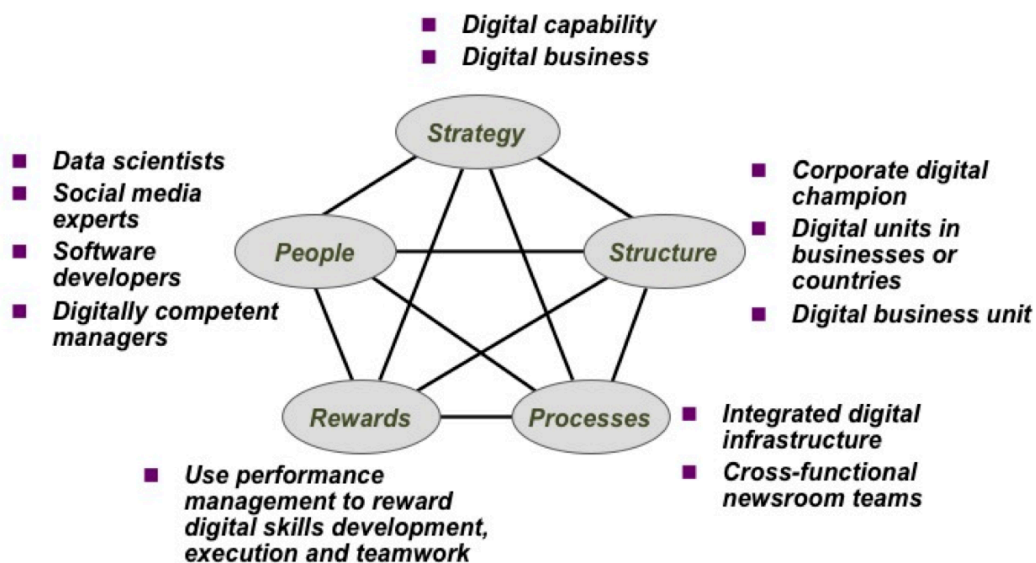
complexities and the near real time decision making power that is being made available to us. It will also require us, as scholar-practitioners, to be able to tell the story with the data that we can collect, analyze and feedback. Ethics, privacy and the basic governance of the data will also be a major source of contention. We would want to ensure cross collaboration across the organization to ensure the basic OD values are being realized.

I leave you with this vignette from Church and Dutta (2013):

“Big Data can help OD practitioners look above and beyond their traditional organizational perspective to infer insights that are much more proactive than existing methods. The synthesis of variety, volume, velocity, and veracity of people data and beyond if applied appropriately to inform OD strategies could prove to be a very powerful tool for the future. The addition of a Big Data mindset may also finally provide a compelling argument for enhancing the data analytic skills and storytelling capabilities of OD practitioners going forward. Based on this discussion the future of Big Data-driven OD for change has potential indeed.”

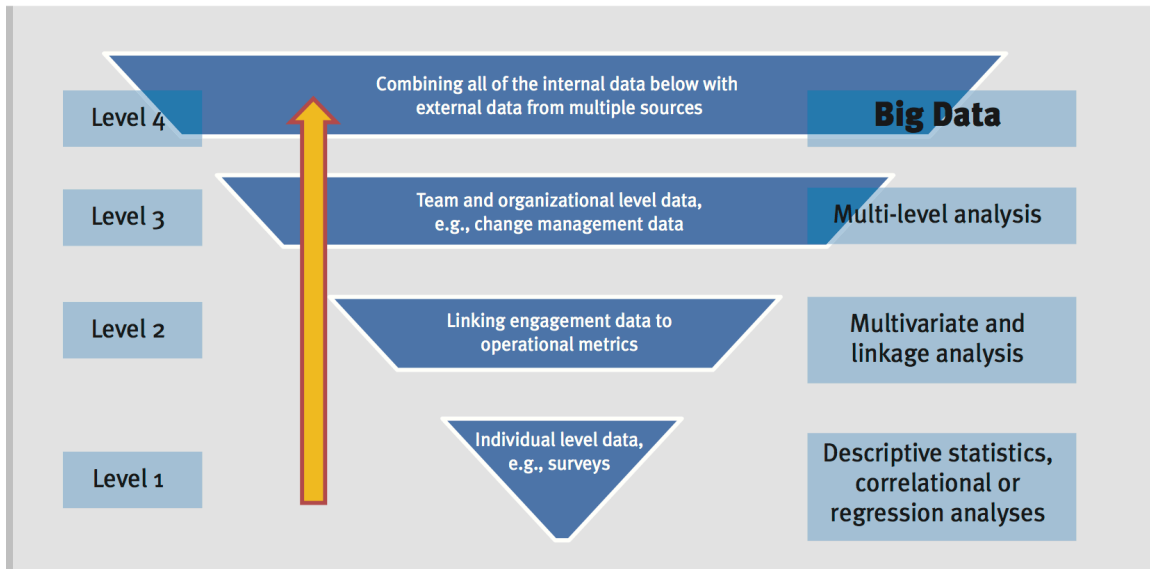
APPENDIX A

Star Framework



APPENDIX B

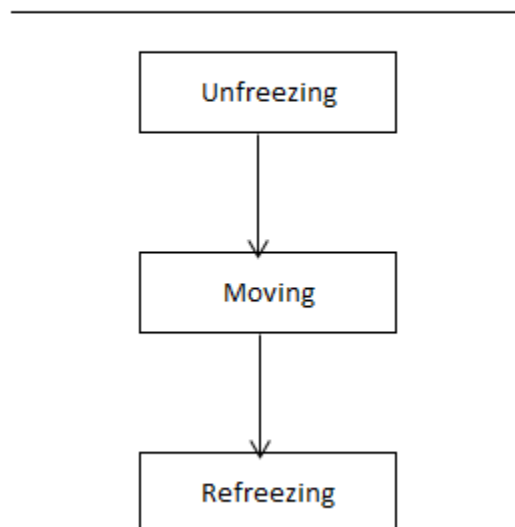
Church and Dutta Conceptual Framework



APPENDIX C

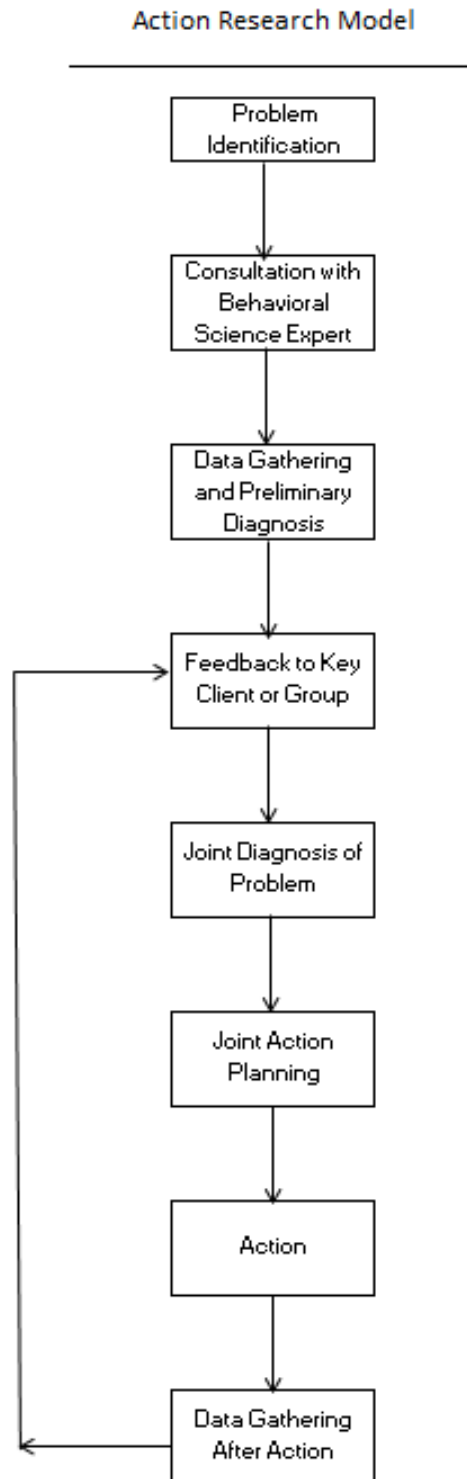
Model 1: Kurt Lewin's Planned Change Model

Lewin's Planned Change Model



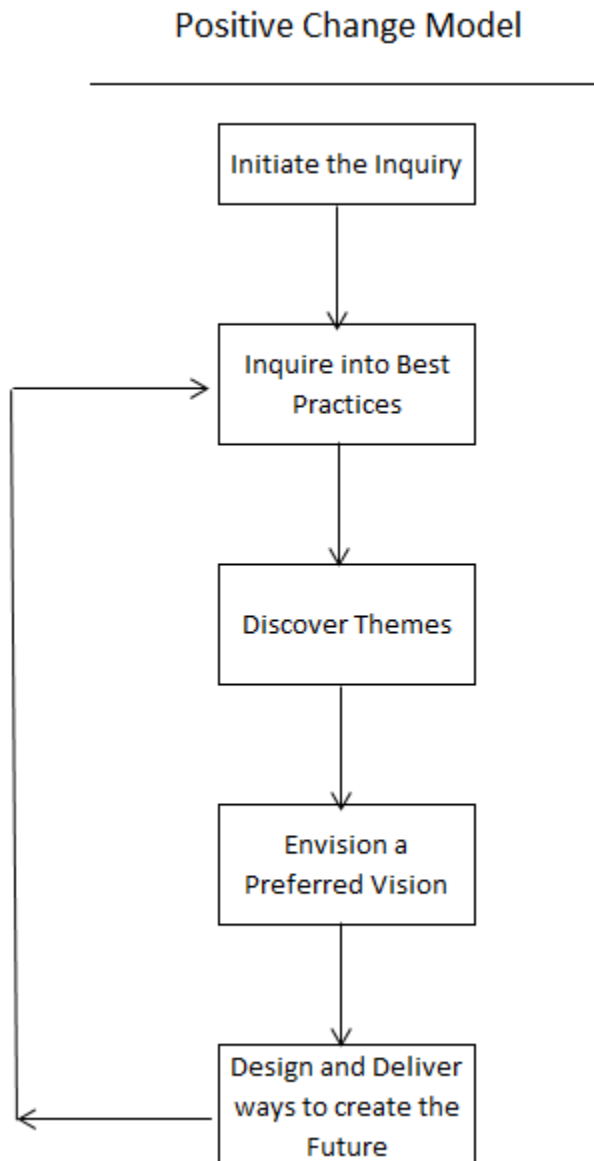
APPENDIX D

Model 2: Action Research Model



APPENDIX E

Model 3: Positive Change Model



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ASSESSING THE RELATIONSHIP BETWEEN PARTNER PERCEPTIONS AND EMPLOYEE COMMITMENT TO COMPANY

JB Colletta III, Georgia State University, jcolletta1@student.gsu.edu
John Hoffman, Georgia State University, jhoffman8@student.gsu.edu
Katie Stone, Georgia State University, kstone10@student.gsu.edu
Nate Bennett, Georgia State University, nate@gsu.edu

ABSTRACT

Due to its costly nature, turnover has been a long studied phenomenon in management literature. Previous research used social exchange theory to explain employee commitment's negative relationship to turnover. Additionally, organizational support theory has been introduced as the form of social exchange theory that best characterizes the transactions between employer and employee. Researchers found that employee perceived organizational support is positively related to organizational commitment. There is a gap in understanding how employee commitment is associated with partner evaluation of support. This research extends understanding of organizational support by incorporating crossover theory. Results indicate partner perception impacts employee commitment to an organization.

INTRODUCTION

Employee turnover negatively impacts productivity, customer service, and company morale (Boushey & Glynn, 2012). Because of its importance to organizations, a great deal of research has been conducted to explore the negative relationship between employee commitment and turnover intention (Meyer & Allen, 1991). Conversely, employee commitment has been positively correlated with an employee's intention for voluntary turnover (Guzzo, Noonan, & Elron, 1994; Wayne, Shore, & Liden, 1997). Relevant to employers, perceived organizational support appears to be reciprocated with greater employee commitment and performance (Baran, Shanock, & Miller, 2012). The purpose of this study is to evaluate the relationship of the exchange between employer and partner on an employee's decision to remain with that employer.

The present study addresses the application of social exchange theory to explain how employee commitment is negatively related to intention for turnover. Additionally, organizational support theory has been put forth as the form of social exchange theory that best characterizes the transactions and exchanges between employer and employee. Researchers in this tradition have found that employee perceived organizational support is positively related to organizational commitment. One remaining gap in this body of research involves the question of whether or how employee commitment is associated with the employee partner evaluation of support. This research extends our understanding of organizational support by incorporating crossover theory.

Social exchange theory and organizational support theory

Social exchange theory broadly describes transactions and exchanges occurring between stakeholders. Blau (1964) refers to "voluntary actions of individuals that are motivated by the returns that are expected to bring and typically do in fact bring from others." Social exchange

relationships include a number of benefits, defined as voluntary, beneficial actions by one exchange partner that are expected to create a desire to give back on the part of the other. Those include assistance, advice, compliance, appreciation, and instrumental services (Blau, 1964).

Social exchange theory is among the most influential conceptual paradigms for understanding workplace behavior (Cropanzano & Mitchell, 2005). In a 2005 review, Cropanzano and Mitchell highlight the behavioral implications of distinguishable social exchange relationships workers form with their immediate supervisor, coworkers, employing organizations, customers, and suppliers.

Specifically between employees and employing organizations, social exchange theory suggests that employees will reciprocate with positive attitudes and behaviors if they perceive that the organization helps them in some way (Blau, 1964; Wayne, Matthews, Casper, & Allen, 2013). This serves as a foundation for Eisenberger, Huntington, Hutchison, and Sowa's (1986) organizational support theory to specifically describe the relationship between employer and employee. Organizational support theory proposes that employees trade effort and dedication to their employer as reciprocation for incentives (pay and fringe benefits) and socio-emotional benefits (esteem, approval, and caring) (Baran et al., 2012; Eisenberger et al., 1986).

The central construct within organizational support theory is perceived organizational support (Baran et al., 2012). Perceived organizational support is a general belief that an employee develops about his/her employer, referring to the degree the employer cares about his/her well-being and values his/her contribution. Organizational support theory proposes that an employee develops perceived organizational support to meet needs for praise and approval and to judge the organization's readiness to reward his/her effort (Eisenberger et al., 1986). Further, employees infer support from organizations in the same manner as in other social relationships using attributional processes "influenced by the frequency, extremity and judged sincerity of statements of praise and approval" (Blau, 1964; Eisenberger et al., 1986).

Baran (2012) depicts the relationships among perceived organizational support and constructs suggested by Rhoades and Eisenberger (2002). Specifically, three main categories of antecedents (fairness, favorableness of rewards and job conditions, and supervisor support) and six main consequences of perceived organizational support (employee commitment, performance, organizational citizenship behavior, withdrawal behavior, job-related affect, and strain) (Baran et al., 2012).

Eisenberger et al. (1986) assume that perceived organizational support increases an employee's attachment to his/her employer and his/her expectation that greater work effort will be rewarded as a result. Their findings indicate that perceived organizational support affected the employees' absenteeism, especially for individuals with stronger social exchange ideologies. Rhoades et al. (2001) found additional evidence that perceived organizational support plays an important role in the employee commitment process. The implication to leaders is that the commitment process is highly related to intention to continue or discontinue as an employee.

Perceived organizational support has been positively correlated with an employee's intention for voluntary turnover (Guzzo et al., 1994; Wayne et al., 1997). Of particular relevance to

employers is that perceived organizational support appears to be reciprocated with greater employee commitment and performance (Baran et al., 2012). Researchers hypothesize that this employee response to perceived organizational support is based upon the reciprocity norm, where employee perceived organizational support influences a sense of employee obligation to ensure the welfare and objectives of the employer are met (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). Rhoades and Eisenberger (2002) indicate that “reciprocity is a basic mechanism contributing to perceived organizational support’s associations with various behavioral outcomes.”

Crossover to partners

In addition to perceived organizational support as an explanatory factor for employee commitment, Wayne et al. (2013) studied the crossover of attitudes from an employee’s partner to the employee. Important to this relationship between employee and partner is the crossover theory. The crossover theory makes a case that as the employee and partner are exposed to each other’s emotions and attitudes and the exposure will tend to reduce their differences and converge their individual emotions and attitudes to a state of shared emotions and attitudes (Westman, 2001). In other words, the partner of an employee may also experience similar benefits from an employer. Wayne et al. (2013) findings indicate that partner attitudes toward an employee’s firm explain additional incremental variance in employee commitment. The reciprocity norm (Eisenberger et al., 2001) and crossover mechanism (Westman, 2001) support the basis of the present study that (a) obligations drive positive behaviors and (b) employees and partners influence each other but are not a proxy for each other’s attitudes.

The research conducted by Wayne, Casper, Matthews and Allen demonstrated the viability of incorporating partners into research on employee job attitudes and behaviors (Wayne et al., 2013). Their findings that partner attitudes affect employee commitment underscore the need for additional research to test reciprocal dyadic relationships. Additionally, because their sample was specific to an individual firm, the present study adds to this knowledge base by surveying employees and partners working for a variety of different organizations.

Employee perceived organizational support helps to lower employee turnover, which is supported by social exchange theory research. The missing piece is the partner. Partners should matter to an employer as demonstrated by crossover theory. Our paper extends the social exchange theory and perceived organizational support story by adding a partner crossover theory element. The present study will evaluate relationships within the inquiry: *How do the perceptions of the employee’s partner relate to the employee’s commitment?*

Contribution to theory

We perceive a shortcoming in the previous research on organizational support theory, perceived organizational support, and employee commitment focused primarily on social-exchanges between employers and employees, which do not consider the impact of the employee’s partner. The partner aspect is missing in the review by Cropanzano and Mitchell (2005) which highlighted the social exchange relationships that workers form with their immediate supervisor, coworkers, employing organizations, customers, and suppliers. A collection of hypotheses fundamentally based upon previous research demonstrates that partners share in employee

enrichment (Matthews, Del Priore, Acitelli, & Janet, 2006) and view the source of the enrichment as the employer (Green, Bull Schaefer, MacDermid, & Weiss, 2011).

However, Wayne et al. (2013) lay a foundation of primary research on partner perceptions and the transfer to employee attitudes. Wayne et. al (2013) found evidence of social exchange relationships between an employee's firm and his or her partner.

The present study evaluates both the employee and partner by surveying them separately to understand more about the relationship each has with the employer. We propose an original contribution to theory by correlating perceived partner organizational support with three specific measures of employee commitment. Practically, we propose additional considerations for employers interested in fostering employee retention and performance, specifically how a partner's opinion affects the employee's desire, need, and obligation to commit.

HYPOTHESIS

Consistent with social exchange theory (Blau, 1964), organizational support theory and perceived organizational support (Eisenberger et al., 1986; Rhoades & Eisenberger, 2002), when enrichment from work is experienced, employees reciprocate with more positive work attitudes, including employee commitment (Wayne et al., 2013). This research more carefully examines the impact of the partner's POS on the employee's commitment by looking at the three measures of commitment. Affective commitment refers to the employee's emotional attachment and involvement in the organization and identifies the employee's *want* to continue employment with an organization (Meyer & Allen, 1991). Continuance commitment refers to an awareness of the costs associated with leaving the organization and indicates that the employee feels a *need* to remain with the organization (Meyer & Allen, 1991). Normative commitment reflects a feeling of obligation to continue employment and the employee's feeling that they *ought* to remain with the organization (Meyer & Allen, 1991).

An increase in employee commitment appeals to employers due to the high costs of turnover and lack of available talent. The talent shortage is predicted to worsen over the next ten to twenty years (ManpowerGroup, 2013), which will make recruitment and retention an even greater challenge for employers. Understanding the drivers of employee commitment is a priority for employers who wish to minimize turnover. An aspect that may impact employee commitment is the partner's POS of the company (Wayne et al., 2013). This research seeks to further determine if such relationship exists. Consistent with social exchange theory, previous research demonstrates that one way employees reciprocate their belief that their organization is supportive of family is by forming a stronger attachment to the organization (Allen, 2001; Odle-Dusseau, Greene-Shortridge, & Britt, 2012).

By assessing the three forms of employee commitment: affective commitment (A-EC), continuance commitment (C-EC) and normative commitment (N-EC), this research intends to demonstrate the relationship a partner's POS has with each. Common to these three approaches is the view that commitment is a psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue or discontinue membership with the organization (Meyer & Allen, 1991). Previous studies have

found that employee commitment does indeed contribute to a reduction in turnover (Meyer, Stanley, Herscovitch, & Topolnysky, 2002; Tett & Meyer, 1993). The quandary for employers becomes the ability to recognize what is important when desiring to increase an employee's commitment to the company. A common belief of a committed employee is their willingness to go the 'extra mile' (Meyer & Allen, 2004) for a company. This kind of dedicated workforce leads to increased productivity. Obtaining that level of commitment should be a priority for employers if they wish to reduce employee turnover.

Understanding the concept of employee commitment gives employers deeper knowledge of specific components impacting retention. Employee commitment is psychological and characterized by the employee's perceived relationship with the company and the employee's personal evaluation with regards to their desire to remain with the company (Meyer & Allen, 1991). It is the link between the employer and employee that makes it less likely the employee will voluntarily leave an organization (Allen & Meyer, 1996).

Employers offer various levels of benefit to an employee's partner and/or family. Should the employer recognize the importance of the partner/family to the employment relationship, they may expect greater loyalty from both the partner and employee (Wayne et al., 2013). This study posits the importance of the employee's partner and their association with employee commitment. A relationship should exist when a partner perceives an organization in a positive or negative fashion (Wayne et al., 2013). The partner perception may be largely dependent upon the employee's perception of the employer. An employee is likely to share thoughts and impressions of their employer with a partner, including their intention to stay with the company. Should an employer decide to intercede and directly communicate with a partner to improve a perception, the research looks to identify a link between such efforts and employee commitment. The methods section presents the underlying assumptions in the research model.

Hypothesis 1: The partner's perceived organizational support (PPOS) is related to an employee's commitment towards their employer.

Work-family conflict (WFC) is an important concern for employers and individuals as it is seen as a source of stress that can have negative impacts on the employment relationship (Duxbury & Higgins, 1991). Additionally, an employee's partner develops a perception of the employer based on many factors, one being the level of WFC present in the relationship. WFC occurs when work and family pressures are not compatible with one another and the demands of one role (employee) make it difficult to fulfill the requirements of another (partner, father, mother, etc.) (Greenhaus & Beutell, 1985). Such conflict can be time based: time devoted to the requirements of one role makes it difficult to fulfill the requirements of another; strain based: strain from one role makes it difficult to fulfill the requirements of the other; or behavior based: specific behaviors required by one role make it difficult to fulfill the requirements of another (Greenhaus & Beutell, 1985). Previous research directly ties positive employer response to WFC to an improved ability to recruit and retain employees (Kossek & Ozeki, 1998) and conversely demonstrates lower attachment to an organization when WFC is high (Kossek & Ozeki, 1998; Mesmer-Magnus & Viswesvaran, 2005). However, one recent study demonstrates a link between positive POS and high levels of WFC (Wayne et al., 2013).

It is proposed by this study that the WFC present in a given relationship could impact both partner POS and employee commitment. The partner's perception of an employer may differ by the level of WFC experienced by the partner at any given time. The level of WFC may also impact the employee's commitment to their company. This study controls for WFC in both the employee survey and the partner survey to determine its impact, if any on affective commitment, continuance commitment or normative commitment of the employee to their employer.

Hypothesis 2: The partner's experienced work family conflict (PWFC) is related to an employee's commitment towards their employer.

METHODS

Sample and procedure

We developed a sample of survey participants from a collective network of business and personal connections. The inclusion criterion for each subject (i.e. dyad) was that the dyad had been a couple for over one year and residing in the United States. At least one member of the dyad had to be employed. We used the Qualtrics Survey Software to conduct an online survey of dyads. Starting with the employee, each member within the dyad completed their respective employee or partner survey. Qualtrics connected the responses of the dyad, which allowed our team to pair the dyad responses. The anonymous capability of pairing responses allowed our team to evaluate dyad relationships among POS and EC (affective, normative, continuance).

Eisenberger et al.'s (1986) scale (Survey of Perceived Organizational Support; SPOS) measures employee agreement with statements concerning whether the employer appreciates his/her contributions and would treat him/her fairly in various circumstances (Rhoades & Eisenberger, 2002). The original SPOS, in its 36-item form, is unidimensional and has high internal reliability allowing a shorter form to be used from the 17 highest load items (Rhoades & Eisenberger, 2002). Additionally, Rhoades and Eisenberger (2002) justify shorter versions (including the 8-item version used in the present study) for practical reasons if prudence is exercised to represent both facets of POS (employee contribution and well-being).

The survey was sent to 258 employees as an e-mail request with a Qualtrics Survey link and 124 employees completed his or her respective survey (48% response rate). Once an employee completed his or her respective survey, the partner received an e-mail prompting his or her involvement. 85 partners finished the dyad survey (69% response rate). Couples averaged 45.3 years ($SD = 8.8$) of age, 8.4 years ($SD = 6.8$) of employment, 15.9 years ($SD = 9.6$) of relationship, with an average number of 1.5 children ($SD = 1.3$).

Validation questions were included within the survey to maintain the integrity of the dyad data. Each member of the dyad was asked to provide the (a) length of their relationship in years, (b) city where they met, and (c) the year of birth for their partner. Six dyads were removed from the sample population due to unmatched responses. Therefore, the sample population used within this study consisted of 79 dyads. The directions for the employee member of the dyad taking the survey were as follows:

For the following questions, consider the relationship you have with your employer and your spouse/partner/family. In your opinion, to what extent are these questions applicable to your

relationships with your spouse/partner/family and your employer? The following questions are focused on YOUR PERCEPTIONS. Consider conversations and observations you, your employer and your spouse/partner/family have regarding these topics.

Respectively, the directions for the partner member of the dyad taking the survey were as follows:

For the following questions, consider the relationship your partner has with their employer. In your opinion, to what extent has your partner's employer displayed the following characteristics? The following questions are focused on YOUR PERCEPTIONS. Consider conversations and observations you have regarding your partner's employer and their respective actions toward your partner.

Measures

The three-component model of Employee Commitment (EC) (Meyer & Allen, 1991) measured the dependent variable, evaluated within the measures of affective, normative, and continuance commitment. Partner Perceived Organizational Support (PPOS) was the primary independent variable based upon the initial findings that Family Supportive Organization Perceptions (FSOP) are positively correlated with affective employee commitment (Wayne et al., 2013). POS was evaluated for both members of the dyad with the intention to identify a relationship with a partner's POS with the three measures of EC, while controlling for an employee's POS. Partner experienced Work Family Conflict (WFC) was included as a control variable, which was also identified to have a relationship with affective employee commitment (Wayne et al., 2013).

A Survey of Perceived Organizational Support (SPOS) used a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) was used to specify both the employee's and partner's perception (Eisenberger et al., 1986). The Cronbach's alpha coefficient of reliability for POS was $\alpha=.92$, suggesting that the items have relatively high internal consistency.

The Carlson, Kacmar, Williams scale (2000) (scored 1 = strongly disagree, 5 = strongly agree) was used within this study to measure WFC for both members of the dyad. The Cronbach's alpha coefficient of reliability for WFC was $\alpha=.91$, suggesting that the items have relatively high internal consistency.

Employee Commitment used a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) was used to identify the measurements of affective, normative, and continuance commitment (Meyer, Allen, & Smith, 1993). Several questions were reworded into reverse order to control for bias. The Cronbach's alpha coefficient of reliability for the three measures of EC were A-EC $\alpha=.85$, C-EC $\alpha=.72$, and N-EC $\alpha=.87$, suggesting that the items have high internal consistency.

RESULTS

The correlation matrix for all study variables is presented in Table 1. As expected, Partner Perceived Organizational Support (PPOS) has a positive relationship with Affective Employee Commitment (A-EC) at $r = .39$, $p < .01$. Also, PPOS has a positive relationship with Normative Employee Commitment (N-EC) at $r = .42$, $p < .01$. This supports hypothesis 1 indicating that a partner's perceived organizational support (PPOS) is related to an employee's commitment

towards their employer in terms of Affective and Normative. However, this relationship will be further investigated by partially correlating PPOS to EC while holding Employee Perceived Organizational Support (EPOS) constant. In contrast, the data set in Table 1 indicates that PPOS does not have a significant relationship with Continuance Employee Commitment (C-EC). This does not support hypothesis 1. This result shows that PPOS is related to EC in terms of Affective and Normative, but not Continuance.

TABLE 1

Correlation Matrix Of Key Constructs

	Employee Commitment Affective (A-EC)	Employee Commitment Normative (N-EC)	Employee Commitment Continuance (C-EC)	Partner Perceived Org. Support (P-POS)	Employee Perceived Org. Support (E-POS)	Partner Work Family Conflict (P-WFC)	Employee Work Family Conflict (E-WFC)
Employee Commitment Affective (A-EC)	1.0						
Employee Commitment Normative (N-EC)	.67**	1.0					
Employee Commitment Continuance (C-EC)	.10	.16*	1.0				
Partner Perceived Org. Support (P-POS)	.39**	.42**	-.11	1.0			
Employee Perceived Org. Support (E-POS)	.57**	.57**	-.21*	.52**	1.0		
Partner Work Family	-.02	.17	.25*	-.35**	-.01	1.0	

Conflict (P-WFC)							
Employee	-.10	.10	.24**	-.10	-.04	.53**	1.0
Work							
Family							
Conflict (E-WFC)							

**Correlation is significant at the 0.01 level (1-tailed)

* Correlation is significant at the 0.05 level (1-tailed)

A partial correlation was used to evaluate the relationships of PPOS on both A-EC and N-EC while holding EPOS constant shown in Table 2. The partial correlation shows a positive relationship between PPOS and A-EC when holding EPOS constant at $r=.13$, $p<.1$. Also, the partial correlation shows a positive relationship between PPOS and N-EC while holding EPOS constant at $r=.16$, $p<.1$. Both of these findings support hypothesis 1.

TABLE 2

Partial Correlation Partner Perceived Organizational Support

	Partner Perceived Org. Support (P-POS)
Partner	1.0
Perceived	
Org. Support	
(P-POS)	
Employee	.13*
Commitment	
Affective	
(A-EC)	
Employee	.16*
Commitment	
Normative	
(N-EC)	
Employee	-.02
Commitment	
Normative	
(C-EC)	

*Correlation is significant at the .1 level (1-tailed)

A partial correlation was used to evaluate the relationships of PWFC on C-EC, while holding EWFC constant shown in Table 3. A-EC and N-EC were not included within the partial correlation because the correlation matrix in Table 1 did not show a significant relationship between PWFC and A-EC or N-EC. The partial correlation shows a positive relationship

between PWFC and C-EC when holding EWFC constant at $r=.20$, $p<.1$. Once again, this finding supports hypothesis 2.

TABLE 3

Partial Correlation Work Family Conflict		
	Partner Work Family Conflict (PWFC)	Employee Commitment Continuance (C-EC)
Partner Work Family Conflict (PWFC)	1.0	
Employee Commitment Continuance (C-EC)	.20*	1.0

*Correlation is significant at the .01 level (1-tailed)

DISCUSSION

This research more carefully examines the impact of the partner's POS on the employee's commitment by correlating with the three-component model developed by Meyer and Allen (1991). This extension intends to provide insight on the relationship between partner perceptions and employee desire to commit (affective commitment), employee need to commit (continuance commitment), and employee obligation (normative commitment).

Future inquiries

While our practical contribution holds merit for employers, our research had several limitations. First, we proved a relationship, but we did not prove causality. Our data was taken at one point in time, which prevented us from using the data to show causality. In order to prove causality, we would have needed to test the dyads at multiple points in time. Since causality is important to the employer, we suggest that future research demonstrate a causal relationship between PPOS and EC by conducting the survey more than once over a period of time.

Though we attempted to collect data from a broad population, the survey received a limited number of participants overall. As a result, we were not able to segment the data to evaluate demographics. We would recommend that future research conduct a similar survey of at least 1,000 dyads to analyze and discover the results of a larger population, especially to be able to study demographic differences. Demographic differences of interest include sex, age and tenure with current employer.

Another weakness of a small number of survey participants was the inability to evaluate the three elements of WFC: time, strain and behavior. We established a relationship between WFC and

partner POS, but further research could identify which specific element(s) of WFC impacts the partner most. Future research could consider the three elements of WFC with a large enough population and determine the causal relationships between each and EC.

Practical contribution

Literature on organizational support theory and social exchange theory has provided relevant information on the employer/employee relationship and the underlying basis for transactions between them. Current research is limited in understanding the influential power that partners/spouses have on employee commitment. The limited research on the relationship between a partner and employer has shown that partner perceived organizational support (PPOS) pays off in terms of employee commitment to an organization (Wayne et al., 2013).

The goal of this research was to decrease turnover for employers. Our research aimed to demonstrate the importance of the partner to the employee/employer relationship, specifically, to the employee's desire to remain committed to their organization. We demonstrated a relationship between the two constructs, specifically between partner POS and two types of employee commitment, affective and normative. We also demonstrated a relationship between work-family conflict and employee commitment.

In sum, the present study presents relationships between the partner/employee social exchange and the employer/employee social exchange. This means that the partner perception is important. Employers should incorporate the partner as they consider employee retention tactics. As employers grapple with the high cost of turnover, we recommend they consider specific practices to engage the employee's partner due to the relationship between the partner's perception of an organization and specific types of employee commitment. By doing so, they will have an impact on employee commitment.

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STRESS AND ABSENTEEISM IN CIVILIAN EMPLOYEES SUPERVISED BY ARMY SERGEANTS: EMPIRICAL EVIDENCE FROM FORT BELVOIR, VIRGINIA

Carey Williams, careyjns1@aol.com

Ravi Chinta, Auburn University at Montgomery, ravichinta@hotmail.com

ABSTRACT

Past literature suggests that leadership style impacts employee attitudes and job performance in organizations. Given the broad scope of military operations, there are many situations in military where military managers supervise civilian employees. Our empirical study explores the effects of Army sergeant supervision of civilian employees at Fort Belvoir, Virginia. Several themes in Army sergeants' perceptions as supervisor of federal civilian employees were studied in-depth: (a) task, (b) education training, (c) family, (d) rules & regulations, (e) open communications, (f) last minute task, (g) direct leadership, and (h) experience. Our findings show that a mismatch between leader perceptions and employee expectations leads to stress and absenteeism. Implications for future research and suggestions to reduce stress and absenteeism are discussed.

1. INTRODUCTION

The United States Army staffs more than one million military and civilian men and women, many who are extremely young and inexperienced; they then find themselves thrust into positions of high responsibility (Hargrove & Sitkin, 2011). The Army conducts many lessons for its military leaders in organization for problems it faces (Hargrove & Sitkin, 2011). Military leaders are trained to follow rules, military laws, and regulations under a rank structural base process.

In the face of adversity, leaders must know each member of the organization in an effort to be effective and avoid derailment (Yukl, 1990). Military leaders' influence over civilian personnel has been studied since the 1960s, examining the effects military leaders have on civilian employees and their work relationships (Kelier, 1965). Dvir, Eden, Avolio, and Shamir (2002) examined the impact of military leaders in charge of federal employees, on self-development, and direct performance.

Thousands of civilian employees work for military organizations (Powers, 1999). The general problem is civilian personnel working under the supervision of military leaders are often treated as soldiers by military leaders and this may cause stress and conflict in the workplace (Cazzaniga, 2009). There is a specific problem of stress and absenteeism of civilian employees working for United States Army sergeants at Fort Belvoir, Virginia. This empirical study aims to investigate this phenomenon to propose mitigation strategies.

2. LITERATURE REVIEW

Military organizations are increasingly integrated with the civilian workforce since the 1960s (Kelier, 1965). The relationship between civilian and military leaders has been at the forefront of society in the political and historical realm, realigned with peacetime and wartime threats

(Langston, 2008). Military organizations have three components (superiors, supervisors, and subordinates) that is found in both military and civilian environment, which involves various psychological and social dimensions to organizational leaders' relationship uncommon in nonmilitary organizations (Holloman, 1967). A large percentage of federal employees have military experiences or are retired from the military.

Many of them served in positions that were abolished by the new military structure at the start of the Gulf Wars in 2003 (Copeland, 2008). Senge (1990) highlighted two vision attributes: positive and negative. Positive vision emphasizes change and aspirations for development, and negative vision continues the status quo under the complex challenges of environments (Hickman, 2010; Senge, 1990). "Although vision is emphasized as a core issue in the prevailing vision-based leadership theories (Bass, 1990; Conger & Kanungo, 1987; Tichy & Divanna, 1986; Westley & Mintzberg, 1989) several characteristics of effective vision are shown, but no prevailing theories has exhaustively explained how each characteristic might create change in the organizations performance" (Hickman, 2010, p. 263).

These role senders exert pressure on the manager to conform to their beliefs about the correct way to act (Yukl, 1989). Role expectations for leaders are influenced by cultural norms and values (Yukl, 1989). He argued that the role expectations from subordinates and peers communicate orally, while the role expectations from supervisors and managers are often in writing and orally (Yukl, 1989). Leaders in organizations are given written job descriptions and guidance enumerating their duties, roles, responsibilities, authority, organization policies, and regulations pertaining to their administrative position (Yukl, 1989).

The perception of the leader's role requirements is shaped around these prescriptions and prohibitions, as well as the day-to-day functional role as the leader (Yukl, 1989). According to Kean and Haycock (2011) "...understanding the relationship of followers and leaders" suggested mainstream leadership development frameworks appear fixated on the idea leaders are always in control and leading. Kean and Haycock (2011) stated, "At the same time, leadership development frameworks, and many contemporary leadership approaches, make the assumption that followers make up a homogeneous group that unquestioningly follows a leader" (p. 32).

Military leaders are motivated to accomplish his or her mission; however, last minute tasks shifts leadership styles from participatory to a direct approach with military and federal civilian employees. Direct leadership styles could bring about more stress to the work environment. A survey of 210 personnel at the Inspectors General Auditor Training Institute (IGATI) indicates that 39% of subordinates reject leaders' direct style of leading (Campbell, 1993).

The study underscores the importance of leaders who fail to recognize the needs of followers in the organization. Kean and Haycock (2011) described the perception of managers and leaders who feel that if subordinates stand by for instructions they are a good follower. Many leaders who allow followers to standby on the sideline and wait for someone to offer instructions can become problematic in the organization (Kean & Haycock, 2011).

Salimi, Karminia, and Esmaeili (2011) discussed various management styles and conflict management within a military environment relating to styles of leadership of military

organizations. A variety of different instruments were used to assess the style of conflict methodology adopted by management for problem-solving (Salimi, Karminia & Esmaeili, 2011). The majority of respondents preferred to use a participatory type of leadership style to communicate with members of the organization. Based on the study, compatible personality traits are the most frequently used by senior level management (Salimi et al., 2011).

Compared to findings conducted in the United States, Turkey, and Jordan, a degree of consistency with trust, cooperation, and good deeds was discovered with each person from the study to have the same compatibility (Salimi et al., 2011). The study found that eight of the individuals who were compatible were together for more than eight years and deployed with the same organization for war, and to date, personality traits were consistently kept the same (Salimi et al., 2011).

Changes in leadership style can place a great deal of pressure on personnel in the organization (Bons, Bass & Komorita, 1970). When new leadership takes over, such as change of commanders in the military chain of command, everyone in the organization is affected (Bons et al., 1970). Bons et al. (1970) investigated organizational leadership dynamics and the impact they have on members of the organization. Bons et al. (1970) argued that a great amount of research involving leadership styles and organizational effectiveness with teams however, very little change was found with individual scores as relate to task based on peer pressures.

According to Covey (1991), there is great diversity and mobility in organizations today, and leaders are challenged in congruent leadership styles. Leaders' styles can be situational; however, before one can make a difference in organizations, new mentors and models must be in place (Yukl, 2010). Bons et al. (1970) used a combination of instruments to assess the predictors of effectiveness of leadership. Two frequent used approaches was adopted from Fiedler's (1964) study between opposites; (1) rating of the person *most preferred*, and (2) *least preferred* (Fiedler, 1964) and the Ohio State leadership study on consideration and initiating structure, Likert, attitude scale (Bons et al., 1970; Stogdill & Coon, 1957). The two leadership styles (ASO-LPC and Consideration Initiating Structure) were used at the beginning of the assessment to assess personality characteristics between leaders (Bons et al., 1970; Fiedler, 1964).

The purpose of the Bons et al. (1970) study was to measure the effectiveness of leaders who are similarly situated in organizations using Fiedler's (1958) ASO-LPC and Consideration Initiating Structure. The Contingency Model of Fiedler (1964) suggested that both concepts can be equally represented when placed in certain situation or groups. Additional research was recommended to determine if the leadership styles are related to changes in the effectiveness of the leader (Fiedler, 1964).

De Vries, Bakker-Pieper, and Oostenveld (2010) investigated the relationship between leaders' communication style, knowledge sharing, and the outcome in organizations (Devries, Bakker-Pieper, & Oostenveld, 2010). The authors compared non-interpersonal relationships of leadership styles and the challenges on individuals interpersonal aspects of leadership surrounded planning, organizing, and decision-making and/or problem solving (De Vries et al., 2010). The purpose of the previous study was to understand the commonality of leadership styles as it relates to leader communication measured by the authors. There is a growing interest in the

predictors of knowledge sharing (De Vries et al., 2010). Leadership has a central responsibility to inspire and support knowledge sharing and behavior (De Vries et al., 2010).

2.2 Job Satisfaction of Employees

Leaders of the 21st century should know that once leadership roles have been distributed to members in the organization, the next goal is to ensure the employees in the company are satisfied with his or her jobs (Wren, 1995). In previous years, leaders received solid results from employees for short term, using non-empowering methods, including intimidation tactics, force, and care taking (Wren, 1995). Concerned with preparing people for jobs with higher responsibility, some agencies ignore research literature stating the difficulty in managing and leading (Kotter, 1990/2008). Taking care of members in the organization is a leader's responsibility (Yukl, 2010). An unhappy employee tends to look for a new job when they are not satisfied with the one they currently hold (Yukl, 2010).

Job satisfaction is defined as "...the individuals' attitudes toward the various aspects of their job, as well as towards the job in general" (Gill, Sharma, Mathur, & Bhutani, 2012, p. 191). Locke (1969) defined job satisfaction as the pleasurable emotional state that results from the appraisal of one's job as achieving or facilitating the achievement of one's job values (as cited in Gill et al., 2012). Perceived job satisfaction creates positive feelings among employees, which in turn, represents positive emotional reactions towards desire for empowerment (as mentioned in Gill et al., 2012).

Satisfied employees desire an environment created for the team and one that pays a salary that is suitable (Bennis & Mische, 1995). An environment with dedicated working space must present free and have an open exchange of ideas and information (Bennis & Mische, 1995). According to Gill et al. (2012), the perception in which job satisfaction leads to job involvement that workers begin to involve in their roles as employees (Gill et al., 2012). As stated in Taylor and Vest (1992), "Public sector managers found that those public sector employees who compared their salaries with private sector employees, had lower levels of job satisfaction, thus concluding that pay levels affect job satisfaction" (p. 120).

2.3 Stress in the Working Environment

Leadership and management styles have a direct connection to employers and employee stress, which has positive and integrative styles related to transformational leadership that engender participants at every level of leadership (Sisley, Henning, Hawken, & Moir, 2010). Workplace stress exists when undue pressure is applied as a consequence of tasks or conditions that occur in the work environment during the course of an employee's assignment to the organization (Sisley et al., 2010). Factors contributing to stress are related to demographic factors, job-demand characteristics, leadership and management, working in interdisciplinary teams, and the advent of conflict scenarios' (Sisley et al., 2010, p. 4).

Army sergeants in charge of federal civilian employees grew as a result of the Gulf Wars in 2003, after several hundred military members were deployed to Iraq and Afghanistan (Copeland, 2008). Military leaders experienced stress related disorders during and after returning from

deployments (Smith-Forbes, Najera, & Hawkins, 2014). Smith-Forbes et al. (2014) underscored the importance of the military working environment and the interaction of stress rather adaptive or maladaptive for survival for mission accomplishment, which could lead to misconduct and disciplinary action, ranging from discharge to imprisonment.

Combat Occupational Stress Reactions (COSR) are a combination of expected, predictable, intellectual, physical, emotional, or behavioral reactions of military members who have been exposed to combat stress or training operations simulation of wars (Smith-Forbes et al., 2014). Studies of troops returning from deployments to Iraq and Afghanistan agreed that there is an increase prevalence of behavioral health issues found among service members who returning from combat (Mattila, Crandall, & Goldman, 2011). Recent literature reported approximately 20% to 40% of over 2 million service members who have deployed in support of Iraq or Afghanistan between 2003-2010, did so with some type of behavioral health issue such as depression, anxiety, posttraumatic stress disorder (PTSD), or substance abuse (Mattila et al., 2011).

2.4 Gaps in the Literature

The review of the literature demonstrated a need for more empirical studies focused on military supervisors. Previous literature failed to yield enough peer-reviewed research journals on the lived experience of Army sergeants in charge of federal civilian employees who may suffer from stress or absenteeism. The existing literature does not include studies about the central phenomenon of Army sergeants' experiences of supervising federal civilian employees. A gap remains in the literature regarding Army sergeants who may suffer from stress or absenteeism in leading federal civilian employees in the 21st century. The current study aims to fill this gap in extant literature.

3. METHODOLOGY

The purpose of the current study was to explore and understand in more depth the phenomena of lived experiences of Army sergeants who supervise federal civilian employees working under the leadership of military leaders. The data includes interviews from 15 Army sergeants' feelings, beliefs, perceptions, attitudes, and their personal insights with federal employees on the job at the United States Army Fort Belvoir, Virginia military base. The research strategy focused on the use of open-ended questions with purposeful sampling strategies. Moustakas (1994) argued that phenomenological reduction is not just a way of viewing, but listening attentively with awareness and deliberate intention of opening to phenomena as phenomena in one's own perspective, texture, and meanings. The phenomenological design may provide answers for the study by helping to understand the lived experiences of Army sergeants who supervise federal civilian employees at Fort Belvoir, Virginia.

3.1 Research Questions

Phenomenological study aims to identify the relationship of federal employees working under the leadership of military supervisors on a joint military environment. According to Neuman (2007), research questions drive the need for the study and are the central focus for researchers

(Neuman, 2007). Qualitative research questions must be presented in a general, broad type form so that research participants can share their lived perspectives/experiences (Creswell, 2005).

RQ 1: What are the lived experiences of Army sergeants who supervise federal civilian employees working under military leaders who may suffer from stress related disorders?

The purpose of research Question 1 was to evaluate the participants' perceptions about past experiences and their beliefs of the working relationship between their federal civilian employees at Fort Belvoir, Virginia

RQ 2: What communication styles promotes a positive work environment of military leaders who supervise federal civilians and why?

The purpose of research Question 2 was to understand the lived experiences of participants, and personality, emotions, and perceptions of a military supervisor leadership style in a diverse working environment.

RQ 3: What are the Army sergeants' perceptions of leading federal civilian employees in the 21st century?

The purpose of research Question 3 was to understand through the lens of participants' lived experiences the day to day working condition and environment of how military leaders impact federal employees with stress and absenteeism in the 21st century.

RQ 4: What leadership behavior if any, influence absenteeism?

The purpose of research Question 4 was to understand the Army sergeants' attitudes, feelings, patterns of leadership behavior that influence federal civilian employees behavior while living and working in a military environment.

3.2 Sample

The Fort Belvoir, Virginia is managed by military leaders under careful directions of a deputy civilian leader. A deputy civilian leader is equivalent to a chief executive officer (CEO) of a company. The deputy is next in charge of the organization under military general officer or a colonel (O-6) in the military. The majority of the workforce is federal civilian employees whose salaries range from \$15,000 to \$150,000 annually (Labor Statistics, February 2012).

The research sample included 15 Army sergeants who supervise federal civilian employees' lived experiences while working at Fort Belvoir, Virginia. Leedy and Ormrod (2007) recommended a sampling size of 5-25 participants for qualitative research for qualitative research study (Creswell, 2007; Leedy & Ormrod, 2007). These 15 Army sergeants have been in the Army for more than five years, and currently have more than one year of supervisory experience of federal civilian employees at Fort Belvoir, Virginia.

The five step process identified by Groenewald (2004) served as a guide for the data collection: (a) bracketing and phenomenological reduction- closely listening the recording of the data; (b) delineating units of meaning-units, issues of relevance, frequency of occurrence, and manner of statement as each played a pivotal role to eliminate redundancies; (c) clustering of meaning units to form themes-this process opened opportunity for areas of significance to serve as bases for

emerging themes; and (d) summarizing each interview-revisit the data after theme has been finalized (Groenewald, 2004; Moustakas, 1994).

The selected participants for this study represented diversity of military leaders serving in leadership roles as Army sergeants in charge of federal civilian employees with profound experiences. There were 15 total participants in this study. The sample consisted of 53% females and 47% males. The ethnicity of each participants included 13% Hispanic, 20% Caucasian, and 67% Black. The age of the participants ranged between 26-65 years old; 40% were between the ages 26-40 and 60% were between 41-65 years old.

More than 87% of the participants had at least 15 years of active military service in the United States Army. There were more than 93% of participants with 10 or more years as a leader. Deployment was not a requirement to participate in this study; however, the study showed 67% of the participants deployed to combat zone at least twice in his or her career, 27% had deployed to combat at least three times. Only one (6%) of participants never experienced deployment to a combat zone. At least 60% of the participants spent 12 months deployed in a combat zone; and 13% served more than 18 months in a combat zone.

At least 53.3% of the participants had more than five years of supervision experience of federal civilian employees. Participants must have served at least one year as a supervisor of federal civilian employees. The sampling and interviewing process moved along in a purposive fashion, keying in on the individuals who had important information pertaining to the study. In-depth unstructured interviews began with all participants using bracketing techniques moving from specific to personal details and more global and abstract process of the participants lived experiences (Shank, 2007). Interviewees were contacted through personal communications by the investigator at Fort Belvoir, Virginia and by e-mail.

3.3 Geographic Location

The geographic location of the United States Army sergeants is at Fort Belvoir, Virginia, in the Eastern part of the United States. There are 6,732 federal employees employed at Fort Belvoir, Virginia and 5,093 military personnel. The military base is located outside the city limits of Alexandria, Virginia, and approximately 10 miles from Washington, District of Columbia. The Fort Belvoir military base is two miles from the home of the first President of the United States, George Washington, (City of Mount Vernon, Virginia) attracting thousands of tourists year round.

3.4 Interview questions used for this study:

Ø Please describe your perception and experience of stress in the workplace.

Ø How does your level of experience as a sergeant in the Army relate to supervising military members and is there a difference?

Ø How does your level of experience as a sergeant in the Army relate to supervising federal civilian employees?

Ø Based on your position as a sergeant in the Army in charge of civilian employees, please describe how it affects your ability as a leader.

- Ø What kind of experiences has caused stress to you that has affected your team or employees work habits?
- Ø Please describe how you deal with employees who take frequent sick leave.
- Ø How do you assist employees in dealing with uncertainties and challenges facing the Army during time of war?
- Ø Please describe your style of leadership and a time when it worked best for you.
- Ø Please describe your perception of how your behavior or attitude shifts when faced with stressful situations.
- Ø What impact might stress or absenteeism have on the Army and your personal life?
- Ø As a participant in this interview and your discussion on stress and absenteeism, what perceptions do you now hold about stress or absenteeism?
- Ø Do you have any thoughts or concerns you would like to share about your perceptions and experiences as a sergeant in Army in charge of federal civilian employees not covered in this interview?

4. RESULTS

Eight common themes emerged through the data analysis process: (a) treatment of people, (b) communication, (c) supervision of military v. civilian members, (d) rules and regulations, (e) style of the leader, (f) training, (g) hostile working environment, and (h) experience. Analysis of the data followed the application modified van Kaam method by Moustakas (1994). Qualitative analysis software NVivo 10® was used to systematically code, organize, and categorize the data in revealing similar patterns and themes. The research instrument template and interview scripts were developed before the start of the interview in an effort to manage and control the data. Participants' code, time and date were recorded and placed in the audio recorder folder.

The computer software program NVivo 10®, was used to analyze the data for patterns, clustering, and themes. The program combined efficient management of non-numerical, unstructured data with powerful processes of indexing, searching, and theorizing (Creswell, 2008). Additionally, NVivo 10® software program helped to make sense of complex data; as it was an excellent tool for rapid coding, thorough exploration, and rigorous management and analysis of this study (Creswell, 2008). This concept is called horizontalization or listing of every relevant expression of the experience (Moustakas, 1994).

4.1 Findings

Question 5. Question 5 was, “What kind of experiences has caused stress to you that have affected your team or employees work habits? As shown in Table 1 below, four out of 15 (27%) participants believed that last minute tasks or short suspense causes stress and affected his or her team and employees work habits.

Participant PS005 expressed,

“Some of the things that I have experienced could be, that we as sergeants in the United States Army have a task and purpose as compared to my civilian counter parts; they go day by day or as time progresses. They really don't have a ‘things to do list’ I write myself a things to do list; I

write them down and prioritize. My counterparts or civilian leaders would say that they would get to that whenever they can if it is not a hot issue.”

Table 1: Response to Question 5 (N=15)

Prevalent Themes	Frequency	%
Last minute tasks/short suspense	4	27
Disciplinary actions	3	20
Push Back	2	13
Sequestration	2	13

Participant PS012 stated,

“I sometimes tend to internalize it and carry it home, so that stress I bring back to the workplace, and of course my employees or team members are going to experience it. I do control anger pretty well, but it is probably like, “Hey look, I just need this now or I needed it yesterday and you still don’t have it done,” so my tone will change in terms of how I’m asking for something. That’s not how it was yesterday. I think the stress is because I will be internalizing a lot of the issues that are unresolved.”

Participant PS009 described,

“The kind of experience I have that causes stress for me and affects my team and the work environment is last minute tasks that the employees know about beforehand; last minute tasks or missions that have to be accomplished.”

Participant PS010 shared,

“Not meeting deadlines or mission due to one of my civilian employees dropping the ball, and not being able to discipline the civilian in the manner in which I would do for a military personnel.”

As shown in Table 1 above, three out of 15 (20%) participants believed disciplinary actions caused stress and affected his or her team. Participant PS009 expressed, “I had a lot of stress would try to curb my authoritarian voice, wording, and behavior when speaking with civilian employees for disciplinary actions.”

Participant PS013 explained,

“I have had a few experiences where it becomes stressful when it comes to disciplinary actions when a federal employee does not do his or her job or specific task or duty like they are supposed to. Not doing the things that they are assigned or does not show passion, and not doing what they know is the right way. Because of this we have learn how to deal with soldiers when they have issues rather than simple corrective training, Uniform Code of Military Justice [UCMJ], counseling.”

Participant PS014 expressed,

“When you are working with civilians, the ripple effect is worst, for example, last year when the federal employees experienced sequestration and furloughs. That was probably the most stressful time for me on the team, I could see part of what civilians were going through, but I really didn’t know because I am a soldier, and how it affected me and how it affected them was going to be totally different.”

Question 6. Question 6 was, “Please describe how you deal with employees who take frequent sick leave.” As shown in Table 2 below, seven out of 15 (47%) believed you should talk with the employee or soldier and see what services is needed.

Participant PS011 explained,

“As part of the program and services, we provide support to Army casualty assistance, funeral honors, congressional, sexual assault response and prevention, evaluations, voter assistance, publications, DDR which is drug demand reduction program, and safety. All of these programs fall under well-being, so for us we have to be available to assist where we are needed in our respective programs. That is not always from 7:30-4pm Monday through Friday. Folks notice this, particularly when you conduct casualty training, and some casualty trainings are offered Monday-Friday and maybe one or two days a week throughout the month.”

Table 1: Response to Question 5 (N=15)

Prevalent Themes	Frequency	%
Talk to the employee/soldier	7	47
Provide Counseling	3	20
Check for Medical Reason	5	33

Participant PS005 stated,

“I will talk with the individual first, but if it’s a reoccurring thing and not really legit that I am aware about as the supervisor, I might question it and talk one on one to see what is going on with that person or family. If it affects the workload, then I seek out a plan of action to put in place.”

Participant PS015 described,

“The way I deal with it, I try to have a talk with them to see if there is something going on that I can’t see that they may need help or advice on as to why they are being absent more than normal. Best to get to know the person to see if there is any way I can assist in taking care of the situational problem that they may have.”

Participant PS007 stated,

“They talk to our soldiers and help them improve on their physical training, weapons qualifications. I would send our civilians to talk with them as well, everything is confidential, and it is not like they would tell me what the member said. I think this is a good avenue to go.”

Participant PS014 expressed,

“Depending on their demeanor or if it is something that they feel that we can talk about in their areas we will talk or we can talk in my office. I would not be in direct conversation telling them that they have been gone all this time, ok what’s going on. It would be a more subtle approach, because if you come in too hard they will look at you as if you were crazy and shout down on you. You have to ease into it, that’s what I would do.”

As shown in Table 2 above, three out of 15 (20%) participants deal with employees who take frequent leave of absent through counseling.

Participant PS012 stated,

“Due to the unions and regulations I am not a judge of whether it is a true sickness or not, it is just if they have the sick days to do it. It is an issue of pre-planning for me, and an issue of ensuring that I have other employees cross-trained; that way, during sickness or emergency or leave, we can still accomplish what we need done.”

Participant PS006 described:

“If an employee takes frequent sick leave or leave of absence, first, I am going to make sure to get with the employee and let them know my concerns about the frequent leave of absence. We have regulations in place to address this problem.”

Participant PS006 shared the following:

“By regulations civilians who are absent more than three days must produce a doctor’s excuse. I stick with the regulations, policies, and procedures for employees who I feel are abusing it. I can follow the regulations that allow me to place them on leave restrictions. I would counsel the employee and let them know my concern and or place them on leave restrictions.”

Participant PS010 expressed,

“If they have medical documentation and it is legit I have no problems with absenteeism. When it becomes excessive, then they would need to seek employment elsewhere.”

As shown in Table 2 above, five out of 15 (33%) participants believed medical reasons could be the cause for employees taking frequent sick leave.

Participant PS010 explained,

“People become ill; however, when it becomes chronic behavior of calling out sick, and there is no documentation to support the illness, I take action to retrain or replace, or accommodate them, based on a disability. The employee may need to tele-work. At the end of the day we have to complete our mission.”

Participant PS011 stated:

“I personally have employees who take frequent sick leave, and I have no problem with that, some people do and I’m not one of them. Some employees have medical situations that they don’t

discuss with you and I'm ok with that as long as I know you are performing whenever you are at work. It is not the absenteeism; it is whether or not you meet the requirements of your position, your duties and responsibilities."

Participant PS009 expressed, *"I must make sure that they have all their documentations in order."* Participant PS010 stated, *"If they have medical documentation and it is legit I have no problems with absenteeism."*

Participant PS008 shared,
"One the guidelines for civilians are s to provide medical notice after 2-3 days to support their time out of the office or took off. I think you have to take a moment and analyze what the time off sick leave is for, i.e., surgery, or after effects of having a surgery or things of that nature. Implement a policy and when there is a violation of that policy, you have to reprimand accordingly."

5. DISCUSSION

The synopses of the responses encapsulated the essence of the voices of the participants pertaining to his or her lived experiences for this study. The voices and perspectives of participants integrate the firsthand knowledge of the Army sergeants who participated in the study and provided insights about supervising federal civilian employees who may suffer from stress and absenteeism. The research questions were intended to appropriately support the purpose of this investigation, and to gain knowledge and understanding from the experiential perceptions of Army sergeants in charge of federal civilian employee who may suffer from stress and absenteeism.

The question design set the activity, mode and mood for open and honest sharing of Army sergeants lived experiences from his or her perspective (Leedy & Ormrod, 2010). The objective of the investigator is to present and interpret conclusions drawn from the literature review, the methodology, and the analysis of the data.

Values play important roles in determining how we function as individuals, family members, and members of work teams. Values drive behaviors. A value is "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (Rokeach, 1979).

Our study reveals that Army Sergeants' values (e.g. focus on mission accomplishment) may not be fully shared by civilian employees and this mismatch may be causing some stress and absenteeism. Goal congruence between military managers and civilian employees can mitigate this source of stress and absenteeism (Kouzes and Posner, 2012). We recommend regular workshops on mission and goals between the military managers and civilian employees as a way to coalesce the military and civilian mindsets at Fort Belvoir, Virginia.

5.1 Limitations and Implications

The findings for this study are not generalizable to the entire population of Fort Belvoir federal civilian workforce, who serve under the leadership of Army sergeants. Following the same aspects of this study, a quantitative or mixed approach to this research study may provide positive and or negative impacts to military leaders' style and influence in the federal workplace. Such replication studies with a larger number of respondents can lead to statistically significant relationships that would enhance the generalizability of these findings. Below are several suggestions for directions for future research.

Expanding the study to include Army Officers in charge of federal civilians working under the leadership of military leaders across the United States or Virginia might show stronger data relating to stress and absenteeism in the workplace. This information would provide the federal civilian and military communities with additional knowledge, awareness, and understanding for improvement, and to develop federal civilians' and soldiers' critical skills necessary for future challenges emerging in the 21st century.

Another possible area for future study is cultural diversity in the workplace, and how it relates to population of a different generational era (Fisher & Crabtree, 2009). Depending on the generation from which the leaders are from versus the federal employees' generational era, there could be an effect on the environment that he or she leads in the future. Based on organization shortages of critical skills in the commonplace today, domestic and global organizations must focus on workforce optimization for bottom-line results (Hickman, 2010; Moran, Harris and Moran, 2011).

Examining how military leaders design and manage working conditions in other services will provide the Army sergeants and military communities with recommended standardized operating procedures (SOP) for achieving organizational mission and goals. Research shows that stress is a multifaceted phenomenon. Stress is a complex entity, and what may be stressful to one person is not always the same for another (Gilchrist-Petty & Folk, 2014). Another possible area for future research study is job satisfaction. The data only provides information on small sample (15) Army sergeants' lived experiences in charge of federal civilians regarding stress and absenteeism working under the leadership of military leaders at Fort Belvoir, Virginia.

Expanding to other services will define trends on a larger scale outside of the Army to include Navy, Coast Guard, Marines, and Air Force Sergeants or officers in charge of federal employees who are similarly situated in a global perspective. For leaders to be successful in the future, individuals and organizations must expand their knowledge and understanding of leadership and how it is practiced. Strong leadership is important to the success of organizations to foster a more inclusive approach to leadership in the 21st century (Hesselbein & Goldsmith, 2006).

Every leader and employee wants an opportunity to advance in his or her career; however, if they are dissatisfied with leadership or unhappy with their job then it is difficult for them to succeed or reach their full potential in a hostile working environment, which could cause stress and absenteeism. A more in-depth analysis of stress and absenteeism from other experiences in the community will support the need for cultural change.

Changing an organization's culture is another area for future research. Changing an organization's culture is not an easy process (Brown, 2011). Culture derives from an organization's shared behaviors and the working relationship that members have developed over time (Brown, 2011). Military and civilian culture carries two different set of rules, regulations, and policies. It is critical for Army sergeants to understand and apply them effectively and fairly in application of his or her duties. The transformation of an organization, consequently, takes much time to be effective (Brown, 2008).

Pettigrew (2000) stated, "Emergent change consists of ongoing accommodations, adaptations, and alterations that produce fundamental change without prior intentions to do so" (237). Organizations must be able to change on continuous bases if they expect to survive and thrive in the 21st century (Medley & Akan, 2008). The results of the study will also benefit military leaders in an effort to develop policies that require mandatory conflict management training for all military leaders who supervises federal employees.

Research shows that how leaders manage conflict in the workplace impacts productivity and outcomes of conflict, for both the individual and the organization (Trudel & Reio, Jr., 2011). Poorly managed conflict or workplace environment will have a negative impact on the level of frequency of future conflict, which has a direct negative effect of employees' performance, learning, and work productivity (Trudel & Reio, Jr, 2011).

This study contributes to new ideas, and knowledge discovered during the research. The results show how Army sergeants in charge of federal employees' leadership style influences behavior, and affects attitudes, work productivity, quality of life, and absenteeism, which is the driving force for motivating employees. The study also shows how a lack of *effective communication* from military leaders causes a breakdown in communications between employees and his or her leader, which could lead to a stressful environment.

Organizational leaders today want employees who can respect one another in the workplace regardless of the individual ethnicity, age, gender, religion, national origin, disability, or sexual preference. Another benefit of the research study is that it promotes and defines environments that is free of hostile working environment, is considered a healthy working environment, and a sign of good leadership. Good leaders open opportunities for future possibilities for younger leaders to develop and embrace change without any forms of prejudices.

6. CONCLUSION

The results of the study will benefit the military leadership in fostering an environment that is knowledgeable and trained in supervising federal civilian employees well into the 21st century. Work stress has been identified as a causal agent in several physical, mental, and organizational environments (Ganster & Schaubroeck, 1991). Job stress affects not only individuals, but has cost American industry more than \$100 billion annually in absenteeism, loss of productivity, and health issues associated expenses (Hendrix, Spencer, & Gibson, 1994).

A strong relationship between Army sergeants and federal civilian employees and followers is critical to the success of the overall mission. It is known that excessive absenteeism in the

organization could be expensive (Brown & Lam, 2008). Reducing absenteeism is a goal for many organizations, and the leader should focus on factors that cause individuals to be absent (Brown & Lam, 2008).

“You’re a leader only if you have followers, and that always requires the development of relationships—the deeper the relationships, the stronger the potential for leadership” (Maxwell, 2007,). Federal employees have an essential role in supporting the military in sustaining the current fight on global terrorism, and building a culture that embraces the future of national security. “Culture is the life force of an organization” (Hickman, 2010). “In organizations, much as in society, culture is where the real values and underlying beliefs, practices and behavioral norms, symbols, ceremonies, and customs exist” (Yukl, 2002, p. 24).

The study was valuable for newly appointed Army sergeants who may find themselves thrust to lead federal civilian employees in joint military and diverse civilian organizations. The working environment should be free of stress to minimize health risk and lower the chance of depression, anxiety, suicide by employees, family members, and leaders (Karney & Crown, 2007).

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BIOGRAPHY

CAREY WILLIAMS is a native of South Carolina, and 23 years retired military veteran. He received his Doctor of Management in Organizational Leadership from the University of Phoenix. He obtained his MS in Human Relations, from the University of Oklahoma, and BS with the University of Maryland University College. His career as a military leader began early after high school; in 1982 when he joined the Army. More than half of his tenure was spent abroad in Germany, whereby he explored European cultures. The highlight of his military career was spent as a drill sergeant for basic trainees; transforming civilians into a highly professional, competent, and motivated soldiers.

He completed his dissertation in September 2014; a Phenomenological Study, *Army Sergeants Lived Experience in Charge of Federal Civilian Employees*. Since 2005, he worked for the Department of Defense, Washington, DC. He is a contributing author of (2016) journal entitled: Stress and Absenteeism in Civilian Employees Supervised by Army Sergeants: Empirical Evidence from Fort Belvoir, Virginia. *Journal of Military and Information Science*. 4(1): 6-18. Dr. Williams resides with his wife, Michaela, and sons Carey and Stephan, in Fredericksburg, Virginia.

DIALOGUE: A PARTICIPATIVE OR MANIPULATIVE DISCOURSE?

Devi Akella, Albany State University, devi.akella@asurams.edu

ABSTRACT

Dialogue is a communication form which enables open and honest communication between employees and management. Without dialogue there can be no exchange of information and ideas nor any shared understandings between labor and management (Mazutis and Slawinski, 2008). However the role of dialogue and whether it is really effective in designing democratic and collaborative working environments remains “curiously underexplored” (Mazutis and Slawanski, 2008: 437). This paper uses the power ideologies of Lukes (1974, 2005) and empirical data gathered in the form of interviews from the healthcare sector to understand the true purpose and agenda of dialogue in contemporary organizations.

INTRODUCTION

Dialogue is a communication process where there is free exchange of thoughts and ideas making it possible to change one’s mental paradigms and outlooks (Isaacs, 1993; Bokeno and Gantt, 2000; Ganesh and Zoller, 2012). This communication strategy transforms the quality of conversation by influencing the participants thinking process and their mental paradigms. If individuals are able to reflect on their beliefs and perceptions, it could lead to deconstruction of their mental blocks and patterns of thinking leading to dramatic changes in their behaviors (Isaacs, 1993). Dialogue emphasizes win-win relationships, “characterized by high levels of concern for self (and one’s own position) as well as for the other (and for the position advanced by the other)...rather than a primary focus on winnings and losing” (Cissna and Anderson, 1994: 14). Dialogue’s foundations are entrenched in “respect, vulnerability, and openness, resonant with Buber’s I-Thou relationships” (Ganesh and Zoller, 2012: 70).

This invitational rhetoric has been described as “cooperative, non-adversarial and ethical” (Foss and Griffin, 1995: 115). However even though the role of dialogue has been accepted in sustaining democracy (Ganesh and Zoller, 2012), this area remains relatively underexplored (Mazutis and Slawinski, 2008; Senge, 1990; Isaacs, 1993; Schein, 1993). There is currently a dearth of theoretical and empirical studies which critically explore dialogue [with exception of Kalliola, Nakari and Pesonen, 2006; Mazutis and Slawinski, 2008; Ganesh and Zoller, 2012 Hujala and Rissanen, 2012 (to mention a few)] to shed light on its democratic abilities (Akella, 2003). This paper seeks to make a contribution to the literature pertaining to dialogue and its purpose by investigating the following issues:

- Is dialogue truly a democratic form of communication which strengthens social relationships and common understandings?
- Is it possible for such a form of open communication based on common understandings to exist in contemporary organizations forms? Or is it just another wistful, ambitious ideology?

This paper has been divided into five sections. Section one reviews the process of dialogue and its futality in generating democracy within organizations. Section two examines the

communicative rationality philosophy of Habermas (1984) to raise concerns over its effectiveness in sustaining collaborative and participative communication within organizations. Section three discusses Lukes (1974, 2005) and his third dimension of power to provide insights on the current issue as to whether dialogue is truly a participative and democratic communication process. While section four constitutes the methodology section consisting of empirical data and its overall analysis. The final section of the paper consists of concluding thoughts.

A BRIEF REVIEW OF DIALOGUE

Philosopher Martin Buber describes dialogue as a mode of exchange amongst human beings in which there is true and full appreciation of the other person. Dialogue brings about open and honest communication where there is a free exchange of thoughts, and ideas making it possible to change one's mental paradigms (Akella, 2015). Pearce and Pearce (2004: 25) remark that "the defining characteristic of dialogic communication is that all of these speech acts are done in ways that hold one's own position but allow others the space to hold theirs, and are profoundly open to hearing others' positions without needing to oppose or assimilate them". Dialogue visualizes communication as "thinking together", creation of new perceptions by building connections and relationships between individuals (Black, 2005). Dialogue is characterized by "strange otherness and emergent consequences" (Ganesh and Zoller, 2012: 70), individuals are able to evaluate taken for granted rules, assumptions, voice unacceptable ideas and resolve individual differences. Dialogue enables collective inquiry and reflection (Isaacs, 1993; Schein, 1993; Ganesh and Zoller, 2012; Lyotard, 1984). The so-called accepted truths and norms are deconstructed, to open up spaces for new perceptions, new ways of looking at the same phenomenon (Rorty, 1996). Differences between existing formulations are scrutinized through a reflective process of inquiry. Equal power is allocated to all team members, decisions are based on mutual consent rather than tradition, dogma or coercion. New knowledge is "the endpoint of the process of dialogue and engagement rather than the starting point" (Raelin, 2008: 521).

Dialogue can be conceptualized as the DNA of democracy (Pruitt and Thomas, 2007), an ideal speech situation (Habermas, 1984). It is crucial for effective organizational performance and success as it molds, and frames organizational learning (Raelin, 2008; Kalliola, Nakari and Pesonen, 2006; Mazutis and Slawinski, 2008). Dialogue is a central and crucial element of any model of organizational transformation. Its role and importance becomes particularly imperative for contemporary organizations in the face of turbulent socio-economic market changes that are occurring in the organizational world (Johnson, 2006; Senge, 2006; Akella, 2015).

But how is this consensus reached? How do different people come to a mutual agreement and move towards a common vision without any intimidation and force? Can democracy be created through communication? The next section discusses the communicative philosophy of Habermas (1984) to generate a debate about the realism of collaborative and cooperative communication policies and practices in organizations.

THEORY OF COMMUNICATIVE ACTION

Habermas (1984)'s philosophy, "The Theory of Communicative Action", can be used to explain how dialogue can take place within organizations (Sitton, 2003). Habermas' (1984) argues that language can be employed to reach mutual understandings between individuals and collectively

coordinate their actions (Barrett, 2013). People communicate with each other to achieve certain goals or plans. When they speak initially they communicate their perceptions of the external reality or current state of things. However to achieve their end goals and objectives, individuals are willing to listen, understand, reflect and reach a consensus. Similarly in companies, employees communicate their feelings, experiences and their perceptions to the management, generating a process of honest, open, two way communication process whereby differences and conflicts are resolved and agreements are reached (Barrett, 2013). Individuals offer different perspectives and viewpoints which are evaluated and discussed as a group. Such collaborative discussion allows assimilation of perspectives and reasons and creation of new paradigms. "By focusing ... actions or beliefs potentially defensible by reasons, we expand the applicability of the concept far beyond the issue of 'facts' about the objective world of things, beyond the question of efficiency of interventions into this world" (Habermas, 1984 in Sitton, 2003: 45). Individuals first openly communicate with others, they then listen to the other person's view point, defend themselves, reflect on their own views, gradually move towards reasoned and rational communication (Sitton, 2003).

Habermas (1984) explains that communicative rationality revolves around participants from different worlds who deconstruct their perspectives, defend their opinions and views using all objective, subjective, moral and ethical reasons to mutually resolve existing disputes (Barrett, 2013). It is possible to reconcile varying views by listening to others, trying to reach a common understanding and forming a new stream of thought or language. It leads to generation of new arguments, new understandings and new levels of learning, "freeing the elaboration of the inner logics of different cultural fields" (Sitton, 2003: 51).

It is essential to collaborate with others to accomplish one's goals in the social life. Individuals share their assumptions about the situation and this sharing binds them together leading to common solutions. However it can't be denied that interests always enter our conversations. Conversations can never be value even if the participants are sincere. However Habermas (1984) argues that participants first defend and justify their positions in discussions and then listen to others leading to strategic actions and mutual understandings. It can't be ignored that all communication which takes place in organizations is influenced by the historical and structural orientations of the society. But it is possible to modify these beliefs and values by reflecting on their validity and simultaneously being exposed to new viewpoints and concepts (Habermas, 1984; Sitton, 1984).

But how far is it realistic to assume that it is possible for people to reach such mutual understandings? Is it ever possible to reach a state of democracy- a harmonious state of affairs where labor and management are able to reach a common understanding? Maybe not, democracy within organizations remains a contested terrain, "a polysemous concept open to some abuse" (Pateman, 1975 as cited in Johnson, 2006: 253). The concept of democracy is usually aimed to influence the value premises of employees to seek their consent to various managerial decisions and agendas (Johnson, 2006). It is a pretense designed to incorporate employees "whilst isolating them from the seats of power in organizations" (Johnson, 2006: 254). Furthermore, democracy "abuses the language of popular consent" (Frank, 2000: 274), "the will of people [in the organization] is [linked] with the deed of the market" (Frank, 2000: 287). The management under the democracy mantle "legitimizes a new corporate culture of consent" (Frank, 2000: 208).

Albeit dialogue instead of creating a democratic organization could “become a façade in which the more powerful deploy a rhetoric of democracy to impose their own preferences upon and silence or marginalize the less powerful so that liberty can be made into a powerful instrument of domination” (Marcuse, 1965: 7). It is another illusion of power in display which “is not the same as being empowered” or participation (Jacques, 1996: 141). In fact the main feature of these various democratic methods is to condition the beliefs and values of the employees with those of the organization, under the assumption that “many of the social arrangements under which they live and suppose them to be the only possible ones given the “nature of things”—a notion which usually includes belief in an unchangeable human nature (Fox, 1974: 284). Management just tries to sustain a “picture of work situation as characterized by harmony and trust” (Fox, 1974: 249). Emphasis is now laid on achieving all the common objectives of the employees but in reality management is interested in having:

“a family spirit in the works...to try to have one side in industry and not two...our view is that to get two sides in industry, what you might term the masters on the one side and the men on the other, to get them up like two armies is really a mistake” (Forrester, 1952: para 70, cited in Fox, 1974).

Therefore the philosophical assertions of Habermas (1984) and other organizational theorists need to be tested empirically to formulate future lines of research. The next section covers Lukes (1974, 2005) third dimension of power and Foucault (1977)’s archaeology of knowledge and its usefulness in understanding the real purpose of dialogue in contemporary organizations.

FRAMEWORKS OF POWER

Lukes (1974) argues that theories of power “have been preoccupied with the more visible dimensions of power as exhibited by individuals’ behavior in decision making on issues, actual or potential over which there is an observable conflict or preferences” (Lukes, 1974: 10). Lukes instead was interested in exploring “how is willing compliance to domination assured” (Lukes, 2005: 10), how “the less visible dimensions of power, operating through collective forces and social arrangements...suppress potential issues and avert conflict by helping to shape men’s [sic] beliefs and preferences and acting against their real interests” (Lukes, 1974: 10).

Lukes (1974) argues for a radical concept of power where management can control the thoughts, feelings and emotions of employees.

He questions:

“A may exercise power over B by getting him [sic] to do what he does not want to do but he also exercises power over him [sic] by influencing, shaping or determining his very wants. Indeed, is it not the supreme exercise of power to get another or others to have the desires you want them to have ---that is to secure their compliance by controlling their thoughts and desires?” (Lukes, 1974: 23).

Power can be described as a process whereby the cognition, perceptions and preferences of individuals can be shaped to promote the interests of one group over the others (Lukes, 1974). The third dimension of power is similar to Gramsci’s concept of hegemony (Gramsci, 1971). Hegemonic control has been defined as a process where: “the intellectual, moral and

philosophical leadership provided by the class or alliance of class and class fractions which is ruling, successfully achieves its objectives of providing the fundamental outlook for the whole society” (Bocock, 1986: 63). But hegemonic theory fails to answer “... how people’s intentions are formed...” (Lukes, 1974: 24). Lukes (1974: 23) believes the third dimension of power addresses this limitation. He argues power can be exercised “through the control of information...”. Dahl (1961: 164) similarly opines that leaders “do not merely respond to the preferences of constituents, [but] also shape preferences”.

Lukes revisits his thirty old power philosophy in 2005, to reformulate his radical power views and make it more up to date to current society needs. Lukes (2005) now accedes to the difference between “power over” and “domination”. He accepts his earlier radical views of power (1974) can be categorized within the bracket of “domination”. He also elaborates on the conception of “real interests”. Lukes (2005) now states that power can be both agent based and also conceived as a product of structural property (Clegg, 1989). Lukes (2005: 68-9) states that “social life involves an interplay between agent power and structure, and introduces four sets of distinctions”. Power can be:

- “1. exercised with respect to one or many issue(s);
2. context-bound or context-transcending;
3. exercised intentionally or unintentionally;
4. manifested in active exercise or inactive enjoyment” (Lukes, 2005: 74-81)

The first two instances deal with agent-based power while the third and fourth pairs are attuned to structural power. Power can be exercised through various social structures. It can also be manifested through structural features like one’s social status and can be related to relationships which are influenced by social structures.

Lukes (2005) acknowledges two mechanisms of power interplay, “power over” and “power to”. He defines *postesta* as the power individuals have over others within their range. Its exercise can be neutral or benign. *Postesta* is different from domination. Domination is “exercise of power over others in a way that subverts their real interests” (Lukes, 2005: 84). Real interests are the terms which dictate “the nature and judgements” of an agent which influence his/her actions and decisions (Lukes, 2005: 123). He espouses:

“There is no reason to believe that there exists, a canonical set of such interests that will constitute the “last word on the matter”—that will resolve moral conflicts and set the seal on proffered explanations, confirming them as true” (Lukes, 2005: 148).

An individual’s preferences and interests can be influenced by oppressive social structures which make our lives less worthy and quiet acceptance of pain and sufferings. “The underdog learns to bear the burden so well that he or she overlooks the burden itself. Discontent is replaced by acceptance, hopeless rebellion by conformist quiet, and suffering by cheerful endurance” (Sen, 1984: 309). Domination results in dominated not being able to make independent judgements and limited in their ability to be self-determining. They become reconciled to being lead and dominated (Lukes, 2005).

To summarize, the supreme exercise of power would be where it is possible to shape the perceptions, cognition and preferences of individuals so that they can accept the existing nature

of things either because they can see or imagine no alternative or simply because they consider it natural and unchangeable or as divinely ordained and beneficial (Lukes, 1974, 2005).

To further solidify Lukes (1974, 2005) ideology, it should be cemented with Foucault's (1977) work. Foucault believes that history creates present reality. Reality is culturally specific and historically constituted. People accept normative state of affairs as "the way things are done in a particular cultural setting" (Gordan and Grant, 2004: 32). Language by itself does not construct meaning, it is a byproduct of historical and structural orientation of society. Language needs to be deciphered within the structural and cultural frameworks of society. Language takes different forms within different historical periods and cultural settings. The rules and codes govern meaning construction and content communicated. These codes are not spoken or created, rather they are an outcome of experience of order "an unobtrusive order that makes it possible for actors to understand their world" (Haugaard, 1997 as cited in Gordan and Grant, 2004: 33). History constructs present reality, all perceptions of reality are socially constituted. "Truth is linked in a circular relation with systems of power which produce and sustain it, and to the effects of power that induce and extend it" (Foucault, 1977: 133). Power shapes production of new truths and new knowledge. The entire process of production of truth and knowledge is "inseparable from power" (Gordan and Grant, 2004: 33).

So according to Foucault, there is no escape from the web of power relations (Clegg, 1989). "It is not possible for power to be exercised without knowledge, it is impossible for knowledge not to engender power" (Foucault, 1977: 52). Truth, knowledge and reality are all products of power. There is no escape from power for participants.

Dialogue, thus may look upfront as a democratic form of communication. However it is also possible to envisage dialogue as a medium whereby information is generated, diverted, manipulated by the top management to control the actions, feelings of employees and effectively seek their cooperation and support. Furthermore, even if employees are aware of the manipulation, they might not rebel against the power sources because of the historical structuration of society-- where management always controls labor. The entire democratic exercise ends up as a pseudo democracy. There is a need for research to study "what is actually done", by dialogue under the façade of democracy and participation.

The next section covers methodological issues, empirical data and analysis.

MANIPULATIVE DISCOURSE IN A HEALTHCARE ORGANIZATION

There are two major theoretical perspectives in social sciences (Taylor and Bogdan, 1998). Positivism describes facts and causes of social phenomena in objective terms. While phenomenology the second stream of knowledge, interprets social phenomena from the actor's own perspective and examines how his/her world is experienced. The type of methodology chosen is dependent on research problem, research issues and the researcher's assumptions, interests and purposes (Taylor and Bogdan, 1998). This study is interested in examining the democratic characteristic widely accepted as ingrained within the communication ideology of dialogue. It is interested in answering the following questions:

- How does dialogue take place in organizations?
- Is dialogue really democratic, collaborative and participatory in reality? Or just another façade to sustain management regime for its employees with their willing consent?

To be able to answer these questions especially the last one, it is necessary to understand and analyze the subjective interpretations of individuals, their views and opinions about the communication processes existing within the company. Qualitative methodology therefore is the correct choice. The case study method within qualitative methodology is effective in investigating a contemporary phenomenon within its real life context (Yin 1989). “In general case studies are the preferred strategy when “how” and “why” questions are being posed, when the investigation has little control over events and the focus is on a contemporary phenomenon within some real life context (Yin, 1989: 13). While in-depth structured interviews allow collection of the subjective views of employees within an organization.

A case study was undertaken within the healthcare medical services sector in southern part of USA. Access into the organization was gained through a gatekeeper who was a colleague of the researcher. The organization will be referred to as NET. Prior pilot study indicated that NET could be classified as a learning organization. It is an accepted fact that dialogue happens to be an integral component of learning organizations (Senge, 1990, Akella, 2015). NET is a community outreach program under the local community hospital. The program is an in-school, interactive program delivered by a staff of nurse educators and support personnel. The goals of NET revolve around promotion of healthy moms, dads and babies, decreasing repeat pregnancies, decreasing child abuse, increasing self-esteem and preventing school dropout. NET seeks to accomplish all its objectives through prenatal, parenting and teen health education to all school children in its nearby counties. In other words “*NET...is a school nurses network...we are concerned about teen pregnancy, both the mother and child, school kids to keep them in school...we have healthy lifestyle programs and projects about asthma related problems are some of the activities...*” (Nurse 15).

The author conducted sixteen in-depth interviews. Table 1 provides information about the interviewees in NET.

TABLE 1

Levels	Number
Certified Nurse Assistant	5
Registered Nurse	4
Head Nurse	4
Office/Project Coordinator	2
Grant Coordinator	1

The author spent around four weeks at NET. She made appointments for interviews via phone and email. These interviews lasted between 20 minutes---45 minutes. All identified interview participants were asked questions pertaining to their work, types of communication channels, relationship with superiors and colleagues, and the overall characteristics of the organization—style of leadership, structure and performance appraisal systems. All interviews were recorded on tape and in addition short notes were written of the impressions gained of the person and the interview process. This gave a complete picture of what happened on field. The empirical data was thematically analyzed. The interview quotes were read and reread to relate and categorize them under emerging themes.

EMPIRICAL ANALYSIS OF NET

The empirical analysis tried to answer the two questions raised in this paper.

How is dialogue as a form of communication process implemented?

NET as mentioned earlier is a community nurses program for school students residing in the surrounding counties. 95 percent of its employees consisted of nurses who were placed in the hierarchical orders of CAN, RA and head nurses. All nurses were placed in different schools in the surrounding areas--- *“we are all in different schools like twenty six different schools...”*. The management of NET was dependent on both technological and traditional communication channels to maintain a regular flow of information amongst the nurses scattered in different public school systems. Information was generated and shared through emails, cell phones, land line phones and meetings both vertically and horizontally. These communication channels enabled employees to remain in contact with each other throughout the week.

As explained by the interviewees:

“...we go in, come, check our emails and see the students...” (Interviewee 10).

“...emails, phone calls...we sure do work, send in reports, illness work reports, headaches, stomach aches, send those reports...” (Interviewee 11).

Communication channels allowed nurses to share reports, student related issues, doubts and concerns, discuss and implement possible solutions. These channels enabled distribution of regular administrative updates and work to all nurses by their manager (i.e., Angelina) as well.

As an interviewee explained:

“Phone calls I initiate it I need to talk to someone [laughs] I don’t have all the time but if I need to [laughs] emails you know that all staff we get all the information, big information like that but sometimes if it is student related information chart related information...I had situation about student then was on phone like how did you deal with this...my colleagues we were brainstorming how they had treated it and I was like “so cool” we shared information because it helps students who are our target audience” (Interviewee 12).

Further clarified by the project coordinator:

“emails and phone calls [pauses] we have gmails we come to know what is going on so emails helps so we call the clinics...over things are changing...Angelina [his superior] gives administrative updates”.

NET also communicated face-to-face through regular staff meetings and social gatherings as well. All interviewees mentioned the existence of formal meetings and social events. There were different types of meetings:

“staff development and training and update meetings”. (Interviewee 1)

Another was:

“awareness, training and update meetings...”. (Interviewee 7)

All organizational meetings were held on a regular basis to keep abreast of the happenings within the company. For instance:

“... we have staff meeting every month we have set agenda...” (Interviewee 14).

Again:

“we have monthly meeting if we need to keep any service related information we take of it in our monthly meetings...” (Interviewee 12).

These formal meetings consisted of training sessions, awareness and reflective sessions and guest speaker sessions. All formal meetings had a clear agenda, purpose and attendance was mandatory at the meetings. NET also had light informal social gatherings:

“we have social events regularly pretty much monthly we have one end of the month then one in December ...[laughs] we have baby showers, wedding parties things like that when something happens someone moves away like last month something else happens...tragedy...like two members had death in their family we do that you know...” (Interviewee 13).

These meetings lasted 1-2 hours, were monthly and were supervised and initiated by NET’s director Angelina. Informal meetings encompassed the personal lives of the employees. Personal events of employees were celebrated, personal tragedies were shared with colleagues and peers. Colleagues ended up becoming friends. Office boundaries extended into employees’ homes as well. Employees’ lives became more office bound with the lines between personal and office becoming blurred.

As another nurse explained:

“we mingle it is social events like a family a family outside the family. NET is a family we call Angelina MUM it is like a family I love it [laughs]”. (Interviewee 16)

Similarly:

“we go to lunches, celebrate things together, we are close, we come together, emails we come together...”. (Interviewee 15)

All employees were thus, effectively brought together as one unit, one team and one family by the management through both formal meetings and social events—“a family outside the family”. **Is it possible for dialogue as a communication process to exist within contemporary organizations?**

All nurses agreed that these meetings and virtual communication channels encouraged sharing of information, facilitated employee participation and exploration of their opinions and views (Isaacs, 1993; Schein, 1993). Nurses commented:

“...have to come together and talk about things...”. (Interviewee 10)

Also: *“very good, easy to communicate within the work atmosphere”*. (Interviewee 3)

And: *“no one was discouraged to voice their opinions or concerns at the meetings...”*. (Interviewee 3)

A nurse shared during the course of her interview:

“...understand the importance of listening to others before making big decisions...”. (Interviewee 6)

These communication channels facilitated open, two way communication between employees, employees and superiors. On the exterior NET’s communication channels displayed all the characteristics of dialogue—openness, trust, honest feedback, ability to voice their opinions and concerns without fear. But the issue as to whether this dialogic communication, inspite of being open, was democratic, is debatable. Whose goals, objectives did this process of dialogue serve—management or employees?

It can’t be denied that meetings were useful in exchanging different views, opinions and information about the work being undertaken by each professional. Meetings served the purpose

of sharing information, learning new ideas, of getting to know new people and of increasing one's social circle. These informal meetings ensured that employees' social lives were absorbed within the organization. All employees are now essentially forced to engage in social relations with their colleagues and take an active interest in the personal life of their colleagues. Employees' both professional and social lives are now being controlled by the management. By organizing time for work and play, management has successfully eliminated the boundaries between work and home. The narrow boundaries which segregate home and office no longer seemed to be relevant. The continuous bombardment of messages like "one family", "Angie is like our mum", both officially and socially meant that the employees were now instinctively guided by those beliefs and values.

The management was able to control the flow of information generated and assimilated within the entire organization. Employees were under the impression it allowed free exchange of information, provided assistance and feedback as and when needed and helped in sustaining close relationships with colleagues. However it can also be argued, these channels had the power to regulate and monitor the work of employees, keep "an eye" on their social relationships and remove any forms of resistance and dissensions with the management. Harmonious relationships were developed across the entire organization. Team work, friendships and trust was created and sustained across hierarchical levels. Positive energy was generated which increased the overall productivity and services offered by the organizational unit.

Management had access to all information via communication channels. Management also had the opportunity to discover employees' personalities, interests and feelings. The feelings of friendship and bonding were sustained through different communication channels. Management was able to control employees' mental schemas via communication channels.

Management thus had effectively designed a system where all employees were controlled through unobservable communication networks. Office work, office time, social life all were now dominated by the management. Every sphere of the employees was being influenced by the management without any conflicts or direct confrontations or verbal disagreements. The notion of closeness, "don't have many problems", no differences of opinions, perceptions or similar conceptions of reality could have been inculcated amongst the employees. Common norms, values, beliefs and membership codes were created by the management and all employees were indoctrinated accordingly. The net result was all employees spoke in a similar voice because they had similar norms, values and beliefs—"help and support your family". The process of domination was complete. The dominated and the domineers had similar perceptions of reality now.

This democracy was only an outward appearance, an external façade. Employees were not altogether convinced about the existence of complete harmony, freedom of speech and equal partnerships with management. Employees were aware of being dominated and influenced. Yet there was quiet acceptance, for, it had been ordained by the historical structuration of society. Guarded criticism, in gentle and softer tones emerged during the course of interviews. An employee mildly put in:

"...can improve on communicating and working with one another" (Nurse 6).

If communication is so open “*very good and easy to communicate*” where “*no one feels discouraged to voice their opinions...*” and everyone’s voice “*can be heard*”, there should be no need for further improvement? But then maybe it is not entirely what it seems. It is not entirely democratic, there is influence existing, power is being exercised to create compliant employees. One nurse was a little more outspoken. She put it across well:

“*...take orders and...follow them*” (Nurse 11).

She further clarified:

“*Just do my job and work with people in my department*”. (Nurse 11)

It was just a job, inspite of emphasizing and advertising the happy family package where everyone bonded with each other and coordinated as a team. All these feelings were externally aired to keep management satisfied and to stay out of trouble. While the true story was “*...we are paid workers...*” (Nurse 6). All employees had sort of accepted this dominant-dominated concept, where one had to let the powerful best judge their interests and preferences keeping in mind the survival of the organization. As a nurse realistically piped in “*I am fine to do what I am told...*” (Nurse 15).

There is evidence that employees are aware of the power processes in place, how they were being manipulated under the façade of democracy and equality, how dialogue was being used to make them reveal their feelings, opinions, to avoid conflicts and indoctrinate them to management’s way of thinking. However this control was not completely totalizing because employees were aware of the control mechanisms but were still quiet and docile. They were under the impression nothing could be changed, it was ordained by the society.

DISCUSSION AND CONCLUSION

Research on dialogue and its democratic value, both theoretically and empirically, with and without a critical perspective, in organizations is limited. This paper makes a contribution in the areas of dialogue and collaborative communication and power dimensions. The paper traces the literature on dialogue and then relates it to with the philosophical elements of Habermas (1984) communicative rationality; Lukes (1974, 2005) third dimensions of power processes and Foucault (1977) power ideologies. Empirical data in the form of sixteen interviews, gathered from a single case study within the healthcare sector provides insights as to whether communication can be collaboratively generated, shared and resolved despite the existing historical structuration of the society.

A variety of communication channels exist in contemporary organizations consisting of social gatherings, emails and telephone calls to formal monthly departmental meetings. Dialogue could be both face- to-face and virtual as well. Communication methods on the exterior seemed to support open and honest communication of opinions and viewpoints. Employees commented on being comfortable to confront others ideas and suggestions to reach mutual consensus. Communications channels lead to sharing of information, modulation of personality and career opportunities, generation of new ideas and creativity. However the employees’ values, perceptions and opinions had been so effectively modulated and controlled by the management that except for some minor negative comments, everyone spoke the same language.

The communication channels allowed the management to discover the complete personality, attitudes and feelings of their employees. The management was now able to exercise power over the employees easily. The employees were dominated, their feelings, thoughts and emotions were influenced and manipulated to suit the “real interests” of the management. Employees

voiced their preferences, opinions within the norms defined by the management. They were autonomous, free to make decisions but according to the pre-determined regulations determined by the management. Their actions, voices, social lives were all engulfed by the management. Employees were powerless, willing to acquiesce to this scenario and state of affairs. This does question the existence of complete democracy and open communication within an organization. It is the right of employees to openly voice their opinions and expression, honestly share their feelings about work issues and non-work issues as well. However with the existing unequal distribution of power within corporations, freedom to openly voice opinions and views may not be possible.

This study is just a beginning in understanding the elements of power present in the process of dialogue. There is a need to undertake further research to fully explore the various dimensions of power exerted by dialogue and its aftermath if any. Research which would hinder employees from being turned into powerless, docile subjects, thereby giving them more power to change their destinies and working environments. If this insidious exercise of power is made visible it would allow creation of better working environments.

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TEAM BUILDING: THINGS AIN'T WHAT THEY USED TO BE!

Gina Hinrichs, Benedictine University, ghinrichs517@gmail.com

Jill Hinrichs, Groupon, jill.hinrichs@gmail.com

ABSTRACT

This panel will focus on virtual team building as an OD/OB intervention that develops teams for enhanced global and project performance. Virtual team building works to achieve the levels of trust, clarity of roles, collaboration, commitment, and self-efficacy. The panel symposium will focus on the shift from building F2F teams to building effective virtual teams for both organizations and within education course work. We draw upon group dynamics theory, practice, and employment of experiential learning.

In this panel symposium, we will help participants distinguish what is needed for 21st century F2F teams and virtual teams. We will employ an MBTI style assessment virtually to provide a team analysis. Working agreements are then developed interactively. The virtual exercise can be used for organization team development or as part of a Group Dynamics course.

As organization development (OD) and organization behavior (OB) theorists and practitioners, we should be capable of dealing with changing environment and organization operations. In the last decade, business teams have shifted from predominately face to face (F2F) teams to adopting extensive use of virtual teams (VTs) (Jones & Graham, 2015, Purvanova, 2014, Nunamaker, Reinig, & Briggs, 2009, Kayworth & Leidner, 2002). Team building for VTs is required for organizations and for education to prepare researchers and practitioners for an increasingly virtual world.

VTs are geographically and most often culturally and temporally disbursed teams (Malhotra, Majchrzak, & Rosen, 2007). Despite the essential aspects of team building remaining the same, the challenges of working virtually must be considered and training provided to overcome those challenges. VT challenges from current research are:

- Advances in communications technology has enabled the possibility of virtual teams yet technology remains one of the greatest challenges (Kayworth & Leidner, 2002)
- Collaborative effort requires intentional design. Good design intensifies when those collaborating are not co-located (Harwood, 2008).
- Facilitators are especially needed for VTs design and sense-management to achieve better global team outcomes and accountability (Hinrichs, Seiling, & Stavros, 2008)
- Research suggests that F2F teams are more successful than VTs. However, since VTs are needed, they are becoming increasingly effective (Purvanova, 2014)
- Intentional design for activities to help team members to get to know one another and build quick trust must be accomplished (Jones & Graham, 2015, Nunnacker, et al. 2009)

The panel discussion and virtual team experience addresses the above challenges of VTs.

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EFFECTS OF EXPLORATION AND EXPLOITATION ON FIRM PERFORMANCE: A LARGE SCALE STUDY OF TECHNOLOGY-BASED FIRMS IN S. KOREA

Fiona Sussan, University of Phoenix Fiona.sussan@phoenix.edu

KiChan Kim, Catholic University of Korea, kckim@catholic.ac.kr

Ravi Chinta, Auburn University of Montgomery, USA ravichinta@hotmail.com

Laurence Enriquez, Catholic University of Korea, laurence@catholic.ac.kr

ABSTRACT

Some innovations are explorations that broaden the business scope, other innovations are exploitation that increase efficiency and productivity. Our study examines the impact of exploration and exploitation on the performance of 2,800 hi-tech manufacturing firms. Our findings show that firms that are both creative and productive perform best in the longer-term growth while firms tilting toward productivity excellence perform best in short-term profit. Firms that are low in both creativity and productivity perform worst in growth, and firms highly creative but low in productivity fair better in growth but are worst in profitability.

INTRODUCTION

South Korea ranks number one among OECD countries in research and development (hereafter “R&D”) expenditure exceeding 54 billion U.S. dollars, or an equivalent of 4.15 % of its GDP (OECD Economic Survey Korea, 2014). Despite the ample funding of R&D, with almost a quarter supported by the government and public sector, South Korean SMEs output or productivity have improved very little (Kang, 2014). The output productivity of SMEs and large firms in South Korea is widening (OECD Economic Survey Korea, 2014) posing a threat for the sustainability of many SMEs. In fact, the average R&D intensity of SMEs in South Korea is only 1.3% (K-Biz, 2012), comparing to that of Japan’s at 2.28% (K-Biz, 2012), contrasting to Germany’s hidden champions at 6% (The Key to the success of the hidden champions, 2014). These reported statistics reveal two urgent research questions. First, with a strong R&D support at the national level, are SMEs in South Korea utilizing this support and engaging in R&D intensive activities? Second, are SMEs in South Korea able to leverage R&D-based innovation to add value to their production, subsequently bettering their performance? These are urgent and important questions because they examine the effectiveness of innovation support at the national level. The response to these questions has important policy implications. This article answers these questions empirically by examining the exploitation-exploration tension of more than 2800 hi-tech manufacturing SMEs performance within a 2 (creativity: hi, low) x 2 (productivity: hi, low) conceptual framework. The four quadrants from this conceptual framework clearly shows there is a tradeoff between R&D intensity and productivity empirically.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

All firms face resource constraints. Operating within limited resources, SMEs in particular constantly face challenges in balancing the tension between exploration and exploitation strategies. When SMEs spend too much effort in exploration such as researching on innovation,

they often result in excess R&D dependency or technology lock in which spending in current R&D investment do not synchronize with convert to future productivity. In other words, these firms focus too much on innovation but spend too little on operational efficiency. Without operational efficiency, firms cannot make profit.

The other end of the spectrum is exploitation-intensive firms which pursue productivity efficiency in lieu of innovation. These firms choose to pursue efficiency, which drives out exploration, and making themselves difficult to adapt to new technology or innovation in the long run. As a result, these firms are resistant to dramatically new environment shifts.

Subsequently, these firms are self-destructive and unable to innovate.

A relationship between R&D, loosely defined as creativity, and productivity exists as a tradeoff or as a perpetual tension balancing the two. Because of the tradeoff, we propose that there is an interaction between creativity and productivity as in the 2 (creativity: hi, low) x 2 (productivity: hi, low) matrix consisting the following four quadrants in Figure 1:

- High Creativity – High Productivity (*High C-High P*), a group of companies which utilize their resources and have both high creativity and high productivity.
- High Creativity - Low Productivity (*High C – Low P*), a group of companies which concentrate their resources in current R&D investment but are not able to reach efficient productivity. Newly formed ventures likely belong to this group.
- Low Creativity - Low Productivity (*Low C – Low P*), a group of companies which are neither particularly creative nor productive.
- Low Creativity - High Productivity (*Low C – High P*), a group of companies which focus on cost reduction to increase profitability, and do not invest in R&D.

Fig. 1: Conceptual Framework

CREATIVITY	High C- Low P	High C – High P
	Low C – Low P	Low C – High P
PRODUCTIVITY		

In addition to the two-dimensional four quadrants presented in the Figure, we layer a third dimensional relationship in that creativity impact performance and productivity impact performance, and propose that the interactions of creativity and productivity, not the standalone creativity-performance or productivity-performance relationship, that will impact firms' both short- and long-term performance resulting in the following:

H1. Given the creativity –productivity interactions, firms in the four quadrants differ in both their short- and long-term performance.

Since firms that focus mainly on efficient productivity reap short-term profit but fall into success trap that result in failure to innovate and eventually harming their long-term performance:

H2. Excessively productivity dependent firms are a) the highest in short-term performance, but b) are not the highest in longer-term performance when compared to firms in other quadrants.

Because of the failure to translate to efficient productivity, firms that focus mainly on creativity will suffer from short-term performance. However, as innovation is the bloodline for future survival of firms being able to offer products for the changing market needs, firms that focus mainly on creativity will do better in longer-term performance:

H3. Firms that are highly creativity-dependent are a) the lowest in short-term performance, but b) are better in longer-term performance when compared to firms in other quadrants.

When firms balance their resources and engage in both high creativity and high efficient productivity, they are likely to be well prepared and situated for future success:

H4. Firms that are high in both creativity and productivity a) perform best in longer-term, but b) are not the highest in short-term performance among firms in the other quadrants.

Lastly for firms that are neither high in creativity nor productivity, they are likely to suffer from inertia in both counts and will be worst in short- or long-term performance:

H5. Firms that are low in both creativity and productivity are a) the lowest in long-term performance, but b) since they did not invest in innovation, they are not the lowest in short-term performance when compared to firms in other quadrants.

METHODS AND RESULTS

We select SMEs in South Korea to empirically test our conceptual model and hypotheses. Data of 2,807 firms from a stratified sampling of 32,944 hi-tech manufacturing firms for year 2009 and 2010 from the ‘Survey for Technological Statistics on Small and Medium Business in 2011’ conducted by Korea Federation of Small and Medium Business (Korean Government Certified Statistics #34006) were collected. These firms have between 5 to 300 employees. Creativity is measured by R&D intensity (i.e., the ratio of R&D expenditure to sales revenue). Productivity is measured by sales revenue per employee/sales revenue. Performance is measured by two proxies: profitability as operating profit per employee; growth as the compound annual growth rate based on sales and operating profit. Table1 lists the descriptive statistics of the variables.

Table 1: Descriptive Statistics of Variables

<i>Variables</i>	<i>Mean</i>	<i>SD</i>	1	2	3	4	5
1.Creativity –year 1	9.2	.08					
2. Creativity – year 2	9.9	.05	.30				
3.Productivity – year 1	965.42	1839.33	-.08	-.05			
4. Productivity – year 2	293.98	285.51	-.12	-.08	.37		
5.Performance-profit year 1	60.73	17.42	-.04	-.02	.66	.19	
6.Performance-profit year 2	17.46	23.44	-.08	-.08	.24	.36	.42

We plot productivity (i.e., Sales Revenue per Employee) on the x-axis and creativity (i.e., R&D intensity) on the y-axis, and use median split for Sales Revenue per Employee and R&D Intensity forming the four quadrants. The median for R&D intensity in 2009 is 4%. The median of sales revenue per employee in 2010 is 275 million Korean won. This results in 247 firms in High C-High P, 986 firms in High C- Low P, 870 firms in Low C – Low P, and 704 firms in Low C – High P quadrant respectively. Table 2 reports the performance of the four quadrants for year 2009 and 2010. Table 3 reports the ANOVA results (2009: $F=24.39$, $p=.000$; 2010: $F=34.90$, $p=.000$) supporting H1a in that all quadrants differ in short-term performance.

Table 2 Performance in Profit for the Four Quadrants

	Year 2009	Year 2010
High C – High P	76.10	33.38
High C – Low P	21.96	8.82
Low C – Low P	29.76	10.29
Low C – High P	147.92	32.82

Table 3 ANOVA Results for Performance in Profit

Profit 2009	Sum Of Squares	Df	Mean Square	F	Sig
Between	7726748.05	3	2575582.68	24.39	.000
Within	295924019.69	2803	105574.03		
Total	303650767.74	2806			
Profit 2010	Sum Of Squares	Df	Mean Square	F	Sig
Between	347025.90	3	115675.30	34.90	.000
Within	9288688.83	2803	3313.83		
Total	9635714.73	2806			

Table 4 reports the performance in growth rate in sales revenue. Table 5 reports the ANOVA results supporting H1b in that all quadrants differ in long-term performance. Tables 6 reports the performance in growth rate in profit and the ANOVA results in Table 7 further support H1b.

Table 4 Performance in Growth Rates for Sales Revenue of the Four Quadrants

	Performance Growth
High C – High P	28.91%
High C – Low P	13.80%
Low C – Low P	4.95%
Low C – High P	10.01%

Table 5 ANOVA results for Performance in Growth Rates for Sales Revenue

Growth rate	Sum Of Squares	Df	Mean Square	F	Sig
Between Groups	11.87	3	3.96	39.35	.000
Within Groups	281.20	2796	.10		
Total	293.07	2799			

Table 6 Performance in Growth Rates for Operating Profit of the Four Quadrants

	Performance Growth
High C – High P	35.96%
High C – Low P	20.52%
Low C – Low P	11.95%
Low C – High P	18.46%

Table 7 ANOVA results for Performance in Growth Rates for Operating Profit

Growth rate	Sum Of Squares	Df	Mean Square	F	Sig
Between Groups	10.41	3	3.47	5.25	.001
Within Groups	1673.65	2531	.66		
Total	1684.06	2534			

Table 8 summarizes the results in each quadrant. *Low C-High P* results support H2a which hypothesized the highest profit, and further supports H2b that these firms will not enjoy the highest growth. *High C- Low P* results support H3a which hypothesized that firms that engage in excessive R&D have the lowest short-term profit, yet these firms will have reasonable growth supporting H3b as these results rank second in both sales (13.8%) and profit growth (20.52%) trailing after *High C-High P* group. *High C- High P* results support H4a which hypothesized this group having the highest growth in both sales and profit. The results support H4b partially with this group not having the highest short-term performance (i.e., profitability per employee) for 2009 but not for 2010. *Low C-Low P* results in lowest performance for both sales and profit growth thus supporting H5a. As H5b hypothesized, this group does not rank lowest in profit.

Table 8 Summary of Results

<i>HIGH C – LOW P</i> N=986 (35%) Performance Profit 2009: 8.26, 2010: 8.82 Performance Sales Growth: 13.8% Performance Profit Growth: 20.52%	<i>HIGH C – HIGH P</i> N=247 (9%) Performance Profit 2009: 21.66, 2010: 33.38 Performance Sales Growth: 28.91% Performance Profit Growth: 35.96%
<i>LOW C – LOW P</i> N=870 (31%) Performance Profit 2009: 10.39, 2010: 10.29 Performance Sales Growth: 4.95% Performance Profit Growth: 11.95%	<i>LOW C – HIGH P</i> N=704 (25%) Performance Profit 2009: 29.18, 2010: 32.82 Performance Sales Growth: 10.01% Performance Profit Growth: 18.46%

DISCUSSION

The distribution of firms shown in Table 8 suggests that S. Korea has the largest number of firms in the High C – Low P quadrant (986 or 35%) with relatively large expenditure of R&D in proportion to productivity. These are likely venture firms and young firms emerged from the “creative economy” policy that are yet to be profitable in the short-term but all of which have promising growth. The second largest group is *Low C – Low P* (870, 31%), they are neither innovative nor efficient in productivity. This is surprisingly large group given the government’s increasing number of efforts to push SMEs into the “creative economy”. One possible explanation for this is that many SMEs are subcontractors of large corporations (OECD Economic Surveys Korea, 2014) and may not see the immediate need to aggressively innovate or efficient productivity due to set and structured contractual specifications and agreements. The third group is *Low C – High P* (704 or 25%) firms that are highly dependent on productivity for short-term profit maximizing, not innovation. The smallest group as expected in any economy is *High C – High P* (247 or 9%) firms which are strong at innovation and productivity therefore reach the highest performance in profit and growth.

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CAN SOCIAL NETWORKS HELP ENTREPRENEURS?

Jinpei Wu, State University of New York at Oswego, jinpei.wu@oswego.edu
Shuyi Zhang, Shanghai Finance University, zhangshy@sfu.edu.cn

ABSTRACT

Closure argument and structural holes argument of networks theory have been favored by different researchers. This paper attempts to combine them for entrepreneurs to seek resources necessary for the new venture creation and new venture success. The author of this paper categorizes resources into “complementary resources” and “augmentary resources”. Both of them are necessary for the new ventures, but each serves different purposes. Moreover, closure arguments and structural holes provide resources in different manners.

INTRODUCTION

The social and economic value of new business enterprises (Birch, 1987; Reagan, 1985; Schumpeter, 1934) makes the phenomenon of new venture an important topic. Many determinant factors of new venture success have been found, such as industry structure, strategy, founding entrepreneur (Sandberg and Hofer, 1987). However, much of the previous research attempting to relate traits of the entrepreneur to new venture creation has failed to demonstrate a definitive linkage (Herron and Sapienza, 1992). There are researchers proposing focusing on entrepreneurial behavior (Gartner, 1988) and adding resources to the Sandy and Hofer model (Chrisman et al, 1998). It is the purpose of this paper to further study the new venture from the entrepreneur’s behavior perspective, specifically how entrepreneurs use networking to get resources necessary for the new venture success.

Networking has been shown to be instrumental in various aspects of new venture creation (Johannisson and Ramirez-Passillas, 2001), resource acquisition (Birley, 1985; Aldrich and Zimmer, 1986), performance (Pololny et al., 1996) and firm survival (Reese and Aldrich, 1995; Ingram and Baum, 1997). However, the relationship between networking, resource acquisition and new venture success has not been sufficiently explored. In this study, I intend to examine how networking helps new venture success through resource acquisition. Hopefully, this paper contributes to the networks-entrepreneurship literature by (1) combining closure argument and structural holes argument of networks to achieve the new venture success; (2) treating personal capital and environment as moderating factors for the entrepreneurs to obtain necessary resources through networking, which eventually lead to new venture success; and (3) categorizing resources into complementary resources and augmentary resources in the entrepreneurial process, as previous categorization of resources into tangible and intangible assets (Barney, 1986b, 1991; Wernerfelt, 1984) does not apply in this framework.

CONCEPTUAL BACKGROUND

Outcome of interest

Researchers have shown the importance of entrepreneurship to economic development (Schumpeter, 1934) and economic growth (Wennekers and Thurik, 1999; Salgado-Banda, 2005).

Some have shown entrepreneurship helps reduce unemployment (Audretsch et al, 2001). Baumol (1993), Holcombe (2003) and Acs and Varga (2004) have claimed that entrepreneurial activity is vital to economic progress and economic well-being (Lowrey, 2005). Despite the promising role entrepreneurship plays in the economy, there are at least thirty two different definitions of entrepreneurship (Gartner, 1988). In this paper, I choose to define it as “the creation of new ventures”. Without the creation of new ventures, there would be no new venture success, which leads to all different aspects of economic development mentioned above. Also, the first success of a firm is its birth (Gelderen et al, 2005). Therefore, I choose the new venture success, which consists of the creation of the new venture, as the outcome of interest in this paper.

Necessary resources and often bottlenecks

In the business start-up process, entrepreneurs often encounter many problems, which form bottlenecks for the start-up business development. Those problems can be grouped into following categories according to life cycle perspective(Grenier, 1972; Lippitt & Schmidt, 1967; Churchill & Lewis, 1983; Cooper, 1982), evolutionary theory(Campbell, 1965; Aldrich, 1999; Reynolds, 1992), resource-based perspective(Penrose, 1959; Brush, Breene, & Hart, 2001; Katz & Gartner, 1988; Lichtenstein & Brush, 2001), resource dependence theory(Pfeffer & Salancik, 1978), behavioral psychology theory(Shaver & Scott, 1991). In this paper, I intend to look at the business start-up process from the resource-based perspective. The entrepreneur or entrepreneur team may be regarded as resource carriers (Bamford, Dean & McDougall, 1999; Chrisman, Bauerschmidt & Hofer, 1998; Greene & Brown, 1997; Mosakowski, 1998). Of all those resources necessary for the new venture creation and success, I choose money, labor, emotion, customer base and government for my study. It is my understanding that they are among the most pressing for the entrepreneurs.

Financial support

Studies have focused on start-up businesses trying to attract long-term finance (Bhide, 1992) from banks and venture capital companies but having a lot of trouble (Bolton, 1971; Stanworth and Gray, 1991; Storey, 1994). Financial problems in turn restrain the start-up businesses' development and growth (Hughes, 1996).

There are different explanations about the financial problems faced by the new businesses. Information asymmetry between the financiers and the new businesses (Storey, 1994) is the most discussed. New business owners/managers feel reluctant to divulge the business secret, which might be what they think is driving force of the business. Without the necessary information, financiers have reason not to give money to the businesses. Even if the financiers agree to invest, the cost of doing it becomes higher, because the information asymmetry between both parties increases the cost of handling the transaction (Winborg and Lanstrom, 2000). High transaction costs arise because of the need to organize, carry out and monitor the exchange in such a way that information asymmetry can be reduced (Williamson, 1981).

In addition to the high financial costs, start-up businesses face costs for identifying potential financiers and for undertaking bonding activities (Winborg and Lanstrom, 2000). Bonding costs arise because of the need to provide financiers with information about non-opportunistic behavior (Jensen and Meckling, 1976).

Labor

Entrepreneurs cannot do everything by themselves. To create and grow the business, they need to hire employees. However, the issue of information asymmetry also pesters the entrepreneurs. On one hand, entrepreneurs want to hire trustworthy employees without giving out the business secret; on the other hand, potential employees also want to work with trustworthy bosses with a history of creditability. For both sides to work with each other, there is a likely high transaction cost involved (Williamson, 1981). In the same manner as it happened to the financial support mentioned above, start-up businesses face costs for identifying potential employees and for undertaking bonding activities (Winborg and Lanstrom, 2000).

Emotional support

To be entrepreneurial is exciting but at the same time very hard. Entrepreneurs have to face pressure from all aspects of the business, from the shortage of money, from lack of qualified employees, from the low level of customer base, and from bureaucracy of the government etc... Failure to properly deal with each one of them could have destructive effect on the business. Adding them together could collapse both the business and the entrepreneurs. Without a positive mindset and emotional stability, neither the business nor the entrepreneurs could deal with such a blow. Given this, emotional support seems to be especially important to help entrepreneurs overcome the above pressures.

Customer base

Unlike those established companies, start-up firms usually do not possess their own customer base. They have to prove to the potential customers that the products or services to be offered will be unique or better than those familiar ones. Here the issue of information asymmetry (Storey, 1994) still exists. The start-up businesses have to be paying the price of being new --- the high transaction costs (Williamson, 1981). These high transaction costs might be a result of reducing the product or service price, or letting some customers try the product/service for free.

Government

Government, which shows its function through its favorable environment and regulations for start-up businesses, plays an important role in a new business' creation and success. Lowrey(2003) defines entrepreneurship as an "economic system" that consists of three components: (1) entrepreneurs, who desire to achieve their goals of economic survival and advancement; (2) the social constitution, that the entrepreneur's right of free enterprise is granted; and (3) the government, that has the ability to adjust the economic institutions that can work to protect each individual entrepreneur and to stimulate entrepreneurs' motive to achieve toward fostering of economic development and growth. It is obvious that dealing with the government is part of entrepreneurs' job. To make sure that the new venture creation and success is smooth, it is imperative that the entrepreneurs understand the role of the government and act accordingly. In emerging markets, where neither the market mechanism nor the legal mechanism is mature enough, to have an appropriate relationship with the government is probably more important than any other facet of the business. Krug (2000) may be right in stating that in emerging markets such as China, ill-functioning markets and a socialist past, both of which causes an environment of unenforceable contracts, the need to pool resources and to govern relational risk was paramount to the development of a private sector.

Social networks as means to get resources necessary

The fundamental components of a network are nodes and connections (O'Donnell et al, 2001). In a social sciences context, nodes can be replaced with actors which can be individuals or an aggregation of individuals, and connections can be replaced with social ties or bonds (Davern, 1997). Individuals engage in interactions and networking in order to produce profits (Lin, 1999). Better connected people enjoy higher returns (Burt, 2000). Lin (1999) offers three explanations on how social networks enhance the outcomes of actions: (1) facilitates the flow of information, (2) exert influence on the agents, and (3) provide social credentials and reinforcement. However, researchers disagree on what it means to be better connected.

Research on networks could be categorized into two groups --- closure argument (represented by Coleman) and structural holes argument (represented by Burt). The key idea of the closure argument is that networks with closure, where everyone is connected such that no one can escape the notice of others, which in operational terms usually means a dense network, are the source of the social capital (Burt, 2000). Coleman (1988 and 1990) believes that closure affects the diffusion of information, saves members' time, facilitates sanctions, and makes it less risky for people in the network to trust one another. Structural holes argument (Burt, 1992), on the other hand, emphasizes the participation in and control of information diffusion. According to Burt (2000), information circulates more within than between groups, which creates the holes, i.e. the weaker connections between groups in the social structure of the market. Those who bridge the holes create competitive advantage (Burt, 2000).

For the closure argument, people get what they want from within the network. For the structural holes argument, people get what they want by acting as a broker and bridging the structural holes.

CONCEPTUAL MODEL AND PROPOSITIONS

Sociologists and organization theorists have shown that social networks and embeddedness are crucial factors in the decision whether to become entrepreneurs (Gulati, 1999, 1998; Uzzi, 1999). Research on personal network of entrepreneurs reveals that entrepreneurs obtain information and advice from network members (Birley, 1985) and access bank loans through contacts (Uzzi, 1999). In this paper, I intend to build a model on how networks help entrepreneurs get their resources necessary for the new venture creation and its subsequent success.

New venture constructs

In this paper I use Low and MacMillan's (1988) definition for entrepreneurship --- creation of new enterprise. Entrepreneur is the creator of the new enterprise. When a firm is legally registered, I count it as its birth, i.e., the creation of a new enterprise. In general, the survival of a venture depends upon its ability to do everything right for the business. If a new venture continues to exist for at least five years, I consider that a new venture success.

Resources construct

Inspired by Lin's (1986, 1990) "instrumental action" and "expressive action", I use "complementary resources" and "augmentary resources" to categorize all the resources needed for the new venture creation and new venture success. Complimentary resources refer to the resources that are necessary for the new venture creation or new venture success, but entrepreneurs do not possess. Augmentary resources refer to the resources that entrepreneurs

have possessed enough of for the new venture creation or the new venture success. Complementary resources and augmentary resources are in many ways associated with “instrumental action” and “expressive action”. Lin (1999) put wealth, power and reputation under instrumental action, and physical health, mental health and life satisfaction under expressive action. In my opinion, money, labor and emotional support belong to the category of complimentary resources for a typical entrepreneur and customer base and government relationship belong to the category of augmentary resources. However, it is very likely money, labor and emotional support belong to the augmentary resources and customer base and government relationship belong to the complimentary resources. I arbitrarily put each of them in different categories partly for the convenience. What belong to one entrepreneur’s complimentary resources could be another entrepreneur’s augmentary resources.

Money or financial support in this paper refers to money in whatever monetary form that entrepreneurs need for the new venture creation or the new venture success. Labor refers to the labor that entrepreneurs need for the new venture creation or the new venture success. It could be from formal employees, or from friends or family members. Emotional support is easy to understand. It could be from anybody who is willing to help. Possible sources of emotional support are family members, friends, colleagues, counselors etc. During the entrepreneurial process, entrepreneurs often encounter all kinds of pressures. Emotional support is likely to help entrepreneurs to continue the entrepreneurial effort.

Customer base refers to those who will buy the product(s) or service(s) of the new venture created. Government refers to the government agencies or government officials that are essential to the new venture creation or new venture success. The role of government is more obvious in emerging markets, where entrepreneurs have to know the “right regulations”, bribe the “right people” at the right time in order to get the new venture in right place. For example in China, because there are many loopholes in the government laws and regulations and the implementation of them is not very strict, some government officials or police officers could come to shut your shop, explaining that your business does not meet the tax needs or even sanitary needs.

Network construct

Two views of social networks are adopted in this paper: closure networks and structural holes. I use Burt’s (2000) definitions for both of them. Closure networks refer to one in which people are strongly interconnected and everybody knows everybody else and no one can escape the notice of others. Structural holes refer to a network in which people can broker connections between otherwise disconnected segments. Burt’s (2000) argument supports the structural holes over closure. However, in the entrepreneurial process, I believe they are equally important. In terms of resources, both closure networks and structural holes are instrumental. For preserving or maintaining resources (i.e., expressive actions), denser networks may have a relative advantage (Lin, 1999). In the similar vein, those in dense networks, such as family members, close friends etc., are more likely than someone on the street to provide entrepreneurs with money, labor, and emotional support. It is actually a norm for many start-up entrepreneurs to borrow from family members and relatives. Therefore, I believe that a closure network, which usually means a dense network, often provides money, labor and emotional support to the entrepreneurs.

Proposition 1: *All else being equal, closure system is more likely to be positively associated with the often complementary resources such as money, labor and emotional support.*

Structural holes, on the other hand, provide more information as a function of weak ties (Granovetter, 1973). More often than not, what entrepreneurs need from the customers and the government is information and feedback concerning the business and products. A very close relationship with all the customers and the government would be helpful, but not necessary or realistic. A weak tie will be the most effective for the business.

Proposition 2: *All else being equal, structural holes system is more likely to be positively associated with the often augmentary resources such as customer base and government relationships.*

However, whether a resource is complementary or augmentary is not fixed. What is complementary for one entrepreneur might be augmentary for another entrepreneur. If both money and government relationship are necessary for the new venture success, entrepreneur A has sufficient amount of money but no government relationship, while entrepreneur B has no money but has strong government relationship, it can be concluded that extra amount of money will be augmentary resource for entrepreneur A, but complementary for entrepreneur B, while more government relationship will be complementary resource for entrepreneur A, but augmentary for B. Even for the same entrepreneur, what is complementary in this context might be augmentary in another context. For instance, an entrepreneur in a mature market might find government relationship an augmentary resource. But the same entrepreneur, with everything else the same, might find government relationship complementary in an emerging market, where the market mechanism is still precocious and the government intervention is everywhere. Therefore, to decide whether a resource is complementary or augmentary has a lot to do with what the entrepreneur has already had and in what context the issue is being discussed. Given this, I make the following propositions:

Proposition 3: *All else being equal, the entrepreneur's personal capital moderates the relationship between nature of the networks and the resources needed for the new venture's success.*

Proposition 4: *All else being equal, the environment of the entrepreneurial effort moderates the relationship between nature of the networks and resources needed for the new venture's success.*

Other related constructs

I use personal capital to refer to everything except social capital obtained through the networks that the entrepreneur has possessed and has access to. It could include personal qualities, motivation, money, emotional intelligence etc. Environment refers to the business context. It could include political environment, economic environment and social-cultural environment or any situation in which the business is conducted.

Resources (either complementary or augmentary) do not turn into new venture creation or new venture success automatically. Personal capital has to be mobilized for that to happen. Therefore, I make the following proposition:

Proposition 5: *All else being equal, entrepreneur's personal capital moderates the relationship between the resources needed and the new venture creation and the new venture's success.*

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DISCUSSION AND IMPLICATIONS

I categorize entrepreneur networks into closure networks and structural holes networks. Each of these two networks helps the entrepreneur obtain the complementary resources and augmentary resources, depending on entrepreneurial environment and what the entrepreneur has already possessed (personal capital). The resources thus obtained, combined with the personal capital, contribute to the new venture creation and new venture success.

To illustrate how this model works, consider an entrepreneur who especially needs money, labor and a customer base during the new venture creation process. Suppose she has two types of networks, closure and structural holes. In operational terms, the former are family members, and the latter are a group of acquaintances. The family members could, more than likely than anybody else, offer financial support or unpaid work. On the other hand, even though the family member could have access to the customer base, the group of acquaintances are more likely to provide a customer base because of the function of weak ties. However, whether the money, labor or customer base belongs to augmentary resource or complementary resource depends on what the entrepreneur has already possessed. If she already has sufficient money and labor, but not enough customers, the former belongs to augmentary resource and the latter complementary. If she has enough customers, but not enough money and labor necessary, that'll be the other way round.

From a management viewpoint, my model indicates that entrepreneurs ought to choose the appropriate networks based on business needs. Specifically, the entrepreneurs should do the following: (1) decide the nature of the potential business and set a goal for the business, e.g. a specific success parameter; (2) figure out what resources are necessary for the success; (3) find out what kinds of networks (closure or structural holes) will provide the resources, based on business environment and what is already possessed; (4) act to build the networks, or take advantage the existing networks.

In conclusion, both closure and structural holes networks are useful to the entrepreneurs. No one is more important than the other. The use of one over the other is dependent upon what resources the entrepreneurs are seeking.

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THE IMPACT OF IMMIGRANT ACCULTURATION AND JOB SEARCH INFORMATION ON ENTREPRENEURSHIP OPPORTUNITY

Michelle Ruiz, University of Houston Victoria, ruizml@uhv.edu

Santiago Ibarreche, The University of Texas at El Paso, sibarr@utep.edu

Lori Peterson, Louisiana State University, lpeterson@lsu.edu

Laura Guerrero, The University of Texas at El Paso, LGUERRERO5@utep.edu

ABSTRACT

Fostering immigrant entrepreneurship is a key factor to building a stronger business community, yet we know very little about the many factors that influence immigrants' decision to engage in entrepreneurial activities. By focusing on how cultural context influences opportunity recognition, this paper looks at how acculturation is negatively related to business ownership in recent Mexican immigrants in the U.S. The results supported both the direct negative relationship between acculturation and entrepreneurship and the moderating relationship, which weakens the relationship when the immigrant has access to a greater variety of sources of information about job opportunities. These findings contribute to research in entrepreneurship which considers the influence of the context on individual's ability and willingness to engage in entrepreneurial activities.

INTRODUCTION

The United States is one of the major destinations for immigrant entrepreneurs, since regulations have been passed at the local and national level to support entrepreneurship (Chrysostome and Lin, 2010). Immigrants to the U.S. can bring a fresh perspective that can translate into new ideas for businesses and into new businesses for the communities (Kauffman Foundation, 2014). One of the fastest growing groups of entrepreneurs in the United States is immigrants. Businesses owned by Latin American immigrants are among the fastest growing business segments, up over 80% in the last ten years (United States Census, 2010). The Latin American population, defined as a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race (United States Census, 2010), is the fastest growing population in the United States, growing four times faster than the national growth rate. Mexican immigrants are not only growing in population size, but also in the purchasing power and opportunities to engage in entrepreneurship (United States Census, 2010).

Short, Ketchen, Shook, and Ireland (2010) developed a comprehensive view of the literature entrepreneurship opportunity. They found that a large amount of literature centered on the idea that opportunity is a key concept within the entrepreneurship field. Short et al. (2010) found that the literature focused on the way that opportunities presented, whether as a concrete reality or as an enactment of someone's vision, were the primary methods of seeing an opportunity (Alvarez and Barney, 2007). Eckhardt and Shane (2003) noted that researchers are moving away from approaches that focus on identifying which individuals will prefer to become entrepreneurs and are moving towards explaining the role that opportunity plays in the entrepreneurship process.

There are many fields interested in what factors surround opportunity, but in terms of entrepreneurship, it is assumed that understanding the recognition of opportunities can help to eliminate the hidden fundamental attribution error. This kind of assumption, the underestimation of the power of situations and situational pressures, is inherent in the entrepreneurship literature which focuses on the behaviors of others (Ross, 1977). Fundamental attribution error is seen in entrepreneurship when praise is given to the great entrepreneurs for their individual skills and characteristics, ignoring the role that the environment played in the idea development (Dimov, 2007). The recognition of an opportunity, specifically those opportunities that are a great deviation from the norm, is an area of research that is prone to this flawed line of thought. Schumpeter (1934) saw the entrepreneur as someone with a vision for the future, a person who is always searching for ideas that will change the fabric of the world, leaving out the context that the entrepreneur worked within.

Ideas born from entrepreneurship opportunities cannot be fully understood until after the work has been done, since the initial idea and the final product are not the same. The shape and form of these business ideas is changed through the entrepreneurship process. Entrepreneurship is a social process that is filled with discussion and interpretation. The entrepreneur goes through many steps in order to polish the idea from the beginning of the process to the final product. A potential entrepreneur does not think and act alone, but is actively engaged in exchanges with the community around him or her. Research must go beyond the single person and single insight explanation for an entrepreneurship opportunity being actualized. Dimov (2007) began to fill this research gap, by developing three propositions which focused on: 1) the idea that opportunities in waiting can be shaped by the world surrounding the individual, 2) the current events of the individual's life, and 3) his or her personality characteristics.

There have been multiple calls to fill research gaps in entrepreneurship research of opportunity engagement (Dimov, 2007; Ireland and Webb, 2007; Short et al., 2010). The use of quantitative techniques for understanding why an individual chooses to engage in an opportunity has been of particular interest (Short et al., 2010). Additionally, there have also been calls to fill an entrepreneurship literature gap in terms of cross-disciplinary approaches to research opportunities (Ireland and Webb, 2007; Short et al., 2010). This paper addresses these gaps by looking at the cross-disciplinary approach between International Business and entrepreneurship, specifically how an immigrant's level of acculturation can impact his/her willingness to seize opportunities as framed by their context.

LITERATURE REVIEW

Entrepreneurship

Entrepreneurship is a multidisciplinary field (Ibarreche, 2013). Sociology, industrial organization, management, and microeconomics have all added to the research in an effort to understand the roots of a new business's success or failure (Gunter, 2012). Entrepreneurs are major drivers of economic activity and without entrepreneurs efficient economic activity and growth would be negatively impacted (Gunter 2012). Reasons for the success or failure of a business is a well-researched stream, as is trying to predict what leads a new business to succeed or fail (Watson, 2003; Watson and Everett, 1996), however, even with this intense focus on the initial start, only half of new ventures succeed (Aldrich, 1999). The basic nature behind

entrepreneur innovations is uncertain. Gunter (2012) sees entrepreneurship as the missing link between an individual's knowledge accumulation and economic growth.

The distinction between two categories of entrepreneurship is important for understanding the deeper reason one might choose to start their own business. Opportunity entrepreneurship is found among those who started a business out of desire. In contrast, necessity entrepreneurship is found among those who started a business to earn a living or to fill a wage gap. Individuals, who have experienced a shorter period of unemployment, less than eight months, are more likely to start their own business (Ritsila and Tervo, 2002). Short term unemployment also has a positive effect on new business creation by those individuals (Gilad and Levine, 1986). In fact, unemployment is the primary motivating factor for business ownership among necessity entrepreneurs (Block and Wagner, 2010; Robichaud, LeBrasseur, Riverin, and Zinger, 2006).

Entrepreneurship Opportunity

Various conceptual frameworks have been used to explain entrepreneurship opportunity. Lumpkin and Lichtenstein (2005) developed their own framework using organizational learning and built three approaches (behavioral, cognitive, and action learning) to develop a creativity based model of opportunity recognition which included the discovery and formation phases of the process. Dimov (2007) built on their work and proposed that the generation of opportunities is a function of contextual and social influences, rather than just the insights of an individual.

Dimov (2007) focused on the creativity rooted in the opportunity identification and the contextual events surrounding the entrepreneurship decision. By looking at gradual development of opportunities and combining creativity with entrepreneurship, stronger entrepreneurship ideas might be developed. Dimov (2007) conceptualized the presence of uncertainty and the need of the individual to act, emphasizing the situational and social influences, which direct attention, provide new information, interpretations, and reinforce beliefs. Dimov (2007) explained that the entrepreneurship opportunity goes beyond the single person, single insight, explanation previously relied on in entrepreneurship theory. Opportunities can be seen through a stream of constantly developing ideas, which can be shaped through social interactions, creative insights, and various other actions.

Dimov (2007) developed a series of propositions to support his framework. This paper begins to explore Dimov's (2007) second proposition, which holds that how an idea is developed should not be the entire focus. Dimov (2007) suggests that the individual's context plays a role that was previously unrealized and should have greater understanding. Additionally, this suggests that an entrepreneur's prior experiences can give shape to the opportunity development process (Weick, 1979). Individual learning can move past the individual entrepreneur and into a level of social learning when the entrepreneur seeks out other people as a means of engaging and organizing in the opportunity development process (Dutta and Crossan, 2005; Ravasi and Turati, 2005).

It is not just the pressures of the context that can shape the opportunity recognition; the characteristics of the task environment, the external environment of an organization which affects its ability to reach business goals, can also influence an individual's ability to generate ideas (Amabile, 1988; Oldham and Cummings, 1996). An individual's idea and reaction to the idea will depend on not just what the individual knows, but how it is interpreted in the context of his or her situation (Bontis, Crossan, and Hulland, 2002; Dimov, 2007; Weisberg, 1999). The

recognition of an opportunity has been connected with an individual's affect and this has been correlated with his or her cognitive processes. These affective processes may then drive aspects of the entrepreneurship development (Baron, 2008). What separates this concept from previous research is how the future entrepreneur is not separated from the context of the situation where he or she is present.

Entrepreneurship and Immigrants

Immigrants become entrepreneurs much more often than their locally born counterparts. It has been suggested that this occurs because the immigrant is excluded from the mainstream labor markets, due to work restrictions, local laws, and various hiring practices (Bogan and Darity, 2008; Minniti and Nardone, 2006).

The culture and environment of the host country may have some influence on the perceptions of entrepreneurship potential. Aliaga-Isla and Rialp (2012) found that the discovery process is based on the relationship between information had by the individual and the experiences the individual gained during their migration period. The knowledge gained by the individual in his or her country of origin was supplemented by the information acquired in the host country, through fine tuning and supplementation. Aliaga-Isla and Rialp (2012) also found that immigrants trust information coming from their social environment and consider that information sufficient when making entrepreneurship decisions. Foreman-Peck and Zhou (2013) used two scales to measure entrepreneurship culture in the immigrant's country of origin culture. The first measure examined the chance that a member of a migrant group will become an employer. The second measure relates to the effect of the country of origin on the probability of the immigrant becoming an employer. The second measure showed persistence of some cultures and change of other cultures, using immigrant data from 1910 and 2000. Foreman-Peck and Zhou (2013) found that northwestern Europe cultures were more stable, but did not have unusually strong entrepreneurship propensities.

Acculturation

The term acculturation refers to minorities who adapt some aspects of the host country culture while still retaining elements of culture from their home country (Teske and Nelson, 1974). In the case of Latin Americans living in the United States, acculturation is what merges the tradition of the Latino culture with the U.S. independence and ambition culture. This motivational influence of acculturation is at the core of the Latino middle class and the growing ranks of the wealthy Latino community (TRPI, 2007). Acculturation can be seen when a strong ethnic identification remains, even though changes in culture may exist (Penaloza, 1994). This change does not necessitate that the immigrant behaves similarly to the people of the new culture. The immigrant does not have to unlearn their home country culture in order to adapt to the culture of his or her host country, in the same way that the immigrant does not have to forget his or her traditional dances, foods, or ceremonies when learning those of the new culture.

Building on the concept of social ties as an indicator of acculturation levels, Putnam (2000) looked at the different ways an immigrant can acculturate to the host country. Using the concept of social capital, he proposed that the expected benefits stem from the preferential treatment and cooperation between people and their groups. Dividing social capital into *bonding* and *bridging* networks, Putnam developed a framework to differentiate between the ways an immigrant

creates network ties. Although these are concepts that are often mistakenly used synonymously, bonding ties refer to ties with people similar to the individual, whereas bridging ties refer to ties with people who are different from oneself (Ferlander, 2003). Bonding social capital is developed through inward looking networks, which reinforce exclusive identities and promote homogenous groups. Bridging social capital are networks that are open and outward looking. These types of networks encompass people from co-ethnicities (Putnam, 2000).

Bonding networks can be based on aggressive exclusion, to the point of limiting acculturation to the larger community. Stone, Gray, and Hughes (2003) found positive links between bridging capital to job and employment prospects. A person's social capital also reflected on his or her access to more resourceful networks, which was found to depend on the individual's reputation, material wealth, and position in the community (Lin, 1999).

Walseth (2008) looked at the effects of bridging and bonding networks on second generation immigrant athletes. The multi-ethnicity of the sports clubs in Norway made bridging social capital easy to develop, since the nature of the clubs forced the athletes to develop relationships with people of other ethnicities. Building from this research of benefits from group membership, Urwin, Pietro, Sturgis, and Jack (2008) found that just being a member produces a level of positive economic return, since it might give a positive signal to employers.

Immigrant Job Seeking Behavior

There are many instances in which individuals seek new job opportunities. Employees face employment transitions when they graduate from an educational program (Turban, Stevens, and Lee, 2009), retiring from the military (Baruch and Quick, 2007), or changing career paths (Ibarra, 2004). These employment transitions are typically done by individuals who have the same home and host country (Hakak, Holzinger, and Zikic, 2010). Immigrants face the additional challenges of understanding of a new culture, adopting a new language, and general country transitions. Immigrants who are from less developed countries face the possibility of finding opportunities they might not have had in their home country (Baruch, Budhwar, and Khatri, 2007).

Job search behavior is important when examining how immigrants transition from a home to host country, since a job search can be a major disruption in the life of an individual. Differences are looked at through ethnicity, but there are other differences which are left unaccounted for such as the cultural change and language difference (van Hooft and DeJong, 2009). Being an immigrant brings a number of potential job search difficulties for the immigrant, trying to assimilate into a different culture and adopting a new language often leads to limited access and understanding of information available and social network support in the host country (Hakak et al., 2010).

There are a number of variables that can play a role in the effectiveness of an individual's job search. Hakak, et al. (2010) found that social networks, language, and culture all acted as barriers to employment for immigrants. Language fluency has been related to immigrant in his or her job search outcomes (Guerrero and Rothstein, 2012). Native speakers of the local language, who might have a lower verbal ability, have the background and understanding of basic writing and verbal comprehension that is inherent in language fluency.

THEORETICAL DEVELOPMENT

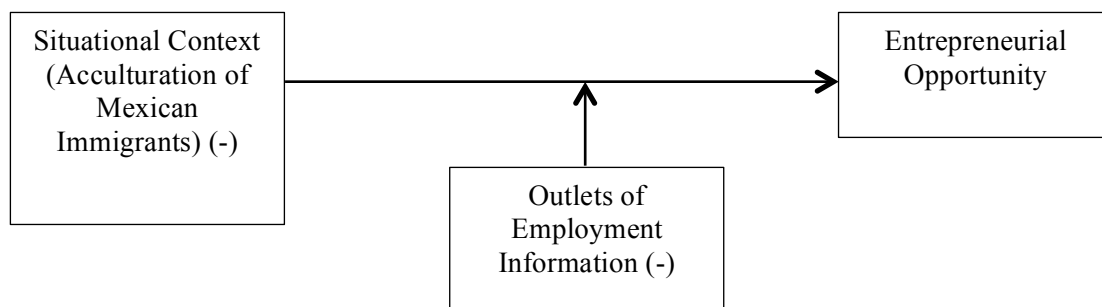
This paper investigates the impact of an individual's context on his or her ability to engage in a potential opportunity entrepreneurship. This paper tests Dimov's (2007) proposition that an individual's desire to engage in entrepreneurship activity will be correlated to his or her situational context. In other words, whether an individual has experienced a destabilizing change in his or her life when the individual is confronted with an entrepreneurship idea could change the likelihood of moving forward on the idea.

The level of an individual's acculturation into the dominant culture seems to play a role in how an immigrant identifies a potential entrepreneurship engagement. The interpretation of cultures and social norms, the approaches to gambling, to losing, to bankruptcy, and the different ways to view of failure (McGrath, 1999; Petzinger, 1997; Tezuka, 1997) could have an effect on an immigrant's decision to take advantage of an entrepreneurship opportunity. McGrath (1999) noted that individuals in collectivistic cultures assess the downside loss associated with engaging in entrepreneur activity as far more impactful than for individuals in cultures where failure is easier to overcome. In individualistic cultures, such as the United States, failures are professionally forgiven, so the effect of the downside loss is lessened (Petzinger, 1997).

Entrepreneurship opportunity could be a reason for an immigrant's migration (Lin and Tao, 2012). The resulting entrepreneurship activity draws on the resources from the immigrant's country of origin and his or her host country, becoming a driver towards the immigrant's transnational mode of economic adaption. This surrounding environment could easily be seen as the acculturation of the potential entrepreneur and may influence the entrepreneur and his or her choices (Chrisman, Chua, and Steier, 2002). Lin and Tao (2012) show the importance of context-specific determinants when looking at immigrant based entrepreneurship opportunity engagement. How much an individual identifies with the new culture could impact the person's desire to engage in the entrepreneurship activity.

The understanding of how an opportunity is identified would add to the deeper understanding of engaging in a potential entrepreneurship opportunity and to international entrepreneurship. This paper looks at how the level of acculturation impacts the individual's use of a potential entrepreneurship opportunity (see figure 1).

Figure 1
Conceptual Model.



Limited language capabilities and higher numbers of relatives in the community are expected to have a positive correlation with entrepreneurship activity, since an immigrant with those characteristics would exhibit lower levels of acculturation he or she would have a decreased understanding and comfort level with the host country culture. This lower level of acculturation would be correlated with the individual being more likely to identify and engage in entrepreneurship opportunities than immigrants with higher levels of acculturation, since lack of identification can negatively impact an individual's ability to obtain and maintain employment in an organization.

H1: A lower level of an immigrant's acculturation will be positively and significantly correlated with his or her engagement in a potential entrepreneurship opportunity.

The second relationship of interest in this paper is whether the variety in sources of information that an immigrant can access about potential employment opportunities changes the relationship between an immigrant's level of acculturation and engagement in a potential entrepreneurship opportunity.

The success of the immigrant's job search can be influenced by several factors. Guerrero and Rothstein (2012) found that skilled immigrants were more successful in their job search when they had higher language fluency, better social support and more cultural knowledge. These factors were in addition to job search clarity and job search intensity, which are factors that are well-supported in the job search literature. When immigrants have fluency in both the home and host country languages, they will have greater access to information about potential formal job opportunities. Greater access to job search information would increase the likelihood of the immigrant finding a job, which could decrease the necessity based entrepreneurship behavior of the immigrant (Hechavarria and Reynolds, 2009).

The more fluent immigrant would be able to look for employment opportunities in forums in their native language (newspapers from their home country, network connections in their home country, and media outlets out of their home country) and also through forums in the language of their host country. We hypothesize that when an immigrant has access to employment information through multiple languages, he or she will be less likely to explore entrepreneurship opportunities. This ultimately will have a negative effect on the primary relationship of interest in this paper.

H2: The number of languages an immigrant has to obtain employment information moderates the positive relationship between the immigrant's level of acculturation (situational context) and his or her desire to engage in a potential entrepreneurship opportunity, in such a way that the relationship is weaker when the number of ways of information is high than when it is low.

METHODS

Procedure

The Pew Research Center (<http://pewresearch.org/topics/immigration/>) collects primary data about various experiences of Latinos in the United States. The data utilized for this study was taken from their 2005 Mexican Migrant Worker Survey. The data were collected from seven

different cities in six different states, over a period of six months. Each data collection was conducted at the corresponding city's Mexican consulate, with applicants seeking a *matrícula consular* (an identification card issued by the Government of Mexico). Each respondent was asked to complete the survey while waiting at the consulate office and if the survey was completed, respondents would receive a phone card which could be used to telephone Mexico. If the respondent refused to finish the survey, the survey was marked incomplete and was not included in the final data set. Due to the bilingual nature of many of the respondents, the questions were asked in both English and Spanish. The responses to open ended questions were all translated to English. The translations were completed and then verified by the original respondent.

The Pew Research Center followed the widely accepted methodology for estimating the size and characteristics of the population surveyed, based on census and survey data (Bean, 2001; Lowell and Suro, 2002; Passel, Capps, and Fix, 2004). This methodology was used by the Pew Research Center to develop estimates based on a 2003 survey by the U.S. Census Bureau which measures the foreign-born population and gives detailed information on the population characteristics. The characteristics of the population sample in the 2005 survey referenced in this paper were compared to the U.S. Census 2003 survey and there significant similarities between the characteristics of the two populations.

Measures

Four questions from the survey were used to comprise the data for this paper. First, in order to establish if the individual was an entrepreneur, the questions concerning the type of work the respondent is engaged in are used. An example of these questions is, "*Are you an owner or proprietor of a business (in the US)?*" This question reflects the business ownership of the respondent. Respondents were able to select from the following answer choices: *Yes (1)*, *No (0)*, *Don't Know (98)*, *Refused (99)*, and *No Answer (00)*. Answer choices other than 'Yes' or 'No' were removed from the data set. While business ownership is not synonymous with entrepreneurship, Carree, van Stel, Thurik, and Wennekers (2002) argued that in modern economies, the trend of business ownership level is a fair reflection of developments in entrepreneurship level. Additionally, the benefit of using business ownership as a proxy for actual entrepreneurship activity is the availability of multi-country data (Wong, Ho, Autio, 2005).

The next questions used focused on identifying measures of an individual's acculturation. Wenzel (2006) used questions concerning dominant language usage and number of connections to people as a measure of an immigrant's acculturation to a new country. Following that lead, this paper used the survey question focused around language fluency, "*How much English do you speak?*" The respondents were able to select from the following answer choices: *A lot (1)*, *Some (2)*, *A little (3)*, *None (4)*, *Don't Know (8)*, *Refused (9)*, and *No Answer (0)*. Answer choices that did not address the level of the immigrant's fluency were removed from the data set. The other question used to determine the immigrant's level of acculturation looked at the number of connections of people within the same city. As Putnam (2000) found, an increase in familial ties suggests that the immigrant has a higher level of bonding social capital (ties with family or close friends with similar social characteristics), which is positively related to immigrants to develop exclusive relationships with people of the same community, preventing the immigrants

from acculturating to the wider host culture (Portes, 1998). Respondents were asked “*How many relatives do you have who live in the same town or city as you (in the U.S.)?*” and were able to give any number between 0 and 96 as an answer choice. The respondents were also given the option of selecting *Don’t Know* (98), *Refused* (99), and *No Answer* (97), these responses were removed from the data set used for this study.

The final question used focused on how the respondent received information about employment opportunities in the United States. The respondents were asked “*What are the two most important ways you get employment information here in the U.S.?*” Responses available included verbal communication in English, Spanish, written communication methods in English, Spanish, and media outlets. Specifically, the immigrants could choose from: *Talking with friends in Mexico* (1), *Talking with friends in the US* (2), *Mexican Newspapers* (3), *US Newspapers* (4), *Church/Temple* (5), *Radio/TV News* (6), *Community organizations* (7), *Job sites* (8), *Internet* (9), *Other* (10), *Don’t know* (98), *Refused* (99), and *No Answer* (00). The answer choices used included *Talking with friends in Mexico* (1), *Talking with friends in the US* (2), *Mexican Newspapers* (3), and *US Newspapers* (4). Answer choices that did not reflect a language preference were removed from the data set. Since the respondents were asked to select their two most important ways of getting employment information, it was important to treat sole language responses separate from a mixed language response. Respondents who chose the two Spanish language options (*Talking with friends in Mexico* (1) and *Mexican Newspapers* (3)) were treated as the Spanish moderating variable. Respondents who chose the two English language options (*Talking with friends in the US* (2) and *US Newspapers* (4)) were treated as the English moderating variable. Then respondents who chose a mixture of the two languages were treated as a Language Mix variable.

Demographics including: gender, age, education level, and marital status which were used as control variables.

RESULTS

Demographic Data

The demographics from the sample population reflected much of the same demographic data from a 2003 US Census Current Population Survey (Passel and Suro, 2005). There was a slightly larger majority of males (58%) to females (41%) in the surveyed population (see table 1). A large majority of the population is under the age of 40 (79.6%) and very few of the respondents were over the age of 65 (.4%). Over 30% of the respondents reported not having completed high school and almost 30% reported having graduated from high school or college. Few of the respondents reported being divorced (1%) or living in a common law marriage (.8%) and the most frequent response of marital status was married (46.2%). Most of the respondents reported having children (87.6%), with the majority having between 1-3 children (56.8%) with fewer respondents reported to have no children (8.4%).

Tests of Hypotheses

Table 2 shows the means, standard deviations, and correlations for all of the study variables. Strength and statistical significance of the correlations among variables provide tentative evidence for the main relationship. Limited fluency in English and higher numbers of contacts

were significantly correlated in the hypothesized directions to business ownership in the United States.

Table 1
Respondents' Demographic Data

Variable	Percentage (%)	Variable	Percentage (%)
Age		Marital Status	
0-18	7.6%	No Answer	14%
18-29	41.9%	Single	37.1%
30-39	30.1%	Married	46.2%
40-49	12.8%	Divorced	1%
50-54	2.3%	Widowed	.9%
55-64	2.9%	Common Law Marriage	.8%
65+	.4%		
Gender		Educational Level	
Male	59%	Did not attend school	4.4%
Female	41%	Did not graduate high school	31%
		High school graduate	20.7%
Number of Children		Tech school	35.7%
No Answer	4%	College	8.2%
0	8.4%		
1-3	56.8%		
4-6	30.8%		
		N=4836	

Table 2
Means, Standard Deviations, and Correlations

Variable	Mean	Sd	1	2	3	4	5
US Business Ownership	.04	.202	0				
English Fluency	2.55	.952	-.037**	0			
Relatives in the same city	9.43	10.598	.032*	-.108**	0		
Language variety in employment information (Spanish)	.19	.389	-.003	.099	-.011	0	
Language variety in employment information (English)	.62	.485	-.012	.025	-.037	-.331**	0
Language variety in employment information (Language Mix)	.75	.430	-.012	.105	.050	.273**	.731**

$n=4836$ for all variables, * $p \leq .05$ (2-tailed), ** $p \leq .01$ (2-tailed)

For a more detailed look at the correlation between acculturation and business ownership in the United States a linear regression was run on the main relationship using SPSS (see table 3). Beginning with English Fluency, there was a negative and significant relationship between fluency and U.S. Business Ownership at the $p \leq .01$ level. Meaning that as the level of fluency reported decreases, the likelihood of business ownership increases. The second factor of acculturation investigated was the number of family contacts in the same city as the immigrant. This variable showed a positive and significant relationship to U.S. business ownership at the $p \leq .15$ level. Those two factors are the determination for level of acculturation, thus hypothesis 1 was confirmed.

Table 3
Effects on US Business Ownership

Predictors	Dependent Variables	
	English Fluency	Relatives in same city
US Business Ownership	-.48**	.029*

$n=4836$, * $p \leq .15$, ** $p \leq .01$

Hypothesis 2 tested whether access to employment information in a variety of languages would negatively moderate the association between acculturation and U.S. business ownership. Following Evans and Lepore's (1997) criterion, it was determined that acculturation and U.S. business ownership were not correlated, this lack of a relationship allows for the application of language variety in employment information as a moderator for the model. The addition of the interaction was tested after all other variables were included (see table 4).

Table 4
Moderating Effects of Languages on Job Search Information on US Business Ownership

Variable	Model 1	Model 2	Model 3	Model 4
Gender	.018	.001	.001	.001
Age	.001***	.001***	.001***	.001***
Education Level	.001	-.003***	-.003	-.003
English Fluency		-.009	-.005***	-.046***
Relatives in same city		.000	.001	.030*
Language variety in employment information (Spanish)		-.004	.011	-.005
Language variety in employment information (English)		-.006	.012	-.008
Language variety in employment information (Language Mix)		.003	-.003	-.010
Acculturation x Language variety in employment information (Spanish)			-.001	-.020
Acculturation x Language variety in employment information (English)			-.001	-.051**
Acculturation x Language variety in employment information (Language Mix)			.000	-.066***
R^2	.002*	.005	.005**	.006*
ΔR^2		.003	.000	.001*

$n=4836$. Values are standardized beta coefficients.

*** $p < .05$, ** $p < .10$, * $p < .015$

In the first step control variables were entered. The predictor variables were entered in step two, followed by the moderator terms in step three. The final step included the interaction terms (the product of the moderator and the predictor) were included. Table 4 shows that language variety in employment information moderates the relationship between acculturation and US business ownership. A clear ordinal interaction is apparent, in support of hypothesis 2. Respondents who received information about potential employment opportunities in both languages were significantly and negatively related to the ownership of a business in the United States. Due to the nature of the variables in languages, job search, and acculturation, the potential of multicollinearity was a concern. In order to alleviate the concern of predictor variables in the model being correlated, thereby providing redundant information about the outcome, collinearity diagnostic statistics were run (see table 5). Each of the variables resulted in a tolerance above .800 and VIF close to the lower boundary of 1.

The other statistic that gave partial pause to the significance of the model was the small R^2 of .006 for the final model (see table 5). R^2 is used to determine how well the results can assist in prediction of the dependent variable based on the independent variables. While a smaller R^2 can be a reason for concern over the usefulness of the model, it does not necessarily mean the model is without merit. The purpose of this study is to explain how acculturation predicts entrepreneurship and the expectation is that there are many things that would contribute to the ownership of a business and immigrant acculturation levels is just one of those many things. With each development in the models the R^2 also increases, showing that with each step of modeling more information is explained by the model, increasing the predictive ability of the model.

Table 5
Collinearity Statistics

Variable	Tolerance	VIF	Minimum Tolerance
Language Fluency	.852	1.174	.835
Number of contacts	.993	1.007	.970
Spanish	.989	1.011	.966
English	.984	1.016	.964
Language Mix	.970	1.031	.960
Acculturation x Language variety in employment information (Spanish)	.989	1.011	.965
Acculturation x Language variety in employment information (English)	.988	1.012	.960
Acculturation x Language variety in employment information (Language Mix)	.981	1.020	.954

n=4836

LIMITATIONS AND FUTURE RESEARCH

Limitations

There are a number of limitations within this study, which revolve around the data sample. Remedies for many of these limitations will be discussed in the future research section. Immigrants are an understudied population, partly due to the difficulty experienced when trying to persuade an immigrant to complete a survey (Tourangeau, Edwards, Johnson, Wolter, and Bates, 2014). In order to take advantage of the work done by the Pew Research Center, variables were fit into the questions asked by the survey. Moreover, some of the questions asked by the Pew Research Center could have been considered unclear by the respondent (*How many relatives do you have who live in the same town or city as you (in the U.S.)?*)? This question could confuse respondents with how distant of relatives to count or if close friends are referred to as family members.

It has been noted that the use of business ownership for entrepreneur activity is a practice that has been used previously, but there are limitations to this substitution. Business ownership represents all respondents who currently own a business and does not delineate new start-ups from businesses which were purchased by the immigrant (Wong et al., 2005). Since this data does not give the ability to differentiate between the types of business ownership, there is the possibility that the results are not as representative as sole entrepreneurship activity would see, though Wong et al. (2005) do note that in advanced countries (such as the United States) there is a stronger likelihood of correlation between business ownership and entrepreneurial activity.

Finally, because the paper is based on secondary data, a true measure of cultural assimilation could not be used. Questions were found within the original survey which aligned with the standard measures used for assimilation, but this does not mean that different results could have been found with the usage of primary data.

Future Research

The direct acculturation-entrepreneurship relationship findings are noteworthy and should be further investigated. There could be other unexplained variables that might directly impact entrepreneurship opportunity engagement, including variables about immigrant friendship networks or access to funds. This study did not measure variables to detect the entire entrepreneurship process, so there is no clear distinguishing indicator between the entrepreneurship opportunity and the actual business ownership, which could result in a different relationship. Given the difficulty in collecting data from recent immigrants, the possible difference in correlation between entrepreneurship opportunity and actuality will be harder to determine, since it would require a longitudinal based study to look at the lifespan of an entrepreneur's idea.

In addition to these new paths, corrections for this study's limitations could also be made in future research. Using primary data would resolve two of the three previously mentioned limitations. Also considering a field experiment or a longitudinal study would add an additional layer of understanding to entrepreneurship research. Exploring the effect of bridging social capital on an immigrant's ability to take an entrepreneurship opportunity would look at the other side of the social capital equation suggested by Putnam (2000). Studies could also look at the

effects of different types of media (internet, radio, and television) on an immigrant's access to information about employment opportunities.

In closing, the results suggest that studying the situational context of a person may deepen knowledge of entrepreneurship activity engagement. This new perspective suggests fruitful pathways for new research and an interesting direction for entrepreneurship.

CONCLUSIONS

The results from this study make for an interesting discussion. The purpose of this paper was to test a previously unexplored variable in predicting business ownership in the U.S. Dimov's (2007) second proposition holds that an individual's immediate context affects how he or she interprets possible opportunities of entrepreneurship, by shaping the individual's thinking and engagement. Interpreting the environmental context experienced by recent immigrants to the U.S., this paper is able to look at how differing levels of fluency and cultural understanding influence an individual's ability to engage an entrepreneurship opportunity.

The results suggest that immigrants who have lower levels of acculturation are more likely to engage in entrepreneurship opportunities. This primary finding supports Dimov's (2007) proposition that a potential entrepreneur's situational context plays in his or her ability to identify an opportunity. The primary finding from this study extends entrepreneurship theory by confirming previously unexplored aspects of the individual, beyond the superficial understanding of how people form ideas of entrepreneurship (Dimov, 2007).

The significant and positive relationship between low acculturation and entrepreneurship is supported by previous research in acculturation, since when compared to native born counterparts, immigrants are more likely to become entrepreneurs. This is believed to happen due to exclusion from mainstream labor markets, work restrictions, preventative laws, and individual company hiring practices (Bogan and Darity, 2008; Minniti and Nardone, 2006). Opportunities of entrepreneurship have also been identified as a possible reason for an immigrant's migration (Lin and Tao, 2012). In the case of this study, as the fluency of the immigrant increases the correlation to business ownership in the U.S. decreases. The same consistency did not hold true for bonding social capital, as seen through higher numbers of family contacts. The correlation between the number of contacts and business ownership was strongest when the respondent had 51-75 family members who were living in the same area. The relationship between 76-100 contacts was also significant and positive, but it was not at an increasing strength.

This study also extends the immigrant job search literature. By conceptualizing access to the variety of employment information as a moderator in a model of entrepreneurship helps to illustrate a reason that might affect an immigrant's engagement in an entrepreneurship opportunity. Consistent with immigrant job search literature, that found that language fluency is one of the factors which can positively impact the effectiveness of an immigrant's job search (Guerrero and Rothstein, 2012), the greater the access to job search information will give the immigrant more opportunities to find potential employment. Specifically, this study found support for the second hypothesis, that when an immigrant has access to a wider variety of ways

of obtaining information about potential employment opportunities, there will be a negative effect on the immigrant's likelihood of engaging in an entrepreneurship opportunity.

The results of this study not only contribute to theory, but also have practical implications for managers and society. The biggest of these relates to the main relationship that shows how an entrepreneur's context can impact his or her ability to identify an entrepreneurship opportunity. As a community can benefit from an increase in entrepreneurship engagement, since entrepreneurial ventures can increase the local economy while decreasing unemployment experienced in the region. With the greater understanding of a relationship correlated with entrepreneurship engagement, communities can develop local laws and regulations to encourage entrepreneurship while decreasing the difficulties sometimes found with small business ownership.

Managerial practices can benefit from the use of the moderator effect in this study. Knowing that when there is an increase in the number of ways and languages an immigrant decreases his or her likelihood of engaging in an entrepreneurship opportunity, a hiring manager can use this information and increase the avenues that information about employment opportunities are distributed. In order to reach the most possible employees, posting information in multiple languages and in a variety of methods could increase the number of candidates who apply.

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HEALTH CARE LEADERSHIP AIN'T WHAT IT USED TO BE: EMOTIONAL INTELLIGENCE COMPETENCIES OF HOSPITALIST LEADERS

Michael Cherry, Lewis University, cherryymi@lewisu.edu

ABSTRACT

The challenges facing the United States healthcare system continue to evolve and raise expectations for physician leaders. These leaders serve at the intersection of clinical care and business realities and thus have the ability to influence improvement in healthcare quality and business performance. The purpose of this study was to determine hospitalist medical directors' performance on emotional intelligence (EI) competencies and their perceptions of the importance of these competencies to their leadership role. This quantitative study used a correlation research methodology. The results did not suggest strong correlations between self-reported EI competencies and hospitalist medical directors' perceptions of their leadership role. Further research is suggested to include multi-rater assessment and objective performance data rather than self-reported perceptions.

INTRODUCTION

The national debate regarding the state of the healthcare system in the United States is decades old. Several administrations, and most recently President Obama, have targeted healthcare reform as a top initiative. Consequently, the United States healthcare system is viewed by many as broken (Kirchheimer, 2008; Wachter, 2004a). Concerns about the healthcare environment include: the rising costs for individuals, businesses and hospitals, lack of access, the advent of managed care, the increased importance and visibility of hospital performance metrics, the influence exerted by insurance companies on care decisions, union relations, and greater media coverage and scrutiny related to the quality of care and ethics have kept the debate in the forefront.

As the healthcare environment continues to gain complexity, the past practices of physician leaders may no longer be effective (Beckham, 1995). Physician leaders are being challenged to change, adapt and improve their approach to effectively lead their organizations (McAlearney, Fisher, Heiser, Robbins, & Kelleher, 2005). As a result, many physician leaders are not prepared for the current leadership demands of their roles (Kaplan & Feldman, 2008).

This researcher has participated in numerous physician leader coaching engagements since 2002. One particular group, hospitalist medical directors, are seeking coaching with increasing frequency. Hospitalists are physicians who specialize in inpatient medicine and manage the care of hospitalized patients (Wachter & Goldman, 1996). A hospitalist medical director leads a hospitalist program within an organization. Through an analysis of the strengths and areas of improvement as articulated by physician leaders and those who they lead, this researcher believes that one method for improving some facets of the healthcare system in the United States is by enhancing the leadership acumen of hospitalist medical directors.

STATEMENT OF THE PROBLEM

The challenges facing the healthcare system in the United States have raised expectations for physician leaders to direct their organizations more effectively and efficiently (Beckham, 1995). Physician leadership is essential because these leaders serve at the intersection of clinical care and business realities (Gerbarg, 2002). Deficient leadership negatively impacts the organization, which can lead to lower performance of the hospital and can impact the performance of the healthcare industry (Greeno, 2003). The purpose of this study was to determine hospitalist medical directors' performance on emotional intelligence (EI) competencies and their perceptions of the importance of these competencies to their leadership role.

RESEARCH QUESTIONS

1. What are the EI competencies identified as important for leadership by hospitalist medical directors?
2. How do hospitalist medical directors rate their EI performance?
3. How do self-reported EI competencies correlate to hospitalist medical directors perceptions of their leadership role?

THE CHANGING LANDSCAPE OF HEALTHCARE IN THE UNITED STATES

Over the past century, reforms such as the institution of health insurance, the creation of Medicare and Medicaid, the increased use of technology, and improved medications have aimed at improving the efficiency and effectiveness of healthcare in the United States. However, many of these initiatives have not led to substantive change. As a result, the United States healthcare system is viewed by many as broken (Kirchheimer, 2008; McGlynn, et al., 2003; Starfield, 2000). Several of the reforms and influences are shown in the following graphic.

<i>Reforms</i>	<i>Influencers</i>
• Health insurance • Medicare and Medicaid • Increased use of technology • Improved medications • Obama Care	• Consumerism & Patient autonomy • Pricing pressure • Regulatory oversight • Marketplace competitiveness • Cost containment

These are challenging all healthcare leaders and specifically, physician leaders.

THE CHANGING ROLES AND RESPONSIBILITIES OF PHYSICIAN LEADERS

As the United States healthcare system gained complexity, the practices of physician leaders in this system may no longer be effective (Beckham, 1995; Lloyd & Lyons, 1995; Smith, 1990; Van Harrison, 2004). Physician leaders are being challenged to change, adapt and improve their approach to effectively lead their organizations (Lazarus, 1997; McAlearney, et al., 2005). Gerbarg (2002) suggested that, "Hospitals...were in short supply of experienced physician leaders and managers who could help to combine the business needs and models with the realities of clinical practice" (p. 3). As a consequence, many physician leaders are not prepared

for the current leadership demands of their roles (Kaplan & Feldman, 2008). An approach to assist with this challenge has been the creation of the hospitalist specialty.

Hospitalists: Responding to the Changing Landscape of Healthcare

Healthcare organizations, such as hospitals, have looked for care models to manage complexity and improve system performance metrics such as length of stay, quality of care, and patient satisfaction. One model was the establishment of the hospitalist specialty. Wachter and Goldman (1996) first coined the term “hospitalist” as a physician who treats patients in a hospital setting rather than an outpatient setting. Hospitalists generally do not have their own private practices rather, they care for patients who are hospitalized and referred to them by primary care providers (PCP). Upon completing the needed medical procedures and discharge from the hospital, the patients will return to their PCP for follow-up care and health maintenance. This specialty has proven to be an effective method for improving business performance. A 2007 study determined that;

67 percent of CEOs said hospitalists affective the cost of care positively. CEOs cite the following as being enhanced by their hospitalist program (in order of positive impact): quality of care (88 percent), quality of physician/hospital relations (74 percent), referrals from primary care physicians (72 percent), cost of care (67 percent), patient satisfaction (66 percent), independent physicians’ on-call coverage (60 percent) and attracting primary care physicians to the hospital’s staff (59 percent). (“On educating”, 2007, p. 74)

The results listed above appear to confirm that the hospitalist specialty is an effective method for navigating complex hospital settings and improving hospital performance metrics (Craig, et al., 1999; Wellikson, 2008).

However, researchers have cautioned that healthcare organizations critically evaluate the need and risks of adopting hospitalist programs (Alpers, 2001; Auerbach, et al., 2000; Brown, 1998; Lindenauer, et al., 2007; McDonald, 2001; McMahon, 2007; Plauth, Pantilat, Wachter, & Fenton, 2001; Sox, 1999; Srivastave, et al., 2005; Terry, 2008a; Vasilevskis, et al., 2007; Wachter & Goldman, 1999; Wachter & Pantilat, 2001; Wachter, Whitcomb, & Nelson, 1999). The potential disadvantages of hospitalists included discontinuity of care caused by the “hand off” of patients from PCPs to hospitalists which may lead to lower patient satisfaction (Calzada, 2002; Lo, 2001; Wachter, et al., 1999; Weissler, 1999), and hospitalist burnout because of the intense clinical pace (Goldman, 1999; Hoff, Whitcomb, & Nelson, 2002; Schroeder & Shapiro, 1999). In addition, researchers expressed concern over the ability of academic medical training to properly prepare hospitalists for the wide variety of competencies that are needed to function effectively in this role (Schroeder & Shapiro).

THE VALUE OF EI IN HEALTHCARE LEADERSHIP PRACTICE

The term and concept of EI was popularized by Salovey and Mayer (1990) as well as by a series of books and articles by Goleman (1995, 1998a, 1998b, 2000, 2001a, 2001b, 2002, 2006). EI is the ability to recognize one’s own emotions, sense emotional input from others, and react appropriately to that input (Noland, 2008). The concept of EI is tightly linked to IQ (Goleman,

1995) hence EI has also been called Emotional Quotient or EQ (Bar-on, 1988). For this research, EI was used.

The EI survey instrument adapted for this study was based on the EI theory proposed by Freedman (2007a). Freedman (2007b) defined EI as, “the ability to integrate thinking and feeling to make optimal decisions” (p. 81). Freedman’s (2007b) model of EI included three pursuits; emotional literacy, emotional management, and empathy. At the core of the model was the belief that “there is wisdom in feelings” (p. 34). The complete model is show in the table below:

EI Model: Freedman

Pursuit	Competency	Definition
<i>Know Yourself:</i> Increasing self-awareness, recognizing patterns, and identifying feelings lets you understand what “makes you tick” and is a first step in growth. Notice what you do	Enhance Emotional Literacy (EEL)	Accurately identifying and interpreting both simple and compound feelings.
	Recognize Patterns (RP)	Acknowledging frequently recurring reactions and behaviors.
<i>Choose Yourself:</i> Intentionality. Building self-management and self-direction allows you to consciously redirect your thoughts, feelings, and actions (vs. reacting unconsciously). Do what you mean	Apply consequential thinking (ACT)	Evaluating the costs and benefits of your choices.
	Navigate emotions (NE)	Assessing, harnessing, and transforming emotions as a strategic resource.
	Engage intrinsic motivation (EIM)	Gaining energy from personal values and commitments versus being driven by others
	Exercise optimism (EO)	Taking a proactive perspective of hope and possibility.
<i>Give Yourself:</i> Purpose. Aligning your daily choices with your values, combined with compassion, allows you to increase your wisdom and achieve your vision. Do it for a reason	Increase empathy (IE)	Recognizing and appropriately responding to others emotions
	Pursue noble goals (PNG)	Connecting your daily choices with your overarching sense of purpose

(Six Seconds, 2010)

EI and Healthcare

The investigation of EI in relation to healthcare was primarily conducted in the areas of patient care and medical education (Birks & Watt, 2007; Clarke, 2006; Humpel, et al., 2001; Kooker, Shoultz, & Codier 2007; Pau & Croucher, 2003; Wagner, Ginger, Grant, Gore, & Owens, 2002). EI has been shown to lead to higher patient satisfaction and improved clinical performance (Austin, Evans, Magnus, & O'Hanlon, 2007; Deshpande & Joseph, 2009; Fariselli, Freedman, Ghini, & Valentini, 2008; Freshwater & Stickley, 2004; Smith, et al., 2008; Wagner, et al., 2002). Through using EI, physicians and caregivers are able to recognize and use emotions to facilitate communication, decision-making, and information gathering. Akerjordet and Severinsson (2004) concluded, "EI integrates important personal and interpersonal skills, which can lead to flexibility in handling change and better quality of care in the future, creating a more humanistic, compassionate and healing environment within health care" (p. 170). Unfortunately, studies have stated that critical EI competencies of, "self-awareness, initiative, empathy, conflict management, integrity, team management and other professional behaviors are typically missing from the clinical evaluation checklist" (Smith, et al., 2008, p. 298). While high value was placed on EI competencies in a healthcare environment, it appeared that practicing and applying EI competencies in this environment was a challenge.

Although EI has been shown to be important in the delivery of excellent patient care and improved administration, much less research has been conducted on the links between EI and physician leaders (Epstein & Hundert, 2002; Kerfoot, 1996). There have been no studies, to this author's knowledge, that links hospitalist medical directors and the use of EI to their leadership approach.

RESEARCH DESIGN

This research employed a number of statistical techniques. For research questions numbers one and two descriptive statistics such as mean, standard deviation, and range were used. For research question number three two techniques were used. The first was the Analysis of Variance (ANOVA) which, "determine the effect of independent variables on dependent variables" (Gay, Mills, & Airasian, 2006). The second was correlation which, "involve[d] collecting data to determine whether, and to what degree, a relationship exists between two or more quantifiable variables" (Gay, Mills, & Airasian, 2006, p. 191).

LIMITATIONS

Assessing EI

A limitation for this study related to the multidimensionality of the EI construct (Bechara, et al., 2000; Davies, et al., 1998; Lam, & Kirby, 2002; Mayer, Caruso, & Salovey, 2000; McCallum & Piper, 2000; Rozell, et al., 2002). Due to this multidimensionality accurately assessing an individual's or a group's EI presents a challenge. Cherniss (2001) admitted, "There is still much that is unclear about the nature of emotional intelligence, the way in which it should be measured, and its impact on individual performance and organizational effectiveness" (p. 9). Becker (2003) supported this conclusion and proposed that EI, "has proven resistant to adequate

measurement" (p. 193). Some authors have proposed that a standard definition be established and, based on this definition, standardized measures be developed (Davies, et al., 1998; Law, Wong, & Song, 2004). While these suggestions require caution, given the continued development of the EI construct, "one should anticipate the body of reliability and validity evidence to be growing with each new study" (Gowing, 2001, p. 131). To limit the challenge of multidimensionality, the researcher chose a survey instrument that was founded on an approach and theory that was developed in 1997 (Freedman, 2007b). In addition, this theory has been widely adapted to multiple industries (Freedman, 2007a). However, another challenge was faced because the participants were self-reporting.

Self Reporting

This study sought to determine how hospitalist medical directors assess their performance on EI competencies and their perceptions of the importance of these competencies to their leadership role. This approach was a potential limitation because self-report survey designs could be subject to respondent bias. Respondents, "may intentionally misrepresent the facts in order to present a more favorable impression" (Leedy & Ormrod, 2005, p. 184). Essentially, the respondents may provide answers that the researcher wants to hear (Joseph, Berry, & Deshpande, 2009; Robson, 2002). This bias can impact the validity of EI assessments.

Sample

In total, 178 hospitalist medical directors, managing three or more hospitalist physicians, working in multistate, outsourced physician services organizations were invited to participate in this survey. This sample size represented 39.5% of the total population of hospitalist medical directors working in multistate, outsources physician services organizations. As with any quantitative survey, "the larger the sample, the better" (Leedy & Ormrod, 2005, p. 207). However, since this was a correlation study the sample size was representative because, "at least 30 participants are needed to establish the existence or nonexistence of a relationship" (Gay, et al., 2006, p. 110).

An additional limitation of this sample was the use of hospitalist medical directors from outsourced physician services organizations. With any research that focuses on a specific population, the ability to generalize the research findings to other populations may be challenging (Gay, et al., 2006). In essence, this specific population may not be representative of all hospitalist medical directors and certainly may not be representative of all physician leaders.

Survey Limitations

In addition to sample size concerns, the reliability of the survey instrument was questionable. The Cronbach's alphas, measure of reliability for the original SEI 360 Feedback International Edition were determined yet the reliability statistics for the revised survey used in this research had not been calculated at the time of this study. To address the reliability of the instrument, the researcher calculated the Cronbach's alpha for the collected data. This calculation was shown in the following table.

Cronbach's Alpha Calculation

Pursuit	Competency	Cronbach's Alpha
Know Yourself	EEL	.761
	RP	.712
Choose Yourself	ACT	.687
	NE	.766
	EIM	.614
	EO	.635
Give Yourself	IE	.628
	PNG	.418

Since several of these Cronbach's alphas are below the .70 level, the researcher explored different combinations of questions to determine if higher Cronbach's alphas could be reached which would indicate higher reliability (Garson, 2010; UCLA, 2010). For example, in this research, by removing one item from the ACT competency the Cronbach's alpha increased from .687 to .721. For the competency EIM by removing two items the statistic increased from .614 to .653. Therefore, the revised ACT and EIM competencies were used for further calculations in this study.

For the competency PNG the highest Cronbach's alpha statistic determined through various combinations of items was .507. For this competency the researcher then calculated correlations and found that no items correlated above a moderate level, .450 ($p < .01$ or $p < .05$). This result could be related to the multidimensionality of the EI construct. Therefore, the researcher decided not to include PNG in further research because the measure did not represent the variable, thus the resulting calculations would not accurately represent the degree of the relationship (Gay, et al., 2006) and compromise the findings.

FINDINGS

Descriptive Statistics

In summary, the majority of the respondents worked in 100-200 bed suburban hospitals. A majority of respondents indicated that they had been physicians for over 11 years and had been with their current organization for less than five years. In addition, a majority of respondents indicated that they had been in an appointed hospitalist leadership role for less than five years which also corresponds to their length of tenure as a hospitalist. Finally, respondents indicated that most supervised between six and 10 hospitalist physicians. In addition to these demographic questions a number of questions were asked to determine whether, as leaders, respondents had influenced programmatic success since becoming medical directors. The responses to these questions are shown in the following table.

Descriptive Statistics for Hospitalist Success Factors Ordered by Question Number

Since I have become a medical director...	N	Range	Mean	Std. Error	Std. Deviation
I make decisions that lead to positive results	57	2	4.75	.063	.474
Length of stay at the hospital has been reduced	57	4	4.19	.129	.972

Quality of care indicators have improved	56	2	4.63	.083	.620
Cost of hospitalization has been reduced	56	4	4.02	.141	1.053
Patient satisfaction scores have improved	55	4	4.27	.133	.990
My time spent on direct patient care is appropriate	54	3	4.30	.144	1.057
My time spent on administration (i.e., budgets, strategic planning, employee evaluations, policies and procedures, and committees) is appropriate	55	4	3.55	.179	1.331

EI Importance

The first research question in this study was, “What are the EI competencies identified as important for leadership by hospitalist medical directors?” This question sought to elicit how important the leader felt an EI competency was to their leadership role. A Likert-type scale was used in the questionnaire to measure the importance of the 32 EI items. Numbers were assigned to the responses for coding and analysis. The choice of “not important” received a 1, “unimportant” received a 2, “neutral” received a 3, “important” received a 4, and “very important” received a 5. The results for the top five and bottom five ranked items are show in the following tables.

Top Five Items Ranked by Means

	N	Range	Mean	Std. Error	Std. Deviation
I have integrity	58	1	4.90	.040	.307
I genuinely care about people	59	1	4.83	.049	.378
I take responsibility for solving problems instead of blaming	59	1	4.73	.058	.448
I make decisions based on important values	58	1	4.72	.059	.451
I think of solutions even in challenging situations	59	2	4.69	.065	.500

Bottom Five Items Ranked by Means

	N	Range	Mean	Std. Error	Std. Deviation
I discuss the emotional impact of decisions	59	3	4.07	.093	.716
I accurately explain why someone feels a particular way	59	3	4.03	.108	.830
I appropriately communicate about emotions with others	58	3	4.00	.107	.816
I use a wide variety of feeling words	59	2	3.95	.089	.680
I am able to talk about what makes me anxious	59	4	3.88	.135	1.035

Based on these findings, the surveyed physician leaders ranked the importance of ethical problem solving higher than the importance of discussing emotions.

EI Performance

The second research question in this study was, “How do hospitalist medical directors rate their EI performance?” This question sought to elicit the participants’ perception of their EI performance. A Likert-type scale was used in the questionnaire to measure the importance for the 32 EI items. Numbers were assigned to the responses for coding and analysis. The choice of “not important” received a 1, “unimportant” received a 2, “neutral” received a 3, “important” received a 4, and “very important” received a 5. Again, descriptive statistics were employed to assess the participants’ perception of their EI performance. The results were shown for the top five and bottom five are shown in the following tables.

Top Five Items Ranked by Means

	N	Range	Mean	Std. Error	Std. Deviation
I have integrity	59	2	4.78	.064	.494
I genuinely care about people	59	2	4.66	.075	.576
I make decisions based on important values	58	2	4.64	.068	.520
I take responsibility for solving problems instead of blaming	59	2	4.54	.074	.567
I think of solutions even in challenging situations	59	3	4.49	.095	.728

Bottom Five Items Ranked by Means

	N	Range	Mean	Std. Error	Std. Deviation
I am able to explain my feelings	59	4	4.00	.118	.910
I discuss the emotional impact of decisions	59	3	3.95	.109	.839
I accurately explain why someone feels a particular way	59	3	3.76	.112	.858
I appropriately communicate about emotions with others	59	3	3.75	.110	.843
I am able to talk about what makes me anxious	59	4	3.69	.139	1.071

Based on these findings the participants ranked their problem-solving performance higher than their performance in emotional dialogue.

EI and Leadership Role

The third research question sought to identify the relationship between self-reported EI competencies and the respondents’ perceptions of their leadership role. As indicated earlier, two statistical techniques were used including correlation and ANOVA. Correlation was used to

analyze the relationship between EI competencies and hospitalist success factors. The EI pursuit Choose Yourself which is comprised of the EI competencies ACT, NE, EIM, and EO was hypothesized to be positively correlated to number of years as a hospitalist, number of years at the hospital, and number of years as a hospitalist medical director based on the medical directors' choice of the organization and role. This conclusion was not supported. However, there was significance at the $p < .05$ level regarding ACT and "number of individuals that report direct to you" [$F(2, 51) = 3.319, p = .044$]. A post hoc comparison was conducted using Bonferroni. This test indicated that there was a significant difference in ACT and 11+ individuals reporting to the leader. This result may indicate that when hospitalist medical directors lead larger staffs they are taking greater care in evaluating the consequences of various choices.

EI and Hospitalist Program Success

There was a weak correlation between the "length of stay at the hospital has been reduced" and Exercise Optimism (EO) ($r = .284, n = 57, p = .05$). In addition, there was a weak to moderate correlation between "quality of care indicators have improved" and Engage Intrinsic Motivation (EIM) ($r = .329, n = 56, p = .05$). Finally, there was a weak to moderate correlation between "my time spent on administration (i.e. budgets, strategic planning, employee evaluations, policies and procedures, and committees) is appropriate" and Navigate Emotions (NE) ($r = .354, n = 54, p = .01$).

Implications and Recommendations

A finding of this research is that the hospitalist medical directors believed EI to be important for leadership. It would be important for future researchers to employ a multi-rater approach when exploring EI and leadership. Bailey and Austin (2006) proposed that "utilizing such systems [multirater feedback] for employee development, organizations are tacitly endorsing an assumption of many learning theories -- that providing feedback on performance will result in improvements in individuals' subsequent performance" (p. 51). Surveying those that are being led and those that interact with a leader regarding their perceptions of the leader's EI performance would provide valuable insight for both the leader's and the organization's development.

It would also be important for future researchers to utilize data collected by hospitals and other groups regarding the performance of the medical directors. In this survey the "hospitalist success factors" were self-reported. In future research the "hospitalist success factors" could be determined, for example, by Press-Ganey scores, hospital data, and data collected by the outsourced physician services organizations. By using this data the comparison would be based on objective performance measures rather than perceptions of success.

Another exploration for further research would be to use additional statistical techniques. One such technique would be the analysis of covariance (ANCOVA). ANCOVA is a, "technique for controlling extraneous variables" (Gay, et al., 2006). The technique adjusts scores and essentially "levels the playing field". For example, perhaps the comparison of EEL and number of years at your current organization is being influenced by the variable, number of years in your current

leadership role. ANCOVA would adjust the comparison by moderating the effect of number of years in your current leadership role.

As with any research that focuses on one population, the ability to generalize the research findings to other populations may be difficult (Gay, et al., 2006). Future researchers may be interested in expanding the scope of physician leaders beyond hospitalist medical directors, managing three or more hospitalist physicians, working in multistate, outsourced physician services organizations.

CONCLUSIONS

The challenges facing the healthcare system in the United States continue to evolve and raise expectations for physician leaders. These leaders play a vital role in the effective and efficient functioning of their organizations (Beckham, 1995). They serve at the intersection of clinical care and business realities thus have a unique place and ability to influence organizations to both improve quality of healthcare and business performance (Gerbarg, 2002). As highlighted previously, deficient leadership negatively impacts organizations which, in turn, can impact the performance of the healthcare industry (Greeno, 2003). Physician leaders would be well served to focus on developing their leadership acumen and EI training could be an effective leadership tool and topic for research.

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CREATIVITY AND INNOVATION: AN ESSENTIAL LINK OF THEORY AND PRACTICE

Scott A. Kerth, Lewis University, kerthsc@lewisu.edu
Tiffany Yates, Benedictine University, tiffanyyates@hotmail.com

ABSTRACT

Is the value in developing knowledge and possessing knowledge if that knowledge is never applied? Leveraging value from knowledge is important in the world of Organizational Development and is the motivation behind this article. The aim is to demonstrate the need and benefits from developing explicit links between underlying theory and practice interventions within innovation processes. Linking underlying theories with intervention practices achieves the following: better intervention outcomes and improved organizational environments. In an attempt to progress the understanding of innovation management through the application of organizational development principles, we describe a 6-step framework linking innovation theory to innovation interventions.

INTRODUCTION

Business leaders are facing ever-increasing challenges to remain competitive in a time of constant and quickening change with tighter resource constraints. In today's Internet and knowledge economy there are numerous books, training programs, consultants, and experts advising organizations on how to improve or increase innovation. While all areas of scholarship and practice can benefit from closer integration of theory and interventions, this is especially true in the area of innovation.

“In an increasingly knowledge-based economy, pinpointing the factors that shape the ability of organizations to produce influential ideas and innovations is a central issue for organizational studies. Among all organizational outputs, innovation is fundamental not only because of its direct impact on the viability of firms but also because of its profound effects on the paths of social and economic change” (Sorensen and Stuart (2000) p. 81).

To be unambiguous, the definition being used for innovation is Rogers' (1995) as referenced in Yates (2011) where innovation is seen as new to the individual, group or organization. Thus “newness” is subjective to those adopting the innovation and not absolute. In this environment it is easy to find customer or expert testimonials advocating the benefits of using their particular approach, yet, selecting the appropriate or best intervention is still speculation and difficult to assess. Furthermore, consultants and managers responsible for implementing, managing or improving the innovation process will benefit when they select the intervention technique based upon testimonials *and* an understanding of how, why and when such an intervention is best suited for a given objective, situation, or context. This is possible when interventions are explicitly linked to underlying theory.

PRACTICAL AND THEORETICAL OD INTERVENTIONS

The field of Organizational Development (OD), both in practice and theory, must distinguish innovation techniques and interventions from mere trial and error. Scholarly publications can have a greater impact in the world of practice and theory development if they encourage articles that are more explicit in explaining the steps practitioners can take during the innovation processes. This provides a tighter link between practice and change theory and provides an intellectual fountainhead for future assessment and learning. Improvement in innovation practices must link change theory and practice to ensure a vigorous and relevant future for the field of OD.

Leading figures such as Lewin, McGregor, Trist, and Emery, set the example by leveraging foundational OD fieldwork with organizations to test and build theories (Weisbord, 2004). Furthermore, rigorous research provides relevant and applicable learning for management practices by blending scholar-practitioner perspectives (Finchman, 2009; Hodgkinson, 2009; Kieser, 2009). This article suggests a need for an explicit linkage between practice and theory in the sphere of creativity and innovation.

In both the study and practice of OD, interventions play a key role in the evolution of theories and scholarship. At times theories may precede practice. In finance Modern Portfolio Theory was developed in the 1950s but it was not actively used until the 1970s and 80s. At other times practice may precede theory or operate independent of theory, as may be the case with Six Sigma and Continuous Improvement. Such situations offer opportunities for scholarship to develop the linkages between theory and practice and thus add to the world of academics and practice.

Both practitioners and scholars need to be knowledgeable as to how theories support interventions and how interventions grounded in theory help practice and scholarship. Grounding interventions in theory affords contextual framing of the issues and phenomena occurring during an intervention. This provides opportunities for informed assessments of success or failure thus leading to educational opportunities and real knowledge advancement. Connecting interventions to theory can result in new theoretical insights if unexpected results are observed. When there is a theory to support an intervention if the results are different than expected one can look to the theory and see what might be the cause. Following a theoretical source for interventions offers a baseline for comparison. Without a theory grounding an intervention, unexpected events are more difficult to explain and interpret. The intervention and the local context might be different than the theory provides so the results are different. Connecting interventions to theory is analogous to stating the hypothesis a priori. Theory is needed to anchor the intervention so the assessment is informed and knowledge based, as opposed to random and speculative.

THE IMPORTANCE OF PRACTICE TO THEORY

Scholars can also benefit from linking theory to interventions. A direct connection can help explain how scholarly ideas and research supports real world interventions (Rynes, Daft, & Bartunek, 2001). Tenkasi and Hay (2004) highlight four main benefits that come from linking theory and practice; that of framing, legitimizing, sense making and demonstrating. In

Cooperrider, Sorensen, Yaeger and Whitney (2005) they extend the rigor and explanatory benefits of theory building to argue that theories contain generative power which moves theories from the realm of thought into the realm of action and active interventions. Corley and Gioia (2011) remind us of Lewin's famous insight that "nothing is quite so practical as a good theory" and add "theory is the currency of our scholarly realm..." (p. 16). Finally Hitt and Smith (2005) say "In a very practical sense, good theory helps identify what factors should be studied and how and why they are related. A high quality theory also states the conditions and boundaries of relationships." (as cited in Corley & Gioia, 2011 p. 18).

Additionally, practice allows for ideas to be tested and evidence to be gathered while greater insight is developed. This permits for broader and more specific theoretical support to be developed as comprehension is expanded, thus contributing to a richer explanation of the phenomena. Practitioners can clearly see benefits of a particular intervention by linking theories to tools or techniques used during an intervention. When practitioners observe interventions and assess outcomes connecting these results back to a guiding theory and comparing actual vs. expected benefits allows for informed learning. Some variations in outcomes occur due to unforeseen dynamics and this can add to the existing theory. Other variations can occur if the guiding theory is not appropriate for the situation and still other variations can result from failure to following the theoretical recommendations. The important point is to make the link between underlying theory and practice intervention so that outcomes and knowledge are improved.

The practitioner sphere benefits from explicit examples detailing theoretical knowledge to organizational management practices and issues. The McKinsey Quarterly is an example of a well-recognized magazine published by a practitioner organization that attempts to justify why their interventions should be used. There are other consulting organizations and professional societies that distribute magazines, white papers, opinion briefs, and blogs with similar intentions, to demonstrate the benefits of their approach. Such efforts by practitioners to demonstrate linkages between their practice and underlying theory is driven partially by marketing demands but also in an effort to share knowledge and improve the practice of management.

From the academic perspective it is easy to find theoretical support for the tighter integration between theory and practice. Rynes, Daft, & Bartunek (2001) argue for closer research looking at practice and theory together. Woodman (2008) believes such research can reduce the scholar-practitioner gap, and Tenkasi and Hay (2004) believe such research can improve change management practices, going so far as to make explicit calls to "create theory-practice linkages" (p. 204). Though scholars are interested in understanding how theories stand up in practice and value feedback to evaluate or modify their theories there still appears to be a stubborn gap or lack of knowledge transfer between theoretical understanding and management practice. The difficulty in researching and writing up findings can explain some of the gap. Professional incentives in the academic sphere combined with different comfort levels and personal predispositions toward intellectual pursuits and theory formulation as opposed to people and process interventions also contribute to this gap. Erasing the gap is not the goal as scholars and practitioners exist in different worlds and have different objectives. The request is for greater effort on behalf of journals and university advancement committees in recognizing the effort and value associated with explicit links between underlying theory and practice interventions.

THE IMPORTANCE OF THEORY TO PRACTICE

A theory provides a foundation and structure in which to analyze a scenario. A theory requires disciplined contemplation and comes about through extensive reflection and testing of logic to supply the critical components and their interactions. Valid theories, over time, are subjected to rigorous scrutiny. The linkage of scholarship and practice more quickly occurs when articles provide explicit examples and information demonstrating how theories support specific interventions. This also arises when interventions used by consultants and managers are explicitly grounded in underlying theories and evidence is provided to help support such theories.

Seasoned scholars are calling out the importance of articles that build upon, contribute to, extend, and/or develop new theories (Cooperrider, Sorensen, Yaeger and Whitney, 2005; Corley & Gioia, 2011; Rynes, Daft, & Bartunek, 2001; Tenkasi and Hay, 2004). But then why is it that research by Hay, Woodman, and Tenkasi (2008) they find only 3% of a group of scholar-practitioners feel that underlying theory was applied during real world change efforts (p. 57)? It is the explicit linking of the theories to interventions that is needed to overcome this incongruity.

Practitioners relying on interventions that are not grounded in theory are analogous to playing darts while blindfolded. Wearing a blindfold makes it hard to see if your dart hit its intended target. Intervening without a guiding theory obscures insight making it hard to assess if the tool or technique was successful. Evaluating outcomes without a theory to act as a base to measure against limits the usefulness of the evaluation process. One neglects the educational aspect that comes from being able to compare end results with initial hypotheses. In addition, linking the underlying theory to interventions provides greater context to the intervention and helps the practitioner frame the situation. Proper contextual framing helps build stakeholder support and improves communication by clarifying assumptions and perspectives.

In the present journal environment, a practitioner reading the literature is presented with “recommendations” and “findings” which lack concrete actions or steps that can be implemented after reading such articles. At times the literature seems to be as useful to a manager as is watching a magician’s performance for someone aspiring to be a magician. Neither provides substantive actions on what needs to be done next. The struggling magician must find other sources and invest significant time in trial and error to work out the experienced magician’s hidden actions. While the non-scholar consultant or manager must spend precious time working out the implied actions and activities necessary for an intervention based upon an article’s theoretical discussion. In both cases there are many questions left to be answered and significant work that is not explained. Encouraging and publishing articles to bridge this gap will certainly benefit practitioners and managers and move scholarship forward.

LINKING THEORY AND PRACTICE TO THE APPLICATIONS OF INNOVATIONS

Escalating the linkages of theoretical and practical understanding of innovation holds significant interest for both practitioners and scholars given the increasing interest in innovation by businesses, government, and other social organizations. Improving practice and scholarship

around progression is important to help drive economic growth and create competitive advantage as well.

Uniting two perspectives on innovation, theoretical and practical, into constructive applications is complex, intricate, confusing, and challenging. Who are these special OD innovation leaders that instinctively draw from theory during interventions, thus abstracting maximum value? These unique individuals can be described as *Innovation Sherpas*. Traditionally, Sherpas are an ethnic group from the Himalayan Mountains who assist explorers trying to reach the highest peaks, including Mt. Everest. These individuals are expert mountaineers combining years of tacit knowledge gained from living in the unique environment. This develops extensive experience navigating the client through a challenging and difficult journey to high altitude summits.

This analogy, “*Innovation Sherpa*”, is an individual hired to assist innovation practitioners through the challenging and difficult language of theory. These interpreters offer a skill-set for linking innovation theory and innovation practice. They are experts who assist the process consultant or client in constructing applications from innovation theory. A possible preliminary framework to guide an *Innovation Sherpa* is listed below:

Step 1: Theory Translation

The initial step takes the theoretical knowledge, translating the theory into what it means for practice. How can the intervention be constructed to so that it draws upon or builds from the theoretical base?

Step 2: Model Building

After making sense of the theories and conceptualizing their link to practice, construct a simple drawing, analogy, or example to illustrate the key points.

Step 3: Integration

Name components of the theory, with specific details from the practitioner scenario, by integrating organizational design elements.

Step 4: Incorporation

An organizational view incorporates the broader environment surrounding the area targeted for intervention. Exposing an expanded situational context to the guiding theory illuminates areas requiring theoretical expansion or differentiation. Building a framework that recognizes unique situational factors allows for customization between theory and intervention.

Step 5: Active Adjustment

During the intervention unforeseen events will surface as is customary in dynamic environments. Drawing from the underlying theory and leveraging the contextual checklist developed in step four adjustments can be made. This ensures that the resulting modifications stay grounded in the guiding theory and deviations are theory based.

Step 6: Evaluation and Feedback

The final step is an overall evaluation to review the entire process and either confirm the link between theories and practice, modify/extend theory to taking into consideration new information, or modify practice.

A case underscoring the opportunities for the *Innovation Sherpa* are articles explicitly linking theory to practice that provide concrete examples of the tools and techniques needed to navigate challenges to implementing innovation. For instance brainstorming is widely cited in the innovation literature. It is one of the few examples researchers provide to illustrate a tool or technique that can be used to assist one part of the innovation process (Amabile, Hadley, & Kramer, 2002; Andriopoulos & Lewis, 2009; Coyne & Coyne, 2011; Hansen & Birkinshaw 2007; and Leonard & Sensiper, 1998).

CONCLUSION

The practice of OD in the area of innovation management is a valuable renewable resource constrained only by the effort, imagination, and expectations of the field. This paper serves a dual purpose in articulating a deficit in the literature and a call to action. The expectation is to draw attention to the dearth of articles explicitly detailing the linkages between innovation theory and specific supporting interventions. Furthermore, here lies a request to encourage scholars and practitioners within innovation to work together to mutual benefit.

This paper illustrates the opportunity to narrow the divide between innovation theory and practical application amongst the field of OD. Without such approaches theory development may languish. Valuable resources available for interventions may be wasted. By encouraging theoretical articles containing explicit links to innovation interventions, both spheres (scholarship and practice) may rapidly converge with new discovery.

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GENERATIONAL DIFFERENCES AT WORK: HAVE WE MISSED SOMETHING?

Kelly Pledger Weeks, Rhodes College, weeksk@rhodes.edu
Caitlin Neese, Centenary College, schaffert.caitlin@gmail.com
Caitlin McLysaght, Augustana College, caitlinmclysaght13@augustana.edu

ABSTRACT

The current paper is an attempt to take a step back from the trend in research on generational differences in the workplace. We examine whether there are different definitions for common concepts, such as work ethic and meaningful jobs, across generational cohorts. To do this, we interviewed 5 managerial level employees from each of the four generations (Traditionalists, Baby Boomers, Generation X, and Millennials). Findings indicated that there are, indeed, different perceptions of what makes a meaningful job, different ideas about what it means to have a high work ethic, and varying perceptions of other generational cohorts on these issues. Future research should use more complicated and inclusive definitions of these terms to study a larger and more diverse sample of employees.

INTRODUCTION

As more and more Millennials enter the workforce, companies are beginning to notice differences in the way this generation reacts to workplace issues and in what they seem to value at work. As the popular media stresses ways to motivate Millennials, researchers have begun to study whether there are actual differences across generations. In addition to actual differences, researchers are also examining the importance of perceived differences.

There are four commonly accepted generations currently in the workforce. These include the Traditionalists (born between 1922-1945), the Baby Boomers (born between 1946-1964), Generation X (born between 1965-1983) and the Millennials (born between 1984-2002; Sullivan, Forret, Carraher, & Mainiero, 2009). Popular literature on generational cohorts often observes that each group has similarities that are likely due to the similar events that they have experienced in their lives. For example, Traditionalists may have been influenced by World War II and the Great Depression, leading them to have an ingrained desire to work hard, be loyal and take nothing for granted (Hankin, 2004). Baby Boomers lived through Woodstock and the Civil Rights Movement, as well as the prominent assassinations of Martin Luther King, Jr., and John F. Kennedy. These huge changes in the country may have caused uncertainty and anxiety and led Baby Boomers to believe in hard work and determination, which led them to become the current leaders of our companies today (Callanan & Greenhaus, 2008). Generation X were children during a time when adult divorce was skyrocketing. Even when their parents were still together, they often both worked, leading Generation X to be known as "Latch Key Kids." They were youth during the Challenger Explosion and the fall of the Berlin Wall. These events likely helped them become independent and value balance in life (Nicholas, 2009; Hankin, 2004). Finally, Millennials were children during 9/11 and the Iraq War, but they mostly experienced significant wealth and opportunity in the nation, until the recent economic downturn. They have never known a world without significant technology and enjoy collaborations and teamwork through technological mediums (Nicholas, 2009).

In response to the overwhelming amount of popular literature and the underwhelming amount of empirical data, several authors have attempted to determine whether there are real generational differences in values, attitudes and behaviors in the workplace. Although the empirical data is lacking, there have been some key studies examining the differences between the groups in the workforce. Much of the focus has been on work ethic or work centrality, desire for work-life balance, and the use and understanding of technology in the workforce.

When looking at work values, Twenge, Campbell, Hoffman, and Lance (2010) suggest that younger generations are not seeking meaning at work because Millennials were “slightly” less likely to value intrinsic rewards, which are defined as working for work’s sake, and they also scored lower on finding a job that is interesting, provides a challenge and makes an impact on others. This corresponds to Smola & Sutton’s (2002) finding that work centrality doesn’t seem as important to Generation X as it did to older generations.

Miller, Woehr, and Hudspeth (2002) defined work ethic as a multidimensional concept having to do with attitudes about the value of work. The dimensions identified by Miller *et al.* (2002) include centrality of work, self-reliance, hard work, leisure, morality/ethics, delay of gratification and wasted time. Although Sullivan *et al.* (2009) found that there was no significant difference between Generation X and Baby Boomers on the desire for challenging work, Smola and Sutton (2009) found that Baby Boomers considered work significantly more central to their lives than Generation X did. They also found that Generation X had a significantly higher desire to be promoted quickly and believed that working hard makes one a better person. In one of the first large-scale studies to review literature including Millennials, Twenge, et. al. (2010) found that Baby Boomers had a significantly lower work centrality than Gen X, who had a significantly lower work centrality than Millennials. In a review, Twenge (2010) concluded that Millennials have a lower work ethic than the other generational cohorts, as measured by willingness to work overtime. Becton, Walker, and Jones-Farmer (2014) also found that Generation X were less likely to be willing to work overtime than Baby Boomers, which may be interpreted as a sign of a lower work ethic. Interestingly, their study also found evidence that Generation X was less likely to be willing to work overtime than Millennials. Generation X also showed the lowest level of work ethic across the three generations (Baby Boomers, Gen X and Millennials) in a study by Meriac, Woehr, and Banister (2010) where work ethic was considered across the six factors described by Miller *et al.* (2002). However, Meriac *et al.* (2010) argue that differences in definitions or measurement equivalence across generations may explain more of the variance than actual generational differences.

Overlapping with work ethic, researchers have also examined the desire for work-life balance. Sullivan *et al.* (2009) found that Generation X desired more balance than Baby Boomers, and Twenge *et al.* (2010) found that Millennials seek freedom and balance more so than Gen X and Gen X seek more than Baby Boomers. This same trend held for valuing leisure. Millennials valued leisure more than Gen X, who valued it more than Baby Boomers. Similarly, Sullivan, *et.al.*, (2009) also found that Generation X has higher needs for balance than Baby Boomers.

Based on discussions with executives wanting to learn how to recruit and retain Millennials, as well as with Millennials in current college classes, the authors of this paper decided that maybe something was missing in the interpretation of the data on some of the previous studies. What if

the definitions of concepts, such as Work Ethic and Meaningful Work are actually different in different generations? Therefore, the current study was designed to take a step back and ask some specific questions to determine perceptions of employees' own and other generations in relation to the key concepts of meaningful work and work ethic.

METHODS

We attempted to determine what employees think about their own generation and how they compare that to their perceptions of other generations. Based on previous literature on generational differences in the workplace, we asked questions about what makes a meaningful job, definitions and perceptions of work ethic and work life balance, as well as perceptions about other generations.

Participants and Procedures

We interviewed five participants from each of the four generations, for a total of 20 participants. Participants were all at a managerial or professional level in the workforce, with many being attorneys, accountants, professors or retail managers. All of the participants were from the same regional area, and 45% of them were female. Thirteen of the participants had completed a graduate degree, three had completed their bachelor's degree, and four had a high school diploma.

The interviews took between 30 minutes to an hour per participant, and were recorded and then transcribed for accuracy. Researchers followed a semi-structured interview guide with each participant receiving the same questions with some ability for follow up responses if necessary. Researchers then sorted the answers by question or topic and by generation. We each took a subset of interview transcripts and examined them for trends. The lead author first analyzed four interviews (one from each generation, chosen at random) to establish an initial set of codes. The second and third authors then applied these initial codes to 4 randomly chosen interviews (one from each generation) in order to refine the list and develop any new codes necessary. After discussion and resolution of differences, a master code list was developed. We used this code list to code all of the interviews. This process resulted in a list of eight categories that were covered. These included: Individual Values, Definitions of Work-Related Concepts, Stress at Work, Working in Teams, Technology, Work-Life Balance, Work Ethic and Perceptions of Other Generations. In order to examine the definitions and perceptions of generational cohorts, we focus on the trends relating to definitions of meaningful and ideal job, work-life balance, and work ethic, as well as perceptions of other generations on these concepts.

RESULTS

Each generation's idea of a meaningful job was determined by questions asked on what makes a job meaningful, what participants' ideal jobs would be, and whether it is important for personal values to align with company values. Each generation's idea of good work ethic was determined by questions on important personal characteristics as well as general questions about work ethic. Each generation's perceived generational attributes were determined by questions asked on generations' best and worst attributes.

Meaningful Job

There were a variety of questions asked to determine what participants considered a meaningful job to be. The participants were asked questions like, “How important is it to you that your job has meaning?”, “What would a meaningful job look like?”, and “Do you see any generational differences in desire for a meaningful job?” Since an ideal job also factors into a meaningful job, other questions asked that were relevant were ones like, “What is your ideal job?” Finally, the correspondence between individual values and company values also seems relevant to the idea of a meaningful job, so the question used was, “How important is it to you that your personal values are similar to your company or future company’s values? Why?” See Table 1 for an overview of the results described below.

Traditionalists. Traditionalists believed that it was very important for a job to have meaning. One individual said, “I can’t even imagine going to a job that I didn’t like, that I didn’t think had value” (77 years old, female). This seemed to be the general consensus among Traditionalists. When asked what a meaningful job would look like, Traditionalists seemed to think a job that is personally challenging and growth-oriented, while giving one an opportunity to help others would be what a true meaningful job consists of. For example, this 71-year-old Traditionalist said,

“... it has to be challenging and I think if your job does not challenge you to improve your skills then you’re not in the right job... so I think you have to hope that your job always allows you to grow” (female).

The ideal job for Traditionalists seemed to be one that was both challenging and flexible. They wanted to be able to work around their own hours that they set, but still be challenged by the work they were doing. When it came to whether or not it was important for the Traditionalists values to be aligned with the company’s values that they were working for, the answer was: absolutely. Traditionalists found it extremely important that your personal ethics were not compromised by the business’s ethics. They believed that there needed to be integrity and honesty. One 70-year-old Traditionalist put it this way,

“... I think character, integrity, moral behavior, all of that is just critically important. And the company, the thing that I see, I don’t think there’s any difference between business ethics and personal ethics. And the reason I say that is because business ethics is a reflection of the people that run the company” (male).

When asked about whether they saw generational differences in this area, Traditionalists generally believed that younger generations did not care as much about a job that had meaning. However, some of them were willing to admit that it could just be their perception of the younger generations. For example, a 71-year-old Traditionalist mentioned, “I think it’s a perceived image. I have perceived that some who might even have college degrees are not exerting the same amount of effort as I am. And I mean younger people” (female). See Table 2 for an overview of positive and negative perceptions across generational cohorts on each dimension.

Baby Boomers. Baby Boomers also believed it is very important for a job to be meaningful. A 51-year-old Baby Boomer said,

“If I didn’t get personal fulfillment and feel like I was doing something good, it would be miserable to put that much time and effort into something... it would be miserable and I’m sure I would regret it terrible” (female).

When asked what a meaningful job would look like, Baby Boomers believed that it was when your work aligned with personal goals and when you can help others accomplish their goals. One Baby Boomer said, “... success at achieving your personal goals and if you’re working with other people, helping them achieve their goals, whether it’s yourself or your clients” (59 years old, male). The ideal job for Baby Boomers provides independence, interaction with others and clear communication. When asked if they saw generational differences in this area, Baby Boomers believed that Millennials and Generation X care more about money than meaning. A 52-year-old Baby Boomer mentioned, “I really find some of our younger employees, it’s more about the compensation. I think the meaning of the job tends to come a little bit later...” (female). They also believed that Traditionalists just want to work all the time. When it came to the importance of personal values and company values being aligned, they seemed a little less adamant about it than the Traditionalists, but Baby Boomers did still believe it was important. A 59-year-old Baby Boomer said, “It’s important; I don’t think they have to be exact, but you have to be pretty close on the same page or it’s not going to work for you, you’re going to be unhappy” (male).

Generation X. Generation X was also of the opinion that having a meaningful job is important. One Generation X member said, “From my perspective, if your job is without meaning or seemingly without purpose, what would get you out of bed?” (36 years old, male). Generation X believed that a meaningful job would be one that allowed them to pursue individual career goals and growth, while still maintaining balance. They saw their ideal job as one that allow them to be independent, flexible and innovative. One member of Generation X said,

“... if you feel like you are progressing individual, that you are not just stuck, that you feel that your work is not all-consuming or that you feel that you can strike a good balance... that you are part of an organization with good values, those kinds of things” (40yo, female).

Generation X members did believe that they saw generational differences when it came to a meaningful job. They believed that Traditionalists will work long hours without complaint, that Baby Boomers only want more money and don’t care about meaning, and that Millennials were mostly concerned about their personal lives. A 40-year-old member of Generation X said the following, which exemplifies some of these views:

“I do see that the different generations approach their job differently... the closer you are to the Traditionalists, the more that you are wanting to do what’s right because it’s right. And then the closer you are to the Millennials... you are wanting to do what’s best for you, and if that coincides with your job, that’s good, but if it doesn’t then it means you are more likely to go in search of something else...” (male).

When it came to the alignment of personal and company values, Generation X members did not think it was as important as Baby Boomers and Traditionalists did. A 41-year-old Generation X member put it this way: “Company values change a lot more often than mine – depending on who is running the company. I can’t count on the company to have consistent values” (male). *Millennials*. Although older generations said that Millennials didn’t seem to care about meaning at work, Millennials said that they actually thought that having a meaningful job was very important. One Millennial said, “Absolutely important. I’ve always told my dad that I would rather make nothing and love going to work every day than make a ton of money and hate going to work every day” (23 years old). Millennials believe a meaningful job is one that includes personal happiness and fulfillment, having nice coworkers, helping others, and being challenged. A 24-year-old Millennial stated, “I really think the most meaningful job is a job of service... if you can do something that you know in one way or another directly benefits somebody else, it can also be very rewarding” (male).

When asked if they saw generational differences in desire for a meaningful job, Millennials believed that they cared more about having a meaningful job than any of the older generations. Several Millennials said that Baby Boomers, Generation X and Traditionalists only work for the money, and do not care about meaning in the job. One Millennial said, “In a lot of ways I feel like I’m more ambitious than my boss and part of that is that he’s just really laid back (he’s 32), and I think that I need to find meaning; I need to work for something and feel that it’s really cool and not just getting by” (23 years old). When asked what their ideal job would be, Millennials wanted a job that included interaction with others and was relaxed. A 26-year-old Millennials said, “I like dealing with people, I like meeting everyone... the way the firm treats me is very relaxed atmosphere, very casual” (female). Millennials believed that it was fairly important for personal values to align to company values. One Millennial said, “... I think if I was constantly in conflict with what I felt like I was doing in my job and how I wanted to do it and those with I was trying to work with I would never feel satisfied with the work I was trying to produce” (23 years old).

TABLE 1: DEFINITIONS OF A MEANINGFUL JOB

	Traditionalists	Baby Boomers	Generation X	Millennials
Meaningful job	Personally challenging & growth-oriented, helps others	Accomplish own goals and help others accomplish goals, personally fulfilling	Individual growth & reward, maintain balance	Personal happiness & fulfillment, helping others, challenging, nice coworkers
Ideal Job	Challenging & flexible	Autonomy, clear communication, interaction w/ others	Independence, flexibility, be innovative	Interaction w/ others, relaxed
Work aligns with Values	Definitely necessary	Nice, but not as necessary	Ok, but not necessary--my values are important, but company values change	Fairly important

TABLE 2: PERCEPTIONS OF EACH GENERATION

	Traditionalists	Baby Boomers	Generation X	Millennials
Positive	Experience, perseverance, focus, work ethic, integrity, dedication, company loyalty, highly committed, steadfast	Experience, perseverance, focus, a little more adaptable than Trads., strong work ethic & values	Creative, more well-trained, fast paced, adaptable, best work/life balance, hard workers	Creative, big hopes & dreams, energetic, tech savvy, takes care of themselves, adaptable
Negative	Only working for money, trouble relating to others, set in their ways, not adaptable, narrow-minded, slower at work so much work more hours	Only working for money, trouble relating, set in their ways, not tech savvy	Only working for money, materialistic, haven't experienced adversity, no commitment, distracted, cynicism	Only working for money, can't communicate (b/c of technology), don't work as hard, want instant gratification, lack interpersonal skills, entitled, no commitment, unreliable

Work Ethic

There were a variety of questions asked to determine what participants considered good work ethic to be. The participants were asked questions like, "What differences do you see in work ethic between younger and older workers?" and "What are the most important personal characteristics needed to be successful in any job?" See Table 3 for an overview of the results that follow.

TABLE 3
Definitions of Work Ethic

	Traditionalists	Baby Boomers	Generation X	Millennials
Beliefs about Work Ethic	<i>Older:</i> stronger work ethic, working long hours, weekends and overtime <i>Younger:</i> lack of commitment	<i>Older:</i> stronger work ethic, more loyal to company, less work/life balance <i>Younger:</i> weak work ethic, impatient for success	<i>Older:</i> better work ethic <i>Younger:</i> Millennials entitled, want to do less but get more	<i>Older:</i> stronger work ethic <i>Younger:</i> appear non-committal b/c of how they adapt, better at

				technology, faster
Important personal characteristics for success?	Loyal, flexible, good communicator, hard worker, takes initiative, independent	Hard worker, honest, open, people skills, adaptable, motivated	Integrity, taking initiative, trustworthy, competent, team player	Communication skills, hard-working, innovative, humble, willing to learn

Traditionalists. Traditionalists generally seem to believe that older generations have a stronger work ethic and that there is a lack of commitment and effort from younger generations. One Traditionalist said, “I think the older people have a more pronounced work ethic than the younger people but that’s not always true” (77 years old, female). Traditionalists believe that working long hours is part of what it means to have a good work ethic. They say that they work weekends and have trouble sleeping because of work. One person said, “I don’t have a lot of hobbies,” and another said that she “wake(s) up in the middle of the night thinking of things I have to do.” When it comes to what characteristics Traditionalists believe a person needs to be successful, they believe loyalty, flexibility, good communication skills, taking initiative, being independent and a hard worker are all important characteristics to have. A 71-year-old Traditionalist stated, “I think you need to give 110 percent, need to think independently, and you need to be honest and truthful and loyal” (female). When asked about other generations, a Traditionalist participant described it this way, “Younger workers don’t act as independently, they don’t knuckle down and get the job done.”

Baby Boomers. Baby Boomers have the opinion that older workers have a stronger work ethic, are more loyal to their company, have less of a work/life balance, and spend lots of time in the office. One Baby Boomer said, “the older generations were willing to wait longer for rewards and stayed loyal to the company.” Baby Boomers say that they don’t balance work and life as well as younger generations seem to. Baby Boomers “come in on weekends to get things done.” One participant also said that “older generations are not tolerant of flextime,” meaning that they need to actually be in the office working. Similarly to the Traditionalist above, one participant said that she doesn’t make enough time for herself: “I don’t let work interfere with my family, but it interferes with sleep. I never missed a ballgame. I sometimes forgot to have fun time for myself though.”

On the other hand, Baby Boomers believe that younger workers have a weaker work ethic, are impatient for success, have more of a work/life balance, and like to work from home. They say that Millennials and Generation X don’t do what it takes to get the job done. One Baby Boomer said,

“Older workers have a stronger work ethic. Younger workers want more of a work-life balance, want to work to enjoy what they like to do whereas the older generations feel like all they can do is work, there’s not much of a balance there” (56 years old).

Another Baby Boomer agreed: “Millennials want rewards and achievements much faster—loyalty to the company isn’t as important to them.” Not all of the participants blamed this lower work ethic on laziness. For example one Baby Boomer said,

“The Millennials believe in ideals, want to do a good job, but don’t know what it takes to do it. They don’t come in on time in the morning, they don’t take work home. We want to treat them as professionals. It’s more of not understanding what is expected rather than laziness.”

As far as important characteristics for a person to have in order to be successful, Baby Boomers desire someone who is a hard worker, honest, open, adaptable, motivated, and have people skills. A 62-year-old Baby Boomer stated, “A friend of mine called it ‘fire in the belly.’ I’d call it passion, I think desire overcomes a lot of deficits” (male).

Generation X. Generation X believes that older workers have greater work ethic and younger workers (Millennials) are entitled and want to do less but get more. They see Millennials as more concerned with themselves than the company. When it came to what characteristics were important to be successful, Generation X thinks that integrity, trustworthiness, competent, taking initiative, and being a team player are all critical. One Generation X members said, “... integrity and character are the most important things to me. Being a team player is huge to me at all levels, hard worker, good work ethic – mainly just working hard, having good character, playing well with others, all those basic things” (40 years old, female). On the other hand, Generation X participants implied that balance was a bit harder. They still value balance, as is evidenced by the following quote:

“From the time you clock in to the time you clock out, you belong to your employer...so the more that you give, the more you are going to make financially. But then I think that the flip side of that is that I like it when I clock out, I leave it at the office.” (40 year old female)

However, other Generation X participants said that it is harder to keep work at work. One participant said that “family comes with me sometimes on work trips” in order to balance the two.

Millennials. Millennials think that older generations have stronger work ethic while younger generations may appear non-committal because of how they adapt. Millennials speculate it could be because of how they were raised. One Millennial said,

“... the older generations might say we’re lazier, but I feel like everyone has different motivations like I said, older people have kids in college or things like that, they have different motivation” (26 year old, female).

In fact, it may be that Millennials define work ethic differently than the older generations: One Millennial said, “I think older workers are willing to put in a little more effort in terms of things may come easier to the younger generations because we can adapt to change better.” Another Millennial said,

“ I think we are super creative, and have some great skills and understanding that the world is so connected in so many different ways, and obviously more open to change and growth but then they (some millennials) think they are entitled.”

Overall, Millennials believe that they can do most work quicker than Baby Boomers or Traditionalists, and then think they should be able to leave if the work is finished. In fact, all generations agreed that the older two generations longer hours than the younger generations. A Millennial participant said that Traditionalists and Baby Boomers have a strong “commitment to work no matter what the sacrifice.” Another said that “older people spend more time at work—on weekends than younger generations.” Interestingly a Millennial participant said that “Millennials work so that we can have leisure time, we will work more during the week to have the weekend off,” and another said that try to leave work at work and they feel like it is important to take care of family first. A 26 year old female said, “When home, I try to be at home-try to focus on home.” On the other hand, a Baby Boomer participant summed up their perspective by saying that “Millennials and Generation X don’t work as hard and don’t do what it takes to get the job done,” and a Traditionalist said that “the younger people are better at balance because they don’t work on Saturday.” Regardless of which perspective is true, it is interesting to note that the older generations say that the younger workers don’t seem to work as hard.

As far as important personal characteristics to have to be successful, Millennials believe that communication skills, being a hard worker, innovativeness, humility, and a willingness to learn are all very important. A 23-year-old Millennial stated, “I think you need to be positive, hardworking, friendly to a point where you’re not going to alienate others by being competitive where they’re going to appreciate you for your kindness and your hard work” (female). (See Table 2 in Appendix.

DISCUSSION

The results of this study show some clear results that can explain some of the disparities across generational cohorts. First of all, every generation believes that having a meaningful job is important. Interestingly, each cohort also believes that the other generations are simply working for money and do not care about meaning. The detrimental effects of these negative perceptions of other generations will be discussed later. For now, it is interesting to point out that each generation defines “meaningful” and “ideal” work differently. For example, Traditionalists want work that is challenging, but still helps people (indicating service to community); while Baby Boomers specify that they also want to be challenged and help others, but their version of help is to help other employees reach their goals. Generation X thinks that a meaningful job will bring growth, reward and work-life balance. Millennials agree that challenge is important in a career, but they also want personal happiness, nice coworkers and to be able to help others. While all care about challenge and helping others, their definitions of these vary, which would definitely affect their answers on a quantitative, specific survey question. It will also affect their interactions with each other at work. If one of the most important things in a job to Millennials is coworkers, then they will respond better to teamwork and interactive activities, as opposed to Traditionalists, who would like to work from home when possible. If each generation believes that the others are only materialistic and do not care about value or meaning, they will likely

have a cynical view of people's intentions, behaviors, and attitudes at work. This could cause conflict quickly. If everyone thinks that their cohort is more invested, cares more, etc., there will likely be differences of opinion that are based in faulty perceptions. Communication would likely help this problem. Understanding that most employees want meaningful work and even what that means to each group could help ward off unnecessary conflict early.

When asked about what it takes to be a successful employee, all generations had similar answers: hard working, trustworthy, good communication, motivated. However, when asked about work ethic across generations, the answers varied. All generations said that Traditionalists and Baby Boomers work longer hours and are more loyal to their companies. In addition, all generations agreed that Millennials sometimes act entitled to rewards before they have earned them. However, the different definitions of work ethic may explain some of the findings. Traditionalists and Baby Boomers cited long hours, weekends and overtime as proof that they have a high work ethic. Interestingly, Millennials discussed using technology to achieve outcomes faster so that they do not have to work as many hours. Millennials may believe that a good work ethic is to work hard until the project is finished, and then it is time to enjoy life. It isn't about "face time" or being in the office for long hours, as is often the way work ethic is measured.

The differences in work ethic will likely be more complicated to solve than the definitions of meaningful work. If employees truly believe that long hours in the office is the way to prove yourself loyal to a job, then they aren't likely to see any other possibility. Alternatively, if employees believe that once the job is at a good stopping point, employees should be allowed to and even expected to relax, they will likely not want to work much overtime. Millennials and Generation X may view the older generations as slow or not very technologically savvy, while the older generations will likely view Millennials and Gen X as slackers. Negative perceptions can cause a gulf that is difficult to traverse. Cunningham (2007) found that negative perceptions will affect organizational outcomes, regardless if the perceptions are built on facts. If generational cohorts believe the perceptions they have about other generations, they will treat each other more negatively, which will affect communication, satisfaction and intentions to quit (Cunningham, 2007).

This research confirms that generations may define issues related to work differently. Therefore, there should be a call for an incorporation of more possibilities into empirical surveys. For example, if we only ask whether people are willing to work overtime or weekends, we will assume that Millennials and Generation X have low work ethic. We may not take into account whether they can finish the job faster and more efficiently and therefore feel no need to work the long hours. We should incorporate a variety of perceptions and definitions into our surveys as we examine generational differences in the workplace in the future.

In addition, we need to encourage more communication and respect across generations at work. If we can talk about our differences in communication style, beliefs about what it means to be hardworking, and our need for work-life balance, we can begin to understand things from each other's' perspectives. This is the first step to improving employee relationships across generations.

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Author Bio

KELLY P. WEEKS is an Assistant Professor at Rhodes College in the department of Commerce and Business. Her classes, research and consulting focus on issues of diversity and inclusion in the workplace. Her favorite classes are Diversity in the Workplace, Social Issues of Business, and Organization and Management. She has published and presented on the need for more LGBT-inclusive laws to attract entrepreneurs, the effects of stereotypes across generations at work, the effect of racial prejudice on selection interviews, and the overlap between socioeconomic class and race in employment decisions. Dr. Weeks enjoys doing research with students, and has published with several students over the years.

EXPLORING THE EFFECTS OF MINDFULNESS ON EMOTIONAL EXHAUSTION AND COUNTERPRODUCTIVE WORK BEHAVIOR OF EMPLOYEES

Pratigya Sigdya, University of North Texas, Pratigya.Sigdya@unt.edu

ABSTRACT

Although prior research has established that mindfulness trait is associated with psychological wellbeing, little is known about the influence of mindfulness trait on the tendency of employees to engage in counterproductive work behaviors. This study examines the relationship between mindfulness trait, counterproductive work behaviors, and emotional exhaustion. Using data collected from working students (undergraduate level), I found that mindfulness is negatively related to emotional exhaustion and counterproductive work behaviors, and emotional exhaustion mediates the relationship between mindfulness and counterproductive work behaviors. These results suggest that organizations would benefit by recruiting employees with high level of mindfulness trait.

INTEGRATING CONTENT ON MANAGING PROJECTS INTO THE UNDERGRADUATE BUSINESS CURRICULUM

Carla Messikomer, Project Management Institute, carla.messikomer@pmi.org
Vijay Kanabar, Boston University, kanabar@bu.edu

ABSTRACT

As more organizations implement their strategic objectives via projects, there is an increasing number of jobs that require expertise in their management. To respond to this need, a global group of faculty developed a new set of guidelines for teaching the essential strategic, behavioral and technical skills required to perform on project teams. This PDW will describe a set of undergraduate curriculum guidelines for: introducing project management (PM) into the undergraduate business curriculum; expanding current content; or, for integrating key project management topics into a course in an allied discipline. A foundational course outline created by a group of experienced teaching faculty will also be presented which can be used in whole or in part in undergraduate teaching.

Author Bio:

CARLA MESSIKOMER, PhD, is the Manager, Academic Resources at Project Management Institute. She has played a significant role in supporting research and education in the discipline of project management in many ways. She is a sociologist and research scholar who has published in the field of organizational ethics and healthcare. She is the co-editor of *Advancing Human Resource Project Management*.

ENTREPRENEURIAL ORIENTATION, STRATEGIC FLEXIBILITY, AND FIRM PERFORMANCE: A THEORETICAL META-SYNTHESIS FOR CONCEPTUALIZING A TWO-WAY PROPOSITIONAL CONCURRENT FRAMEWORK

Sumeet Jhamb, Southern Illinois University Carbondale, jhamb.sumeet@siu.edu

ABSTRACT

Very few strategic entrepreneurship studies have considered strategic flexibility as a mediating construct in the EO-performance relationship. The objective of this paper is to advance the understanding of this research by (1) uncovering the performance-based implications of strategic flexibility, and (2) exploring the nature of cause-and-effect associations in the EO-flexibility-performance link. This review-based research develops a theoretical framework to furnish a bedrock for scientifically interlocking the past literature into empirically testable propositions concerning various multilevel interactions. Eventually, recommendations, implications for research, theory and practice, and further courses of action are suggested to extend and unify a set of interrelated research issues.

INTRODUCTION

Making a living is important, but going beyond what is not oftentimes seen by several members of society can be of great concern to many people. Entrepreneurship is presently a very popular term in the scholarly literature and there is a tendency to regard entrepreneurship as something inherently good, something firms should always pursue. This may be because of anecdotal evidence in favor of, rather than against, a positive relationship between entrepreneurial activities and firm performance. Dess, Lumpkin, and Covin (1997) have examined the inherent nature of entrepreneurship in a very comprehensive depth and suggest that the empirical evidence on the link between entrepreneurship and performance is very strong. In a similar vein, Entrepreneurial Orientation (EO) has received substantial conceptual and empirical attention, representing one of the few areas in entrepreneurship research where a cumulative body of knowledge is developing. Entrepreneurial orientation has become an important and extensively researched topic in the literature. Empirical results suggest that EO may influence firm performance. However, it is important to determine whether the EO-performance relationship is sustainable as EO can be a resource-consuming strategic orientation for many firms.

In the strategic management and entrepreneurship literature, there are several streams of research that focus on firm performance (e.g., Saeed et al., 2014; Zott and Amit, 2008; Johnson, Hays, Center, and Daley, 2004; Frame, 2008). One of them is based predominantly upon an economic tradition, highlighting the significance of external market considerations in determining the success of an organization (Hansen and Wernerfelt, 1989; Agrawal and Knoeber, 1996; Hill and Snell, 1988). Yet another stream of firm performance research dimensionalizes the sociological and behavioral paradigm, while operationalizing a cluster of organizational elements and their strategic fit with the environment as the foremost determinants of success in managerial decision-making (Olson, Slater, and Hult, 2005; Daft, Sormunen, and Parks, 1988; Halebian and Finkelstein, 1993). Theory or empirical evidence of strategic

associations between numerous independent variables of scholarly interest and the dependent variable of firm performance abound within each paradigm.

For instance, some studies indicate that firms led by CEOs who possess professional degrees (MBA, Law etc.) do not significantly outperform those that are led by CEOs without these degrees. Similarly, firms led by CEOs who graduated from well-known colleges and universities do not significantly outperform those that are led by other CEOs (Gottesman and Morey, 2006). In a similar vein, there have been several studies suggesting the founder CEO perspective, which bring into play the multidimensional concepts of entrepreneurship. However, interestingly, little has been done to integrate these various streams of literature into a concrete and well-defined consolidated framework that delves deeper into firm performance from the standpoint of the entrepreneur. Entrepreneurship literature (e.g., Hitt et al., 2001; Lee et al., 2001; Lumpkin & Dess, 1996; Shane & Venkataraman, 2000) suggests that entrepreneurial orientation of fresh ventures is indispensable for their success because entrepreneurial orientation epitomizes an important means to uncover and exploit rewarding business opportunities. Like newly built firms, new ventures are more likely to have reasonably limited financial and managerial resources (Eisenhardt & Schoonhoven, 1990), so they need to be especially vigilant before engaging in strategic orientation. With the relative importance of entrepreneurship to firm performance understudied to date, entrepreneurial orientation can serve as a significant operationalizable construct in (1) understanding how a firm is organized, and (2) discovering and exploiting market opportunities to the maximum (Li et al., 2009; Barringer & Bluedorn, 1999; Ireland et al., 2003; Wiklund & Shepherd, 2005; 2003; Zahra & Garvis, 2000).

Therefore, the intent of this review is to propose an integrated “proposition-based” comprehensive model that employs and incorporates several mechanisms from the strategy and entrepreneurship literature and attempts to extend multiple strategic viewpoints extracted from a unified theoretical framework. Strategic management researchers have investigated that the mechanisms underlying the linkages between entrepreneurial characteristics or actions and organizational performance are quite complex and, to a certain extent, highly evolutionary in nature. Prior research has linked the entrepreneurial orientation (EO) construct to several variables in an effort to understand better its role in organizations, and has suggested that organizations that are more entrepreneurially oriented are more predisposed to focus attention and effort towards business opportunities, either for profit or not for profit.

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

Covin and Slevin (1991, 1989), Kohli and Jaworski (1990), Zahra and Covin (1995), and Zahra (1993) proposed different models of antecedents and consequents of entrepreneurial orientations as well as different types of variables that could moderate the relationship between entrepreneurial orientation and firm performance. Lumpkin and Dess (1996) were influential authors that used alternative models that demonstrated the impact of moderating and mediating variables, from the standpoint of entrepreneurial orientation, to test the positive association between entrepreneurial orientation and firm performance. As further entrepreneurial research grounds were established, Wiklund (2006) came up with further enhancement models that tested the association between entrepreneurial orientation and the performance of an organization, suggesting a contingent relationship between the EO construct and firm performance.

Eventually, another group of researchers (Galetić and Milovanović, 2008) extolled the construct of entrepreneurial orientation and demonstrated that there is a positive relationship between several dimensions of entrepreneurial orientation and firm performance within the hospitality industry in Croatia, with the performance criteria being sales growth, cash flow, and net profit. Furthermore, that EO likely has positive performance implications for the firm was validated by Wiklund and Shepherd (2005). They suggested that knowledge-based resources (especially those applicable to discovery and exploitation of opportunities) are positively related to firm performance, and that EO strengthens this relationship. Saeed et al. (2014), Okpara (2009), and Avlonitis et al. (2007) showed in their studies that firms can adopt entrepreneurial orientation proactively to generate superior returns and performance, and that can have an impact on multiple perspectives of the entrepreneur.

The present model attempts to fill the void in research in the EO–performance relationship by examining the completeness of this association with strategic flexibility (considered to be either uni- or multi-dimensional, depending on the organizational context) as the mediating variable. This body of knowledge considers that EO can partially explain the managerial systems, processes and actions that permit some firms to move ahead in the competitive landscape, for the reason that EO expedites firm-level action based upon initial indicators from its internal and external environments (Lumpkin and Dess, 1996, 2001; Wiklund, 2006).

However, a relatively novel branch of scholastic inquiry that is yet to emerge from such thought-provoking linkages is the call for research that investigates how certain characteristics internal to the firm could moderate and mediate the EO–performance relationship in an environmentally contextual manner. As argued by Lumpkin and Dess (1996), most studies investigating the independent effects of entrepreneurial orientation and its implications on firm performance take no notice of the elements that may mediate the strength and direction of the entrepreneurial orientation — firm performance link (Wiklund & Shepherd, 2005).

On a different note, some studies find that entrepreneurial orientation enables small firms or new ventures, which are regarded as firms newly built or younger than ten years old (Covin and Miller, 2014; Wales et al., 2013; Lussier and Pfeifer, 2001; Lussier, 1995; Covin and Slevin, 1989), to perform better than competitors and increase firm performance (Kuratko and Audretsch, 2009; Ireland, Hitt, & Sirmon, 2003; Lumpkin & Dess, 2001; McGrath and MacMillan, 2000; Wiklund & Shepherd, 2005; Zahra & Garvis, 2000). With ever-growing levels of workforce diversity across the globe, it might be interesting to examine the causes of increasing participation rates of female entrepreneurs in multinational organizations and their effects on firm performance. There is mixed evidence on how gender affects entrepreneurial leadership style, entrepreneurial orientation capabilities of the firm, and how female founder CEOs and entrepreneurs have differentially attempted to maximize firm performance in various industries within numerous constraining conditions.

An unprecedented influx of differentially founder-born-and-raised firms with diverse characteristics in business, more in the US relative to other parts of the world, in recent years, has stimulated the primary need for this review. Accordingly, to harmonize the incongruities of findings of erstwhile studies, this body of research attempts to extend and unify a set of research issues related to entrepreneurial orientation and how its impact on firm performance might vary

across strategically flexible or inflexible firms. In addition, prior research has rarely investigated the black box within which the strategic orientation of the entrepreneurial firm is presupposed to affect firm performance, especially when the underlying mechanisms that explain this relationship significantly could be mediated by strategic flexibility (Lechner and Gudmundsson, 2014; Wang, 2008; Shane and Venkataraman, 2000).

Therefore, this review attempts to develop empirically testable propositions that seek to examine the following research inquiries: Does the level of autonomy of the firm as an EO-based dimension significantly impact the strategic flexibility of the firm? Does the level of innovativeness of the firm as an EO-based dimension significantly impact the strategic flexibility of the firm? Does the level of risk-taking capabilities of the firm as an EO-based dimension significantly impact the strategic flexibility of the firm? Does the level of proactiveness of the firm as an EO-based dimension significantly impact the strategic flexibility of the firm? Does the level of competitive aggressiveness of the firm as an EO-based dimension significantly impact the strategic flexibility of the firm? Does strategic flexibility significantly mediate the relationship between entrepreneurial orientation and firm performance? In other words, does strategic flexibility significantly augment the positive effects of entrepreneurial orientation on firm performance?"

ENTREPRENEURIAL ORIENTATION

The growing level of scholarly interest among researchers who have been investigating entrepreneurship-based scholarly material from a theoretical perspective has led to a swift advancement and integration of this discipline. Authors of entrepreneurial works in scholarly literature and the print media have, by and large, appreciated the magnitude and scope of entrepreneurial activities, and oftentimes implicitly anticipated a positive association between entrepreneurial activities and performance-based outcomes (Covin, Green and Slevin, 2006; Dess and Lumpkin, 1996). Prior research successfully differentiates, at the level of the firm, between the terms Entrepreneurship and Entrepreneurial Orientation.

Entrepreneurship is the process of starting a business, typically a startup company offering an innovative product, process or service (Sharma and Chrissman, 2007). The entrepreneur recognizes an opportunity and frequently exhibits preconceived notions in deciding how to take advantage of the business opportunity with his best abilities (Welter, 2011; McGrath et al., 1996). The advancement of entrepreneurial opportunities takes into account designing and implementing activities such as developing strategic business plans, obtaining essential resources and capabilities (human capital, financial resources, and strategic capabilities), and understanding the nature of variations in such opportunities and what might be accountable for their success or failure.

On the other hand, for most research purposes, it has frequently been said that the term *Entrepreneurial Orientation* refers to the firm-level strategic orientation which captures an organization's strategy-making processes and practices, managerial philosophies, and firm-level operating styles and behaviors that are entrepreneurial in nature (Wales et al., 2013; Rauch et al., 2009; Kroeger, 2007). Entrepreneurial orientation involves a willingness to innovate, search for risks, take self-directed actions, and be more proactive and aggressive than

competitors toward new marketplace opportunities (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2005). Correspondingly, a popular model of entrepreneurial orientation (EO) suggests that there are five dimensions of the EO construct—autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness (Pearce et al., 2010; Richard et al., 2004; Lumpkin and Dess, 1996; Dess and Lumpkin, 2005; Lee and Peterson, 2001).

THE FIVE SUB-DIMENSIONS OF EO

This research considers the multidimensional nature of the EO construct to be accurate and widely acceptable to present-day scholars. Furthermore, market proactiveness is accepted as being equal to proactiveness for purposes of discussion. At the organizational level, *Autonomy* is defined as the freedom granted to work groups, individuals, and team-based associations who can exercise their creativity and self-motivated resourcefulness in a free-flowing manner (Lechner and Gudmundsson, 2014; Lumpkin and Dess, 1996; Dess and Lumpkin, 2005; Lee and Peterson, 2001).

Proactiveness refers to the degree to which a firm gets ahead and acts on future needs (Dai et al., 2014; Miller and Friesen, 1983, 1978; Lumpkin and Dess, 1996) by “seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle” (Venkatraman, 1989, p.949). This description has several similarities with Miller’s (1983) formal conceptualization of innovativeness that also manifests an explicit emphasis on the product-market matrix. For conceptual purposes, this body considers the introduction of new products and services to capitalize on market opportunities to be an element of proactiveness.

Henceforth, *Innovativeness* can be defined as “a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes” (Lumpkin and Dess, 1996, p.142). Innovative firms are those that exhibit innovative behavior consistently over time. *Competitive Aggressiveness* refers to “a firm’s propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace” (Lumpkin and Dess, 1996, p.148). *Firm Risk-taking Capabilities* refers to “the degree to which managers are willing to make large and risky resource commitments – i.e. those which have a reasonable chance of costly failures” (Miller and Friesen, 1978, p.923). This body of research considers that risk-taking is an important dimension of the EO construct, because entrepreneurial firms are more likely to encounter greater levels of external and internal uncertainties from multiple directions. Hence, this review offers the following propositions:

Proposition#1: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of entrepreneurial orientation will have a greater likelihood of positive outcome-based implications on firm performance.

Proposition#1.1: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of autonomy will have a greater likelihood of positive outcome-based implications on firm performance.

Proposition#1.2: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of innovativeness will have a greater likelihood of positive outcome-based implications on firm performance.

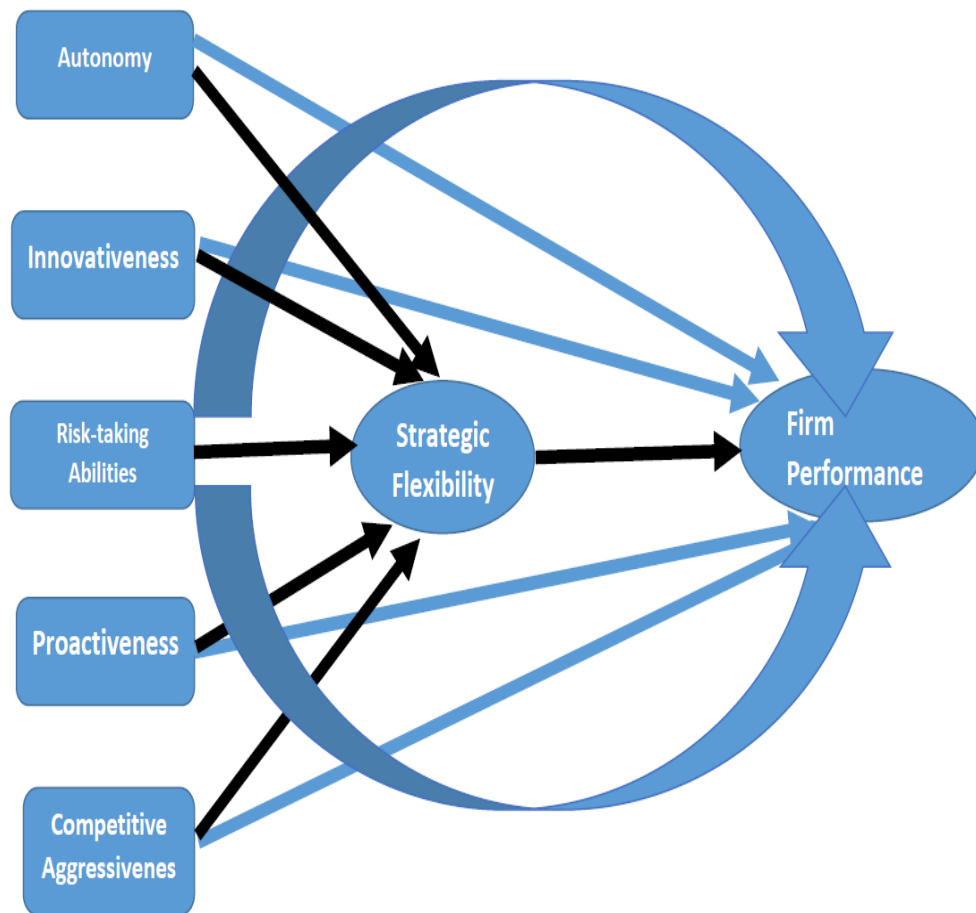
Proposition#1.3: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of risk-taking capabilities will have a greater likelihood of positive outcome-based implications on firm performance.

Proposition#1.4: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of proactiveness will have a greater likelihood of positive outcome-based implications on firm performance.

Proposition#1.5: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of competitive aggressiveness will have a greater likelihood of positive outcome-based implications on firm performance.

Figure 1

A Two-Way Concurrent Theoretical Framework Investigation the Mediating Effects of Strategic Flexibility on the Relationship between the Five SUB-Dimensions of Entrepreneurial Orientation (Autonomy, Innovativeness, Risk-taking Capabilities, Proactiveness, and Competitive Aggressiveness) and Firm Performance.



STRATEGIC FLEXIBILITY

In these modern times of fast-paced and environmental-based decision-making, it is essential that firms continually explore the dynamics of their external and internal environments and be flexible to adapt to any changes required for their survival benefits (Kortmann et al., 2014; Sanchez, 1995). The challenges and opportunities that organizations might face in the external environment usually increase when they are confronted with the notion of advancing growth and development. Business strategies not only encompass broadening an organization's scope across multiple products and market sectors spanning different geographic locations, but also entail an organization to shoulder additional accountability and learning in terms of unfamiliar experience and expertise outside of its extant markets and products. The organization may, in consequence, come across matters that it has never encountered historically, while not being able to mitigate the external constraints embedded within sociopolitical environments.

Given such ever-changing environmental circumstances, firm-level core competencies and experiential learning capabilities that provide support for (1) changing directions quickly and (2) reconfiguring business strategically, have nowadays become fundamental to long range success of firms and to accomplish sustainable competitive advantages (Bartlett and Ghoshal, 2013; Gylling et al., 2012; Hitt, Keats, & DeMarie, 1998). It has, therefore, become crucial for firms to embrace strategic flexibility (Nadkarni and Herrmann, 2010; Nadkarni and Narayanan, 2007; Worren et al., 2002; Hitt et al., 1998; Zhou and Wu, 2010; Johnson, Lee, Saini, & Grohmann, 2003). Because strategic flexibility emphasizes the flexible use of resources and reconfiguration of processes, it reflects one form of dynamic capability that enables firms to achieve differential competitive advantages in turbulent markets (Aaker and Mascarenhas, 1984; Eisenhardt and Martin, 2000; Teece et al., 1997). In times of uncertainty and wherein change is a constant, strategic flexibility has become a must-have for most modern-day firms.

A number of researchers have attempted to define *Strategic Flexibility* as the firm's capability to identify and detect major changes in the external environment, speedily commit most or all available resources to new courses of strategic action in response to those changes, and eventually realize and act promptly and accordingly, when to halt or reverse the existing resource commitments (Santos-Vijande et al., 2012; Bock et al., 2012; Shimizu and Hitt, 2004). Other strategy scholars have defined *Strategic Flexibility* as a firm's ability to precipitate strategic changes (Evans, 1991; Harrigan, 1985, 1984; Eppink, 1978). Aaker and Mascarenhas (1984) defined it as the ability to adapt to considerable, uncertain, and rapidly surfacing environmental changes that meaningfully have a strong bearing on firm performance. Consequently, strategic flexibility reflects a firm's ability to respond continuously to unanticipated changes and to adjust to unexpected consequences of predictable changes (Lei, Hitt, & Goldhar, 1996).

IS STRATEGIC FLEXIBILITY A REAL “WHY” IN THE EO-PERFORMANCE LINK?

Strategic flexibility is known to serve as an organizing principle for structuring and coordinating various resources and functional units in a sequential manner (Zander and Kogut, 1995). A number of studies in strategic management investigate the nature of relationship between strategic flexibility and firm performance (Nadkarni and Herrmann, 2010; Nadkarni and Narayanan, 2007; Worren et al., 2002). Most of these studies find that strategic flexibility,

collectively as a unidimensional construct, positively and significantly impacts firm performance. The current research considers that the quantum of research in strategy and entrepreneurship has not received adequate scholarly attention to date from the collective angle of strategic flexibility and entrepreneurial orientation. There appears to be little understanding and agreement regarding the nature of the EO-flexibility-performance relationship among strategy scholars. Research in this discipline has generated mixed evidence, though at large has supported findings for a positive association that enhances performance-based implications for the firm.

Adding onto this, the current body of knowledge states that strategic flexibility is what firms entrust in to increase their effectiveness of communications, plans, and strategies, which, blended with modified product offerings and other relevant characteristics of marketing mix, should increase firm performance (Gylling, et al., 2012; Combe and Greenley, 2004; Miles and Snow 1978). Strategic flexibility is one form of complementary organizational capability that can support the firm in optimally achieving the maximum potential of its strategic resources when exercised in combination (Sanchez, 1995; Barney, 1991; Barney and Wright, 1997; Zhou et al., 2009, 2008). Such a combination creates an environment in which the firm can better assimilate and use first-hand information to the best of its abilities (Grewal and Tansuhaj, 2001).

Some of the antecedents to strategic flexibility in previous studies (most of the time considered to be a collective set of flexible resources and strategic options) have been, for example, resources (Combe et al., 2012; Young-Ybarra and Wiersema, 1999; Sanchez, 1995), personalities (Nadkarni and Herrmann, 2010), capabilities (Zhou and Wu, 2010; Harrigan, 1985), culture (Bock et al., 2012; Zahra et al., 2008), environments and communities (Ginn et al., 2006) etc. Therefore, strategic flexibility, once known traditionally to stifle alternative growth paths in some industries, is now highly sought after by multiple organizations worldwide to increase their knowledge base and improve their expertise on a continual basis.

However, most of the conceptualizations and developmental underpinnings of strategic flexibility (including its antecedents) are presently theory-driven with a lack of consensus among scholars (Combe et al., 2012). A major disproportion in the literature continues to be the scarcity of studies that have scrutinized the mediating effects of strategic flexibility in highly diverse firm-level settings. In consequence, this review posits further that strategic flexibility enhances the positive effects of entrepreneurial orientation on firm performance. In addition, it posits that the simultaneous outcome-based implications and effects of the EO construct on strategic flexibility and firm performance are of high academic substance and growing interest to the scholarly community. The current body of knowledge acknowledges that this is an attempt to combine multiple theoretical perspectives in a single consolidated framework that addresses propositions in a unified theoretical setting. Much remains to be done in reporting various logics of professionally entrepreneurial behavior in terms of comprehending the dynamic roles of various entrepreneur-related organizational capabilities and the relative influence of their loci of mediating or moderating effects on firm performance.

Hence, in light of the abovementioned, this review offers the following supplementary propositions:

Proposition#2: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of entrepreneurial orientation will have a greater likelihood of positive outcome-based implications on strategic flexibility.

Proposition#2.1: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of autonomy will have a greater likelihood of positive outcome-based implications on strategic flexibility.

Proposition#2.2: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of innovativeness will have a greater likelihood of positive outcome-based implications on strategic flexibility.

Proposition#2.3: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of risk-taking capabilities will have a greater likelihood of positive outcome-based implications on strategic flexibility.

Proposition#2.4: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of proactiveness will have a greater likelihood of positive outcome-based implications on strategic flexibility.

Proposition#2.5: Organizations with considerably meaningful concentrations of exposure to heightened strategic levels of competitive aggressiveness will have a greater likelihood of positive outcome-based implications on strategic flexibility.

Proposition#3: Organizations with considerably meaningful concentrations of exposure to heightened levels of strategic flexibility will have a greater likelihood of positive outcome-based implications on firm performance.

CONTRIBUTIONS, DISCUSSION, IMPLICATIONS, AND CONCLUSION

In closing, the present work is directional and encouraging, thereby implying that the multiple perspectives discussed within different paradigms are supplementary rather than complementary. Accordingly, each perspective has much to add simply by integrating more extensive models of firm performance that tie in well with entrepreneurial orientation and strategic flexibility. Most Entrepreneurial Orientation (EO) research has investigated EO from a unidimensional perspective. By taking the more novel approach of the multidimensional view and focusing on the sub-dimensions, a fine-grained view is accomplished. This research attempts to synthesize extant knowledge on the strategic entrepreneurship subject matter and provide a bedrock for future research by furnishing a working definition, elucidating research propositions, simplifying the construct's working relationship, and constructing a concurrently unifying EO-performance theoretical framework that includes potential antecedents and consequents of strategic flexibility. Conversely, it is acknowledged that the design and development of the propositional framework within the present research is not an all-encompassing solution to strengthen the EO-flexibility-performance link.

The current research contributes to strategy and entrepreneurship literature in three prominent ways. First, it provides in-depth insights into the extensiveness and broad-mindedness of theoretical research investigating the EO concept, and the EO-performance linkage. Second, this work gauges extensiveness of the EO-flexibility-performance connection by exploring the number, quality and determinism of similar publications over time and understanding their connections with strategic flexibility. Third, this body of research seeks to evaluate the wideness and longevity of scholastic works by segmenting prior strategic management research along

multiple branches of learning, including the aims and scope of several prior studies and their focal points of multidimensionality from various angles of strategy and entrepreneurship.

In addition, the current model acknowledges that it has clear strengths and limitations because it investigates a limited number of constructs and their interconnectedness within specific situations. It can be reasonably considered that some inferences about cause-consequence relationships might not be generalizable to other professional settings, investigators or researchers because of situational specifics such as scope of measurement, extent of entrepreneurial orientation outlined to media, and firm-level information asymmetries. Future researchers could use extensions of similar studies (within both longitudinal and cross-sectional analyses) to compare and contrast organizations in multiple industries using other interrelated organizational-level constructs such as strategic alliances, external contracts, and other types of inter-organizational relationships.

This framework gives rise to empirically testable propositions whereas much of the prior literature has dealt with just pure theoretical considerations. A number of these propositions serve to shed light on the ongoing debates in strategic management and entrepreneurship while warranting scholarly attention to the interactions derived from the framework. One critical advantage of all this work is that it enhances knowledge about firm performance, and actually offers a micro-level rationale for the current lack of interactions between strategic and entrepreneurial management researchers from diverse paradigms. This body of knowledge facilitates researchers in better understanding and appreciating the interconnectedness of the five sub-dimensions of entrepreneurial orientation (autonomy, innovativeness, risk-taking capabilities, proactiveness, competitive aggressiveness). Moreover, it builds on the constructs of entrepreneurial orientation, strategic flexibility, and firm performance at the same pedestal in a comprehensive fashion, thereby emphasizing their long-range strategic nature and outlook.

The efforts of the current examination to scrutinize these constructs and variables represent the advancement of an indispensable and meaningful scholarly support structure for the methodical development of a theory of strategic flexibility. Much work remains to be accomplished to empirically test and validate this review's propositions. Strategic flexibility might be regarded as an additional and purely distinct form of generating sustainable competitive advantages by firms, simply for the reason that it is not naturally engendered. In recent years, the scholarly interests of academicians and researchers have been substantively drawn by firm-level constructs that represent significant resources and capabilities oriented towards competitive advantages in business. The usefulness of these constructs is that they supplement and extend the entrepreneurial angle within strategic management research, a paradigm that has advanced more from the perspective of the individual as the object of analysis rather than the firm.

Being mindful of all the above, even though the current model has made every possible effort to (1) explore the black box of inter-linkages among several organizational-level constructs, and (2) scrutinize the intervening variable, it employs a coarse-grained approach to arrive at a distinguished set of propositions and findings. Therefore, there might be future research opportunities that could possibly best emerge from a finer-than-usual understanding of businesses, their market and industry segments, their strategic assets and entrepreneurial learning requirements, and the organizational capabilities required to serve them well. To put it another

way, exploring the finer-grained approach of such a body of research would be interesting and worthwhile for future researchers. This would mean studying detailed ways to influence firm performance successfully by categorizing, validating, and testing distinctive organizational-level competency(s) from the standpoint of entrepreneurial research, which may perhaps generate and impact strategic flexibility as the mediating variable, in a significantly follow-on sequence.

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NEO-CLASSICAL ENTREPRENEURIAL ORGANIZATIONS: ECONOMIC, SOCIAL AND GOVERNMENTAL INNOVATION

Mark Clark, New Mexico State University, clarkml@nmsu.edu

ABSTRACT

Discovered is a new enterprise model for any enterprise required to be innovative relative to markets and environments involving social market failure and non-activated or engaged social capital. Three significant findings related to policy, strategy & implementation are isolated via application of a mixed-methods research design. Primary data or knowledge associated with this study result in a logical model for enterprise in regions with slow economic growth and higher than median rates of social market or organizational failures. Neo-classical entrepreneurial organization (NEO) is effective for simultaneous alleviation of cross-sector market or organizational failures, including poverty.

INTRODUCTION

“Its influence (the neo-classical entrepreneurial organization or NEO) is the main determining cause of the social progress; all other dispositions of our nature which contribute to that progress, being dependent on it for the means of accomplishing their share of the work” (Mill, 1884, sec. 7). The logic model for NEOs makes any socially-responsible family enterprise (SRFE) susceptible to operation as a hybridized-enterprise organization (HEO). The challenge: how to activate, build or find these NEOs. How to train others in workforce to become effective for work with NEOs or enable to make their own. This cannot be taught; only activated or instigated. Entrepreneurial organizations (EO, NEO, HEO, and EPO) exist within and across the several sectors that comprise democratic-capitalism or a political economy similar to the US.

HEOs are enterprises with bilateral mission or vision involving alleviation of market and organizational failures within and across the economic and social sectors of a political economy (e.g., a for-profit firm with a corporate social responsibility – CSR – program). For an HEO, treatment of beneficiaries and relevant stakeholders comprises effective communication with target audiences. Target audiences are primary stakeholders associated with accomplishment of NEO mission, vision and code of conduct. (Hausman & McPherson, 2006; Acs, Audretsch and Strom, 2009; Acemoglu & Robinson, 2012).

NEOs and HEOs apply enterprise models that involve market and organizational intelligence, instigation and intermediation of strategic or serendipitous innovation. EO includes the willingness or ability to understand or become empathetic relative to all organizational stakeholders; and to align organizational culture and administrative processes within and across the several sectors (Rosenberg, 1956; Rosenberg, Hovland, McGuire, Abelson and Brehn, 1960; Peng, Lee and Hong, 2014). EOs transform the local, national and international political economy with Schumpeterian innovation; strategic (planned) or serendipitous (unplanned). EO is most responsible for instigation of political economy growth, creatively-constructive output, and innovation-based throughput or outcomes (Mill, 1884; Schumpeter, 1934, 1942; Casson, 2003; Padgett & Powell, 2012; Clark, 2013, 2014).

The world rotates counter-clockwise; and most people move clockwise. The productive entrepreneurs move counter-clockwise and create turbulence and disruption that solves forms of market & organizational failure. EO with empathetic, public sector-style leadership is likely most effective way to achieve political-economy growth, stability or longevity (Baumol, Litan and Schramm, 2007; Clark, 2007; Stockman, 2013; Acs, Lazlo and Autio, 2014). “It (NEO – neo-classical entrepreneurial organization) affects not only policies – the spirit of legislation – but also administrative practice (Schumpeter, 1942, 155).

The most important components of the modern NEO are socially-responsible innovation (invention) and creatively-constructive – not destructive – differentiation (change in features, attributes or benefits); and, these are the cause for new market share and higher prices or profits – which reflects customer and other stakeholder satisfaction. Most important inputs are intelligence & intermediation of resources during exploration, discovery, design & diffusion of strategic or serendipitous Schumpeterian innovation (Schumpeter, 1942; Baumol, 1990, 2010; Baumol et al., 2007; Clark, 2013; Peng et al., 2014). This same enterprise model may be applied to across sectors to single-sector focused governmental and nonprofit enterprises; as long as strategic units or teams populated with entrepreneurial characters are allowed by organizational code of conduct or other policy.

RESEARCH QUESTIONS

What is the relationship between Schumpeterian innovation and strategic or serendipitous entrepreneurship? What is the logic model for neo-classical entrepreneurship and neo-classical entrepreneurial organizations (NEO, EO, HEO, EPO)? Why and how is EO important for simultaneous and cross-sector social, economic and political growth and alleviation of social market failure? Answers to these questions are important for a political economy; and represent one option for address of the challenge involving growth, social capital activation and quality, and alleviation of poverty by local means that reduces government jurisdiction, enhances effective of governmental and nonprofit organizations, and increases societal entrepreneurial possibilities frontiers (EPF).

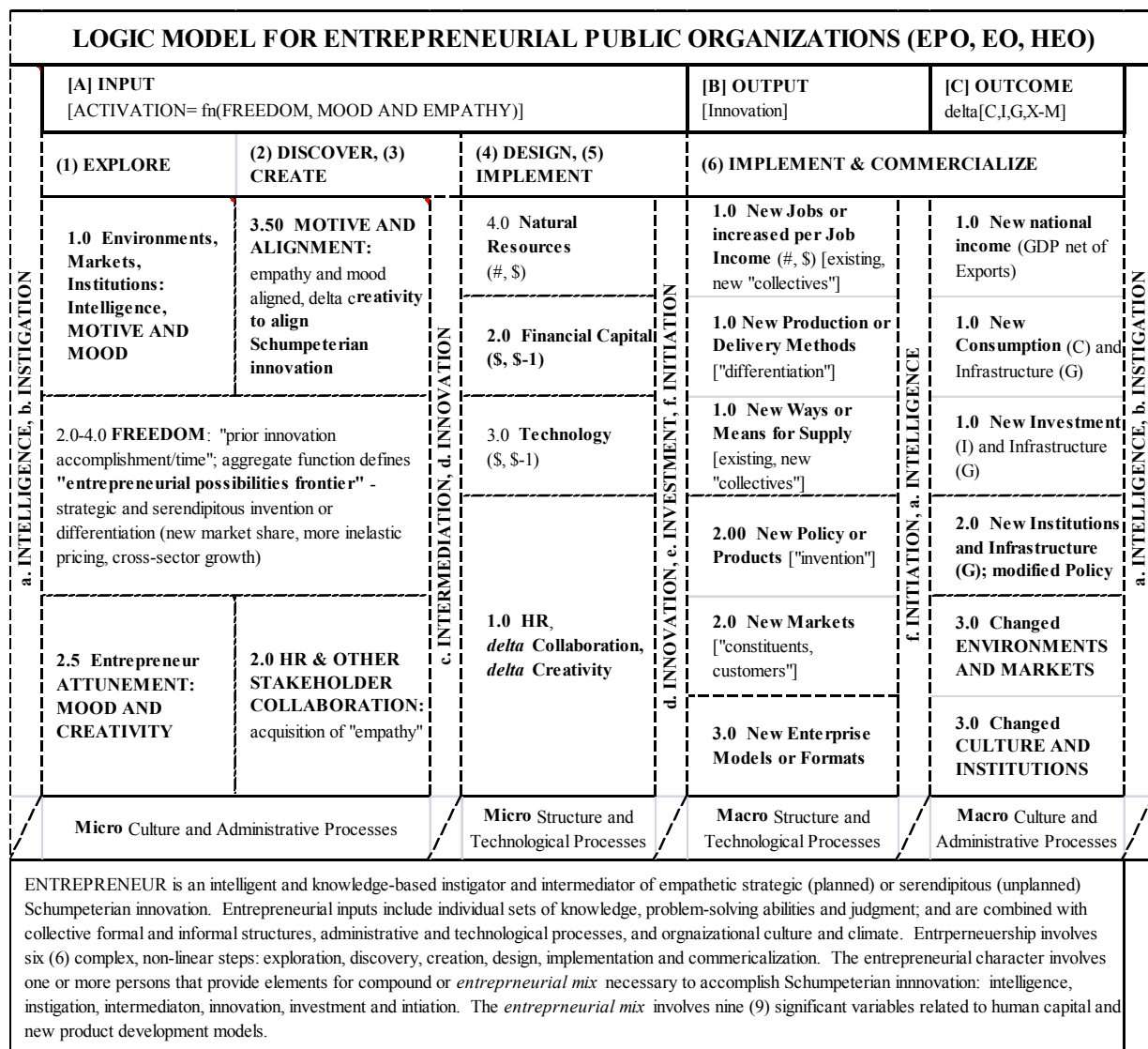
The neo-classical entrepreneurial organization operates within and across the several sectors of a democratic-capitalist political economy. Constituents and beneficiaries require different treatment than customers or consumers. Public organizations and contractors or other agents must be keenly aware of the fealty required and due stakeholders. Effective answers to research questions can benefit public sector leaders wishing for operational effectiveness and efficiency. Answers also provide knowledge necessary for efficient or effective nonprofit organizations (NPO) or a for-profit enterprise interested in social responsibility and sustainable operations. Since the first Clinton administration, there has been greater and greater call from constituents for more effective and efficient government (Hausman & McPherson, 2006; Baumol et al., 2007; Acs et al., 2009).

As used herein, effective means achieving the goal and efficient means goal accomplishment in the least costly manner (Clark, 2013). The past three US Presidential administrations have each made attempts at making the public sector more marketing-oriented and entrepreneurial, but these attempts have not resulted in a clear-cut model for public enterprise modification (SICP,

2014, 2015). The research design described herein allowed for discovery of a logic model for entrepreneurship and neo-classical entrepreneurial organizations (NEO). The features and attributes associated with NEOs might be applied to any character-driven organization seeking to alleviate forms of organizational or market failure. Character is the individual or aggregate and cross-case combination of mental abilities with moral (value, belief, attitude) capabilities and applied to decision-making processes (Simon, 1997; Reynolds & Olson, 2001; Clark, 2013).

Relative to Schumpeterian and strategic or serendipitous innovation, the NEO allows for best available throughput of available resources and capabilities. When comparing an NEO to a non-EO operating in the government sector, the NEO provides proportionally-greater constituent benefit relative to cost (Hausman & McPherson, 2006; Padgett & Powell, 2012; Clark, 2013). Human capital and other resources provide Schumpeterian innovation – planned or unplanned – to achieve longevity via alleviation of forms of social and governmental failures (see Figure 1).

FIGURE 1



This new and improved or neo-classical enterprise model labeled entrepreneurial organization (EO) or hybrid-enterprise organization (HEO) is ideal for environments and markets susceptible to the public administration. The EO is likewise optimal for business or social sector administration; but it is most costly to develop and implement – unless, the organization is newly-formed. Market and organizational failures exist, and persist; innovation and entrepreneurship are shown effective to alleviate each sort of failure (March & Olsen, 1989, 1995; Simon, 1997; Clark, 2013).

LITERATURE REVIEW

Market failure involves market-based disequilibrium; or organizational failure to achieve mission on behalf of relevant constituents and stakeholders (Baumol, 1990; Padgett & Powell, 2012). Entrepreneurs discover and explore market or organizational failures via filtering of different opportunities presented by the failure of current organizations and institutions to alleviate market or organizational failure. Often, the entrepreneur sees or discovers what others do not (Clark, 1997, 2007, 2013). They possess or intermediate the exercise of opportunity-discovery skills and master-not-expert-level judgment relative to problem-solution, idea generation or team-building (Dreyfus & Dreyfus, 1986; Jaskyte, 2011; Clark, 2013). These two factors separate entrepreneurs from other leaders, managers and workers within any mission-driven collective organization of human resources charged with implementation of policy-related innovation (Hausman & McPherson, 2006; Padgett & Powell, 2012).

Presently, the most prevalent forms of public sector market failure include social and governmental market or organizational failures. For example, the Affordable Care Act harbors multiple policy implementations designed to simultaneously alleviate market and organizational failures relative to health care (Stiglitz & Lin, 2013). Housing, health care, education and employment are the biggest four forms of social market failure in the US. Though many resources and capabilities are aimed and aligned with alleviation of these failures, they persist. The EO is one alternative to compensate for the lack of Schumpeterian innovation being applied to public affairs, policy and its implementation (Clark, 2013). Human resources must be re-trained to become effective relative to EO participation; its matrix form requires effective communication across all components of an enterprise (Clark, 2013, 2014; Peng, Sun, Pinkham and Chen, 2009; Peng et al., 2014).

New Institutional Economics

Understanding the operation of a democratic-capitalist political-economy, like found in the US, requires the combination of several industrial organizational behavior theories (Cyert, 1988; March & Olsen, 1989; Barney, 1991, 2001; Teece, 2007; Lockett, Wiklund, Davidsson & Girma, 2011), with a heavy dose of economic sociology and sociological institutionalism (Baumol et al., 2007; Acs et al., 2009), and inclusion of Simon's (1997) bounded rationality.

Blending historical, rational choice and sociological institutionalism allows for explanation of formal and information organizational structures, administrative and technological processes, and cultural elements in the form of values, beliefs and attitudes responsible for individual and collective behavior (Clark, 1997; Simon, 1997; Reynolds & Olson, 2001). Placing this

combination of democratic-capitalist economic-sociology on top of behavioral (Simon, 1997; Teece, 2007; Peng et al., 2009, 2014) and growth theories for the firm (Lockett, 2011); and connecting these two with resource-based view (Barney, 1991, 2001) allows for emergence of a new entrepreneurial organization theory for public sector enterprise formation and operation (see Figure 1).

It combines traditional views of enterprise organization, resource-based view and institution-based view. Institution-based view becomes an economic-sociological model that shows how return on investment in resources and associated capabilities becomes a function of organizational structure, administrative and technological processes, and shared values, beliefs and attitudes relative to legislation, rules and regulations, judicial decisions and executive orders that influence operation of markets and participant organizations or individuals. Specifically, institutional rules-of-the-game influence ownership, governance, operational priorities, human resources, and other resources.

An enterprise is an organized collective with shared mission, vision and code of conduct; and the enterprise is subordinate and accountable to defined groups of stakeholders. Well-being and not satisfaction is the duty due constituents and other stakeholders. Private sector thresholds for stakeholder satisfaction are of lesser magnitude than required for public sector enterprises and their contractors and other vendors.

Primary resource groups important at the enterprise-level include: entrepreneurship, leaders and other change agents, financial capital, natural resources, human resources and technology. As neo-classical organization theory is replaced by the practical combination of resource- and institution-based views, a new enterprise form becomes apparent and explainable. The entrepreneurial organization – regardless of sector – is built to satisfice market-based demand subject to institutional rules-of-the-game.

This metrics for policy implementation, management, and determination of effectiveness are different from the private or for-profit sector. Market share, inelastic prices and longevity are replaced by: well-being, satisfaction with policy implementation, and common belief government harbors empathy for constituents and other relevant stakeholders. Constituent well-being, productive impact on other sectors, and measurable benefits greater than costs are the alternative metrics for effectiveness and efficiency associated with public sector EOs (Godfrey & Hill, 1995; Clark, 2013, 2014).

Democratic-capitalism subject to institutionalism and transaction cost economics becomes an incremental system susceptible to change or adaptation via Schumpeterian innovation and entrepreneurship (Schumpeter, 1942). Exploration leads to discovery, creation; and that leads to design and implementation (Baumol, 1990, 2010; Acs et al., 2009, 2014).

Commercialization or policy implementation relies on effective marketing or public relations management. Once implementation is complete, control for variance from original vision is a focus and will impact future product or policy analysis, formulation and implementation. Creation and design rely on freedom, mood and collaboration between human capital and resources relative to target segments, audiences or customers.

Entrepreneurs engage in a process of Schumpeterian innovation via their intelligence, instigation and intermediation of resources and associated capabilities (Kirzner, 1973; Teece, 2007; Peng et al., 2014). Once their design is implemented or initiated to the marketplace or organization, a new problem or opportunity catches the entrepreneurial enterprise's interest, and the process repeats itself, indefinitely (Acemoglu & Robinson, 2006; Baumol et al., 2007; Acs et al. 2009). This establishes or provides stability, longevity and social conscience-based accountability by a majority of EO-based human resources.

Investment is required to launch any innovation made ready for environmental or market-based initiation; and innovation is often adopted or diffused beyond the launch environment. Democratic-capitalism in the US harbors five environments: social, economic, regulatory, technological, and natural. Market failure exists and persists within and across each of the environments that comprise the US political-economy. Entrepreneurial organizations are sustained by each and every sector of the US political-economy. By nature, EOs may be for-profit, nonprofit or governmental. HEOs evolve from the for-profit sector, EOs from the nonprofit sector, and EPOs are found within the governmental or public sector.

Public Affairs, Entrepreneurship & Alleviation of Poverty

How to activate entrepreneurs for creation of desirable societal-level outcomes is an important affair and public policy matter. Public affairs involve those forms of social and governmental failure believed to reduce political-economy well-being and thought improper by significant constituent-based market segments. Despite combined efforts on part of all sectors for almost six decades, market failure related to housing, education, health care, and employment persists (Zunz, 2012; Acs, 2013; Acs et al., 2014). Poverty hovers around 15%, despite its reduction to 12% from 20% between 1960 and 1978 (Zunz, 2012; Acs, 2013). Nonprofits are having trouble fulfilling mission and vision (Chiu, 2011). There is immediate need to activate, educate or otherwise train nascent entrepreneurs. Schumpeterian innovation accomplished via entrepreneurship correlates with political-economy productivity, growth and longevity, and – most importantly – constituent well-being.

Since Schumpeter (1934) and to Casson (12003); then, up to Baumol (2010) and Peng and others (2014), the need for entrepreneurial enterprises that instigate or stimulate Schumpeterian innovation has become firmly-established. Use of organizational workforce and leadership segmentation (OWLs) allows for determination of human capital and resource structure, specification of administrative processes to achieve Schumpeterian innovation, and develop the organizational levels of intelligence and types of behavior required to achieve stakeholder well-being; which is much more than satisfaction (Baumol, 1990, 2010; Clark, 1997, 2014).

Neo-classical Entrepreneurial Organization

For achievement of organizational sustainability, leaders must ensure an advantage for their enterprise. Many organizations become hybridized to achieve sustainability (Rohe & Watson, 2007; Clark, 1997, 2013). Hybrid-enterprise organizations (HEO) operate with bi- or tri-lateral mission or vision; and code of conduct becomes structured to achieve sustainability in multiple environments. HEOs attempt simultaneous market or organizational failure alleviation within

and across multiple sectors.

For instance, a for-profit multinational with a top-100 corporate social responsibility program – like Texas Instruments (TXN, 2015) – attempts to make economic profit and at the same time alleviate market and organizational failure related to education and employment. The Graduate Research Center of the Southwest formed in 1964 by Texas Instruments later became The University of Texas at Dallas (UTD, 2015).

A nonprofit that earns a significant portion of its revenues from for-profit like operations – like Habitat for Humanity or The Communities Builders – can also become hybridized (Clark, 1997, 2013; Rohe & Watson, 2007). Hybridization is due to adaptation to change based on innovation over time; it is an evolutionary process. Finally, a government entity or agent can become hybridized when it obtains its operating funds from sources other than taxes or other transfer payments (Clark, 1997, 2013; Acs et al. 2009; Baumol, 2010). HEOs usually begin as a single-sector organization; like Habitat for Humanity was formed as a NPO in Georgia. Today, it is an international enterprise with several consolidated or strategically-aligned partners that earns significant revenue. It blends socially-responsible for-profit operations with a neo-classical nonprofit enterprise model.

The Communities Builders (TCB) began as a for-profit corporation on the Atlantic seaboard. TCB relies most heavily on public transfers to fund routine operations; their original for-profit business model has no place in their current hybrid-enterprise organization. Both Habitat and TCB are best examples of HEOs that form the basis for understanding entrepreneurial organizations that sustain themselves within and across the several sectors of the US political-economy (Rohe & Watson, 2007; Rosen-Robinson, Irmak & Jayachandran, 2012; Smith, Conley & Barr, 2012).

Political economy growth, stability and constituent well-being comprise goals for US public policy since 1984 (Baumol et al., 2007; Stockman, 2013). HEOs from the for-profit and nonprofit sectors and EOs from the public sector are best available forms for address of the four major forms of market and organizational failure: housing, health care, education and employment. The same organizational resource and capability sets exist for both HEOs and EOs; only their sector of origin differs.

HEOs and EOs subject to institution-based democratic-capitalism harbors the elements and compounds to achieve growth, stability and constituent, beneficiary and customer well-being. HEOs blend the best components of the modern marketing model with cutting-edge corporate social responsibility (CSR) models (Clark, 1997, 2013; Zunz, 2012; Acs, 2013). Purposive sampling of HEOs, cross-case analysis, and distillation of the effective and efficient cultural and administrative process elements allows for examination of a new enterprise model – the entrepreneurial organization (EO).

EOs rely on people, first (human capital, human resources); then, they rely on places and things to alleviate forms of market failure; or their own organizational model. Even, their codes of conduct are based on alleviation of multiple forms of market or organizational failure. Typically, an HEO will address economic and social market failures, simultaneously; or they will

concurrently address economic and government failures.

Often enterprises that attempt simultaneous alleviation of social and governmental failure do not appear sustainable. They are those government or nonprofit organizations that cannot achieve mission or vision because of poor leadership, culture and administrative processes. Not all motives or missions are pure or good; some are administratively incompetent or worse (Adams & Balfour, 2009; Baumol, 2010). Some entrepreneurship is unproductive or destructive (Schumpeter, 1934, 1942; Baumol, 1990; Clark, 1997; Casson, 2003). As presented herein, the EO is a form of Schumpeterian innovation based on acquisition of best available human resources team and establishment of administrative processes and culture that support and provide strategic innovation (Dreyfus & Dreyfus, 1986; Simon, 1997; Casson, 2003; Clark, 2013). The EO is Schumpeterian innovation that creates a platform for organizational leadership, culture and administrative processes to achieve strategic innovation that leads to beneficial societal-level outputs and outcomes.

An enterprise or organization may be described by its structure, administrative and technological processes, and culture subject to climate (Mill, 1884; Simon, 1997; Casson, 2003; Clark, 2013). Bureaucracy, production, sales and advertising, and marketing are all accepted forms of enterprise models. The EO model stems from the hybridization of bureaucratic and marketing models; and, an EO is a hybrid-enterprise that possesses a singular mission. The primary resource for an effective EO is human beings; with ample social capital and networks to cause organizational sustainability (March & Olsen, 1995; Reynolds & Olson, 2001).

EOs are responsible and accountable organizations. They are stakeholder focused and most concerned with designated constituents that comprise their target segments for policy implementation and control. Creation and design of Schumpeterian innovation requires a unique organizational form. EOs are very much like the OSS, CIA and NASA; they are intelligent enterprises with boundaries set by mission-based values, beliefs and attitudes.

EOs rely on field intelligence separated from field operations; people, not machines, are necessary for both tasks. Field-based communications involving effective intelligence may be used to efficiently instigate and intermediate forms of innovation; which attract investment before and after market-based initiation. Culture and administrative processes drive an EO's strategic innovation; technology is only used to leverage human intelligence capabilities within an effective EO (Smith, 1972; Foucault, 2000; Weiner, 2008; Ferguson, 2013). EOs are best available public administration enterprise models. Public enterprises operate with the highest degree of difficulty of any collective susceptible to democratic-capitalism. Their missions, visions and codes of conduct are often legally-mandated on behalf of the entire society. The outputs and outcomes associated with HEOs and EOs include changes to institutions, associated culture, administrative and technological processes, and formal and informal organizational structures. Any organized and collective entity benefits from strategic innovation.

METHODOLOGY

MECA, Laddering & Content Analytics

“The public policy literature – and indeed academic studies of new ventures – often have not been very careful in making distinction between types of businesses being studied” (Stiglitz & Lin, 2013, 119). It is often hard to construct a research design and include subjects that will provide accurate and reliable metrics for what is hoped measured. That is not the case with means-end chain analysis (MECA). Reynolds & Olson (2001) provides a single-volume compilation and treatise for the design, implementation and promulgation of MECA. It is a complex methodology, and requires training to become an effective and efficient interviewer, transformational coder, statistical analyst, and reporter of accurate and reliable results. Presently, this methodology is not susceptible to computer programming, and select content analytics software packages are effective portions of the design and its requirements.

MECA relies on psychological laddering interviews and proper content analysis of the data and other collected information. MECA is the basis for most accurate and reproducible consumer segmentation models. By addition and modification of the Organizational Culture Assessment Instrument (Cameron & Quinn, 2011), a laddering interview script becomes available that allows for collection of knowledge necessary to build EOs. OWLs allows for entrepreneur, manager and worker segmentation and recruitment strategies.

For this purpose and research design, it is necessary to go beyond the body represented by Reynolds & Olson (2001). Time spent with large MNEs allowed for practical modification, amendment or ratification of the Reynolds & Olson methodology developed between 1983 and 1997. What results from this transformational process is a thematic attitude and opinion segmentation (TAOs) instrument (Clark, 1997, 2013, 2014). Then, TAOs was modified to segment workforces for any organized collective, market, or environment. OWLs has been applied to prior studies (Clark, 2013) to demonstrate sustainable organizations rely on market share, inelastic prices, and brand image or reputation. Attraction of best human resources make an enterprise more resilient and sustainable; regardless of the sectors or environments it chooses for alleviation of market or organizational failure based on strategic innovation.

OWLs provides one basis for training human resources and construction of effective culture and proper administrative processes (Clark, 2013). The purposive sample included hybrid-enterprise organizations from within and across the several sectors of the US. Data was collected in two phases: 2012 through 2013, and during 2014. Results discussed herein are based on 57 interviews at 11 different government-related enterprises.

Four of the enterprises were government enterprises, and the remainder was government contractors with at least 74% of revenue accruing from Federal or state government contracts. These contracts hold the contractor to higher standards than required of a regular Federal employee, office, or other form of policy-based enterprise (Rohe & Watson, 2007).

Data collected for this study measured what is of interest relative to stated research questions: entrepreneurship in the public sector funded by a local US, state or Federal government enterprise; and the primary funders are taxpaying constituents of that government (Acemoglu & Robinson, 2006; Acs et al., 2009; Padgett & Powell, 2012). Homebuilding was the industry used for research design operationalization.

Sample members were from within and across the governmental, nonprofit and for-profit sector homebuilders that rely wholly or partially on government transfers, privately-held socially-responsible homebuilders, publicly-held socially responsible homebuilders, and nonprofit homebuilders that earn a substantial portion of operating funds rather than rely on government transfers (Rohe, Quercia, Levy and Biswas, 1998; Rohe & Watson, 2007; Olin, 2012).

Homebuilding is a major industry in the United States; and subject to many public policies that create unique institutions that impact the ways in which housing market failure may be addressed. Homebuilding becomes a very good example for long-term study of entrepreneurial public organizations; and organizations could be treated as panel members for a variety of studies related to organizational culture, administrative and technological processes, and formal and informal structures associated with EPOs (Clark, 1997, 2013; Jaskyte, 2011; Baumol, 2010).

Findings from this study suggest the EO model is effective for governmental enterprises, and the HEO model works best for nonprofit and for-profit enterprises (Clark, 1997, 2013). Because of its empathetic cultural and administrative process components, the EO represents best-available public sector organizational structure and administrative processes.

The interview sets comprise sets of entrepreneurial or transformational leaders, external and internal intra-enterprise entrepreneurs or intrapreneurs, real managers and those being prepared or emergent for one of the aforementioned roles or assignments. Each organization included in the results supplied either four or five interviewees; depending on whether interviewees occupied multiple roles via their organizational assignment.

Most interviewed (73%) did have both economic and social or governmental roles associated with present assignment; single focus assignments usually involved executive leadership of specialty roles – like social responsibility or sustainability functions. Each interviewee is considered a leader or real manager by their organization (Clark, 1997; Reynolds & Olson, 2001; Neck & Greene, 2010).

Application of means-end analysis from content elicited via laddering interviews involving new venture and intra-enterprise entrepreneurs produced significant results. The purposive sample comprised HEOs from governmental, nonprofit and for-profit sectors; and these enterprises operate locally, nationally and internationally.

Findings associated with this study are accurate, reliable and confirmable or reproducible. Two findings serve to extend and expand the current body of research-based knowledge and wisdom related to public sector entrepreneurship, its activation, and efficient management and control on behalf of relevant constituents, designated beneficiaries, and other stakeholders.

Cross-cross hierarchical value maps (HVM) of the responses from each interview set comprise the final results for each organization made member of purposive sample. Different versions of same methodology have been applied since 1995 (Clark, 1997); and the basis for the method is rooted in psycho-graphic consumer segmentation modeling applied to innovative or entrepreneurial organizations operating cross-sector or as HEOs (Jaskyte, 2011; Clark, 2013; SICP, 2014, 2015).

Work completed by Cameron & Quinn (2011) and Cameron, Quinn, DeGraff and Thakor (2006), and Jaskyte (2011) allow for design of an organizational workforce and leadership segmentation scheme. Work by Reynolds & Olsen (2001), Bass, Krishnan and Jain (1994), and Clark (1997) allow for creation of a mathematical segmentation model. Therefore, classification terminology promulgated by Cameron & Quinn (2011) are used in the classification scheme for this study and understanding of associated results and findings.

TABLE 1

HYBRID-ENTERPRISE PILOT AND SAMPLE: STRUCTURE, PROCESSES, AND CULTURE							
ENTERPRISE-TYPE [T=traditional; H=hybrid]	Present			Future			Effective CULTURE
	STRUCTURE	PROCESSES	CULTURE	STRUCTURE	PROCESSES	CULTURE	
Traditional (T) NPO	Production	Controlling	No Empathy	New Product Development	Creative	Innovative	
	Sales and Marketing	Competitive	Not Innovative	Sales and Marketing	Competitive	Not Innovative	Not Innovative
#18 MKTG SBU (T)	Sales and Marketing	Competitive	Not Innovative	Human Resources	Collaborative	Empathy	
	New Product Development	Creative	Innovative	Sales and Marketing	Creative	Innovative	Innovative
#18 CSR (H)	Human Resources	Collaborative	Empathy	New Product Development	Collaborative	Empathy	Empathy
	New Product Development	Creative	Innovative	Human Resources	Creative	Innovative	Innovative
#25 ENGR SBU (T)	New Product Development	Competitive	Not Innovative	New Product Development	Creative	Innovative	
	Sales and Marketing	Creative	Innovative	Human Resources	Collaborative	Empathy	Innovative
#25 CSR (H)	Human Resources	Collaborative	Empathy	New Product Development	Collaborative	Empathy	Empathy
	New Product Development	Creative	Innovative	Human Resources	Creative	Innovative	Innovative
PUB PROF SRHB (T)	Sales and Marketing	Competitive	Not Innovative	Sales and Marketing	Competitive	Not Innovative	Not Innovative
	Production	Controlling	No Empathy	New Product Development	Creative	Innovative	
PRIV PROF SRHB (T)	Sales and Marketing	Competitive	Not Innovative	New Product Development	Creative	Innovative	Not Innovative
	Production	Controlling	No Empathy	Sales and Marketing	Competitive	Not Innovative	
PROF GOVT SRHB (H)	Production	Controlling	No Empathy	New Product Development	Creative	Innovative	
	Sales and Marketing	Competitive	Not Innovative	Sales and Marketing	Competitive	Not Innovative	Not Innovative
NPO GOVT SRHB (H)	Human Resources	Collaborative	Empathy	Human Resources	Collaborative	Empathy	Empathy
	New Product Development	Creative	Innovative	New Product Development	Creative	Innovative	Innovative
NPO SRHB (H)	Sales and Marketing	Collaborative	Empathy	New Product Development	Creative	Innovative	Empathy
	Human Resources	Competitive	No Empathy	Human Resources	Collaborative	Empathy	
NPO SRCDC (H)	Human Resources	Collaborative	Empathy	Human Resources	Collaborative	Empathy	Empathy
	Sales and Marketing	Competitive	No Empathy	Sales and Marketing	Competitive	No Empathy	

The semi-structured interviews comprise sets of hierarchical, organizational values-beliefs-attitudes-behaviors chains (Simon, 1997; Reynolds & Olson, 2011). Sets are classified by structure, processes and culture. Descriptions of classifications are based on Cameron & Quinn (2011), and Cameron, Quinn, DeGraff and Thakor (2006).

The results for pilot and Phase I appear here as example for readers understanding.

Organizational workforce and leadership segmentation (OWLs) modeling is new; its closest relative is mathematical models for consumer segmentation. OWLs segment the organization or set of organizations. Phase III data collection was made complete August, 2014.

Organizational Culture & Workforce Segmentation

The interview script relied heavily on the OCAI (Cameron & Quinn, 2011). Future studies will rely on a modified version of TAOs and OWLs that leverages commercially-available software packages. This action is to achieve optimal inter-rater reliability and increase interview capacity. Presently, each interview required between 1 and 2 hours, and some interviews were unusable due to interviewer or coder-based error. Nine interviews were excluded from data transformation and statistical analysis. Inter-rater reliability is often a challenge, and precludes widespread application of the method.

The method is scientific and simple. Thematic attitude and opinion segmentation is over 20-years old and involves replicable and valid methods for making algorithmic inferences relative to values, beliefs, attitudes associated with observable communications; or other verbal or nonverbal behaviors (Rosenberg, 1956; Krippendorff, 2011, 2013; Reynolds & Olson, 2001; Clark, 1997, 2013).

First, a profile of the subject is created and developed. The subject – whether individual or collective – is administered a scaled instrument that becomes associated with a description of the respondent's geographic and demographic data. Results are compared to the general maps for the OWLs segmentation model, and made known with accuracy and reliability are formal and informal structure, administrative and technological processes, and culture and mood or climate necessary and sufficient for effective strategic innovation (SI).

For workforce composition, human resource character is the dependent variable; and related independent variables are mental abilities and moral capabilities. Only a scaled instrument and background information are required and used to determine workforce classification: entrepreneur or other change agent, manager or other leader, and worker.

Making this determination of workforce classification does nothing to cause upset or distress for the respondent during completion or thereafter. The original study that created OWLs comprised cognitive psychology-based laddering interviews and means-end chain analysis (Simon, 19887; Reynolds & Olson, 2001; Krippendorff, 2011, 2013; Clark, 2013).

Results are mapped in hierarchical fashion to show the links between motive and behavior; and composition of motive relative to internal values, beliefs and attitudes or external opinions. Depending on relationship of subject and entity offering opinion, the opinion may comprise power or influence that bounds the ability and capability of subject. Overall, a segmentation model for workforce composition emerges from this process (Clark, 2013).

To understand OWLs, imagine a Delphi study with three phases. First phase involves geographic and demographic information. Second phase involves collection of psychographic (values, beliefs, attitudes) data. Final step involves cross-case analysis and combination of all data for a

super-dataset made subject to quantitative content analysis. Results are accurate, reliable and reproducible (Jaskyte, 2011; Clark, 2013).

The basic methodology involves means-end chain analysis (MECA) applied to organizations operating in the for-profit, political and nonprofit sectors of North America, Western Europe and select Pacific Rim nations (Simon, 1997; Jaskyte, 2011; Clark, 2013). Data is subjected to content analytic techniques. The data is analyzed two ways: by-hand and using commercially-available content analytic software.

Several commercial packages exist for this use. This step requires careful editing of the text, and ensuring each file is entered in same format, rather like measuring the chemical elements for production of a desired compound. There is a final algorithm that compares results of the by-hand analysis with the machine analysis, and then evaluates that result relative to the first two results. This algorithm is unique to OWLs and ensures accuracy of any reported result.

RESULTS, FINDINGS & DISCUSSION

Results

Three significant finding result from this study. Findings provide a logic model for the process of neo-classical and how to address for-profit and nonprofit or governmental activities, simultaneously. Findings apply to both micro (individual, organizational, enterprise) and macro (aggregate) levels. The logical model allows for planning and organization of an enterprise that wishes to engage and succeed via strategic or Schumpeterian innovation (SI).

The inputs, outputs and outcomes associated with neo-classical entrepreneurialism are shown in Figure 1. NEOs comprise entrepreneurial organizations built from a human resources and administrative process perspective; and leadership determines necessary cultural elements based on mission or vision.

With poverty up three points over its consistent level between 1978 and 2009, a lack of sufficient economic growth, and perceived-to-be-increasing social and economic inequalities, and what many believe failed health care, education and governmental systems, it is a great challenge to establish and sustain those organizations crucial to inflection-ary Schumpeterian innovation and growth within and across the several sectors of a nation or defined political economy.

Finding 1. Neo-classical entrepreneurial organizational models exist within and across the for-profit, nonprofit and governmental sectors of the United States (US). They are cross-case compositions of bureaucratic, production and marketing enterprise models. Entrepreneurial or hybrid-enterprise models are founded on strategic human capital and new product development models and are correlated with strategic and serendipitous forms of Schumpeterian innovation.

Strategic innovation policy may be operationalized as product with functional and emotional features, attributes and benefits; and made subject to a modified-version of the modern entrepreneurial marketing mix based on intelligence and intermediation relative resources and associated capabilities.

The five variables are: intelligence, instigation, intermediation, investment and initiation (implementation, management, control); and easily operationalized for an entrepreneurial organization via application of high-performing work teams or similar strategic units.

Finding 2. There are four types of entrepreneurial characters. Of the four separate types of entrepreneurs, two are most important to recognize and activate within an organization or enterprise; and they appear to be a primary cause for innovation, and organizational adaptation and evolution that leads to optimal mission accomplishment.

They appear to have a higher degree of moral development – strength of value-based belief that determines behavior – and capabilities that allow for distinctive individual EPFs (entrepreneurial possibilities frontier); their knowledge, problem-solving and decision-making abilities are better than any manager or other worker.

These types are labeled ENTP and INTP. The ENTP is an external entrepreneur best suited for field intelligence and intermediation involving relevant stakeholders. The INTP- or intra-enterprise entrepreneur – is best for support and application of field intelligence; and best at internal intermediation and communications involving internal organizational stakeholders.

The ENTP is usually responsible for intelligence and instigation; and each type of entrepreneurial character is of equivalent importance to mission-based accomplishment of strategic or serendipitous innovation.

Accomplished ENTPs and INTPs are often relegated to leadership roles. They are often recruited away by other organizations. This leadership role is the third type of entrepreneur found by this study. The fourth type is labeled change agent; and in EOs, HEOs and EPOs there are usually administrative processes installed to discover or activate these emerging entrepreneurial characters.

Each of these characters are prevalent in sustainable and socially-responsible family enterprise. Instrumental and terminal values are equivalent within and across the several sectors, and the largest sector is the social or household sector. Households routinely account for 65% or more of all expenditures in the US, annually (Baumol et al., 2007; Acs et al., 2009, 2014).

Finding 3. Entrepreneurs are activated by organizational or market-based stimuli correlated with perception of market failure. Mood, freedom and empathy activate entrepreneurs (ENTP, INTP); attunement and alignment of organizational culture, processes and structure with constituent-based needs, want or desires leads to innovation and well-being rather than satisfaction.

The process of entrepreneurship crosses the several sectors of a political economy. Entrepreneurship involves strategic (planned) or serendipitous (unplanned) Schumpeterian innovation that causes net effective growth within and across the political, economic and social sectors.

Forms of Schumpeterian innovation are the outputs for EOs; and, aggregate outcomes include

new national income, new consumption, new business investment, new institutions, changed environment and markets, and changed culture (values, beliefs, attitudes) and institutions, rules or regulations associated with market conduct and environmental behaviors that instigate change.

Discussion of Findings

This long-term study of real entrepreneurs and EOs lasted over two years. For select members from each of the three samples and stages, longitudinal data collection continues. A large data base has been assembled about entrepreneurial character since 1995 (Clark, 1997, 2013). The major result is strategically-innovative information and knowledge related to EOs and HEOs. Only forms of strategic or Schumpeterian innovation (SI) qualify as entrepreneurship, and not every organizational format is conducive to SI – planned or unplanned.

Based on original testimony from ENTPs, INTPs, leaders, managers and other workers, the research design measured real entrepreneurs and their outputs. The design only involved entrepreneurial enterprises. They were drawn from within and across the several sectors of the United States (US). The US is most representative of a democratic-capitalist political-economy.

According to some, the US is a very entrepreneurial nation; and this assertion rarely includes public sector entrepreneurialism or enterprises. Results indicate entrepreneurialism in the for-profit and nonprofit sectors may see entrepreneurial possibilities frontiers (EPF) limited by administratively-incompetent public sector organizations.

EPF is similar to the production possibilities frontier (PPF) but comprises a three-level, cross-sector model to determine innovation potential for organizations or industry subsets. The EPF applies in within a political-economy based on democratic-capitalism. However, works by Stiglitz & Lin (2013), Stiglitz, Lin and Patel (2013) and Mazzucato (2014) suggest it works for planned or centrally-managed political-economic systems.

Relative to EOs and HEOs, there are fifteen variables of interest; and these may be evaluated using either of two different models. One model contains five variables and the dependent variable is Schumpeterian innovation. The other model contains six variables and involves outcomes associated with strategic or planned Schumpeterian innovation. These mathematical marketing strategy and management models are accurate, reliable and valid for their intended purpose (Bass et al., 1994; Godfrey & Hill, 1995; Clark, 1997).

The organizational form that emerges from this work suggests some interesting and radical ideas. First, field intelligence and field operations must be kept separate; collaboration at this level leads to inaccurate reactions or perceptions related to market or organizational failure. Management and other workers collaborate separately with both field intelligence and operations, using cross-case analysis to arrive at critical elements or factors for determination of strategy related to SI and market or organizational failures.

Second, EO managers are required to possess or must acquire empathy relative to entrepreneurs and workers. This is the link to family enterprise values, beliefs and attitudes that permeate the large and real “social market-preneurs” that are concerned with alleviation of social market

failure (Clark, 1997, 2013). They are intermediary for the intermediary; and real managers must act or simulate entrepreneurially to support or sustain master idea generators, elite salespeople, and intermediary and mediators (Neck & Greene, 2011; Clark, 2013, 2014).

Real manager and leader may be used interchangeably; owner-manager might be another applicable description since they usually (88%) hold equity in the enterprise. Ideally, they are transformational, authentic and skills-oriented; most must also be aware of psychodynamics and psychographics to manage in a complex, chaotic and nonlinear set of environments and markets (Acs et al., 2009; Clark, 2013; Northouse, 2016).

EO is the enterprise form most aligned with and attuned to public sector stakeholders and their short- and long-term well-being. Results indicate an EO is a best available organizational model for any enterprise required to communicate effectively and efficiently with its constituents, customers, beneficiaries and other stakeholders.

Morals or psycho-graphics (values, beliefs and attitudes) are most relevant for organizational culture. Empathetic attunement and alignment of public operations with policy-based beneficiaries and other constituents is necessary for EO success in any sector, and specifically in the public sector.

This is particularly important for family enterprises that rely on its member, friends and close associates for sustainability. Their relationships tend to be character or value-based, not knowledge or monetary-based. Many families in US do not succeed because of this misalignment or lack of common attunement via mission and vision. Whenever plan or strategy fails during implementation, the time and cost of other resources and capabilities causes a spiraling away from the EPF and PPF for individuals, collectives and the associated political-economy.

For this case, entrepreneurialism falls into a recessionary cycle (Schumpeter, 1934, 1942, 2011; Casson, 2003; Baumol, 2010). ENTPs and INTPs alleviate market failure for moral reasons. Alleviation of market or organizational failure results from productive entrepreneurialism perpetrated by HEOs, EOs and other enterprise responsible for SI, and incrementally serves to cause increase or enhance political-economy well-being and stability (Casson, 2003; Baumol et al. 2007; Baumol, 2010; Clark, 2013).

Implications and Pathways for Progress

The results make for theoretical and practical implications related to future studies, design and construction of new and socially-responsible enterprises. A focus on family enterprise appears the grand challenge; how to establish, grow and sustain family enterprise that creates local jobs, local incomes and addresses local social market failure.

The White House believes this important, SICP & SIF may be traced to the Clinton Administration, to the Kennedy Senate Offices and Center for American Progress, and finally to President Obama's desk and made part of public policy by executive order. The President also allowed for the nonprofit industry's restructuring during 2011 and 2012; when almost one-third

of all US-based nonprofit organizations ceased to exist by operation of law (Chiu, 2011).

All three US sectors – for-profit, nonprofit and governmental – may apply organizational design elements and operational compounds determined by “organizational workforce and leadership segmentation.” Most importantly, constituents require and deserve higher levels of competency, fidelity and integrity from government compared to NPO beneficiaries and consumers from the for-profit sector.

Based on combinations of prior and the current findings, it becomes apparent most (56%) of enterprises never produce planned or unplanned Schumpeterian innovation. Almost 26% of for-profit enterprises produce SI. NPOs account for less than 1% of SI; and the governmental sector enterprises account for 6% of SI.

Calculations indicate the governmental sector inclusive of contractors or other NGOs has an SI potential that approaches 18%. Often nonprofit and governmental organizations express desire to become more business-like or entrepreneurial; but it requires cultural and administrative process change, not just an alteration of structure or technological processes (Clark, 2013, 2014).

Families of corporate enterprises may apply principles associated with the EOs from the set of HEOs determined by this study. Even in a rigidly-structured public organization, forms of high-performance work teams may be formed that will act and react like for-profit counterparts. They become more communicative and collaborative with select sets of stakeholders (constituents and investors); and they become more sensitized to mission and code of conduct, acting like an extension of either executive leadership or public relations depending on the sort of market or organizational failure made of concern to the work team. EPOs can become more relevant and plentiful and make NPOs and corporate social responsibility – CSR or CR – programs more effective (SICP, 2014, 2015).

This makes sense given the reorganization of the nonprofit sector and enhanced government jurisdiction as corporate social responsibility programs take a direction similar to NPOs (Chiu, 2011); concentration of innovation and profits allows for a fewer number of powerful and influential enterprises within any sector of a political-economy (March & Olsen, 1989, 1995; Mazzucato, 2014). Innovation that leads to organizational sustainability will cause movement toward the boundary for individual enterprise or aggregate entrepreneurial possibilities frontier (EPF).

If productive SI is accomplished, the movement is toward an optimal state or space within the EPF and production possibilities frontier (PPF). Constituent well-being and better chances for the other sectors results from aggregate combinations of Schumpeterian-type innovation related to government administrative and technological processes that are associated with public policy implementation events (Baumol et al., 2007; Clark, 2007; Zunz, 2012; Acs, 2013).

The variable cases in Figure 1 are easily operationalized for classic quantitative analysis via data coding and transformation. Qualitative data collection and transformation made subject to statistical analysis allows for results based on indirect observation collective via laddering interviews. The content analytics are accurate, reliable and verifiable. This design employed

traditional methods (Rosenberg, 1956; Rosenberg et al., 1960; Reynolds & Olson, 2001; Krippendorff, 2011, 2013) modified by extensive application between 1997 and 2006.

Figure 1 represents the logic model for neo-classical entrepreneurship; and displays the administrative processes necessary to produce strategic or serendipitous innovation. An EO proactively seeks to explore and discover forms of market or organizational failure within their policy-specified mission or vision. Their desired outcome is multiple stakeholder benefit, and most important, constituent well-being. Corporate or nonprofit strategy and public policy often requires forms of Schumpeterian innovation for effective and efficient implementation and management, and the logic model presented herein is best available blueprint for enterprise or work team construction, effectiveness and measurement of value created for relevant or target stakeholders and constituents (Zunz, 2012; Acs, 2013; Clark, 2013, 2014).

ENTPs and INTPs require activation, whereas leader-managers and other workers require training. The best organizational training involves making of entrepreneur-focused high-performance work teams. In both HEOs and EOs culture and administrative processes determine technological processes and formal organizational structure; and this is not same as a for-profit and many NPOs.

Traditional government tends to structure itself in a bureaucratic manner; but strategic units within government enterprises may be organized as EOs. From government to family enterprise an EO model provides best-available processes and structure for innovative and sustainable organizational culture capable of Schumpeterian innovation – either strategic or serendipitous.

It is a complex, non-linear and often chaotic process to convert any organization to an EO or HEO from a bureaucratic, production, or sales and advertising model; and even modern matrix or blended organizational structures do not make it easier to convert or transform into an innovative and entrepreneurial organization. For-profit without effective CSR often claim conversion to be difficult; almost as much as NPOs led by non-entrepreneurs or untrained management must become accountable for increasing proportions of their operating expenses.

Research design-based results imply for-profit workers are more selfish than nonprofit or governmental workers and managers (Clark, 1997; Cameron et al., 2006, Cameron & Quinn, 2011). Self-enlightenment is often hard to teach or provide training for; like entrepreneurship, it must be activated or experienced (Baumol, 1990, 2010; Acs et al., 2009; Clark, 2013).

Results indicate bureaucratic enterprises are likely most-easily converted or transform. The formal structure may be altered based on policy implementation considerations. It is necessary to evaluate high-performance work team members relative to assignment and related market or organizational failure. Simple and generally-accepted instruments exist for this purpose; so only motivation or determination becomes necessary for practical application.

In fact, the authoritarian nature of bureaucratic and production enterprise models allow for greater management control over workers and their adherence to vision or code of conduct. Code of conduct may be re-worked simultaneously with any necessary vision modification or amendment.

CONCLUSION

A logic model for exists for public sector enterprises that must be entrepreneurial and provide forms of Schumpeterian innovation (see Figure 1). Organizational workforce and leadership segmentation modeling may be used to build EOs in the public sector, or used to construct and evaluate new theory.

Significant findings are associated with this study. A newer organizational model simple and easily understood is found for the complex, chaotic and non-linear process of strategic innovation and entrepreneurship; regardless of sector, environment, market or applicable institutions. EO is best available organization form for a socially-responsible, profit-driven firm or any enterprise accountable to all political economy constituents and other stakeholders.

Entrepreneurial organizations (EO) are the proper and efficient enterprise model for effective implementation, management and control of socially-responsible missions and visions and provide platform for location, activation and sustenance of emerging family enterprise that target local, social market failure.

EOs provide greatest levels of stakeholder well-being, impact on for-profit and nonprofit sectors, and measurable benefits relative to cost of strategic policy implementation, control, and mission accomplishment related to strategic or serendipitous forms of Schumpeterian innovation and often called entrepreneurship or small business management.

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BUILD A LEADERSHIP GREENHOUSE AND ROOT YOUNG LEADERS IN LEARNING EXPERIENCES

Sandra K. Pate, Angelo State University, sandra.pate@angelo.edu
Rex T. Moody, Angelo State University, rex.moody@angelo.edu

ABSTRACT

Over the last 20 years the question of how to effectively use the explosion of new technology that is available in and outside of our classrooms to facilitate student learning has dramatically changed, challenged, and expanded discussions within universities. Although, the benefits of technology and e-learning are numerous, recent hiring surveys indicate that many employers think recent college graduates lack basic people and leadership skills. Therefore, this paper suggests that when it comes to developing skills employers want, there is no substitute for “learning by doing” when it comes to developing leadership skills like speaking, writing, and networking.

INTRODUCTION

The impact of technology on education is obvious for anyone who is teaching. Today, technology, e-learning and on-line classes make it easier to reach more students, provide enhanced learning opportunities, and communicate with students. Unfortunately, recent employment surveys have shown that today’s college graduates do not have the soft skills required to be successful in today’s competitive business environment (Alssid, 2014). This leads to the question of whether all learning is equal when it comes to developing these leadership skills. Thomas (2008) suggested that leaders learn to lead from experience, a concept supported by leadership pioneers like Warren Bennis, Edgar Schein, Chris Argyris, Donald Schon and Morgan McCall who provided greater understanding of experience-based leadership development. A leadership class organized around the premise of learning by doing is the basis of this paper.

LITERATURE REVIEW

A number of surveys have asked employers about the importance of leadership in organizations today. The Center for Creative Leadership (CCL) Leader Insights Survey (2012) found 90 percent of the respondents thought leadership development should be part of every student’s educational experience (Van Velsor and Wright, 2012). CCL also discovered the competency that respondents wanted most, the ability to communicate effectively, was aligned with their primary concern that many students were unable to effectively communicate face-to-face (Van Velsor and Wright, 2012). A recent survey from the National Association of Colleges and Employers (NACE) showed the attribute most looked for on a candidates resume was leadership (77.8 percent), which was followed by written communication skills (Gray & Koncz, 2014). All of these surveys indicate concern regarding the lack of good communication skills of job candidates.

So what are the most desired skills? A survey conducted by CareerBuilder asked respondents for their top five most desired skills, which included good people skills (a firm handshake and making eye contact), oral and written communication skills, and leadership skills (Elliott, 2015;

Grasz, 2015). The CareerBuilder survey reinforced the importance of several skills associated with leadership especially oral and written communication.

Another survey focused on the confidence employers had in student abilities. Only 28 percent of the employers, surveyed by the American Association of Colleges and Universities (AACU), thought students had high abilities in the area of oral communication skills and only 27 percent thought recent college graduates had the written communication skills (correct grammar, spelling, language usage) needed to succeed in the workplace (Elliott, 2015, Jaschik, 2015). A recent Gallup poll had similar results finding only 11 percent of business leaders strongly agreed that graduates had the necessary skills to succeed in the workplace (Alssid, 2014). It is obvious that employers have low expectations about the communication skills of college graduates and their ability to succeed in the workplace.

When discussing communication, most of us think of oral and written skills. Deutschendorf (2014) suggested that listening skills are just as essential to leadership as speaking, even though listening skills are virtually ignored. His basic tips for improving listening skill include learning to be fully engaged and letting the speaker know you remember a key point by referring to it in a question (Deutschendorf, 2014). These tips seem simple but giving a speaker your full attention might be a challenging task when the cell phone in your pocket is vibrating.

Recent surveys have found that many employers think colleges need to consider increasing real-life learning experiences. Grasz (2015) noted that 46 percent of employers, who participated in the CareerBuilder survey, believed that colleges did not put enough emphasis on real-world learning by including relevant experience in classwork. This percentage was even higher in a recent Gallup poll where 88 percent of the business leaders surveyed thought higher-education institutions needed to include more learning activities that mimic real-world scenarios rather than testing students on abstract principles (Alssid, 2014). Carriger (2013) suggested that developing leadership potential by providing learn-by-doing opportunities seems to have both theoretical and practical support. The lack of developmental experiences is partially placed on the educational system that is overly focused on academic test results (Van Velsor and Wright, 2012). They also contend that organizations in all sectors want leaders who can communicate effectively in person and via media (Van Velsor and Wright (2012). If these statements seem logical, then designing classes that promote the development of skills employers want and graduates need to be more successful in the workplace is a win/win strategy. The following class was built around one such strategy, developing leadership skills by practicing them.

LEADERSHIP “LEARNING BY DOING”

The Applied Leadership course is designed to bolster the skills that business recruiters and managers feel new graduates are lacking. This three-credit course includes short lectures on leadership topics, guest speakers, and a variety of activities outlined below. The course is an elective for advanced students and attracts business majors from a number of specializations.

Positive First Impressions

Class activities are built around skill development in areas that managers consider critical and none is more important than being comfortable meeting someone new and making a good first impression. The foundational skill of networking is practiced in the following activities.

In order to hone their networking skills, students have to make arrangements to take a businessperson or professional to lunch because they are interested in that person's career path, want to learn more about a particular industry, or admire the work of a local community leader. This assignment does not allow students to use family or friends and they must prepare a list of questions before their networking lunch. The first in-class speaker each semester is a free-lance writer for a local newspaper who shares tips on the importance of having a list of prepared questions before an interview to ensure you get the information you want. Exchanging contact information, asking if you can add them to your LinkedIn, and sending a hand-written thank you note are also requirements of this assignment. The contacts, students make from the networking lunch, have led to internships, job offers, mentoring opportunities, and company visits.

Greeters meet guest speakers at the entrance of the College of Business so it requires doing a little research beforehand so they know what their speaker looks like. Learning something about the guest speaker's background, providing a bottle of water, and conversing with them before class starts are the basic requirements of this assignment. Although only ten students can take advantage of this extra credit assignment, many students are hesitant to meet someone they do not know, shake their hand, and make small talk for ten minutes. The students that take advantage of this opportunity always say it was easier than they expected.

Effective listening is practiced when students listen to ten community leaders speak for about 45 minutes and then ask questions for another 30 minutes. Asking good questions reinforces the skills used during the networking lunch. Although this seems like a simple exercise, not looking at their cell phones for over an hour is still challenging for many students. Community leaders are comprised of both men and women who represent a variety of organizations and backgrounds. For example, speakers represent both for-profit and not-for-profit organizations, entrepreneurs who started a theatre and a social media business, city and state elected officials, military leaders including a Lieutenant Colonel and an Intelligence Specialist, education professionals are represented by a high school Principal, a university President and a Provost. After the speakers visit the class, students must sign a thank you note and include one thing they learned from the speaker. Receiving a thank you card is one of the things the guest speakers really appreciate because it happens so rarely.

The Art of Business Writing

In today's business world, managers expect clear, concise written communication. The following activities practice both professional writing used in reports and managerial feedback often used in teams.

During the course of the term, students must write ten journal entries, one to two pages long, which cover the previous week's activities. They are expected to be free of grammar, spelling, and formatting errors. In addition, the student journals have to be clearly written and well organized. Although these journals provide great practice for honing writing skills, their journal entries also provide students with a future reference regarding what they learned about leadership in their own words.

The leader project written assignment reinforces all of the skills students use when writing their weekly journals. For this paper, students select a leader and a book about a leader's life. The final paper requires condensing large amounts of information from the book and other sources

into a relatively short paper that is well organized and correctly formatted. Being concise is skill that most business people appreciate. This assignment also requires students to make a short class presentation on the leader they researched.

Although students are expected to give oral feedback on shorter class presentations, during leader project presentations all students provide written feedback, which is expected to be clear and constructive. Student feedback highlights what was really good and what could be improved for each presentation. Presenters get a copy of this feedback and the majority of them agree that it was accurate and helpful.

Speaking with Confidence

Good oral communication requires being comfortable speaking to one person or 30 people. The ability to be at ease speaking for three minutes or 20 minutes, is an art that many managers rated highly as a desired skill.

The elevator pitch exercise requires students to explain what makes them unique in two minutes. Although many students find this challenging, it is a really valuable networking skill. The value of internships, involvement in student organizations, volunteer work, part-time jobs, and study abroad experiences become clear in this exercise. Students, who do not have some of these experiences, find it more difficult to talk about themselves for two minutes. But having the ability to talk about themselves with confidence in unplanned situations is a skill students want to master. This exercise is done without notes on the second day of class, which helps students get to know each other and facilitates participation for the rest of the term.

Students also give a three-minute networking lunch presentation in class. Since this follows the elevator pitch, most students are already more comfortable speaking in front of their classmates. During this presentation, students have to share who they took to lunch, why they chose that particular individual, the three most important things they learned about leadership during their lunch, what went well and what was a struggle, and if would they do it again, including why or why not.

The penny game is probably the one exercise that students both love and hate but it is always rated as the favorite exercise. To begin, each student gets three pennies and then speaks extemporaneously on a random topic for one and a half minutes. Each time they say “um or ah,” they lose a penny. This is a high-energy exercise that has amazing results. Before the exercise, a short article is posted online with tips regarding how to avoid “ums and ahs.” It does not take long for students to start using these tips to keep their pennies. At the end of class, anyone who has pennies gets a candy bar; however, before class ends, all students get a piece of candy for being good sports.

Giving a 20-minute picture-driven presentation, as mentioned above, is part of the leader project assignment that includes an overview of what students learned about their leader. These presentations are picture-driven stories of the leader’s life. When selecting their leader, students have few constraints, however, their leader must be deceased. Thus, picking a more recent leader increases the probability that there are more pictures available depicting each stage of the leader’s life. Presenters are required to wearing professional attire and speak without notes, reading from the PowerPoints, going over the time limit, or hiding behind the podium. Some students are more naturally gifted speakers but the improvement in the speaking skills of the

entire class by the end of the semester is amazing. Because students witness this improvement, they all seem more confident about their ability to speak well.

LEARNING ABOUT ME

Understanding Your Leadership Style

Being clear about your leadership style and what values it reflects is beneficial to recent graduates who are in the job market. This is a talking point that might put your name ahead of many other job candidates.

Students in the Applied Leadership class complete two Leadership/Personality Assessments. After these assessments are taken, students discuss the results in groups and share why they think the results are correct or incorrect. They also have to explain to the class how the personality assessment results will impact their leadership style. Surprisingly, most students thought their assessment results were accurate.

Leadership YouTubes like “Be Fearless,” “The Last Lecture,” and the “Five C’s of Leadership” are a few of the videos watched in class. Since each of video provides a different perspective on leadership, students find great leadership is often unique. The point of the videos is to help students identify and develop their own personal leadership style so they can use it more effectively.

During the term, students read several articles about leadership and leaders; the articles recently used are, “The Real Leadership Lessons of Steve Jobs” and “I’ve Followed Warren Buffett for Decades and These 10 Quotes Are What I Keep Coming Back To.” The best articles challenge some of the assumptions students have about what makes a leader successful.

One of the last class assignments requires students to write their personal Leadership Philosophy. The expectation is that students identify the four leadership traits they feel most strongly about and then describe how they would apply those traits in their own lives. One of the best examples of a leadership philosophy included Teamwork, Trust, Compassion, and Commitment with seven to eight lines of text explaining each. The amazing part of this exercise is seeing how each leadership philosophy is different and reflects the influence of various activities on their leadership development.

CONCLUSION

There is no doubt that the technological and social media skills of today’s college graduates are highly valued by employers and make online courses attractive to many students and institutions of higher learning. However, the questions is: can the soft skills that corporate America wants young leaders to have be taught without some face-to-face experiences? Exposing college seniors to learning experiences that reinforce traditional communication, effective listening, and face-to-face networking skills can have two benefits. First, these skills can make them more competitive in today’s job market. Secondly, gaining some confidence in their soft skills enhances the likelihood that young leaders will continue to develop such skills, benefiting them throughout their careers. Obviously a one-semester course is only a stepping stone on a life-long journey of leadership development. However, if looking someone in the eye and shaking their hand, networking over lunch, or taking the initiative to meet someone new reinforces that it was

not so hard, then maybe the confidence gained from these experiences will help young adults expand their comfort zones throughout their careers.

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WHICH IS MORE POPULAR: POWERPOINTS OR RECORDED LECTURES?

Devi Akella, Albany State University, devi.akella@asurams.edu

ABSTRACT

Online education offers non-traditional students, adult learners an opportunity to study, work and fulfill their family obligations, all at the same time. These students have different learning styles, physical traits and lifestyles which influences their perception of online education and its various virtual pedagogical tools. This paper looks at what factors adult learners consider important in making online classes more personal, interactive and informative, with the support of empirical data gathered from graduate students enrolled in online classes within an MBA program in southern part of USA. The paper provides insights on the usefulness of various technological tools integrated in online classes to reduce student isolation, increase instructor presence and interaction between the teacher and students.

INTRODUCTION

Distance learning and online classes have grown phenomenally in the last decade (Anonymous, 2013). Students enrolled in online colleges and universities increased to 29 percent in Fall 2010 comprising of 5.6 million students. This is indeed noteworthy because the overall student enrollment in that year had increased by less than 2 percent (Allen and Seaman, 2010). Draves (2002) estimates that by the year 2050, 50 percent of the learning will take place online.

Adult students returning to studies prefer colleges offering online degrees and certificates (Jaggars, 2011). Adult students prefer online courses because they can save money. They don't have to drive down to the campus, are able to work and complete their education simultaneously (Green, 2010). Online programs are considered to be reliable, flexible, web-enhanced, blended with advanced instructional design tools (Green, 2010). In spite of the numerous advantages associated with online education, there are a couple of formidable obstacles. The lack of direct face-to-face interaction with the instructor happens to be a major downside of online education. How to make online classes more personalized especially with regards to teacher presence and interaction between the instructors and students happens to be the latest challenge facing online and distance education programs?

The role of technology has been accepted in online education to personalize distance and online education. Technology and its various tools are being used by online instructors to overcome the lack of face-to-face interaction with teachers in online classes. Arbaugh (2002) identified the impact of technological and pedagogical structure of business courses on student learning and satisfaction. Prater and Rhee (2003) found a direct link between student learning and types of media tools and techniques used in online classes. Technology used directly influences perceived student learning and satisfaction (Fortune et. al, 2006). Educators therefore to provide quality online services are incorporating new pedagogical techniques and innovative technological methods into their curriculum. As technology keeps improving, its usage in online education also keeps expanding, more sophisticated educational tools are being incorporated into online teaching mediums (Casey and Kroth, 2013).

For instance currently there are a variety of instructional design strategies which could be incorporated into an online class. Discussions, written assignments, e-mails, research projects, interactive tutorials and tests, games and simulations are a couple of examples. In the last few years, online programs have tried to place all subjective content online to reduce dependence on the instructor. And also to make the entire student learning process self-regulated and independent. Podcasts, videos, virtual classrooms, power points, journal papers and recorded lectures all aim to make online learning for the students as simple and efficient as possible.

To intensify the learning process for the students, and to overcome the handicap of lack of live lectures. In the past few years, recording lectures and uploading them into online classes has become popular. Educational conferences and research papers have pinpointed the advantages of recorded lectures. Initially detailed PowerPoint slides along with written lectures notes were provided to online students. But now the importance of video podcasts of lectures as a useful tool to reinforce student learning has unanimously been accepted.

PowerPoints highlighting important details of the chapter content have therefore recently become sidelined. Is it possible to conclude that recorded lectures are more popular than PowerPoint slides amongst the online students? Does an educator really need to invest time and effort in recording his/her lectures for students in online courses? Do online students appreciate it and really feel the need for it? Is technology really the answer to personalize online learning environments, increase teacher and social presence within online learning environments?

This paper discusses the empirical data collected from survey responses of over forty five students enrolled in three MBA classes over Summer 2014. The student feedback generates useful information about the factors which make online classes more personalized and interactive. In fact contradictory to the current conception, technology may not be the complete and full answer to the issue of personalization and humanization of online and distance education. This paper aims to provide useful information to instructors to help them improve their online courses and make it more personal and human. The next section will discuss various adult learning theories and the appropriateness of critical theory for this research study.

ADULT LEARNING THEORIES

Adult students would have a different learning style which might require a careful approach. They perceive learning to be a process of mental inquiry not assimilating transmitted content. The focus shifts to discovering knowledge through intuition and analysis of experience instead of assimilating information. “In conventional education, the student is required to adjust himself [sic] to an established curriculum, in adult education the curriculum needs to be built around the student’s needs and interests” (Lindeman, 1926: 8-9). Therefore the traditional pedagogies and learning theories may not be effective for this adult population. Andragogy or “adult learning” has been found to be effective in imparting knowledge to these non-traditional students.

Andragogy is a theoretical framework which explains how adults learn. Andragogy states adult education requires special teachers, special methods and special philosophy (Knowles, 1980), it is the “art and science of helping adults learn” (Knowles, 1968: 351). Adult education

encompasses ideologies of experiential learning, self-directed learning, transformational learning and culturally relevant teaching (Merriam, Caffarella and Baumgartner, 2007). All adult learning theories are based on the assumption that an adult learner is self-directed who learns optimally when his/her prior experiences are taken into consideration (Brown, 2001). The role of experience in adult education is crucial. While the instructor's role evolves into that of a facilitator.

However andragogy as a theory of adult education is not complete, it lacks "the explanatory and predictive functions generally associated with a fully developed theory" (Davenport and Davenport, 1985: 157). Also most of the revelations made by adult educators adopting an andragogy perspective need to be empirically tested. Hartree (1984) observed that andragogy was not a theory but a set of principles of good practice—"can be read as descriptions of the adult learner...or as prescriptive statements about what the adult learner should be like" (Hartree, 1984: 205). Brookfield (1986:98) supports the assertions of Hartree (1984) that andragogy is not a "proven theory" but instead a "set of well-grounded principles of good practice". Further andragogy has a "slavish focus on the individual learner, the socio-historical context in which learning takes place is virtually ignored" (Merriam, Caffarella and Baumgartner, 2007: 88). There is hardly any mention that learning is also dependent on the social, historical and cultural position of the learner. Again no attention is paid to the context in which learning takes place (Jarvis, 1987). As Sandlin (2005) critiques, andragogy assumes education is value free and apolitical and all learners look and learn alike, different ways of learning across cultures is ignored and diverse voices are silenced. The relationship between self and society is ignored "andragogy does not take into account structural privilege and oppression, based on race, gender and class, that influence learning and does not consider how culture impacts a person's development and ways of learning" (Sandlin, 2005: 28). Andragogy ends up supporting society's inequalities.

The focus needs to be shifted from the adult learner to the larger systems in society, the culture and institutions which shape learning, the structural and historical conditions which frame and define learning (Merriam, Caffarella and Baumgartner, 2007). This stance is known as the critical theory. A critical orientation defines an adult learner and his/her learning capabilities without ignoring his/her race, class and gender orientations. The purpose of pushing these variables forefront is to allow exploration of adult education thoroughly in a more informed and systematic manner. Critical theory can inform adult education and practice. It would allow different adult voices to be effectively heard, broadening the existing learning requirements leading to informed analyzes of teaching and learning practices.

An important component of adult education at present is online education. Due to family obligations and job demands, adult learners have shown a clear preference for online learning or distance education. And with regards to online education the focus so far has been relegated to technological tools and delivery mechanism. But is technology really the answer to effective online learning environments? This paper will explore the current perception that technology and its sophisticated tools are responsible for the humanization and personalization of distance education programs. It will discuss the issue of humanization and personalization of the entire online learning experience without ignoring the historical, social and cultural backgrounds of the adult learners.

The next section reviews the methodological issues and data collection methods chosen by the author.

POWERPOINTS OR RECORDED LECTURES?

This study revolves around adult learners enrolled in a graduate program at Albany State University, Georgia, which is a historical black college and university and how to create effective learning environments for them online. Learning environments which enable maximum knowledge dissemination and integration among the students. Learning Environments which increase teacher social presence, reduce feelings of isolation amongst the students in an online class. In the last few years technology has been sought out as the answer to reduce students' isolation, increase student-student interaction and student-faculty interaction in online environments. One major issue with online classes, is lack of face-to-face lectures for all its enrolled students. Recording lectures using lecture capture technology and uploading them into one's online classes allow instructors to overcome the lack of live lectures.

Recorded lectures have been found to be popular amongst on campus students and online students (Woo, 2008). It adds the personal touch which is missing in all online classes. Students find recorded lectures useful and flexible allowing them to handle numerous commitments such as family and work life without sidelining their educational demands (Philips, 2010; Connor, 2010). Recorded lectures support students with physical and learning disabilities to assimilate information at their own space (Williams 2006). Lecture captures are also beneficial for non-English speaking students.

To record lectures a variety of software can be used. Camatasia and Adobe Presenter are the latest in the market. Rich media formats (which combine audio with PowerPoint in their online or zip format) or MP3 recordings are used to record lectures. Earlier PowerPoint slides along with written lectures were used to supplement live lectures in online classes. But nowadays PowerPoint slides along with recorded audio of the lecture are used instead. Recorded video versions of the live lecture class are also used. Students prefer a short summary audio podcast compared to full length video podcasts (Van Zanten et al., 2012). Students prefer the short audio summaries, for it helps them in revising their course material. They find the full-length video recordings to be time consuming even though these recordings help them in understanding difficult subjective concepts.

Gorissen et al. (2012) found that 90 percent of the students they surveyed reported accessing video lectures recordings outside of campus. While according to Soong et al. (2006) 94.9 percent of the students participating in their study agreed that video recorded lectures helped them in their studies. Soong et al. (2006) identified various reasons for why recorded lectures were popular, such as:

- *"I can watch selected parts of the lectures which I don't understand (34.51 percent)*
- *I find that video recorded lectures help me in preparing for exams (21.46 percent)*
- *I can view the recorded lectures anywhere, anytime (18.14 percent)*
- *I access video recorded lectures when I am on MC (Medical Certificate –i.e., off sick) (10.73 percent)*
- *I do not have to get up for lectures (7.52 percent)*
- *I am too busy/unable to attend classes (4.54 percent)*

- *Other reasons (1.77 percent)*” (Soong et al., 2006 as cited in Karnad, 2013: 5).

While Traphagan et al. (2009) found that 83 percent of students used lecture captures to make up for a missed class. Recorded lectures enabled 70 percent of the students to revise course material and 46 percent to better understand the information. Students reported that recorded lectures had a positive impact on their learning and exam results. 66.68 percent of the students surveyed believed that recorded lectures simplified the learning process while 79.9 percent felt that it made the material easier for them to understand (Gosper, 2008). Settle et al. (2011) study revealed that 86.3 percent of the students found recorded lectures to be useful while 63.7 percent students felt it increased their performance. Williams and Fardon (2007) added that 99 percent of the students rated lecture captures as being “essential” and “very useful” in their studies.

However the impact of recorded lectures on results attained by the students was minimal. Inglis’s (2011) study revealed that students who preferred recorded lectures to live lectures secured lower grades. While Franklin et al (2011 as cited in Karnad, 2013)’s study concluded use of recorded lectures had no effect on student results. Traphagen et al. (2009) commented that student results with or without access to lecture webcasts had no impact on face to face classes. But Owston et al. (2011) felt that recorded lectures significantly impacted the student performance. Students who accessed recorded lectures scored more than those who did not.

Pursel and Fang (2012 as cited in Karnad, 2013)’s study revealed that there was no influence or no negative influence of recorded lectures on student attendance within the classrooms. Schreiber et al. (2010) felt that students realized the supplementary characteristic of recorded lectures. Recorded lectures also help disabled students. 65.7 percent of the disabled students regarded recorded lectures as an essential tool because it allowed them to overcome their ability to attend live lectures and difficulty in taking notes during live lectures (Williams, 2006).

To summarize, most of the students on overall found recorded lectures to be a useful learning tool. It allowed revision of material, understanding of subjective content and acted as a substitute for classes missed. It had minimal impact on student attendance. Overall its benefits outweighed any negative issues if any. Student feedback on recorded lectures has also been very positive (Woo, 2008). It lead to an enhanced learning experience, increased student retention and supported students with disabilities in their studies.

But recording lectures is time consuming, expensive and requires technological support and training. Is it worthwhile investing so much time and effort by the instructors? Are recorded lectures really needed by students within an online class? Or are they contended with PowerPoint slides which can be easily downloaded with written lecture content? Is technology and its advanced tools the end solution to increase online teacher presence and personal touch in online classes? The next section answers these questions with the help of empirical data in the form of student feedback.

METHODOLOGY AND EMPIRICAL DATA ANALYSIS

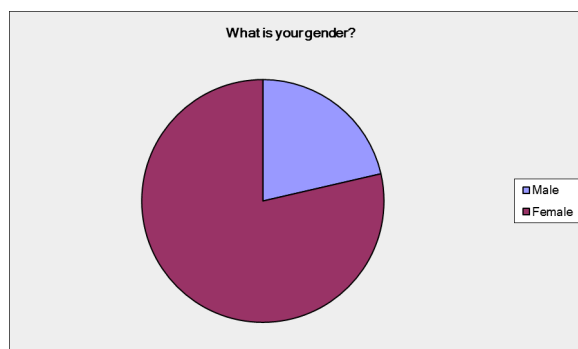
All research participants were enrolled for Summer 2014 semester in online MBA classes at Albany State University and were scattered within the state of Georgia. The author therefore decided the survey method consisting of open and closed ended questions might be most appropriate. Survey would allow reaching out to the maximum number of students. It would also

allow collecting both quantitative (i.e., closed ended questions) and qualitative (i.e., open ended questions) data.

Two surveys were designed on SurveyMonkey in Summer 2014. Permission was taken from the university's Institutional Research Board (IRB) to conduct the survey. The first survey link was placed on three online MBA classes being offered in Summer 2014-- ACCT 6141 Municipal Accounting, MGHC 6108 Advanced Legal Policy for Healthcare and MGMT 6125 Human Resources Management. Students were invited to provide feedback on the usefulness of online classes, quality of various instructional design tools adopted in their online classes, role of the instructor and suggestions to further improve the online course quality etc. All responses were collected anonymously. Forty five students responded to the survey giving detailed feedback.

The author redesigned her course for Fall 2014 integrating the suggestions offered by the students in Summer 2014 survey. A second survey link was placed on MGMT 6110 Organizational Behavior class in Fall 2014. Eleven student responses were received. Students were requested to give feedback on their level of satisfaction on the various tools used in the course, the instructor teaching style and any further recommendations to improve it. All student responses were recorded, saved and analyzed on SurveyMonkey. SurveyMonkey generated quantitative analyzes for all the closed ended questions. While for the open ended questions, the author downloaded them onto a word file to undertake a thematic analysis. All open ended responses were read and reread to identify emerging themes and then coded accordingly. The student quotes were then categorized under respective themes and sub-themes and used in empirical analyses.

Figure 1: Gender of Survey Participants



All student participants were African Americans, and 79 percent were females, working mothers and single parents [see Figure 1]. All qualitative data was analyzed neutrally, the researcher took no sides and was like a “fly on the wall”. But being in-charge of the graduate program in which the students were enrolled and also as their advisor and instructor she was able to empathize with them. She was able to identify with their situations because she herself was a female with similar roles and responsibilities. But the author's sympathies with the participants did not influence the overall data analysis. She just constructed the stories of African American adult learners, single parent females from a lower middle class strata who had gone back to studies to improve their career prospects, their preferences and opinions, which could be used to design more effective learning virtual environments. She wanted to bring out the contrasts if any which may be existing between how African American, non-traditional female students could be perceiving online

education. How did it differ? Was it different from how other adult learners from different backgrounds might perceive? The data analysis provided insights about African American adult learners who also happen to be females from a lower economic strata of the society and how they perceived their learning processes. The subsequent sections will discuss the empirical data.

ADULT LEARNERS AND ONLINE EDUCATION

Adult learners are increasingly moving towards online learning environments primarily due to their busy work schedules and the flexibility offered by the online teaching modalities. All graduate MBA students preferred online classes because of its convenience which allowed them to work and simultaneously complete their education. As students revealed:

“I enrolled in online classes for convenience I work 8 to 5 and don’t have time for face to face classes.”

“Because I work and it gives me flexibility”.

“Because I have a full time job that does not work around school schedules”.

Online classes thus allowed these students to increase their qualifications, get better jobs and increase their financial stability. African Americans currently working in two to three part time hourly jobs could improve their educational qualifications and knowledge by studying online which would allow them to seek out better job prospects in the future. Their current lifestyles was revealed in the comment below:

“I find online classes more convenient for me being that I currently work 2 or more jobs”.

Online education also proves to be the answer for all working mothers with children and those at home who otherwise could not have envisaged going back to studies. Online education allowed them juggle numerous responsibilities effectively. As two female students revealed:

“I enroll in online classes because I do have quite a few responsibilities that requires my being at home as much as possible in the day and early even”.

“I am a working mother of two and online learning is more beneficial for me”.

Online education thus has the potential to be emancipatory—it allows older individuals working in small hourly jobs with numerous family responsibilities, to take up studies and improve their career and financial prospects. Online education was effective in liberating individuals from oppressive job conditions, financial burdens and aspire for better life.

MEANING OF ONLINE EDUCATION

Online Education for all the participating students meant engaging with learning new information and knowledge electronically. All interactions with the teacher took place via electronic mediums. As one student commented online education is:

“A process where teacher and student engage primarily through electronic mediums”.

Online education is very different from face-to-face teaching, it is more facilitator type of teaching, where all teaching material is accessible online. Instructions, assignments, reading materials and lecture notes can be found online. The student is required to read the instructions and then attempt the weekly activities. As students commented during data collection:

“I would define online teaching as being more a facilitating job and also being available for support, yes this is different from face-to-face teaching”.

Even though online classes are convenient and flexible there are a couple of disadvantages. Unlike face-to-face teaching, in online classes, it takes time to receive feedback. One does not get an immediate response, usually it is after the assignment has been submitted. Students remarked in their survey responses:

“Online learning is different from classroom face to face teaching because you do not get the frequent opportunity to ask questions face to face. And if you do get an answer to your question it is probably after your submission of the assignment in question”.

Online education for them meant electronic education, highly technologically savvy, impersonal with no face-to-face interactions with the teacher. To quote students’ replies:

“Online teaching is a method of teaching that consist of accessing all material by electronic methods. That is why it is important to be technologically savvy. It is very different from face-to-face learning methods because everything is done online. You don’t have that on one-on-one or face-to-face time with your professors in an online setting. To me online learning is impersonal”.

EFFECTIVE LEARNING STRATEGY

However learning still took place within these electronic mediums. It was just different. The environment inspite of having no face-to-face teacher guidance, interaction and with personal element missing, was more relaxing and stress free. Simply because it brought education closer to home, allowed an adult learner to relate the theoretical information to their own prior experiences and daily lives, assimilate and integrate it. The adult learners were in favor of these electronic learning environments for their own reasons:

“I think that this depends on where you are in your education ... When you are in graduate school your priorities may be different and the idea of sitting in class for three hours after working all day may become a learning distraction as you worry if the kids are eating and doing homework. So in this stage in your collegiate life online learning may be the most effective method of learning”.

Virtual environments provided students with the opportunity to read the material slowly at the your study time, get familiarized with the material, work out their own strategies to understand it, relate to it and use it later on. It was a process of reading, discussing it with peers and teachers without the embarrassment of making a mistake and then conducting original research to write up assignments and projects for course grade. As gathered from the participants’ responses:

“The most effective way of learning for me is reading and outlining. The reason that reading and outlining what I read is effective because I am getting familiar with the information that is required to be learned. Reprocessing information over and over is my best strategy”.

“The material is to me comprehension, it requires reading with understanding, discussion and paper research”.

INTEGRATION OF TECHNOLOGY AND ITS TOOLS INTO ONLINE CLASSES

In the past few year, research has revealed the usefulness of using technology and its various tools into making online classes more personal and interactive. Tools such as recorded lectures, podcasts, videos and audio sessions have been found useful.

All students felt the need for interaction between themselves and their teacher, the need to be more personalized with each other. The need for more collaboration, conversation and prompt feedback, an online environment which would allow them to support each other during the course of the semester. They wrote:

“The students will interact with the instructor and each other just like in a classroom setting and they can bring their questions to the class thus helping them to measure where they are compared to their other classmates and to see if all of them are having the same issues and then discuss them collectively as a group”.

Inspite of feeling the need to interact and orally speak with each other instead of just discussing in writing, the issue of finding a convenient time suitable for the entire class was discussed as well.

“It would be more interactive but finding a time that is conducive to all participants might be difficult...”.

This issue of a suitable time convenient for all was emphasized in detail by nearly all the students in their survey feedback. When the author asked the students their views on incorporating Lectures on Skype to make the classes more interactive and personal, allow personalized feedback and integrate that personal touch into her online classes. It was vehemently opposed by the students. Students argued that:

“Not really I believe that lecturing should be a personal choice as we are adults in the master’s program and should be responsible for reading our own material”.

“No, if that was the case then why do online, just go to class”.

“I do not think so. The reason behind this is because most online classes are set up to be flexible around student’s lives”.

The reasoning was all students were adults, who had made the choice to enroll in online classes because of its flexibility, and were ready to take the responsibility for their own learning mechanisms be it through reading and understanding on their own. They classified themselves as adult learners who were self-directed and self-motivated. And now with skype lectures it would again demand their presence online at preschedule time and date. As commented:

“you have to be online at required times for lectures you may as well have in class lectures”.

“That takes away from the flexibility of online classes”.

“No I don’t think it is a good idea to have the instructor giving weekly lectures online to the entire class at prescheduled time and date. The main reason a student takes online classes is because of the flexibility. Having an instructor to give weekly lecture at a prescheduled time and date alleviates the flexibility.”

The student reminds the author s/he is an adult learners with family and working responsibilities which might conflict with prescheduled lectures. They remark:

“No, what if a person is working or taking care of family”.

Further not only are their adult learners but also from a lower economic strata of the society who may not have been exposed to latest and advanced technological tools. Couple of students also revealed in their feedback that they did not know how to skype:

“No for one everyone doesn’t have nor knows how to skype...”

The author tried to get their feedback on recorded lectures and in fact even recorded all her lectures and uploaded them online in Fall 2014 class. She recorded ten weeks of lectures on Camatasia and then uploaded them as MP3 files onto her online class. Her recorded lectures consisted of PowerPoint slides and audio recording detailing the subjective content, important terminologies and concepts. However the students did not appreciate the availability of recorded lectures which could be accessed anytime at their own convenience. They argued:

“No it takes away studying time and it adds to the workload”.

Further they opined:

“No...learning can be achieved through reading lectures.”

“I found it more beneficial reading the chapter material and PowerPoint slides”.

Students simply preferred Power Point slides and lecture notes over recorded lectures. Recorded lectures further added to their workload. Power Point slides which condensed all information along with simplified lecture notes were voted over recorded lectures [see Figure 2]. As revealed:

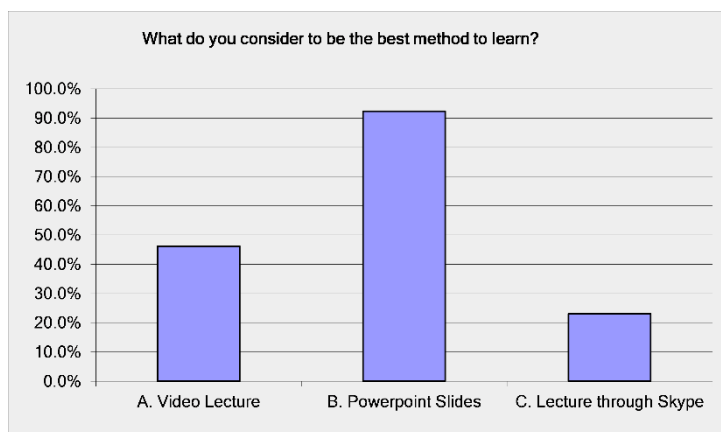
“Powerpoints help condense information”.

“Powerpoints helps to simplify the subjects...”.

“Powerpoint helps to simplify the subjects and discussions helps to listen to students’ ideas and point of views”.

“Powerpoint serves as lecture notes that facilitate the understanding of the textbook”.

Figure 2: Powerpoints, Recorded Lectures & Skype Lectures



There was no need for more advanced technological tools provided the actual content was simple, easy to understand with prompt responses from a qualified, responsive faculty member. As summarized by students:

“I think this may not be needed if the teacher has power points and all her instructions are well together”.

“As an adult...is having reference material to study from, the ability to ask questions and get answers”.

“through the use of textbooks, internet support, clear, concise instructions and supportive resources from online instructor”.

“...lecture notes that facilitate understanding of the textbook...”.

“...responses to work assignments and faculty participating in the discussions”.

The students learning style comprised of reading, understanding it and slowly comprehending the material by relating it to their daily lives and experiences. As students informed the author:

“I read each chapter and complete the corresponding assignment. I prefer this”.

“Alone, reading and working on assignments”.

The students all remarked about the cost of online classes, and now with integration of more advanced and sophisticated this technology cost would be passed onto the students. Adult minority students wanted to study online to improve their financial and economic stability thereby emancipating themselves from financially oppressive situations. A student complained:

“...reduce the cost of taking online classes...”.

To summarize what is needed, is simple, understandable subjective information online, more personalized support from the instructor, prompt response, interaction with classmates and support in the form of online tutorials. This is more important for an adult learner when online instead of advanced technological tools which s/he may not know how to use, would add to his/her expenses to access that software on the computer and also encroach onto his/her family and work time.

CONCLUSION

To conclude, for African American non-traditional students, online education is a medium which allows them to go back to studies. It allows them to become better educated adults who can now take up higher level jobs, increase their financial stability and emerge as more confident citizens. They are able to study while doing jobs, looking after their families, at their own space and time. They can plan out their study load depending upon their financial situations. They don't have to feel uneasy about answering anything wrong in public, all discussions and chats are online and sometimes even anonymous. They can read, understand, comprehend and relate the information to their own personal lives and experiences and assimilate the new knowledge. However integration of advanced technological tools may prove to be a detrimental factors for these adult learners from a minority background—they may lack the technical skills to use these new tools in online classes, may not be able to acquire the latest software to access their coursework, may find them inconvenient to use.

The empirical data revealed that presentation of the subjective content in a clear, simple and understandable fashion is more important to these students than technically advanced instructional design tools like recorded lectures. Online adult learners with personal and professional commitments, stress related problems like financial, marital and children have less time to study and complete course activities. Listening to full length recorded videos further adds to their work load. For with addition of recorded lectures an online student would first need to listen to lectures, download PowerPoints, read chapter notes, consult textbook to complete all weekly assignments. In contrast to a face to face class, where one had to attend lectures and give

monthly exams or assignments. The online adult learners in this study felt recorded lectures just added to their workload and was redundant, especially if the course content was easy to understand.

If these students are provided with clear instructions, with instructors' expectations clearly stated, with information about weekly activities regularly provided and with grades being released promptly with detailed feedback. These adult learners might find it easy to navigate through the course material and complete the required assignments which meet the instructor's expectations and earn good grades. Learning for them need not always take place via audio lectures it could also be through reading written lectures, supplementary reading material and discussing it with peers. In this situation lecture captures, podcasts etc. might prove to be unnecessary for students.

So for an effective online class with adult learners, where maximum student learning takes place, technology and its numerous aids do help. But more than that, it is precise directions, careful planning, simple lecture notes, PowerPoint slides detailing the main points which can be deemed to be more important. Instead of letting technology and its tools overwhelm online programs, more emphasis should be placed on instructors' training in curriculum development, designing of course material and providing students' time schedules and guidelines and prompt feedback. The role of an instructor should be emphasized, his/her knowledge and teaching abilities are to a large extent responsible for an online class to be effective.

Learning should be made simple and easy instead of difficult for an adult learner who is already in a disadvantageous position because of his/her economic background, family responsibilities and work commitments. The instructor should be prominent and visible for the learners, easily reachable, supportive and responsive.

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SHARED LEADERSHIP IN A DEPARTMENT OF DEFENSE ACQUISITION PROJECT MANAGEMENT TEAM

Valentin Novikov, Regent University, valenov@mail.regent.edu

ABSTRACT

Integrated product teams (IPTs) manage the acquisition of modernized military equipment. Since acquisition processes are complex and multi-functional, product management team leaders are not experts in every phase of their projects. Therefore, team leaders rely on member expertise by serving as social architects to orchestrate collaborative work group cultures required to accomplish the teams' missions through shared leadership (Stagnaro & Piotrowski, 2013). Since no previous field study on shared leadership in product management teams has previously been performed, an in-depth qualitative study was conducted on a successful acquisition IPT that suggested the team portrayed the characteristics of shared leadership.

INTRODUCTION

Integrated product teams (IPT) are employed within acquisition project management offices inside the Department of Defense (DoD) to develop, procure, and sustain modernized equipment for the military (Office of the Under Secretary of Defense (OUSD), 1998a). An IPT is a multidisciplinary team established with a designated team leader by the responsible project manager (OUSD, 1998a). The IPT handbook charges team leaders with ten responsibilities that includes leading the team (OSUD, 1998b). Unfortunately, the handbook does not provide specific guidance on how the team should be led (OSUD, 1998b).

Based on the fact that project management processes are complex and multi-functional (Ng & Walker, 2008), project management team leaders are not experts in every phase of their acquisition projects (OUSD, 1998b). Consequently, to achieve team goals leaders must rely on expertise from team members by establishing a collaborative team environment. Unfortunately, the project management team leader's focus is typically on achieving project cost, schedule and performance constraints rather than facilitating team effectiveness (Valaich, George, & Hoffer, 2006). Stagnaro and Piotrowski (2013) noted that the basis for team performance is the type of behaviors portrayed by the leader. Muller & Turner (2007) posited that the leadership style of the program manager and team leader effects the success of the project.

Although most leadership paradigms have traditionally been focused on vertical leadership (Pearce & Sims, 2002) with one central leader that has authority over the team, its actions and outputs (Carson et al., 2007), it has recently been suggested in scholarly literature that shared leadership in teams produces high levels of performance (Graham, 2007). Furthermore, recently published scholarly literature has also indicated that project management team leaders may be able to employ shared leadership by serving as a "social architect" to orchestrate (Stagnaro & Piotrowski, 2013, p. 2) a collaborative work group culture required to accomplish the teams' missions. Because shared leadership can occur in an organization with or without a designated leader (Carson, Tesluk, & Marrone, 2007), the purpose of the study was to determine if shared leadership is applicable for use within DoD's acquisition processes that use project management

teams with designated leaders, which is a significant departure from the historical use of vertical leadership paradigms such as situational leadership (Hersey & Blanchard, 1977) within this context. To fulfill this purpose the study examined the following research question: Is shared leadership actually being practiced within one of the more successful acquisition project management teams despite the fact that the concept of shared leadership posited by Gibb (1954) is currently not part of the lexicon within DoD.

Although empirical research has been conducted over the last decade on shared leadership (Sanders, 2006; Carson et al., 2007; Small, 2007; Solansky, 2008) with students in a laboratory setting, little field research has been conducted on shared leadership. Although Woods and Fields (2007) conducted an empirical field study on shared leadership within an ecclesial context, and Cox (2009) conducted a field qualitative phenomenological study on the shared leadership of business representatives from a regional consortium, these studies were not focused on teams within a project management context. Consequently, a qualitative study was conducted to capture the perceptions of the leadership experiences and group dynamics from the leader and members of a defense acquisition IPT that has the reputation of being highly successful. The research was focused on understanding the collaboration and decision-making within the IPT.

SHARED LEADERSHIP THEORETICAL BACKGROUND

The idea of shared leadership was first posited by Gibb (1954), which was referred to as leadership distributed between two or more group members. Ensley, Hmieleski and Pearce (2006) posited that shared leadership is a “team process where leadership is carried out by the team as a whole” (p. 220). Shared leadership emerges within the team when there is a spread of influence between various team members without regard to the type of effectiveness of the influence (Carson et al., 2007) since leadership is considered the influence of others (Yukl, 20013). The members mutually lead one another to accomplish the team’s goals through the process of reciprocal influence (Avolio, Sivasubramaniam, Murry, Jung, & Garger, 2003).

Although shared leadership’s primary characteristics are collaboration and shared decision-making (Stagnaro & Piotrowski, 2014), it is key to note that shared leadership can occur in an organization with or without a designated leader (Carson et al., 2007). This is because many other leadership styles can be integrated into shared leadership (Hoch & Dulebohn, 2013). The sharing of leadership, which includes decision-making, is not necessarily equal among all team members (Seibert, Sparrowe, & Linden, 2003).

Stagnaro and Piotrowski (2014) maintained that shared leadership is appropriate in contexts like information technology projects where the project manager, who is accountable, is not the expert. Faraj and Sambamurthy (2006) described the information technology team environment as one where highly skilled employees collaboratively work interdependent complex tasks required to accomplish the project. Since the project manager is typically not the expert in all areas associated with complex projects, project leadership requires collaboration between team members that results in the project leader being more of a “social architect” to orchestrate group activities (Stagnaro & Piotrowski, 2013, p. 224). Within this context the project leader does not necessarily have a reduced leadership role (Stagnaro & Piotrowski, 2014). Instead the project team leader, as an orchestrator, creates a cooperative climate within the team culture that

includes collective decision-making (Stagnaro & Piotrowski, 2014). Consequently, project leadership involves “those work activities that influence the motivation, knowledge, affect or practices of all team members” (Stagnaro & Piotrowski, 2013, p. 224).

Shared Leadership Model

Carson et al. (2007) theorized a model based on two assumptions: 1) shared leadership occurs only when members are willing to influence the team’s direction and influence other member’s motivation towards and support for the group; 2) all the team members must accept collective leadership by multiple members. The model consists of two antecedent conditions: one internal and one external (Carson et al., 2007).

The internal team environment includes a “shared purpose, social support, and voice” (Carson et al., 2007, p. 1222). Shared purpose engenders motivation, empowerment and organizational commitment (Linden, Wayne & Sparrowe, 2000), which enhances the team members’ inclination to assume shared leadership (Avolio, Jung, & Sivasubramaniam, 1996). Social support encourages cooperation and member commitment to group outcomes (Kirkman & Rosen, 1999) through member recognition and appreciation of member ideas (Marks, Mathieu & Zaccaro, 2001). High levels of voice encourages team member participation and proactivity in accomplishing team goals resulting in shared leadership (Carson et al., 2007).

The external environment includes team coaching (Carson et al., 2007) that encourages (Morgeson, 2005) member initiative and shared commitment (Hackman & Wageman, 2005). Supportive coaching by external leaders, like program managers, provide motivation and consultation on areas where the team requires external assistance (Hackman & Walton, 1986), which stimulates the emergence of shared leadership (Carson et al., 2007).

Enhanced Shared Leadership Model

Hoch and Dulebohn (2013) proposed a more complex holistically structured model of shared leadership that includes antecedents, mediating, and moderating variables. The antecedents include: structural supports for the team, the nature of external vertical leadership, and team member characteristics (Hoch & Dulebohn, 2013). The structural supports, which encourage greater team member participation, consist of “perceived team support” (PTS), “information” and “rewards” (Hoch & Dulebohn, 2013, p. 118). PTS includes members’ perceptions that the team cares about their welfare and appreciates their ideas and efforts (Bishop, Scott, & Burroughs, 2000), which is similar to the first antecedent condition posited by Carson et al. (2007). The sharing of detailed information between members on the importance and integration of member tasks with team goals is an important structural support for shared leadership (Hoch & Dulebohn, 2013). Finally, team member participation is enhanced by fair reward systems that recognizes member contributions (Van Herpen, Cools, & Van Praag, 2006).

Leadership external to the team, which is typically vertical, significantly impacts the team and the emergence of shared leadership (Hoch & Dulebohn, 2013). Similar to Carson et al.’s (2007) external coaching antecedent, empowerment and positive personalized leadership behaviors of external leaders from high-leader member exchange relationships or individualized consideration

provided by transformational leaders influence member attitudes and behaviors by creating a climate that fosters the emergence of shared leadership (Hoch & Dulebohn, 2013).

Hoch & Dulebohn, (2013) contended that members that exhibit self-leadership, have an internal locus of control, and possess a proactive personality are more likely to engage in shared leadership. Self-leadership consists of the self-regulation activities that results in individual self-motivation and self-direction (Houghton & Neck, 2002). Members with an internal locus of control tend to actively engage in influencing outcomes within their environment (Boone, Van Olffen, & Van Witteloostuijn, 2005). Members with proactive personalities tend to take the initiative in problem solving as change agents (Brown, Cober, Kane, Levy, & Shalhoop, 2006).

The mediating variables are generated from the internal team processes. They include the “cognitive,” “affective,” and “motivational” team processes (Hoch & Dulebohn, 2013, p. 121). Cognitive team processes are mental models (Hoch & Dulebohn, 2013) developed through enhanced information sharing (Solansky, 2008). Affective team processes (Hoch & Dulebohn, 2013) include conflict control (Zaccaro, Rittman, & Marks, 2001) and member well-being (George, 1990). Motivational team processes include: team “cohesion” and “potency” (Hoch & Dulebohn, 2013, p. 121). Potency is the members’ views that the team is capable to address tasks in different situations (Gully, Incalcaterra, Joshi, & Beaubien, 2002).

The moderating variables include “interdependence, task complexity, and team virtuality” (Hoch & Dulebohn, 2013, p. 122). Teams with tasks that are highly interdependent and complex will have an increased need to share information and coordinate efforts between members thereby increasing the propensity for shared leadership (Pearce & Manz, 2005). Teams with geographical dispersed members tend to share leadership (O’Leary & Cummings, 2007) since virtual teams typically have reduced centralized vertical leadership structures in comparison to routine in person organizations (Bell & Kozlowski, 2002).

Model Impacts

The variables posited by Hoch and Dulebohn (2013) impacts the emergence of shared leadership within project management teams that are responsible for complex projects. The successful completion of these projects requires highly skilled team members capable of sharing expertise through cooperation and coordination to perform interdependent tasks (Hoch & Dulebohn, 2013). The intricacy of the decisions associated with these complex projects promotes the use of shared decision-making and leadership (Hoch & Dulebohn, 2013). Consequently, shared leadership can be expected to improve team performance on complex projects with interdependent tasks (Day, Gronn, & Salas, 2004; Carson et al., 2007).

METHODOLOGY

Since prior studies suggested that team performance (Carson et al., 2007), member commitment (Linden et al., 2000), cooperation (Kirkman & Rosen, 1999), and job satisfaction (Wood & Fields, 2007) are improved in teams with shared leadership, it was posited that shared leadership should probably be applicable for use in DoD’s multi-functional acquisition IPTs. Consequently, a qualitative case study was conducted by examining the leadership experiences and perceptions

within an IPT. The study examined in depth a team’s leadership experiences to capture a wealth of detailed information (Patton, 2002) from a purposeful intensity theoretical-based sample that participated in a semi-structured focus group interview using the open ended questions contained in tables 1 and 2, which were adapted from the ten item shared leadership scale that was used by Wood and Fields’ (2007) study. Since Carson et al. (2007) posited that shared leadership can be enhanced through an antecedent of external support through external supportive coaching, a question on external support was included in the interview guide even though it was not included in Wood & Fields (2007) shared leadership measure.

TABLE 1

Interview Guide – Shared Leadership in Acquisition Integrated Product Teams

Characteristic	Questions
Collaboration	1. How does your team establish its goals? 2. How was the vision for your team generated? 3. How is information shared within the team? 4. How are team members’ evaluated or held accountable for their responsibilities? 5. How does your team handle circumstances like members being overwhelmed, which could impact meeting obligations?
Decision Making	6. How are problems identified, and diagnosed within the team? 7. When faced with a problem, how does the team resolve problems or decide on the best course of action? 8. How are differing opinions and perceptions handled within the team? 9. How are resource allocation priorities decided within the team?
External Support	10. What support is provided by external leadership when needed by the product development team?

The focus group consisted of eight members from a ten member IPT that was nominated by the project manager. The study’s unit of analysis was selected not only for their exceptional acquisition product management achievements, but also because the group was considered “very collegial, trusting, [and] caring” (project manager, personal communication, April 1, 2015). The project manager (2015) noted that the team was not only filled with “go getters and doers,” but “people who work well together.” The team members “are truly like close friends,” and appear to be “tied together like a chemical bond” (project manager, 2015). Consequently, it was suspected that this exemplary IPT was an intensity sample where shared leadership may be observed if it exists within the context of defense acquisition IPTs.

TABLE 2
Interview Guide – Demographic Questions

Characteristic	Questions
Experience	1. How many years' experience do you have with the acquisition process? 2. How many years' experience do you have as a team leader?
Gender	3. What is your gender?
Functional Expertise	4. What is your functional area expertise? (e.g. program management, systems engineering, test & evaluation engineering, acquisition logistics)
Age	5. What is your age? (e.g. 20-29, 30-39, 40-49, 50-59, 60-69)

Finally, since leadership is an experiential phenomenon of the leaders' influence with their followers (Yukl, 2013), a thematic analysis (Hartman & Conklin, 2012) of the leadership experiences and perceptions was conducted from the IPT's perspective by analyzing the transcript from the focus group interview with the IPT using a combination of in vivo, descriptive, pattern, and axial coding to identify themes derived from the interview. These themes were used to generate an operational model diagram depiction (Saldana, 2013) of the essence of the product development team's leadership experiences and perceptions.

RESULTS

A thematic qualitative study was conducted on an exemplary integrated product development team (IPT) with a reputation of being highly successful. Study results derived from the focus group interview is contained in the 75 initial codes found in table 3. These in vivo and descriptive codes were derived from the focus group interview with the study's purposeful intensity theoretical-based sample that included IPT members that varied in age from 23 to 60. The majority of the study participants were in their thirties. The team is gender balanced with all members having at least a bachelor degree. Eight of the ten members, four women and four men, participated in the study's focus group interview. The member's defense acquisition experience varied between one and 19 years with an average of eight years. Consequently, the team members could be considered mature both in its physical age (team leader, personal communication, April 14, 2015) as well as in its professional experience (test engineer, personal communication, April 14, 2015).

DISCUSSION

An examination of the themes and their interrelationships generated from the analysis strongly suggested that shared leadership was practiced within the study's unit of analysis. This supposition is highlighted within the study findings, which describes seven themes derived from the analysis of the focus group interview transcript, and the study's operational model diagram.

Table 3

Initial Codes – from the Focus Group Interview of the Acquisition Integrated Product Team

Question	Initial Codes
How does your team establish its goals?	• “It wasn’t top down, it wasn’t stove piped” (Lead system engineer) • Started with high level Integrated Master Schedule from the PM” (lead test engineer) • “Each function area” came up “with their own goals and objectives” (lead test engineer) • Functional leads identified what “their lines [in the schedule] would like” (lead test engineer) • Group assembled executable plan from function leader inputs based on “how they would fit together” (IPT Leader) • “Stacked the [functional] lines on top of each other and then moved stuff around where it fit” (lead test engineer) • Brought “it together as a team and modified it from there” (lead system engineer) • Required “independent motivation” by functional leads (IPT Leader)
How was the vision for your team generated?	• “Get everything we need to hit the milestones.” (test engineer) • “Don’t be the cog in the wheel” (IPT leader) • “Get the warfighter what the warfighter needs” (Scientist) • “Putting the warfighter first” (Team leader)
How is information shared within the team?	• Primarily through emails (system engineer) • “Do not hold anything back copy everybody” (system engineer) • Weekly staff meeting for overviews to keep “everybody up to date” (Test Engineer 2) • “Keep everyone informed on what is going on” (IPT leader) • Talk out shared stuff that is not understood (IPT leader)
How are team members evaluated or held accountable for their responsibilities?	• “More important to hold the program accountable than the individual people because everyone is going towards the same goal” (IPT leader) • “Up down then across the team” (IPT lead system engineer) • “Group reviews” (IPT leader) • IPT leader checks on how the tasks are coming along” (Deputy IPT leader) • “Reciprocated respect for getting the product where it needs to be” (IPT lead test engineer) • Requires communications feedback (test engineer) • Assessment of impacts and priorities (since if everything is a priority, nothing is a priority) (IPT leader) • “To worry about accountability usually means the person isn’t a very good self-starter” • Team is filled with “real good self-starters” (IPT leader) • Accountability facilitated by having structure that includes detailed

assignment, resources, and suspense (IPT lead test engineer)

Question	Initial Codes
How does your team handle circumstances like members being overwhelmed, which could impact meeting obligations?	• Team members offering help when others are overwhelmed (test engineer) • “The majority of the team was overwhelmed” (IPT leader) • “We depend on each other and we know it” (IPT lead system engineer) • “Everybody is dedicated to getting it done” (test engineer)
How are problems identified and diagnosed within the team?	• “As we go” (IPT leader) • “It wasn’t a lot we did ahead of time” (IPT leader) • “Going head first into something and then when it comes up identify and adjust” (IPT leader) • The IPT has “a strategy laid out. . . and a path of steps you are going for to know when you are out of line” (IPT lead systems engineer) • When the team sees “an issue coming up” they “don’t sit on it;” instead the team comes “up with ways to address it” (IPT lead systems engineer) • Requires both technical leaders as well as programmatic leader to ensure that the IPT gets accurate technical information required to make adjustment (test engineer) • IPT leader “sees the big picture” “to make sure that things are on track and” help “where needed” (test engineer)
When faced with a problem, how does the team resolve problems or decide on the best course of action?	• Be “truthful about it” (IPT leader) • Don’t “try to hide problems” (IPT leader) • Being communicative (IPT leader) • “Communication is the hardest thing to do” (IPT leader) • “The key is no one is afraid to voice their opinion” (IPT leader) • Getting help from the team and bouncing ideas off people to get different perspectives to formulate a way to resolve the issue (IPT lead test engineer) • “Can’t be afraid to ask questions, and can’t be afraid to be wrong” (test engineer) • Succinctly explain ideas (IPT lead systems engineer) • Communicate the problem in terms appropriate for the audience (IPT leader) • Build alliances through relationships (IPT lead systems engineer) • “Take time with them” (IPT lead systems engineer) thorough “one on one in person” discussions (IPT leader) • Talk to stakeholders and “see what is important to them” (IPT lead systems engineer) in order to “figure out what makes them tick and what

they are really interested in” (IPT leader)

- The IPT leader “makes the final decision based on everyone’s input”

(IPT lead systems engineer)

- “I don’t like to disagree with the function areas” leads since they “know what they are talking about” (IPT leader)

- Communicate rationale for decisions (IPT leader)

- Each functional area lead influences the entire decision making process (IPT leader)

Question	Initial Codes
How are differing opinions and perceptions handled within the team?	• “Talk everything out” (IPT leader) • “People are honest with their opinions” (IPT lead test engineer) • “Lot of strong opinions” (IPT lead test engineer) • “People are not afraid to say their opinions” (IPT lead test engineer) • The IPT leader “allows us to have our opinion and speak our opinions” (IPT lead test engineer) • The IPT leader “hears us” (IPT lead test engineer) • Team supports the IPT leader’s decisions (test engineer) • Professional differences of opinion on tasks (IPT leader) • “I think the worst thing you can do if you have a difference of opinion is to hold it in. And a good thing about the team is that I don’t think that anybody holds it in” (IPT leader) • There are some unresolved conflicts with some external stakeholders due to differences in agenda and motivation (chief scientist) • To resolve these conflicts must understand what “principles and motivating factors” drive these stakeholders (chief scientist) • Must try to frame problems in “language that is important to them, which is not necessarily the most straight forward language that we would use” (chief scientist)
How are resource allocation priorities decided within the team?	• Based on “the strategy we all agreed on . . . you realize from there that here is where we need to prioritize” (IPT leader) • Products “take a lot of coordination.” If the product “is going to drive us so we need more resources to get these things done” (IPT leader) • Based on “meshing” together of functional area strategies as a “building block” (IPT leader)
What support is provided by external leadership when needed by the product development team?	• The project manager puts “the people first” (IPT leader) • He is concerned about the people’s wellbeing (IPT leader) • The project manager “is not autocratic” (IPT leader) • The product manager is not insulated but interacts with his people (test engineer) • “I appreciate the management’s allowance and empowerment of the people to do and complete” the tasks (IPT lead test engineer) • “I have liberties to execute it without constantly having to check in”

(IPT lead test engineer)

- Resources from the PEO help the team to prepare the right way and to address issues that can't be resolved at the PM level (IPT leader)
- “The number one thing I appreciate from management” is when they “have your back” (IPT lead systems engineer)
- The project manager “doesn't under value anybody” (IPT deputy leader)
- “Everyone's valued no matter what their level is” (IPT deputy leader)
- The project manager “would work with us and was understanding, he didn't admonish us for being honest” (IPT deputy leader)

Findings

The analysis of the 75 in vivo and descriptive first cycle codes contained in table 3 using pattern coding (Saldana, 2013) revealed 48 different categories. The analysis of these categories using axial coding (Saldana, 2013) generated seven different themes. The themes listed in table 4 included shared purpose, social support, voice, internal self-leadership, external positive personalized leadership, enhanced team processes, and shared decision-making. Table 4 contains a description of these themes within the context of the project management IPT.

TABLE 4

Shared Leadership Themes of the Defense Acquisition Integrated Product Team

Theme	Description
Shared Purpose	Shared understanding and efforts on team's goals and objectives
Social Support	Reciprocal attachment and support between team members
Voice	Participation and input of team members to group activities and decisions
Internal Self-Leadership	Member self-regulation generating self-motivation and self-direction
External Positive Personalized Leadership	Empowerment based on high-leader member exchange relationships and individualized consideration
Enhanced Team Processes	Cognitive, affective, and motivational team processes resulting from shared leadership
Shared Decision Making	Collective decision making

Carson et al. (2007) noted that shared purpose “exists when team members have similar shared understandings of their team's primary objectives and take steps to ensure a focus on collective goals” (p. 1222). The focus group interview with an exemplary defense acquisition IPT revealed that the team has a shared purpose around the collaboratively developed and agreed on goals that are a conglomerated “meshing” of the team's functional area goals and objectives (team leader, 2015). Although differences of opinion may exist, the team supports the IPT leader's decisions and “is dedicated to getting it done” (test engineer, 2015) based on the strategy the team “all agreed on” (team leader, 2015).

Hoch and Dulebohn (2013) posited that perceived team support, which is based on “reciprocal attachment where team members feel that they are supported by their team members, who are committed to them and who care about their well-being, and where they evince the same toward other members” (p. 118), includes social support. The IPT appears to portray social support (Carson, et al. 2007) based on the fact that the IPT members indicated during the focus group interview that team members depend upon one another (lead system engineer, personal communication, April 14, 2015). They reciprocally support (lead test engineer, personal communication, April 14, 2015) and help one another (test engineer, 2015) especially when team members are overwhelmed (test engineer, 2015). This is because “everybody cares about everybody” (project manager, 2015).

Carson et al. (2007) noted that voice is “the degree to which team’s members have input into how the team carries out its purpose;” it “connotes participation and input” (p. 1222). Comments during the focus group interview strongly suggest that the IPT leader not only allows but encourages members’ active participation and input. The IPT members are not “afraid to voice their opinion” (team leader, 2015); they “are honest with their opinions (lead test engineer, 2015). The IPT’s lead test engineer (2015) noted that the team leader “allows us to have our opinion and speak our opinion,” which includes bouncing ideas off people to get different perspectives to formulate a way to resolve issues. The team leader (2015) pointed out that “the good thing about the team is that we talk everything out and everybody comes to a consensus.”

Houghton and Neck (2002) posited that internal self-leadership consists of the self-regulation activities that results in self-motivation and self-direction. The interview responses portrayed that the members possess strong internal self-leadership traits. The IPT leader (2015) noted that his team is filled with “real good self-starters” who are “dedicated to getting it done” (test engineer, 2015). The team leader (2015) pointed out that his functional area leads are independently motivated. The team members’ internal self-leadership is illustrated by the fact that the team members “don’t sit on” problems waiting for guidance once problems are recognized, instead they proactively come “up with ways to address” the problems (lead systems engineer, 2015).

Hoch and Dulebohn (2013) noted that external positive personalized leadership behaviors, and empowerment facilitate shared leadership. Personalized leadership includes high-leader member exchange relationships and individualized consideration (Hoch & Dulebohn, 2013). These behaviors are similar to external coaching posited by Carson et al. (2007). Based on the interview responses it appears that the project manager displays positive personalized leadership traits. The IPT members noted that the project manager values everyone (deputy team leader, personal communication, April 14, 2015) and is concerned about the well-being of the people within his organization (team leader, 2015). The project manager empowers his “people to do and complete the tasks” (lead test engineer, 2015) while simultaneously protecting them by watching their backs (lead systems engineer, 2015).

Hoch and Dulebohn (2013) contended that enhanced team processes “result from shared leadership” (p. 121). They include cognitive, affective, and motivational team processes, which appear to exist within the IPT. Cognitive team processes are developed through enhanced information sharing (Solankys, 2008). Within the IPT everyone is kept “informed on what is

going on” (team leader, 2015) by copying everybody (lead system engineer, 2015) and talking out information “that is not understood” (team leader, 2015). Information sharing allows the team to see “an issue coming up” and to proactively come “up with ways to address it” (lead systems engineer, 2015). Affective team processes include conflict control (Zaccaro et al., 2001) and member well-being (George, 1990). The IPT manages task conflicts by allowing members to share professional differences of opinion (team leader, 2015) so that these differences do not degrade into relationship conflict that is characterized by member hostility and poor morale and motivation within the group (Miranda & Bostrom, 1994). Task conflicts that are managed so that they do not get out of control can be beneficial. They generate “enhanced understanding, improved decision making, greater team confidence and effectiveness, higher quality ideas and innovation, greater affective acceptance of group decisions, and increased constructive debate” (Anderson, 2009, p. 83). Motivational team processes involve “team member motivation to work hard to achieve team goals and desired outcomes” (Zaccaro et al., 2001). The IPT leader (2015) noted that the functional leads exhibited “independent motivation.” Furthermore, the lead test engineer (2015) pointed out that “you have to support each other” to be successful. This includes commitment to make the IPT leader and function leads successful (test engineer, 2015).

Stagnaro and Piotrowski (2014) contended that shared decision-making and collaboration are the two primary characteristics of shared leadership. Seibert et al. (2003) noted that shared decision-making is not necessarily equal among all team members even though it involves collective decision-making within a cooperative team culture (Stagnaro & Piotrowski, 2014). Consequently, shared decision-making can occur in an organization with a designated leader (Carson et al., 2007). Within the IPT interviewed during the focus group, the team leader “makes the final decision based on everyone’s input” (lead systems engineer, 2015). The lead test engineer noted that the team leader “allows us to . . . speak our opinions” and “hears us.” Decision-making within the IPT includes a feedback loop where the team leader communicates the rationale for his decisions back to the team members (team leader, 2015).

Shared Leadership in the IPT

The results of the analysis of the team’s responses to the research questions during the focus group interview strongly suggested that the team exhibits the following characteristics of shared leadership, which appears to be the synthesis of parts of the two shared leadership models (Carson et al., 2007; Hoch & Dulebohn, 2013) found in scholarly literature. The team appeared to display a shared purpose as evidenced by the team’s description of how they collaboratively developed their goals and objectives, and how they allocated resources based on the strategy the team “all agreed on” (team lead, 2015). Carson et al. (2007) contended shared purpose is a “dimension of an internal team environment enabling shared leadership” (p. 1222). The team also seemed to provide social support to its members, which Carson et al. (2007) maintained is another “dimension of an internal team environment that supports shared leadership” (p. 1222). This support was exhibited by the care members have for one another (project manager, 2015) and their willingness to reciprocally support one another (lead test engineer, 2015). Additionally, the team’s leadership encourages members to voice their opinions and provide inputs (lead test engineer, 2015). Carson et al. (2007) posited that a dimension of an internal team environment that enables shared leadership is voice.

Furthermore, Hoch and Dulebohn (2013) suggested that self-leadership is associated with shared leadership. It was noted by the IPT leader (2015) that his team was filled with self-starters who proactively addressed issues immediately after they become apparent. Hoch and Dulebohn (2013) also posited that shared leadership in teams is facilitated by positive personalized leadership by managers external to the teams. The project manager that oversees the study's unit of analysis was noted to put his people first, show concern about his people's well-being (team leader, 2015), and empower his subordinates (lead test engineer, 2015).

Hoch and Dulebohn (2013) also posited that the results of shared leadership are cognitive, affective, and motivational team processes. The IPT appeared to have open inclusive information sharing processes, and managed task conflicts effectively so that they do not degenerate into destructive relationship conflicts (Anderson, 2009). Furthermore, the IPT leader (2015) noted that his people are self-starters who are independently motivated and committed to the success of the group.

Lastly, it seems that the IPT employs a collaborative inclusive decision-making style that encourages the sharing of member ideas and perspectives (lead systems engineer, 2015) that includes leader feedback on the rationale for decisions once they are made (team leader, 2015). This decision-making approach appears to be driven by the empowerment of the functional leads and team members by the team leader to influence the decision-making process through their inputs based on their expertise, which allows a member with expertise to "predominate" whenever the team addresses technical areas requiring explicit expertise (OUSD, 1998a, p. 2). Because shared decision-making is not necessarily equal among all team members (Stagnaro & Piotrowski, 2014), it can occur within a group such as this exemplary IPT that has a designated leader who encourages the empowered collaborative participation of team members. Since the primary characteristics of shared leadership are collaboration and shared decision-making (Stagnaro & Piotrowski, 2014), both of which the IPT appears to have displayed, the results and findings from the focus group interview strongly suggested that the IPT probably practices shared leadership based on the concept posited by Gibb (1954) even though the terminology is not included as part of the lexicon within the DoD. This is because "leadership may be exhibited both by formally selected leaders," like the IPT lead, "and by informal leaders" (Yukl, 2013, p. 3) that emerge from within the group through their expert or referent power. Based on the expertise of these informal leaders, they "influence what the group does, how it is done, and the way people in the group relate to each other" (Yukl, 2013, p. 3). The expertise of various group members appears to have resulted in the emergence of informal leaders within the IPT. Since the IPT leader appears to not display the characteristics normally found in an autocratic leader, the informal leaders within the team have been able to use their expertise to significantly positively influence the group based on the group members shared purpose by predominating over discussions whenever the team addresses technical areas within the project that requires the informal leaders' explicit expertise (OUSD, 1998a).

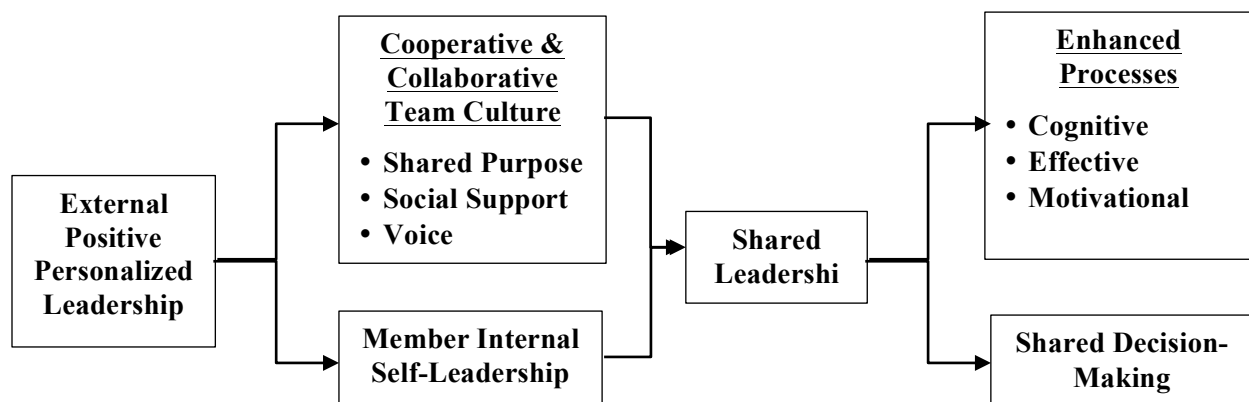
Operational Model Diagram.

The thematic analysis of the focus group interview transcription suggested that these seven themes are probably interrelated as depicted in the operational model diagram portrayed in figure 1. Shared leadership within an IPT was facilitated by the non-autocratic positive personalized

leadership of the project manager who founded the team. This suggests that shared leadership emerged when the team was empowered by the project manager who used a coaching and mentoring style of leadership. Second, the emergence of shared leadership within an IPT appeared to be enabled when the team leader established a culture of cooperation and collaboration within the team. This culture can be described as one that: enables the development of a shared purpose embraced by the entire team, encourages voice with the unfettered sharing of opinions that are heard and seriously considered by the team leader and the group, and provides social support within the team. Third, shared leadership seemed to have materialized when the group contained members that display internal self-leadership characteristics.

Figure 1

Operational Model Diagram of the Shared Leadership and Group Dynamics of an Exemplary Defense Acquisition Integrated Product Development Team



The outcomes of shared leadership within the IPT appeared to include enhanced team processes and shared decision-making. These enhanced cognitive, affective, and motivational team processes encouraged conflict control, and the open sharing, rather than the suppression, of ideas. These appeared to support member well-being based on the fact that members feel valued when they are encouraged to participate and their opinions are heard and seriously considered by the team leader and the group. Since it has been posited that affective team members have increased organizational commitment (Eizen & Desivilya, 2005; Meyer & Allen (1991), these members tended to display greater motivation “to work hard to achieve team goals and desired outcomes” (Zaccaro et al., 2001) especially when group participation was facilitated by such motivational processes as empowerment.

Shared leadership within an IPT may also have possibly occurred as a result of the team’s cooperative collaborative culture that encouraged team discussions about impending decisions related to emerging issues and problems. This seemed to occur around a shared purpose in an environment where members feel safe based on the team’s socially supportive environment. Finally, this appeared to have possibly improved team decision-making by enabling the team to examine all the possible alternatives thereby seemingly reducing the risks of groupthink (Cosier & Schwenk, 1990) or the team taking an inadvertent trip to Abilene (Harvey, 1988).

Comparison of the Operational Model Diagram with Models in Scholarly Literature

An examination of the operational model diagram of the IPT members' responses during the focus group interview reveals that it is somewhat similar to the shared leadership models posited by Carson et al. (2007) and Hoch and Dulebohn (2013). The operational model diagram antecedents of external positive personalized leadership and member internal self-leadership have many similarities with the external vertical leadership and team member characteristic antecedents suggested by Hoch and Dulebohn (2013). The operational model diagram antecedent of cooperative and collaborative team culture exhibited by shared purpose, social support and voice are comparable with Carson et al.'s (2007) internal team environment antecedent. This cooperative and collaborative team culture antecedent is very similar to one of the principle characteristics of shared leadership posited by Stagnaro and Piotrowski (2014). The enhanced team processes outcome of the operational model diagram is also comparable with the mediating variables in Hoch and Dulebohn's (2013) model. Furthermore, the shared decision-making outcome of the operational model diagram is also the other primary characteristic of shared leadership posited by Stagnaro and Piotrowski (2014). Consequently, it appears that this study's operational model diagram developed from the results of the field study is probably a synthesis of various portions of shared leadership models described in scholarly literature.

Limitations

This study was limited to a focus group interview with only one unit of analysis that was suspected to be a purposive intensity theoretical-based sample that provided in-depth insights about how shared leadership might be successfully employed within a defense acquisition project management context. Based on this limited sample size, the study did not provide an indication on the possible prevalence of shared leadership in other teams within the specific project management office that was examined, within the program executive office where the team resides, or even across the broader defense acquisition community. Consequently, it was not possible using the results from this study to definitively recommend that shared leadership should be adopted as the norm within the defense acquisition IPTs even though suppositions from previous empirical studies in other contexts suggested that shared leadership enhances team performance (Carson et al., 2007). This is because there is the possibility of the existence of confounding factors (Cozby & Bates, 2012), such as the mix of personalities within the team or the physical and professional maturity of this specific IPT, that facilitated the emergence of shared leadership within the unit of analysis. Consequently, these other factors may possibly have had an impact on the operational dynamics of this successful acquisition IPT.

Recommendation for Future Research

In order to determine the potential applicability of shared leadership as the potential norm for defense acquisition IPTs, further research is required to determine the impact of possible confounding variables, such as personality mix and member experience and maturity, on the successful implementation of shared leadership. Research should also be conducted to determine the incidence of shared leadership within IPTs that are considered successful by the project managers that oversee the IPTs. Additionally, research is required to determine if there is any correlation between shared leadership and IPT success. This might be conducted by identifying

the prevailing leadership paradigms that are employed within highly successful, marginally successful, struggling, and unsuccessful IPTs, thereby giving credence to the possible supposition that shared leadership might be encouraged within the defense acquisition IPTs in order to facilitate their success even though shared leadership is not part of the DOD lexicon. Furthermore, empirical research is probably required to determine the possible generalizability of the theoretically speculative operational model diagram of these study subjects' shared leadership experiences.

Conclusion

A qualitative study on the group dynamics and leadership of an exemplary integrated product team within the defense acquisition context was conducted using an in-depth semi-structured focus group interview with open ended questions to address the research question of whether shared leadership can be practiced within a successful defense acquisition integrated product team. A thematic analysis was performed on the data from the interview transcript using multiple coding methods that included in vivo, descriptive, pattern, and axial coding (Saldana, 2013). The results of the first and second coding were further analyzed through a process known as "themeing the data," which identified interview themes and their interrelationships (Saldana, 2013, p. 175), that was used to create an operational model diagram (Saldana, 2013) that depicted the employment of the shared leadership paradigm within the exemplary IPT that was studied. The results of the thematic analysis and the operational model diagram (figure 1) strongly suggested that the IPT that was studied portrayed the characteristics that literature attributes to shared leadership. The results of this study suggested that shared leadership can be employed by a successful IPT within the defense acquisition program management context. The construct of this instantiation of the shared leadership within the defense acquisition context appears to be an integration of several of the key parts from Carson et al.'s (2007) and Hoch and Dulebohn's (2013) shared leadership models. Future research is required to determine the possibility that the shared leadership paradigm might have broader applicability within the defense acquisition project management organizations to help facilitate team success and to validate the theoretically speculative operational model diagram derived from the IPT focus group interview.

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Author Bio

MR. VALENTIN NOVIKOV is a project manager with the Department of Defense and a retired Army officer with over 34 years combined experience as a leader practitioner. He holds a Bachelor of Science in Business Administration from Hawaii Pacific University, a Master of Arts from the Naval War College, and a Master of Science in Engineering from the University of Texas at Austin. He is currently a Ph.D. student in organizational leadership at Regent University. Mr. Novikov can be contacted by email at valenov@mail.regent.edu, or by phone at 410-940-8288.

STATE DEFENSE FORCES: STRATEGIC RESOURCES FOR HOMELAND SECURITY AND EMERGENCY MANAGEMENT

David H. McElreath, University of Mississippi, dhmcel@olemiss.edu

Daniel Adrian Doss, University of West Alabama, adoss@uwa.edu

Carl Jensen, The Citadel, cjensen@citadel.edu

Hilliard Lackey, Jackson State University, hilliard.lackey@jsums.edu

Mike Wigginton, Troy University, mwigginton@troy.edu

Don W. Jones, Belhaven University, djones@belhaven.edu

ABSTRACT

Emergency management necessitates the maintaining and implementing of resources that may be employed quickly, efficiently, and effectively with respect to both man-made and natural disasters. State defense forces (SDFs) are resources that satisfy these requirements throughout the nation. When considering emergency planning and strategy, both federally and among the states, SDFs represent a well-trained, effective resource for addressing a variety of calamities. Given this notion, this paper examines modern defense forces and provides recommendations for their integration and betterment regarding emergency management and homeland security.

INTRODUCTION

The domain of homeland security encompasses a vast amalgamation of topics ranging from the training of firefighters to the crafting of national strategies for averting or mitigating calamities that affect the American society. Although a variety of national strategies approach homeland security from a diverse array of perspectives, ranging from counterterrorism endeavors to port security for ensuring the safety and security of supply chains, one perspective that is often undiscussed academically involves the use of state defense forces (SDFs) as viable, strategic resources regarding both natural and man-made incidents. Thus, the discussions herein provide an overview of modern SDFs as strategic resources for homeland security and emergency management.

During the twentieth century, SDFs were strong assets strategically and domestically among the conflicts of World War I, World War II, the Korean War, and the Cold War (Brinkerhoff, 2005). For instance, during World War II, SDFs were used to guard against invasions among U.S. coastal regions and to provide “auxiliary combat troops” should an invasion occur (Brinkerhoff, 2005, p. 16). Following World War II, many SDFs were dissolved or relegated to an immaterial status among the states. However, in 1980, given the fears of the Cold War and the possibility that National Guard units would be deployed overseas, causing shortages of domestic military resources among the states, several SDFs were revived throughout the nation (Carafano, 2008). The strategy of reviving SDFs provided a means of ensuring that domestic resources were available if American forces were deployed in Europe (Carafano, 2008).

During modern times, if an emergency necessitating the use of state military forces is declared as a disaster federally, then National Guard soldiers may be changed from a status of state active duty to a Title 32 status (Tulak, Kraft, & Silbaugh, 2004). This changed status represents a

“federally funded, non-federal duty status” for performing state duties (Tulak, Kraft, & Silbaugh, 2004, p. 138). However, regardless of the scenario, the SDF organizational status remains unchanged with respect to remaining in state active duty (Tulak, Kraft, & Silbaugh, 2004). The only conceivable event in which an SDF would be federalized would involve the declaring of martial law or when executing “homeland defense operations against an aggressor (Tulak, Kraft, & Silbaugh, 2004, p. 138).”

With proper training and organizing, coupled with effective leadership, all SDFs may be mobilized rapidly, either completely or in component units, with respect to the needs of an intended mission. Usually, such activations can occur within mere hours. These SDF characteristics are essential aspects of responding to cataclysms. This ability to be rapidly mobilized and deployed is extremely essential during disaster responses. Unlike the U.S. military, SDFs are exempted from the restraining tenets of the Posse Comitatus Act, which forbids the engaging of federal military forces directly among domestic law enforcement endeavors within the U.S. (Carafano & Zuckerman, 2010). Both the National Guard and SDFs comprise the array of state military resources that are available to the governors of states (Tulak, Kraft, & Silbaugh, 2004). Generally, SDFs are used following the deploying of local first-responder entities to the scene of an incident (Tulak, Kraft, & Silbaugh, 2004).

Given the relevancy of SDFs to homeland security and the lack of attention devoted to them during formal academic experiences, this paper provides insight regarding the purpose, functions, capabilities, and uses of SDFs strategically within the context of American emergency management. Therefore, this paper strengthens the body of academic literature representing state defense forces and emergency management.

LITERATURE REVIEW

Different from the U.S. federal military, National Guard, and reserve components, SDFs remain continuously within their respective governor’s authority (Pohnel, 2015). Although SDFs remain controlled by the governor of a state, they can be deployed to other states when necessary via a decree from the governor (Pohnel, 2015). In such instances, external deployments may occur as responses to disasters and cataclysms involving man-made incidents, natural disasters, or when the need for establishing social controls exists (Pohnel, 2015).

Brinkerhoff (2005) indicates that SDFs represent additional resources from which organized, disciplined, armed, and trained personnel may be acquired when supporting law enforcement operations domestically. These SDF resources were deemed as substitute resources for National Guard personnel whom were deployed overseas during the War on Terrorism (Brinkerhoff, 2005). In such instances, personnel among SDFs were expected to provide expertise to satisfy gaps that existed within the National Guard because of deployments (Hershkowitz, 2005). Because SDF personnel existed within a military organization and adhered to military customs and guidance, there was less chance of their abandoning their duties versus the volunteers of other, non-military organizations (Hershkowitz, 2005). Within such contexts, SDFs represented effective, low-cost methods of increasing national capabilities of dealing with calamities arising from terrorism (Brinkerhoff, 2005). For instance, during 2005, the New York State Guard was

activated following the events of 9-11 (Brinkerhoff, 2005). Essentially, SDFs represent effective force multipliers when responding to various incidents (Hershkowitz, 2005).

Given these notions, states have either deployed or created SDFs since the events of 9-11. For instance, Hershkowitz (2005) observes that the Alaska SDF was deployed for five months to protect critical infrastructure locations; the New York SDF was used for perimeter security among critical infrastructure locations at Fort Smith; Air Force SDFs were used to augment security for Air National Guard facilities; Naval militias provided resources for security missions among coastlines; and the New York Naval Militia provided security for nuclear power facilities and provided transportation resources from and to the 9-11 incident site.

Although 9-11 was a man-made event, SDFs are also deployed following natural incidents. A total of approximately 1,700 SDF personnel were used following Hurricane Katrina (Hershkowitz, 2006). Derived from the writings of Hershkowitz (2006), the following table presents the responding SDFs and their allocated personnel.

TABLE 1

Organization	Personnel Quantity
Alabama State Defense Force	600
Georgia State Defense Force	138
Louisiana State Guard	117
Maryland Defense Force	126 (two deployments)
Mississippi State Guard	111
Texas State Guard	1,000+
Tennessee State Guard	150+
Virginia Defense Force	32
California State Military Reserve	153

Following 9-11 and increasing threats in the Southwest U.S., Arizona created an SDF in 2011. Following the passage of legislation, various arguments existed regarding its purpose, funding, and use. Some speculated that it could be used as a deterrent along the U.S.-Mexican border regarding criminality and illegal immigration (Sanchez, 2012). It was proposed that the state of Arizona would pay approximately \$1.9 million for activating the Arizona State Guard (Sanchez, 2012). According to Sanchez (2012), funding would be derived from the state's general fund and additional amounts of \$1.4 million annually from funds designated for gang task-forces.

Different natural hazards affect each locale within the U.S. uniquely (McElreath, et. al., 2014). For instance, someone in Florida may be unconcerned with winter blizzards whereas someone in North Dakota may experience blizzards frequently. Thus, in order to ensure performance effectiveness when deployed within their respective states, SDFs are trained with respect to their unique natural hazards. The deploying of SDF personnel within their own state is advantageous because they are familiar with the culture and the locality (Bucci, et. al., 2013). For instance, during 2008, in California, SDF personnel were activated and deployed to support firefighting efforts against wildfires within the boundaries of their own state (California State, 2015). During 2012, during the aftermath of Hurricane Sandy, the New York Guard was activated and deployed for several months (Bucci, et. al., 2013). Hurricane Sandy also necessitated the activating of the

New York Naval Militia to assist the Coast Guard at New York Harbor (Bucci, et. al., 2013). Civilian, first-responder, and military police entities may cooperate during emergencies for ensuring or strengthening public safety (McElreath et. al., 2013). Such instances are also prime examples of the force multiplier concept. Through activating and deploying SDFs, states benefit from the presences and contributions of trained personnel that supplement and complement the efforts of response organizations.

Each state is unique. Although SDFs across the nation have similarities regarding their primary missions, some differences exist. For instance, the California State Military Reserve (CSMR) supports the California National Guard in a variety of ways, including supportiveness for historical functions, recruiting, command information, and programs for community relations (California Center for Military History, 2011). Additionally, the CSMR augments services for the California State Military Museum in conjunction with the U.S. Army Center for Military History (California Center for Military History, 2011). However, in Mississippi, the Mississippi State Guard (MSSG) trains and deploys for security missions involving hurricanes and provides security services for the Trail of Honor, an annual event that commemorates all wars and conflicts involving U.S. participation and which attracts approximately 30,000 visitors (State Guard Association, 2014). In Maryland, an Engineering Corps exists for the purposes of providing statuses for installations, assessing damages, performing risk assessments for critical infrastructure, and providing an engineering capacity internally (Kelm & Hershkowitz, 2007). In New Jersey, mission tasking includes homeland security and weapons of mass destruction, supplementing law enforcement, supporting counterdrug task forces, youth programs, and specific missions of the state guard (Girardet, 2008). Missions of the Alaska State Guard included port security during the aftermath of 9-11, patrolling the Alaskan pipeline, disaster relief, and constabulary functions (Greenburg, 2015). Generally, SDFs may perform “law enforcement missions” that adhere to the laws of the state and orders of the governor (Wade, 2015, p. 4-8).

Some research exists regarding the organizational characteristics of SDFs. Following Hurricane Katrina, perceptions were examined between commissioned versus non-commissioned officers of a southern SDF (Doss, Jones, & Sumrall, 2008). The findings of this study showed that the SDF was perceived not to have visibility and recognition within the state, perceived as responding to events in a timely fashion, showed that training was perceived as being effective, and showed that funding was perceived as being dissatisfactory (Doss, Jones, & Sumrall, 2008). The study also showed that recruiting efforts were perceived as being effective, that the SDF was perceived to value the abilities and skills of personnel, and that perceptions of high levels of motivation and morale existed (Doss, Jones, & Sumrall, 2008).

Another study, involving a stratification of commissioned versus non-commissioned personnel, showed that personnel perceived that their contribution to the community was positive, that the position held within the SDF was perceived to be commensurate with skills and abilities, that successes were perceived as being rewarded, that satisfactory opportunities for promotion and advancement were perceived to exist, that families were perceived as being supportive of one’s participation in the SDF, and that rank and grade were perceived as being commensurate with professional skills (Doss, Sumrall, & Jones, 2008). Examining commissioned versus non-commissioned personnel, in a different study, showed that payment for duty time was perceived

as being just and timely, and that rank and grade were perceived as being commensurate with level of education (Sumrall, Jones, & Doss, 2008).

In another study, examined from the stratification of commissioned officers versus enlisted personnel, perceptions existed that the contribution to the community was positive, that task burnout was perceived, that the position held was perceived to be similar to expectations, and that the volunteer position was perceived as requiring excessive time (Jones, Doss, & Sumrall, 2008). When examining the perceptions of commissioned personnel versus non-commissioned personnel, medical conditions that would prohibit federal military service are also perceived within the SDF setting, and personnel perceive job satisfaction (Jones, Sumrall, & Doss, 2008). Another examination of commissioned versus non-commissioned personnel showed that successes and achievements were perceived as being rewarded, that opportunities for advancement and promotion were perceived as present, and that time off from civilian jobs was not difficult to obtain for training or emergencies (Sumrall, Doss, & Jones, 2008).

Generally, SDF personnel are unpaid volunteers that either enlist or become commissioned officers. The lack of pay and benefits often hampers recruiting among SDFs. However, some states provide other incentives to attract potential recruits. In South Carolina, provided that one has completed a total of 192 service hours, a \$3,000 tax exemption exists (Zuckerman, Hershkowitz, Smalkin, & Carafano, 2012). Collegiate tuition reimbursement exists in Texas for a maximum of 12 semester hours of credit (Zuckerman, Hershkowitz, Smalkin, & Carafano, 2012). In California, SDF personnel qualify for free college tuition if they are in “good standing (California State, 2015).” In Maryland, free travel is permitted among toll roads for the purposes of SDF missions, and a maximum of \$3,500 is permitted for personnel as relief for state income tax purposes (Zuckerman, Hershkowitz, Smalkin, & Carafano, 2012).

SDFs are also important resources within the context of disaster preparedness. For instance, SDFs are useful among mass casualty exercises involving medical training (Austin, 2013). Personnel may act as victims or may refine their medical skills through training. By leveraging SDFs as a component of all-hazards preparedness, resources for satisfying the needs of various medical, mortuary, mental health, and veterinary disaster response strategies are increased and improved (Nelson & Arday, 2007). This training is beneficial during catastrophic incidents. For instance, when activated during Hurricane Katrina, the Maryland Defense Force treated approximately 7,000 patients throughout a three-week period (Smalkin, 2007).

Communication is essential throughout all stages of any calamity. Without consistent, continuous communication, compromises may occur regarding the welfare and safety of the general public, the responding organizations and their respective personnel, properties, or the environment (McElreath, et. al., 2014). For instance, during the attacks of 9-11, various communication breakdowns impeded the emergency response (Doss, Glover, Goza, & Wigginton, 2015). Some impediments may be diminished or averted through the use of SDFs. Some SDFs possess the capacity for facilitating both short-range and long-range communication. The South Carolina State Guard was awarded communications resources in the amount of \$100,000 for the purpose of facilitating the communication activities of the state’s emergency preparedness offices (Wishart 2006). Basically, the communication system interfaced among the

public service communications resources within South Carolina to provide an effective means of communicating across small or great distances, locally or globally (Price, 2006).

The reviewed literature shows several perspectives of modern SDFs. Although they share commonness regarding their primary emergency management missions, their specific training regimens emphasize preparing for and responding to threats that affect their respective states. Rarely could they ever be federalized unless extreme circumstances existed within American society. Personnel among SDFS are truly volunteers; they are not paid for their services unless they are activated for duty by the governor. Through maintaining and implementing SDFs, governors possess trained, cost-effective military forces that may be deployed strategically to counter both man-made and natural threats either in conjunction with or instead of the National Guard.

CONTEXTS OF EMERGENCY MANAGEMENT

The reviewed literature shows the saliency and efficacy of SDFs during periods of peacefulness and calamities of both man-made and natural origins. Such periods encompass the entirety of the emergency management cycle (EMC). The EMC is a methodical approach for identifying, anticipating, mitigating, responding to, and recovering from both man-made and natural incidents (McElreath, et. al., 2014). The EMC is comprised of four primary phases: 1) mitigation/prevention, 2) preparedness, 3) response, and 4) recovery (McElreath, et. al., 2014).

The mitigation phase involves either avoiding completely or diminishing the effects of an incident. Given this notion, deploying SDFs to perform security missions, such as supplementing border patrols or patrolling and enhancing security at nuclear facilities, airports, and seaports provides a means of mitigating the effects of potential incidents. Within the context of preparedness, SDF components may be used to train and educate first responder personnel, act as victims during a disaster exercise scenario, or improve their own skills through mock incident training exercises. The literature review highlighted several events representing SDF efficacy within the EMC response phase, such as the deploying of SDFs in New York and California to address Hurricane Sandy and wildfires, respectively. The effects of calamities often surpass the occurrence of an incident well into any period of recovery. For instance, disaster refugees may be housed in emergency shelters for varying periods following a catastrophe (e.g., FEMA trailers that were used by Hurricane Katrina survivors). Using SDFs to provide security, medical treatment, and logistics for necessities (e.g., foodstuffs; water, etc.) enhances recovery initiatives. Given these notions, SDFs are salient resources for bolstering the abilities of both states and the nation to experience cycles of the EMC.

An array of innumerable threats endangers American society ranging from the potentials of mass incidents (e.g., 9-11) to endangerments representing natural disasters (e.g., hurricanes, floods, etc.). During coming years, the federal military will exhibit substantial Army, Navy, and Marine Corps reductions that will decrease its overall size to levels that have not existed since before World War II (Lamothe, 2015; Lee 2015). Given the size reductions, the ability to field a military response to emergency incidents may be hampered if solitary or multiple incidents occur while federal or National Guard forces are otherwise deployed globally.

This notion is a grim reminder of Hurricane Katrina. When Hurricane Katrina impacted the Gulf Coast, approximately 40% of the Mississippi National Guard and approximately 35% of the Louisiana National Guard forces were deployed overseas in Iraq (DefenseWatch, 2005). Unquestionably, such overseas deployments impeded the response to Hurricane Katrina (DefenseWatch, 2005). A total of 3,700 Louisiana National Guard personnel were returned to the U.S. from Iraq for deployment in the affected region (Knickmeyer, 2005). The severity of Hurricane Katrina also necessitated the use of Mexican military forces, Army, Navy, and Marines, during the relief efforts (Pace, 2005). This action represented the first Mexican military presence operating within the U.S. “since 1846, when Mexican troops briefly marched into Texas (Pace, 2005, p.1).”

These considerations show the necessity of maintaining domestic emergency management resources that can be mobilized and deployed rapidly with high levels of effectiveness and efficiency. Given the examples of SDF deployments among the states delineated within the literature review, modern SDFs represent functional, competent organizations whose skills and services are essential throughout the EMC, whether nationally or among the states. Thus, SDFs are viable resources for enhancing and supplementing emergency management endeavors involving both human and natural cataclysms.

CONCLUSIONS AND RECOMMENDATIONS

During modern times, 23 active SDFs exist among the states and territories (Carafano & Zuckerman, 2010). Although not all states and territories possess an SDF, they are excellent force multipliers, well-trained resources for homeland security and emergency management, and represent a long tradition of volunteerism as citizen soldiers. True SDFs are composed of dedicated individuals who believe it is their responsibility to render military service, regardless of age or condition, within a clear organizational command structure in which the governor of the state serves as the commander-in-chief. As an all-volunteer force that serves without financial compensation, individuals who choose to serve are truly volunteers. SDFs can bolster greatly homeland security efforts and initiatives among the states by serving as emergency response and recovery forces (Brinkerhoff, 2005; Carafano & Zuckerman, 2010).

Reductions of the U.S. military and increasing threats, both domestically and overseas, present challenges for ensuring national security. Natural hazards are static; each year brings its own chances of one or more catastrophes, ranging from hurricanes and wildfires to floods and blizzards. States must have an effective, cost-sensitive means of preventing, mitigating, responding to, and recovering from both man-made and natural calamities. Given these notions, itemized below are several recommendations regarding SDFs:

Establish Memorandums of Understanding (MOUs) – Each state trains its SDF uniquely regarding innate natural hazards and identified man-made threats. Adjacent states may share certain hazards. For instance, Arkansas, Mississippi, and Tennessee share borders with the Mississippi River. Thus, the chance of flooding may affect all three states. However, although Mississippi and Tennessee possess SDFs, Arkansas has no SDF. Establishing an MOU among

adjacent states may provide access to disaster response resources whereby catastrophes may be addressed via the use of SDFs.

Joint Training – The U.S. Department of Homeland Security advocates an all-hazards approach to emergency management. In order to improve the capacity of SDFs to address a greater variety of endangerments, joint training and cross-training among SDFs from neighboring states may be mutually beneficial. Similarly, greater emphasis regarding mock exercises, involving multiple SDFs and peer emergency management organizations, may improve the capacities of SDFs to address greater ranges of endangerments. Integrated training between SDFs and the National Guard would maximize training effectiveness, enhance specialized training for SDFs, and foster improved cooperation (Carafano & Zuckerman, 2010).

Clarification of Mission and Standardization – Each SDF has a unique mission with respect to the needs of the individual state. However, since SDFs are not federal entities, some types of federal regulations are either non-existent or ambiguous regarding SDFs. Clarification of federal regulations could solidify understandings of SDF missions and powers across the nation (Carafano and Zuckerman, 2010). Similarly, each state trains its SDF uniquely. Standardizing methods, tactics, and organizational structures, with respect to state needs, may enhance the cumulative performance of SDFs nationally (Carafano & Zuckerman, 2010). Any SDF best practices may be shared with the State Guard Association and the Council of Governors (Carafano & Zuckerman, 2010). Standardization also would support a common set of skill expectations regarding mission-essential task lists (Coulombe, 2014). Mission training may accommodate the needs of specific states. Examples range from the dangers of terrorism involving threats against American interests to natural hazards (McElreath, et al., 2014; Wigginton, et al., 2015).

Cost-Benefit Analysis – Cost-benefit analysis (or benefit-cost analysis) is a method of examining financially the advantages or disadvantages of some endeavor by determining whether its costs exceed its benefits (Doss, Sumrall, McElreath, & Jones, 2014). States may perform some type of cost-benefit analysis to better judge which types of missions and functions are better served financially by investments in SDFs. Additionally, states contemplating the forming of an SDF may perform cost-benefit analysis as a method of examining the financial viability of creating or maintaining an SDF.

Create SDFs Among States Exhibiting High-Risk – About half of the states and territories possess some type of SDF. Governors of states that exhibit a high risk of incidents should consider the creation of an SDF to address internal incidents, especially for disaster response and recoveries (Carafano & Zuckerman, 2010). By doing so, governors gain a low-cost, effective force-multiplier for satisfying homeland security needs (Carafano & Zuckerman, 2010).

Emergency Management Planning – Although some states leverage their SDFs proactively, varying inclusions of SDF resources exist within emergency plans among states and federally. Emergency plans and strategies should accommodate SDF resources. Including SDFs provides improved guidance regarding the expectations of SDFs and clarifies their specific roles and functions (Carafano & Zuckerman, 2010). Within this context, SDFs could be integrated throughout the entirety of the emergency management cycle.

Improved Financing and Support – Although SDFs are low-cost organizations, four SDFS receive no funding from their respective states (Carafano & Zuckerman, 2010). Insufficient funding hampers the ability of SDFs to receive better training and to perform missions. A lack of state support also contributes toward limiting the scope and size of SDF functionality (Carafano & Zuckerman, 2010). A number of financing methods exist whereby public service entities may receive funding, such as the issuing of bonds (Doss, Sumrall, & Jones, 2012). Another method involves the creation of a separate, non-profit auxiliary organization that acts as a financial intermediary for the SDF. By establishing a non-profit entity to act as a state association for the SDF, corporate supportiveness may be attracted financially because such auxiliary organizations are often tax write-offs for the benefactor. States should explore investments in the strategic successfulness of the respective SDFs regarding their financing and the provision of equipment, materials, and other pertinent resources.

Incite Growth – Since many SDFs have limited resources, opportunities for growth are often constrained. Generally, SDF personnel are unpaid for drill time and training events unless they are called to active duty by the governor. States should provide enticements for citizens to enlist in an SDF. For instance, Texas provides types of college tuition reimbursement, and both South Carolina and Maryland provide some form of tax relief for SDF personnel. Such enticements may be attractive for recruiting and retention purposes among SDFs.

In any case, SDFs have proven to be cost-effective, strategic resources throughout all phases of the emergency management cycle. Their efficacy has been demonstrated repeatedly during calamities of state and national proportions. Given the anticipated downsizing of federal forces during coming years, both individual states and the nation must be mindful of the necessity of maintaining viable emergency resources. Therefore, both states and federal authorities should devote greater attention and consideration to employing SDFs as strategic resources within the context of emergency management and strategy.

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EVM2—A NEW LOOK AT THE EARNED VALUE MANAGEMENT MODEL

Gary L. Richardson, University of Houston, grichardson@uh.edu
Rafael Pereira Ribeiro, Federal University of Viçosa, rafamgrs@hotmail.com

ABSTRACT

The world of Earned Value (EV) analysis is due for a major shakeup. We are now entering the broad usage evolutionary stage for this topic and the availability of computer software to spit out misunderstood or meaningless EV parameter values threatens to ruin the validity of this model. There is an old adage that says “To err is human, but to really screw up requires a computer.” That statement matches the thesis of this paper. The goal of this paper is to outline some of the key issues that will distort the proper interpretation of computed EV parameter values.

BRIEF EV HISTORY

Historical acceptance and usage of EV in commercial projects has been rocky since its most notable formal publication in the mid-1960s via the Cost/Schedule Control Systems Criteria (C/SCSC) as part of the DODI 5000.1 management specification. (Richardson, 2015, p.435) This early contractor requirement was focused on improving various aspects of project management; however at this initial time government contractors essentially rejected the concept based on their current operational maturity level that was required to produce these status parameters. The next thirty years were essentially marked by evolutionary maturation of organizational project management processes and by the 1990s mature organizations, primarily DoD related, had improved their operational infrastructure and management processes sufficient to produce various EV status parameters. Christensen’s research showed that the EV parameters being produced provided a robust tool set for evaluating both current status, as well as forecast cost and schedule values (Christensen, 1998, p. 13). As a result of this type validation the Project Management Institute (PMI) included a brief overview of Earned Value mechanics in the 1987 edition of its Project Management Body of Knowledge (PMBOK ®Guide). Also, private industry in 1998, through the sponsorship of the National Defense Industrial Association (NDIA), obtained formal acceptance of EV through the ANSI publication of ANSI/EIA-748, Standard for Earned Value Management (Fleming and Koppelman, 2006). These milestone steps along with improvement in desktop project management software stimulated broader acceptance of EV along with its promised analytical value.

Following this long conceptual formulation and acceptance phase a second evolutionary wave occurred. This stage was primarily associated with explaining the underlying computational processes in understandable terms using various vendor products to produce the parameters. One of the main implementation support procedural steps came from Fleming and Koppelman who described ten understandable EV operation steps that would satisfy parameter production for most commercial applications (Carstens et al, 2013, p.261-262). Also, various software vendors such as Microsoft and Oracle added popular utilities that purported to contain the ability to produce all of the traditional EV parameters. At this point the stage was set for broad usage of the tool set to describe current and forecast project status. As with most *silver bullet* (perfect

answer) items this one also comes with a tainted promise that has not yet become visible in popular industry literature.

EV in Use Today

Song's excellent overview of Earned Value usage internationally outlines a complex user profile (Song 2009). Based on this reported data it is difficult to provide a single usage number since actual levels vary greatly across industry and geographical boundaries. However, there is one trend that seems consistent. That is, use of Earned Value is increasing as computer software has eased the calculation complexity. At the same time, there is an old adage that says "To err is human, but to really screw up requires a computer." That statement matches the thesis of this paper. We see this phenomenon in action through software utilities such as Microsoft Project, which is in use by about 80% of all commercial project environments, with much of the remaining market supported by Oracle's Primavera. In both cases EV parameters can be automatically generated essentially with a click of the mouse--*Problem solved!* While it is true that the calculation issue is somewhat resolved, it is time to also recognize that such calculations represent more than the current literature leads one to believe. On one hand, EV parameters offer the most robust status metrics available to the project manager, but conversely these can be misleading if not understood. To that end the current computerized output is typically misleading and may actually indicate an erroneous status. That is a strong statement and one that needs to be explored. Used properly, the EV model does in fact offer the best status tracking capability of all known methods. The user challenge then is how to make best use of the model and subsequent output.

As the organizational EV operational infrastructure and associated methodologies have evolved through the past forty years a great deal of maturity has been added to the project manager's process. For instance, the EV model has introduced several three letter acronyms such as SPI, CPI, EAC and VAC. Each of these are touted as a predictor of present or future project performance. However, as user experience has evolved the calculated results often do not properly answer the promised measures for either current or forecast outcomes. Because of this, there is danger that EV calculations will be dropped as a poor tool. Fact is, the model needs to be better understood as to what it represents and adjust the calculations accordingly.

One might interpret these statements as rejecting the traditional EV model, but we prefer to state this situation as "We come not to bury Caesar, but to praise him." By this we mean that the present stage popular literature has not focused on the electron level of EV usage, but more on simply macro level parameter calculations that do not offer the level of granularity needed for root cause type project management. In order to add this capability we now need to understand how the lower level driver components actually impact the output interpretation. One very recognized public example of this has been pioneered by Walt Lipke in his derivation of Earned Schedule (ES), which was derived to correctly interpret errors in the SPI parameter calculation (Lipke, 2009). This correction factor is now well understood and will not be focused on here, but it does show how the model needs to be tweaked for operational accuracy. Interested readers should review other sources related to the ES topic. For this paper the main focus is on the cost analysis side of EV parameter calculations.

EV PARAMETER CALCULATIONS

As indicated earlier, the typical EV computer generated parameters may well produce suspect management oriented values for both current and forecast calculations. Realize that the project manager's control focus is on the status of various resource areas and each of these need to focus on corresponding elements to create current baseline deviations and forecast values for the project. The research reported here will show how the traditionally calculated metric can create significant distortions through failure to recognize this level of granularity.

Assuming that this conclusion is valid one might well also conclude that EV will become judged as a poor management measure and fall into misuse. The time is right to deal with this situation in the same manner that Lipke's ES-based schedule correction has logically shown a correction without destroying the overall approach. The goal here is to duplicate that strategy for the cost side of the parameter set, as well as highlighting the resource granularity issues. Additionally, it is also important to recognize that at this point there is no visible sign that either Microsoft or Primavera are working to deal with any of these issues and in fact are guilty of perpetuating the problem. So it is going to be up to the user community to understand how to modify the data views appropriately until more robust commercial solutions emerge.

Some of the more obvious EV parameter data and mechanical issues involved will be described here and the remainder of this paper will outline various characteristics of these components as they relate to the project EV cost status environment.

EARNED VALUE INFRASTRUCTURE

The stated project management role of EV is to produce parameter values that will quantify current and forecast cost and schedule completion status. Space here does not allow a full review of EV mechanics, but a brief summary will be offered to show the fundamental parameters involved.

Essentially, various EV model parameters are defined for current cost and schedule performance variance (CV and SV), run-rate indices (CPI and SPI) and completion forecast parameters (e.g., EAC, VAC and ETC). The basic role of each parameter group can be summarized as follows:

- CV and SV—Current baseline status variance measures for cost and schedule
- CPI and SPI—Current index measures to show relative performance for cost and schedule. For example, a 0.90 index value would indicate that performance is 90% of planned value
- EAC, VAC and ETC—these parameters represent forecast estimates for the project at completion; EAC is cost Estimate at Completion, VAC is variance at completion compared to the baseline budget and ETC is the estimated dollar amount required to complete the project.

Popular literature clearly defines what each of these parameters represents. The challenge here is to highlight whether that definition is valid and under what circumstances.

Fleming and Koppelman (2006) studied the required operational infrastructure required to produce valid EV (traditional) parameters and from this they derived ten process design oriented steps necessary for the model to work as advertised. Seven of these process items fit well into this discussion and are summarized here with a brief interpretation as follows: (Richardson, Chapter 15, 2013)

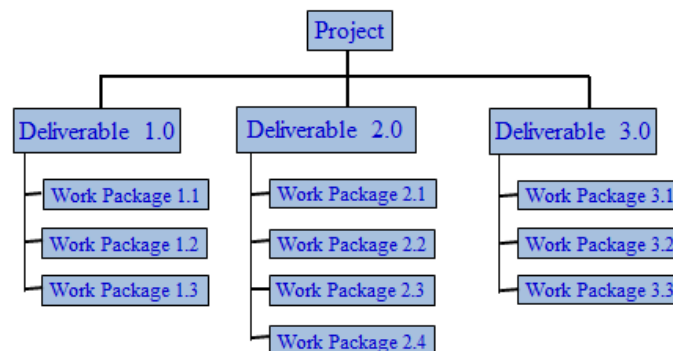
1. Define the project scope. As described here that would mean a work breakdown structure defining the project scope with reasonably small component work packages.
2. Define the performing organization for each work package and an integrated detail plan specifying items such as task sequence and make versus buy options.
3. An estimate of the resources required to support the defined work packages.
4. Develop an approved and baselined work schedule that integrates planned time, budget and work resources for the various work units.
5. Define how actual work accomplishment will be measured for each work package.
6. Establish a formal Performance Measurement Baseline (PMB) that incorporates the items above. This essentially defines a time-phased cost plan for the project.
7. Record actual costs incurred at a status control point for each work package (or more accurately a control point in the structure).

The remaining three definitional items outlined relate to management of the ongoing process in regard to monitoring, forecasting, and scope control.

DEVELOPING THE EXAMPLES

A base point for this discussion starts with figure 1 showing a simplistic abstract Work Breakdown Structure (WBS) that is used to represent the project scope. At the lowest levels of this structure are Work Packages (WPs) that collectively represent the total scope of work planned for a project. The role of the WBS is to compartmentalize the overall work required into manageable work units that are then time-phased and used to evaluate status.

Figure 1. Project Work Breakdown Structure (WBS)

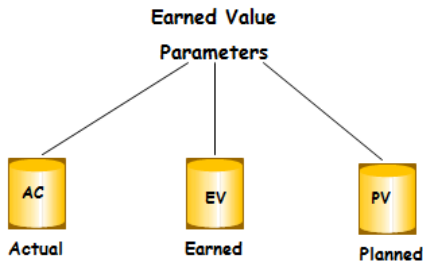


Proper scope definition lies at the heart of these calculations and are fundamental to any measurement process. Failure to achieve this level of definition ruins any subsequent parameter calculation regardless of the methodology used.

In order to produce EV parameters for each work package, three data items are required as illustrated in figure 2. The driving measurement data values are actual costs (AC), Baseline planned cost (PV) and actual work accomplished or earned value (EV). For this conceptual example we will ignore deviations created by resource collection errors and scope changes. Both of these items could be added to the causal list of interpretation errors, but they muddy the discussion too much for our more limited scope. AC and PV values are deterministic from the original approved plan. For example, AC values are taken from the formal resource accounting

system and PV is the baselined value for the associated WBS work units. EV values are then calculated by multiplying the work unit PV by the estimated % complete of that unit. Using these three driving values all of the related EV parameter values outlined above can be computed. Traditional EV literature says that these values then define the status of the project. This in fact is accepted as a global indicator of status; however, from a management viewpoint there are certainly other aspects of analytical concern.

Figure 2. EV Data Items



For the moment we might accept the fact that a composite EV calculation does in fact define the overall project status and does represent a worthwhile Key Performance Indicator (KPI). However, beyond this high level a manager is most often concerned with identifying the source of variances at a more granular level. This research has identified seven common “parameter distorter” groups. These are:

1. Unit cost of the project team human resources
2. Third party vendor resources
3. Level of effort (LOE) resources—typically service agreement type assets
4. Dollar expenses (non HR and non-product; i.e., travel expenses)
5. Material cost at the work package level
6. Labor rate variances (compared to plan values)
7. Padding of planned work package estimates

In order to use EV successfully for management and forecasting purposes these groupings need to be isolated for analysis and then synthetically combined based on an individual review. As a starting point recognize that the project manager is most focused on his internal team productivity, but combining the various other groupings with this group can hide the team’s actual performance. Likewise, mixing all of the groups into a single assessment hides away the management analysis value of the EV parameters. As noted, none of the major software packages separate project data into groupings of this type, so that type of analysis granularity is lost with current utilities.

Yet another analysis aspect of the traditional parameter calculation is to assume the current trends will continue through the life cycle. A constant trend may be true, may not be true, or may vary across the various groups. In any case there is no reason to assume that all of these groups trend the same way. For example, LOE resources tend to bill on a constant preset basis regardless of actual work level. But what are expectations for contractors, expense type dollars, and material charges? Even more complex to analyze is the labor rate variation impact on parameter values. In this category, EV assumes a rate value used by initial PV estimates and that may well be inaccurate. Forecasts for EAC and VAC are then based on this. As an example of this let’s assume that a higher priced resource is used? This may result in the work getting done quicker, or it may have little effect. In any case, actual labor rate variances will distort the

interpretation of the calculated cost parameters. A project assessment process needs to understand the effect of actual rates versus the planned rate used in calculating PV and not just the fact that the resulting cost parameter is different from the baseline plan. For detailed analysis, deeper understanding of the underlying drivers is needed for improved understanding. Also, the forecasting model computation must be redone as a synthesis of the various resource types and not a singular computation as viewed today. This is the essence of the more granular view that must be developed to keep EV as a valid analysis and forecasting tool.

In order for this required level of granularity to be achieved it will be necessary to separate the project planned and actual data into proper groups and then reconstitute the parameters into a more holistic heterogeneous grouping for improved forecast projections. Thus, the desired goal for EV is to not only to accurately quantify the current status of the project but to help identify where the real variances lie across defined resource groups such as those shown above.

SIMPLE EXAMPLE

In order to help make the point that resource types can impact EV parameters a high level Excel-based phase grouped example is shown here in figure 3. In this simplified model the various resource types have been segregated and performance status maintained for each group.

Figure 3. Simple Grouped Resource Example

Activity													July EV Calc.		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	PV	% Complete	EV
Feasibility analysis	400												400	100	400
Contracts	0												0	100	0
LoE	20												20	100	20
Direct Dollars	60												60	100	60
Internal	300												300	100	300
Materials	20												20	100	20
Analysis		600	550										1150	100	1150
Contracts		180	220										400	100	400
LoE		60	0										60	100	60
Direct Dollars		0	0										0	100	0
Internal		270	220										490	100	490
Materials		90	110										200	100	200
Design			250	800	800	900							2750	90	2475
Contracts			0	480	80	0							560	95	532
LoE			50	80	160	135							425	100	425
Direct Dollars			0	80	240	0							320	90	288
Internal			75	160	160	675							1070	90	963
Materials			125	0	160	90							375	85	319
Construction & testing							400	400	300				400	74	296
Contracts							180	240	0				180	70	126
LoE							40	0	60				40	100	40
Direct Dollars							0	0	60				0	70	0
Internal							80	60	150				80	70	56
Materials							100	100	30				100	60	60
Implementation										600	800				
Contracts										180	200				
LoE										60	80				
Direct Dollars										150	120				
Internal										120	320				
Materials										90	80				
Closeout												700			
Contracts												0			
LoE												35			
Direct Dollars												105			
Internal												560			
Materials												0			

To help decipher the calculation logic the January task elements shown in figure 3 are exploded into a more visible format in figure 4. Each of the work packages in this plan contains a separate PV and AC for each of the six resource groups.

As total status is calculated for baselined activities through July (see figure 3) the various EV parameters can be computed for each resource grouping as shown in Table 1. A review of these results shows how the various resource groups can produce different EV performance characteristics for the overall project as well as for individual work packages.

This same phenomenon is observed in various projects, but note how using just the overall EV values produced in traditional software models will lead to the wrong interpretation for the lower level resource units. In this example case, it appears that the root performance issue lies primarily in the material and contractor resource group variances and not team productivity. Figure 5 highlights the resource group variability for resource level CPI values in graphical format.

Figure 4. January Elements Exploded View

Activity	Jan PV
Feasibility Analysis	400
Contracts	0
LOE	20
Direct Dollars	60
Internal Team	300
Materials	20

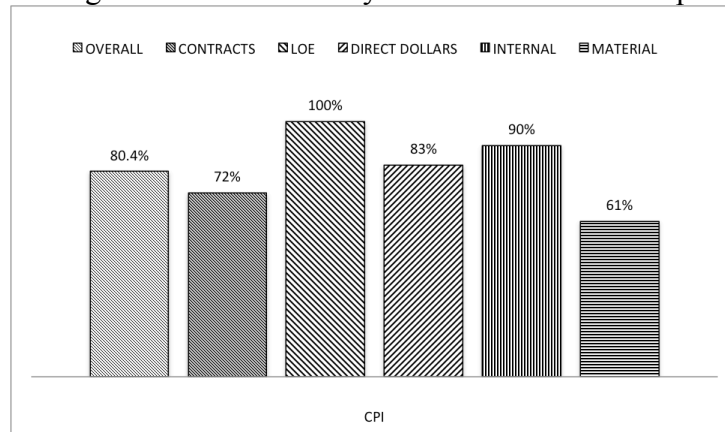
Table 1. July Status Results

Group	AC	EV	PV	CPI
Overall	5,400	4,340	4,700	0.80
Contracts	1,471	1,058	1,140	0.72
LOE	545	545	545	1.00
Direct Dollars	420	348	380	0.83
Internal	2,000	1,809	1,940	0.90
Materials	984	599	695	0.61

*** CPI values are computed as EV/AC, while SPI is computed by EV/PV.*

A graphical view such as this makes a nice presentation format for use in cost status performance discussions. From this resource data view collection, forecast estimates to completion can be derived by calculating an EAC parameter for each resource group. From this point an independent assessment of trend continuity is needed to decide how to forecast that resource. Once this review is completed the total project EAC would be the sum of the individual EAC components, or $\sum EAC_{groups}$. A more sophisticated example project plan can be produced, but previous research has shown the same type variability as exhibited here for the resulting EV cost parameters.

Figure 5. CPI Variability Across Resource Groups



From this example we have numerically demonstrated that the traditional cost EV calculations are flawed at least by the following:

- Project internal team cost performance is hidden by values of other resource groups, thus distorting actual performance results
- In this case project internal team cost performance is distorted hidden by values of other resource groups, thus leading to an erroneous conclusion as to actual team performance.

CALCULATION ENGINE

Early research determined that these new EV calculations would be overly cumbersome without a supporting calculation engine. It is also important to point out that existing project modeling utilities such as Microsoft Project or Oracle Primavera adequately handle aggregate traditional EV parameter calculations assuming the user is properly disciplined. Also, these modeling tools provide needed interim schedule and tracking logic that should not be duplicated. So the design challenge is to use portions of the existing utilities and supplement them with these new calculations.

An initial design strategy explored ways to embed the new logic inside of a modified Microsoft Project (MSP) view using dummy variable fields, macros, etc. The internal design of MSP makes it difficult to organize the data as needed, although successful tests were made in splitting out labor, material and dollars within a work package. However, contractor, LOE and rate issues were found to be more numerically complicated to deal with and no viable internal based solution was found. Based on these results a second design phase effort was made oriented towards keeping all of the granular data external and feeding it into Project for its traditional calculation processes, then extracting some required values out for further computation. The needed data would then be combined in the external utility model and formatted according to the new rules. Required data flows between Project and the EV calculation engine, plus a data base design to support this process have now been completed.

Work has also been completed on the physical design of a prototype analytical engine connected to Microsoft Project. This engine is designed to support the level of data granularity required to properly produce the modified parameters. Eventually, a production version would serve the interface role of moving required data into and out of MS Project. In other words it would feed

the same planning data used today, but would house offline lower level detail data required to produce the new EV parameters. All of the resource groups outlined in the test examples described would be contained in the engine's data base. In addition to the planning data, actual resource consumption data would be captured at the required level of analysis. This means that actual low level resource consumption by work package would be needed.

In operation, the calculation engine would feed MS Project needed data to generate the traditional project plan. These input data would essentially be WBS, Task, duration, predecessor, and cost data that Project would use to create its plan and then eventually track actual project status. At this point we hit a philosophical decision point. That is, will MSP be the system of record for all EV results, or is that handled by the calculation engine? The research conclusion is that EV calculations must be handled external given the logic flaws evident in the commercial model. Conversely, MSP contains valuable work unit status that should not be duplicated so it will be extracted for use by the calculation engine mechanics. At least three calculation data items would be needed from MSO. These are:

- a. WBS ID
- b. Task names
- c. Baseline performance for active work packages (WP PV, % Complete, etc.)

The EV engine would then use this collection of data along with its stored granular data to produce the modified values of EV for each work package, as well as the aggregate and forecast views.

From this early research there is high confidence that the calculation thesis as stated is valid. EV parameters have high potential to be distorted when only looking at the macro resource level as outlined in traditional literature. Additionally, popular current computer models are useful for tracking overall plan versus actual work status, but are suspect in evaluating internal project performance for the various resource types. At this research stage it is clear that producing an erroneous EV parameter using the traditional techniques will make the model less effective operationally. Logic suggests that if EV calculations do not validate current or forecast status project managers will lose confidence and seek out other alternatives.

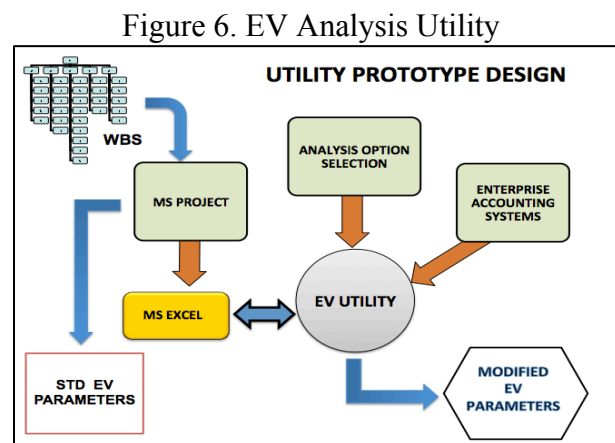
A summary of these research conclusions follows:

1. Project status is best understood by increased decomposition of resource data within a work package. It is important to recognize that some resource variables are outside the control of the internal project and these external resources can distort the actual project internal status.
2. There is no reason to suspect that each resource type has the same forward trend projection and this variability needs to be recognized in the parameter calculation.
3. Access to lower level data granularity lies at the heart of the solution. Work package estimates have to be made in such a way that individual resource trends can be assessed, then combined for an overall view.
4. There is research evidence that project culture is established somewhat early, but that assumption does not hold for all variables. Failure to account for this can easily distort the calculation interpretation.

5. A more recognized evaluation step for each resource type seems to be required for effective forecasting. This means that specific focus on trend assumptions for each resource becomes more important in the process. Current EV literature actually shows such ideas by using both CPI and SPI combined to evaluate worst case cost estimates. That same idea applies in the new view.
6. The level of complexity involved in this type analysis requires computational support that cannot be handled within traditional utilities such as MSP and they are also too cumbersome to handle with spreadsheet manual processing.

ANALYSIS ENGINE PROTOTYPE

Figure 6 shows a design schematic of the analysis engine prototype currently under development by the authors.



The role of this prototype utility is to collect necessary planning data for insertion into Microsoft Project, then extract project status data for manipulation according to the groupings outlined here. Trend assumptions will be made for each resource group. EV parameter calculations will be driven by lower level data aggregations and assumed trend directions. As an example, what is the anticipated future material costs trend for the remainder of the project? This assumption will then be used to calculate the EAC for material. Similar assumptions would be made for the other resource groups. From this process the utility would produce a cost at completion forecast for each group and aggregate this into a forecasts for the total project.

CONCLUSION

This paper has highlighted sample ways in which traditional EV parameter calculations can yield erroneous conclusions when compared to traditional methods outlined in the published literature. Proper analysis requires a more granular resource data view. The examples shown here have illustrated selected sample to how the current popular computer models produce values that do not represent what the traditional calculation would implies. Also, the traditional parameters do not accurately support management status analysis requirements.

A broader summary set of conclusions found during this research effort are show below:

1. Blindly extracting EV parameters from a software model is worse than not using them at all (false indicators) and will erode credibility of the EV metric as a meaningful indicator for performance or forecast.
2. Using zero variance or 1.0 EV index parameter values as indicators of on-plan performance is an erroneous indicator for the reasons outlined here.
3. A WBS Dictionary oriented data store is needed to provide flexible work package data views for various EV oriented analysis.
4. Percent (%) complete is a fundamental component of the EV parameter calculation, yet is one of the most error prone measurement elements.

The one high level conclusion that is strikingly clear is that poor performance by a single resource area can drag down an overall EV cost performance metric and result in an erroneous conclusion as to actual performance. For example, if the internal team has a 0.99 CPI value but the overall CPI measure is 0.80, the team's performance is not properly reflected in the traditional calculation. It is important to recognize that in many situations other resource group performance is external to the control of the project manager and certainly does not reflect the actual performance level of the team. Would it not be more useful to know that the material or contractor overruns were causing the poor result and the project team was doing great? If one were trying to analyze a corrective action strategy this level of status visibility is needed. Failure to understand this and stay at the traditional macro level makes such analysis difficult if not impossible to derive. The traditional macro-level parameter calculations limit the proper usage of EV to project level performance interpretation and are not of great value in root causal analysis. In order to be all it promises, EV calculations must go to the lower resource view. If this can be achieved the model should evolve into the promised best-of-class robust project performance metric,

1. Project managers must learn how the various Work Package resource elements (electrons) should be used to evaluate various aspects of project current status and forecasting.
2. Work Package padding will affect accuracy of the calculated project critical path and result in an inaccurate plan, as well as distorting the subsequent EV parameters computed from this data.
3. EV parameter calculation is dependent on the current status date. Work performed in advance of the plan is not used in the calculation. That also affects actual performance measures.
4. Actual cost of a task is independent of task duration and cost data must be manually collected and not derived from an "effort driven" calculation.
5. Project resource labor resource rate analysis is a key project management productivity analysis consideration and this requires a lower level granularity of data analysis.
6. Lipke's research have highlighted the flaws in SV and SPI formulas after the 70th percentile. His Earned Schedule (ES) views must be used throughout as a comparable schedule measure.

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Authors Bio:

GARY L. RICHARDSON, PhD, PMP, EVM, PE (inactive)

Gary Richardson is the PMI Endowed Professor of Project Management at the University of Houston, College of Technology. His more than forty-year professional career has provided a broad industry and academic background. During the early part of his career he served as an officer in the Air Force, followed by work at Texas Instruments as a manufacturing engineer. In later time periods he worked for the Defense Communications Agency, then consulting assignments at the Department of Labor, and the U.S. Air Force in Washington DC. The latter segment of his non-academic career was spent with Texaco, Star Enterprise (Texaco/Aramco joint venture), and Service Corporation International in various senior IT and CIO level positions. Interspersed through the commercial assignments were academic stints at the University of North Texas, University of South Florida, University of Dallas, Texas A&M, and the University of Houston, plus serving as an adjunct professor at two other universities. Gary has published six technical management and IT-related texts, plus numerous technical articles. Through these various experiences he has observed the technical and human side of management from involvement in over 100 projects of various types. This experience has provided a broad perspective regarding enterprise project management practices that have occurred over this time.

RAFAEL PEREIRA RIBEIRO was selected through countrywide competition to study in the U.S. for one year. During his tenure in the U.S. he studied Project Management at the University of Houston and Quality at Southern Illinois University. He is currently completing his Industrial Engineering degree from the Federal University of Viçosa, Brazil and plans to complete that degree next year. He can be contacted at rafamgrs@hotmail.com

MODERN EMERGENCY INCIDENT MANAGEMENT: LESSONS FROM THE GREAT 1927 MISSISSIPPI RIVER FLOOD

Daniel Adrian Doss, University of West Alabama, adoss@uwa.edu
David H. McElreath, University of Mississippi, dhmcel@olemiss.edu
Carl Jensen, The Citadel, cjensen@citadel.edu
Hilliard Lackey, Jackson State University, hilliard.lackey@jsums.edu
Don W. Jones, Belhaven University, djones@belhaven.edu
Balakrishna Gokaraju, University of West Alabama, bgokaraju@uwa.edu

ABSTRACT

Flooding along the Mississippi River occurs periodically. Since the times of Hernando de Soto, numerous flooding incidents have been reported along the Mississippi River. Among these incidents, the 1927 flooding event represents the greatest flooding incident in American history. Although a tragedy, the 1927 flood was the catalyst for enacting federal legislation and infrastructure development that both affect modern emergency management regarding flooding incidents. This paper examines the 1927 incident from the cyclical emergency management phases advocated by the U.S. Department of Homeland Security, and provides some commentary regarding lessons learned with respect to modern homeland security incident management.

MISSISSIPPI RIVER FLOODS

Throughout history, American society experienced a variety of calamities arising from natural and human origins along the Mississippi River. Endangerments along the Mississippi River often provide a basis for regional danger and national attention, especially since the Mississippi River divides the U.S. mainland. The Mississippi River represents the “largest river basin” within the U.S., and is the “third largest river basin” globally (Kusky, 2005, p. 152). More specifically, Johnson, Holmes and Waite (2004, p.1) indicate that the Mississippi River continuously “drains approximately 40 percent of the continental United States (approximately 1.25 million square miles) --all or part of 31 States, and two Canadian provinces, Ontario and Manitoba.”

Historically, the Mississippi River has flooded numerous times. A perusal of the National Oceanic and Atmospheric Administration (NOAA) data reveals that it has experienced 39 recorded incidents since de Soto’s discovery (NOAA, 2015b). The first recorded event was observed by Hernando de Soto in 1543 (Hoyt & Langbein, 1955). The duration of the flood was at least 40 days, and the expanse of flooding most likely reached into the lower areas of the river (Hoyt & Langbein, 1955). Since then, a variety of floods and high-water events have been associated with the Mississippi River. For instance, during 1809, mass flooding deluged the lower Mississippi River (Hoyt & Langbein, 1955). Although several private levies were erected to control flooding, they failed multiple times during the period between 1858 and 1890 (NOAA, 2015b). It wasn’t until 1893 that the levies did not succumb to the forces of nature, and held steadfast thereby preventing yet another flood resulting from high waters (NOAA, 2015b).

The twentieth century witnessed a variety of floods and high-water incidents along the Mississippi River. In 1908, for at least 100 days, the area of lower Mississippi exceeded the flood stage below the city of Arkansas City, Arkansas (Hoyt & Langbein, 1955). Since then, 22 other incidents occurred along the Mississippi River (NOAA, 2015b). Notably, during 1937, flooding of the Mississippi River created a lake within the river basin that was approximately the size of Lake Superior (Green, 2005). In the terms of dollars, when it occurred, the 1993 Mississippi River flood represented the costliest flood in U.S. history (Johnson, Holmes, & Waite, 2004).

During recent years, the 2011 flooding impacted several states along the Mississippi River. This flood resulted from a combination of spring rains and melting snow within the Ohio Valley (NOAA, 2015b). Much devastation occurred along the Mississippi River, and inland among its adjacent states. For instance, in the town of Tunica, located at Tunica Cutoff, Mississippi, that exhibited a population of 10,000 residents, at least 300 homes were destroyed because of flooding (CBS, 2011). In Greenville, Mississippi, over 800 homes were destroyed by flood waters (CBS, 2011). The extensiveness of the flood waters was unparalleled during modern times. Governor Haley Barbour indicated that a vast amount of water existed in places where there had been no water in his lifetime (Doss, Glover, Goza, & Wigginton, 2015).

The 2011 flood was tragic and costly. A total of 20 deaths occurred during the flood (NOAA, 2015a). The cataclysm resulted in approximately \$208 billion in damages among 119 counties along the states bordering the lower Mississippi River (Sainz, 2013). Damage occurred in the states of “Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee (Sainz, 2013, p.1).” The flood impacted at least 21,000 residences and businesses, approximately and about 1.2 million acres of land were also affected by the flood (Sainz, 2013). Similar to Governor Barbour’s observations, many Mississippians had never witnessed such destruction during modern times. However, the 2011 flood, despite its severity, was not the most destructive flood along the Mississippi River. During 1927, a previous generation witnessed even greater devastation wrought by flood waters along the Mississippi River.

THE MISSISSIPPI RIVER FLOOD OF 1927

The Mississippi River flood of 1927 remains the greatest flood during modern history along the lower Mississippi River (NOAA, 2015b). Excessive amounts of rain among tributaries contributed to swelling the Mississippi River across lengthwise expanses of 80 miles throughout flood plains (NOAA, 2015b). Among some areas, waves were measured with heights of 12 feet, and the water had a depth of 100 feet (Kirkpatrick, 2013). Although a natural calamity and wonder of nature, the flood also altered the course of American history by providing an opportunity for Herbert Hoover to advance toward the presidency (NOAA, 2015b). Its severity and damage resulted in legislative action nationally. Specifically, the 1927 flood resulted in the passing of the 1928 Flood Control Act that mitigated and controlled the Mississippi River through the erecting of various levees, spillways, and flood control projects for alleviating cataclysmic flooding (NOAA, 2015b). A total of 246 individuals perished during the flood, and approximately 700,000 were displaced (Sherman-Morris, Wax, & Brown, 2012). Another estimate of the death toll indicates that 500 people died during the flood (Julien, 2002).

Although usually benign, the Mississippi River becomes dangerous when its water levels increase. The occurring of much rain during the fall of 1926, and the melting of large amounts of snow during the spring of 1927 generated a voluminous quantity of water within the Mississippi River (Kusky, 2005). Massive storms and strong rains occurred within the Southern U.S. on April 15, 1927, and were the catalysts for the Great Flood of 1927 (O'Daniel, 2013). The breaking of levees, stretching from Cairo, Illinois to Louisiana, contributed to the flooding (Weston, 2007). The severity of the devastation was enhanced by the cascading effects of bodies of water that had been "confined between levees (Weston, 2007, p. 166)."

In short, most of the levee system, from Illinois downward to the Gulf of Mexico, was destroyed. Along the river, breaches occurred among 145 locations (Kirkpatrick, 2013). Damages from the flood were excessive and penetrating throughout the Mid-South. For instance, in Mississippi, the entirety of the Yazoo Delta area was underneath varying levels of between two and 18 feet of water (Mathur & Da Cunha, 2001). In the terms of modern dollars, the state of Mississippi experienced approximately between \$8 and \$9 billion worth of residential damages (O'Daniel, 2013). Commercially, in the terms of modern dollars, the damages in Mississippi were between \$3 and \$4 billion (O'Daniel, 2013). Cumulatively, the 1927 flood remained the costliest flood in U.S. history until the 1993 flooding of the Mississippi River (Johnson, Holmes, & Waite, 2004).

EMERGENCY MANAGEMENT AND THE FLOOD RESPONSE

Herbert Hoover, who held the position of Secretary of Commerce, and James Fieser, vice-chairman of the American Red Cross, oversaw the disaster relief operations (Jones, 2013). Their responsibilities included overseeing the evacuating of residents and the providing of shelter, food, and medical resources (Jones, 2013). President Calvin Coolidge empowered Hoover with authority for commanding any federal agency or resource that was necessary (Clements, 2010). It was the first time that a civilian organization, the Red Cross, had a primary responsibility for rescue efforts instead of the military (Jones, 2013). Despite campaigns to generate relief monies for the flood refugees, practically no funding actually made its way directly to the victimized survivors of the flood (Hopper, Baker, & Browning, 2008).

Emergency assistance and management occurred in many fashions. Agricultural assistance was provided in the forms of farming implements, seed, feed, and livestock (Jones, 2013). The National Guard provided tent shelters for some refugees, and many others were sheltered in churches (Jones, 2013). The U.S. Coast Guard provided seaplanes that were used to ferry medical supplies and perform reconnaissance (Daniel, 1996). Despite the best efforts of emergency management, the emergency response was hampered and complicated because much infrastructure was destroyed. The ability to communicate was practically absent because the flooding destroyed telegraph and telephone lines (Sherman, 2011).

In many fashions, the aftermath of the flood impacted society within the Mid-South. Entire cities and towns were demolished by the flood waters (Beaulieu, Everitt, & Dehm, 2010). Instances of disease and illness occurred among refugee camps (Hopper, Baker, & Browning, 2008). The refugee camps were makeshift, segregated, and unequipped to satisfy the needs of their respective residents (Hopper, Baker, & Browning, 2008). As the flood waters receded, flood victims experienced homelessness, starvation, and unemployment (Hopper, Baker, &

Browning, 2008). Despite the receding waters, much farmland was utterly destroyed, and deemed unsatisfactory for the planting of crops because of water impurity (Hopper, Baker, & Browning, 2008).

Memphis, Tennessee was a critical hub for emergency management during the aftermath of the flood. The city established areas for housing evacuees and distributing emergency materials (Sherman, 2011). Refugee (technically evacuee) camps were established within the city at the 168-acre fairgrounds (Dowdy, 2014). Aviation resources from Memphis were necessary for ensuring primal modalities of distributing of goods and communicating. For instance, medical personnel, medicines, and mail were ferried via aircraft to the affected regions (Sherman, 2011). Food was dropped from airplanes to rooftops among the flooded areas (Sherman, 2011). Messages were ferried by airplanes among affected regions, and aerial photographs were used to identify potential ruptures among levees (Sherman, 2011). The 1927 flood solidified the reputation of the city of Memphis as a primary distribution point for materials and resources despite the lack of a formal plan for response operations (O'Daniel, 2013).

The National Flood Control Act of 1928 resulted from the incident. This legislation provided a basis for federal management of the Mississippi River, including redesigning of levees (Kirkpatrick, 2013). Not only did it affect the Mississippi River, but it also affected the entirety of controlling floods within the South (Davis, 2006). Flood control improvements along the river included deepening channels, crafting floodways, bolstering levees, and constructing systems of reservoirs (Davis, 2006). As a result of the flood, during its aftermath, construction began toward the erecting of artificial levy systems (Vega, Grymes, & Rohl, 2013). Later, in 1933, the Tennessee Valley Authority was created as a federal organization for managing water flows and levels via the erecting of spillways and dams upstream from the course of the main river (Davis, 2006). Essentially, given these constructs, the resulting legislation from the 1927 flood continues to affect modern flood policy (Black, 2006).

Before the 1927 flood, American policy emphasized the use of levees as the primary, systemic method of controlling and managing floods (Julien, 2002). The 1928 Flood Control Act created the Mississippi River and Tributaries (MRT) project which represented a new perspective and approach regarding flood incidents (Julien, 2002). Within the MRT, instead of employing levees as the primary focus of controlling and managing floods, the U.S. Army Corps of Engineers incorporated a paradigm that improved both levees and floodways, and that used a spillway for diverting water into Lake Pontchartrain near the city of New Orleans (Julien, 2002). The MRT project represented the first national approach toward navigation and comprehensively managing flooding (Beaulieu, Everitt, & Dehm, 2010).

The 1927 flood affected American society both intangibly and tangibly. Intangibly, the flood resulted in the crafting of legislation and policies that enhanced public safety, and which continue to affect American society during modern times. Tangibly, the 1927 flood resulted in the enhancing of flood control and management via the erecting of levees, dams, reservoirs, and spillways along the Mississippi River and among its tertiary waterways. The combination of intangible and tangible resources provides a basis for controlling and diverting flood waters whereby modern society experiences some amount of protection against flooding. However, despite the best efforts to maximize public safety, no guarantee exists that flooding will always

be averted. The 2011 flooding along the Mississippi River and its adjacent regions certainly shows the potential of floods to occur during modern times despite the presences of bulwarks, levees, spillways, dams, and reservoirs.

PERSPECTIVES OF HOMELAND SECURITY MANAGEMENT

The U.S. Department of Homeland security advocates an all-hazards approach to accommodate endangerments and manage incidents that may arise from either human or natural origins (McElreath, et. al., 2013). Within this approach exists the emergency management cycle (EMC). During the 1927 flood, the EMC did not exist, and strategic plans for addressing the calamity were absent. However, following the 1927 flood, change was necessary for improving methods of addressing emergency incidents. During the 1930s, a phase-based perspective of emergency management emerged for describing, understanding, and organizing emergency management practices (Baird, 2010). Decades later, during the 1970s, the National Governors' Association fashioned a four-phase construct that represents the foundational stages of the modern EMC (Baird, 2010).

The EMC is a resource through which organizations may craft strategies and policies for coping with calamities (McElreath, et. al., 2014a). The EMC consists of four phases: 1) mitigation/prevention, 2) preparedness, 3) response, and 4) recovery (McElreath, et. al., 2014a). Mitigation or prevention involves diminishing or quashing the negative effects of a calamity. Preparedness involves various aspects of identifying threats, planning accordingly, and examining contingency courses of actions. Response consists of enacting a specific plan or course of action when threats arise. Recovery consists of invoking courses of actions that attempt to achieve much or all of the state of existence and lifestyle that occurred before the calamity happened. As recovery progresses, methods of assessment and evaluation occur to determine how the event could be handled better if a like incident ever occurs again (McElreath, et. al., 2014a). The 1927 flood may be considered from the perspective of the EMC regarding its lessons for modern organizations.

Regarding mitigation and prevention, a formal plan was absent regarding such a mass flooding incident. As a result, the response was makeshift, and used resources as they became available. Before 1927, the approach toward potential floods consisted of using levees as the primary method of controlling or averting incidents. However, the erecting of levees was unplanned systemically; their locations along the Mississippi River and its tertiary areas occurred with respect to the perceived needs of localities without any large-scale coordination and consideration of how best to maximize the efficacy of a cumulative levee system with respect to the cumulative attributes of the Mississippi River and its adjacent regions.

Modern contexts are derived from the historic flood. The 1928 Flood Control Act provided the basis for erecting numerous bulwarks that protect modern society against the dangers of flooding along the Mississippi River. Fortifying and erecting new levees, erecting reservoirs and spillways, and constructing diversionary routes represents the modern bases for prevention and mitigation. The improvements showed their value when the Mississippi River again flooded in 2011 because the severity of damage was much less than what had occurred in 1927 (Memphis, 2015).

Preparedness for the magnitude and scope of the 1927 flood was poor. Nationally, before 1927, a federal approach to systemically and methodically addressing large-scale flooding incidents was absent. During the aftermath of the 1927 flood, refugee camps were makeshift, communication was almost impossible, transportation was impeded because roadways and bridges were destroyed, and the necessary emergency goods and services were provided as they became available. Essentially, an emergency plan for addressing such a severe incident simply did not exist. Despite the lack of planning, O'Daniel (2013) indicates that the city of Memphis ingeniously fomented resources and activities that established its relevance as a distribution center.

Lessons learned from the 1927 flood provide a basis for modern emergency strategic planning activities as a preparedness mechanism. Preparation for calamities necessitates the crafting and maintaining of emergency plans to maximize the effectiveness of responses to flooding incidents (Sene, 2008). Planning also contributes toward effective recovery efforts that succeed incident responses. For instance, in Vermont, planning exists to enhance the resiliency and effectiveness of recovery endeavors (EPA, 2015). Such planning must incorporate facets of long-term, strategic vision and creativity for public benefit (Farazmand, 2014). Planning accommodates a variety of issues, including land policies, chains-of-command; positions and personnel responsibilities; necessary equipment; conditions for plan activation; communication; cooperation among emergency organizations; contingencies; evacuation routes, processes and procedures; resource allocation and distribution; and so forth (EPA 2015; Farazmand, 2014; McElreath, et. al., 2014a; McElreath, et. al., 2014b).

Certainly, both federally and locally, the response to the 1927 flood was affected by a lack of planning regarding mass-scale incidents. Resources were marshalled and leveraged as they became available. Innovation and ingenuity were necessary for managing and leveraging available resources to enhance the response effort. For instance, aircraft were fitted with pontoons to facilitate an ability to access flooded regions (Sherman, 2011). By doing so, aviation resources were leveraged as tools for rescuing marooned refugees, delivering medical personnel, and delivering supplies and medicines (Sherman, 2011).

During modern times, responses are executed according to a specific plan. Adherence to the emergency plan provides a basis for controlling, leading, organizing, staffing, and directing emergency responses (Farazmand, 2014). For instance, in Pearl River, Mississippi, near the Gulf Coast, the county maintains a plan for mitigating and protecting against the dangers of flooding (Bigelow & Chamberlain, 2015). When enacted, the plan contains methods for proactively attempting to minimize structural damages, processes and procedures for enhancing public safety, provisions for emergency shelters, addressing the needs of various population demographics, performing roadway evacuations, and so forth (Bigelow & Chamberlain, 2015).

Recovering from the 1927 flood necessitated much change along the Mississippi River. Recovery attempts occurred to reinstate the normalcy that existed before the flood, but normalcy was unachieved completely among many of the affected regions. In a sense, a new normal emerged among the impacted regions as towns, cities, families, and organizations established themselves. Entire towns and cities were destroyed, personal possessions were forever lost, both

agricultural and economic capacities were devastated, and many people either died or were injured (Campbell, 2008). Surviving individuals and organizations adapted to such conditions. Ignorance and apathy abated with the loss of innocence regarding the dangerousness of nature. Recovery necessitated federal legislation via the 1928 Flood Control Act and the erecting of numerous dams, spillways, reservoirs, and levee systems along the Mississippi River. These constructs continue to affect modern society both intangibly and tangibly.

During modern times, recovery is an essential aspect of emergency management. Recovery adheres to some type of plan which may occur throughout long-term periods. Thus, achieving some semblance of normalcy does not always occur rapidly. For instance, after a flood occurred in Nashville, Tennessee during 2010, recovery efforts are still ongoing (Nashville, 2015). After flooding of the Missouri River in 2011, recovery efforts are still underway four years later (KMA, 2015). Such efforts are not sporadic. Both federally and among the states, various assistance plans and programs exist to facilitate recoveries among affected areas. Federally, the National Flood Insurance Program is a resource for “reducing the impact of flooding on private and public structures” via the provision of “affordable insurance for property owners and by encouraging communities to adopt and enforce floodplain management regulations (FEMA, 2015).” As an example of state resources, in New York, assistance exists for residents and business owners that experienced damages from flash floods (New York, 2015).

The experiencing of a calamity provides insight and knowledge that are necessary for improving emergency strategies and plans to accommodate any future instances of disaster. Throughout the recovery phase of the EMC, various assessments and evaluations occur regarding the efficacy of the emergency response, and their outcomes are formally detailed within after-action reports (Fagel, 2014). This information is incorporated within existing emergency plans to improve their robustness and strengthen any future emergency response that may be necessitated during an emergency. Often, the results of these assessments necessitate the altering of existing infrastructure or the crafting of new infrastructure to improve the resiliency of a community against disaster. For instance, after the 1927 flood, contemplating the event resulted in the improving of existing infrastructure and the erecting of new dams, spillways, reservoirs, levees, and bulwarks as well as national policies and strategies for flood management.

Incorporating change for improvement signifies the commencing of a new instantiation of the EMC. Essentially, communities and localities acknowledge the lessons learned from an incident, and enter a new phase of mitigation/prevention with a greater level of knowledge and preparedness. Although one cannot predict with full certainty future events, the preceding experience provides a basis for better enduring a new instance of calamity. During modern times, protective infrastructures and emergency management strategies and plans are reflective of this notion because they represent an aggregating of lessons learned from former disaster experiences.

CONCLUSION

The dangerousness of nature must never be ignored or discounted casually. Disasters may occur at any time at any location with little or no warning. Natural calamities may inflict severe and long-lasting damages that destroy infrastructure and hamper the economic performance of society. Catastrophes arising from human origins may be just as deadly as those generated by

nature. In any case, the EMC exists as a resource whereby modern emergency management crafts strategies for addressing calamities arising from human and natural origins.

The EMC did not exist before or during the 1927 Mississippi River flood. However, during modern times, it is an essential, practical resource whereby incident management strategies are crafted and honed through time. Use of the EMC enhances public safety, contributes toward sparing human life throughout a calamity, and helps to mitigate the damaging effects of cataclysms. Before and during the 1927 flood, the ability to surveil potential danger areas and integrate multiple pieces of information was limited, especially by the technologies of the period. However, during modern times, such activities occur quickly through the uses of satellite imagery and radiometric resources. For instance, levees along the Mississippi River can be screened for weaknesses by using such technologies (Aanstoos, et al., 2011).

Neither nature nor humans have changed since 1927. Modern tragedies have the potential of being just as dangerous, deadly, and damaging as their predecessors. The 2011 flooding of the Mississippi River inundated and destroyed entire towns in fashions that were similar to the events of the 1927 flood. Modern humans possess the same physical and mental attributes that existed among preceding generations. People died just as easily in the 2011 flood as they did during 1927. However, when comparing and contrasting the floods, stark differences are observable: 1) a total of 246 people died in the 1927 flood whereas a total of about 20 perished during the 2011 incident (NOAA, 2015a); 2) the EMC did not exist in 1927 whereas it was advocated by the U.S. Department of Homeland Security in 2011; and 3) an absence of strategic emergency planning regarding flood management was absent in 1927 whereas it was present and employed during 2011. Although the basic characteristics of both nature and humans have remained static since 1927, effective resources for managing emergency incidents exist during modern times.

Central among these modern resources are the EMC and various technologies that enhance societal robustness and resiliency against endangerments. Through using the EMC to craft effective strategies and by using modern technology to maintain and improve preventive infrastructures, society better prepares for, mitigates the effects of, responds to, and recovers from disasters than it did in 1927. Despite the best efforts, use of the EMC, strategic planning, or modern technology is not a panacea for averting or mitigating completely the dangers of any incident. Nature is often unpredictable, and its events may become uncontrollable. Regardless, when examining the 1927 flood versus the 2011 flood, the spared lives and reduced damages both exhibited during the 2011 event are testaments to the efficacies of the EMC, strategic planning, and modern technologies as essential resources for homeland security management.

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ETHICAL PHASES OF AMERICAN CORPORATIONS: ANOTHER STEP?

David Dyson, Ph.D. Oral Roberts University ddyson@oru.edu

ABSTRACT

A review of the history of American Corporate Social Responsibility (CSR) with comments on the phases and models with supporting rationale of each is provided in tandem with a discussion of the major supporting authors of each perspective. The entrance to a new era is suggested with evidence from behavioral, demographic, economic, political and spiritual disciplines provided. New data from generational studies conducted by leading accounting firms is shared and utilized to draw conclusions. Additional data is provided by annual surveys of business regarding ethical practices and conditions. A discussion of the implications to business concludes the article.

INTRODUCTION

The primary roles and functions of American businesses and corporations have been redefined over the past century. Differing views have been purported as appropriate given the varying state of the culture and society. Multiple normative models of Corporate Social Responsibility (CSR) have pushed to the forefront creating periods of transition and resistance (Hartman, et al., p.216). It has been said, “Corporate Responsibility was not born whole, but has grown as the product of countless interactions in the minds and through the interactions of generations of business men, women and social activist.” (Carroll, 2008) While many have suggested that there are four models in use today and that these models may be grouped into three eras, one might speculate that a transition into a fourth era has begun. An investigation including behavioral, demographic, economic, political and religious factors contributing to the nature and causes of these shifts in majority thinking is therefore appropriate and timely.

COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY

The United Nations Industrial Development Organization has defined Corporate Social Responsibility as “... a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.” Prime factors include Economics, Legal, Ethical, and Philanthropic concerns. Using this threshold, corporations have created hyper-norm models to provide guidance to executives responsible for CSR in the firm. In 2002, 34 CEOs signed the *Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards* report at the World Economic Forum. Also, the Caux Round Table has agreed that all business and wealth decisions should center around three basic concepts: Kyosei, (working in harmony for mutual benefit), human dignity (sacredness of an individual) and sustainability (long term benefit). Seven principles of responsible business have been endorsed as global means of enhancing productivity and quality of life. These seven principles affirm customers, employees, shareholders, suppliers, competitors and communities all as major stakeholders.

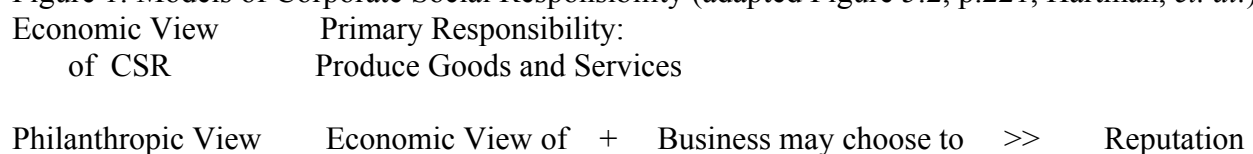
FOUR TYPES OF CORPORATE SOCIAL RESPONSIBILITY

How may a company “Do Well” by “Doing Good”? Carroll identified 25 different themes of CSR (1999). Windsor (2006) suggests that these may be categorized into three groups: ethical, economic and corporate citizenship. Others have suggested that CSR must embrace a triple bottom line of people, planet and profit if the company is to manage sustainability. Carroll suggests that a corporation should treat employees well while simultaneously providing good value to the customer and making a positive contribution to society. Hartman, *et al.* suggest that companies must acknowledge that there is a duty to do no harm, a responsibility to prevent harm, and a responsibility to do good. Garigga and Mele (2004) purport that the four areas of consideration that one should include are economics, politics, social integration and ethics. Others suggest that the areas of Environmental Responsibility, Philanthropic Initiatives, Ethical Business Practices and Economic Responsibility must all be addressed. Krohn, (2015) (Miller,2015) (Rowe,2015). Sustainability has become a buzzword of the decade noting not only environmentally friendly in the short term but environmentally protective in the long term so that our grandchildren and their grandchildren may inherit a clean earth capable of sustaining a high quality of life. Some have postulated that these four responsibilities may be shaped in a pyramid with Economic responsibility as the base, Legal responsibility as the second layer, Ethical responsibility on top of legal responsibilities and Philanthropic responsibilities as the cap. (Carrol, 1979)(Nolen, 2015) It has been further suggested that true development of the corporation will occur in the common square, where there is continuous discussion of the responsibilities of all citizens, corporate and individual.

FOUR MODELS OF CORPORATE SOCIAL RESPONSIBILITY

Mele summarized the four prominent theories of CSR as: 1) Corporate Social Performance *CSP* attributed to Klonoski (1999), 2) Shared Value Theory *SVT* (Windsor), 3) Stakeholder Theory, and 4) Corporate Citizenship Theory in *The Oxford Handbook of Corporate Social Responsibility* (2008). Four models have gained support as appropriate systems supporting ethical decision making (Figure 1). The Economic model is frequently seen as the foundation for business responsibility supported both by bodily need and Calvinistic theology. A philanthropic model evolved as society moved to large corporations during the industrial revolution requiring more capital than individual entrepreneurs could safely provide. The dilution of ownerships of assets coupled with the rising economic standard of the common man provided room for generosity as basic needs had been satisfied. A Social Web or Citizenship model arose as the population became better educated and business was viewed as one of several valuable institutions designed to provide a higher quality of life. An Integrative/Strategic model is the newest of the concepts and suggests that a more societal view be embraced with long term vision replacing the simple transactional model of economics. Current surveys among large companies suggests that this is now common place and is one manner of competitive advantage sought by larger firms both in attracting consumers and employees. Details of the surveys will be discussed in more detail later in this paper. The diagram of the four models is provided below.

Figure 1: Models of Corporate Social Responsibility (adapted Figure 5:2, p.221, Hartman, *et. al.*)



of CSR

CSR

contribute to social need

>>Right thing to do

Social Web View
Citizenship Model
of CSR

Business is embedded within a web of
social relationships of mutual rights
and responsibilities including economic
and legal considerations

Integrative/Strategic
Models of CSR

Part or all of the mission of the company
is to serve some more important social goals:
ie. social entrepreneurship

FIVE TOPICS OF CORPORATE SOCIAL RESPONSIBILITY

In *Corporate Responsibility: An American Experience*, Carroll suggests the development of CSR will include interaction in five arenas. These include 1) environmental, 2) social, 3) economic, 4) stakeholder and 5) voluntariness. Porter and Kramer discuss “created share value (CSV) in their article entitled “The Competitive Advantage of Corporate Philanthropy” where dynamic interaction with all stakeholders produces a shared sense of value among all participants. Simon Zadek (2004) identified five stages of CSR learning including 1) Defensive, 2) Compliance, 3) Managerial, 4) Strategic, and 5) Civil.

Stages of Corporate Social Responsibility

Hay and Gray (1980) identified three major stages of CSR in American society: 1) Profit Maximizing Management, 2) Trustee Management, and 3) Quality of Life Management. R. Edward Freeman introduced a socioeconomic view of social responsibility in 1984 that transcended the primarily economic view that preceded it. W. C. Frederick developed a four stage model of social responsibility in 1986 further explaining the original idea of Freeman. Nobel Prize Winning Economist Milton Friedman still proposed that the economic model was the only responsible model and his *Free to Choose* series and *New York Times* article were widely recognized and accepted as germane. The socioeconomic model suggests that the first stage is responsibility to Stockholder. The second stage includes the employees in the process. Stage three incorporates the Customers and Suppliers. The final stage is further encompassing including society at large (Thompson).

Forces at Play in Transitioning Stages

While much of the previous review has been Normative, the dynamics of this paper shifts now to descriptive. There has been significant criticism that models are more window dressing and lack sufficient environmental drivers to influence real change. Steger (2008) suggests that the three principle drivers are 1) financial institutions, 2) global competition and 3) customers. He hypothesizes that none of these three is sufficient in itself or in tandem with the others to create real change. He only sees slow incremental change representing the normative side of the definition without significant change on the performance/behavior side. Contrary to his view is the thought of Pruzan (2008) who suggests that there is a spiritual dimension that will demand value stemming from a vision, values, virtue construct that ultimately will be the driver to change that will move the corporation from the normative model into the descriptive model.

Economic Factors

Maslow's hierarchy of need suggests that individuals place primary motivation in securing basic needs and safety that generally correlate with the income or extrinsic side of employment/compensation. Once these two rungs have been accomplished, an individual is motivated by upper level needs of Love (belonging), Self-Esteem, and Self- Actualization that are facilitated/satisfied by more intrinsic rewards that satisfy the emotional and mental side of the employee. These concepts support Herzberg's Motivation Theory that describes pay and extrinsic factors as a hygiene effect and as intrinsic factors that truly motivate an individual. While the composite supply curve of labor is positive and upward as pay rates increase, the individual supply curve of labor is backward bending once basic needs have been satisfied suggesting that individuals desire time for expression, rest and pleasure.

Theories of Moral Development

One may gain insight at collective behaviors by first observing individual behavior. These theories include researchers who purport differing motivations. Freud (1962) is best known for the conflict of the Id and Ego that is balanced by the Super Ego and is considered the father of psychoanalysis. Sexual energies are the primary driving force of his model. Skinner (1972) studied behavior as a socialization process known as Behaviorism. Erikson (1950) modeled human growth through eight developmental stages that changed as an individual progressed chronologically through life. Piaget (1965) suggests that during one's life one would move from the Preoperational stage with symbolic and intuitive sub-stages to the Concrete Operational Phase and ultimately the Formal Operational Phase. His work is generally known as genetic epistemology. Following in his mentors footsteps, Kohlberg (1981) modeled the development of moral reason, which some suggests as the basis of ethical behavior, into six stages displayed in three levels. The Pre-Conventional Level includes the stages of 1) Obedience and 2) Self-Interest. The Conventional Level contained 3) Interpersonal Accord and 4) Authority/Social Order. The third level is Post-Conventional, containing behaviors not frequently exhibited such as 5) Social Contract and 6) Universal Ethical Principles.

Kohlberg Theory of Cognitive Development

Level 1 (Pre-Conventional)

1. Obedience and punishment orientation

(How can I avoid punishment?)

2. Self-interest orientation

(What's in it for me?)

(Paying for a benefit)

Level 2 (Conventional)

3. Interpersonal accord and conformity

(Social norms)

(The good boy/girl attitude)

4. Authority and social-order maintaining orientation

(Law and order morality)

Level 3 (Post-Conventional)

5. Social contract orientation

6. Universal ethical principles

(*Principled conscience*)

https://en.wikipedia.org/wiki/Lawrence_Kohlberg's_stages_of_moral_development

Generational Forces

It has been demonstrated that cultural and environmental forces help shape behavior. Howe and Strauss (1992) (1997) (2000) have studied the generations of American history and have concluded that there is a cycle of effect over 4 periods that shapes the generational culture. They postulate that events (political, social and economic) determine which of four archetypes a generation will favor. The four main types are nomad, hero, artist and prophet with each following one of four cultural turnings in a complete cycle. In the two “active” generations in contemporary society, the Boomers are *Prophets* and the Millennials are *Heros*. Currently the two passive generations are Gen X and iGen. The four turnings that help shape a generation are High, Awakening, Unraveling and Crisis. Steger (2008) suggests that real change is driven either by a major force such as financial institutions our global competition. The generational theorist sees the forces of the cultural cycle as a driver in change. Currently America is in between the unraveling and crisis phases. In the last major 80 year cultural cycle this would have been between the Great Depression and the Second World War.

Figure 2: Generational Factors

(Adapted from Howe and Strauss (2000) *Millennials Rising*, p. 51.)

Generation	Current Age	Entering Childhood	Entering Young Adulthood
LOST	100+	3 rd Great Awakening	WWI & Prohibition
G.I.	76-99	WWI & Prohibition	New Deal & WWII
Silent	58-75	New Deal & WWII	American High
Boom	40-57	American High	Consciousness Revolution
X	19-39	Consciousness Revolution	Culture Wars Roaring 90's
Millennial	0-18	Culture Wars and Roaring 90's	

The Four Turnings: Howe and Strauss.

The Anglo-American Saeculum

Saeculum	Time from climax of Crisis to Awakening climax of Awakening	(climax to (Full Era)	year)	Time from climax of Awakening to climax of Crisis	(climax Crisis (Full Era)	year)	Time from one Crisis climax to next Crisis climax
Late Medieval	—	—	—	—	(1485) Wars of the Roses (1459–1487)	—	—
Reformation	51 years	(1536) Protestant Reformation (1517–1542)	52 years	(1588) Armada (1569–1594)	Crisis	103 years	103 years
New World	52 years	(1640) Puritan Awakening (1621–1649)	49 years	(1588) Glorious Revolution (1675–1704)		101 Years	101 Years
Revolutionary	52 years	(1741) Great Awakening (1727–1746)	40 years	(1781) American Revolution (1773–1794)		92 years	92 years
Civil War	50 years	(1831) Transcendental Awakening (1822–1844)	32 years	(1863) Civil War (1860–1865)	War	82 years	82 years
Great Power	33 years	(1896) Third Awakening (1886–1908)	Great 48 Years	(1944) Great Depression and World War II		81 years	81 years
Millennial	30 years	(1974) Consciousness Revolution (1964–1984)	51 years?	(2025?) Global Crisis (2008–2029?)	Financial	81 years?	81 years?

<http://www.lifecourse.com/about/method/the-four-turnings.html>

Spiritual Forces: Four Great Awakenings

The Nobel Prize winning Economist Robert Fogel in his book *The Fourth Great Awakening and the Future of Egalitarianism* (2000) draws heavily on the work of religious historian William McLoughlin (1978), *Revivals, Awakening and Reforms*, to describe four noteworthy periods of spiritual renewal in the United States. With additional explanation from the perspective of an economist, Fogel has posited that there are four major cycles, each of approximately 100 years

that he describes as an awakening. These periods of awakening begin with a spiritual renewal of approximately 30 years (not to be confused with a religious renewal albeit that religious renewal may be part of the driving forces in this phenomenon), are followed by a political phase of approximately the same duration, and concluded with a cycle of challenge to the political effect.(p.17) The first Great Awakening encompassed the years 1730-1830, the second Great Awakening occurred (1800-19200, the third Great Awakening begins in 1890 and the fourth Great Awakening beginning in approximately 1960.(p.28) As may be detected by the dates there may be an overlapping of time periods in the struggle of each new spiritual movement.

Building off a single construct of Egalitarianism, Fogel suggests that the first two Great Awakening were centered on equality of opportunity while the third Great Awakening focused on equality of condition and is termed as *modernist egalitarian agenda*. The fourth Great Awakening is a return to equality of individualism with a focus on spiritual (immaterial) capital rather than mammon and identified by the author as the *post-modern equalitarian agenda*. This may be better understood by answering Socrates' question, "What is the Good Life?" and perhaps includes arts, theology, adventure ethics, etc. Fogel argues that the great success of the "Social Gospelers" of the Third Awakening have been very successful in achieving economic equality but have fallen far short of meeting the higher level needs of meaning encompassed in Maslow's hierarchy. "Unlike the reform agenda of the Third Great Awakening, that of the Fourth emphasizes the spiritual needs of life in a country where even the poor are materially rich by the standard prevailing a century ago where many of those who are materially rich are spiritual deprived."(p. 177). Not all agree, thus igniting a political struggle and disruption still felt today.

Pruzan (2008) identified four perspectives of CSR and suggests the fourth, the spiritual perspective, is centered on leadership that moves beyond economic rationality and is "characterized by organizational existential inquiry as to the corporate identity, success and responsibility." 553 In answering three questions:1) What is responsibility?, 2) Can organizations be responsible? and 3) Why be responsible?, the author describes a model of servant leadership patterned after the thoughts of Greenleaf and others to create a strategy to serve society and create a connection with a force that is greater than ourselves. This model suggests that CSR has moved from the rationalist perspective, through the humanistic phase and beyond the holistic perspective which simply implied a duty of respect that facilitated earning wealth for all stakeholders, not merely shareholders. Contemporary society is obliterating the orthodox and searching for meaning in work and life in the greater perspective.

Phases of the Four Great Awakenings in the United States

(adapted Fogel. *The Fourth Great Awakening. Phases of the Four Great Awakenings*, p. 28)

<i>First Great Awakening 1730-1830</i>	<i>Phase of Religious Revival</i>	<i>Phase of Political Effect</i>	<i>Phase of increasing Challenge</i>
	<i>1730-60 Weakening of predestination: Rise of ethic of benevolence</i>	<i>1760-90: Attack on British Corruption</i>	<i>1790-1820 Breakup of Revolutionary coalition</i>

<i>Second Great Awakening 1800-1840: Rise of 1800-1920</i>	<i>belief that anyone can achieve saving grace, widespread adoption of ethic of benevolence</i>	<i>1840-1870: Rise of abolitionist,temperance Civil War, Women’s Suffrage</i>	<i>1870-1920: replacement of prewar evangelical leaders, Darwinism crisis, urban crisis</i>

<i>Third Great Awakening 1890-?</i>	<i>1890-1930: Shift Emphasis personal to social sin: shift to secular interpretation of Bible and creed</i>	<i>1930-70: Attack on corporate corruption labor reforms, civil rights, women’s rights</i>	<i>1970-: Attack on liberal reform: Defeat of Equal Rights Amendment, Rise of Tax Revolt, Rise of Religious Right</i>

<i>Fourth Great Awakening 1960-?</i>	<i>1960-? Return to Sensuous Religion Reassertion of personal Sin.</i>	<i>1990-? Attack on Materialist corruption. Rise of prolife, profamily and media reform More values-oriented Curriculum. Expand tax revolt.</i>

Movement into the Fourth Phase

The first three phases of Corporate Social Responsibility as taught in many Business Ethics courses include emphasis on ECONOMIC, EGALITARIAN, and ENLIGHTENED SELF INTEREST periods. This author proposes that American Corporations have reached a tipping point and have entered a fourth phase which is being identified as the ENGAGEMENT Phase. Exhibit 1 provides a preview of the dates and events that coincide with these phases.

One might suggest that the first phase, ECONOMICS, parallels with Maslow’s first rung of physiological needs and could be associated with the first two Great Awakening periods. The EGALITARIAN phase could be seen as associated with third Great Awakening and could include the last stages on the economic push and the sense of “belonging” connected through the equality of condition associated with that period. This phase encompasses a reduction in the “social sin” in contrast to the reduction in personalized or individual sin of the first two Great Awakenings. Many entitlement provisions were initiated in this period. Many citizens today are still looking for greater equality of condition with pushes to raise minimum wage laws and the incorporation of more universal access to health care through legislation such as the Affordable Care Act frequently called Obamacare. The ENLIGHTENED SELF INTEREST phase further promotes the social side of reform and allows self-esteem by a feeling of correct or appropriate behavior (plays well with others) that deflects corrective attention by behaving to meet a minimum standard. It is not necessarily heart felt, but is necessary if the actor desires to accomplish his/her objective. Brown and Nuttall in the 2013 McKinsey publication, “Beyond corporate social responsibility: Integrated external engagement” report that traditional corporate social responsibility is failing. They suggest that external stakeholder must be part of the process

and external engagement is a prerequisite to success in the future. Others, like Fogel, suggest that attention should be moved to access of spiritual (immaterial) capital. As attention shifts in favor of this Awakening, the birth of a new phase is conceivable.

CSR 2.0 was introduced by Visser as a reinventing of CSR. He suggests “Moving from CSR 1.0 to CSR 2.0 requires adopting five new principles—creativity, scalability, responsiveness, glocality, and circularity—and embedding these deeply into an organization’s management DNA. The essence of CSR 2.0 is that it is transformational, and offers a practical strategy for creating long term capitalism.” It overcomes the three curses of CSR: 1. Incremental, 2. Peripheral and 3) Uneconomic.



<http://www.managementexchange.com>

Exhibit 1: Phases of CSR with supporting data

<i>CSR Phase Generation(s)</i>	<i>Maslow Hierarchy</i>	<i>Great Awakening</i>	<i>Social Driver</i>	<i>CSR Category</i>	
ECONOMIC (circa 1700-1920)	Physiological Safety	First Second	Am. Revolution Industrial Revolution Civil War	Economic	First- Lost
EGALATARIAN Lost (circa 1920)	Belonging	Third 1890-	Urbanization, Equality of Opportunity	Ethical	GI (Greatest) Silent
ENLIGHTEN SELF INTEREST	Self-Esteem	Third	Civil Rights, Equality of	Corporate Citizenship	Boomers Gen X

(circa 1960)

Condition

ENGAGEMENT
Millennials,
(circa 2010)

Self-
Actualization 1960-

Fourth
Access

Equal Spiritual
Strategic

Integrative/
(Gen Y)
Next (*iGen*)

DISCUSSION

If one concedes that birth begins with conception, the ENGAGEMENT phase is here. If not, then perhaps what is being experienced is the formation of something new that in due season will come forth with the fanfare and excitement of a new being. Others may choose to see this as a developmental stage of a movement already birthed and thus perhaps it is the development of adulthood that is being experienced. If Fogel is correct in his observation, then the Fourth Great Awakening is in the final stage of the political period and is entering the period of challenge. This coincides with the generational move that is seen in the composition of the workforce. The Millennial generation now represents more than half of the workforce. (Deloitte, 2012) Studies of this generation suggest that they, as an “active” generation, will leapfrog the Generation X cohort (which is passive) to have greater access to decision power and influence in the workforce. Flatter organizational structures accompanied by networks of communication and authority will expedite this process. Employers note that intrinsic rewards are needed in tandem with extrinsic rewards to attract and retain the best and brightest of this generation. The Millennial generation desires meaningful work in which they may Self-Actualize. To them employment is more than a career. It is an expression of their identity and/or calling. Tomorrow’s Company notes, “Employee engagement and commitment starts with an understanding of what the company is seeking to achieve. This is not just about communication but also the degree to which they feel that their opinions are listened to and acted upon.”¹³ In Deloitte’s 2015 survey of Millennials, 73% of the respondent felt that businesses needed to reset. Millennials want more focus on people and less on profits. Sixty percent are with the current employer because of purpose. “Millennials want their work to have a purpose, to contribute to the world, and they want to be proud of their employer.” Almost ninety percent want an employer with CRS values and 86% said they would exit a company whose CSR values were lacking according to a PWC survey in 2008. Carroll has suggested that the highest level of involvement is voluntary. Companies appear to be moving beyond compliance, which was a major factor in the ENLIGHTENED SELF-INTEREST phase, into the voluntariness that marks the fourth or ENGAGEMENT phases. As companies become more civil and genuine in their pursuit of corporate citizenship, they appear to be reaching the fifth stage of learning suggested by Zadek (2006). The heart is beating and the lungs are functioning

Ethical Officers have grown in number and in influence in the corporation. In 199 the EOC had 500 members and today it has members. The movement began in 1991 in response to the Federal Sentencing Guidelines. Clark questioned in 2006 whether this response was more window dressing rather than an honest approach to corporate citizenship. She noted that the growth of Chief Ethics Officers had grown significantly by 2006. Now The Ethics and

Compliance Initiative is currently hosting Best Practice forums in the United States and Europe. It also provides benchmark tools for the development of ethics programs inside organizations. A decade later one might consider if the original intent of many companies has changed to a more genuine response, thus suggesting a move beyond compliance and into ENGAGEMENT. Ethics Surveys have been conducted nationally biannually by EBS with results widely published. In 2013, CPIO and McKinsey & Company co-founded *Focusing Capital on the Long Term*. Companies like Unilever, Wal-Mart, Johnson & Johnson, GAP, and Tom's are catalysts to change the existing behaviors of corporate directors and institutional investors. Their agenda includes a long-term approach to strategy and investment. The Center for Corporate Citizenship at Boston College issued *Advancing from the core: A profile of practice*, 2013 and *The State of Corporate Citizenship 2014* with findings including, 1) "by strategic integrating corporate citizenship initiatives, companies are achieving impressive results," 2) "More companies are investing in environmental, social and governance (ESG) reporting" and 3) "Companies that invest in corporate citizenship over the long term are more likely to report success with business goals." They report that more than 4 in 5 companies among the largest 1000 are currently producing standalone CSR reports. Almost 60% of the companies have a Vice President or above leading the Corporate Citizenship effort. Also, increased spending for Corporate Citizenship over the next three years is anticipated by a majority of the companies. The International Integrated Reporting Council has created a systemic framework for measuring and communicating ethical practices. It is in its Breakthrough phase with a mission "to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors." System formalization and standardization are typically seen as indicators of progressive momentum. Perhaps these are the signs of the exo-skeletal system with bones and muscles. It will take time for the skin to cover the body and for concession/acceptance of the late majority and laggards to move forward.

Two recent publications in the *Harvard Business Review* recommend that the Chief Human Resource Officer (CHRO) be incorporated in the strategic apex of the firm along with the CEO and CFO and that people will come first before strategy in the future (HBR, April 2015, July 2015). Additional material from McKinsey & Company also trumpet this perspective. Daniel Pink (2006, 2011) Marcus Buckingham (1999, 2001, 2007), Seth Godin (2014) and other new management writers introduced new ways to think and new management paradigms for the future. Don MacPherson, President of *Modern Survey*, a company that consistently researches employee behavior, suggests that, "it will take three to five years of focus throughout the organization to create a culture of engagement." Programs are in place to assist companies in the development of organization, leadership and employee responsibilities. Perhaps a mind is forming and is programed differently than its predecessors.

One can expect that there will be bumps and falls as companies learn how to walk and ultimately run. The awkward teen years will also present challenges as thought processes move from systems theory to chaos theory and as complex dynamic systems challenge existing norms and thoughts. Unlike Maslow's theory, it is plausible to consider that major disruptive occurrences in the economy might create a return to lower levels. The economic disruption of 2008 created an employment challenge that resulted in some compromise of values. Future disruption of economic, political, social and/or technology may also present challenges that thwart or slow the current speed and direction of this movement. McKinsey consulting group warns that predicting

future trends from past results may appear to be more perilous than in previous episodes and that there are four major forces breaking all trends. Dodds, Manyika and Woetzel (2015) suggest that the “world’s economic operating system is being rewritten.” They conclude that this is **No Ordinary Disruption**. Meissner, Sibony and Wulf (2015) suggest that all decision should be tempered with a set of two distinct groups of questions that include differing viewpoints and evaluation of downside risks.

CONCLUSION

Generational issues will continue to influence political, economic and religious considerations in the years to come, especially in the developed world as they did in the post- World War Two period. Trends should be monitored, especially in the times of major disruptions caused by economic corrections and/or political challenges such as those imposed by the immigration crisis caused by terrorism or drought to determine if the trajectory and velocity of change remains constant. Study in developing countries should be conducted and compared/contrasted to occurrences in the economically developed countries. Additionally it is recommended that future study of the ethical practices in the United States and in other world economies should be conducted to provide insight and guidance into *best in class* ethical practices. Investigation of trigger mechanisms could help future research become more predictive rather than reactionary. The question of systemic linear change patterns versus butterfly effects caused by bifurcation and sensitivity to initial condition should be addressed as the debate over Systems Theory and Chaos Theory continues. The field remains open for investigation and the need for additional insight is compelling.

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THE ROLE OF EMPLOYEES' PERCEPTIONS OF FAIRNESS IN CORPORATE SOCIAL RESPONSIBILITY

Ana Câmara, Oklahoma State University, ana.camara@okstate.edu

ABSTRACT

This paper proposes that employees' perceptions of fairness is one mechanism through which corporate social responsibility leads to firm performance. Social responsibility practices adopted by firms may contribute to create in their employees a perception of fairness that derives from what they feel is a corporate concern with social issues and stakeholders in general. By experiencing the fair treatment of other stakeholders, employees will develop perceptions of fairness that will lead to increased commitment, effort and productivity. A more committed, hard working, and productive workforce is likely to positively impact firm performance.

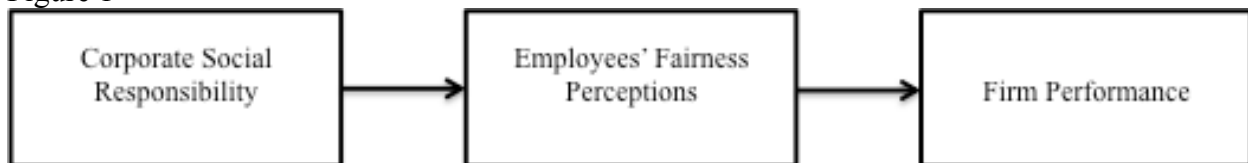
CORPORATE SOCIAL RESPONSIBILITY AND EMPLOYEES' TREATMENT

A search on Google Scholar for corporate social responsibility generated 1,750, 000 articles, with 82,300 for 2014 alone. Firms are increasingly involved in corporate social activities and this involvement is unlikely to slow down in the next decades (Aguilera, Rupp, Williams, & Ganapathi, 2007; Barnett & Salomon, 2012). Whether corporate social responsibility (CSR) is deemed a positive endeavor that brings beneficial outcomes to firms or a distraction from true business goals (Chin, Hambrick, & Treviño, 2010; Margolis & Walsh, 2003), employees are one of the most relevant groups to affect and be affected by CSR. However, until now, scarce attention has been paid to the employees' role in the processes of adoption and implementation of practices pertaining to corporate social responsibility (Aguilera, et al., 2007; Aguinis & Glavas, 2012). In particular, little attention has been given to how corporate social responsibility practices aimed to benefit the environment and the organizations' stakeholders, namely, shareholders, customers, suppliers, workforce, and local communities, may shape the way employees view the organization for which they work. Employees who work for socially responsible and engaged organizations are bound to perceive their employers as fair (Aguilera et al., 2007) and this perception is likely to affect the way they relate to their job and to the organization itself. Some authors point out that corporate social responsibility practices might be a signal used by stakeholders to determine a firm's altruistic orientation (Godfrey, Merrill, & Hansen, 2009). It is likely therefore that the employees of an organization might assess that if that organization shows concern for the societal welfare, it will also be more likely to treat them with fairness (Aguilera et al., 2007). This assessment of the organization's concern for societal welfare will create a perception of fairness in its employees that will subsequently impact their productivity, effort, and commitment. Peterson (2004) found that when employees believe in the importance of CSR, their organizational commitment increases. Empirical studies suggest that organizational practices directed at increasing employees' wellbeing and benefiting them such as training, empowerment and participation in decision-making can positively affect firm performance (Berman, Wicks, Kotha, & Jones, 1999) by lowering turnover and absenteeism, improving productivity, and increasing commitment to the organization (Huselid, 1995; Delaney & Huselid, 1996; Youndt, Snell, Dean, & Lepak, 1996; Berman et al., 1999). Therefore, it is plausible that organizations' practices perceived as fair by their employees, such as CSR, will

positively impact the way these employees feel and boost their productivity, effort, and commitment. Although the discussion about the effects of CSR on financial performance is ongoing and far from settled, some authors have suggested that the study of the underlying mechanisms that link CSR to firm performance would bring an important contribution to the understanding of this relationship (Aguinis & Glavas, 2012). Margolis and Walsh (2003), in their review of literature on the relationship between social and financial performance, call for more work on exploring causal links between CSR and firm performance and on testing mediating mechanisms. Responding to this call, Surroca, Tribó, & Waddock (2010), found that intangible assets mediated the relationship between CSR and financial performance. Therefore, it seems that there are still mechanisms waiting to be discovered and researched so as to better understand why CSR may lead to improved firm performance.

In this paper, I investigate one possible mechanism linking CSR to firm performance. Specifically, I investigate how employees' perceptions of fairness created by their firm's CSR may have a positive impact on firm performance. The arguments that I develop draw on stakeholder theory (Freeman, 1984) and on the organizational justice literature (Colquitt et al., 2013). Following the lead of other researchers (Bosse, Phillips, & Harrison, 2009), I focus in particular on how CSR practices voluntarily taken by the firm influence employees' perceptions of fairness that in turn will lead to increased firm performance (Aguilera et al., 2007). In what follows, I start by defining corporate social responsibility and investigating its relationship with firm performance. Second, I examine how stakeholder theory (Freeman, 1984) and organizational justice literature help to explain the role of employees in the relationship between CSR and firm performance. I propose that employees' perceptions of fairness are one mechanism through which CSR may lead to firm performance. I conclude by enumerating the contributions of this study and laying directions for future research.

Figure 1



THEORY AND PROPOSITIONS

Corporate Social Responsibility and Firm Performance

Despite the attention of management scholars on corporate social responsibility, reflected on the large number of studies devoted to the study of this practice, the debate about its implications on firm outcomes is still ongoing. As Barnett (2007) assesses, CSR is either praised as a wise investment or condemned as an agency problem. On one hand, some authors propose that investments in corporate social initiatives are likely to increase the firm's market value (Mackey, Mackey, & Barney, 2007), lead to long term value creation (Cheng, Ioannou, & Serafeim, 2014) and improve social wellbeing in general (Margolis & Walsh, 2003). On the other hand, other authors view corporate social initiatives as plain theft through which managers misappropriate resources from shareholders, employees, and customers by redeploying them to parties that had nothing to do with their creation (Friedman, 1970). This last perspective substantiates the prescriptions of U.S. corporate law, which establish that the purpose of business corporations is to generate profits for their shareholders (Adams, Licht, & Sagiv, 2011). The core of this debate

is centered primarily on the discussion of the consequences of CSR on firm performance. Although meta-analytic results support the idea that CSR has generally a positive effect on firm performance (Orlitzky, Schmidt, & Rynes, 2003; Margolis & Walsh, 2003), some studies suggest that there is no relationship between CSR and firm performance (McWilliams & Siegel, 2000), that this relationship is negative (McWilliams & Siegel, 1997) or that the relationship is curvilinear (Barnett & Salomon, 2012). In view of the complexity of what looked like a straightforward relationship (McWilliams & Siegel, 2000), some authors caution that “before rushing off to finding the missing link between a firm’s social and financial performance, (...) we need to understand the conditions under which a corporation’s effort benefit society” (Margolis & Walsh, 2003: 297). Hence, although it is generally accepted that CSR has an impact on firm performance, it is still important to explore the conditions under which this relationship holds so as to understand why organizations adopt CSR. According to Margolis and Walsh (2003), the efforts devoted to finding if CSR has a financial impact on organizational performance may also have led to the neglect of other issues such as what are organizations doing to benefit society and how are their actions improving social welfare. Aguinis and Glavas (2012) assess that while CSR literature has focused primarily on predictors, outcomes and moderators of CSR there is still a need to investigate why organizations adopt CSR, what are the results of adopting CSR and under which conditions do these results occur. Therefore, there are still important questions to answer in the pursuit of settling the debate between the advantages and the drawbacks of CSR.

Corporate social responsibility is defined as “the voluntary integration of social and environmental concerns in (...) companies’ operations and in their interactions with stakeholders” (Cheng, et al., 2014: 1; European Commission, 2001). Several studies have attempted to find how these voluntary actions aimed at social betterment may have a positive impact in organizations’ economical outcomes in an effort to placate the argument that organizations should focus exclusively on maximizing their shareholders wealth because this is the way they fulfill their social obligations (Friedman, 1970; Margolis & Walsh, 2003). Empirical research found that corporate social performance was related to future financial performance but also that past performance led to CSR (Waddock & Graves, 1997), a phenomenon known as the “virtuous circle” (Orlitzky et al., 2003; Surroca et al., 2010). However, McWilliams and Siegel (2000) found that, when controlling for R&D, CSR had neutral impact on firm performance. These findings generated a debate on whether research on the relationship between CSR and financial performance might be ignoring important variables and generating misspecified models (McWilliams & Siegel, 2001; Surroca et al., 2010). Subsequent studies adopted therefore a somewhat more complex approach by integrating specific boundary conditions in the relationship. For instance, innovation and firm differentiation in the industry were found to moderate positively the relationship between CSR and firm performance (Hull & Rothenberg, 2008) and CSR was found to create a goodwill effect and an insurance-like protection that positively effects shareholder value (Godfrey et al., 2009). Barnett and Salomon (2006) found that socially responsible mutual funds that screened their investments on the basis of community relations had stronger financial performance. Cheng et al. (2014) found that CSR strategies lead to better access to finance therefore decreasing firms’ capital constraints, which might impact firm performance. Barnett and Salomon (2012) found a reinforcing effect such that firms with the highest corporate social performance had usually the highest financial performance, and vice-versa.

The empirical findings in this area suggest, therefore, that the lack of results in previous research might be corrected by including missing variables (McWilliams & Siegel, 2000), boundary conditions (Margolis & Walsh, 2003; Hull & Rothenberg, 2008), or mediating mechanisms (Margolis & Walsh, 2003; Aguinis & Glavas, 2012). Nevertheless, few studies explore the effects of potential drivers in the relationship between CSR and firm performance. Meta-analytical results found that the effects of reputation on the relationship between CSR and performance were stronger than managerial competencies and organizational learning (Orlitzky et al., 2003), a finding that suggests that other mediators may have a role in driving this relationship. Though there is general consensus among scholars that CSR positively affects firm performance (Orlitzky et al., 2003; Aguilera et al., 2007; Hull & Rothenberg, 2008), there has also been criticism of previous studies that highlight both theoretical and empirical weaknesses in this literature (Margolis & Walsh, 2003) and suggestions that mediating variables might help overcome such shortcomings (Surroca et al., 2010; Aguinis & Glavas, 2012; Cheng et al., 2014). A study by Surroca et al. (2010) found no evidence of a direct relationship between CSR and firm performance but it found that intangible resources mediated this relationship. Some authors suggest that a generally positive association between CSR and financial performance may vary due to contingencies such as reputational effects and disclosures of CSR (Orlitzky et al., 2003). A recent review of CSR literature revealed that still not much is known about variables that might serve as mediators in the relationship between CSR and its outcomes at institutional level and that only a few studies looked into the mechanisms that drive this relationship at organizational level (Aguinis & Glavas, 2012). Therefore, the present research aims to contribute to a better understanding of the link between CSR and performance. Following calls in the literature that stress “the need to conduct research that can help us understand the processes and underlying mechanisms through which CSR actions and policies lead to particular outcomes” (Aguinis & Glavas, 2012: 953), I investigate a mechanism through which CSR is related to firm performance.

Corporate Social Responsibility And Relationships With Stakeholders

In the previous section, it was suggested that the relationship between CSR and firm performance might be better explained by the introduction of mediating variables in the link between CSR and firm performance (Margolis & Walsh, 2003; Aquinis & Glavas, 2012). In this section, I will draw specifically on stakeholder theory (Freeman, 1984) and organizational justice concepts (Colquitt et al., 2013; Bosse et al., 2009) to propose that employees and their perceptions of the firm may contribute to explain the positive relationship between CSR and firm performance. Stakeholder theory may be one approach to conciliate the tension between the need for organizations to undertake socially oriented actions and the risk that these actions may result in corporate misuse of resources (Margolis & Walsh, 2003). Studies that found a positive relationship between CSR and financial performance have been used to demonstrate the effectiveness of a stakeholder perspective (Harrison, Bosse, & Phillips, 2010). By proposing that organization's actions have simultaneously financial and social consequences on stakeholders, stakeholder theory alleviates the potential conflict between increasing wealth for shareholders on one hand and benefiting the other stakeholders and the community on the other (Padmar et al., 2010). Therefore, just as CSR literature searches for financial outcomes that provide an economic justification for corporate social interventions, stakeholder theory expands the firm's purpose to include the management of the economic and social demands of all the firm's stakeholders (Padmar et al., 2010). Normative stakeholder theory (Donaldson & Preston, 1995)

is concerned with the principle that firms and managers should behave in a way that is morally acceptable when dealing with their stakeholders (Jones, 1995). Instrumental stakeholder theory, based on the idea that satisfying stakeholders is conducive to firm performance (Orlitzky et al., 2003), suggests that stakeholder management will lead to greater firm efficiency as the processes of negotiating and contracting with multiple stakeholders improve managers' ability to deal with different parties and direct their attention to the attainment of better financial results (Jones, 1995).

Berman et al. (1999) found that the relationship between firm strategy and performance was improved when moderated by relationships with stakeholders, giving support to the idea that stakeholder management is instrumental for firm success. Other empirical studies found that firms that carefully and consistently manage their relationships with stakeholders increase their financial performance by reducing transaction costs (Jones, 1995; Barnett & Salomon, 2012), sustain a competitive advantage for longer (Hillman & Keim, 2001; Choi & Wang, 2009), and are able to build a reputation that increases their organizational attractiveness towards prospective employees (Turban & Greening, 1997; McWilliams & Siegel, 2001). Stakeholder theory, based on the notion that organizations are networks of relationships among the different groups that have a stake in their functioning and results, such as shareholders, employees, suppliers, customers, and local communities (Freeman, 1984; Jones, 1995), builds on the argument that the social and financial aspects of business are not separate concerns (Padmar et al., 2010). By expanding the purpose of the firm beyond that of maximizing shareholders' wealth, stakeholder theory has indeed been critical to the identification of the social purpose of organizations (Padmar et al., 2010; Hillman & Keim, 2001). In summary, stakeholder theory demonstrates that organizations can be at the same time ethically and economically efficient (Jones & Wicks, 1999).

Harrison et al. (2010) propose that firms that adopt a strategic orientation integrating the needs and demands of their stakeholders should be able to achieve higher performance. In their perspective, managing for stakeholders involves intentionally and consistently allocating more value to stakeholders than what is required by the market as well as providing them with a say on the organization decision-making process (Harrison et al., 2010). Such management will lead to relationships based on trustworthiness, which includes the perception of fair distribution of value and participation and influence on the decision making process (Harrison et al., 2010). Jones (1994) claims that organizations are sensitive to their stakeholders' claims because they recognize the intrinsic justice of those claims. Other authors point out that stakeholders' claims are justified by principles of fairness and reciprocity (Margolis & Walsh, 2003; Phillips, 1997, 2003). These arguments are in line with organizational justice research findings, which indicate that perceptions of justice and fairness foster a sense of trust in relationships (Colquitt et al., 2013). The argument is also furthered in studies that propose that firms might increase their performance by decreasing costs through the establishment of relationships based in trust with their key stakeholders, (Jones, 1995; Wicks, Berman, & Jones, 1999). Tantalo and Priem (2014) suggest that among the benefits of managing for stakeholders are increased firm legitimacy, greater potential for value creation and competitive advantage, and more trust built in the relationship between the firm and stakeholders.

Organizations and their leaders may consider CSR as a way of responding to the demands of stakeholders (McWilliams and Siegel, 2001). According to Freeman (1984), “a stakeholder is any group of individuals who can affect or are affected by the achievement of the organization’s objectives” (p. 46). CSR is undoubtedly directed at stakeholders and the way it affects one group of stakeholders is likely to impact the others. Aguilera et al. (2007) suggest that employees may evaluate CSR practices directed towards external stakeholders, such as community involvement or environmental practices, as evidence that their organizations are committed to the fair treatment of others and show concern for social issues. A field study by Jones, Willness, and Madey (2014) supports this proposition as it was found job applicants used CSR as a signaling and differentiating mechanism about their prospective employer. They found that job applicants’ expectations of favorable treatment by the organization mediated the relationship between the organization’s CSR towards the environment and community and its attractiveness as a future employer.

Just as prospective employees view CSR as a signal that fair treatment will be dispensed to them by an organization, it is likely that organizations’ actions directed at improving social conditions and societal wellbeing in general influence how employees feel about their employers in such way that they believe that the same fair treatment is provided to them. This reasoning is in alignment with the perspective that organizations, by managing their relationships with stakeholders on the basis of trust, create a perception of fairness in their stakeholders that leads to value creation and a competitive advantage (Harrison et al., 2010). Therefore I expect that:

Proposition 1: Corporate social responsibility will be positively related to employees’ perceptions of fairness.

The Mediating Effect Of Employees’ Perceptions Of Fairness On Firm Performance

It was proposed that employees develop perceptions of fairness when they observe how the organization that employs them acts towards other stakeholders and deals with societal concerns in general. Aguilera et al. (2007) propose that employees who work for an organization that is socially responsible and engaged in CSR may deduce that the same standards of fairness apply to them. Nevertheless, it is important to assess how these perceptions of fairness are created and how they translate into organizational outcomes such as firm performance.

The organizational justice literature has used the social exchange theory (SET) framework (Blau, 1964; Cropanzano & Mitchell, 2005; Colquitt et al., 2013) to explain how a sense of justice and fairness perceived by employees can translate into organizational outcomes. SET is a paradigm that describes how resources exchanged by parties can result in high quality relationships (Colquitt et al., 2013). In his seminal work, Blau (1964) establishes that social exchange is based in voluntary actions taken by individuals that are motivated by their expected returns (Göbel, Vogel, & Weber, 2013). These returns, because they are based on a social rather than an economic exchange, create diffuse future obligations and prompt feelings of personal obligation, gratitude, and trust. The organizational justice literature uses this paradigm to demonstrate how employees who are treated with justice, be it in terms of pay and promotion (distributional justice) or participation and influence in organizational processes and decision-making (procedural and interactional justice), are likely to reciprocate with positive attitudes and behaviors towards the organization (Colquitt et al., 2013). Reciprocity is the mechanism through which social exchange works. As described by Gouldner (1960), reciprocity is a universal rule

that directs people to help and refrain from harming those who help them. Reciprocity stems from a sense of obligation or duty that derives from obtaining a gift (Göbel et al., 2013). In the relationship between employees and organization, the development of a sense of justice and fairness in the employees will inspire them to trust the organization in such way that they will be willing to apply extra effort to reciprocate the fair treatment they receive from their employer (Colquitt et al., 2013; Moorman, 1991). Meta-analytical results show that organizational justice, including its distributive, procedural, and interactional dimensions, leads to trust and commitment in the relationship between organizations and their employees and, indirectly, to task performance (Colquitt et al., 2013). In other words, “beneficial actions on the part of (...) organizations might result in beneficial actions on the part of employees” (Colquitt et al., 2013: 201).

Concerns for justice and fairness are prevalent in stakeholder theory research (Jones & Wicks, 1999; Harrison et al., 2010; Tantalo & Priem, 2014). Bridoux and Stoelhorst (2014) develop an approach to identify firm behaviors that may be effective in attracting stakeholder groups. According to their perspective, firms that show a strong orientation towards fairness tend to attract reciprocating individuals (Bridoux & Stoelhorst, 2014). A study by Peterson (2004) proposes that stakeholders base their evaluations of the organization on how that organization meets other stakeholders’ expectations. If a social policy affects one group, it is likely that this situation will impact the outcomes of another group (Peterson, 2004). In the same manner, Aguilera et al. (2007) propose that employees are likely to evaluate CSR directed towards the environment or community as an indication of the organization concern for fair treatment of others. Therefore, it is legitimate to predict that actions of corporate responsibility directed towards the environment, community, and other stakeholders may affect employees and that the attitudes and behaviors of these employees will be influenced by those CSR actions.

Research in how CSR may affect future employees has mainly used CSR as a determinant of organizational attractiveness and reputation to attract job seekers. Studies found that firms that are consistently engaged with their stakeholders tend to develop a reputation that may attract future higher quality employees (Turban & Greening, 1997). Turban and Greening (1996) find that CSR provides firms with a competitive advantage by increasing their reputation and attractiveness as future employers. Greening and Turban (2000) also found that CSR influences employer’s attractiveness in the eyes of job applicants. Although these studies contribute to the understanding of how stakeholder management and CSR influence future workforce, the present research is focused on how CSR may shape current employees’ perceptions of fairness that might impact firm performance through increased productivity and effort. CSR is likely to affect how current employees perceive the organization, in such way that may strengthen their commitment to the organization. Evidence suggests that how an organization treats its employees affects firm performance. Berman et al. (1999) found that the way an organization manages its relationships with stakeholders such as employees and customers has positive implications on that organization’s performance. Specifically, this study found that human resources (HR) practices including incentive compensation, employee participation and training, increased firm efficiency by lowering turnover, lowering absenteeism, improving productivity, and increasing organizational commitment. HR practices were also found to relate to future and past performance (Wright, Gardner, Moynihan, & Allen, 2005) and organizations that were able to commit to consistent levels of HR practices were able to enjoy greater profitability (Deniz-Deniz

& Saa-Perez, 2003). In summary, authors agree that practices that enhance the participation of employees in the organization functioning and that assure employees' training and motivation by offering consistent appraisal and compensation are likely to lead to greater profitability by decreasing absenteeism and turnover and increasing commitment and productivity. On the other hand, meta-analytical results show that several dimensions of organizational justice (distributive, procedural, and interactional) lead to relationships between the organization and its employees that are based in trust, commitment and that lead, indirectly, to task performance (Colquitt et al., 2013).

A fair treatment of stakeholders is likely to translate into relationships between the organization and its stakeholders that are based in trust and to develop perceptions of fairness in those stakeholders, specifically, in employees. According to the organizational justice literature, relationships between employers and employees that are based in justice foster trust and commitment and lead to task performance (Colquitt et al., 2013). Also, employees who are treated justly are more likely to reciprocate by working harder, being more committed, and having lower turnover and lower levels of absenteeism (Colquitt et al., 2013; Ambrose & Schminke, 2009). Skarlicki and Latham (2005) assess that job training based in justice principles is an effective way of creating fairness perceptions. Just as the treatment of employees through enhanced human resources practices leads to increased performance, justice considerations seems to lead to similar results in that employees view themselves as being cared by their organization in such way that they reciprocate with more commitment and better performance. Since CSR implies by its own nature practices that aim to fulfill social needs and benefit society in general and is based on principles of fairness and justice, it is likely that employees who perceive their organization as fair and just and establish a relationship based in trust with that organization will reciprocate by increasing their effort and commitment. This argument is consistent with studies that show that perceptions of CSR influence employees' work attitudes (Peterson, 2004) and that suggest that CSR is perceived by employees as indicative of the organization's overall concern for justice and fairness in the treatment of its stakeholders (Aguilera et al., 2007). The perception of fair treatment developed by employees as they view the commitment of their employer to just causes and its concern with social issues will translate into increased efficiency (Berman et al., 1999) that will lead, in turn, to firm performance. From the above reviewed literature, it seems that that if organizations consistently engage in CSR, their social responsible practices may create perceptions of fairness on their employees, in such way that these perceptions of fairness lead them to reciprocate the positive practices they experience and observe by increasing their productivity, effort, and commitment. Employees' perceptions of corporate citizenship, in particular the ethical dimension of this construct, were found to be related to organizational commitment (Peterson, 2004). Increased employees' productivity and organizational commitment that reciprocate the fair treatment that the organization bestows upon their stakeholders are then likely to positively impact firm performance.

Therefore, I propose that

Proposition 2: Employees' perceptions of fairness will be positively related with firm performance.

CONTRIBUTION AND FUTURE DIRECTIONS

This research speaks to the importance of understanding why corporate social responsibility may lead to firm performance. Its main contribution is the development of a mechanism, employees'

perceptions of fairness, that might explain why CSR increases firm performance. Previous researchers suggested that the study of mediating variables would contribute greatly for this area of investigation (Margolis & Walsh, 2003; Aguinis & Glavas, 2012). Another contribution of the present study might be to strengthen the relationship between stakeholder theory and the CSR literature by highlighting how the stakeholder theory perspective may unravel the underlying process that links CSR to performance. Wood and Jones (1995) suggested that in order to establish a strong association between CSR and firm performance, it might be important to establish which groups of stakeholders are relevant. The present study proposes that employees might be not only one of the most relevant groups in the relationship between CSR and firm performance but also that the perceptions they form of their employer might be the one of the reasons why CSR may positively impact organizational performance. To understand how these employees' perceptions have a role in the relationship between CSR and firm performance, the present research brings into play concepts of organizational justice. Some authors have proposed that organizations that attend to its stakeholders may enjoy higher levels of performance and that considerations of trust and justice contribute to this outcome (Harrison et al., 2010). By introducing the idea of employees' perceptions of fairness, this study makes an attempt at integrating the organizational justice and the strategy research areas. By exploring the argument that relationships between organizations and their employees that are based on trust and fairness lead to firm performance, it aligns with previous studies that proposed that trust built into stakeholder relationships leads to value creation (Harrison et al., 2010). Also, it develops previous theoretical studies that suggest that employees' perceptions of firm engagement in social activities might impact their organizational identification and commitment (Aguilera et al., 2007) and lead to firm performance.

Future research should also look at how employees might influence a firm's CSR profile. It would be interesting to investigate if the employees' perceptions of fairness could also be a predictor or antecedent of CSR actions that might lead to increased firm performance. Other mechanisms that are likely to explain the relationship between CSR and performance should also be investigated. For instance, value alignment between the organization and its employees may help to explain why CSR has a positive impact in firm performance.

CONCLUSION

Most research until now is supportive of the idea that CSR has a positive impact on firm performance (Chin et al., 2013; Hull & Rothenberg, 2008). In the present study, I aimed at exploring a mechanism that might lead to a better understanding of the relationship between CSR and performance. By drawing on stakeholder theory and organizational justice arguments, this research aims at developing a better grasp of what is still a controversial relationship.

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BUSINESS ETHICS AND THE BOTTOM LINE: FINANCIAL IMPACTS OF ETHICAL DECISION MAKING

Thomas A. Zeni, East Central University, tzeni@ecok.edu
Jennifer A. Griffith, East Central University, griffith.jennifer.a@gmail.com

ABSTRACT

Business ethics refers to examining right or wrong human behavior in business settings. Much attention has been devoted recently to discussions about defining ethics and acting ethically but to date, attempts to answer why businesses should behave ethically have fallen short. We attempt to fill this void by exploring the financial impact of ethical decisions in modern organizations. We explore the impact of decisions made by organizational leaders over time, or ethical climate, on the organization's share price. Specifically, we examine unanticipated fluctuations in share price beyond those predicted by standard economic predictors.

INTRODUCTION

Recent years have brought many changes to the operating environment of U.S. businesses. Economic downturn has left many wondering who was to blame for corporate-level failures including the corporate scandals that rocked the business world (e.g. WorldCom, Enron, Bear Sterns, Lehman Brothers, AIG, Countrywide Financial, and JP Morgan Chase). Such scandals have led to an increased prevalence of discussions surrounding business ethics, and ultimately to a perception that businesses in today's world are operating less ethically than those of the past. While this perception isn't necessarily accurate (Ethics Resource Center, 2014), it has prompted scientific, political, and social inquiry into the nature of business ethics, the effect(s) of ethicality, and the individuals responsible for ensuring morality in the business-operating environment.

Ethics Resource Center (2014), reports a 14% decrease between 2007 and 2013 in the numbers of workers reporting observed misconduct while on the job, and a 2% drop in the number of workers that felt pressured to compromise their own moral standards. Continued inquiry into the area of business ethics may foster continued improvement of ethical business practices. In order to continue improving, a deeper understanding of ethicality in the business world must be developed concerning ethicality in relation to the business world. Business ethics is defined as "the study of what constitutes right and wrong, or good and bad, human conduct in a business context (Shaw & Barry, 2013, p. 3) Although often considered entities in a legal sense, corporations, as a whole, do not make decisions. Rather, decision making is a function of management with the organization. A logical starting point in attempting to better understand ethics in business is to examine the decisions made by leaders (such as majority shareholders, founding partners, Chairman, and Chief Executive Officers) within those organizations. These individuals are viewed as the personification of the corporate entity. Although decisions are made by a small group of stakeholders, their actions and decisions represent the entire organization, and decision makers are viewed as contracting agents of the organization (Herman, 1981).

The nature of decision making by business leaders makes it a critical process (Fleishman et al., 1991; Mumford, Campion, & Morgeson, 2007) for both short and long term success. Complicating the decision making process is the uncertain, unpredictable, and ambiguous nature of the business world (Sonenshein, 2007). Growing complexities when interacting between national and international social and legal systems are increasingly prevalent in today's business environment (Luftig & Ouellette, 2009). The nature of ethical dilemmas in leader decisions stems from the impact on groups and/or other individuals that may not be directly tied to the organization (Brown, Treviño, & Harrison, 2005; Messick & Bazerman, 2006). Stakeholder theory (Freeman, 1984), posits organizational performance is contingent on generating profit as well as considering a much larger group with vested interest including customers, business partners, politicians, and societal entities (e.g., communities in which businesses operate, special interest groups, etc.). The change in scope from traditional shareholder perspectives to stakeholder perspectives complicates the decision-making process of organizational leaders by creating countless contingencies. When business leaders fail to consider the impact of organizational decisions on societal groups, or make decisions that reflect the best interest of only one group (shareholders), negative consequences can result regardless of intent (Gatewood & Carroll, 1991).

The current study employs stakeholder theory (Freeman, 1984) as a framework for understanding the impact of ethical decisions by organizational leaders on organizational performance. Research on ethical leadership (Brown & Treviño, 2006; Brown, Treviño, & Harrison, 2005) ties ethical decisions to micro-level outcomes such as follower trust, job satisfaction, and perceived effectiveness of the leader. However, little research to date has examined micro-level leader decisions on macro-level outcomes, specifically organizational performance. For example, Ashford & Gibbs (1990) examine the influence of ethicality on stakeholder perceptions of legitimacy but do not examine "hard" measures of performance. This study examines the influence of ethicality on performance as determined by the organization's market value and seeks to establish the business case for ethical decision making.

Ethical Decisions and Organizational Performance

Since the Enron affair in the 1990's, organizations have placed increased emphasis on ethical business practices, and society has increased scrutiny on the affairs of organizations. Concurrently, there has been an increased interest in business ethics within academic communities (Tenbrunsel & Smith-Crowe, 2008). Academics have taken business ethics research and discussion in two distinct directions - one empirical with focus on cause and effect relationships between business practices and outcomes and the other philosophical with focus on theoretical notions of the meaning and application of ethics within a business context (Donaldson & Dunfee, 1994; O'Fallon & Butterfield, 2005). After reviewing early academic work on business ethics, Kahn (1990) describes this dichotomy of focus as normative versus contextual. Normative approaches focus on what organizations should do, and rely on philosophical and theoretical perspectives (Weaver & Treviño, 1994). On the other hand, contextual work focuses on situational aspects of business ethics, individual behavior, and, by extension, organizational outcomes or results (Kahn, 1990; O'Fallon & Butterfield, 2005).

Building on the contextual side of research, academics can make pragmatic and beneficial recommendations to the business operating community (O'Fallon & Butterfield, 2005). As

opposed to suggesting what business “should” do, the contextual, behavioral, or normative approach leverages empirical data from research to examine what people and businesses actually do (Tenbrunsel & Smith-Crowe, 2008). This data-driven, normative approach adds utility to the business world and its leaders by examining causal relationships that predict real-world outcomes. Examining individual ethical behaviors and outcomes, otherwise known as behavioral ethics (see Jones, 1991; Trevino, Weaver, & Reynolds, 2006), suggests further research on individual decision making within an ethical context is beneficial to the business community (Ford & Richardson, 1994, Low, Ferrell, & Mansfield, 2000; O’Fallon & Butterfield, 2005; Trevino, 1986).

Organizational Performance

Downstream effects of ethical decision making by organization leaders are of paramount importance. In today’s ethics-focused world, better ethical decision making by leaders is likely to improve organizational performance. Research by Brown et al. (2005) shows leader ethical behaviors, including decision making, are related to micro-level organizational performance outcomes such as perceived leader effectiveness, subordinate job satisfaction, and employee dedication. However, absent from most discussions is the effect of ethical decision making on macro-level outcomes such as financial performance. Over time, individual decisions by leaders result in an organization that tends to behave either more or less ethically than others. Organizations that behave more ethically than others are those whose decisions consistently acknowledge the well-being of their various stakeholders.

In describing stakeholder management and subsequent stakeholder theory, Freeman (1984, p. 46) defines stakeholders as, “any group or individual who can affect or is affected by the achievement of the organization’s objectives.” At its most basic, business ethics can be described as the moral code dictating organizational behavior and shaping the perceptions of organizational decisions as either right or wrong. By Freeman’s (1984) definition of stakeholders, leader ethical decision making is tied to stakeholder management in that any group potentially affected by leader ethical decision making would be considered a stakeholder for that organization. Freeman (1994) elaborates on the tenants of stakeholder theory and explicitly ties business ethics to stakeholder management stating, “We cannot divorce the idea of a moral community or of a moral discourse from the ideas of the value-creation activity of business” (Freeman, 1994, p. 419). Stakeholder theory provides a theoretical rationale for the business case (i.e., dollars and cents) behind ethical decision making.

Donaldson and Preston (1995), add to the conceptualization of stakeholder theory by suggesting Freeman’s original theory is comprised of three distinct yet interrelated points of view. Specifically, stakeholder theory is descriptive, normative, and instrumental wherein descriptive stakeholder theory describes how managers actually behave, normative stakeholder theory informs how managers should behave, and instrumental stakeholder theory predicts the outcomes of managers’ behaviors. Although concluding that a normative basis is the best way to view stakeholder theory and that both descriptive and instrumental views can be subsumed under a normative perspective (Donaldson & Preston, 1995), subsequent research continues to maintain that stakeholder theory is instrumental and that stakeholder management positively predicts performance (Cragg, 2002; Doh & Quigley, 2014; Jones, 1995; Rowley & Berman, 2000). Specifically, research has found that stakeholder management increases motivation and

organizational creativity (Zhang & Bartol, 2010), leverages diversity (Edmondson, 1999; Stasser & Titus, 1985; Thomas, 2004), and improves cross-cultural efficacy (Miska, Stahl, & Mendenhall, 2013; Stahl, Pless, & Maak, 2013).

Stakeholder theory (Freeman, 1984) provides a framework sufficiently broad in breadth and depth to address the complexity of relationships in today's business environment and to draw practical implications from those relationships (Mitchell, Agle, & Wood, 1997). In terms of cause and effect, leader ethical decision making is directly tied to the effect of those decisions on stakeholders. An instrumental approach to stakeholder theory suggests consideration of stakeholder interests in decision making will increase organizational performance. Research ties stakeholder management to various organizational performance variables (Edmondson, 1999; Miska et al., 2013; Stahl et al., 2013; Stasser & Titus, 1985; Thomas, 2004; Zhang & Bartol, 2010), but the effect of stakeholder management on financial performance indicators, such as market value, remains relatively unexplored. The lack of empirical research in this area is noted in Donaldson and Preston's (1995) critique of the three viewpoints associated with stakeholder theory and factors into their conclusion that stakeholder theory is normative in nature. However, their conclusion is rooted in a lack of research supporting the instrumental viewpoint. Research connecting organizational performance and stakeholder management suggests this conclusion to be premature as there is an instrumental value (rooted in tangible organizational outcomes such as financial performance) associated with stakeholder management as rooted in tangible organizational outcomes such as financial performance.

Leaders that make ethically sound decisions by considering the interests of various stakeholders groups see increases in micro-level organizational performance outcomes. Signaling theory (Karasek & Bryant, 2012; Spence, 1973, 1974) suggests that markets, such as the stock market, are influenced by the explicit and implicit information made available by sellers (e.g., organizations). When leaders make ethically sound decisions, they implicitly signal stakeholders and non-stakeholders of their organization's concern for stakeholder groups. Marcus & Goodman (1991) observed that organizational decisions made during times of crisis, including ethical dilemmas, signaled either accommodative or defensive stances. They concluded accommodative stances (e.g., those acknowledging the concerns of stakeholders) are likely the best strategic response to preserve shareholder value across multiple types of crisis situations. When leaders consistently make ethically sound decisions, they signal the organizations accommodative policy standpoint and create value in the eyes of stakeholders. Additionally, micro-level performance gains resulting from leader ethical decision making signal organizational health and general performance to investors that influence macro-level performance outcomes, specifically, market value. Based on stakeholder theory and signaling theory, the aggregate effect of leader ethical decisions over time, which we will call "ethical climate," promotes macro-level outcomes by influencing financial performance as measured by shareholder value - the classic business case. The following hypothesis is suggested:

H1: Ethical climate will positively predict shareholder value above and beyond the general influence of market trends.

METHOD

Businesses were selected for this study based on availability of data. Ethical climate was operationalized as the aggregate number of ethical and unethical decisions reported for the

organization by KLD Research & Analytics Inc. Organizational performance was operationalized as average residual market return.

Sample

65 organizations that were publically traded on the U.S. Stock Exchange were chosen for this study; 54 large organizations (i.e., greater than 5,000 employees), three medium organizations (i.e., 500 to 5,000 employees, and two represented small organizations (i.e., less than 500 employees). Of these, the lifespan of organizations ranged from 7 to 175 years ($M = 68.22$, $SD = 48.68$), with 49 of the 65 organizations still in existence as of 2012. The sample also represented a diverse set of industry sectors including Services ($n = 18$), Technology ($n = 16$), Consumer Goods ($n = 12$), Financial ($n = 9$), and other ($n = 10$).

KLD Ratings

Data for ethical decisions was gathered from established ratings by KLD Research & Analytics Inc. Kinder, Lydenberg, and Domini (or KLD) measures are an assessment of corporate social responsibility activities and have been used in prior research as a surrogate measure of ethicality (Erwin, 2011; Hillman & Keim, 2001; Stanwick & Stanwick, 2003). KLD began rating firms annually in 1991 although it should be noted that not all publically traded organizations receive a KLD rating every year or at all. Most organizations within this study sample received a KLD rating at least one year during the tenure of the observed leader. KLD rates organizations on seven areas of stakeholder consideration based on the organization's behavior including community relations, corporate governance, diversity, employee relations, environmental performance, human rights, and product characteristics. Because ethical decisions in the business world can involve a multiple and varied stakeholders and because the criteria for ethical concerns is often multifaceted (i.e. teleological, deontological, or justice-based; see, Carroll, 1999; Kaptein, 2009; Godfrey, Hatch, & Hansen, 2010; Reidenbach & Robin, 1990), KLD's evaluation of multiple areas of interest allow for consideration of most of the ethical domain.

For each area, the organization is rated as either having strengths or concerns. The ratings are determined by KLD using information from employee questionnaires, annual reports, 10k reports, quarterly reports, proxy statements, and special reports released by organizations with specific reference to the evaluated dimensions. Thus, KLD count data was representative of organizational decisions that impact stakeholders. The number of ethical decisions reported per organization ranged from 0 to 12.5 ($M = 3.52$, $SD = 2.88$), and the number of unethical decisions ranged from 0 to 14.33 ($M = 2.99$, $SD = 3.02$). A single KLD score for the organization was created by subtracting the number of concerns from the number of strengths across all categories, a practice common in prior research (see, for example, Graves & Waddock, 1994; Griffin & Mahon, 1997; Johnson & Greening, 1999; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Sharfman, 1996; Waddock & Graves, 1997). KLD scores ranged from -7.17 to 8.50 ($M = .53$, $SD = 3.15$), where the valence indicates propensity towards ethical decisions or unethical decisions and the numerical value indicates the relative strength of ethicality.

Finally, the single KLD scores for the sample were standardized to establish z-scores based on the variance of the sample. Organizations with a KLD rating of .5 standard deviations and above were labeled as ethical ($n = 16$) while organizations with a KLD score of .5 standard deviations and below were considered unethical ($n = 15$). Organizations in between were considered grey

(i.e., a mix of ethical and unethical; $n = 24$). Separating the organizations into categories allowed for average comparisons of organizations as opposed to one-to-one comparisons of individual organizations. The complex nature of ethical environments and dynamic interplays between organizations and environments suggests that individual comparisons of organizations is less informative based on the research questions at hand.

Organizational Performance Measure

Organizational performance can be assessed in many ways. For this study, market share value was thought to be the most relevant measure of performance as it inherently captures the impact of ethical decisions on various stakeholder groups vis-à-vis stakeholder willingness to invest capital. Organizational performance was measured using daily stock market returns. Returns are the percent change in trading price from one time period to another and are an effective way of assessing actual performance as they are unaffected by stock splits that may otherwise skew share price data. Historical market data is publically available and obtained for this study through Yahoo Finance. S&P 500 Index value was collected for the same time period. The S&P 500 Index is considered representative of the market as whole. In other words, the S&P 500 Index is representative of the population of organizations publically traded.

Returns on the S&P 500 Index were calculated along with returns for each organization every day during the leader's tenure. The two sets of returns were then plotted against one another in order to generate a regression line. The equation of this regression, $y = \beta x + a$, represents the Market Model where y is the predicted return of an organization, β is the degree of elasticity of a given organization with respect to fluctuation in the market, x is the observed return of the index (in this case the market as a whole), and a is a constant. The Market Model theoretically predicts the expected return for any given organization based on market factors and influences (i.e., the Market Model accounts for systematic risk associated with the market, an organization's individual response to systematic risk factors, and the return expected on investment in a zero-risk settings). A Market Model equation was calculated for each organization in the study using the leader's tenure as the time period for data. Next, a predicted return was calculated each day for each organization based on the respective Market Model equation. Predicted returns were then subtracted from observed or actual returns in order to determine a residual return value and averaged over the leader's tenure. This average residual value represents the average return for the organization beyond the influence of the market and its associated factors. Average residual return was used to measure organizational performance.

Analyses

To evaluate the impact of leader decisions on organizational performance, multiple regressions were performed on climate upon average residual return and an ANOVA was performed to assess differences in average organizational performance between climate groups.

RESULTS

Pair-wise multiple regressions were performed on Organizational Performance with Ethical Climate. No significant results were found. Ethical Climate scores for the sample ranged from -7.17 to 8.50. The mean Ethical Climate was .53 ($SD = 3.15$). After converting raw Ethicality scores to z-scores for the sample, organizations were grouped into three categories; unethical (n

= 15), grey (n = 24), and ethical (n = 16). Organizations with z-scores less than -.5 made up the unethical group (i.e., organizations that made unethical decisions more often than ethical), greater than .5 represented the ethical group (i.e., made ethical decisions more often than unethical), and organizations in between the two were the grey group, meaning they made both ethical and unethical decisions. Average residual market return was used as the measure of Organizational Performance ($M = .01$; $SD = .07$). A one-way ANOVA was used to explore the relationship between Ethical Climate group membership and Organizational Performance. Organizations that were missing performance data were excluded from the analysis. No significant relationship was found between Ethical Climate group and Organizational Performance, $F(2, 45) = 1.35$, $p = .27$.

DISCUSSION

Limitations, conclusions, and recommendations for future research are discussed below.

Limitations

Prior to discussing results of this study, its limitations should be noted as any discussion or interpretation of results should occur within the context of those limitations. The sample obtained is a convenience sample. One should be cautious when attempting to generalize results to the entire population of organizations and leaders from a limited sample. The study is limited to a fairly stringent time period (1990-2005) in an effort to examine ethical decisions through the lens of appropriately conventional ethical norms. Although attempts were made to maximize sample size, availability of data still limited the sample (n = 65). This limitation should be kept in mind when deciding to generalize results from this sample to a broader group.

The nature of KLD scores should also be considered. Although used in multiple studies as a surrogate measure for ethicality (Erwin, 2011; Hillman & Keim, 2001; Stanwick & Stanwick, 2003), KLD ratings are most often considered to be a measure of corporate social responsibility (Rowley & Berman, 2000). Additionally, KLD scores are based on the number of ethical and unethical decisions made by organizations. These decisions must be reported in some fashion in order for KLD to account for them. While the organization does collect information from a variety of sources, some organizational decisions may not have been publicized or otherwise accounted for. In term of this study, unpublicized decisions would not be of concern to market value as the market is driven by the shareholders. However, unpublicized decisions would be of interest when analyzing compensatory strategies and cognitive biases of leaders.

Certain assumptions are associated with the Market Model that should be considered in this study. First, the Market Model is a theory prescribed to by some, but not all, economists. The underlying assumption of the Market Model is that the market itself should explain all variability in market value. A second assumption is that a market index, in this case, the S&P 500 Index, is representative of the entire population of market values. While this may be a readily accepted assumption, it is an assumption nonetheless as clearly not every publically traded organizations is listed on the S&P 500 Index. Accepting these two assumptions allows the use of the Market Model equation to predict any organization's market performance based on the relative performance of the market. Any variability beyond in actual value beyond what the market predicts is then attributed to organization-level factors that are above and beyond the influence of

the market itself. These assumptions must be accepted in interpreting the results of this study and therefore, to the extent one accepts or does not accept them, they must be considered a limitation of the study.

With the above limitations in mind, several conclusions may be drawn from the results of this study regarding leader ethical decision making in the business world. The nature of this study allows for conclusions that inform and extend existing theory, have direct practical implications for business leaders, and suggest future avenues of research.

Theoretical Contributions

At the macro-level, it was hypothesized that ethical climate would influence financial performance, solidifying the business case for ethics. While the data did not support this hypothesis, several considerations should be noted. First, according to economists, the Market Model captures all variation in performance associated with market factors when valuing an organization. Any impact of ethical decisions can be theoretically subsumed by the market and thus explained by the prediction equation for any given organization. It is plausible that in this study, any financial changes resulting from leader decisions were already accounted for in the model and therefore little residual variability existed.

Market share price has a reciprocal relationship with financial performance and the extent to which investors are willing to invest. Share price increases when performance signals investors to invest (Spence, 1973, 1974). At the same time, increases in the number of investors drives financial performance. In terms of cause and effect, it is difficult to assert whether performance is the cause or effect of share price, suggesting share value might not be the best measurement of organizational performance. Additionally, investors assume some of the organization's financial risk when they chose to invest, and expect to be rewarded for that risk. Once invested in a company, shareholders will prefer efficiency gains to effectiveness gains for value creation as they generate profit. Other stakeholder groups outside of the shareholders are likely to be more interested in effectiveness gains in term of value creation. Thus, financial performance indicators are more closely associated with shareholder perspectives and less closely related to stakeholder perspectives. While ethical decision making may not generate profit, it likely creates value for stakeholders in other ways and should not be overlooked. Organizations may benefit from exploring the indirect impact of ethical decision making on profit by examining influences on consumers and their reputation.

In terms of theoretical contribution, while the data did not support advancing the instrumental discussion of stakeholder theory as hypothesized a priori, meaningful contributions and insights can still be drawn. From a theoretical perspective, we explored the nature of the interplay between stakeholder theory (Freeman, 1984) and signaling theory (Spence, 1973, 1974), suggesting investors would be informed vis-à-vis signaling of organization performance, health, and well-being and therefore willing to invest. It was believed that during times of ethical crises within organizations, leader decisions that ameliorated the crisis would encourage current investors to maintain investments and encourage potential investors to contribute. However, it is possible that because stakeholder management (Freeman, 1984) breaks away from gauging performance in terms of efficiencies and profit alone, the financial community (current and

potential investors) pays little attention to signals that do not immediately influence financial profit.

The question of why one might not observe changes in market value beyond market fluctuation should also be considered. If an organization outperforms market predictions (i.e., share value increases beyond market prediction) it does so because there is greater demand for its shares than there is demand in the market. Greater demand increases the price an investor is willing to pay for a share (i.e., the value of a share). Investors are willing to give an organization money when they anticipate getting something in return, such as profit from the organization. Share value decreases when investors take their money back, or sell their share, because they no longer anticipate a return. This increases the supply of shares on the market, decreases demand, and lowers the share price. With that simplistic explanation in mind, share price would remain unchanged due to two distinct circumstances. First, investments remain the same; investors neither purchase nor sell shares. In this case, supply and demand remain constant, as does share price. Alternatively, investors purchase shares and sell shares in equal quantities. In this case, supply and demand again remain unchanged because fluctuations on either side offset each other, and share price will remain constant. When ethical events occur, no observed changes in share price beyond those associated with market fluctuations suggests either no response by investors, or equal levels of positive and negative response. When there is no response investors have either missed or were apathetic to signals. Alternatively, some investors may have viewed leader ethical decisions regarding stakeholder (Freeman, 1984) groups as signals (Spence, 1974, 1975) of positive performance while other investors viewed the same signals as signs of negative performance. Such individual differences in perception would produce offsetting behaviors on average, and yield in aggregate a null effect on supply, demand, and share price. Within a sizable population such as the population of investors, having roughly equal numbers of offsetting behaviors is likely given concepts such as central limit theorem and Sir Ronald Fisher's ideals of randomization.

Inherent to signaling theory (Spence, 1974, 1975) is the concept of information asymmetry, wherein investors are not immediately privy to all information regarding organizations prior to deciding on investment. Another plausible alternative is due to the rapid proliferation of information in today's world, there is less asymmetry of information and investors have become less reliant on signals. In that scenario, investors will turn to actual performance measures, such as bottom-line financial performance, when making investment decisions. In this case, the proposed link between stakeholder theory (Freeman, 1984) and signaling theory (Spence, 1974, 1975) dissolves and micro-level outcomes associated with ethical behavior (Ashford & Gibbs, 1990; Brown & Treviño, 2006; Brown, Treviño, & Harrison, 2005) will not drive macro-level outcomes like share price in the manner hypothesized.

Practical Implications

While not producing significant results, this study should not necessarily imply lack of bottom-line benefit to acting ethically. While we know there are costs associated with law-breaking, it is the decisions that lie somewhere in the middle that are of particular interest. One must consider first the inherent trade-off between efficiency and effectiveness; a central tenet of stakeholder theory (Freeman, 1984). Acting ethically, or effectively, may not always be the most efficient use of organizational resources, thus offsetting any financial gain observed from the decision.

Additionally, the observed accuracy of the Market Model suggests that the market may indeed capture all available information as economists suggest. In this case, our measure of performance, residual return, may not have been the most appropriate way of the assessing financial impact of ethical decisions. In fact, any financial impact would have already been accounted for by market fluctuation and thus not observed as residual.

Future Research

These findings also identify avenues of future research that may make additional contributions to the conversation. First, future research is needed to examine macro-level organization outcomes resulting from ethical decision making, specifically financial performance. We suggest exploring specific investor behaviors (e.g., not taking action, buying shares, and/or selling shares) during ethical crises and the reasons for that behavior (e.g., missed signals, indifference toward signal, feelings regarding support for stakeholders, etc.). In doing so, it may be beneficial to examine these events in very fine detail and not in aggregate form. For example, observing market fluctuation the day of a particular event for a particular organization may yield results not explainable by market prediction.

Additionally, further research connecting micro and macro level performance should be explored. Prior research revealed micro-level performance outcomes associated with ethical decisions (Brown & Treviño, 2006; Brown et al., 2005). The current study reveals multiple ways to improve ethical decisions and by extension improve associated micro-level outcomes. Continued research should tie these micro-level outcomes to macro-level performance in order to fully understand the impact of ethical decision making. In addition to financial indicators such as shareholder value, subsequent studies should explore macro-level performance indicators or outcomes such as reputation, market share, and culture.

Conclusion

Ultimately this study has raised more questions than those answered. However, these were important questions to be raised and help to guide future research on the connection between ethical decision making and profit. Our attempt to turn the normative language of academia into the contextual language of organization leaders did not go as planned, but successfully making this translation remains no less critical. The “language” of business is money and any effort by scientists to improve business practice must begin with speaking that same language. Until a connection between ethical business practices and profit is made, we must continue to rely on individuals to want to do what is “right,” a practice that has not fared well historically.

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BUILDING TACIT KNOWLEDGE PROGRAMS FOR B-SCHOOLS

Phillip V. Lewis, Oklahoma Christian University, phil.lewis@oc.edu

ABSTRACT

Organizations deal with both explicit (precise) knowledge—formal, systematic knowledge—and tacit (implicit) knowledge—insight, personal experience, and professional expertise. For tacit knowledge to work in a business school (B-school), a culture must be created for people to seek and share information, to be an enabler of both individual and organizational learning. B-schools must recognize themselves as knowledge creating organizations with a capability for action based on intellectual capital. This paper investigates a process for understanding comprehensive tacit knowledge programs and building tacit knowledge programs for B-schools. The theoretical goals are to (1) provide an overview of tacit knowledge, (2) determine how a B-school can expand its processes of identifying, capturing, and leveraging the knowledge it contains, (3) design an effectual tacit knowledge procedure for B-schools, (4) provide a blueprint for implementation of tacit knowledge programs, (5) look at possible challenges and critiques of tacit knowledge programs, and (6) recommend implementation plans.

INTRODUCTION

Knowledge has always been an important resource for business. In the early 1960s, Peter Drucker was the first to use the term *knowledge workers* (1993, p. 5), but it wasn't until sometime in the early- to mid-1980s that *knowledge management* (KM) became an established discipline. By the mid- to late-1990s it had gathered the attention business administration and information systems faculty. Progressively it made its way into computer science, public policy, business strategy, and human resource management. By the late- 1990s to early-2000s the term *personal knowledge management* was introduced, referring to the management of knowledge at the individual level. Increasingly it began to overlap with organizational learning, although the focus shifted toward knowledge sharing and knowledge as a strategic asset (Maier, 2007).

Today the majority of organizational leaders in business support knowledge management activities if the outcome is “*actionable information* that relates to achieving strategic and operational goals and improved performance” (Calabrese & Orlando, 2006). Because the goal is actionable information within an organization, it is important to recognize that KM starts with people. Therefore, organizational leaders should “foster the means to enable their employees to use information resources efficiently and effectively” (Pieterse, 2006). The end result is a knowledge-creating organization; KM is an enabler of organizational learning (Sanchez, 1996).

If we could to agree that a “knowledge-creating *company* [emphasis author] is as much about ideals as it is about ideas” and that this agreement “fuels innovation” (Nonaka, 2007, p. 96), should we not be able to agree the same is true of a knowledge-creating *business school*? Yet, every year researchers and writers remind us that a business school (B-school) curriculum is in need of new design. They point out that our system of education was designed over 100 years ago and thus is antiquated and outdated for today's students (Diamandis, 2015). Reliance on such a system makes it almost impossible to create new knowledge. Organizations that have attempted

to create a new knowledge base, or bring multiple sources together, find it so overwhelming they decide to take the easy route and leave things the way they are (Allen, 2010).

The educational imperatives aimed at B-schools include both internal and external criticism. Faculty, chairs, and deans are told that critical management and leadership skills are not taught effectively; too much emphasis is placed on research which lacks relevance, there is a greater need for critical, analytical and integrative thinking, and graduates cannot communicate clearly. Other educational necessities include the need for recognizing organizational realities, a heightened concern for integration and coordination—how all parts of an organization work together, more experiential learning, the gaining of a global perspective, and enhanced team building. The rising cost of education is also mentioned. The outcome for business education is predicted to be potentially stark: a death knell for business will be sounded if something doesn't change (McCrossan, 2011).

To function effectively, any organization must learn to develop structures for processing, creating, and managing knowledge. Because the information age has transformed the way organizations do business, we should ask whether the way information/knowledge is used in B-schools has transformed a student's educational value (e.g., return on investment [ROI]). Instead of thinking of organizations as information-processing machines, we should think of them this way: *organizations* (and especially B-schools) *are knowledge-creating entities*. Certainly it would be helpful if we understood the essence of knowledge creation and how knowledge is created through action and interaction (Nonaka & Toyama, 2003).

PURPOSE OF THIS STUDY

To ensure business professors continue to create actionable information for their B-schools, the aging factor must be considered. To illustrate: A Wells Fargo survey indicates that 34 percent of workers age 60 plus say they plan on working until they die or are too sick to work (Allington, 2015). The Bureau of Labor Statistics reports that 17.7 percent of people 65 and older are still working, compared with 11.7 percent in 1995 (Allington, 2015). The Transamerica Center for Retirement Studies found that a little over 40 percent of U.S. workers hope to cut back hours or transition to less demanding positions before retirement (Allington, 2015).

The University of Iowa Center on Aging has shown that 33 percent of faculty are 55 and older, and the rest of the workforce is 20 percent (Marcus, 2015). A different study reports that 60 percent of university and college faculty members plan to work past 70, and 15 percent say they will work until they're 80 (Marcus, 2015). TIAA-CREF says 36 percent of all workers plan to put off retirements past age 65, but university and college professors who plan to delay retirement is more than double that (Marcus, 2015). Is there a plan for ensuring long-time faculty will stay actively engaged in their academic pursuits, both research and teaching, and pass their knowledge on to not only students but also faculty?

Therefore, this paper investigates a process, first, for understanding a comprehensive knowledge management (KM) program and, second, for building a tacit knowledge program for B-schools. The theoretical goals for this investigation are to (1) provide an overview and background of tacit knowledge, (2) determine how a B-school can expand its personal/individual strategies and

processes of identifying, capturing, and leveraging the knowledge contained within its academic entity, (3) design an effectual and tacit (not technological) knowledge procedure for B-schools, (4) provide a blueprint for implementation of such a tacit knowledge system, and (5) look at possible challenges and critiques of such a system.

A VIEW OF TACIT KNOWLEDGE

Knowledge can be viewed in several ways. Some think of it as information or data, but it has broader implications. To illustrate: “the basic economic resource is no longer capital, or labor, or natural resources, but *knowledge*” (Daft, 2001, p. 257). Similarly, “In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge” (Nonaka, 2007, p. 96).

What is *knowledge*? Knowledge is essentially the consciousness of an object—any fact or principle that may in any manner be reached by cognitive faculties; an implicit or explicit judgment, and truth or certitude (Knight, 2012). This much we know: knowledge is personal; it begins with an individual, not with technology. Human knowledge, however, can be transformed into organizational knowledge. When such a transformation takes place, this new knowledge “is the ultimate manifestation of an organization’s competencies and the fruit of a knowing culture” (Hatten & Rosenthal, 2002).

What is *organizational knowledge*? One may view it as “information combined with experience, context, interpretation, reflection ... It is a high-value form of information that is ready for applications to decisions and actions within organizations” (Morrisey, 2005, p. 5). Or it may be defined as “all the knowledge resources within an organization that can be realistically tapped by that organization” (Frost, 2010). Organizations deal with both explicit (precise) and tacit (implicit) knowledge. See Exhibit 1.

EXHIBIT 1 TWO APPROACHES TO KNOWLEDGE MANAGEMENT

Explicit	Tacit
Explicit knowledge is formal, systematic knowledge— <i>knowing about</i> .	Tacit knowledge is based on insight, personal experience, and professional expertise— <i>knowing how</i> .

Explicit knowledge provides high-quality, reliable, and fast information systems for access of codified, reusable knowledge; tacit knowledge channels individual expertise to provide creative advice on strategic problems (Daft, 2001). Explicit knowledge is codified and conveyed to others through dialog, demonstration, or media; tacit knowledge is personal experience, aptitudes, perceptions, and insights (Cognitive Design Solutions, 2003). Explicit knowledge is the tip of the iceberg—visible and expressible, whereas tacit knowledge is everything else—highly personal and hard to formalize (Nonaka & Takeuchi, 1995). This paper is concerned almost exclusively with tacit knowledge.

What is *knowledge management*? KM is the process of capturing, distributing, and effectively using knowledge (Davenport, 1994). Or, it may be thought of this way: KM is “a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets. These assets may include databases, documents, policies, procedures, and previously un-captured expertise and experience in individual workers” (Duhon, 1998). Knowledge can be and should be managed in learning organizations, especially since knowledge can be acquired, created, and transferred across an organization. KM is a multidimensional process, and it can be explored along the management practices perspective, the information technology perspective, the organizational efforts perspective, and the development, supply, and adoption rate perspective (Wiig, 1997). KM could highlight the need for teaching managers-to-be the benefits of “acting upon this key notion: The expansion of cooperative behavior and the development of the individual are mutually dependent realities, and a balance of these two elements is needed for an organization to maintain vitality” (Mahoney, 2011). In addition, it can demonstrate how “the shared values, purposes, and customs of management” can be used to “build an enterprise that will help to meet the challenges of business today” (O’Connor, 2011).

For a tacit knowledge program to work in a B-school, an atmosphere/culture must be created in which it is perfectly safe for people to seek and share information and to challenge others. It requires the effective concurrent management of content, culture, process, and infrastructure (Yen, 2001). There are at least three key reasons KM is important to success: it facilitates decision-making, builds learning by making it routine, and stimulates cultural change and innovation (Quast, 2012). The deliberate creation of new knowledge “is the ultimate manifestation of an organization’s competencies and the fruit of a knowing culture” (Hatten & Rosenthal, 2002).

HOW BUSINESS SCHOOLS CAN EXPAND TACIT KNOWLEDGE

A professional KM program uses both explicit and tacit (implicit) knowledge. Since this paper is a study of tacit (personalized) knowledge for the classroom, processes for explicit KM will not be addressed—e.g., data warehousing, data mining, knowledge mapping, and electronic libraries. Human interaction is our primary concern—e.g., knowledge sharing (via dialogue), learning histories, storytelling, communities of practice, case studies, social network analysis, intellectual capital, and organizational learning.

A strategy to enhance tacit knowledge might be recognized as a “pull strategy.” In business, especially marketing, a push–pull strategy often describes the movement of information between two entities. In one case, individuals can *pull* the information/knowledge they need; in another instance, a person can *push* information/knowledge toward others who may or may not recognize their need at the moment. Whichever tacit strategies/mechanisms are chosen, the goal is to connect people and to create an effective collective intelligence. A B-school that excels at tacit knowledge will find ways to encourage and facilitate continuous sharing and interaction among faculty, to be an enabler of both individual and organizational learning.

If a B-school implements an effective, winning tacit knowledge program, there could be an increase in faculty productivity, quality service, and “deliverable consistency by capitalizing on

intellectual and knowledge-based assets” (Simmons, 2013). Additionally, it could reduce duplicated work in classrooms, leverage past experience, and track positive behaviors (Kondo, 2006). Likewise, KM might optimize voluntary self-motivated learning and development, facilitate tacit knowledge competencies, motivate collaborative knowledge-sharing behavior, and differentiate programs for different target groups (Pieterse, 2006).

BUILDING TACIT KNOWLEDGE PROGRAMS

In the world of business, several individuals have provided what they consider to be the steps that will maximize the successful implementation of a tacit knowledge program. For one person, there are four steps required (Pieterse, 2006); for another, five steps (Kondo, 2006); for someone else, seven steps (Morrissey, 2005); for another, eight steps (Simmons, 2013); or for others, twelve steps (Calabrese, F. A. & Orlando, C. Y., 2006).

Individuals wrote about personal knowledge but chose directions such as creating a knowledge base (Firuta, 2014), the importance of research in creating knowledge (Greenfield, 2015), the need to educate to create new knowledge (Diamandis, 2015), or why tacit knowledge is important to the success of a company (Quast, 2012). More still seek to connect tacit knowledge to organizational learning (King, 2009), organizational performance (Rasula, Vuksic, & Stemberger, 2012), organizational culture (Allameh, Zamani, & Davoodi, 2011), or organizational development (Razaghi, Fazelidinan, & Safania, 2013). None of the above studies explore tacit knowledge for a B-school.

The current study identifies seven steps in a tacit knowledge procedure for B-schools. These phases are essential to augment positive implementation in an academic culture. In the steps outlined below, technology is taken as a given since it is already so relevant in the business world and marketplace.

1. Lay A Theoretical Foundation and Recruit Deans’ and Chairs’ Support

A training and development module will need to be designed by those business faculty (or sponsors) who are the champions of a tacit knowledge program. The module might consist of identifying the key business drivers (i.e., preferably a rubric or metrics could be designed that would allow measurement on an ongoing basis) for development of a KM program and presenting the concepts, processes, and requirements of tacit knowledge. From a marketing perspective, once the business drivers are identified, it is time to target the tacit knowledge initiative and *sell* its benefits. A goal would be to promote the rewards of sharing knowledge and skills, which could also lead to possible needed changes in organizational culture. Attention also should be given to how to justify the investment of time and operational costs and how to get senior leadership on the side of tacit knowledge.

There are some who might argue that tacit knowledge is too subjective to determine value added. During the initial phase, time spent to refute such an argument by showing how value is created in the initiative will pay huge dividends for the future. Thus, getting the dean(s) and chairs to help sponsor and provide needed operational funds for the program are critical to its success. Junior faculty will be more likely to adopt and endorse the project if the leadership supports the

concept, especially if there incentives designed to encourage tacit knowledge (e.g., performance evaluations, training program, and the view that participation is not additional work).

2. Assess and Analyze Current State of Knowledge and Competencies

A number of possibilities exist for assessing the current state of tacit knowledge in a B-school. There is the possibility that one or more faculty members may act as though it is in their best interest to hoard information; that way they can be perceived as an expert and indispensable. Therefore, such behavior will need to be changed. Three possible approaches for assessing and analyzing the B-school's current state of knowledge and competencies exist:

- One approach would be to perform a knowledge audit. An audit is an investigation of the knowledge needs and the interconnectivity among people in the B-school. It places faculty at the center of concerns, with the intent to find out what people know, what they do with the knowledge they have, and what knowledge is missing. A tacit knowledge audit could provide accurate identification, quantification, measurement, and assessment of the sum total of tacit knowledge.
- Another approach would be to use scenario planning to develop views of its competitive environment, and then develop a strategy to best position the B-school. Such an approach could help improve communication, knowledge sharing, problem-solving skills, and creativity. It also would help identify the business drivers and help align the tacit knowledge program strategy with the B-school's overall strategic purpose.
- A final approach would be to develop a knowledge map—a visual association of the dynamics at play within the B-school. Mapping indicates where the knowledge resources and assets are located, how these elements move through the various disciplines, where knowledge is currently being created, and where knowledge is needed and should be used.

The goal of all three approaches is to capture tacit knowledge as it exists now and not when a faculty member leaves an organization and has never taken the time to share it. Otherwise, some knowledge could be lost entirely. Realize, however, that there is no need to collect all of the information in the B-school, especially if there is some information that doesn't align with the business drivers for the tacit knowledge program.

3. Establish Program Objectives and Design Key Features of the Program

The program's short- and long-term goals and objectives should be outlined to indicate the desired state as opposed to the current state. Short-term objectives address the reasons for changing to tacit knowledge, and long-term objectives communicate the big picture. Envision and articulate the end state. What are any problems that need resolution? What are the business drivers that will provide momentum? What are the justifications for beginning a tacit knowledge program? A high-level tacit knowledge program should have identifiable procedures and instructions throughout the program so all faculty will understand the work directives. A basic roadmap, indicating leaderships' support and commitment, should be made clear. Strategic objectives and features will help overcome any possible shortcomings. It could illustrate possible milestones, provide benchmarks, and lead to small wins during initial implementation to encourage continual motivation and momentum.

4. Recruit a KM Team and Link Knowledge and Behavior Expectations to People

To create the tacit knowledge team, the B-school will need to ask questions such as who has a particular knowledge, how does he or she work with it, who else needs that knowledge, can it be categorized so everyone that needs it can find it, who is most familiar with the content and resources—“information experts”—the tacit knowledge leader(s) have in mind, and who has the behavior expectations to make the program a success. Once those questions have been answered, a tacit knowledge team with a broad range of expertise that supports the character of knowledge work can be recruited and training and guidance can begin in earnest.

5. Design an Implementation Plan and Prepare for Change

Designing a tacit knowledge implementation plan is no small effort; but if a smooth on-ramp approach can be developed that captures knowledge, any perceived complexity can be overcome. That way each building block of knowledge will be balanced with the other building blocks of existing knowledge. The long-term goal would be to capture and manage knowledge with a recommendation for implementation.

Once such a design for implementation is prepared, there will be a need to plan for the possible changes it could introduce within the B-school. There are faculty who could resist the move toward tacit knowledge because it involves cultural changes in the way people work together, the way they currently share information with one another, or the way it threatens current norms and shared values. To overcome such negatives, follow almost any established approach for managing culture.

6. Implement the Tacit Knowledge Program in Phases

Arrival at the point of implementation has been achieved. Building an implementation roadmap will help define how the tacit knowledge program will begin. The tacit knowledge champions should be prepared for the long haul. To implement the complete KM program in one or two semesters is probably rushing headlong into a situation that would be more agreeable to faculty and students if it were implemented in smaller, more manageable phases. Implementation in phases would also facilitate wider faculty adoption and provide the opportunity for identifying best practices. Incremental advances, if publicized, will indicate value and benefits and overcome any residual resistance. The benefits could be tremendous for the future expansion toward a total B-school tacit knowledge program. A roadmap can demonstrate milestones and dependencies, yield short-term wins, and strengthen future faculty and student support, as well as the support of senior leadership.

7. Measure Outcomes for Continuous Improvement

A tacit knowledge assessment program is the final step, and it would need to review the people, processes, technology, structure, and culture of the B-school, as well as measure the impact of the program. How the effectiveness of the program will be measured and how it will be compared to anticipated results will yield important outcomes for improvement of performance. The rubric or metrics designed earlier will help measure progress. At this point, it would be important to review both qualitative and quantitative components of the program. A balanced scorecard could be designed that will yield valuable insight into performance, quality, compliance, and value of the program—what is working and what is not working. Once this information is known, steps can be taken to improve the overall efficacy of the program for both

the short- and long-term. The first assessment will also determine the success probability of the second phase of implementation as knowledge continues to be linked to people. The next assessment will point toward the need for continuous improvement and will be continued semester after semester or year after year.

TACIT KNOWLEDGE CHALLENGES AND CRITIQUES

Tacit knowledge can be supported via Intranets, networks, and social media, particularly in global organizations, if an organization encourages dialogue and builds communities of practice. However, the benefits of tacit knowledge remain elusive for many organizations, and research on this topic in B-schools seems either to be elusive or nonexistent. There are any number of possible challenges and critiques for a B-school. Some tacit knowledge challenges could include the following:

1. Justifying the time and investment in tacit knowledge—quantitatively, a real options approach, or the traditional return on investment approaches
2. Obtaining senior management (deans and chairs) support—making a compelling business case for a tacit knowledge investment
3. Overcoming cultural hurdles to sharing—natural cultural aversion to sharing in some organizations
4. Encouraging employees (faculty) to use and share knowledge—training and development on the value of surrendering experiences and knowledge
5. Aligning practices with tacit knowledge strategy—designing a tacit knowledge system the synchronizes with the purpose/strategy of the organization (B-school)
6. Technology is a means to an end and not the end itself—tacit knowledge is a comprehensive strategy to improve sharing and retention
7. Potential for over-reliance on a tacit knowledge system—constraints of individuals' knowledge contained in the organization
8. Firms (B-schools) may collect the wrong information—the need to identify and disseminate the right knowledge
9. Project scope may be over-ambitious—a too-ambitious-organization may doom its roll out to failure
10. Measurement—measuring tacit knowledge's pervasiveness and impact as to its competency (adapted from Morrissey, 2005)

In addition to the above challenges, the champions of a tacit knowledge system might have to overcome critiques such as the following:

1. Does tacit knowledge really matter? Tacit knowledge has the potential for fostering innovation by encouraging the free flow of ideas and improving service to customers (students)
2. Is it good for a firm (B-school) to retain its corporate memory? Selectively forgetting or dwelling on failures encourages risk aversion and indecision.
3. Tacit knowledge benefits are too difficult to manage. Without measurement, there is no way to know if tacit knowledge is adding value (adapted from Morrissey, 2005).

Although agreement may possibly be reached on an understanding that tacit knowledge has different implications for different organizations and in different contexts, the future for tacit

knowledge in B-schools is too valuable to ignore. The future holds many possibilities for new applications of tacit knowledge in organizations of all sizes, shapes, and flavors—especially B-schools.

CONCLUSION

One of the difficulties of trying to establish a new theory such as tacit knowledge for B-schools is that most faculty fail to understand the essence of knowledge creation. They do not recognize themselves as knowledge engineers. Since the creation of knowledge is a synthesizing process, how can the B-school's environment and internal resources be synthesized? Similarly, because knowledge creation is a self-transcending process, how can a B-school reach out beyond the boundaries of its own existence? More research into a tacit knowledge program for B-school disciplines is needed. More research also is needed in how B-schools create knowledge.

This paper may be one of the first attempts to design a tacit knowledge program for B-schools. Although much remains to be done, a model now exists for expansion into all discipline and business content areas of a B-school. The impact of tacit knowledge on business strategy has a large potential for positioning a B-school in a community and among colleagues, competitors, and parents and students. In the next ten years, a B-school education might no longer be on the stark/death knell list; the public could see a real transformation in how B-schools educate.

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NEW DIRECTIONS IN LEADERSHIP: EMOTIONAL INTELLIGENCE, LEADERSHIP EMERGENCE, AND PERCEIVED ORGANIZATIONAL JUSTICE

Jim A. McCleskey, Western Governors University, UT, USA, jim.mccleskey@hotmail.com
Raúl Berrios, Universidad de Santiago de Chile, raul.berrios@usach.cl
Dritjon Gruda, EMLYON Business School, France & Goethe University Frankfurt, Germany,
gruda@em-lyon.com

ABSTRACT

This study examines the relationship between emotional intelligence (EI), leadership emergence (LE), and perceived organizational justice (POJ) in 26 project teams. We propose a model that demonstrates an incremental role for Stream One Ability Model (SOAM) EI in predicting LE over and above the predictive effect of personality, cognitive ability, and gender. Further, the model presents a relationship between LE and POJ outcomes in work groups. Our findings support a positive relationship between EI and LE after controlling for known covariates. Contrary to our hypothesis, we found a negative relationship between LE and POJ. An explanation and potential future research agenda are offered.

NEW DIRECTIONS IN LEADERSHIP: EMOTIONAL INTELLIGENCE, LEADERSHIP EMERGENCE, AND JUSTICE

The purpose of this manuscript is to present a study investigating the relationship between emotional intelligence (EI), leadership emergence (LE), and perceived organizational justice (POJ) in 26 project teams. We propose a model that demonstrates an incremental role for EI in predicting LE over and above the predictive effect of personality traits, cognitive ability, and gender. We further present a relationship between LE and POJ at the individual level. Previous scholars examined the relationship between EI and LE (Côté, Lopes, Salovey, & Miners, 2010; Emery, 2012; Kellett, Humphrey, & Sleeth, 2002; 2006). These studies suggested that EI may be positively related to LE. We extend the work of these scholars in several important ways. First, a three-stream approach to measuring EI examines the relationships of interest in a more robust way. Second, we analyze the relationship between EI and LE. Third, we inspect the relationship between LE and POJ, which is a previously unexplored avenue. Finally, the use of control variables that are known to influence the emergence of leaders provides improved psychometric rigor.

To date, no study has examined the relationship between EI, LE, and POJ. This novel approach further clarifies the relationships among these variables and the path to more effective teams. If high-EI individuals are more likely to emerge as informal team leaders, do their EI abilities also facilitate stronger feelings of fairness and justice. First, we consider LE, focusing on individual dispositional factors. Next, we consider the impact of LE on POJ.

Emotional intelligence

EI is the “the ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual

growth” (Mayer, Roberts, & Barsade, 2008, p. 511). EI relates to LE, which is defined as a “social process through which, over time and social interactions, some individuals gain leadership roles as a result of their group’s acceptance and recognition” (Emery, 2012, p. 429). Some studies explored whether individual characteristics facilitate LE (Judge, Bono, Ilies, & Gerhardt, 2002; Yukl, 2009). Previous studies suggested that emergent leaders possess the ability to perceive and understand emotional information (Emery, 2012). One unexamined aspect of LE is its relationship to organizational justice outcomes. Does the acceptance and perceived fairness of the actions of an emerged leader depend in part on emotional abilities?

Leadership emergence

Previous scholars characterized LE as a social process wherein group members may gain leadership roles as a result of their group’s acceptance and recognition over time and through social interactions (Côté et al., 2010; Emery, 2012; Neubert & Taggar, 2004). This definition has opened the way for antecedents of LE that demonstrate specific competencies or abilities related to social interaction, such as EI. While a variety of studies have explored whether individuals with specific traits or skills are more likely to emerge as leaders (Judge et al., 2002; Yukl, 2009), few looked specifically at EI and LE in context. Researchers have attempted to understand the factors that predict leader emergence (e.g., Lord, Foti, & De Vader, 1984; Neubert & Taggar, 2004), and their efforts have identified a variety of antecedents, including meta-analytic support for the influence of both cognitive ability (Judge, Colbert, & Ilies, 2004) and personality (Judge et al., 2002) and the burgeoning support for EI (Côté et al., 2010; Emery, 2012; Kellett et al., 2002; 2006; Offerman et al., 2004; Walter et al., 2012).

From emotional intelligence to leadership emergence

Côté et al. (2010) noted that a few studies have examined whether emotional abilities are associated with LE in groups (Kellett et al., 2002, 2006; Offermann et al., 2004; Wolff et al., 2002). The findings reveal that the abilities to perceive and express emotions were positively related to LE. Côté et al. (2010) theorized that emotionally intelligent individuals may exhibit greater LE due to several complementary mechanisms. EI relates to LE via the influence of emotions on cognitive activities, such as the amount of risk people are willing to take, and how systematically people process information (Loewenstein & Lerner, 2003). Individuals influence their group through other members’ emotional reactions to specific actions (George, 2000; Huy, 2002). In keeping with Côté et al. (2010), we propose that EI predicts LE.

H1: There is a positive relationship between EI and LE.

An individual with high levels of EI is more likely to emerge as the approved leader of a work group. Additionally, we predict a relationship between EI and LE after controlling for the effects of personality, cognitive ability, and gender.

H2a: A positive correlation exists between EI and LE even after controlling for the effects of personality.

H2b: A positive correlation exists between EI and LE even after controlling for the effects of cognitive ability.

H2c: A positive correlation exists between EI and LE even after controlling for the effects of gender.

In addition to our examination of the more well-known antecedents of LE, we examine the potential relationship between LE and POJ in work groups.

NATURAL LEADERSHIP EMERGENCE PREDICTS JUST WORK TEAMS

When scholars examined the construct of organizational justice, they typically considered employees' individual perceptions of how fairly they feel they were treated at work (Colquitt & Shaw, 2005). Prior research revealed that employees differentiate between various types of justice, such as salary increases or promotions (distributive justice), and whether these decisions were made fairly (procedural justice). Distributive justice is derived from Adams' *equity theory* approach (1965), which describes a balance between inputs (e.g., work effort and hours spent at work) and outputs (salary, benefits, feelings of self-actualization, etc.). Procedural justice is closely related to Thibaut and Walker's *control theory* (1975). The quality of treatment that employees receive from authority figures (interactional justice) in relation to others is also important (Bies & Moag, 1986). Scholars divide interactional justice into two subcategories: informational justice and interpersonal justice (Greenberg, 1993). Informational justice describes the degree to which fairness information is conveyed and to whom (Colquitt, 2001), whereas interpersonal justice describes the interpersonal work behavior to which employees are exposed on a day-to-day basis. Justice relates positively to work outcome, job satisfaction, job performance, and organizational citizenship behavior (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). The extant literature includes a variety of conceptions and measurements of justice.

Conceptualizing organizational justice

Justice is a valuable construct that is of interest to both scientists and practitioners (Ambrose, Schminke, & Mayer, 2013). Researchers are also interested in how justice is measured (Ambrose & Schminke, 2009). New developments in justice research include the assessment of justice at the group level (Ambrose et al., 2013). Other scholars have also suggested novel approaches to the measurement of justice.

Whitman, Carpenter, Horner, Bernerth (2012) suggested a modified method of measuring organizational justice. Team members share the same supervisor, adhere to the same policies, and are all equally part of organizational decisions (Whitman et al., 2012). Similar views on fairness contribute to a specific climate of perceived justice among members of the work group (Naumann & Bennett, 2000). Multilevel research cast organizations as integrative systems with characteristics acting at the individual, team, and organizational levels (Kozlowski & Klein, 2000; Rupp, Bashur, & Liao, 2007). Indeed, justice may be a higher-order construct and individuals care about more than merely their own interests (Folger, Cropanzano, & Goldman, 2005); rather, they are also concerned about the treatment of others in the workplace (Colquitt, 2004; Folger & Cropanzano, 2001). Justice is socially constructed (Colquitt, 2004), and a feeling of justice or fair treatment develops in group settings (Cropanzano & Greenberg, 1997). Accordingly, employee questions regarding how fairly they are being treated (in comparison to others) must be asked in conjunction with how the group as a whole is treated (Jones & Lindley, 1998; Kirkman, Jones, & Shapiro, 2000). Researchers analyze justice according to its four dimensions—distributive, procedural, informational, and interpersonal. Previous research by Colquitt and Shaw (2005) showed that all justice types load on the same overall justice factor. Ambrose and Schminke (2009) found that overall justice is not simply a combined factor of the various justice types. POJ is a separate construct. In this study, we adopt the POJ concept and

focus on fairness as the treatment afforded the individual and the team. Accordingly, we predict the relationship between LE and POJ as follows:

H3: LE positively relates to POJ.

From emotional intelligence to leadership emergence to organizational justice

Devonish and Greenidge (2010) argued that EI consists of several components that influence the way in which an individual perceives injustice at work. We concur and theorize a variety of possible effects based on the four-branch ability model of EI. The components of the SOAM include perceiving emotions, using emotions to facilitate thought, understanding emotions, and managing or regulating emotions in the self and others (Mayer et al., 2008). For example, an individual's ability to understand and regulate his or her own emotions may affect his or her reaction to perceived injustice. Further, the ability to understand the emotions of other group members and the group leader may lead to increased empathy and understanding, thereby reducing feelings of perceived injustice. Even the simple ability to regulate one's own feelings of anger or sadness may lower levels of POJ through the more direct route of emotion self-regulation. If individuals possess EI abilities, including emotion management and regulation, justice perceptions and, ultimately, team performance is likely to be impacted. Team members are more likely to approve of a leader who understands how they are feeling, given contextual emotional cues. Emergent team leaders with higher EI should correlate with higher levels of POJ because they view themselves as just and deserving, given their emotional abilities. In addition, they are in the position to enforce justice for other team members in the group. We are interested in how EI and other individual dispositions influence team members' general feelings of fairness (POJ). Therefore, we hypothesize the following:

H4: LE mediates the relationship between EI and POJ.

METHOD

Participants and procedures

The participants in this study consisted of 108 undergraduate students, working in self-managing project teams ($n = 26$) as part of an undergraduate business program. The average age of the students was 23.54 ($SD = 11.65$), and 43% were female and 57% male. Data collection consisted of two administrations, approximately one month apart to reduce the transient sources of inflation due to common method/source bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). At time one, all the students completed measures on individual-level variables. These included measures of EI, personality, and demographics; including age, sex, primary language, country of origin, year of school, and university level. Time two included measures on LE and POJ. We provided each team and student with an individual ID comprising their team letter and individual number (e.g., A1 = team A, student number 1). We received 94 responses (out of 108 possible surveys) across 26 project teams. The overall completion rate was, therefore, 87%. At time one, we collected the data using a Qualtrics online survey administration. The data collection for time two took place in the classroom using a hardcopy version of the survey. The authors digitally coded the responses and prepared them for analysis.

Measures

We selected an existing SOAM instrument. Of the previous studies of EI and LE mentioned in this manuscript, only the MSCEITv2.0 (used in Côté et al., 2010) and the DANVA 2 (used in Walter et al., 2012) are SOAM instruments (McCleskey, 2015). Based on the availability of current instruments, the need to focus on the SOAM, and the criticisms of the MSCEITv2.0 (along with its cost), we selected the DANVA 2. Two subtests from the DANVA 2 (Nowicki & Duke, 2001) were administered to measure the nonverbal emotion-decoding ability of the graduate students: adult facial expressions and adult paralanguage. The facial expressions subtest consists of 24 photographs of an equal number of female and male adults making happy, sad, angry, and fearful expressions of either low or high intensity. The DANVA 2 reports the correct number; thus, high scores reflect more accurate performance. Nowicki and Carton (1993) conducted a study on the reliability and construct validity of the DANVA 2, in which Cronbach's coefficient alpha was reported as .77 on the faces task for the college students. In addition, a two-month test-retest reliability coefficient of .84 was reported on the faces task for the college students.

LE was assessed using the General Leadership Impression scale by Cronshaw and Lord (1987). In this study, we replaced "superior" with "team leader" in order to avoid confusion among participants. The participants were asked to evaluate only their group leader, not all members of the team. The sample items included "To what degree does your team leader fit your image of what a leader should be?" and "How much leadership does your team leader exhibit?" The responses were based on a 5-point frequency scale ranging from (1) "None" to (5) "A lot". The internal consistency alpha was .97.

We developed a novel scoring system by combining the Cronshaw and Lord instrument (1987) with the voting of team members approach employed by Wolff et al. (2002). The percentage of the team members who chose a team member as a leader is assigned as the team is endorsed as a leader. We also wanted to measure in more detail the LE potential of team members who were not chosen as leaders instead of merely using a score of zero. Therefore, if a team member chooses another team member as a leader and gives a score of 25 on the Cronshaw and Lord's (1987) scale, we used the score of -25 to add it to the non-leader member's score as a sign of his or her potential to be a leader. For the leaders, we simply used the average score given by other team members who voted that person as a leader in the LE survey instead of using the percentage of the votes. These plus and minus scores were added to find each team member's total LE score. This method was compared to the simple voting method used by Wolff et al. (2002), and the two methods were highly correlated.

Similar scoring methods are used in a variety of network systems (Hanneman & Riddle, 2005). The most popular example is the page-ranking algorithm that Google uses to rate the importance of each page on the web using the links from one page to another. In graph theory, the scores we introduced here are called in-degrees and out-degrees. Hanneman and Riddle (2005) also noted that such models are actively used now in communication networks, genomics, DNA sequencing, and scheduling.

Organizational justice was assessed using the Perceived Organizational Justice (POJ) scale by Ambrose and Schminke (2009). This scale is partly based on Lind (2001) and Colquitt and Shaw's (2005) work. The POJ includes two dimensions: individuals' personal justice

experiences and the fairness of the organization in general (Ambrose & Schminke, 2009). Sample items included “In general, I can count on this team to be fair” and “For the most part, this team treats its members fairly.” The participants scored their agreement with each item on a 7-point scale ranging from (1) “strongly disagree” to (7) “strongly agree.” The alpha for perceived overall justice was .77.

Control variables

Considering the recommendations of prominent scholars in the field (Antonakis, Ashkanasy, & Dasborough, 2009; Zeidner, Matthews, & Roberts, 2009), and based on recent studies (Côté et al., 2010; Emery, 2012; Walter et al., 2012), we simultaneously control for personality, cognitive ability, and gender.

We controlled for personality traits as defined using the FFM or so-called “Big 5” (McCrae & Costa, 1987). The five factors are openness to experience, conscientiousness, extroversion, agreeableness, and neuroticism. As defined by Côté et al. (2010), openness to experience is defined as “people’s typical levels of creativity and curiosity” (alpha = .72); conscientiousness is the “degree to which people are organized, hardworking, and dependable” (alpha = .68); extroversion is the “level of gregariousness, assertiveness, and sociability” (alpha = .72); agreeableness is defined as the “tendency to be warm and cooperative” (alpha = .70); and neuroticism is the “tendency to avoid negative emotional experiences and fluctuations in emotions” (alpha = .77). Each dimension contained 10 items. The scores were reported on a 5-point scale ranging from (1) “very inaccurate” to (5) “very accurate” for all dimensions. Previous studies demonstrated that the FFM traits related to both EI (Côté et al., 2006) and LE (Judge et al., 2002). Specifically, previous studies show that specific FFM traits, including extroversion, conscientiousness, and openness, strongly correlate with LE (Emery, 2012). Personality was assessed using the Mini IPIP (Goldberg et al., 2006).

We also controlled for cognitive ability. As argued by Emery (2012) and confirmed by previous research (Judge et al., 2004), cognitive ability and LE are positively correlated. Individuals with greater cognitive ability tend to be more task-competent and, therefore, more likely to emerge as leaders (Bass, 2008). A number of recent studies have used GPA as a proxy for student participant cognitive ability, and we also use this construction for cognitive ability in the current study (Emery, 2012; Kellett et al., 2002; Valacich, Jung, & Looney, 2006).

In keeping with Côté et al. (2010) and other studies, we also controlled for the participants’ gender because gender relates to both EI (Brackett et al., 2006; Mayer et al., 2003) and LE (Eagly & Carly, 2003; Eagly & Karau, 1991) based on previous research. The general trend has shown a greater likelihood for males to emerge as leaders but a propensity for higher EI among females.

RESULTS

Descriptive statistics

Descriptive statistics and reliabilities (coefficient alpha) for the scales used in the study are shown in Appendix A, Table 1. All variables show sufficient Cronbach alpha levels ($\geq .70$). The pairwise correlations amongst personality, cognitive ability, EI, LE, and perceived overall

justice scales are shown in Appendix B, Table 2. Results significant at the $p < .10$ are also considered due to the small sample size. The maximum likelihood method is used to find all estimates and calculations using LISREL 9.10. Only observable variables are used to find structural equations based on our sample size of less than 200.

First, we investigate the hypothesis regarding whether there is a positive relationship between EI and LE (H1). We expect that an individual with a high EI score is more likely to emerge as the elected leader of the team. The possibility of a positive relationship between EI and LE is investigated using path analysis. We analyzed the EI score (using the DANVA 2) as an independent variable for the regression of LE and found that the regression weight for EI is significantly different from zero ($t = 2.34, p = .02$). The variance explained by the model is 9.01%. The regression weight is significantly different from zero ($t = 2.58, p = .01$), and 6.68% of the variance is explained by the model. The F -test between these two models is significant ($F = 2.33$). The model is saturated; therefore, the fit is perfect.

The independent variables, though almost significant, only account for a small amount of the LE variance. We investigate this hypothesis while controlling for several demographic, cognitive, and personality characteristics. We expect a positive correlation between EI and LE even after controlling for the effects of personality (H2a). When we control for all five personality traits, the regression weight for the EI is significant ($t = 2.03, p = .02$) with an R^2 value of .13. Thus, when controlling for all personality dimensions, the direct effect of the EI still accounts for the variance in LE. The model is saturated; therefore, the fit is perfect. There is partial support for Hypothesis 2a.

Adding more control variables to the model increases the R^2 value. We explore the effect, while keeping EI as the independent variable. We investigated whether a positive correlation exists between EI and LE even after controlling for the effects of cognitive ability (H2b). We again control for cognitive ability and personality traits. Again, the regression weight for EI is significantly different from zero ($t = 1.84, p = .08$). This results in an R^2 value of .17 for the model, which is an improvement over the previous result. The new regression weight for EI is now significantly different from zero ($t = 1.99, p = .05$), and our R^2 equals .15. The model is saturated; therefore, the fit is perfect. We conclude that a positive correlation exists between ability-based EI (i.e., DANVA 2) and LE beyond the effects of cognitive ability and personality traits. Hypothesis 2b is supported.

Hypothesis 2c predicts a positive correlation between EI and LE even after controlling for the effects of gender. We continue with EI as the IV and control for gender, cognitive ability, and personality traits. The regression weight for EI is still significantly different from zero ($t = 2.43, p = .02$) and results in an R^2 value of .18.

Next, we examined H3, approved natural LE positively relates to a high degree of individual POJ. What we find here is a bit confusing at first. We observe the opposite effect of our hypothesis. LE is negatively related to POJ. The regression weight of LE is significantly different from zero ($t = -2.75, p = .01$) and $R^2 = .07$, which is not statistically significant. Again, we add our control variables (gender, GPA, and personality traits) to the model. We still observe a regression weight of LE that is significantly different from zero ($t = -2.31, p = .03$). The R^2

value is .22. The model is saturated; therefore, the fit is perfect. Thus, a negative correlation exists between LE and POJ, even after controlling for the effects of known covariates. Hypothesis 3 is not supported.

The final hypothesis (H4) predicts that LE serves as a mediator in the relationship between EI and POJ. We expect individuals with higher EI scores to be more likely to emerge as leaders. These individuals should, in turn, perceive a higher degree of organizational justice because they are in positions of power. They are likely to feel that their leadership position is well deserved and justified due to their EI abilities. Here, we find that there is no direct relation between EI and POJ. The regression weight of EI is not significantly different from zero ($t = -.74, p = .46$). The R^2 value is very low at .01 and, hence, is not statistically significant. As a second step, we investigate indirect mediation. We find that while EI is positively related to LE, LE is negatively related to POJ. The indirect effect is significant. The LE regression coefficient is significantly different from zero ($t = -2.75, p = .01$), and the equation shows an R^2 value of .07. The EI regression coefficient is significantly different from zero ($t = 2.61, p = .01$), and the equation has an R^2 of .07. The regression weights of EI, LE, and POJ are given in Table 3 in the “H4 no controls” column. Because R^2 values are not statistically significant, we add control variables to the model as before. We still get a model with an LE regression coefficient significantly different from zero ($t = -2.31, p = .03$); the equation for POJ has an R^2 of .22. The EI regression coefficient is significantly different from zero ($t = 2.43, p = .02$), and the equation for LE has an R^2 value of .18. The model is saturated. The corresponding regression weights are given in Table 3 in the “H4 with controls” column. Hypothesis 4 is not supported.

DISCUSSION

Our findings support the idea that the EI of work group members is associated with LE. These findings extend the work of Côté et al. (2010), Emery (2012), Kellett et al. (2002, 2006), Offerman et al. (2004), Walter et al. (2012), and Wolff et al. (2002). They also help illuminate the debate about the three streams of EI research. The control variables offered mixed results and implied a variety of potential explanations. Some of the more puzzling results may be a function of the limitations of this study, and we discuss these in detail below.

With regard to POJ, our initial prediction stated that an emerging leader would indicate a higher degree of POJ. We found that LE relates negatively to justice, controlling for individual characteristics such as gender, cognitive ability, and personality traits. This may be due to our sample consisting of students in randomly assigned project teams. The students did not select their own teams. Given the high standard deviation in academic ability, groups are likely to be composed of both high-performing and low-performing students. The high-performing student, therefore, takes control of the group to avoid receiving poor marks. Because all team members receive the same grade regardless of their actual contribution to the work, the high-performing student asserts themselves on all group issues, including dividing and distributing the workload, organizing team meetings, sending out reminders to ensure work completion, examining the results, and making minor changes before work submission. Many of our participants described this scenario in the feedback section provided at the end of the final questionnaire. Team leaders do most of the work, direct the team, and ensure work quality, only to receive the same grade as their team members, who most likely contributed substantially less.

The concept of POJ was specifically developed to capture the overall justice factor—that is, to come as close as possible to the actual experience of (in)justice in individuals. We know that individuals can differentiate between different justice types. However, this differentiation holds little value for the individual in a specific situation. In our setting, team engagement was likely to be low—that is, the team members let the leader “do his or her thing” and are not sufficiently motivated to contribute much to the team’s performance. Consequently, the team leaders perceive the lowest degree of justice, even though they are in a position to lead the team and address group issues directly. Conversely, team members who do not take on a leadership role perceive a higher level of organizational justice.

Limitations

This study has a number of methodological strengths. We utilized the SOAM measure of EI. In addition, control variables that are known or suspected to affect the constructs of interest in this study were measured and controlled for statistically. However, this study does possess a few important limitations. The limitations of this study include the lack of an experimental design, cross-sectional administration, a student sample, and a relatively small sample size. These results possess limited generalizability due to the nonexperimental design (Shadish, Cook, & Campbell, 2002). Further, although the various instruments were administered at two different times, the two administrations measured different variables; therefore, this study is still cross-sectional rather than longitudinal, thereby limiting its rigor and generalizability (Cooper & Schindler, 2011). In addition, a student sample limits the generalizability of the findings to organizational settings (Walter et al., 2012). Finally, a significant limitation of this study is the size and nature of the sample. Our sample of 94 students and 26 project teams (fewer for some variables) makes detecting small and even medium-sized effects difficult. These various limitations imply the need for additional research.

Additional research

Additional research should address the abovementioned limitations. Studies with large sample sizes, longitudinal designs, experimental controls, and organizational settings all potentially add to the knowledge of these important constructs. Further, a more considered theoretical development of the relationship between LE and POJ should be undertaken. The negative relationship revealed here deserves special attention and opens avenues for future research. Teams that are put together on an ad-hoc basis and evaluated as a group, rather than individually, could observe the same phenomenon seen in this study. Future research might explore a direct comparison with appointed leadership and its effect on organizational justice. For example, do team leaders in appointed leader situations experience the same sense of unfairness we observed in the emergent leader contexts? We invite behavioral researchers to join the debate.

Conclusion

This study examined the relationship between EI, LE, and POJ in 26 project teams. We proposed a model that demonstrated an incremental role for SOAM EI in predicting LE over and above the predictive effect of personality, cognitive ability, and gender. Further, the model presented a relationship between LE and POJ outcomes in work groups. Our findings support a positive relationship between EI and LE after controlling for known covariates. Contrary to our hypotheses, we found a negative relationship between LE and POJ, and an explanation and potential future research agenda were offered.

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APPENDIX A: TABLE 1

Descriptive Statistics, Reliabilities, and Pairwise Correlations

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Extroversion	30.92	6.19	(.72)											
2. Agreeableness	36.81	5.58	.21 [†]	(.70)										
3. Conscientiousness	34.95	5.54	.02	.26 [*]	(.68)									
4. Neuroticism	28.89	6.70	.19 [†]	.04	.24 ^{**}	(.77)								
5. Openness	35.34	5.44	.28 [*]	.34 [*]	.18 [†]	.17	(.72)							
6. GPA	3.05	0.72	.06	.03	.40 ^{**}	.03	-.06							
7. Gender	1.58	0.52	.11	-.20 [†]	-.19 [†]	.13	.11	-.23 [*]						
8. DANVA	32.59	5.69	.14	.17	.07	-.03	-.12	.17	-.17					
9. LEAS	63.34	20.22	-.05	.07	.11	-.13	.04	.22 [*]	-.06	.16				
10. WLEIS	87.78	15.15	.10	.17	.12	.11	.23 [*]	.01	.24 [*]	-.06	.07	(.89)		
11. LE	-1.10	5.95	.02	.09	.19 [†]	.02	-.09	.32 ^{**}	.01	.28 ^{**}	.20 [†]	.14	(.97)	
12. POJ	-3.69	8.72	0.15	-.04	.12	-.07	.33 [*]	-.14	.03	-.05	-.09	.06	-.26 [*]	(.77)

Completed for all participants, N = 94. Missing values dropped pairwise. Internal reliability coefficients (alpha) are listed along the diagonal. Gender was coded: 1=Female, 2=Male. GPA values are between 0 and 4.

[†]: significant result at $p<.10$, ^{*}: significant result at $p<0.05$, ^{**}: significant result at $p<0.01$.

APPENDIX B: TABLE 2

The Weights of Structural Equations of Hypotheses

	H1	H2a	H2b	H2c	H3	H4 no controls	H4 with controls
EI	.25*	.21*	.21*	.26*		.27*	.26*
LEAS	.05	.04 [†]					
LE					-.33*	-.41**	-.33*
Controls:							
Extroversion		.02	-.01	-.03	.26 [†]		-.03
Agreeableness		.05	.07	.09	-.44*		.09
Conscientiousness		.20 [†]	.11	.15	.36*		.15
Neuroticism		.01	.01	.00	-.13		0.00
Openness		-.14	-.11	-.13	.39*		-.13
GPA			1.85*	2.17*	-1.87		2.17*
Gender				1.17 [†]	.37		1.17 [†]

N = 94. Missing values dropped pairwise. [†]: significant result at $p < .10$, *: significant result at $p < 0.05$, **: significant result at $p < 0.01$.

IMPROVISATION AS AN ADAPTIVE RESPONSE TO CRISES: THE EXPLANATORY ROLE OF EMOTIONS

Ana Câmara, Oklahoma State University, ana.camara@okstate.edu
Oleg Petrenko, Texas Tech University, oleg.petrenko@ttu.edu

ABSTRACT

Drawing on appraisal theory, this study proposes that crises serve as organizational events that prompt emotional responses that might explain the use of improvisation. The proposed theoretical model suggests that fear and anxiety mediate the relationship between crises and the use of improvisation as an adaptive response to crises. Trait positive affect may strengthen this relationship, since individuals high in this trait might manage their emotions in a way that will lead to higher improvisation levels with impact on job performance. The relationship between improvisation and performance is moderated by organizational commitment, as individuals protect the structures threatened by crises.

ORGANIZATIONAL CRISES AND IMPROVISATION

Management scholarship has been increasingly aware of the importance of finding effective ways to deal with unexpected situations in organizations, in particular crises. In a world in constant change, people are frequently bombarded with news about crises and the major upheavals they cause. This situation was very salient for organizations in 2008 when the infamous credit crisis created a breakdown in the functioning of the economy that led to a widespread collapse of plans and a forced rethinking on how to cope with unforeseen and unexpected events. One way to deal with the failure of a plan is improvisation. Improvisation is described as “the spontaneous and creative process of attempting to achieve an objective in a new way” (Vera & Crossan, 2004: 733) or a “deviation from existing practice and knowledge, occurring in organizations in problem circumstances” (Chelariu, Johnston, & Young, 2002: 141). Weick (1998) emphasizes that improvisation deals with the unforeseen, ignoring prior stipulations and managing the unexpected. No wonder, then, that the literature in improvisation seems to be gaining momentum in both theoretical and empirical research. However, little has been said so far about the emotional dimension of the process that leads to improvisation. In a crisis, the first driver in the response to the critical situation is expected to be the emotional reaction. That emotional reaction is likely to prompt adaptive behaviors such as improvisation. In other words, the emotional reaction to a crisis can lead to improvisation as a way to manage the unexpected situation.

Organizations’ emphasis on order and control can put them at risk when challenged by unexpected events that arise from the external environment or the breakdown of internal structures and processes (Weick, 1993). Then, if improvisation emerges as a way of dealing with that interruption of normality, it is important to understand the factors that represent the disruption of normality and subsequent processes that then explain the use of improvisation. In sum, as Bechky and Ohkuysen state, it is important to analyze “the processes that enable individuals to respond to surprises and continue their work” (2011: 240).

Past research in improvisation has examined this concept from multiple perspectives. Theoretical studies investigated the relationship between improvisation and uncertainty (Crossan, Lane, White, & Djurfelt, 1995; Cunha, Cunha, & Kamoche, 1999), used improvisational jazz and theater performance as metaphors for the construct (Vera & Crossan, 1993; Weick, 1998; Kamoche & Cunha, 2001, 2003), and assessed its consequences in organizational learning and memory (Weick 1993, 2001; Miner, Bassoff & Moorman, 2001; Moorman & Miner, 1998b). Empirical work found that improvisation is often used in the areas of new product development (Moorman & Miner, 1998a; Miner et al., 2001) and product innovation (Brown & Eisenhardt, 1997), as well as in environments characterized by fast technological change (Eisenhardt & Tabrizi, 1995; Orlikowski, 1996), in restructuring processes (Bergh & Lim, 2006), and in the entrepreneurial context (Baker, Miner, & Eesley, 2003). However, to our knowledge, extant research has not examined emotional processes that emerge from crises and then prompt the use of improvisation as a response to such crises.

The study of emotions in organizational life, in particular how emotions influence individual behavior and its outcomes (Weiss & Cropanzano, 1996; Wharton & Erickson, 1993; Brief & Weiss, 2002; Kish-Gephart, Detert, Treviño, & Edmondson, 2009), offers an appropriate framework to investigate the antecedents of improvisation. To understand what kind of emotions are involved in the event of a crisis will lead to a better understanding of the actions that are then associated with those emotions (Colquitt et al., 2013). Appraisal theories suggest that first reactions are activated by events that upset the relationship between individuals and the environment (Lazarus, 1991; Weiss & Cropanzano, 1996; Colquitt et al., 2013). Lazarus (1991) establishes fear and anxiety as emotions that result from threats to individuals' values and responses to uncertainty (Rodell & Judge, 2009, Lazarus & Folkman, 1984). In the context of improvisation, it makes sense that in a situation of crisis, where the level of uncertainty is high, individuals are inclined to experience fear and anxiety. In this paper, we argue that fear and anxiety will prompt individuals to seek out novel solutions and mobilize their resources to protect and reconstruct the pre-existent structures (Hankiss, 2001) by improvising. Also, we propose in our model that the link between fear and anxiety and improvisation will be moderated by trait positive affect because this trait has been found to influence decision making in general (Isen, 1993, 2000, 2002, 2003), decision making in the context of organizations (Staw & Barsade, 1993), creativity (Isen, 2000, 2002), and flexibility in problem solving (Isen, 2002; Baron, 2008), which can reinforce the role of emotions in the improvisational process.

Improvisation might not be the sole response to a crisis. In some individuals, crises that result in fear or anxiety will lead to inertia or withdrawal (Kish-Gephart et al., 2009). However, we are interested in examining constructive responses to crises and resulting emotions, such that when faced with the unknown, individuals will try to overcome their emotions and make sense of the situation, using their knowledge, experience, and/or skills to improvise (Ravetz, Douglas, & Coessens, 2012). In the organizational context, the need to assure firms' survival, continuity in operations and performance will most likely precipitate an improvisational action. Therefore, the study of the emotions that trigger improvisation may unravel important lessons for organizations.

In what follows, we start by defining improvisation in the organizational context. Second, we examine fear and anxiety as reactions to crises that then explain the resort to improvisation. We then argue that trait positive affect strengthens the relationship between fear and anxiety and improvisation because trait positive affect has been found to lead to creativity and flexibility in

decision-making and problem solving (Isen, 1993, 2000, 2002; Baron, 2008). The model also suggests that improvisation will then to job performance as individuals try to preserve the organizational structure affected by the crisis. It is likely that this relationship will be moderated by organizational commitment.

Figure: 1

THEORY AND PROPOSITIONS

Organizations are sensitive to the environment and co-evolve with that environment (Cunha & Cunha, 2006). This dynamic relationship between the organization and the environment calls for organizational flexibility and the need to adapt to the new circumstances. Therefore, organizations respond to both small and incremental changes in the environment and more radical ones that are brought on by catastrophic events or crises (Vera & Rodriguez-Lopez, 2007). Crisis is defined as a situation that threatens the functioning, the objectives, and the values of an organization (Adrot & Garreau, 2010; Weick, 2001) and that calls for a creative recombination of existing knowledge and practice (Bergh & Lim, 2008). When crises happen in the life of organizations, the linear process upon which they base their operations, “design-precedes-execution” (Baker et al., 2003), is interrupted and may collapse. An adaptive behavior used by organizations is improvisation. In critical situations, improvisation allows the organization to keep on going, making things work, and ultimately may lead to improve survival chances. Improvisation, defined as the convergence of composition and execution (Moorman & Miner, 1998a), pertains to fast and uncertain decisions (Brown & Eisenhardt, 1995; Moorman & Miner, 1998b) but also draws from experience and learned routines and knowledge (Weick, 1993). In an improvisational situation, experience and knowledge operate in close association with creativity and the need to come up with a quick response. Thus, improvisation has two

dimensions, the temporal dimension in which composition and execution converge (Akgün, Byrne, & Lynne, 2007, Moorman & Miner, 1998a) and the creative dimension in which a novel action leads to a solution (Weick, 1993).

The concept of improvisation has had extensive treatment in the management literature. Weick (1993) describes it as a source of organizational resilience. This author, using the Mann-Gulch fire disaster as the background of his study, claims that under pressure, individuals fall back to learned behaviors in order to come up with novel solutions. Establishing an important condition for the use of improvisation, Weick proposes that the development of skills in improvisation may prevent the collapse of role systems (1993). In this study, improvisation was successfully used at the individual level by the leader of the team who was able to come up with a novel solution, based on his previous training and knowledge. The lack of improvisation skills at team level, however, together with the absence of communication, coordination and team effort, led to the demise of the other firefighters. These outcomes are necessary for the understanding of improvisation as an adaptive action, that although is defined as a “just in time strategy” (Weick, 2001), is grounded mainly in developing knowledge, skills, an ability to react quickly, and trust in intuition (Bergh & Lim, 2008).

Antecedents of Improvisation: The Explanatory Role of Emotions

Organizations are collectives of individuals. These individuals are not just “hired hands”. They bring with them their heads and hearts with distinct values, interests, sentiments, and abilities (Scott & Davis, 2007). In critical situations, the environment is not only uncertain but emotionally charged (Adrot & Garreau, 2010). Therefore, it is essential to understand what role emotions play in managing the uncertainty of the environment to produce fast and novel solutions. Appraisal theory (Folkman, Lazarus, Dunkel-Schetter, DeLongis, & Gruen, 1986; Lazarus, 1991) proposes that emotions are generated by relationships between people and environment that change over time and are dependent upon the circumstances of the moment. This theory is based on the premise that individuals are constantly appraising their relationship with the environment to define their level of wellbeing. There are three levels in the theory: the relational level, the motivational level, and the cognitive level. The relational level establishes that emotions are reactions to harms or benefits that derive from the relationship between person and environment. The motivational aspect pertains to the presence of a goal or stake in the situation that generates the emotion: the goal is what makes the encounter between person and environment relevant and congruent. At the cognitive level, the encounter with the environment is evaluated in terms of what it means for the individual. Appraising of different situations draws different emotions. Appraisal theory also suggests two types of appraisals. The primary appraisal refers to how individuals evaluate the importance of the situation (motivational relevance and congruence) to their life or wellbeing. Depending on how individuals evaluate the situation as congruent or incongruent with their goals, they will experience different emotions, positive in the case of congruence and negative in case of incongruence. In his work, Lazarus enumerates fear and anxiety as negative emotions that result from harm, losses, and threats (Lazarus, 1991). In this case, situations that involve threats are perceived by the individuals as incongruent with their goals and therefore generate negative emotions, such as fear or anxiety. The secondary appraisal has to do with the coping mechanism and future expectations. Options for coping consist of blame or credit for the situation and coping potential, which translates into the possibility of

influencing the relationship between person and environment in a positive way. Future expectations refer to the individuals' belief on whether the situation can be favorably changed.

It is reasonable that a crisis will be perceived as a threat to those involved in the organization and will generate emotions of fear and anxiety. Fear is an evolutionary-based emotion that developed as a protection against threat to survival and encourages a number of adaptive behaviors such as avoidance or withdrawal (Ohman, 2000; Kish-Gephart et al., 2009). In general, fear can lead to inertia, withdrawal from the threatening situation and to narrowing of perceptual and cognitive focus that results in pessimistic judgments (Kish-Gephart et al., 2009). However, if the situation is urgent but not life threatening, fear could lead instead to a need to evaluate the situation and determine the best course of action. In a crisis, fear is likely to trigger a response to protect against the perceived cause of organizational destruction and lack of order. A crisis and the disruption it brings signal danger and mobilize the individual to protect against the loss of income, security, and even self-esteem. Therefore, a critical event is likely to prompt people to mobilize whatever skills and resources they possess to defend the existing protective structures of security and dignity (Hankiss, 2001; Kish-Gephart et al., 2009).

Similarly, individuals may experience anxiety in response to crises. Anxiety, as an "evolved defense system that has served through eons of time to protect organisms from survival threats" (Ohman, 2000; Baruch & Lambert, 2006), is an anticipatory emotion that derives from threats, actual and potential, to individuals' values (Lazarus, 1991; Rodell & Judge, 2009). It is usual for individuals to suffer from anxiety in periods of organizational change that brings sharp transitions and sometimes, chaos (Baruch & Lambert, 2006). Within the appraisal literature, the Lazarus and Folkman model (1984) proposes that anxiety is influenced by the appraisal between the environment and internal processes such as learnt belief systems (Rodell & Judge, 2009). These systems define whether the individual perceives stressors as threats or benign experiences. The coping strategies that constitute secondary appraisal will be initiated and may be perceived as successful based in past experiences (Rodell & Judge, 2009). In sum, negative emotions, such as fear and anxiety, have a high adaptive value as they enable individuals to narrow thought-action repertoires in life-threatening situations and efficiently come up with solutions to the problems created by crises (Fredrickson, 2003).

In a crisis, potential harm, losses and threats will condition the emotional response of individuals, such that they will experience heightened levels of fear and anxiety. If a crisis occurs, the previous organizational order is interrupted and the level of uncertainty becomes much higher. The plan and the routines on which organizational life relies may no longer be useful because they cannot offer solutions for the problem. In the words of Moorman and Miner, if "exogenous shocks or demands come along more rapidly than an organization can anticipate, (...) organizations (...) respond to such situations by improvising rather than not responding" (1998a: 5). Improvisation is the convergence of composition and execution, so that the two actions occur simultaneously (Moorman & Miner, 1998a). These authors suggest that the narrower the temporal gap between composition and execution, the more improvisational the response will be. Overall, improvisation is a departure from routines and planned activities that occur when organizations face sudden and unexpected situations.

The uncertainty surrounding the future of the organization means that jobs and security are at stake. For the majority of people, a job is the source of livelihood and it translates into security for them and their families. It is also a source of self-esteem and pride. Any threat to that situation, as occurs with crises, will generate fear and anxiety. These emotions are then likely to

precipitate improvisation as a fast response to uncertain and critical events (Brown & Eisenhardt, 1995; Moorman & Miner, 1998b; Vera & Crossan, 2005).

Thus, we propose:

Proposition 1: Organizational crises are positively related to improvisation.

Proposition 2: Emotions of (a) fear and (b) anxiety mediate the relationship between organizational crises and improvisation.

The Moderating Effect Of Trait Positive Affect

In the previous section, we examined how emotions are prompted by events like a crisis, which then leads to improvisation. However, emotions are not always state-like, arising from specific events. Emotions are also naturally occurring traits that predispose some to be naturally happy, joyful or optimistic and others to be sad, angry or pessimistic. These more stable emotions are likely to have an impact on how individuals react to events that give rise to emotional states, which then effect subsequent reactions.

The literature on how trait impacts the cognitive process is important to understand how individuals facing a crisis decide on which course of action to take. In particular, it is important to examine which dispositional traits might influence the decision to improvise. Improvisation is a behavior based in flexibility, because it is an adaptive response, and in creativity, because it leads to a novel solution. Therefore, it seems intuitive that some individual predispositions can moderate the link between the emotions provoked by the crisis and the decision to improvise.

Research on the impact of affect on cognition is extensive (for a review, see Cacioppo & Gardner, 1999; Niedenthal & Brauer, 2012). In particular, positive affect has been found to influence decision-making and problem solving (Baron, 2008; Isen, 1993, 2000, 2002, 2003). Isen (2002) found that not only does positive affect enhance problem solving, as it also promotes the ability to consider multiple factors simultaneously when dealing with a situation (Isen, 2002). Her experiments found that positive affect encourages flexible and adaptive thinking that leads to innovation and creativity in many situations (Isen, 2002). She and her colleagues were able to show that individuals in the positive affect condition were less likely to distort or ignore information in their decision making process (Estrada, Isen, & Young, 1997). The author concluded that these individuals were “‘open-minded’, unbiased, responsive to input and requirements of the situation” (Isen, 2002: 58). Her research also found that positive affect leads people to help others, unless the task dissipates the individual’s positive affective state (Isen & Simmonds, 1978) or is viewed as an undesirable “cause” in the eyes of that individual (Forest, Clark, Mills, & Isen, 1979). In other studies, individuals with positive affect showed more aptitude to retrieve positive memories than individuals with negative affective states (Isen, Shalke, Clark, & Karp, 1978). Particular relevant for our research, Isen and colleagues found that in risky situations, individuals with positive affect were able to more realistically measure the potential danger of the situation and to better protect themselves (Isen, Nygren, & Ashby, 1988).

It seems, therefore, that positive affect can be quite beneficial in improving the decision-making processes. Some of the work cited above refers to positive affect-state as these experiments were conducted in conditions that were elicited by positive stimuli. Dispositional affect is considered a long-term and stable variable as opposed to emotions that are more intense and constitute short-term affective responses to environment stimuli (Barsade, 2002). Although positive affect as a state and as a disposition (or trait) has different sources, research indicates that they produce the same outcome in most situations (Baron, 2008). Fredrickson found a reinforcing effect between

positive affect and broadened thinking such that people who feel positive emotions are “lifted on an ‘upward spiral’ of continued growth and thriving” (2003: 335). In studies conducted by this author to assess resilience and optimism, it was found that people who had been identified as optimistic and resilient before 9/11 were less depressed after this event and, alongside with negative feelings, felt positive emotions such as gratitude associated with learning important lessons from the crisis (Fredrickson, 2003). Other studies found that trait optimism was linked to better stress coping strategies such as being more focused on problems, seeking social support and putting emphasis on positive aspects of stress (Scheier, Weintraub, & Carver, 1986; Staw & Barsade, 1993). In a different context, Staw and Barsade (1993) found that trait positive affect led to better managerial decision-making, leadership, and potential ratings in an assessment center (Staw & Barsade, 1993; Barsade, 2002).

Based on extant literature, we propose that people high in trait positive affect will respond to fear and anxiety in response to crises in a more constructive manner, such that these people will manage their emotions more effectively and hence will improvise at greater levels. Because improvisation is a special case of intra-organizational innovation (Morman & Miner, 1998a), and innovation implies flexibility - the ability to apprehend changes in the environment and adapt to them through creative and generative thinking (Marren, 2008) - then, it makes sense that those high in trait dispositional affect will manage negative emotions more effectively, transferring their emotional state into adaptive problem solving through improvisation.

Thus, we propose:

Proposition 3a: The relationship between fear and improvisation is moderated by trait positive affect, such that positive affect strengthens the relationship,

Proposition 3b: The relationship between anxiety and improvisation is moderated by trait positive affect, such that positive affect strengthens the relationship.

Improvisation And Its Outcomes

It is likely that in critical situations emotions that prompt improvisational actions will impact job performance. Also, it is plausible that organizational commitment will strengthen this relationship. Affective events theory (Weiss & Cropanzano, 1996) predicts that employees react to events in the work environment emotionally and that those emotions impact job performance, organizational commitment and job satisfaction. Negative events, such as harsh supervisors' evaluations or abusive supervisor's behavior, cause negative moods in employees and may lead to withdrawal or absenteeism (Meyer, Stanley, Herscovitch, & Topolnysky, 2002). Organizational commitment has been found to moderate the relationship between mood and decision to quit such that employees with higher levels of organizational commitment are willing to endure less favorable environments in order to stay with the organization (Meyer et al., 2002). Organizational commitment means that dedicated employees not only support the organization but also experience more positive affect at work (Herrbach, 2006). This type of commitment also leads individuals to persist in a course of action even when facing obstacles and conflicting motives (Herrbach, 2006). Additionally, literature on organizational commitment found that individuals maintain their efforts towards a group when they fear the possibility of collective loss (Ellemers, De Gilder, & Haslam, 2004).

A crisis is a negative event caused by factors extraneous to the organization and affects all individuals in the organization. It is predictable that this negative event will create cohesion and higher commitment in the organization ranks. This higher level of cohesion and commitment will positively impact job performance. Employees will experience a crisis as a threat to their jobs

and livelihood, as well as to that of their co-workers and employers. Therefore, a crisis will be perceived by these individuals as a challenge, a reason to protect themselves and the “status quo” of the organization. In this situation, they may feel that higher values are at stake and consequently they will feel higher levels of commitment towards the company. A parallel can be drawn with a country that is attacked by enemy forces. For instance, after 9/11, army recruiters reported a surge on people wanting to join the armed forces citing as their only motive to defend America (Daniel, 2011). Indeed, levels of patriotism are known to be higher in war times. Research in group-based emotions, which are “emotions felt by an individual on behalf of a group of which he or she is a member and due to his or her identification with this group” (Niedenthal & Brauer, 2012: 269), show that individuals experience stronger emotions the higher their sense of belonging to the group and that threats have predictable results on those emotions (Niedenthal & Brauer, 2002; Smith et al, 2007). Although obtained in different contexts, these results seem to indicate that, under the threat of a crisis, individuals will unite to overcome the external threat and guarantee the survival of the organization.

For the purpose of this research and in alignment with these findings, we propose that individuals in an organization, when confronted with a crisis and the threat of disruption of organizational life, will try to overcome this situation by coming up with actions different than usual that offer a solution to that challenge. As mentioned before, improvisation is an adaptive behavior in response to a crisis, a source of resilience and a way of assuring that things will go on. In other words, individuals will improvise with the purpose of assuring the continuity of operations. The adoption of improvisational actions, strengthened by organizational commitment, will positively impact job performance. Therefore,

Proposition 4: In organizational crises, there is a positive relationship between improvisation and job performance.

Proposition 5: In organizational crises, the relationship between improvisation and job performance is moderated by organizational commitment, such that organizational commitment strengthens the relationship.

DISCUSSION

This research speaks to the importance of understanding the process that leads to individual improvisation. In the previous sections we draw on literature on improvisation and emotions to propose a theoretical model that incorporates environmental and emotional antecedents of improvisation. Specifically, this model examines how an environmental change such as a crisis can precipitate emotions of fear and anxiety that will lead to improvisation. It also examines the moderating effect of trait positive affect in the relationship between fear and anxiety and improvisation. Finally, it proposes that improvisation will positively affect job performance and that organizational commitment will strengthen this relationship.

This study contributes theoretically to the literature on improvisation by highlighting the importance of emotions in the process that leads to improvisation. So far, most studies in this area have focused on the cognitive aspects of improvisation. To mention a few, Miner et al. (2001) suggested that improvisation leads to the solution of problems and recognition of opportunities under time pressure in new product development; Weick (1993) presents improvisation as a way to deal with environmental problems such as resource constraints using previous knowledge and skills; Moorman and Miner (1998a) offer an insight on how marketing research and consumer awareness competencies can lead to a re-combination of knowledge and skills to improvise new strategies as a response to unexpected changes in consumer behavior. However, the emotional dimension of improvisation has so far been neglected. There have been

calls in the previous literature to look at the importance of emotions in improvisation. Akgün et al. (2007) in their research on team improvisation, point that there are benefits for team managers in expanding the emotional capabilities of teams involved in improvisation, stressing that the team's ability to acknowledge, recognize, monitor and discriminate environmental changes that prompt improvisation should be supported by attention to team members' emotions. The same authors stress the importance of examining antecedents to improvisation such as team stressors including feelings of crisis and anxiety. It is our purpose with the present research to start a conversation about this need to understand the emotional dimension of the process that leads to improvisation in crises.

Additionally and in line with our previous contribution, we aim to expand the study of antecedents to improvisation. In the present research, we hope to offer an insight of the specific conditions that lead to improvisation when precipitated by environmental changes like crises that trigger emotions of fear and anxiety. The management literature establishes that conditions for improvisation are uncertainty, complexity, and environmental dynamism (Moorman & Miner, 1998a; Miner et al., 2001; Chelariu et al., 2002). These are the same conditions that are salient in periods of crisis. In this research we focus not only in the crisis but also on the emotions that the crisis elicits as antecedents of improvisation. However, improvisation can also be caused by organization mismanagement or by a decision to incorporate improvisation in the strategic repertoire of organizational competencies (Moorman & Miner, 1998a).

Finally, we offer a theoretical contribution to the development of research on the role of individual improvisation. Literature in this area suggests that a deeper understanding of individual improvisation can lead to a successful development of improvisation at other levels, such as team and strategic/organizational (Moorman & Miner, 1998a). Authors establish that collective improvisation builds on and incorporates individual improvisation and that an individual's behavior can spark improvisational collective activities (Moorman & Miner, 1998a). Additionally, studies found that leaders' improvisational behaviors played a crucial role in the acceleration of the new product development process (Eisenhardt & Tabrizi, 1995; Moorman & Miner, 1998b). Our contribution expands on these ideas by looking at the emotional process that leads to individual improvisation. The understanding of individual coping mechanisms in conditions of uncertainty, complexity, and dynamism can provide clues on how individuals can become faster, more creative, and more collaborative in crises and this can lead to important outcomes for the organization.

Planning is accepted as the general rule in the organization. However, managers need to be sensitive to changes in the environment that might imply a re-evaluation of plans and the creation of responses to those changes. Although inactivity is possible, improvisation emerges as a way to address those changes in a quick and suitable way (Miner et al., 2002). In practice, for managers involved in changes provoked by crises, understanding the "emotional side" of the crisis can prepare them to effectively deal with the human problems that result from the crisis. Managers can create an environment conducive to emotional alertness and preparedness to situations of change and turmoil, particularly in industries where the environment is more dynamic. In such environments, managers will not only be able to deal with the fear and anxiety created by the crisis but also direct those emotions to positive and constructive behaviors such as improvisation. Moorman & Miner insightfully state that, "improvisation might be not only what organizations do practice but also what they should practice to flourish" (1998a: 16). Also, this research proposes that trait positive affect can moderate the relationship between emotions such as fear and anxiety and improvisation. Practically, managers in industries and/or environments

subject to more dynamism and uncertainty can look for employees with this trait in the process of selection or recruitment for their organizations. Overall, managers and organizations in general need to be more aware of environmental cues to change leading to crises and to the emotional needs of those involved in the process of responding to those crises.

Limitations and Future Research

This research has limitations. First, we proposed that crises activate fear and anxiety. In line with appraisal theory (Lazarus, 1991; Lazarus & Folkman, 1984), negative emotions like fear and anxiety arise from unexpected and unforeseen changes in the environment that are perceived as threats or negative events. However, organizational crises may prompt other emotional and cognitive responses, including perceptions of challenge, determination, bewilderment and confusion, upset, distress, tension or agitation (Lazarus, 1991). Future research should consider these alternative mechanisms that could explain the relationship between crises and subsequent behavioral reactions.

Other moderators of the relationship between fear and anxiety and improvisation could be personality traits. Individuals react in their own way to crises and these different responses might be moderated by different personality traits. For instance, openness to experience, characterized by creative thinking and use of imagination, intellectual curiosity and preference for variety, might result in a greater propensity to improvise in critical situations (Le Pine, Colquitt, & Erez, 2000). Studies have shown that extrovert individuals experience more positive affect and are more motivated and productive in independent and collaborative work (Bono & Judge, 2004). These individuals might be prone to improvise when the situation requires them to do so. Therefore, additional research on moderators could benefit the understanding of the process that leads to improvisation.

Also, in this research we did not look at other antecedents of improvisation besides crises. Nevertheless, as previously stated, improvisation might be caused by organizational mismanagement or a decision of purposely make improvisation a part of the organization strategy (Moorman & Miner, 1998a). These antecedents are bound to create emotional responses that might be investigated by future research. Finally, in this research it is suggested that the outcome of improvisation following a critical situation may be job performance. However, previous literature looked at the outcomes of improvisation and a number of questions remain unanswered, namely whether improvisation leads to good or bad results. Just like planning does not always guarantee performance, improvisation needs to be accepted as a skill or tool that not always leads to success (Vera & Crossan, 2004). However, some studies found that improvisation can produce value for organizations in certain conditions (Eisenhardt & Tabrizi, 1995; Moorman & Miner, 1998a, b). Moorman and Miner (1998a) propose that is important for organizations to understand the conditions in which improvisation is effective. In light of these arguments, we suggest that expanding the present research to include the other outcomes of improvisation such as, for instance, willingness to accept change, might offer important insights to organizations dealing with crisis.

CONCLUSION

Caccioppo and Gardner state, “Evolution favors the organism that can learn, represent, and access rapidly whether approach or withdrawal is adaptive when confronted by a stimulus” (1999: 200). As the environment in which organizations operate changes, unforeseen and unexpected events like crises are likely to shake the stability of organizational life. Organizations

need to be flexible and be able to adapt to the new order that derives from those crises. This implies putting in place routines and developing skills that help the organization cope with disruptions. Improvisation can be incorporated in the organization as a tool to deal with discontinuity. Therefore, to understand the antecedents of improvisation and its emotional dimensions might give an advantage to organizations that need to effectively and efficiently deal with crises and its consequences. In this research we offer a theoretical model that we believe can be expanded and empirically tested in future studies on improvisation.

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AN EXPLORATION OF CROSS-CULTURAL AND GENDER DIFFERENCES IN EAST ASIA, SOUTH ASIA AND SOUTHEAST ASIA

Ranjan George, Simpson University, rmjgeorge@gmail.com
Edward E. F. Murphy, Jr., Embry Riddle Aeronautical University, efmurphy@msn.com
Julia Teahen, Baker College, Julia@baker.edu
Regina A. Greenwood, Nova Southeastern University, rgreenwo@nova.edu
Sergio Madero, Tec de Monterrey, smadero@itesm.mx
Silvia Monserrat, Universidad Nacional del Centro, silviaines@lluna.org
Jaime Ruiz-Gutierrez, University of Los Andes jar@adm.uniandes.edu.co
Miguel Olivas-Lujan, Clarion University, molivas@clarion.edu
Neusa F. Santos, Pontificia Universidade Católica de São Paulo, admneusa@pucsp.br
Arnel Uy, De La Salle University, Philippines, uya@dlsu.edu.ph
Shaista Khilji, George Washington University, sekhilji@gwu.edu

ABSTRACT

We explored cross-cultural, gender-based similarities and differences in values and attitudes towards women in East Asia (Hong Kong), South Asian (India and Sri Lanka) and Southeast Asia (Singapore). Results indicated that women possess higher social (collectivistic) value orientations; males possess higher personal (individualistic) value orientations. Respondents in Hong Kong and Singapore possessed higher personal value orientations; those from India and Sri Lanka possessed higher social value orientations. Females were more egalitarian than men in their attitudes towards women. Respondents in India and Singapore possessed less egalitarian attitudes towards women as compared to respondents in Hong Kong and Sri Lanka.

INTRODUCTION

The countries in South Asia (Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan, Sri Lanka) have a population of 1.7 billion, representing 24 percent of the world's population (World Economic Forum, 2014). Estimates are that by 2045, 30 percent of the expected growth in the world's population is expected to come from the South Asian countries of India, Pakistan and Bangladesh and over 31 percent of that population is below the age of 14 (Khilji, 2012). The South Asian region as a whole is expected to continue to grow and become more vital to the global economy (Goldman Sachs, 2011; McKinsey & Company, 2012, 2013). Despite the importance of South Asia to the global economy, relevant research on gender-related cultural issues is scarce.

The World Economic Forum (2014) reports that “women make up half of the potential human capital available in any economy, and the efficient use of this talent pool is a key driver of competitiveness” (p. 1). For instance, the Global Gender Gap Report (2013) “confirms a correlation between gender equality and the level of competitiveness, GDP per capita and human development” (2013, p. 31). Their studies indicate that the most competitive countries are those that have been most successful at reducing the gender disparities between males and females in the workforce. However, companies are not using the talents of women who can help them compete in the global marketplace. For example, a 2012 McKinsey and Company survey of 1,500 senior managers of 744 exchange-listed companies in Asia found: only six percent of the

companies surveyed employed females on their executive committees; the return on equity for Asian companies with women on their executive committees averaged 22%; and the return on equity for Asian companies without women was 15% (Chu & Ramstad, 2012). Despite the importance of gender neutrality in the global marketplace, gender role attitudes follow women into the workforce and can lead to a glass ceiling. Catalyst (2014) Knowledge Center Report Women on Boards in Asia-Pacific, shows that women only make up 9.7% of boards of directors membership of companies in Thailand, 9.4% in Hong Kong, 8.1% in China, 7.8% in Malaysia, 7.3% in Singapore, 4.7% in India, 4.4% in Taiwan, 6.0% in Indonesia, 1.9% in South Korea and 1.1% in Japan. This suggests that many companies throughout the world, particularly in Asia, are not employing the valuable skills that women bring to the workforce, higher levels of management, and leadership in the public sector.

The purpose of this study is to explore similarities and differences in cultural and gender roles between developed and developing countries in Asia. The researchers use gross national income (GNI) data to indicate the degree of development of a country. Results of this study will help leaders understand culturally-based personal values of men and women as well as their attitudes toward women in order to develop policy, procedures, and programs to further integrate women into senior leadership positions.

National culture consists of three components: values, attitudes and behavior. Based on Rokeach's research, Connor and Becker's (1994, 2003) model indicates that within the cultural paradigm, values impact attitudes, attitudes impact behavior, and all three interact in the environment. While some studies have explored values throughout these sub-regions, this is one of the first studies to explore values and attitudes that lead to behaviors, in Asia. Such research findings are important as they are relatively unexplored constructs in these Asian sub-regions. Results will help managers and policy makers and other leaders understand the culturally-based personal values of males and females and their attitudes towards women in the region. This knowledge allows managers and leaders to develop policies, procedures and programs that will increase their countries' competitiveness by fully integrating women into leadership positions.

THEORY AND HYPOTHESES

Culture and Cultural Clusters

Research has shown that each country possesses a unique culture that consists of values, attitudes and behaviors (Rokeach, 1979; Hofstede, 1984). Kluckhohn (1951, p. 86) explained that culture or national culture "consists of historically derived traditional values that become patterned ways of thinking, feeling and reacting within human groups." House et. al. (2004) research on culture in 62 countries indicated that culture was socialized in each country, with citizens possessing unique values, attitudes and behavior that distinguished one society from another.

Based on early research by Kluckhohn (1951), Rokeach (1979) stated that culture has three components: values, attitudes and behaviors that can be used to explore similarities and differences across demographic variables, including sub-cultures, cultures and cultural clusters. Research has traced unique sub-cultures within countries, based on generations (Greenwood et al., 2012), religion (Khilji, Murphy, Greenwood & Mujtaba, 2014) or the gender-based roles assigned to males and females (Olivas-Lujan et al., 2009; Ruiz-Gutierrez et al., 2012).

Countries within a region or cultural cluster might be similar in their cultures, but at the country or sub-cultural level of analysis similarities and differences can exist within and across the clusters (Budhwar, 2004; Chhokar, Brodbeck, & House, 2007; Hofstede, 2001; Inglehart & Welzel, 2006). For example, Olivas-Lujan et al., (2009) found similarities and differences in Latin American values and attitudes towards women, but they had to move to the country and gender level of analysis in order to elucidate them. In other research investigating cultural clusters, Uy, Murphy and Greenwood (2010) explored the values of males and females in the east and west to find similarities and differences across the cultural clusters in the countries. The GLOBE's study of culture and leadership explored similarities and differences in the Anglo, Arabic, Germanic, Eastern European, Southern Asia, and Southeast Asian clusters or sub-regions (House et. al, 2004; Chhokar, et. al, 2007).

Studies by Budhwar (2004) and 20 other researchers explored similarities and differences in human resource management practices in the Asian-Pacific region, with a country level focus on three countries we are exploring (Hong Kong, India and Singapore). Inglehart and Welzel (2006) investigated modernization, cultural change and democracy in 80 societies, including two studies in our sample (China and India), and other Asian countries. Chhokar, Brodbeck and House (2007) explored culture and leadership in 25 societies throughout the world, including Hong Kong, India and Singapore. Finally, Hofstede (1984, 2001) investigated cultural similarities and difference in 80 societies, including Hong Kong, India and Singapore.

The 2014 World Economic Forum (WEF) divides Asia into sub-regions. We will investigate similarities and differences in values and attitudes towards women, in at least one country from each region. From the Eastern Asia sub-region (China, Hong Kong, Macao, South Korea, North Korea, Japan and Mongolia) we selected Hong Kong (high GNI). From the Southern Asian countries (Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan, Sri Lanka) we selected the countries of India (low GNI) and Sri Lanka (low GNI), and from the Southeast Asian countries (Brunei, Cambodia, Indonesia, Lao, Malaysia, Philippines, Singapore, Thailand, Timor-Leste, and Vietnam) we selected Singapore (high GNI) (World Economic Forum, 2014). This will allow us to explore regional or cultural cluster-level similarities and differences and gender-based similarities and differences across the regions and within the regions. In addition, we will be able to explore similarities and differences between working adults from two developed (Hong Kong and Singapore) and two developing (India and Sri Lanka) countries.

Values

Research has shown that the first component of culture is values. Hofstede (1984) explained that values are "broad tendency to prefer certain states of affairs over others...values are programmed early in our lives...and values determine our subjective definition of rationality" (p. 18). We base our study of values on the founding research of Milton Rokeach, who developed the Rokeach Value Survey to measure value similarities and differences across different demographic groups, including individuals, sub-cultures and cultures. The Rokeach Value Survey (1973) consists of 18 terminal values and 18 instrumental values that are ordered by respondents' level of importance. Terminal values are the end-state of existence values, or the most important goals in the lives of respondents. Instrumental values are the mode of conduct values, or the means respondents might use to obtain their terminal value goals (Rokeach, 1973).

Limthanakom, Lauffer, Mujtaba and Murphy (2008) explored gender-based differences between professional working adults in the US, Thailand and Singapore, finding gender-based differences for both terminal and instrumental values in all three countries. Mujtaba, Luk, Murphy and Saowakul (2009) used the Rokeach Value Survey (RVS) to investigate the convergence of divergence of values between working adults in Thailand, Hong Kong and Afghanistan.

Inglehart and Welzel (2006) found that as countries modernize, cultural change takes place and people adopt values needed for industrialized societies. The adopted values replace in importance some of the previously important security values that were needed when these countries were developing nations. Similarly, Chow's (2007) findings for Hong Kong as part of the GLOBE project, suggested that working adults in Hong Kong highly value their Confucian values of "(a) socialization within the family, (b) a tendency to help the group, (c) a sense of hierarchy and (d) a sense of complementary relations" (p. 913). In addition, "they also valued the Western traits such as creativity, aggressiveness and directness" (p. 913).

Li, Ngini and Teo (2008) similarly discovered the convergence of Eastern and Western values of working adults in Singapore as these respondents had a strong tradition of a "traders' mentality" as part of their cultural heritage, with a strong desire for freedom and independence combined with a family and group orientation. Chhokar's (2007) findings for India were similar to these other countries, except the family orientation was part of their Hindu religion and Indians possessed extremely high Power Distance and Performance Orientation. Indians accept distance between their societal, work-levels, upper management and other "castes in society," and they have less equalitarian gender role attitudes towards women in the workforce. On the other hand, the impact of industrialization is demonstrated by the larger than normal score in their attitudes towards performance, indicating that their entrance into the modern industrialized world is allowing them to slowly adopt some Western individualistic values.

Studies by Chandrakumara, Glynn, Gunathilake and Senevirathne (2010), Borker (2013), Kapoor, Hughes, Baldwin and Blue (2003) and Gupta, Surie, Javidan and Chhokar (2002) suggest that India will possess high levels of individualism and lower levels of collectivism as compared to Sri Lanka. As such, respondents from India, Hong Kong and Singapore will have high personal (individualism) and high moral (collectivism) value orientations and Sri Lanka will have high social (collectivism) and high moral (collectivism) value orientations.

Uy, Murphy and Greenwood (2010) investigated value orientations of males and females in the Eastern Asian countries (Japan, Philippines, and Thailand) as compared to Western countries (US, UK and Iceland). Their studies suggested that women possessed higher social value orientations as compared to males in all six countries, while the males in all six countries possessed higher personal value orientations. Their research results also specified that females more highly valued moral value orientations, while males more highly valued competence orientations. These studies suggested that developed countries will place higher priority on intrapersonal individualistic personal value orientations and developing countries will place higher priority on interpersonal collectivistic social value orientations. Based on these findings we developed the following research hypotheses:

H1. Women will possess higher social value orientations as compared to males.

- H2. Males will possess higher personal value orientations as compared to females.*
- H3. Respondents from Hong Kong and Singapore will possess higher personal value orientations (individualism) as compared to India and Sri Lanka.*
- H4. Respondents from India and Sri Lanka will possess higher social value orientations (collectivism) as compared to Hong Kong and Singapore.*
- H5. Respondents from Hong Kong, Singapore and India will be classified as having high personal and high moral value orientations and Sri Lankans will be classified as having high social and high moral value orientations.*

Attitudes towards Women in the Workforce

Men and women throughout the world are socialized from birth to possess different values that lead to differences in attitudes and subsequent behavior (Rokeach, 1973, 1979). For instance, Hofstede's (1984, 2001) research suggests that women place higher importance on social goals, such as relationships and helping others. Men place higher importance on achievement, ego, careers, money and other economic goals. Hofstede (2001, p. 281) explained, "Men, in short are supposed to be assertive, competitive and tough. Women are supposed to be more concerned with taking care of the home, the children, and people in general—to take the tender roles...different societies show different distributions of power between the genders." These attitudes lead to men dominating the power structures in the economy and in politics, creating a "glass ceiling or concrete ceiling" that keeps many women throughout the world in lower level management and political positions (Hofstede, 2001; Inglehart & Welzel, 2006).

Hofstede's (1984, 2001) studies revealed that, of the East, South and Southeast Asian countries in our study, Hong Kong had 18 for masculinity; India had 20 for masculinity; and Singapore had 28 for masculinity. Chow's (2008) study of Hong Kong found that working adults in Hong Kong possessed a moderate level of gender equalitarianism. In India, Chhokar (2008) related that Indian society is still male dominated, both in the home and in the workplace, despite having had a female prime minister. "Even when they work as professionals outside the home, responsibility for the housework and childrearing continue to rest almost solely with women" (Chow, 2008, p. 990). Li, Ngim and Teo's (2008) studies of Singapore indicate that gender equalitarianism is lower when compared to respondents from Hong Kong.

More recently, Borker (2013) used Hofstede's value survey module along with economic data to classify Sri Lanka. Borker found that Sri Lanka possessed a higher power distance scores of 80 compared to India's 77, lower individualism scores (35), than India (48), low masculinity/femininity score of 10 compared to India (56), higher uncertainty avoidance score of 45 compared to India's 40, and a lower long-term orientation score of 45 compared to India (61). Finally, a new category, Indulgence vs. Restraint showed that India possessed a low indulgence score of 26 as compared to Sri Lanka's 64, which was the highest score among the 11 countries studied. Studies by Chandrakumara, Glynn, Gunathilake and Senevirathne (2010), Borker (2013) and Kapoor, Hughes, Baldwin and Blue (2003) and Gupta, Surie, Javidan and Chhokar (2002) suggest that India and China and other South Asian and Asian countries will possess lower levels of gender equalitarianism as compared to Western countries. As Gupta et al. (2002, p. 20) explained concerning low gender equalitarianism in South Asia, "a woman typically grows up learning that her salvation lies in observing the commands of her father during childhood, of her husband and in-laws after marriage and of her children after they grow up."

In research exploring attitudes towards women in the workforce in the East, South and Southeast Asian countries: Ebrahimi (1999) investigated attitudes towards women in the workforce in Hong Kong; Bhatnagar and Rajadhyaksha (2001) studied the attitudes towards women's roles of dual-career couples in India; Ongen (2006) assessed attitudes towards women in Turkey; Khalid and Frieze (2004) looked at attitudes towards gender roles in Pakistan; Elsaid and Elsaid (2012) studied attitudes towards women as managers in Egypt as compared to the US; and Delevi and Bugay (2013) investigated attitudes towards women in Turkey. These studies suggest that women and men in these Asian countries possess traditionally low gender equalitarian attitudes towards women in the workforce as compared to Western countries. However, as in Western countries, these studies found that women were significantly more equalitarian in their attitudes towards women in the workforce as compared to men.

Uy, Murphy and Greenwood (2010) explored attitudes towards women and the impact of religion on those attitudes across 14 countries (East, West, Europe and Asia); results indicated that women possessed more equalitarian attitudes towards women in the workforce across the culture and that males and females in developing countries had less equalitarian attitudes towards women as compared to respondents from developed countries. Hofstede's (1984, 2001), Chhokar et al. (2007), Ruiz-Gutierrez et al. (2012), and Teahen, Greenwood and Murphy's (2014) studies also indicated that women world-wide have more equalitarian attitudes as compared to men and that males and females in developing countries possessed less equalitarian attitudes towards women as compared to respondents from developed countries.

Chow's (2007) study of Hong Kong, Chhokar's (2007) study of India, and Li, Ngim and Teo's (2007) study of Singapore indicated that respondents from Singapore possessed less equalitarian attitudes towards women in the workforce as compared to Hong Kong, China and Taiwan. Further, respondents from India possessed less equalitarian attitudes towards women as compared respondents from Singapore, Hong Kong, China and Taiwan. In summary, women across all the countries studied possessed more equalitarian attitudes towards women in the workforce than did men. These findings led to the development of the following hypotheses:

H6. Females will possess more equalitarian attitudes towards women as compared to males.

H7. Males and females in India and in Singapore will possess less equalitarian attitudes towards women as compared to males and females in Hong Kong, and Sri Lanka.

RESEARCH METHODOLOGY

Measures

We used two valid and reliable instruments that allowed us to make comparisons across the cultural clusters, countries and genders. The instruments were translated and back translated by native researchers in each country using standard procedures in cross-cultural research and the co-authors ensured that the survey procedures were standard and consistent across the countries/cultures (Harzing et al., 2005).

Rokeach value survey. We used the 1973 RVS because it is "the most commonly used instrument for the measurement of values (Kamakura & Novak, 1992; Connor & Becker, 2003; Khilji et al., 2014;). The RVS is easier to use and translate, it is shorter and proven highly reliable in cross-cultural research over the past 30 years (Connor & Becker, 2003, 2006). Rokeach (1973, 1979) reported test-retest reliability scores over a 14-month period for the RVS,

with a range of .51 to .88 for the terminal values and .45 to .74 for the instrumental values. Each set of values is rank ordered in importance from one (most important) to 18 (least important) as guiding principles in the respondents lives (Connor & Becker, 2003, 2006).

The RVS consists of 18 terminal and 18 instrumental values totaling 36 values. Demographic variables like country and gender can be analyzed across the values, leading to an enormous endeavor for analysis. In order to consolidate the values into more manageable parts for analysis, Rokeach (1973) created value orientations by classifying terminal values into those that emphasized inter-personal goals (social orientation; collectivism) and those that emphasized intra-personal goals (personal orientation; individualism). Instrumental values were classified into those which emphasized intra-personal behavior techniques (competence orientations; individualism) and those that emphasized inter-personal behavior techniques (moral orientations; collectivism). Grand means for each society/culture/sub-culture and for each gender are used in order to compare the results across variables and across the four sets of value orientations, instead of using all 36 values (Rokeach, 1973, 1979; Weber, 1990, 1993).

Attitudes towards women. The researchers investigated the attitudes towards women in the workforce using the Spence, Helmreich and Stapp (1973) attitudes towards women scale (AWS) 15-item short-form. The instrument uses a 4-point Likert scaled from 0 to 3, with a maximum total of 45 points. The higher the score, the more equalitarian the respondent is in their attitudes towards women in the workforce. The grand means are computed for each demographic variable to determine similarities or differences (cultural cluster, country, and gender in our study). The AWS short-form has shown its reliability in cross-cultural research with a reliability coefficient alfa of .89 and test-retest reliability of .86 in previous studies by Murphy et al. (2007) in the west (US and UK) as compared to an eastern country (Japan), Latin American countries (Olivas-Lujan et al., 2009), and in China, India, and the Philippines (Foss & Slaney, 1986; Chia et al., 1994; Tang & Tam, 2003; Agbayani-Siewert, 2004). The Cronbach's alpha reliability scores for the attitudes towards women short form for this sample were: .72 for Singapore, .77 for Hong Kong, .70 for Sri Lanka and .70 for India.

Gross national income (GNI). We used gross national income (GNI) per capita in US dollars data to indicate the degree of development of a country. GNI was chosen because "it has proved to be a useful and easily available indicator that is closely correlated with other, nonmonetary measures of the quality of life, such as life expectancy at birth, mortality rates of children, and enrollment rates in school (The World Bank, 2015, ¶1). GNI per capita is as follows: Singapore (\$54,040), Hong Kong (\$38,420), Sri Lanka (\$3,170) and India (\$1,570). Based on the GNI scores we classified Hong Kong and Singapore as developed countries and India and Sri Lanka as developing countries (World Economic Forum, 2014; World Bank, 2015).

Sample and Analyses

The research populations were convenience samples of working adults and working adult university students living in Hong Kong (23.72%), Singapore (36.73%), Sri Lanka (21.67%) and in Southern India (17.97%). The sample consisted of 1,391 individuals of which, 51.69% were men and 48.38% were women. (See Table 1) We explored the hypotheses at the country level of analysis and then explored the research results for similarities and differences across the cultures and genders. Non-parametric statistical analysis procedures like the Kruskal-Wallis ANOVA and

Kolmogorov-Smirnov independent sample t-test must be used to analyze the values because the RVS uses rank ordered data. Analysis of variance and the t-test were used to analyze the attitudes towards women scale. The level of significance for the hypotheses testing was $p < .05$, the standard level used in the majority of research studies in the social sciences (Chia et al., 1994; Foss & Slaney, 1986; Tang & Tam, 2003; Agbayani-Siewert, 2004).

RESEARCH RESULTS

As shown in Table 2, females across the samples possessed higher (smaller means; females = 9.79 versus males = 9.82) social terminal value orientations (interpersonal; collectivistic) as compared to males, allowing us to accept **H1**. For personal value orientations (intrapersonal; individualistic), males across the samples possessed higher (smaller means; males = 9.06 versus females = 9.15) personal value orientations as compared to females, allowing us to accept **H2**. Additionally, males placed higher importance on competence values (intra-personal, individualism) and females placed higher importance on moral values (inter-personal, collectivism). We accepted **H3** as respondents from Hong Kong and Singapore (means of 8.85 and 9.08) possessed higher personal value orientations (lower means) as compared to Sri Lanka and India (means of 9.56 and 9.14). Similarly, we accepted **H4** because respondents from India and Sri Lanka possessed higher social value orientations (9.39 and 9.64) as compared to Singapore and Hong Kong (10.10 and 9.85).

We accepted **H5** because, as hypothesized, respondents from Hong Kong, Singapore and India were classified as having high personal and high moral value orientations and Sri Lankans were classified as having high social and high moral value orientations. We predicted and found that females across the sample possessed higher or more equalitarian attitudes towards women than did males (female = 27.57; males = 24.22), allowing us to accept **H6** (Table 2). We accepted **H7**, because females and males in Singapore and India possessed lower equalitarian attitudes towards women scores (23.17 and 23.88) as compared to Hong Kong (29.84) and Sri Lanka (27.67) allowing us to accept **H7** (Tables 2 and 3).

DISCUSSION AND CONCLUSIONS

Value Orientations

The purpose of our study was to explore gender-based similarities and differences in the cultures of two developed countries (Hong Kong from the Eastern Asia sub-region and Singapore from the Southeast Asia sub-region) and two developing countries (India and Sri Lanka from the South Asia sub-region). We explored two components of culture: values and attitudes towards women in order to explore similarities and differences in culture.

In line with prior values research, Asian females as a combined group placed slightly higher importance on social and moral value orientations, which represent inter-personal and collectivist attitudes. On the other hand, Asian males as a combined group placed slightly higher importance of the personal and competence value orientations, which are intra-personal and individualistic. When we develop primary value orientations we are comparing each country's primary value orientations for each gender. This involves comparing each gender separately by examining the lowest mean scores for social or personal terminal values and moral or competence values. If the social value has a lower mean score than the personal value, that gender is classified as high in

social values. If the moral value has a lower mean score as compared to the competence values, that gender is classified as high in moral values.

Our findings indicated that when we compared males and females within a country for primary value orientation similarities, males and females in Hong Kong, Singapore and India were all classified as having primary personal (individualism) and moral (collectivism) value orientations. In contrast, the data indicated that Sri Lankan males possessed a primary value orientation of social (collectivism) and competence (individualism) value orientations and females were classified as possessing a primary value orientation of social (collectivism) and moral (collectivism) value orientation.

Our research extends Hofstede's (1984, 2001) research to males and females in Sri Lanka, and updates Hofstede's data with a recent sample in Hong Kong, Singapore and India. Hofstede's findings 20 years ago indicated that working adults in Hong Kong, Singapore and India were primarily collectivists and possessed lower levels of individualism. Our findings indicate that individualism in Hong Kong, Singapore and India has become more important as these countries industrialize and compete in the global marketplace. This also extends the research of Inglehart and Welzel (2006) who suggested that as countries industrialize, their values start to change from collective goals to more individualistic goals, which are needed for success in the global marketplace. For example, our research results suggest that working adults in Hong Kong and Singapore, both developed countries, placed higher importance on personal values orientations (individualism) as compared to the two developing countries of India and Sri Lanka, whose working adults placed higher importance on social value orientations (collectivism).

Our findings extend the research of Limthanakom et al. (2008) and Mujtaba et al. (2009) on individualism and collectivism also. Our study also confirms the work of Chandrakumara, Glynn, Gunathilake and Senevirathne (2010) whose research with the Hofstede value survey in Sri Lanka also suggested that Sri Lankans are still primarily collectivistic, but with high levels of individualism, among other findings. Our study validates a more recent study by Borker (2013), which also used the Hofstede value instrument and suggested that Sri Lanka was higher in collectivism and social values compared to India.

Attitudes towards Women in the Workforce

Our study of attitudes towards women in the workforce validates the results of Ebrahimi's (1999) study in Hong Kong; Bhatnagar and Rajadhyaksha's (2001) study in India; Ongen's (2006) study in Turkey; Khalid and Frieze's (2004) study in Pakistan; Elsaid and Elsaid's (2012) study in Egypt, and Delevi and Bugay's (2013) study in Turkey, which noted that both men and women in Asian countries, regardless of cultural cluster, possess very traditional and somewhat less equalitarian attitudes towards women in the workforce as compared to men and women in Western countries, European countries and Latin America. Our study suggests that females in Asia, regardless of cultural cluster, possess more equalitarian attitudes towards women in the workforce (27.57) as compared to men (24.22). When we compare our study to Olivas-Lujan et al.'s (2009) and Teahen et al.'s (2014) studies of attitudes towards women in the workforce (AWS) in four Latin American countries, we find that Latin American men's AWS scores averaged 29.43 and Latin American women averaged 30.87, much higher than findings for our Asian clusters. These findings reveal that males and females in Hong Kong, Singapore, India

and Sri Lanka possess less equalitarian attitudes towards women in the workforce as compared to men and women in Latin America.

Our research results also indicate that males and females in Singapore and India possessed much lower equalitarian attitudes towards women as compared to Hong Kong and Sri Lanka. These results seem to validate and extend Hofstede's (1984, 2001) studies of gender-based attitudes towards women in 53 countries, to Sri Lanka. Hofstede's study implied that males and females in Hong Kong had slightly more equalitarian attitudes towards women in the workforce. Chow's (2008) gender-based study of Hong Kong and Li et al. (2008) studies of gender in Hong Kong, China and Taiwan also pointed out that Hong Kong respondents would have higher gender equalitarian scores as compared to Singapore and India, with India having much lower scores. Our study reveals that respondents from Hong Kong have the highest attitudes towards women in the workforce scores (29.84), followed by Sri Lanka (27.67), India (23.88) and Singapore, which had the lowest gender equalitarian scores (23.17).

Implications, Limitations and Recommendations

What are the implications of our findings for managers and policy-makers? First, managers must understand the goal orientations of their employees. Females have more important social or collectivist goals throughout the world, especially in countries in South Asia where culturally-based obligations to care for their extended families prevail. Supervisors must provide women with time off or flexible work schedules so they can meet the needs of the organization as well as the needs of their families. Males throughout the world value more personal or individualistic goals and they do not feel the extended responsibilities that women have for their families. Even though most Asian countries are patriarchal societies, men also highly value and place high importance on social goals. Since males place only slightly less value on social goals as compared to females, they would also place high value on time off and flexible work schedules in order to allow them to meet family needs. These findings are especially true in Sri Lanka, where males and females more highly valued social collectivist goals over individual goals.

Managers, political leaders and marketers in the global marketplace must realize that for attitudes towards women in the workforce, males and females are much more traditional and less equalitarian in comparison to those in Western and Latin American countries. While political leaders have passed laws guaranteeing women equal treatment in the workplace, the culturally ingrained gender role expectations keep women from full equality at work and at home. As patriarchal societies, men and women still consider women to be responsible for home roles, with little help from men. As such, managers, political leaders, and marketers must understand these attitudes in order to properly lead organizations and market products in these countries.

The limitations of our study include: The convenience samples of working adults from the capitals of each country, unequal representation from individuals in different generations and marital status from each country, unequal representation of males and females and the variability of educational backgrounds included in the sample. In future, research samples from non-capital cities and most especially from lower economic ranks and a broader sample of equal numbers from each generation are needed.

More studies are needed to confirm these research findings using other populations in each country. For example, in India, a population with a broader range of educational levels is needed, and in Sri Lanka, comparisons to managers would enhance future research. Research extending out from capital cities to more rural parts of each country would be invaluable. More research in the developing countries in South Asia and the rest of Asia is needed as research in these countries, cultural clusters and sub-regions is in its infancy.

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TABLE 1: SURVEY SAMPLE DEMOGRAPHICS

	Sample	Singapore	Hong Kong	Sri Lanka	India
Sample Size	1391	511	330	300	250
Sex					
Male	719	294	140	108	177
Female	673	217	190	192	74

TABLE 2: VALUE ORIENTATIONS AND ATTITUDES TOWARDS WOMEN

Value Orientations							
	Males N=717	Females N=674	Singapore N=511	Hong Kong N=329	Sri Lanka N=300	India N=251	Sign
Social Values	9.82	9.79	10.10	9.85	9.39	9.64	***
Personal Values	9.06	9.15	8.85	9.08	9.56	9.14	***
Moral Values	9.33	9.21	9.10	9.35	9.37	9.41	***
Competence Values	9.57	9.70	9.80	9.60	9.54	9.45	***
Value Orientation Types							
	Primary Value Orientation			Secondary Value Orientation			
Males	High Personal + High Moral			High Personal + High Competence			
Females	High Personal + High Moral			High Personal + High Competence			
Singapore	High Personal + High Moral			High Personal + High Competence			
Hong Kong	High Personal + High Moral			High Personal + High Competence			
Sri Lanka	High Social + High Moral			High Social + High Competence			
India	High Personal + High Moral			High Personal + High Competence			
Attitudes Towards Women's Roles in Society							
	Males N=717	Females N=674	Singapore N=511	Hong Kong N=329	Sri Lanka N=300	India N=251	Sign
AWS	24.22	27.57	23.17	29.84	27.67	23.88	***

**TABLE 3: SEX/GENDER DIFFERENCES IN VALUE ORIENTATIONS
ATTITUDES TOWARDS WOMEN**

Value Orientations									
	Singapore		Hong Kong		Sri Lanka		India		
	Male N=294	Female N=217	Male N=140	Femal e N=190	Male N=108	Femal e N=192	Male N=177	Femal e N=74	Sign
Social Values	10.18	9.97	9.69	9.94	9.35	9.41	9.56	9.82	***
Personal Values	8.78	8.95	9.27	8.97	9.57	9.55	9.11	9.20	***
Moral Values	9.17	9.10	9.35	9.33	9.56	9.26	9.41	9.38	
Competence Values	9.73	9.90	9.63	9.61	9.36	9.64	9.43	9.50	***
Value Orientation Types									
Singapore Males	High Personal + High Moral			Singapore Females			High Personal + High Moral		
Hong Kong Males	High Personal + High Moral			Hong Kong Females			High Personal + High Moral		
Sri Lankan Males	High Social + High Compet			Sri Lankan Females			High Social + High Moral		
Indian Males	High Personal + High Moral			Indian Females			High Personal + High Moral		
Attitudes Towards Women's Roles in Society									
	Singapore		Hong Kong		Sri Lanka		India		
	Male N=294	Female N=217	Male N=140	Femal e N=190	Male N=108	Femal e N=192	Male N=177	Femal e N=74	Sign
AWS	22.31	24.27	27.46	31.55	27.16	27.95	23.01	25.95	***

THEORETICAL EXPLANATIONS FOR FACEBOOK USE AND POPULARITY

Rahul Chauhan, West Texas A&M University, rchauhan@wtamu.edu

Emily Hammer, West Texas A&M University, ehammer@wtamu.edu

ABSTRACT

Even after its infancy, Facebook has continued to defy the odds of continuous popularity. The product life cycle is in many ways defied by the continued success and increased usage of Facebook as a social networking website. In this paper, the authors explore how Facebook's use and popularity can be explained through managerial theory, specifically: social influence theory, uses and gratification theory, social presence theory, and individual differences theory.

INTRODUCTION

The Facebook social phenomenon, has exposed a significant and distinct lack of psychological theory explaining its use and popularity (Ryan & Xenos, 2011). According to Parsons (1938), empirical science cannot significantly be developed without reference to generalized conceptual schemes or theory. Indeed, empirical findings would have no conceptual relationship amongst each other without the presence of some bonding theoretical basis that links the findings together. With regard to the domain of social networking website (SNW) use, Messick (1995) emphasizes the importance of theory as a crucial component of content relevance and representativeness. Specifically, Messick (1995) defines domain theory as “scientific inquiry into the nature of the domain processes and the ways in which they combine to produce effects or outcomes” (p.6). Although there is no single theoretical explanation for the popular use of SNWs, there are a number of potential theories that can, at the very least, partially explain why individuals engage in Facebook use including social influence theory, uses and gratification theory, social presence theory, and individual differences theory .

Social influence theory suggests that changes in attitudes and actions are produced by social influence and may occur at three different levels (Kelman, 1958, Cheung et al., 2011). These three levels refer to the differences in the process that individuals undergo when accepting the influence (Kelman, 1958, Cheung et al., 2011). Specifically, individuals undergo a compliance phase, an internalization phase, and lastly an identification phase. Compliance thusly occurs when an individual perceives that a social actor (one who has the ability to reward the behavior or punish the non-behavior) desires for the individual to engage in a certain behavior (Venkatesh & Davis, 2000; Cheung et al., 2011). Internalization refers to “the adoption of common self-guides for meeting idealized goals shared with others” (Dholakia, Bagozzi, & Pearo, 2004; Cheung et al. 2011, pg. 1338). Lastly, identification occurs when an individual accepts the influence due to a desire to maintain a satisfying self-defining relationship with another individual or group (Kelman, 1958; Cheung et al., 2011).

The widespread use of Facebook can be partially explained by social influence theory. As it relates to Facebook, social influence theory explains that due to the large population actively using this website, it is likely that those who are not currently using Facebook will eventually begin using the site or alternative SNW mediums due to societal pressure. For example, an individual's coworkers may request that the individual join Facebook because several mutual

colleagues and friends have also joined the website. Despite a lack of internal motivation to begin using Facebook, the individual will still start using the website having undergone all three phases explained in social influence theory.

Modern alternative SNW websites that compete with Facebook include Snapchat which has anywhere from 100 million to 200 million users (Shontell, 2015), Instagram which has over 300 million users (Statista 2015), and Facebook which has reached nearly 400 million users (Statista, 2015). Although these alternatives to Facebook are certainly popular, they truly pale in comparison to the social networking giant as Facebook currently has nearly 1.5 billion users (Facebook Newsroom, 2015; Statista, 2015).

The uses and gratification theory is in sharp contrast of social influence theory. Unlike social influence theory, which emphasizes an externally motivating effect on the individual, the uses and gratification theory emphasizes internal motivation. Specifically, the uses and gratification theory is concerned with how individuals utilize media and consequently emphasizes the importance of the individual (Raacke & Bonds-Raacke, 2008). According to Cheung et al. (2011), this paradigm suggests that users are goal-directed in their behavior and are aware of their own personal needs. With regard to Facebook, this theory may imply that Facebook users utilize the free service as a means of obtaining some sort of goal such as an increasing their status, increasing their number of friends, improving the strength of their friendships, and increasing popularity amongst other possible goals. Furthermore, Facebook may satisfy some personal needs that the individual has such a sense of belonging or increased feelings of esteem. It is critical to once again note that under the uses and gratification theory, individuals are fully and consciously aware of their own personal needs.

The individual needs that are core to the uses and gratification theory may contribute to an understanding of how social presence theory relates to Facebook usage. Social presence theory emphasizes the importance of the presence of others in a virtual environment because it implies direct or indirect human contact (Gefen & Straub, 2004; Cheung et al., 2011). Indeed, individuals participating in a virtual SNW can perform communication in a manner that is related to face-to-face conversation (Cheung et al. 2011). Therefore, if an individual has a need for direct or indirect human contact in a manner similar to face-to-face communication and they are unable to do so in-person, then the uses and gratification theory and social presence theory can contribute to an understanding of this need with regard to Facebook use. Furthermore, previous research has concluded that media with higher social presence tends to be preferred as opposed to more ambiguous or undefined tasks (Straub & Karahanna, 1998, Cheung et al., 2011).

Social connectedness is yet another theory that can be related to the uses and gratification theory. Zwitter et al. (2011) found that participants perceive individuals with a high number of Facebook friends and who appear in their profile picture with friends as having high levels of social connectedness. Social connectedness has been defined as “the depth and of interpersonal relationships an individual entertains with other people” (pg. 571, Zwitter et al, 2011). According to Zwitter et al. (2011), social connectedness can be among the most fundamental of human needs as well as a significant element in self-articulation through SNWs. Therefore, if an individual is aware of their need for social connectedness under the uses and gratification theory, then they may turn to Facebook as a means of satisfying this need as long as alternative means are either

impractical, difficult, or simply not desired. It is important to note, however, that an excessively high number of Facebook friends resulted in participants viewing the target Facebook user as having lower levels of actual social connectedness (Zwier et al., 2011). Also important to note is that the contradicting findings may have been due to the fact that Facebook is a dynamic entity that is constantly changing or being improved upon. Specifically, the instantly messaging chat function was not available when Ross et al. (2009) conducted their study (Ryan & Xenos, 2011).

Individual differences theory lends support to all of the previously mentioned theories with regard to the type of individuals who are more likely to engage in Facebook use, specifically examining personality characteristics (Ryan & Xenos, 2011). Ross et al. (2009) found that individuals high on extraversion generally have more Facebook friends and individuals high on neuroticism generally tend to utilize writing on Walls. Recall that a Wall (within Facebook) is a generally public message board that a user's friends can post messages or links for anyone that has access to the wall to see (usually the Wall owner's Facebook friends). However, Ross et al. (2009) examined the use of Facebook as it relates to the Big Five personality factors and found that there is no significant predictive relationship between the Big Five personality factors and Facebook usage (Ross et al., 2009; Ryan & Xenos, 2011). The authors argued that the Big Five is too broad and that future research should examine more specific personality characteristics such as narcissism and shyness.

Ryan & Xenos (2011) conducted a study that found extraversion is indeed predictive of higher levels of Facebook usage, however, particularly with regard to utilization of the communicative features of Facebook such as instant messaging and writings on others' walls. These results contradict the findings of Ross et al. (2009) and provide support for the notion that extraverts utilize Facebook as a means of social extension (Tosun and Lajunen, 2010; Ryan & Xenos, 2011). Buffardi & Campbell (2008), Mehdizadeh (2010), and Ryan & Xenos (2011) found that individuals that are high on narcissism frequently engage in the use of Facebook due to the fact that Facebook allows for users to engage in superficial behaviors and self-promotion (Buffardi & Campbell, 2008; Mehdizadeh, 2010; Ryan & Xenos, 2011).

With regard to shyness, Orr et al. (2009) and Sheldon (2008) concluded that shy individuals spend a significantly larger amount of time on Facebook than individuals who are not shy (Ryan & Xenos, 2011). Indeed, Sheldon (2008) suggests that individuals with high levels of social anxiety may be more likely to engage in Facebook use as a means of reducing their feelings of loneliness. It also acts as a means to increase social capital without having to engage in face-to-face personal interactions with others (Ryan & Xenos, 2011). However, it is critical to note that previous research has not examined exactly how these shy individuals are allocating their time on Facebook. That is, instead of socially communicating with others, they may actually be engaging in non-social behavior such as browsing through other user's information and photographs rather than posting or participating in direct activities (Ryan & Xenos, 2011).

Ryan & Xenos (2011) found no significant relationship between shyness and the frequency of Facebook usage, however, suggesting that the research in this area is inconclusive and mixed. Ryan & Xenos (2011) suggest the differences in findings may be due to the fact that Orr et al. (2009) had an exclusively student sample whereas Ryan & Xenos (2011) had a sample of self-selected Australian internet users that was not exclusive to students.

Theory of Facebook Use

We propose that the large population of Facebook users utilize this free service for a variety of reasons beyond personality characteristics and societal needs including its convenience, accessibility, and universal appeal. Indeed, all of the previously mentioned theories were never designed to specifically explain Facebook use and popularity. Therefore, we suggest that there are several construct-relevant factors that have not been addressed in these theories directly related to Facebook.

One proposed reason that individuals use the free services that Facebook offers is because it is just that, free. Facebook allows its users to communicate with anyone that has internet access throughout the entire world through a variety of media such as photographs, videos, email-like personal messaging, public messaging on the wall, sharing of internet links to virtually anything, and recently even video chat without being charged a single cent. The benefit of free and infinite communication through a variety of media without any financial cost is a powerful benefit to any individual who may value the services that Facebook offers.

A second reason may be the fact that Facebook is a convenient service that is accessible through a variety of means. Individuals may access Facebook through their desktop computers, laptop computers, tablets such as an iPad, virtually most modern mobile phones, internet-equipped televisions, and entertainment consoles such as a PlayStation 4, Xbox One, or Wii U. Although the entire line of features that Facebook offers to its users is only available to individuals using desktop or laptop computers, the most utilized features of Facebook are generally accessible through any device that can access it. With regard to convenience, Facebook is one popular method for users to share photographs and videos with their Facebook friends (be it family, friends, or colleagues) without physically having to mail them or without the need to have their Facebook friends present in person.

Third, Facebook appeals to virtually all categories of individuals that are living in modern societies regardless of age, sex, race, and a variety of other individual differences. With regard to adolescents and young adults, Facebook primarily offers a means of entertainment beyond social interconnectedness. For middle-aged individuals, Facebook may provide a means of communicating or keeping in touch with friends, families, and colleagues through a central source (Facebook.com). For elderly individuals, Facebook may provide a means of viewing photographs and videos of their families in a convenient and easy-to-navigate manner.

Lastly, we propose that Facebook has become a social norm throughout most of the modern world. For example, Gonzalez (2011) reports that nearly half of Australia's population actively uses Facebook. In the United States, it is unlikely that any single individual living in an urban setting has neither heard of Facebook or known an individual to use the free service. With approximately 20% (and growing) of the entire world's population utilizing this free service, we propose that Facebook has evolved from a recent social phenomenon to a known social norm among individuals living in modern settings. That is, Facebook has become a commonly recognized service that is frequently utilized among the majority of society. Indeed, in 2011 Nielson (2011) reported that over 70 percent of active internet users visit SNWs and blogs and that Americans spend more time on Facebook than any other website. Modern reports have further shown that 70 percent of Facebook users visit the site daily and that 52 percent of online adults use two or more social media outlets (Pew Research, 2014).

Considering these factors We propose that one key component that partially explains why individuals engage in Facebook use is personality. Indeed, personality is a core characteristic that seems to predict the direction and level of strength that individuals are influenced by a desire for social connectedness, desire for social presence, and social influences. Extraversion, neuroticism, and narcissism are among the most important of these characteristics.

Integrating Personality and Theory

With regard to social influence theory, an individual's level of neuroticism may predict how likely they are to be influenced by the compliance, internalization, and identification phases of social influence theory (Ross et al., 2009). For example, if an individual's close friends, family, or colleagues request for them to join and actively utilize Facebook, they are likely to comply with certain self-guidelines that allow them to achieve a desire to maintain a satisfying self-defining relationship with another individual or group (Cheung et al., 2011; Kelman, 1958; Venkatesh & Davis, 2000; Dholakia, Bagozzi, & Pearo, 2004). In the same vein, neurotic individuals are likely to engage in more Facebook use when the majority of their surrounding society does so as well as a means of compliance, internalization, and identification; suggesting that social norm theory and social influence theory are related with regard to their influence on the amount of time that individuals spend on Facebook.

Extraversion may also be a significant predictor of how an individual is perceived with regard to their social connectedness as explained by social connectedness theory (Ryan & Xenos, 2011; Zwier, et al., 2011). Specifically, if individuals perceive a Facebook user's number of friends to be a function of their level of social connectedness, and extraverts have been found to have more Facebook friends (and in general) as well as spend more time on Facebook, then an individual's level of Extraversion is likely to influence the strength and direction of an individual's perceived, actual, and desired social connectedness (Ross et al., 2009; Ryan & Xenos, 2011; Zwier, et al., 2011). Similarly, extraversion is likely to influence how much emphasis individuals place on their virtual social presence. Since Facebook allows for communication with that allows for a higher social presence via photographs, videos, instant messaging chat, and video chat (currently in development), extraverts are more likely to prefer Facebook as a media for virtual communication due to it being related to face-to-face conversation and thus allowing for them to have a greater social presence (Cheung et al., 2011).

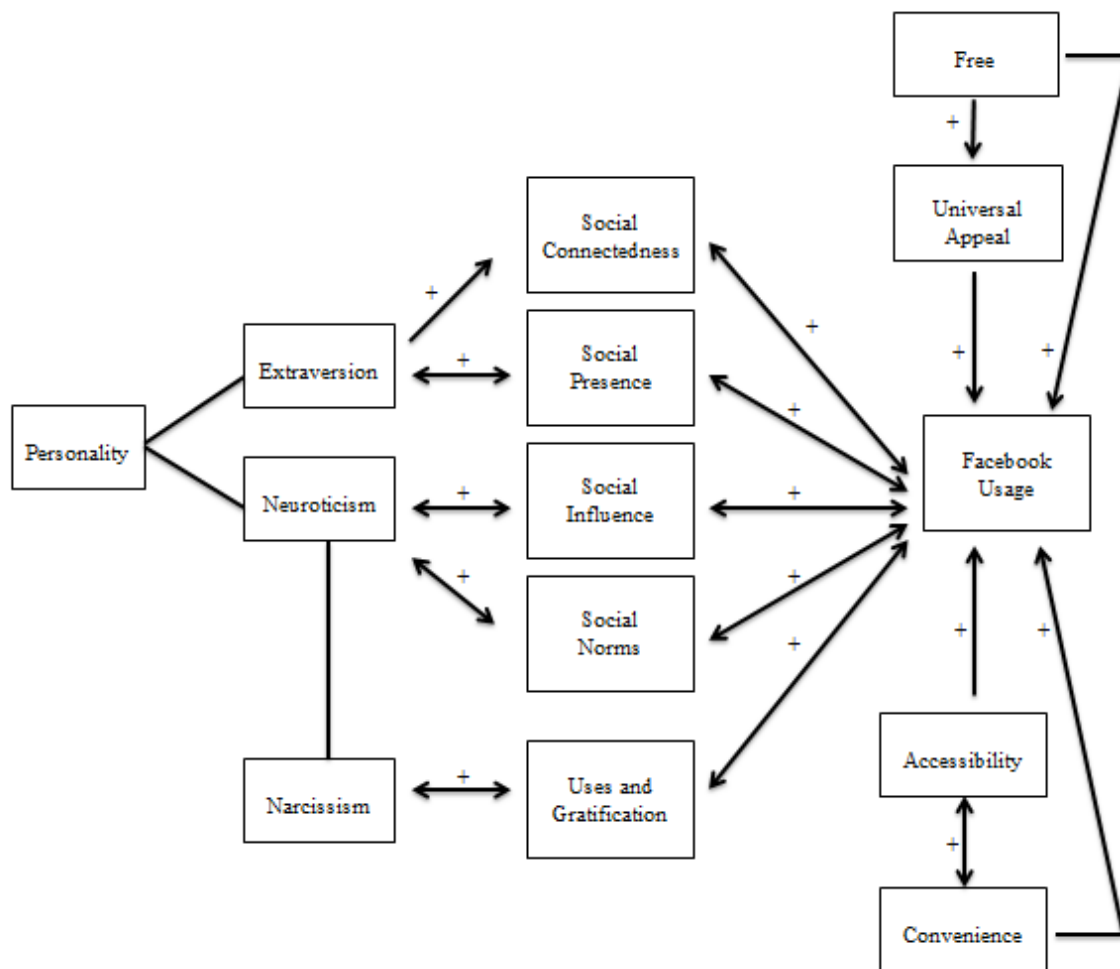
With regard to the uses and gratification theory, narcissistic individuals are likely to spend more time on Facebook. By spending more time on the site, it allows them to utilize the service as a means of emphasizing their individual importance by openly displaying superficial behavior. For example, narcissistic individuals may post "I am on my way to meet with the owner of my company" or "I just got another A in my class". This also allows them a conduit for self-promotion; resulting in the satisfaction of their own personal needs (Raacke & Bonds-Raacke, 2008; Buffardi & Campbell, 2008; Cheung et al., 2011; Mehdizadeh, 2010; Ryan & Xenos, 2011).

Therefore, these predicted relationships between the personality dimensions of extraversion, neuroticism, and the sub-dimension of narcissism support the notion that social influence theory, social connectedness theory, social presence theory, and the uses and gratification theory are all interrelated to at least one dimension of personality related to Facebook use. In addition, I

suggest the convenience, accessibility, universal appeal, and free use of the service further allows individuals that are high on extraversion, neuroticism, and narcissism to utilize Facebook as a means of achieving their individual needs and desires. Indeed, considering that close to 40 percent of social media users access social media content from their mobile phones and that social networking apps are the third most-used among U.S. smartphone owners, we propose ease of accessibility plays an especially large role in this process (Nielson, 2011).

Figure 1 displays a proposed model of how each of the previous constructs influence each other, ultimately leading towards Facebook usage. Facebook users are influenced and motivated by some combination of these constructs, although I predict that almost all users are influenced by the fact that Facebook is a free service with a universal appeal that is easily and conveniently accessible.

FIGURE 1. Integrative Model of Facebook Use



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BACK TO THE FUTURE: A PANEL DISCUSSION WITH PAST PRESIDENTS OF SWAM

Workshop facilitator:

Stephen V. Horner, Pittsburg State University, shorner@pittstate.edu

Workshop participants:

Donald Baack, Pittsburg State University
Janice Black, Coastal Carolina University
Suzanne Clinton, University of Central Oklahoma
Larry Garner, Texas A&M University-Central Texas

This Professional Development Workshop (PDW) is an opportunity for current SWAM members and leaders to hear from those who have led SWAM in the past. Former SWAM presidents will share their experiences, perspectives, and insights regarding the strengths of SWAM as a regional AOM affiliate, the uniqueness of its geographical position in the U.S. Southwest, and challenges meeting the needs of the 21st century professor and student of management. A panel of past presidents will talk about their tenure with the organization, discuss key challenges, and provide some guidance and insight for current officers and members.

AFFECT COMMUNICATION VIA EMAIL

Thomas A. Zeni, East Central University, tzeni@ecok.edu

Jennifer A. Griffith, East Central University, griffith.jennifer.a@gmail.com

ABSTRACT

The current study examined the potential of an increasingly popular communication channel, electronic mail (email), to communicate affective information. Prior research has shown that interpersonal interactions communicate affective information across a variety of channels, such as facial expression, voice and vocal intonations, and touch. While written expression is a less rich source of information for interpersonal communication, evidence suggests that affective information may be embedded in written communication channels, and therefore it is probable that such information is embedded in emails. While this study did not find evidence that affective mood states influence affective message content from a semantic standpoint, it does suggest that email message readers were able to determine when composers had written an email in a negative affective state. This finding provides support for email as channel for affective information.

INTRODUCTION

Both classic and modern research has examined the various methods through which emotion is communicated. This study considers another potential channel for communication of emotion that presents itself increasingly in today's culture and work environment – email. Email has gained a continued popularity and growth in the Internet age. In 2011, the Radicati Group estimated that the average professional received approximately 112 email messages daily and projected that number would increase to 125 emails per day by 2015. However, in the first half of 2014, the Radicati Group found that professionals had nearly surpassed that projection. Instead, they suggested that email frequency would increase to nearly 140 emails per day within the next three years. Increased availability of both sending and receiving email (e.g. laptop computers, personal digital assistants, Internet-enabled smart phones, Internet-enabled tablets, internet cafés, etc.) has given email the potential to be as spontaneous and instantly delivered as speech itself. However, this communication medium leaves several questions. Does email simply convey a message, or does it convey affective information as well? What are the theoretical and practical implications of communicating affect through email? Particularly, this study considers whether the affective state of a message composer can be determined by examining the content of their email messages. In other words, is the affective information contained within the message congruent with the current affective state of the sender?

Communicating Affect

Facial expression may be one of the oldest studied forms of expression and communication of emotion. Darwin (1872/1965) suggested universality in facial expression among both animals and humans alike, indicating a primal and evolutionary property to emotion expression, particularly in facial expression, that lends itself to a communicative purpose. Modern studies have confirmed the universality of emotion initially postulated by Darwin (1872/1965) and elaborated on various properties of emotional expression via the human face interaction (Ekman

& Friesen, 1971). Rozin & Cohen (2003) have cautioned against the traditional limiting of the study of affective expression to facial movement, and called for a broader consideration of channels through which affect may be communicated. Researchers have answered this call by demonstrating emotion expression and communication through posture and vocal channels, for example (Keltner & Shiota, 2003). In another example, touch has been shown to be an effective communicator of emotion through variations in location, pressure, duration, and intensity (Hertenstein, 2002; Hertenstein, Keltner, App, Buleit, & Jaskolka, 2006). The voice itself has also been empirically examined to uncover its role in communication of affect (Scherer, 1986). In a review of research available at the time, Kramer (1963) observes the importance of nonverbal cues such as timbre, inflection, stress, and prosody in judging both personal characteristics as well as the current emotional state of the speaker.

The content of a message itself may be considered a cue in determining the affective state of a message sender as well. Rimm and Litvak (1969) utilized respiration rate and galvanic skin response to determine emotional arousal of participants when reading an emotionally charged series of sentences. Participants were asked to read these sentences and findings indicated that emotional arousal was greater when reading emotionally charged sentences versus emotionally neutral sentences (Rimm & Litvak, 1969). This suggests that affective information can be obtained from written words in as much as they may elicit an emotional response from readers.

Evidence for the ability of the written messages to communicate emotion has been further strengthened by the existence of an emotion Stroop effect (Williams, Mathews, & MacLeod, 1996; Gilboa-Schechtman, Revelle, & Gotlib, 2000; Larsen, Mercer, & Balota, 2006). The Stroop effect, coined after the work of John Ridley Stroop (1935), refers to response latency when attempting to identify incongruent stimuli. In its original form, the Stroop task (Stroop, 1935) measures the reaction time and accuracy of participants attempting to identify a color word. Subsequent research used the Stroop paradigm to investigate a variety of psychological phenomenon. Support for the written word's ability to communicate affect can be found in a meta-analysis of emotion Stroop experiments by Larsen, Mercer, & Balota (2006). Larsen et al. (2006) analyzed 32 emotional Stroop task studies and compared the effects of various lexical characteristics on the outcomes. They found that lexical properties, such as length of word, word recognition (by participants), naming speed, and frequency of occurrence within the language had direct effects on the outcomes of emotion Stroop studies.

In aggregate, these prior studies present evidence that affective information is communicated across multiple channels (Kramer, 1963; Hertenstein, 2002; Rozin & Cohen, 2003; Keltner & Shiota, 2003; Hertenstein et al., 2006), and that among these channels, written communication contains affective information (Rimm & Litvak, 1969; Williams et al., 1996; Gilboa-Schechtman et al., 2000; Larsen et al., 2006). Because these studies have only examined more traditional, pen-and-paper based forms of written communication, additional research is needed to examine whether affective information can also be communicated over electronic forms of written communication, specifically email.

Present Study

Affective cues play an important role in effective communication between individuals. As such, it's no surprise that we seek clues of affective state during interpersonal communication to fully

understand the gestalt of messages we receive from others. Emotion researchers have explored the theoretical foundations as to why affective cues are important as well as what we do with affective information once obtained. Successful communication of emotion represents an opportunity to not only better understand a message and its sender, but for subconscious contagion and emotional comparison by the recipient, congruency effects, and effects on social judgment and decision-making. The inclusion of affective cues has been shown to impact the persuasiveness of messages, for example (DeSteno, Petty, Rucker, Wegener, & Braverman, 2004). Specifically, DeSteno and colleagues found that affectively framed persuasive messages were more successful when the affective framing was congruent with the affective state of the message recipient. Effects of mood congruence also impacted social judgments through causal attributions and impressions (Forgas & Locke, 2005). Specifically, individuals in positive affective states were more likely to view events optimistically and make lenient causal attributions, whereas individuals in negative moods showed greater tendencies to be critical in their interpretations of daily workplace events (Forgas & Locke, 2005). Affect congruency effects have been found in relation to memory recall as well, such that recall is higher for information that is congruent with an individual's current affective state (Blaney, 1986; Caprara, Spizzichino, & Romeo, 1989). Similarly, individuals are more likely to recall prior individual experiences that are congruent with their current affective state (Ehrlichman & Halpern, 1988). Affect communication can even influence our relations with coworkers and work performance. Within professional settings, Barsade (2002) proposes an emotion contagion model among members of the same work group. According to the model, emotion contagion may occur as a result of subconscious primitive processes, or through conscious emotional comparisons. In this study, Barsade (2002) demonstrated the impact of emotion contagion on individual measures and group outcomes such as cooperativeness, conflict, and task performance. Because affective information has so many potential applications, it is crucial that we fully understand and explore all potential channels for its communication. As such, we propose the following hypothesis:

H₁: Messages composed by participants in a mood induction condition will have higher average mood congruent affect scores.

Implications of Communicating Affect

Communication of emotion over email presents several implications, including potential effects on social judgments, cognitive processing, and exposing readers to an emotion contagion effect. The affect infusion model (Forgas, 1995) illustrates how affective information becomes integrated into social judgment and decision-making processes. According to the model, social judgments are made following one of four decision-making strategies; "(a) the direct access strategy, based on the direct retrieval of preexisting, crystallized judgments; (b) the motivated processing strategy, employed when the computation of a judgment is guided by a specific motivation; (c) the heuristic processing strategy, used when judges seek to construct a judgment using various shortcuts; and (d) the substantive processing strategy, adopted when judges need to engage in the selective, constructive processing of the available information and rely on a variety of learning, associative, and memory processes" (Forgas, 1995, p. 60). Of the four strategies, affective information has the greatest potential to exert an influence on an outcome during heuristic (affect-as-information) processing or during substantive processing (constructive processing with affect-priming). Thus, the interpretation of affective information associated with a given message will have a direct influence on the interpretation of the meaning of the message, and reader perceptions of the sender. As such, we propose the following:

H₂: Based on affective information conveyed in the email, the reader will perceive the affective state of the composer when the message was written.

Generally speaking, there are two types of email communication, personal and professional. That is to say that, similar to face-to-face interpersonal interactions, some emails are composed within a personal context, while others are composed within a professional context. Much like individuals may behave slightly differently during interpersonal interactions when speaking to friends versus co-workers, it is reasonable to suspect that email interaction will be somewhat different as well. With respect to affect, Grandey (2000) proposes a model of emotional labor in which situational cues, such as display rules, dictate extent to which and type of affect that is organizationally accepted to display. Display rules may be formally stated or implicitly implied, and refer to the organization's expectations regarding what emotions can or cannot be displayed in the workplace, as well as what emotions organizational employees should display when interacting with the public (Hochschild, 1983). These cues then manifest themselves into emotion labor, or various emotion regulation strategies, with specific organizational consequences (Grandey, 2000). Because of the prevalence of these display rules (Hochschild, 1983) in the organizational setting, and the lack of such rules outside of an organization, it is likely that the communication of affective information within professional contexts will be reduced in comparison to the extent of its communication in personal contexts. Bearing these findings in mind, we propose the following hypotheses:

H_{3a}: Personal email messages will contain more affective information than professional email messages.

H_{3b}: Situational context of the email message will have a moderating influence on both the positive and negative affective content of composed messages.

METHOD

The purpose of this study was to examine the extent to which the affective state of an email message composer is reflected within the content of the message composed. A 2 x 3 between subjects design (see Figure 1) was used to manipulate mood state (positive, negative, and a control condition that did not receive a mood manipulation) and situational context of the message (personal vs. professional).

Participants

One hundred thirty four undergraduate students from a large, midwestern university participated in this study. Students were enrolled in undergraduate courses from the university and participated in the study in order to fulfill course requirements or to obtain extra credit in their psychology courses. The sample consisted of 63 males and 71 females, with ages ranging from 17 to 31 ($M = 19.50$, $SD = 1.81$). The grade point average (GPA) for students in the sample ranged from 1.69 to 4.00 ($M = 3.14$, $SD = 0.58$). The sample was 77.6% White, 6.7% Asian, 5.2% American Indian or Alaskan native, 3.7% Hispanic or Latino, 3.0% Black or African American, 0.7% Native Hawaiian or other Pacific Islander. 3.0% of the sample self-identified as "other" as they did not feel the options presented best represented their individual race. These individuals may be from multi-racial backgrounds and choose not to identify with one race in

particular.

Procedures

The experiment was conducted in an on-line survey format. After signing up for the study, participants were emailed a hyperlink to access the survey. Participants were randomly assigned to manipulations and were sent a specific hyperlink corresponding to the version of the survey they would complete based on their assignment to a manipulation condition. Each survey took approximately one hour to complete and followed the same general format. First, participants completed a battery of covariate measures. Next, they were presented with a self-reflection task, the instructions to which varied by condition. Finally, participants were presented with a brief scenario that varied by condition, and asked to compose an email response based on the information contained within the scenario.

Manipulations

Mood manipulation. This manipulation was designed to induce a specific affective state using a self-reflection task. A different instruction set was presented for each condition. In the positive mood induction condition, participants were asked to think about an event in their own life that made them the happiest they could ever remember being to induce a positive affective state. In the negative mood induction condition, participants were asked to think about an event in their own life that made them the angriest they could ever remember being in order to induce a negative affective state. The final condition was a control condition where participants did not receive any mood induction. Instead, they were asked to recall what they had eaten for breakfast that morning.

Contextual manipulation. Prior research has suggested that individuals in the workplace are subject to various restrictions (such as display rules) on the affect they communicate to others (Grandey, 2000). In the absence of any specific rules, individuals may still feel generally restricted in their communication of affective information in an organizational setting. In the personal situation, participants were presented with a scenario in which they were given background information regarding their relationship with a fictitious classmate, and read an email from the classmate requesting help on a joint school project. In the professional situation, participants were given background information regarding their relationship with a fictitious coworker, and read an email from the coworker requesting help on a joint project at work.

Dependent Variables

Email composition task. Participants were asked to compose an email in response to a request for their assistance. Three expert raters independently evaluated each email composition in order to establish whether affective content could be perceived by readers of the message. The raters were trained graduate students that coded each message using benchmark-rating scales. The scales were developed following guidelines set forth by Redmond, Mumford, and Teach (1993). The principal investigator developed a series of 5-point, Likert-type scales (1 = *very low* to 5 = *very high*) designed to evaluate perceived affective content of the message, and perceived affective state of the sender. Separate scales were developed for both positive affect and negative affect, as it is generally accepted that the two constructs do not lie along opposite poles of a single continuum; rather they are two distinct constructs that should be assessed independently of one another (Weiss & Cropanzano, 1996). Operational definitions, as well as

rating anchors were defined for each construct. Operational definitions closely adhered to definitions provided by Weiss & Cropanzano (1996). For example, perceived positive affect was presented with the following definition, "Affect should be thought of as distinct from emotion. Affect represents more of a mood-state and can vary in duration and intensity, while not necessarily directed at anything specific. It is diffuse. Positive affectivity can best be thought of as good feelings."

After defining the constructs and developing benchmarks, raters underwent several training sessions, reviewing scores until consensus was reached and the raters shared understanding of the scales. Intraclass correlation coefficients (ICC) confirmed shared understanding. ICC for the perceived positive affective content ratings was .78, and ICC for the perceived negative affective content ratings was .84. ICC for the perceived positive affective state ratings was .77, and ICC for the perceived negative affective state ratings was .88. Finally, a composite score was generated by combining perceived positive affective content and perceived negative affective content in order to create a perceived total affective content score for each message.

Covariates

Demographic factors. Several demographic factors (age, gender, ethnicity, and self-report grade point average) were collected to evaluate potential influences on affect expression. Participant age may be related to emotional maturity and therefore to the extent to which an individual feels comfortable expressing emotion. Prior research by Guinther, Seal, and Bogaards (2003) suggests differences in affective processing between men and women. Previous research on the universality of emotion expression across cultures (Ekman & Friesen, 1971) suggests there should be little to no influence on affect communication as a result of participant ethnicity, but this information was collected in order to confirm the expectation. Grade point average (GPA), in this study, is used as a surrogate measure for intelligence. Because emotional intelligence is thought to be separate and distinct from what is commonly considered intelligence (Mayer & Salovey, 1997), it is not expected that typical intelligence (as measured by GPA) will contribute to affective communication, but was evaluated to rule out any possible influence.

Big 5 Adjective Checklist. The Big 5 Adjective Checklist (Goldberg, 1981) is a commercial personality measure listing 100 adjectives (e.g., careful, kind, withdrawn) related to Goldberg's (1981) 5 personality dimensions. Participants were asked to indicate on a 9-point, Likert-type scale (1 = *extremely inaccurate* to 9 = *extremely accurate*) the degree to which the adjective describes them. The adjectives were then aggregated into 5 sub-scales corresponding to 5 personality dimensions (extraversion, agreeableness, conscientiousness, emotional stability, and openness), and items were reverse coded where necessary. The sub-scales showed high internal consistency for participants in this study. Coefficient alpha was calculated for each of the 5 sub-scales with the extraversion scale exhibiting Cronbach's alpha of .89, the agreeableness scale yielding an alpha of .91, the conscientiousness scale an alpha of .89, the emotional stability scale an alpha of .82, and the openness scale showing an alpha of .88. This assessment was used to control for the effects of any individual differences in personality that may have systematically influence results of the study.

Emotion Regulation Questionnaire. The Emotion Regulation Questionnaire - ERQ (Gross & John, 2003) is a 10-item, commercial questionnaire designed to measure individual differences in

common emotion regulation strategies. Participants are asked to respond to 10 statements on a 7-point, Likert-type scale (1 = *strongly disagree* to 7 = *strongly agree*). The ERQ is then parsed into two sub-scales, reappraisal and suppression, and items aggregated into the appropriate sub-scale and reverse coded where necessary. Sample reappraisal scale items include, "When I want to feel more positive emotion (such as joy or amusement), I change what I'm thinking about." Sample suppression scale items include, "I keep my emotions to myself." The degree to which individuals can successfully regulate emotions likely influences the amount of affective information they convey in any message, through any channel. The ERQ was used to control for individual emotion regulation styles in this study, and showed high internal consistency for both sub-scales. The Cronbach's alpha for the reappraisal sub-scale was .82, and the alpha for the suppression sub-scale was .81.

Positive and Negative Affect Schedule. The Positive and Negative Affect Schedule - PANAS (Watson, Clark, & Tellegen, 1988) is a 20-item, commercial measure designed to assess individual levels of trait or state affect. Administered in questionnaire form, the inventory consists of 20 affective words, 10 positive (e.g., enthusiastic) and 10 negative (e.g., nervous), which assess individual differences in levels of positive affect (PA) and negative affect (NA). The participants rate each affective word on a 5-point, Likert-type scale (1 = *very slightly or not at all* to 5 = *extremely*) indicating the extent to which they've experienced that particular affective state during a given time period. In this case, the PANAS was used to measure trait affect, as the general tendency of an individual to experience either a positive or negative mood state impacts the degree to which they are influenced by the mood induction procedures. The PANAS was used to control for trait affect in this study, and showed high internal consistency for this sample, with alphas of .88 for PA and .87 for NA.

Wong Law Scale. The Wong Law Scale (Law, Wong, & Song, 2004) is a 16-item measure of emotional intelligence. Participants rated each statement on a 7-point, Likert-type scale (1 = *totally disagree* to 7 = *totally agree*). Sample items include, "I have a good understanding of my emotions." Individuals high in emotional intelligence may regulate their own affective states as well as have a higher awareness of the amount of affective information they are communicating at any given time. Therefore, the Wong Law Scale was used to control for individual emotional intelligence levels in this study. The Wong Law Scale showed high internal consistency for this sample, with coefficient alpha at .89.

Word Count. The Linguistic Inquiry Word Count, or LIWC (Pennebaker, Francis, & Booth, 2003), is a computer program developed to analyze text and generate multiple output measures including number of words per passage. A logical assumption was that several dependent variable scores, particularly those obtained from expert raters, would be influenced by the length of the message. Overall quality ratings, for example, are extremely likely to vary systematically with the length of the message. A message containing only one word, for example, is not likely to be rated high in quality as it, at the least, lacks the basic structure of a high quality reply. Word count, as generated by the LIWC (Pennebaker et al., 2003), will be used to control for variation in length of individual messages.

Manipulation Check

Self-reflection task. This check was used to assess whether or not participants were following the

instructions designated by the mood manipulation. Participants were asked to recall specific affective situations corresponding to the particular experimental condition in which they were placed. Control group participants were asked to recall an affectively neutral situation, leaving their current affective state intact, and creating an affectively neutral group on average through random assignment. Each participant was asked to describe the situation they recalled. The descriptions were then scored for affective content using the LIWC (Pennebaker et al., 2003), by analyzing each passage and comparing it against a predefined dictionary of affective words. Affectively charged words are then categorized as either positive or negative and an affect score is generated. The first t-test evaluated mean differences between the positive mood induction group and the control, or no mood induction group on positive affect content. Results showed significantly higher mean positive affect scores for the positive mood induction condition ($M = 5.46$; $SD = 3.57$) versus the control group ($M = .76$; $SD = 2.04$), $t(68.4) = 7.58$, $p < .001$, suggesting the manipulation was functioning appropriately. The second t-test evaluated mean differences between the negative mood induction group and the control group on negative affect content. Comparison of the means yielded significantly higher mean negative affect scores for the negative mood induction condition ($M = 4.45$; $SD = 3.63$) versus the control group ($M = .39$; $SD = 1.18$), $t(53.15) = 7.14$, $p < .001$, suggesting the negative mood manipulation was functioning properly.

Analyses

Univariate ANOVAs were used to explore the effects of a priori covariates on the study's key outcomes variables. Word count was found to be significantly related to all outcome variables (total affect content, positive affect content, negative affect content, perceived positive mood of sender, and perceived negative mood of sender). Gender was related to total affect content. Trait negativity was significantly related to positive affect content. Reappraisal regulation strategies were significantly related to total affect content and negative affect content. Agreeableness was significantly related to negative affect content, perceived positive mood of sender, and perceived negative mood of sender. Emotional intelligence was related to positive affect content, negative affect content, and perceived positive affect content. All other covariates were not found to have significant effects on any outcome variables and were therefore excluded from further consideration in this study.

A series of ANCOVAs was used to test each specific, a priori hypothesis. ANCOVAs compared dependent variable means across manipulation groups while controlling for the influence of significant covariates identified in the earlier analyses. Included in the ANCOVA analyses were a series of a priori contrast comparisons for the mood manipulation conditions. Specifically, outcome measures of manipulated groups were tested a priori against the control group within congruent mood conditions (i.e., negative affective content was compared to control group content for the negative mood induction conditions, etc.)

RESULTS

Descriptive statistics and bivariate correlations for all dependent variables and significant covariate measures can be found in Table 1. Strong relationships were found between positive and negative affect content, $r = -.59$, and perceived positive and negative affect (mood) states, $r = -.72$, indicating that reader-based affective judgments about the message composer are related

to perceived message content; consistent with the affect infusion model (Forgas, 1995).

TABLE 1

Means, Standard Deviations, and Correlations for all Study Variables

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10	11
1. WordCt	51.80	29.95	--										
2. Gender			.33**	--									
3. ERQ R	4.90	0.87	.26**	.08	--								
4. PANAS NA	2.07	.75	-.12	.14	-.14	--							
5. Agree	7.01	0.88	.28**	-.04	.30**	-.24**	--						
6. EI	5.33	0.82	.12	.04	.38**	-.21*	.38**	--					
7. Rater PA	2.76	0.78	.33**	.08	.19*	-.05	.21*	.17*	--				
8. Rater NA	1.98	0.80	.29**	.08	.02	.04	-.03	-.17	-.59**	--			
9. Per PA	2.79	0.76	.165	-.04	.16	-.04	.15	.14	.90**	-.71**	--		
10. Per NA	1.89	0.90	.24**	.08	-.05	.07	-.10	-.19*	-.61**	.95**	-.72**	--	
11. Tot Affect	4.74	.72	.68**	.12*	.22*	-.01	.20*	.00	.43**	.48**	.18*	.40	--

Note. WordCt = word count; Pan NA = trait negative affect; Pan PA = trait positive affect; ERQ R = use of reappraisal; PANAS NA = trait negative affect; Agree = agreeableness; EI = emotional intelligence; Rater PA = rater positive affect score for content; Rater NA = rater negative affect score for content; Per PA = rater perceived positive affect of composer; Per NA = rater perceived negative affect of composer; Willing = willingness to help; Tot Affect = rater perceived total affect score. * $p < .05$; ** $p < .01$. $N = 134$.

Hypothesis Testing

Hypotheses 1 predicted higher affect scores in mood congruent groups. This was tested using a fixed effects analyses of covariance (ANCOVA), including a priori contrast examinations comparing the observed means in each mood induction condition (positive and negative) to the mean of the control group for mood congruent outcomes.

TABLE 2

*Adjusted Means and Standard Errors for Affective Content
by Condition*

Condition (Mood/Context)	Perceived Affect Content	
	Positive Affect ^a	Negative Affect ^b
Positive/Personal	2.60 (.16)	2.20 (.16)
Negative/Personal	2.70 (.16)	2.27 (.16)
Control/Personal	2.67 (.16)	1.81 (.16)
Positive/Professional	2.85 (.18)	1.99 (.16)
Negative/Professional	2.83 (.16)	1.87 (.16)
Control/Professional	2.99 (.16)	1.73 (.16)

Note. ^a = means adjusted for word count, trait negative affectivity, and emotional intelligence; ^b = means adjusted for word count, reappraisal strategies, agreeableness, and emotional intelligence. Standard Error in parentheses. $N = 134$.

No significant differences in mean positive affect content for the positive mood condition ($M = 2.72$; $SE = .11$), the negative affect condition ($M = 2.75$; $SE = .11$), and the control group ($M = 2.82$; $SE = .11$) were observed. No significant differences in mean negative affective content

were observed between the negative mood condition ($M = 2.07$; $SE = .11$), positive mood condition ($M = 2.09$; $SE = .11$), and the control condition ($M = 1.77$; $SE = .11$). Therefore H_1 was not supported by the data. Table 2 presents the adjusted means and standard errors for perceived positive and negative affective content by condition.

Hypothesis 2 predicted that message recipients, or readers, would perceive the affective state of the message sender for mood congruent groups. Readers would rate the affective state of the message composer in the positive mood induction condition as being more positive than those in the control group, and more negative for participants in the negative mood induction as compared to the control group. The hypothesis was tested once again using a fixed effect analysis of covariance, including a priori contrast examinations between mood congruent manipulation groups and outcomes. No significant differences were found for the positive affect group ($M = 2.71$; $SE = .11$) versus the control group ($M = 2.93$; $SE = .11$) or the negative affect group ($M = 2.73$; $SE = .11$) for perceived positive affective states. However, a priori contrasts revealed a significant difference ($F(1, 88) = 4.16$, $p = .04$, $r = .21$) between the control group ($M = 1.66$, $SE = .13$) and the negative mood induction group ($M = 2.04$, $SE = .13$) for perceived negative affective state while controlling for the influence of word count, and agreeableness. Word count and agreeableness were further examined to confirm the linearity of their relationship with perceived negative mood state, consistent with recommendations by Tabachnick and Fidell (2007). H_2 was therefore partially supported for the negative affect condition, but not the positive affect condition. Table 3 presents the adjusted means and standard errors for perceived affective state by condition.

TABLE 3

Adjusted Means and Standard Errors for Perceived Affect State by Condition

Condition (Mood/Context)	Perceived Positive Affect Content*	Perceived Negative Affect Content**
Positive/Personal	2.66 (.16)	2.08 (.18)
Negative/Personal	2.65 (.16)	2.25 (.19)
Control/Personal	2.85 (.16)	1.62 (.18)
Positive/Professional	2.76 (.16)	1.89 (.18)
Negative/Professional	2.81 (.16)	1.84 (.18)
Control/Professional	3.02 (.16)	1.70 (.18)

Note. * = means adjusted for word count, agreeableness, and emotional intelligence;

** = means adjusted for word count, and agreeableness. Standard Error in parentheses.

Bolded groups exhibit a significant, a priori main effect for mood at $\alpha = .05$. $N = 134$.

ANCOVA analyses showed no support was found for H_{3a} , which predicted mean differences in total affective content between contextual conditions (personal versus professional). Total affective content for the control condition ($M = 7.34$; $SE = .83$) was not significantly different from either the positive ($M = 7.16$; $SE = .84$) or negative ($M = 7.24$; $SE = .83$) conditions. Likewise, there were no significant differences in group means of total affect between the personal ($M = 6.66$; $SE = .69$) and the professional condition ($M = 7.83$; $SE = .69$). Perceived affective content showed no significant mean differences between positive ($M = 4.81$; $SE = .08$), negative ($M = 4.78$; $SE = .08$), and control ($M = 4.62$; $SE = .08$) groups. Finally, no differences were shown in mean perceived affect content between personal ($M = 4.72$; $SE = .06$) and

professional ($M = 4.76$; $SE = .06$) contexts. Because no mean differences were found across conditions, situational context would not further influence affective content of message, thus the moderating influence predicted by H_{3b} was not supported. Adjusted means and standards errors for perceived total affective content by condition can be found in Table 4.

TABLE 4
Adjusted Means and Standard Errors for Perceived Total Affective Content by Condition

Condition (Mood/Context)	Perceived Affect Content	
	Mean	Standard Error
Positive/Personal	4.79	.11
Negative/Personal	4.90	.11
Control/Personal	4.50	.11
Positive/Professional	4.84	.11
Negative/Professional	4.70	.11
Control/Professional	4.75	.11

Note. * = means adjusted for word count, trait positive affect, And emotional intelligence; ** = means adjusted for word count, reappraisal strategies, agreeableness, and emotional intelligence.
 $N = 134$

DISCUSSION

This study was designed to investigate affective information is communicated over email, one of today's most popular channels of communication. Specifically, the study focuses on evaluating the extent to which affective content of an email message is congruent with and thereby provides information regarding the affective state of the message composer. Additionally, it was of interest to evaluate whether an individual reading such an email could accurately perceive and make use of the affective information communicated, and to examine if affective states would lead individuals in the electronic world (i.e., email) to similar outcomes, such as quality and willingness to help others, as previously observed in more traditional settings. While this studied yielded few significant results, the findings have yielded some important information.

Prior research by Kruger, Epley, Parker, and Ng (2005) maintains that without the aid of paralinguistic cues, affective information is not conveyed over email; results of this study suggest otherwise. Specifically, it was suggested that affective information believed to be incorporated into an email was a reflection of the composer's own ego (Kruger et al., 2005). This implies readers would not be able to infer a composer's affective state by reading a message they have composed. Results of this study show that readers are able to infer an email composer's affective state based on information garnered from the email. When the composer is in a negative affective state, the reader perceives the composer's negative affectivity. It is possible that negative affect cues are more salient and easily distinguishable to the reader, whereas positive affect is less obvious. This accounts for the partial support of Hypothesis 2 where readers perceived negative but not positive affective states. Another possible explanation for this finding is that when receiving affective information, recipients have a heightened sensitivity to negative affect as negative information may be indicative of either a problem or a threat to the current mood state.

Although findings regarding affective content were not significant, evidence that readers can perceive affect states of composers suggests that affect information is being communicated. It is likely that evaluating the affective content of a message is not the best way to evaluate affective information. This research suggests that a more elaborate, perhaps “gestalt” processing is involved when readers process affective content in an email. In that regard, it is not unreasonable to feel that email does communicate some affective information, albeit not as strongly as other communication channels. Further, the affective information obtained was processed as information (Forgas, 1995), allowing the reader to draw conclusions regarding the mood state of the composer.

It is important to note the effect size of observed differences is low, even for perceived negative affective state. This, along with the demonstrated lack of differences observed throughout other conditions, should serve as a pragmatic warning. While possible, obtaining affective information and extrapolating to draw conclusions regarding the sender is not advisable. Composer’s negative affective state exhibited some influence on reader perceptions of that state, positive affective states did not show a similar pattern. Thus, it is likely readers may misinterpret affective cues, or not process them at all, when attempting to arrive at conclusions as to the sender’s state. The success they find in gauging negative affective states may serve to bolster over-confidence in one’s ability to perceive others’ affect through email. This would lead to reader’s making judgments of others based on little but chance. One might receive a message and think the sender is in a particularly positive mood state. This judgment would affect interpretation of message content, as well as influence subsequent interactions with the sender. Imagine thinking someone was in a positive mood and proceeding to send them a joking reply only to find out they were actually unhappy and you’ve made matters worse. This study indicates that, on average, correct conclusions may be drawn regarding negative affective states, but anything else is left to chance. Readers should not rely too heavily on affective judgments in the absence of additional information.

Limitations and future research

While this study revealed some interesting findings that contribute to the extant literature, several key limitations should be noted. First, the emergence of group differences in one condition but not others suggests that the manipulation may not have been strong enough. Participants may have found recalling negative affect experiences more vivid or salient than their counterparts recalling positive affect. Discrete emotions may have been more salient for the participants and produced more vivid affective reactions than moods. Future studies should use a different manipulation.

The majority of the sample is comprised of undergraduate students and many have not had a job before. Even more likely is that they have not held professional positions. While this limits the generalizability of the study to a broader population, it also may account for failure to observe differences between contextual conditions. Grandey’s (2000) emotion labor implies that affective information communication would be muted in the workplace as compared to a personal setting. Due to unfamiliarity with emotion display rules within the work context, participants did not differentiate between situational contexts, at least not in terms of communicating affect. Failure to differentiate between contexts affected H_{3a} and H_{3b} , which predicted differences based on contextual variation.

Future research should address these limitations in order to better assess the extent to which affective information is communicated over email. Additionally, future research should explore the processes by which readers process and interpret affective information from an email. This process appears more complex than simply evaluating individual words or phrases for affective charge. While limited in its findings, the study makes one critical contribution to the study of communicating emotion - affective information is communicated via email.

Judgments of the message composer in negative affect condition appears consistent with the affect infusion model (Forgas, 1995), for heuristic processing. The AIM suggests individuals will be prompted to use affect as information under heuristic processing conditions such as low target familiarity and low personal relevance. In this study, the expert rater judgments were made under conditions that promote heuristic processing. While emails in the negative condition were presumed to contain more negative affect information, this was not supported by the data at least with regard to negative affect content measurement. However, the raters still judged the message composer more negatively, consistent with predictions made by the AIM (Forgas, 1995). Therefore, while this study lends partial support to Forgas' theory (1995), further investigation needs to determine the nature of the negative affective content within the emails. Specifically, it must be determined how readers obtained negative affect information from the emails, as it did not appear to be embedded semantically.

Overall, this study represents an initial undertaking into understanding the communication of affect through using email as a communication channel. Some evidence was found to suggest the viability of email as a communication channel in spite of the fact that not all experimental hypotheses were supported. Results of this study do, however, provide intriguing evidence that further exploration may yield probative information supporting the idea that affect is communicated via email.

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TOWARDS A CONCEPT OF MORALS-BASED WORK COMMITMENT

Stephen Jaros, Southern University, sjaros3@cox.net

ABSTRACT

Twenty-five years ago, Allen and Meyer (1990) introduced the concept of “normative commitment”, an attempt to capture a concept of work commitment that embodies the idea that sometimes, employees develop loyalty to an organization (or other foci such as teams or customers) out of a sense of obligation, a sense that it is the ‘right thing to do’. Since then, while their concept, and its measure have been used in hundreds of studies, controversy still exists over the adequacy of the normative commitment construct (cf. Bergman, 2006; Jaros, 2013). Based on critiques of NC and Meyer and Parfynova’s (2010) defense of the construct, this paper offers six research recommendations towards the development of a more valid concept of morals-based work commitment.

INTRODUCTION

The dominant perspective on a morals or normative – based concept of work commitment is the “normative commitment” concept first introduced by Allen and Meyer (1990), which proposes that employees experience commitment out of a sense of obligation to remain with their employing organization. In other words, an employee who has a high level of normative organizational commitment stays with and is willing to contribute to the organization because they feel they “ought” to do so. However, over 25 years of inclusion in empirical research, this normative commitment (NC) construct has proven problematic. In her comprehensive analysis of NC, Bergman (2006) provided empirical evidence and theoretical arguments highlighting problems with NC’s construct and content validity. Recently, Meyer and Parfynova (2010) argued that NC’s value was being underestimated by researchers because NC actually has “two faces”, an “indebted obligation” dimension and a “moral imperative” dimension, and because previous research had treated commitment constructs such as continuance, affective, and normative commitment as independent variables rather than modeling them as profiles, but Jaros (2013) showed that modeling NC as part of a commitment profile did not resolve fundamental problems with the NC concept. In this paper, six research suggestions are developed and recommended to researchers in the field of work commitment towards the development of a more valid morals/normative based commitment construct.

Motivational theory and Two-Faces theory

Meyer and Parfynova (2010) argue that Self-Determination Theory (SDT, cf. Deci & Ryan, 1985) provides the motivational basis for the two-faces of NC hypothesis. They state (p.288):

According to SDT, motivation varies along a continuum of autonomy, from external regulation (i.e., to attain externally controlled rewards or avoid punishment), through introjected regulation (i.e., to meet one's own or others' expectations and avoid shame), to fully autonomous regulation (i.e., to achieve valued goals and self-expression). Moreover, it has been shown that autonomous forms of motivation lead to more favorable job outcomes than less autonomous forms.

Meyer and Parfynova propose that affective commitment is derived from work experiences that create a sense of autonomous regulation, which explains its strong positive relations with

favorable job outcomes, while continuance commitment is associated with external regulation which explains its weak, sometimes even negative, relations with favorable job outcomes. In contrast, they argue that normative commitment has a split personality, two faces which emerge depending on how AC and CC are being experienced. AC and CC influence how NC is experienced. If AC is high, then NC is experienced as a sense of “moral duty” characterized by autonomous regulation, and thus high NC should significantly add to high AC’s contributions to favorable job outcomes. In contrast, if CC is high (and AC is low), then high NC adopts its other face, that of “indebted obligation”, a face rooted in introjected/external regulation, thus having only a weak, if any, positive impact on favorable job outcomes.

However, given that the empirical evidence reviewed in this paper does not support the notion that NC is experienced as having two different dimensions, what motivational bases would explain these unsupportive research findings? Contrary to Meyer and Parfyonova (2010), who argue that high NC is characterized by autonomous regulation when experienced with high AC and external/introjected regulation when combined with high CC and low AC, I argue that NC is characterized generally, regardless of whether AC or CC is high or low, by introjected regulation. Deci & Ryan, (1985, 2002) describe introjected regulation as being in-between autonomous (internal) and external regulation: on one hand, the source for this form of motivation is external; involving factors such as meeting other’s expectations. On the other hand, the person has internalized these expectations, so they also are experienced, at least partially, as coming from within ourselves, as part of our own values and aspirations. Meyer and Parfyonova (2010) argue that introjected regulation underlies only the “negative” face of NC, that of “indebted obligation” (p. 288): “...introjection has a conflicted nature and is associated with feelings of shame and guilt.... It is unlikely that such a form of motivation will lead to high levels of discretionary effort and, as such, cannot account for the evidence linking NC to OCB (Gellatly et al., 2006; Meyer et al., 2002) and discretionary support for organizational change...”

In my view, Meyer and Parfyonova err in assigning introjected regulation purely negative shading. First, recent research (Gausel, Leach, Vignoles, & Brown, 2012) suggests that shame itself is linked to prosocial motivation, so perhaps introjected regulation may actually lead to discretionary behavior. Beyond this, while introjected regulation does have a conflicted nature, this means it is *not* associated only with feelings such as shame and guilt. Since these external expectations have been partially internalized, they also reflect the person’s hopes and values (cf. Deci & Ryan, 2002), which can lead to positive motivational outcomes as well (Meyer, Becker, and Vandenberghe, 2004). This view also comports with the classic, unidimensional, conceptualization of normative commitment, which is posited to reflect “...a sense of obligation that derives from the internalization of normative influences” (Meyer & Parfyonova, 2010: 284). An employee high in NC feels obliged to comply with organizational requirements (an external force), but these requirements have been to an extent internalized as correct (an internal force).

Together, this describes an introjected motivational basis for NC, one that is lukewarm-positive compared to the purely-positive motivation of AC and the still-less-positive, sometimes negative, motivation of CC. Thus, while NC tends to have a positive relationship with favorable outcomes, this positive relationship is weaker than that of AC, such that in regression research it sometimes contributes positively to the prediction of favorable work outcomes above and beyond AC, sometimes it does not (Meyer et al., 2002); and in profiles research, sometimes high NC

significantly contributes to the positive relationship that high AC has with a favorable work outcome and sometimes it does not.

This conclusion is bolstered by another motivational problem with two-faces theory: The lack of conceptual support for the proposed “context effect”, the proposed mechanism by which NC can have “two faces”. It is this context effect that purportedly causes NC’s motivational basis to be autonomous when AC is high and introjected/external when CC is high. According to Gellatly et al. (2006), “an employee’s commitment profile provides a “context” that can influence how a particular component of commitment is experienced.” (p. 338). The context effect proposes that the *nature* of NC’s motivational basis, and hence how NC is experienced, changes depending on the *strength* of the other commitment mindsets: If AC is strong, this causes NC to be experienced as a “want to” (autonomous) moral duty face, but if CC is strong, this causes NC to be experienced as a “have to” (introjected/external) indebted obligation face.

But, there’s no rationale offered as to (a) why the experience of strong AC or CC would cause the motivational basis of NC to change such that it will be experienced differently, and (b) why strong AC and CC affect NC’s motivational basis, but not vice-versa. Concerning (a) there’s no obvious reason, and no specific reason provided by Meyer and Parfynova, as to why one commitment mindset will create a context effect for the experience of another commitment mindset, and there’s no explanation about the nature of NC that suggests it has extra-malleability with regards to a context affect that wouldn’t also apply to AC or CC, such that NC wouldn’t create a context effect for how they are experienced as well. Nothing about Self-Determination Theory suggests that the autonomous regulation of AC or external regulation of CC will influence the experience of the introjected regulation of NC, so it’s not clear how a strong sense of AC or CC would “bleed over”, motivationally, into their experience of NC.

Research Implication 1.

Based on the notion that introjected regulation underlies NC, and that the ‘context effect’ theorized as the mechanism by which “two faces” of NC emerge lacks theoretical support, it is hypothesized that in future research using the recommendations made in Research Implications (1) and (2a-2c) and (3), a “two faces” effect will *not be confirmed* for normative commitment, because it has no “indebted obligation” face, but rather a unidimensional structure, a single “face”.

The “Person-Centered” Approach and Normative Commitment

Meyer, Stanley, and Vandenburg (2013) argue for a “person-centered” approach to the study of work commitment –modeling commitment constructs as profiles using methods such as cluster analysis and LPA - on the grounds that this approach provides a more ‘holistic’ understanding of how individuals and sub-groups of people experience commitment than what is provided by traditional “variable-centered” approaches that model each form of commitment as independent variables, with an assumption that people in a sample are homogenous in terms of how they experience commitment mindsets. The person-centered approach is supposed to reveal synergies in the way people experience the different commitment mindsets simultaneously. In their meta-analysis of ‘variable-centered’ studies of the three-component model of commitment (TCM), Meyer et al. (2002) found that when the components of commitment were modeled independently (as main effects, not together in profiles) in regression and structural equations

analyses, affective commitment was strongly associated with favorable job outcomes. Normative commitment was also associated with favorable job outcomes, “albeit not as strongly” (p. 20). Continuance commitment was found to be unrelated, or negatively related, to these kinds of outcomes. Thus, Meyer et al, found that NC sometimes adds to the prediction of these outcomes above and beyond affective commitment, but sometimes (and more often) it does not (cf. Jaros, 2009; Bergman, 2006). This conclusion is consistent with the results of the person-centered studies analyzed above: Contrary to the two-faces hypothesis, sometimes, high NC adds to the positive relationship with favorable outcomes provided by high AC, but more often it does not.

These similar findings related to NC and AC in both variable-centered and person-centered research indicates that the person-centered approach isn’t providing much that is new or novel about how employees experience affective and normative commitment, because so far, the person-centered approach, at least as it applies to the TCM, seems to have failed to reveal ‘synergistic’ effects in how people experience NC and AC. Thus, the promise of the person-centered approach, that analyzing NC and AC simultaneously in profiles, rather than modeling them as independent factors in regression/SEM analysis, will tell us something new about the experience of AC and NC together, is not bearing fruit. The profiles being analyzed seem to be more analytical creations of the researcher via profile modeling approaches, as they are not capturing combination-dynamics above and beyond what we would expect from an assessment of independent effects.

The failure of the person-centered approach to provide value-added to our understanding of commitment mindsets as defined by the TCM undermines not only the notion that NC has “two faces”, by extension it also has implications for the validity of the TCM, since one of the “three components” of the TCM, NC, hinges on the validity of the two-faces concept of NC (Meyer & Parfynova, 2010). It also calls into question the value of modeling separate commitment “mindsets”, as per the TCM, rather than assessing commitment directly in a mindset-free manner (cf. Klein et al., 2012). However, given the small number of studies that have adopted a person-centered approach to the analysis of the TCM, it is also possible that this conclusion is premature. This is an issue of quantity and kind: We need more profiles studies so as to rule out a possible small-numbers problem, and research that directly compares the utility of the variable- and person- centered approaches.

Research Implication 2

Existing research indicates that contrary to Meyer et al.’s (2013) expectations, the person-centered approach is not providing value-added to our understanding of TCM mindsets, particularly as it applies to the relationship between NC and AC. But, only a small number of studies have been conducted, meaning that future research might prove otherwise, so more research is warranted.

Research Implication 2b

Person-centered and variable-centered analyses are not mutually exclusive and have been claimed to provide complementary information about how employees experience commitment (cf. Meyer et al., 2013). To this point, researchers have chosen one analytical approach over the other. A clearer picture about the utility of the person-centered approach to the TCM can be achieved if researchers analyze their results both ways, by conducting a variable-centered

analysis (model the TCM components as independent factors to predict outcomes, via regression/SEM) and comparing the results to profile analyses using latent modeling (LPA, LTA), to determine whether the latter is providing information above and beyond the former in their study.

ANALYTICAL STRATEGIES AND STUDY CHARACTERISTICS

Commitment profiles have been assessed using three methods: median splits, cluster analysis, and latent modeling (LPA, LTA). Of these, latent modeling is the most advanced; having several advantages over the other methods (cf. Morin et al., 2010). In comparing the results of studies using these different methods of analysis, two factors stand out. First, the methods do *not* seem to moderate the impact of profiles on outcomes, at least with respect to comparing the “moral duty” profile to the high-AC profile. For example, concerning turnover related variables, the rate by which a “moral duty” profile explains more variance than a “high AC” profile is about the same, roughly 33% of the time, whether a latent modeling or lesser method is used. But second, the types of profiles found *do* seem to differ (cf. Jaros, 2015). None of the studies that used latent modeling found an “indebted obligation” profile (high NC/high CC), whereas most of the studies that used median splits or cluster analysis did. Since latent modeling provides fairly rigorous statistical tests to determine profile membership whereas median splits involve direct researcher-creation of profiles and cluster analysis largely relies on researcher ‘eyeball’ tests to determine profile membership, it is likely that in the studies using median splits/cluster analysis, researcher desire for an ‘indebted obligation’ profile to exist so as to permit hypothesis testing is probably responsible for this discrepancy.

Furthermore, the discrepancy itself is revealing: If employees simply do not tend to experience an “indebted obligation” profile, then this undermines the notion that there are in fact “two faces” of normative commitment, at most, there is just one. Note that the studies using Latent Modeling that have failed to reveal an “indebted obligation” face were published after the publication of “two-faces” theory, meaning that this theory was built on the basis of these more questionable findings. Thus, a possible explanation for the weakness of two-faces theory is that it was built on the findings of profile research that used the more problematic cluster and median-split methods. Notably, this finding from latent modeling research is once again also consistent with the results of ‘variable-centered’ research: In studies assessing the independent effects of commitment mindsets, NC and AC tend to be highly correlated, whereas NC and CC tend to be largely uncorrelated (Meyer et al., 2002), meaning it is rare for people to experience both NC and CC at high levels, making it unsurprising that these profiles do not emerge when latent modeling is utilized and researchers have much less ability to ‘create’ them via subjective interpretation. Again, this suggests that, at least with regard to the TCM, adopting a person-centered approach isn’t adding to our insights about how NC and CC relate to each other, since people do not seem to be experiencing ‘indebted obligation’ profiles, something to be expected given the findings of variable-centered research. However, it is possible that the failure to find “indebted obligation” profiles in latent modeling research is a function of characteristics of the studies that have so far been conducted.

Research Implication 3

Clearly, from this point forward, researchers should utilize the advanced latent modeling techniques to assess profiles of commitment. Beyond that, though, given the apparent scarcity of

people who experience “indebted obligation” profiles, researchers who want to fully evaluate the two-faces theory might need to obtain larger samples. To this date, studies using latent modeling have used samples ranging from 300 to 700 respondents. Those are reasonable-size samples by conventional standards, but given the rarity with which employees experience high levels of NC and CC simultaneously, it might take sample sizes in the thousands before indebted obligation profiles emerge in latent modeling studies of typical work organizations.

Research Implication 3b

Conversely, just as a species of animal might be more abundant in some terrains or habitats than others; it might be the case that indebted obligation profiles are more likely to emerge in some types of organizations. For example, in developing their continuum of work-related bonds, Klein et al. (2012) argue that acquiescence and instrumental ties are “have to” bonds characteristic of both NC (when the obligation is perceived as onerous) and CC, whereas commitment and identification bonds are “want to” bonds, characteristic of NC (when the obligation is embraced) and AC. However, in most organizations, employees might experience obligations associated with NC in a positive sense, such as that fostered by a high level of perceived organizational support (cf. Somers, 2010), and hence tend to experience “moral duty” profiles but not “indebted obligation” profiles. Thus, researchers intent on comparing moral duty and indebted obligation ‘faces’ should target organizations where some employees experience their work obligations in a positive sense (moral duty) but where a significant number of others may experience their obligations as unwelcome and alienating (which might manifest as high NC/high CC, indebted obligation), such as military organizations and police departments, which have been found to have significantly large subcultures of both types of members (cf. Jermier et al., 1991).

Research Implication 3

It may also be possible that indebted obligation profiles are more prevalent among some groups of employees *within* organizations rather than others. For example, Etzioni (1961) argued that the central problem of organizational authority is controlling the behavior of “lower-level” members, who tend not to receive the high pay and benefits and social support of organizations as do upper-level members, and hence tend to have a more negative, alienative/instrumental involvement in the organization as opposed to the positive, ‘moral’ involvement characteristic of those who are treated well (upper-level members) by the organization. To this point, profiles research, particularly studies using latent modeling, have sampled university alumni (Kam et al, 2014) and medical professionals (Meyer et al., 2013), people who are highly skilled/educated, thus unlikely to be bottom-level organizational members and more likely to have “moral duty” profiles, but not lower-level employees, whose alienative involvement is more likely to be characterized by high NC/high CC profiles. Thus, researchers seeking to compare the two faces of NC are advised to sample both lower-level and middle/upper level employees so as to increase their chances of both profiles emerging in their analysis.

CONSTRUCT VALIDITY OF NC

Another issue pertains to how normative commitment is measured on the TCM’s terms, an issue of construct validity, and how this relates to our analysis of two-faces theory. The original scale used to measure NC, the normative commitment scale (NCS), was developed by Allen and Meyer (1990). A revised scale, designed to better-differentiate NC from affective commitment, was introduced by Meyer, Allen, and Smith (1993), but this scale has proven to actually correlate

more-strongly with AC than does the original Allen and Meyer version (cf. Meyer et al., 2002). Wasti and Onder (2009) argue that this scale contains items that tap both the ‘obligation’ and ‘moral duty’ dimensions. But my analysis of this scale does not comport with this. Two of the six items of the 1993 NCS contain the word “obligation”, as in “I do not feel any obligation to remain with my current employer”. Other items mention remaining with the organization as something to be done to avoid “feeling guilty” if the employee were to leave. Thus, the items in the 1993 NCS seem to shade much closer to a sense of “indebted obligation”, a sense that one must remain or else one will experience social or psychological costs. In contrast, arguably none of the items clearly reflect the notion of “moral duty”, which Meyer and Parfynova (2010) describe as a “strong desire” to remain because it is the right and moral thing to do. Thus, it may be that the studies analyzed above did not reveal a preponderance of profile relationships with favorable job correlates consistent with two-faces theory because the measures used to capture normative commitment did not tap both of these “faces”.

Therefore, another way to further assess whether normative commitment is a bi-dimensional construct is to tap these dimensions or “faces” with direct reference to Meyer and Parfynova’s (2010) definitions. For example, an item such as “I believe it is morally correct to dedicate myself to this organization” would seem to directly tap the “moral duty” dimension, whereas an item such as “I feel obligated to support this organization even though I would rather not” would seem to capture the concept of “indebted obligation”. If the NCS were revised to contain two sub-scales, each with multiple items specifically dedicated to capturing the indebted obligation and moral duty dimensions, then perhaps empirical research into commitment profiles would indeed show findings more consistent with the two-faces hypothesis. This approach also has the advantage of jettisoning the need for hypothesizing a “context effect”, as described below; since it does not assume that the two “faces” of NC are created by how the employee experiences AC or CC.

Research Implication 4

Researchers who believe existing empirical evidence and the conceptual arguments against two-faces theory made in this paper are not convincing, and want to attempt to salvage it, should develop new scales that tap each NC “face” directly, as per Meyer and Parfynova’s (2010) definitions. But, it is hypothesized that such research will produce results that are *not* supportive of two-faces theory.

CONTENT VALIDITY OF NC

Another explanation for the unsupported findings, and for why NC does sometimes predict outcomes above and beyond AC but mostly does not, could lie in the nature of NC as a psychological bond between the employee and organizational target. This is a problem of “content” validity, as these explanations imply that in one way or another, the TCM’s concept of NC fails to adequately capture the domain of what a concept of “normative commitment” *should* theoretically encompass, beyond the specifics of the TCM. First, NC may actually reflect a different and weaker *kind* of bond with the organization than AC. Klein et al. (2012) have recently proposed that employees experience four kinds of bonds at work – acquiescence, instrumental, commitment, and identification. While Klein et al state that “one bond type is not necessarily any stronger than another” (p. 135), it could be that some bonds do in fact tend to be stronger than others. Klein et al. describe the acquiescence bond as being characterized by

“resignation to the reality of the bond” and psychological “indifference and withdrawal” whereas at the other end of the continuum, the identification bond is described in terms of “self-definition in terms of the bond” and a “high degree of psychological investment and concern”, language which at least suggests that the latter, identification bond represents a greater degree of psychological and emotional investment and thus may tend to be stronger than the former, which is almost described in terms of alienation from the bond’s target and seems much more passive in nature.

Importantly, in Klein et al.’s model, the construct known as NC is described as consisting of a mixture of all four bond types, what may be the weaker types and the stronger types, whereas AC exclusively reflects elements of commitment and identification, which by my reading are the two strongest bond types. Thus, a “moral duty” profile might often fail to predict outcomes above and beyond a high-AC profile because the NC element contains less of the stronger-bond elements, and to the extent it contains these, it overlaps with AC, and more of the weaker (acquiescence, instrumental), and hence combining the two types of bonds in a profile adds little to what is provided by the AC bond. Furthermore, in Klein’s model, which proposes that commitment should be assessed without direct measurement of ‘mindsets’, both AC and NC are invalid concepts of commitment: they lack content validity, as they contain elements of non-commitment bonds as well.

Research Implication 5

Although the results of any single study cannot conclusively establish construct validity, Klein et al. (2013) published results indicating empirical support for the Klein et al. (2012) model of commitment and bond types. Thus, researchers conducting tests of two-faces theory should include the Klein et al. measure of commitment (the KUT), so as to determine if TCM constructs are explaining variance in theorized outcomes above and beyond Klein’s bases and outcome free measure, and to determine if relations with nomological net constructs are consistent with that of a “commitment” bond as opposed to other kinds of bonds. If not, these findings would suggest that there is little utility in assessing commitment mindsets directly, as per the TCM, in the form of profiles.

Another alternative is that even if we accept that AC and NC do in fact reflect commitment bonds rather than a mixture of bonds as proposed by Klein et al. (2012), it could be that they represent different levels, or strengths, of commitment rather than distinct commitment mindsets. This explanation has face validity, as meta-analyses (cf. Meyer et al., 2002; Cooper-Hakim & Viswesveran, 2005) indicate that AC has the strongest relationship with theorized outcomes, NC has weaker relations with theorized outcomes, while CC has the weakest relations, which could mean that AC reflects strong commitment, NC moderate commitment, and CC weak commitment. Meyer and Herscovitch (2001) argued that AC has the greatest impact on outcomes because it has the “broadest” conceptual domain, not the strongest, but they also imply that strength plays a role: People “who are committed primarily out of desire (AC) might have a *stronger inclination* (my emphasis) to follow through on their commitment than those who are committed primarily out of obligation (NC) or to avoid costs (CC). Those who are committed primarily to avoid costs might be particularly inclined to find a way to get out of their commitment” (p.312). This seems to suggest that AC, NC, and CC could reflect different levels/strengths of commitment, with AC being strongest and CC being weakest. In this case, we

would expect NC to explain variance beyond AC only to the extent that AC and NC aren't perfect measures of strength, such that sometimes high NC is interpreted by respondents to reflect a stronger /higher level of commitment than AC.

Research Implication 5b

One way to test this idea would be to utilize a measure, possibly a single-item measure of commitment (cf. Jaros, 2009) that captures *level* of commitment, e.g., "I am highly committed to this organization", and then determine if the AC, NC, or CC constructs predict outcomes above and beyond this measure of commitment level. If they do not, then parsimony would again suggest that not only is the two-faces hypothesis invalid, but there is little utility in directly measuring commitment mindsets, the bulwark notion of the TCM.

Finally, it is possible that even if the TCM is correct and NC and AC both reflect purely commitment bonds and bonds of equal strength, their domains have been poorly defined such that the TCM concept of NC does not adequately assess the broader, non-TCM specific, notion of normative/moral bonds, and in ways that favor the explanatory power of AC over NC. Based on Aristotelean concepts of morality, Gonzalez and Guillen (2008) suggest that this pre- two faces definition of NC unjustifiably restricts its scope to what Klein et al. (2012) might call the more 'have to' aspects, obligation in the sense of responsibility and conformance to accepted norms, but largely omitting the more aspirational 'virtuous' aspects of the moral domain (e.g., courage, striving for excellence, character development), aspects which they argue are more immediate animators of behavior. Worse yet, Gonzalez and Guillen argue that these "virtuous" elements *are* imbued in AC. In effect, NC might struggle to explain variance beyond AC because AC, as defined in the TCM (faultily) captures the stronger aspects of what should be NC's explanatory power. Meyer and Parfynova (2010) suggest that Gonzalez and Guillen's distinction between the obligation and virtue aspects of morality roughly align with their "two faces" reconceptualization, but it seems more accurate to say that while these authors are arguing that NC *should* reflect dimensions of obligation and virtue, they do not believe that as traditionally articulated it has done so, and the notion of a negative, "indebted" form of obligation seems anathema to their concept of morality-based commitment.

Gonzalez and Guillen's (2008) argument implies the need to improve the content validity of both AC and NC, transferring the Aristotelian notion of virtue from AC to NC and ridding NC of its alienative aspects as conceived by two-faces theory. However, there is little evidence to support Gonzalez and Guillen's contention that moral-virtuous elements are embedded in affective commitment, whose conceptual domain and operationalization seems emotional, albeit with some overlap with identification (cf. Jaros, 2009). Also, while their argument for dimensions of NC reflecting obligation and virtue are consistent with Aristotelian ethics and morality, the former seems to lack *commitment* content, as obligations can derive from many sources and have many expressions (cf. Moore, 1922).

Thus, in my view, a concept of moral commitment should capture the aspirational dimensions of morality, not the obligatory ones. There is a longstanding notion in sociological analyses of commitment, stretching back to Kelman (1958), Etzioni (1961), and Kanter (1968) that defines commitment in 'moral-virtuous' terms, emphasizing the notion of values-congruence between the individual and target, the sense that commitment reflects a "moral calling", a sense that one is

committed because it is the morally-right thing to do (cf. Jaros et al., 1993). The dominance of the TCM and its concept of NC has led to the neglect of this stream of thought, and “two faces” theory, in the form of the “moral duty” face, and Gonzalez and Guillen’s (2008) critique of the traditional NC concept, are arguably attempts to reclaim that aspect of commitment for the TCM. However, given the lack of empirical, conceptual, and motivational support for two-faces theory identified in this study, the two-faces concept seems inadequate to the task. The newly-developed KUT concept of commitment (Klein et al., 2012, 2013) also seems to address this moral dimension via its concept of ‘volitional dedication’ and ‘responsibility’ to a target, though it also includes an element of ‘caring’ that is more affective in nature and is arguably reciprocally related to commitment (e.g., because I am committed to X, I care about X; because I care about X, I am committed to X) and also arguably shades more to those “nose to the grindstone” elements of morality (dedication, responsibility) without tapping the more aspirational elements identified by Gonzalez and Guillen.

Research Implication 5c

Based on prior theory and research, aspirational aspects of morality – of calling, values, duty, dedication, striving, and devotion – are arguably elemental to the concept of commitment. These concepts do not include an alienative, indebted concept of obligation of the kind theorized by two-faces theory, and hence it is difficult to justify an ‘indebted obligation’ aspect of ‘normative’ or ‘moral’ commitment, as this concept is by design conflated with continuance forms of involvement (i.e., a high NC/high CC profile) and reflects aspects of alienation that are the opposite of moral content (cf. Etzioni, 1961). The “moral duty” face comes much closer to encompassing a moral concept of commitment, but overlaps with affect and emotions. This implies that researchers seeking to salvage a moral-shaded concept of commitment can overcome the problem of content validity in two-faces theory by (a) conceptualizing this moral concept unidimensionally, along lines similar to the “moral duty” face and Gonzalez and Guillen’s “virtue” dimension, but sans the affective and “nose to the grindstone” obligatory aspects, and (b) operationalize it directly, via the development of scale items that tap the moral dimensions described above.

CULTURE AND NC

There is some evidence that normative commitment is a more salient, powerful predictor of favorable work outcomes in non-western cultures (cf. Bergman, 2006; Meyer & Parfyonova, 2010), cultures that have more collectivist cultural values that socialize people into respecting their obligations to organizations, such that in collectivist cultures, or in individualist cultures but among people with collectivist personal values, NC tends to predict outcomes above and beyond AC more frequently (cf. Wasti & Onder, 2009). This has been read to mean that the two-faces hypothesis, which posits that high NC adds to the prediction of favorable work outcomes above and beyond high AC, is likely to be more valid in these cultural contexts (Meyer & Parfynova, 2010). But, it stands to reason that in collectivist cultures, high NC would add more to the prediction of favorable work outcomes when combined with high CC as well, thus negating a “two faces” effect (i.e., a more salient NC construct will enhance the predictive power of both the ‘indebted obligation’ and ‘moral duty’ faces meaning that contrary to two-faces theory, the moral duty ‘face’ will not have greater predictive power, though it might mean that a moral duty face is more likely to have greater predictive power than a “high-AC” profile.

Research Implication 6

Researchers should conduct person-centered research designed to assess two-faces theory in collectivist, East Asian societies, but it is hypothesized that the possibly greater salience of NC in highly collectivist cultures is *not* likely to result in findings that are more supportive of two-faces theory than findings from individualist cultures, particularly the comparison involving the “moral duty” face with the “indebted obligation” face, if the latter face even exists, but is likely to produce results showing that a “moral duty” face predicts outcomes better than a “high-AC” only profile, when compared to the results of studies conducted in “individualist” cultures.

CONCLUSION: THE FUTURE OF MORALS-BASED COMMITMENT

As previously noted (cf. Bergman, 2006), the concept of normative commitment has evolved, but in an ad-hoc, unsystematic way without careful attention to validity issues. In light of the findings of Bergman (2006) and others, Meyer and Parfynova (2010) attempted to re-establish NC with the “two faces” concept, but major changes in a construct, such as what “two faces” theory proposes for NC, requires formal attention to issues of construct validity (does a measure capture the domain of the construct as *we* define it), content validity (does a measure capture all aspects of a construct as it *should be* defined), and criterion validity (does the construct predict outcomes in a theorized fashion), the former two of which are prerequisites for the latter (cf. Jaros, 2009). What this study shows is that two-faces theory to a significant extent lacks criterion validity: The “two faces” of NC generally do not relate to outcomes in the manner predicted by the theory.

Specifically, this analysis shows that even though two-faces theory addresses some problems of validity identified by Bergman (2006), it still has other problems of construct and content validity (as discussed in sections 3 and 5 above) that undermine its criterion validity, explaining why current concepts of NC have largely failed to accurately predict outcomes. In developing new constructs, care has to be taken to address issues of construct validity (convergent and divergent) and content validity (cf. Jaros, 2009), and while Meyer and Parfynova (2010) do offer novel insights into the nature of NC, the two-faces constructs were developed on an inadequate empirical bases, namely inferences drawn from the findings of an existing set of profile studies, and as this analysis has shown, those findings were not as in accordance with the proposed two-faces model as Meyer and Parfynova (2010) asserted. Furthermore, these profile studies utilized cluster and median-splits methods that may have mistakenly “created” the “indebted obligation” profiles they relied on. Most importantly, the “moral duty” and “indebted obligation” constructs were not developed on the basis of new empirical research specifically designed to assess their construct (convergent and discriminant validity), or their content validity. Thus, it is not surprising that this theory has not been supported by subsequent research.

Thus, the analysis presented here indicates that (a) the available empirical evidence is not supportive of a “two faces” reconceptualization of normative commitment, and (b) recent advancements in motivational theory and moral-normative theory are supportive of a unidimensional conceptualization of “moral” commitment but one significantly different from the NC concept developed by Meyer and colleagues. As described in section five above, this unidimensional concept should be characterized by an expansive concept of morals so as to properly capture the moral domain but shorn of affective attachment so as to avoid redundancy

with AC, and its conceptual development should be accompanied by an empirical assessment of its validity along the lines demonstrated by Klein et al. (2013).

Such a conceptualization would also address problems associated with how “moral” commitment relates to other bases of commitment. For example, Cohen (2007) argued that the Allen and Meyer (1990) concept of NC actually captures “commitment propensity”, a tendency to commit, rather than commitment itself. This is plausible, as that concept of NC largely taps whether an employee has been socialized by their upbringing to think they should commit to one organization and not leave it. Similarly, Bergman (2006) proposed that NC might be an antecedent to AC, in that internalized obligations to commit to an organization might lead one to “desire” to do what one “ought” to do. Also, Powell and Meyer (2004) found that NC was more strongly predicted by side-bets carrying social costs (such as meeting other’s expectations) than was CC, and thus suggested that NC is a “special kind” of continuance commitment. But, commitment defined in expansive moral terms, shorn of affective content, and of pre-employment internalization of norms about staying with an organization, shouldn’t be expected to prompt the formation of AC or commitment more broadly defined (cf. Cohen, 2007); rather this concept captures commitment itself. Likewise, while it makes sense to posit NC as defined in narrow, “nose the grindstone” notions of responsibility and met expectations to be experienced as flowing from fear of incurring social costs, an expansive moral concept of commitment that taps the aspirational/virtuous elements of morality should not develop from cost-based antecedents and thus constitute a variation of CC, rather cost-based antecedents should be characteristic of an “indebted obligation” concept of NC, a concept rejected in this paper as lacking empirical support and commitment content.

Nevertheless, it is possible that the available research does not provide enough evidence to conclusively reject the two-faces point of view. The most obvious reason is that there have only been ten studies conducted that test this hypothesis, a small sample size. This is why my review does not take the form of a quantitative integration of prior research findings, such as a meta-analysis – there are just too few existing studies to conduct one that would produce meaningful results. Maybe as research evidence accumulates, the existing studies will prove to be anomalous outliers swamped in a sea of evidence supportive of two-faces theory. Indeed, when Gellatly et al. (2006) first broached the two-faces hypothesis, it was in response to their findings, which were consistent with a two-faces explanation, but which (by my reading) later research has not supported. For the reasons given in this paper, it is unlikely that future research will have supportive results, but it remains possible, thus, some suggestions have been offered as to how to proceed if one believes the existing empirical evidence and theoretical arguments against the “two faces” theory are too scant, and want to investigate its validity further. However, Since two-faces theory was designed to salvage the TCM concept of NC in the face of existential criticism of that construct (cf. Bergman, 2006), as of now, pending the results of any future research, *the inadequacy of two-faces theory means that, the NC construct should be regarded as too problematic to be included in substantive empirical research (other than research designed specifically to test its validity) or to be regarded as a valid “form” of commitment.*

The study of organizational commitment continues to remain relevant to both management scholars and practitioners. As companies operating in dynamic, global markets seek to cut costs wherever possible, they have an interest in motivating employees to engage in favorable work

behaviors such as exceptional job performance and OCB activities, as well as to not engage in unfavorable behaviors such as absenteeism and tardiness. Existing research suggests a very modest role in this process for normative commitment as defined by the TCM. Whether assessed as an independent effect in ‘variable centered’ research or via profiles in the new ‘person centered’ approaches, it is found to be largely redundant with AC, though sometimes it does marginally add to predictive value, meaning that pending the outcome of future research, managers interested in gaining the benefits of having highly committed employees should be wary of incurring additional expenses of fostering this form of commitment among them, since the effects of NC on outcomes tends to be either non-existent or at best, tepid. Thus, at this time, it is not recommended that organizations actively seek to build NC in their employees.

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THE INTERACTIVE EFFECT OF INSTITUTIONALIZATION OF ETHICS AND MORAL ATTENTIVENESS ON WORK ENGAGEMENT

J. Logan Jones, Missouri Western State University, jjones81@missouriwestern.edu
Christopher H. Thomas, Saint Louis University, thomasch@slu.edu
Walter D. Davis, University of Mississippi, wdavis@bus.olemiss.edu

ABSTRACT

This study examines the importance and motivational implications of institutionalization of ethics within an organization. Since the effect of a situational variable on employee engagement may vary depending on the individual characteristics of an employee, our model considers the conditional influence of the moral attentiveness of employees. It is hypothesized that the level of an organization's institutionalization of ethics will have a positive effect on employee work engagement and that this effect is strengthened based on the employee's level of moral attentiveness. The results show a positive relationship, contingent upon the organizational member's level of moral attentiveness, between institutionalization of ethics and work engagement.

INTRODUCTION

Workplace environments, as experienced by employees, have been shown to have dramatic effects on a myriad of employee motivations. Overall, work engagement research has consistently supported the effect of situational or contextual variables on levels of employee engagement. Contextual variables that previously have been shown to influence employee engagement include, but are not limited to: organizational climate (Bakker, Demerouti, & Verbeke, 2004), work community (Maslach & Leiter, 2008), social support (Christian, Garza, & Slaughter, 2011; De Lange, De Witte, & Notelaers, 2008) and work conditions (Christian et al. 2011). To date, however, work engagement research has had little focus on the impact of an organization's ethical environment, as experienced by employees, on reported levels of employee engagement. We address this under-investigated aspect of engagement by incorporating it into our conditional model.

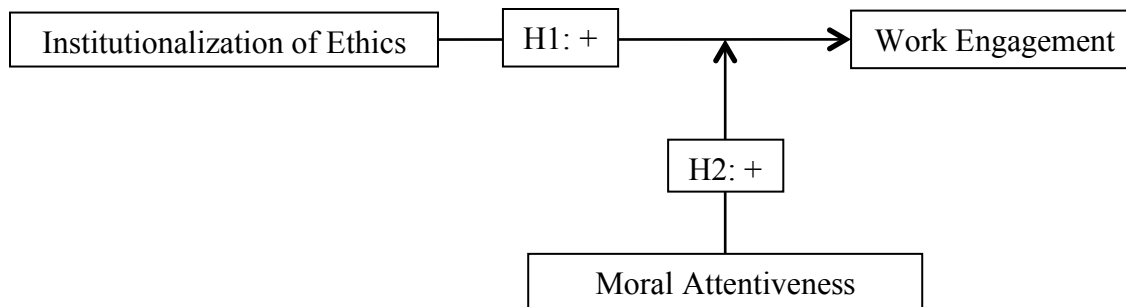
Based on a person-situation interactionist perspective, this paper empirically tests a hypothesized model, which demonstrates the importance of institutionalizing ethics within a workplace in order to promote work engagement. The person-situation interactionist perspective applies to the practice of considering both situational and individual variables when explaining and predicting individual motivation and subsequent behavior. The influence of situational variables, such as ethical workplace environments, on employee motivation (e.g., work engagement), depends largely on the perceptions of individual employees. Because within-person variance can amplify the perceptions of situational variables (Church, Gaa, Khalid Naina, & Shehata, 2005), studying these types of variables and individual characteristics in combination with one another can be a more robust approach in terms of explaining and predicting individual behavior (Schmitt, Eid, & Maes, 2003).

Given the focus of this study is the effect of institutionalization of ethics on work engagement, one individual difference that has been shown to be significant in ethical situations is moral

attentiveness. Moral attentiveness is “a person’s determination that a situation contains moral content and can legitimately be considered from a moral point of view” (Reynolds, 2006, p. 233). It is also described as “the extent to which an individual chronically perceives and considers morality and moral elements in his or her experiences” (Reynolds, 2008, p. 1027).

Our hypothesized model is framed in a person-situation interactionist perspective, which offers a theoretically derived explanation for changes in work engagement among employees for whom the salience of their moral attentiveness, either high or low, is mismatched with the level of institutionalization of ethics within the organization. That is, employees with higher levels of moral attentiveness will be engaged at a lower rate in an organization with an unethical climate, and employees with a low level of moral attentiveness will have increased work engagement in a highly ethical work environment. In a hypothesized model, we examine the influence of an interaction, employees’ moral attentiveness and their organizations’ level of institutionalization of ethics, on an employees’ level of work engagement. The hypothesized model is depicted in Figure 1.

FIGURE 1



PERSON-SITUATION INTERACTIONIST PERSPECTIVE

Researchers have recognized that a person’s individual characteristics and concurrent situation operate together to influence motivation in organizations, and have utilized the appropriately named person-situation interactionist perspective to explain this phenomenon (Chatman, 1989; Terborg, 1981). This framework asserts that unique characteristics of employees (i.e., individual differences) interacting with their perceptions of situational variables influence employees’ chosen courses of action. Individual differences in this sense are the within-person variance attributed to individual-level constructs such as characteristics, dispositions, or personality traits. Chatman’s (1998) work, which is based on an interactionist model, provides valuable insight relevant to our hypothesized model. Chatman’s use of the person-situation interaction aided in the conceptualization of person-organization fit as “the congruence between the norms and values of organizations and the values of persons,” (Chatman, 1998; 339). It is theorized that the combination of organizational context and individual characteristics were the foundation of person-organization fit or misfit. In particular, Chatman found that incongruences in fit predicted several forms of employee behavior. Thus, based on person-organization fit theory, when there is an incongruence between what an organization promotes in terms of ethical norms and values and its employees’ ethical norms and values, then it is likely that employee engagement will decrease. However, this general relationship is influenced by a number of additional factors that

will affect the extent to which fit will influence employee motivation and subsequent behaviors. In the sections that follow, we address some of these factors.

Mischel (1973) suggests that people bring individual differences (e.g., personality traits, values, and needs) with them into a given situation, and it is the perceived strength of the situation that fosters, or constrains, how personal characteristics influence individuals. Thus, the degree to which individual differences interact with situational variables to impact motivation in a given workplace depends on the strength of the situational variable. Strong situations are defined as consistent contextual cues that indicate what behavior is considered appropriate and expected, and therefore should be engaged in, or alternately, behaviors that should be refrained from because they are considered inappropriate (Beatty, Cleveland, & Murphy, 2001; Mischel, 1977). In contrast, weak situations are less persistent in terms of signals or cues. In the end, strong situations tend to create situations in which motivations of employees are relatively consistent and there is little variation attributable to individual differences; whereas, in weak situations one would expect to see greater variation in individual behaviors based upon those differences in personality and values that employees bring with them to the workplace.

Based on this, the person-situation interactionist perspective suggests that reaction of an individual within a given situation will be driven by an interaction between their own individual differences and perceived signals from the situation (Chapman, 1989; Church et al., 2005; Schmitt, 2009). Extending this logic to incorporate Mischel's (1973) work, a person-situation interaction will be further affected by the relative strength of the situation. Based on signals that employees receive about what is or is not considered to be acceptable behavior within the workplace, and their subsequent response to those signals, we expect a further progression of cognitive, attitudinal, and motivational reactions. In particular, when employees find themselves in situations where organizational norms and expected behaviors are incongruent with the self-view that employees have of themselves, they will experience different levels of dissonance, and will seek to resolve that dissonance (Festinger, 1957; Rogers, 1951). One eventual resolution to relieve such dissonance would be ceasing to engage in actions that are incongruent with one's values; a resolution which may be possible in weak situations. In strong situations, where adherence to behavioral norms is expected and deviance is admonished, resolving the discomfort of such dissonance may only be possible through removing oneself from the situation.

As this relates to our current study, we offer the example of an individual employee who works for organization where he or she frequently receives signals that questionable behaviors, potentially illegal actions, or immoral practices, may be acceptable or even expected, if said actions increase profitability or benefit the company in some way. To the extent that this employee has a strong ethical views, participating in the accepted behaviors will create dissonance because these actions are not consistent with the employee's values and preferred self-image. We hypothesize that this dissonance will proximally impact the employee's level of work engagement. To further develop our hypotheses, we next discuss the topic of ethics institutionalization, which is the focal situational variable in our person-situation interaction, and follow that with a discussion of moral attentiveness, the individual characteristic we incorporate into this interaction.

WORK ENGAGEMENT

Work engagement is considered a motivation to invest one's complete self in one's work roles (Kahn, 1990). This type of motivational construct is helpful for improving our understanding of work behaviors (Saks, 2006). Previous research has supported engagement's role in mediating the relationships between situational antecedents, individual differences, personality traits, and behavioral outcomes (Macey & Schneider, 2008; Rich, Lepine, & Crawford, 2010). As a motivating state, engagement provides a more inclusive explanation of employee behavior than attitudinal variables such as job involvement or job satisfaction (Macey & Schneider, 2008; Rich et al., 2010). Studies have shown work engagement to be conceptually and empirically distinct from related variables such as job satisfaction, job involvement, and organizational commitment (Christian et al., 2011; Macey & Schneider, 2008; May, Gilson, and Harter, 2004; Saks, 2006). An engaged employee will be physically, cognitively, and emotionally available at work (Christian et al., 2011; Kahn, 1990; Rich et al., 2010). Engagement is affected by both employee's individual differences and the employee's perceptions of situational information such as his or her work environment. Based this interaction, engagement results in the amount of effort an employee is willing to allocate to his or her work roles or the employee leaving the work roles entirely (Kahn, 1990; Saks 2006).

Kahn (1990, 1992) argued that engagement is influenced by a variety variables at variety of levels such as individual, interpersonal, group, intergroup, or organizational. These predictors, both environmental and individual, influence three personal psychological conditions that mediate the predictor's effect on engagement. The three psychological conditions are: (1) psychological meaningfulness; (2) psychological safety; and (3) psychological availability. The first condition, psychological meaningfulness, denotes the degree an employee believes his or her job is important. The level of importance is largely based on congruence between what the organization values and what the employee values (Renn & Vandenberg, 1995; May et al., 2004). Next, psychological safety occurs when an employee can fully express themselves in work roles without fear of unjustified negative criticism or consequences to self-image, status, or career (Kahn, 1990). Lastly, psychological availability concerns the employee having the physical, emotional, or cognitive resources to devote to work roles (Kahn, 1990). In summary, based on the interaction of contextual and individual variables, an employee will be engaged when: (1) work roles are significant compared to what the employee values; (2) the employee feels safe in performance of work roles; and (3) the employee has adequate resources to perform the work role.

Another common theoretical foundation for engagement research is the Job Demands-Resources (JDR) framework (Bakker et al., 2004; Crawford, LePine, & Rich, 2010; Hakanen et al., 2008; Schaufeli & Bakker, 2004). The main contribution of the JDR model is the assumption that components of a workplace environment can be divided into two independent groups: (1) demands or (2) resources (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001; Hakanen et al., 2008; Mauno, Kinnunen, & Ruokolainen, 2007). Job demands are defined as important components (e.g., cognitive, psychological, physical, social, or organizational) of a workplace environment. Allocating resources to components or perceived demands require an employee to exert effort, which results in physical, physiological, or psychological costs such as exhaustion, stress, or anxiety (Mauno et al., 2007). To an employee, these job demand costs are negative consequences of work. Alternatively, resources are facets of a workplace environment which help reduce the negative costs of work (Bakker et al., 2003, 2005; Demerouti et al., 2001;

Hobfoll & Shirom, 2001). The amount of resources allocated between the demands of work roles and resources is directly related to the level by which an employee is engaged (Bakker, Hakanen, Demerouti, & Xanthopoulou, 2007).

A more contemporary view of engagement was presented by Rich, LePine, and Crawford (2010). The authors conceptualized engagement as “a multidimensional motivational concept reflecting the simultaneous investment of an individual’s physical, cognitive, and emotional energy in active, full work performance (Rich et al., 2010: 619).” In this research engagement was empirically shown to mediate the relationship between environmental and individual predictors and a variety of behaviors.

Empirical evidence has shown engagement is influenced by a number of contextual variables including organizational climate (Bakker, Demerouti, & Verbeke, 2004), work community (Maslach & Leiter, 2008), work conditions (Christian et al. 2011), and social support (De Lange, De Witte, & Notelaers, 2008; Christian et al. 2011). Like situational variables, an employee’s individual differences will affect his or her level of engagement. “Individual differences shape people’s dispositions toward personally engaging or disengaging in all or some types of role performances, just as they shape people’s abilities and willingness to be involved or committed at work (Kahn, 1990: 718).” Before we discuss how an individual difference, moral attentiveness, affects work engagement; we need to describe our situational variable of interest, institutionalization of ethics.

INSTITUTIONALIZATION OF ETHICS

Ethics institutionalization offers a new perspective of ethical workplace environments. Ethics institutionalization is predictive of a particular organizational climate, which explains the extent ethical behavior is formally communicated and informally understood by employees (Singhapakdi, Sirgy, Lee, & Vitell, 2010; Singhapakdi & Vitell, 2007). Considered an aspect of the organizational environment, institutionalization of ethics can influence individual behavior and ethical decision making (Hunt & Vitell, 1993; Singhapakdi & Vitell, 2007). The construct is conceptualized by two dimensions, explicit and implicit institutionalization of ethics. Explicit ethics institutionalization concerns the level or degree of formal codification and enforcement of ethical values and standards. While implicit ethics institutionalization is defined as an organization’s informal ethical norms such as what organizational members actually believe is acceptable or unacceptable ethical behavior (Hunt & Vitell, 1993; Singhapakdi & Vitell, 2007).

Singhapakdi and Vitell (2007) conceptualized explicit ethics institutionalization as the level of formal communication of ethical behavior. This communication is accomplished through a variety of formal methods such as codes of ethics, policy manuals, ethics committees, and orientation programs. An organization with high explicit ethics institutionalization will have clear and concise communication of what ethical standards are expected and enforced. On the other hand, implicit institutionalization concerns the actual ethical norms and values that are enforced. Employees in an organization with high implicit ethics institutionalization believe that ethical behaviors are an integral part of what an organization values (Singhapakdi & Vitell, 2007).

Another contribution is the empirical evidence that ethics institutionalization affects job satisfaction, esprit de corps, and organizational commitment among individual employees (Singhapakdi & Vitell, 2007). Furthermore, it has been shown that businesses that institutionalize ethics, both explicit and implicit, will experience higher levels of these attitudinal variables (Singhapakdi et al., 2010). So stated in another way, how a organization formally communicates what is expected ethically of employees (codes of ethics, policy manuals, ethics committees, and orientation programs) directly affects what employees believe to be acceptable ethical behavior in the organization. Depending on an organizational member's ethical or moral characteristics, and based on the JDR, explicit and implicit institutionalization of ethics could be considered either a job demand (i.e. stressor) or a job resource. Based on previous engagement research, regardless of whether it is viewed as a job demand or resource, ethics institutionalization should have an effect on work engagement. Accordingly, our first hypothesis is:

H1: A positive relationship exists between institutionalization of ethics and work engagement.

MORAL ATTENTIVENESS

How strong of a positive effect institutionalization of ethics has on work engagement depends can be contingent on several individual characteristics of the organizational members affected. One such individual difference is moral attentiveness or how much attention a person pays to the moral aspects of their life (Reynolds, 2008). Moral attentiveness has been described as “a person's determination that a situation contains moral content and can legitimately be considered from a moral point of view” (Reynolds, 2006, p. 233). The construct is framed on social cognitive theory and describes how our ethical behavior is based on information that we perceive and reflect on moral matters and the ethical environment around us (Reynolds, 2008). It is a multi-dimensional construct consisting of two dimensions, perceptual and reflective.

Perceptual moral attentiveness is concerned with our ability to recall and report moral related behaviors. So for example, a person with a high level of perceptual moral attentiveness will infer a greater number of daily occurrences involving ethical or moral facets (Reynolds, 2006). The second dimension of moral attentiveness is reflective. Reflective moral attentiveness is more intentional than perceived and involves examining perceived moral experiences (Reynolds, 2008). Considering both dimensions, moral attentiveness has also been defined as “the extent to which an individual chronically perceives and considers morality and moral elements in his or her experiences” (Reynolds, 2008, p. 1027). In terms of this study, this conceptualization plays an integral part in our hypothesized model.

The effect of ethical environments, which are influenced by the level of institutionalization of ethics, will only be realized if an organizational member is aware of, perceives, and reflects on ethical or moral situations that occur within an organization. Conceptually, this is similar to the lack of effect an earthquake would have on the motivations of people within a building if the building's occupants cannot physically feel the earthquake. If we do not perceive a situational variable then it may or may not have an effect on our motivation and behavior. One way we perceive and are reflective to ethical situations is based on our level of moral attentiveness. Based on this assumption, the second hypothesis is:

H2: Moral attentiveness will moderate the relationship between institutionalization of ethics and work engagement, such that the effect will be more positive when moral attentiveness is high.

METHODS

Sample

Study participants were recruited utilizing student-recruited sampling method (Wheeler, Shanine, Leon, & Whitman, 2014). Student-recruited sampling involves students enlisting one round of subjects to observe and is an accepted survey research design feature (Demerouti & Rispens, 2014; Hochwarter, 2014). Wheeler et al. (2014) provides the most recent support for the validity of this sampling method. Utilizing a meta-analysis of engagement studies, based on the use of traditional or student-recruited sampling, researchers did not find a significant difference in corrected correlations of the observed relationships found in the sampled studies.

As suggested, we provided students with the preferred demographic for participants and guidelines for the data collection process (Demerouti & Rispens, 2014; Hochwarter, 2014; Wheeler et al., 2014). Undergraduate students were instructed to locate subjects that were at least 21 years of age in exchange for extra-credit in a business course. To help insure the diversity and external validity of the sample, students were prohibited from taking the survey even if they met the required demographics. Qualtrics survey software was used to collect data from the respondents online.

In the first step, students were sent a template email requiring the student to only fill in the participant's name as the addressee. Additionally, the email provided instructions for taking the survey, a link to the Qualtrics survey, and the contact information for both the researchers and the university's internal review board (IRB). The students were instructed to copy the template into an email and send to subjects fitting the required demographic for the study.

Several procedures were employed to help insure the validity of the data. First, as described above, detailed instructions were provided to both students and study participants. Next, the data provided by each subject was examined to locate any patterns within scale responses or statistical outliers. Any patterns or statistical outliers located were examined on a case-by-case basis. If the researchers believed this was the result of systematic error then the survey was removed. Furthermore, Qualtrics software provides useful data such as the time times and Internet protocol (IP) addresses of each survey response. Based on the average time to complete the survey, the researchers believed that any survey time less than 5 minutes could not be considered valid and was removed. To help insure students did not take the survey, any survey responses that originated from a university Internet protocol (IP) address were also removed. Of the 445 completed surveys, 423 were retained for analysis.

The average age of participants in the survey was 45.3 years ($SD = 14.8$), with 80 percent being Caucasian, and 52 percent being female. Overall, subjects had a mean total work experience of 20.6 years ($SD = 13.5$) and reported 47.0 percent had some level of college education. Industries represented within the sample were reported as service (21 percent), manufacturing (20 percent), education (14 percent), health and social care (13 percent), finance and insurance (9 percent), retail (9 percent), media and technology (7 percent) and other (less than 7 percent).

Measures

All scales utilized a 5 point Likert scale with response options ranging from 1 = "strongly disagree" to 5 = "strongly agree".

Engagement was assessed using an 18-item scale from Rich, LePine, and Crawford (2010) that captures three dimensions of engagement (*physical*, *emotional*, and *cognitive*). Responses were averaged to derive an overall composite level of engagement. Sample items are, “I work with intensity on my job” (*physical*), “I am enthusiastic about my job” (*emotional*), and “At work, my mind is focused on my job” (*cognitive*). Cronbach’s alpha for the scale was .90.

Institutionalization of Ethics (IOE) was measured using a 12-item scale from Sing & Vitell (2007) to assess the two components of institutionalization of ethics within a work environment. Examples of scale items are, *explicit*, “my organization effectively communicates ethical standards and policies” and, *implicit*, “in my organization there is a sense of responsibility among employees for maintaining an ethical reputation”. Responses were averaged to derive an overall level of IOE. Cronbach’s alpha for scale was .80.

Moral Attentiveness was assessed using a 10-item scale to assess the two dimensions of moral attentiveness (Reynolds, 2008). Examples of the scale items are, *perceptual*, “I often have to choose between doing what’s right and doing something that’s wrong” and, *reflective*, “I think about the morality of my actions almost every day.” Responses were averaged to derive an overall composite level of employee moral attentiveness. Cronbach’s alpha’s for each dimension was acceptable, perceptual ($\alpha = .82$) and reflective ($\alpha = .85$).

Control Variables were gender, age, and work experience. Gender was held constant to control any differences attributed to whether the employee was male (coded 1) or female (coded 0). The age and total work experience of the employee was controlled because survey responses to situational variables, such as ethical work environments, may be dissimilar simply because of different age groups or based on length of work experience.

RESULTS

The means, standard deviations, and correlations for each of the variables in this study are reported in Table 1. Scale reliabilities (alphas) are displayed along the main diagonal. All correlations were consistent with previous studies, in terms of dimensions of variables, and the direction (i.e., positive) of the hypotheses of this study.

Prior to testing our hypotheses, we performed several diagnostic data tests. First, we examined, due to the self-report nature of our data, we investigated the potential for common-method variance (CMV) (Doty & Glick, 1998; Podsakoff & Organ, 1986; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To test for CMV, we collected data on a marker variable concerning the subject’s preference for the color blue. The marker variable was measured by a 3 item scale from Miller & Chiodo (2008).

The items are “I prefer the color blue”, “I do not like the color blue (r)”, and “I like wearing blue clothes”. Responses were averaged to derive an overall level the marker variable. Cronbach’s alpha for scale was .91. The lack of significant correlation between the marker variable and all other variables suggests minimal bias associated with CMV. Lastly to examine issues related to multicollinearity, variance inflation factors were calculated and were found to be 1.8 or less. This is less than the suggested threshold of 10.0, which suggests the effects of multicollinearity were limited (Lomax, 1992).

TABLE 1

Table 1. Means, Standard Deviations, Reliabilities, and Correlations for All Measures

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Gender	.	.	1												
2. Age	45.40	14.80	-0.025	1											
3. Work Experience	20.59	13.46	0.085	.858**	1										
4. Institutionalization of Ethics (Explicit)	3.47	0.89	-0.049	-0.026	0.022	✓ (.83)									
5. Institutionalization of Ethics (Implicit)	3.67	0.70	0.054	.115*	.138**	.487**	✓ (.74)								
6. Institutionalization of Ethics	3.57	0.69	-0.005	0.041	0.084	.896**	.824**	✓ (.80)							
7. Moral Attentiveness (Perceptual)	3.00	0.86	.195**	-.126**	-.160**	0.062	0.095	0.088	✓ (.82)						
8. Moral Attentiveness (Reflective)	3.35	0.82	0.034	-0.059	-.113*	.111*	.130**	.138**	.622**	✓ (.85)					
9. Moral Attentiveness	3.18	0.76	.129**	-.104*	-.152**	.095*	.124*	.125*	.906**	.895**	✓ (.80)				
10. Engagement (Physical)	4.43	0.63	-0.042	.136**	.111*	0.085	.250**	.182**	0.080	.121*	.111*	✓ (.91)			
11. Engagement (Emotional)	4.29	0.71	0.005	.178**	.148**	.177**	.395**	.316**	0.045	0.087	0.072	.728**	✓ (.89)		
12. Engagement (Cognitive)	4.29	0.68	-0.060	.197**	.158**	.171**	.286**	.256**	0.086	.113*	.110*	.814**	.713**	✓ (.93)	
13. Engagement	4.33	0.62	-0.035	.187**	.154**	.161**	.343**	.279**	0.076	.116*	.106*	.921**	.897**	.922**	✓ (.90)

Note. N = 423. Alphas are displayed in parentheses on the diagonal.

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

To test the two hypotheses we utilized hierarchical moderated regression analysis in SPSS. When testing for an interaction, a cross-product term for the hypothesized interaction must be created. In the case of this study we created a cross-product term for institutionalization of ethics (IoE) and moral attentiveness. In the hierarchical regression equation, the three control variables (gender, age, and total work experience) were entered in Step 1, IoE and moral attentiveness variables were entered in Step 2, and the interaction term was entered in Step 3.

TABLE 2

Table 2 presents the results of the regression analysis. Step 2 of the analysis tested hypotheses 1, involving the main effect of IoE on engagement. Hypothesis 1 was supported in that employees were generally more engaged at work with high levels of IoE ($B = .23$; $p < .01$). In the final step of the regression analysis we tested the hypothesis concerning the influence of interaction between IoE and moral attentiveness. The interaction term was significant ($B = .11$, $p < .05$), so hypothesis 2 was supported.

Table 2. Regression Analysis

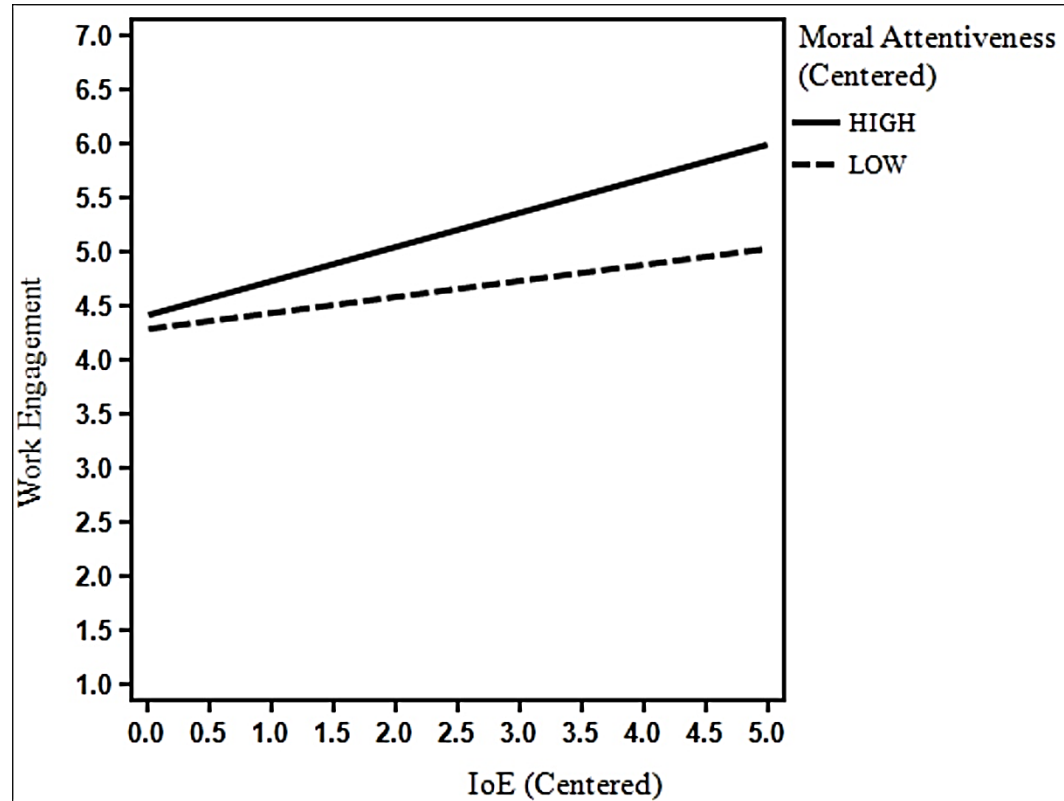
Variables	Step 1	Step 2	Step 3
<i>Controls</i>			
Gender	-.034	-.045	-.061
Industry	.008	.009	.009
Work Experience	.001	-.001	-.001
<i>Focal Variables (Main Effects)</i>			
Institutionalization of Ethics (IOE)		.230**	-.124
Moral Attentiveness		.077	-.324
<i>Interaction Terms (Conditional Effects)</i>			
IOE x Moral Attentiveness			.112*
R ²	.033	.113	.122
ΔR ²		.080**	.009*
Final Adj. R ² = .110*			

Note: N = 423. Unstandardized coefficient values are shown.

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

Figure 2 graphically depicts the significant interaction. The general pattern indicates that the interactions function in the hypothesized manner. That is, moral attentiveness strengthens the positive relationship between the focal IoE and engagement.

FIGURE 2



DISCUSSION AND CONTRIBUTIONS

The major contribution of this paper is to extend upon the growing literature on ethical environments, person-situation interactions, and work engagement. Existing models of ethical environments and engagement do not fully capture the array of relationships between individual and situational factors that ultimately affect behavior. This paper took an interactionist approach to modeling such factors, highlighting the impact of ethics institutionalization and moral attentiveness on work engagement. Previous research has not examined the impact of institutionalization of ethics within an organization and its impact on work engagement. The research presented in this paper provides an explanation of a possible outcome (low work engagement) for businesses that operate with low levels of formal (explicit) and informal (implicit) ethics institutionalization, based on employee moral attentiveness.

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THE INTERACTION OF PRE-ROLE TRAINING AND DEVELOPMENT AND IN-ROLE DEVELOPMENTAL CHALLENGES IN THE LEADERSHIP DEVELOPMENT PROCESS

Kenneth Sweet, Angelo State University, kenneth.sweet@angelo.edu
Lisa Penney, University of South Florida Sarasota-Manatee, lpennney@usf.edu

ABSTRACT

Recent academic dialogue regarding the nature of leader development has focused on the importance of utilizing on-the-job experiences. Several scholars have gone so far as to suggest that training and other formal developmental exercises offer modest returns in comparison. We hypothesize, based on Cognitive Resource Theory, that formal training and development (T&D) programs would serve as a cognitive foundation for future developmental experiences. In the proposed study, we will use 20 years of data from NFL quarterbacks to examine whether early career T&D moderates the relationship between in-role developmental challenges in years one and two and future performance in years three through five.

PROPOSAL

Extant research has demonstrated that organizational leaders do in fact make a difference in the satisfaction, commitment, and performance of their followers (House & Aditya, 1997). Accordingly, organizations in the United States invest billions of dollars annually to the development of leadership potential in their managers. In 2008, U.S. corporations allocated 17% of the \$56.2B spent on employee training to leadership development (Industry Report, 2008). Unfortunately, as leadership development practices and techniques proliferate, research is failing to keep pace (Riggio, 2008; Hernez-Broome & Hughes, 2004).

While early research and practice focused primarily on formalized classroom training and education, recently the focus has shifted to the value of trigger events (Luthans & Avolio, 2003) or challenging work experiences (McCauley, Ruderman, Ohlott, & Morrow, 1994) in the development of organizational leaders. Scholars have suggested that the principle mechanism through which leadership skills and competencies are gained is through developmental experiences (McCauley, et al., 1994). As McCall (2004, p 127) states, "The primary source of learning to lead, to the extent that leadership can be learned, is experience. The role played by training and other formal programs is relatively modest in comparison to other kinds of experiences." However, Avolio & Hannah (2008) suggest that for developmental experiences to be effective in building leadership skills the leader must be developmentally ready. Empirical evidence supports their claim by demonstrating that developmental challenges offer diminishing returns as the individual's cognitive resources become overtaxed, while characteristics of the individual and work environment may serve to increase the range of positive returns (DeRue & Wellman, 2009).

We suggest an additional mechanism for increasing employee developmental readiness prior to engaging in developmental work assignments: pre-role training and development (T&D). Retail, service, military, government, non-profit, and other types of organizations frequently utilize pre-

role T&D programs, ranging from days to years, to prepare organizational members for leadership roles. Pre-role T&D serves to socialize the leader to the organization, allows for the formation of developmental relationships, and gives the leader an opportunity to develop and try out baseline technical and leadership skills prior to assuming the position. When the employee does enter the formal leadership role and encounters a challenge, they then have greater social support, a better framework for recognizing and assessing the challenge, and additional cognitive resources to dedicate to overcoming and learning from the challenge. Without these resources the employee's potential for cognitive burnout, overstress, or failure is likely to be much higher.

Accordingly, the purpose of the current paper is to examine the effect of pre-role T&D on the relationship between leaders' in-role developmental challenges and subsequent effectiveness. In doing so, we hope to make four significant contributions to existing research on leader development.

First, we seek to expand current empirical work on event-based theories of leader development by examining the effect of developmental challenges on performance outcomes. To date, research on leader development has focused primarily on participant reaction to training and learning, rather than on behavioral or results criteria (Riggio, 2008). Similarly, studies on leader developmental challenges have examined learning-based outcomes including competency and skill acquisition (Dragoni, Tesluk, Russell, & Oh, 2009; DeRue & Wellman, 2009). Our study will be the first to examine the effect of in-role developmental challenges on subsequent leader and work group performance.

Second, we will investigate the impact of pre-role T&D quality on the strength of the relationship between developmental challenges and performance. Specifically, we will draw on Cognitive Resource Theory (Fiedler & Garcia, 1987) and Conservation of Resources Theory (Hobfoll, 1988) to propose and test a model where pre-role T&D quality enhances the relationship between developmental challenges and performance. While some authors have suggested that formal training programs may offer relatively little value in comparison to on-the-job experiences, we hope to demonstrate that pre-role T&D programs equip leaders with the tools they need to successfully overcome and learn from in-role challenges.

Third, our study will be the first to measure developmental challenges using unbiased (non survey) data. Previous studies employing a cross-sectional, survey methodology are biased (Ohlott, 2004). These studies correlate the leader's self-reported recollection of the level of challenge in their entire work history, or a specific work experience, to their current skill level (e.g. DeRue & Wellman, 2009; Dragoni et al., 2009). However, these and other authors also propose that characteristics of the individual influence how that person responds to workplace challenges (Avolio & Hannah, 2008). It is therefore likely that individual characteristics also influence how they perceive and report those same challenges. Consequently, previous studies have used confounded data sources, such that a single characteristic of the subject (e.g. learning orientation) may explain variance in more than one independent variable (e.g. self-reported learning orientation and self-reported developmental challenge). We hope to mitigate similar bias in our study through the use of a novel dataset: National Football League quarterbacks (NFL QB).

Finally, we view leader development as a process that occurs over time. Formal training and development, encountering challenging experiences, and the implementation of lessons learned from each clearly take time. Further, the development of a full set of effective leadership skills and competencies for a specific leadership role, as well as subsequent increases in performance for the leader and their workgroup, may take months or years. Recognizing the process nature of leader development, our study will be the first to utilize a longitudinal dataset to examine the quality of pre-role T&D, the presence of early career developmental challenges, and the resultant performance variations of both the leader and the workgroup over multiple years.

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WHAT DO MILLENNIALS WANT IN THE PERFECT WORKPLACE ENVIRONMENT?

Marcia Hardy, Northwestern State University of Louisiana, hardym@nsula.edu

ABSTRACT

Twenty-two variables were identified by millennials as the most important factors for millennial employees to enjoy the perfect workplace environment. On a 5-point Ranking Scale, fifty-two college students responded to a student- designed survey ranking the importance of twenty-two workplace environment variables. It was determined that motivation by 'being involved in the company's decisions' and 'working with positive-like-minded people' were the two most important factors. These were followed by 'having modern equipment' and 'liking the company I work for'. The most significant factors impacting job position selection are 'great working conditions including good equipment, good work environment and low stress.'

INTRODUCTION

Will Rogers, a famous American cowboy and everyman philosopher once said, "Things ain't what they used to be". How right he was in the field of human resource management. For example, The International Encyclopedia of Social Policy recognized that in the 1950's, the male breadwinner model was in practice. In today's workplace model, companies are losing older workers and baby-boomers are being replaced by Generation Y. More millennials are taking leadership roles. Payscale.com found that approximately 13% of all millennials in America are already managers in the workplace with the number expected to rise in 2015. At this moment, millennials have become the largest percentage of the workforce.

Definition of Millennials

Millennials, also known as the *Millennial Generation* or *Generation Y* are the demographic group following Generation X. There are no precise dates when the generation starts and ends. Most researchers use birth years ranging from the early 1980s to early 2000s. In 2014, the Pew Research Center, an American think tank organization, defined "adult Millennials" as those who are 18 to 33 years old, born 1981–1996. In a separate report, in 2015, Pew Research Center defined Millennials with birth years ranging from 1981 to 1997.

The Workplace has changed and the Workforce has changed. So have the expectations of the worker. Research indicates that in today's world, Millennial Workers, Generation Y, have now taken over as a majority of the workforce. Attracting them will require redefining recruitment and reworking how previous generations were sought out. In an article by Rosalie Holian (Labour & Industry -Taylor & Francis Ltd, Dec 2015), it was concluded that the more desirable Millennial candidate seeks more flexible and equitable working conditions in order to be attracted and retained in today's workforce. Today's Generation Y worker expects to be engaged and is looking for more than just the paycheck in the perfect workplace environment. Understanding what makes the perfect workplace environment for the new employee and making the significant changes to attract and retain these future workers will be key determinants to success for the businesses of today and tomorrow.

Mind the Gaps: The 2015 Deloitte Millennial Survey, sought responses from over 7,800 corporate leaders from 29 countries, to determine what these front-runners believed to be effective leadership, business operations and societal impacts. On the landscape of the evolving workforce, it was determined that Millennials overwhelmingly believe (75 percent) businesses are focused on their own agendas rather than helping to improve society. Only 28 percent of millennials feel that their current organization is making full use of their skills. Additionally, more than half (53 percent) of millennials aspire to become the leader or most senior executive within their current organization.

In a PrincetonOne White Paper entitled, *Understanding GenerationY*, it was determined that “Gen Yers are looking for meaningful and challenging work and may take longer finding a job than members of the previous generation.” As a group, millennials have received more academic education and training and are more tech saavy than the previous generations.

Purpose of the Study

The purpose of the study was two-fold. First, it was to create a list of variables the students believed represent the most important criteria for creating the perfect workplace environment for themselves and their millennial peers. The list of variables was selected based on the millennial students’ perceived importance of these variables in the creation of the perfect workplace environment. No prior research on the topic was presented to the students in advance of their variable selections. Secondly, the purpose of the study was to implement the survey, collect the results, and conduct a preliminary analysis on the selected criteria to determine which of the alternative variables presented on the survey were found to be the most significant factors impacting the perfect workplace for the millennial employee.

This study was carried out on a representative population of peers. The sample of respondents consisted of 52 college students, ranging in age from 18 to 24 years old. The survey was created and posted on Survey Monkey. Twenty-two (22) Likert 5 point scale questions [Strongly Disagree, Disagree, Neither Agree Nor Disagree, Agree, Strongly Agree] were used. One (1) Ranking question [Most Important to Least Important] ordering four variables considered important to the students when choosing a job was also created and used in the survey.

RESULTS

The main objective of this pilot study was to create a list of variables from the perspective of millennials to represent the most important criteria for creating the perfect work environment for millennials. A list of twenty-two (22) variables was created. The survey was conducted, results collected and analyzed. Based on the results, it was determined that the four most significant factors impacting the perfect workplace for the Millennial Worker today are: (1.) ‘Being involved in the company’s decisions’; (2.) ‘Working with positive-like-minded people’; (3.) ‘Having modern equipment to do my job well’; and (4.) ‘Liking the company I work for’. The two variables identified by millennial respondents as most important to the perfect workplace environment were ‘Being involved in company’s decisions’ (4.21) and ‘Working with positive-like- minded people’ (4.21).

Fifty percent (50%) of the respondents strongly agreed that being involved in the decision-making process of the company was very important to their motivation. Almost thirty percent (28.85%) agreed with this statement as being a priority in the perfect workplace. The second variable chosen by the Millennial Worker was 'Working with positive-like-minded people'. (4.21). Research indicated that forty-eight percent (48.08%) agreed that working with positive-minded colleagues was an important factor in the perfect workplace. One third of the respondents (33.54%) strongly agreed with this statement. 'Having modern equipment' (4.19) and 'Liking the company I work for' (4.19) were also identified. Not quite one-half of the respondents agree (40.38%) and strongly agreed (44.23%) that having modern equipment for doing the job well was important. 'Liking the company I work for' (4.19) was also chosen as one of the more important factors required in the modern millennial perfect workplace environment. Forty-four percent (44.23%) of the respondents strongly agreed and one-third agreed (32.69%) that 'liking the company I work for' is an important factor in the perfect workplace.

There were two more variables that stood out in terms of importance in the perfect workplace. They were: 'Having a good relationship with my boss' and "My boss is a great team player".

Fifty-three percent (53.85%) of the respondents agreed that "Having a good working relationship with my boss" and "My boss is a great team player" were both important criteria for a perfect workplace. Almost one-third of the respondents strongly agreed that "Having a good working relationship with my boss" was an important variable for the perfect workplace with twenty percent (21.15%) strongly agreeing that "My boss is a great team player" is of significant value to the perfect workplace. Both of these two variable scores were cumulatively lower (4.15 and 3.88 respectively) than the top four variables.

The One (1) Ranking question ordering four selected variables considered important to Millennials found the 'Great work conditions (good equipment, good work environment, less stress, etc.)' was ranked the most important factor when choosing a job. An interesting side note is that forty percent (40.38%) of the respondents agreed that the variable, 'Sanctions or penalties are required within the workplace' in order to have the perfect workplace environment.

CONCLUSION

Based on these results, the variables found to be most significant: 'Being involved in company's decisions', 'Working with positive-like-minded people', 'Having modern equipment', 'Liking the company I work for', 'Having a good relationship with my boss'; and 'My boss is a great team player', should be further researched. Further research should also be conducted to identify additional variables for consideration. The results of the investigation would be used to assist in the selection of the most significant determinants for inclusion in the main study and survey.

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MANAGEMENT COURSES AND CULTURAL INTELLIGENCE TRAINING: TOWARD A FRAMEWORK FOR CULTURALLY DIVERSE STUDENTS

Andrea Slobodnikova, Texas A&M University – Commerce, aslobodnikova@leomail.tamuc.edu
Brandon Randolph-Seng, Texas A&M University – Commerce, Brandon.Randolph-Seng@tamuc.edu

ABSTRACT

Cultural intelligence (CQ) is recognized as an important quality for global leaders and managers in order to work with people from culturally diverse backgrounds. Given the importance of CQ in the current work environment, it is important to understand how business educators can help students develop CQ. Further, with an increasingly diverse student body, an examination of how such development interacts with a student's own cultural background is needed. The purpose of this paper is to present a framework for successfully training CQ in management courses by taking into consideration students' own cultural background.

INTRODUCTION

In a world that is dynamically interconnected, global leaders are viewed as important human assets for worldwide corporations (Conner, 2000). Such corporations prefer leaders who are able to quickly adjust to multiple cultures and have the capability to manage culturally diverse units (Deal, Leslie, Dalton, & Ernst, 2003; Javidan, Teagarden, & Bowen, 2010). Business leaders who show such skills could be identified as culturally intelligence. Cultural intelligence (CQ) is defined as, "an individual's capabilities to function and manage effectively in culturally diverse settings" (Ng, Dyne, & Ang, 2009, p. 514). Research has shown that within culturally diverse situations, a manager's level of CQ significantly relates to culture (Adler, 2002; Erez & Early, 1993; Hofstede, 1991; Triandis, 1994); expatriate training (Spreitzer, McCall, & Jaworski, 2001; Ones & Viswesvaran, 1997; Tung, 1988), work team performance (Ng, 2011; Kim & Van Dyne, 2012), productivity (Early et al., 2006), global leadership (Dekker et al., 2008; Deng & Gibson, 2008), international communication (Ting-Toomey, 1999; Gudykunst & Ting – Toomey, 1988), cross-cultural training (Black & Mendenhall, 1990; Bhawuk & Brislin, 2000; Landis, Bennet, & Bennet, 2004; Lievens, Harris, Van Keer, & Bisqueret, 2003), and business focused competencies (Janssens & Brett, 2006).

Early and Ang (2003) state that the general structure of CQ involves three dimensions: the mental (two sub-dimensions: cognitive, metacognitive), motivational, and behavioral dimensions. The cognitive dimension of CQ includes the ability to develop explicit knowledge of social system, cultural systems, norms, and values. The metacognitive dimension of CQ emphasizes the higher order cognitive processes used by individuals in order to organize and comprehend cultural knowledge. Behavioral CQ underlines the ability of individuals appropriately to employ behaviors and actions when interacting with others from diverse cultures (Dyne et al., 2012).

There is a wide range of cultural training designs and most of them are focused on preparing individuals with specific abilities, behaviors, and knowledge that are important when working

with people from culturally diverse environments (Carpenter, Sander, & Gregerso, 2001; Daily, Certo, & Dalton, 200; Sambharya, 1996). To prepare educators to teach culturally diverse students requires a more detailed and systematic knowledge about the specific cultures and how they impact learning behaviors and learning outcomes. Each culture intensively impacts the attitudes, values, and behaviors that teachers as well as students convey to the educational and instructional process. In recent years, the American education system has lacked the needed responsiveness to culturally diverse students and as a consequence, these students have been expected to adapt and learn according to American cultural norms (Gay, 2002).

Nevertheless, in today's global environment, the understanding of cultural interaction is essential for every transnational educational institution. In order to increase effectiveness and improve academic success and access of students, some educational institutions have started to master the academic tasks while functioning under diverse cultural conditions that are unfamiliar to them. This can be done by teachers who are culturally responsive to the diverse students through their instructional processes.

Therefore, a framework for successfully training CQ in management courses among students from diverse backgrounds should include both experience and explanation-based approaches. Experience-based and explanation-based approaches to management education in CQ for diverse students corresponds well to the four-stage learning cycle (Kolb, 1976). According to the model, effective learning involves: (1) Actively learning using concrete experiences; (2) Critically pondering those experiences; (3) Integrating thoughts into abstract conceptualizations; (4) Testing conceptualizations in other real-life experiences. Therefore, both experience-based and explanation-based approaches seem important in effectively teaching diverse students CQ (see Oxendine, Robinson, & Willson, 2004). Encouraging movement through the learning cycle would seem to benefit from an internal interest on the part of the learner (Deci & Ryan, 1980). Having an internal interest in turn increases the desire to think critically and to take an active role in the learning process (Chickering & Gamson, 1991). Such a critical thinking strategy (see Bernstein, Penner, ClarkeStewart, & Roy, 2008, p. 30), integrates expert frameworks with personal well-reasoned assertions (see Figure 1). As such, outcomes consistent with both the experience-based and explanation-based approaches to CQ among culturally diverse students may result (see Halpern, 1999).

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REAL OPTIONS AND BANKRUPTCY

Tong Hyouk Kang, University of Memphis, tkang1@memphis.edu

ABSTRACT

Can bankruptcy be a firm's survival strategy? To address this question, this study relies on real options theory and focuses on two issues: (1) what conditions encourage managers to pursue a strategic bankruptcy and (2) the process variables that may improve the likelihood restructuring will achieve a successful strategic bankruptcy. Understanding when and if strategic bankruptcies may be successfully pursued is essential for guiding managers facing current global recessionary conditions. Our findings, based on a pooled cross-sectional data of 525 U.S. firms that have filed Chapter 11, suggest that shortened bankruptcy procedure time, when associated with lower bankruptcy costs, will increase the likelihood of a firm's survival. Our results also indicate that less profitable and less efficient firms are more willing to file for voluntary Chapter 11, while inefficient firms may be overcome by firms' diversified investments.

INTRODUCTION

"I don't think it's a failure, it's a success," Donald J. Trump, chairman and CEO of Trump Hotels & Casino Resorts, said in the interview when his firms filed for bankruptcy (NBCNews, 2004). Can bankruptcy be a firm's survival strategy? Bankruptcy is often perceived as a failure and an option that financially distressed firms can pursue as a last resort (Flynn & Farid, 1991; Morton & Thomas, 1993). The reorganization bankruptcy (e.g., Chapter 11 in the United States) legislation, however, has changed bankruptcy outcomes and perceptions considerably by providing reorganization opportunities which before had required most firms filing under bankruptcy law to be liquidated (Gleckman, 1992). The reorganization bankruptcy protects financially distressed firms from their creditors by preventing debt collections and/or management interruptions, allowing firms to focus on the restructuring process until they leave legal protection (Gilson, John, & Lang, 1990). Hence, filing a Chapter 11 can be a preferred option for financially distressed firms because some firms are able to successfully reorganize under these proceedings (Lynn & Neyland, 1992)—i.e., some firms gain benefits from intentional bankruptcy filings. Indeed, these filings are often called a "strategic bankruptcy" (Delaney, 1998; Flynn & Farid, 1991; James, 2016; Moulton & Thomas, 1993; Skeel, 1993). However, there is no clear definition of what composes a strategic bankruptcy, as the evidence remains unclear about whether such filings really provide value—even as a survival mechanism (Moulton & Thomas, 1993).

Understanding how such filings can serve as a survival mechanism and why some bankrupt firms successfully reorganize after filing Chapter 11 is crucial for advancing strategy prescriptions for distressed firms. Moreover, successful reorganization outcomes enhance the societal use of resources (Ahlstrom & Bruton, 2004) by providing efficient restructuring versus total liquidation and greenfield rebuilding. Alternatively, to the extent such filings only provide short-term extensions on continued inefficient practices, the law would reward inefficiency and society's overall economic productivity is hampered (White, 1983). In addition, although research indicated that successful reorganizations may provide benefits at societal level (Lee, Peng, &

Barney, 2007), managers' incentives to undertake intentional bankruptcy for survival, and the view of outsiders, remain somewhat ambiguous. Therefore, this paper addresses this gap by investigating and examining when and why managers' intentional bankruptcy can be a survival strategy for the distressed firms.

Specifically, we first elaborate conditions in the distressed firm context that might encourage managers to pursue a strategic bankruptcy. Secondly, we consider how real options theory provides clues as to the process variables that may improve the likelihood restructuring will achieve a more successful strategic bankruptcy. From this standpoint, we build off of prior strategy research arguing that considering the processes of firm failure is important in terms of building a comprehensive understanding of organizations (Daily, 1994; Porter, 1991). We investigate the dynamics of strategic bankruptcy by examining two parts of the Chapter 11 process. First we investigate the question, what financial factors are most significant in motivating firm managers to seek a strategic bankruptcy? Next, we test whether motivations for a strategic bankruptcy and factors that can increase the firm's flexibility also increase the possibility for firm survival.

In the next sections, we provide some background on Chapter 11 bankruptcies and real options theory. We follow this with theory development and offer hypotheses based on models theorized to depict two aspects of the strategic bankruptcy process, voluntary petitions and survival. We test the models and describe the analysis and results, followed by our discussion and conclusion.

BACKGROUND

Chapter 11 bankruptcy law resulted from the Bankruptcy Reform Act of 1978 and provides an avenue for distressed business reorganization to discharge and restructure debt, and to possibly reorganize the firm for continued operation, or liquidate assets. Specifically, distressed firms have two values: their value as a "going concern" and their liquidation value. For creditors, managers and society, it is important that the higher value be pursued (Rusch, 1994); unfortunately, the value of a firm as a going concern can be theoretical, especially if management can undertake strategic changes that could significantly change the value from the current position. Despite a difficult economy, bankruptcy filings have dropped by half in the last five years (from over 52,000 in 2011 to around 25,000 in 2015; US Courts, 2015)—notionally due to the recent years of zero and very low interest rates.

A firm's reorganization process under Chapter 11 begins with either a voluntary petition (filed by the firm, i.e., debtor) or involuntary petition (filed by certified creditors)—for bankruptcy. A firm facing imminent bankruptcy without turnaround plans usually faces a petition by creditors and liquidation. On the other hand, for a firm facing temporary setbacks or with a turnaround plan, the bankruptcy filing can be an opportunity; the federal court plays a central role in protecting firms from debt collections and/or management interruptions allowing firms to restructure until they leave from the legal protection (Gilson et al., 1990). For example, previous research indicated some firms may use Chapter 11 filing as a way to improve their long-term performance with debt repayment plans under Chapter 11 (e.g., Evans & Borders, 2014). In doing so, the firm can use bankruptcy filing as one of the strategic options for its survival (Flynn

& Farid, 1991; Miller, 1977), and therefore, some firms willingly file for bankruptcy under Chapter 11 under certain conditions.

Real options theory

The notion of real options is developed by Dixit and Pindyck (1994) using an analogy approach of call options in finance. Options are widely used to hedge risk when the volatility of a stock, bond, or commodity is high in the market. Options encompass the right to purchase a stock, bond, or commodity at a certain price at a specific time, allowing a purchaser to gain benefits from future price differences; options holders can abandon the option if the exercise of the options are worthless. High volatility increases the value of options as option holders (i.e., firms) have a higher probability of gaining profits from upside variance, and downside risk is limited to the relatively small option cost. The critical feature of an options perspective is that the participant is able to take action in a future period of time, when current uncertainty is resolved by the unfolding of events, and providing added flexibility.

Likewise, a distressed firm's intentional Chapter 11 filing may be understood as a real option. First, it involves some costs such as legal costs, and perhaps more saliently, opportunity costs from not choosing alternative options such as selling the business (i.e., divestment), avoiding deterioration if the external environment turns out unfavorable to the firm, and negotiating debt with its creditors (i.e., out-of-court settlement). Second, if the firm can be successfully reorganized from Chapter 11 bankruptcy, the gain from upside variance can be unlimited, while the cost is limited. Third, the firm can choose to either exercise or abandon the option depending on its situation. For example, if the market volatilities of alternative options turn more favorable to the firm, the Chapter 11 filing can be abandoned without any obligations.

Furthermore, in the real options perspective, a firm's real asset investments in the preparation for Chapter 11 filing can be regarded as parallel to option premiums in call options. Extending decisions to a future time and structuring assets so as to meet such future opportunities provides a similar flexibility for firms, making the Chapter 11 filing a type of flexible option for the distressed firm.

HYPOTHESIS DEVELOPMENT

When a financially distressed firm is faced with an imminent bankruptcy, its executives may choose a Chapter 11 filing to have one more chance to revive the firm from financial distress (Lynn & Neyland, 1992). Although the firm's future is uncertain as to whether it will earn significantly higher financial returns than those of competitors, obtaining revival opportunities is crucial to the firm (i.e., positive financial returns through the reorganization). Without the Chapter 11 protection, the firm has to be liquidated with no option for reorganization. Thus, the existence of an option for Chapter 11 filing should mean that financially distressed firms will have a greater chance of survival than those that do not have the option (Lee et al., 2007). If such purposeful turnarounds are possible via strategic bankruptcies, then providing reorganization opportunities to financially distressed firms can also be regarded as a "real option" at the societal level (Lee et al., 2007)—the option for reorganization is provided by the society through the bankruptcy protection law and the option will also enhance possible future variety (Miller, 1997).

Factors predicting the pursuit of a strategic bankruptcy

Following this logic, financially distressed firms are likely to face high uncertainty that raises their option values from the Chapter 11 filing and successful reorganization if the management believe their distress is temporary or conducive to turnaround. Importantly, managers have heavy career incentives to avoid bankruptcy; early studies indicated executives leaving such distressed firms on average do not gain comparable positions for at least three years (Gilson, 1989) and all employees tend to suffer severe wage losses post-bankruptcy (Graham, Kim, Li, & Qiu, 2013). A key point is that the greater the distress of the firm, the likely worse the outcome of an involuntary bankruptcy liquidation; for firms undergoing greater distress, the value of a successful turnaround is of higher value.

In addition, it seems unlikely managers would pursue this option except for their belief that they can restructure their firm to gain the higher value as a going concern. A question is raised, though, as to which types of financial distress are perceived as amenable to turnaround, and whether managers seeking the strategic bankruptcy are indeed experiencing greater distress in those dimensions than their involuntary counterparts.

Prior research has investigated several financial predictors of bankruptcy filings (e.g., Altman, 1993; Bellovary, Giacomino, & Akers, 2007). For example, very early Altman (1968) developed a Z-score model to predict bankruptcy using five financial ratios including liquidity, profitability, leverage, solvency, and an activity ratio. Recent studies indicated that three financial measures such as profitability, liquidity, and solvency present the highest prediction power of bankruptcy (Bellovary et al., 2007; Brédart, 2014). However, we were unable to identify any research that identifies whether some financial factors are more associated with managerial beliefs that they may be able to turn around the fortunes of their firm through a strategic bankruptcy.

Investigating which factors may predict the pursuit of a strategic bankruptcy is important for evaluating the eventual effectiveness of strategic bankruptcies. Specifically, if managers in firms with greater deficits on a particular financial dimension are likely to pursue a strategic bankruptcy, it is important to determine if they are correct in their beliefs. For instance, if firms with the greatest inefficiencies are likely to successfully go through voluntary Chapter 11 (e.g., using the option to reorganize assets more efficiently with less creditor pressure), then such evidence would indicate that restructuring options can indeed provide macroeconomic benefits, and that such financial impairments are reparable. On the other hand, poor success at voluntary turnaround for certain financial deficits may indicate that managers suffer from a type of inordinate hubris or over-optimism about their abilities (Shimizu & Hitt, 2004; Heaton, 2002), or they discount the endurance of downturns in features such as profitability in line with their risk response (Rose-Ackerman, 1991). As noted above, though, we were unable to find empirical evidence of whether some of the more prominent financial indicators associated with bankruptcy differ between voluntary and involuntary filers. Thus we investigate four prominent financial indicators:

Hypothesis 1a: Managers will be more likely to seek strategic bankruptcy to restructure heavy debt loads.

Hypothesis 1b: Managers will be more likely to seek strategic bankruptcy to provide time to restructure cash flow for liquidity.

Hypothesis 1c: Managers will be more likely to seek strategic bankruptcy to restructure operations to improve profitability.

Hypothesis 1d: Managers will be more likely to seek strategic bankruptcy to restructure operations to improve efficiency.

Factors predicting post Chapter 11 survival

Under Chapter 11 protection, bankrupt firms will have one more chance to revive by reconfiguring their capital structure through debt restructuring in response to the court, creditors, and shareholders. Restructuring processes can be painful to both managers and judges. During the process, managers must report their reorganization plans and their progress to the court. If they achieve successful reorganization through the efficient restructuring of both capital and the organization, the firms may engender unlimited future growth opportunities—their value as a going concern is substantially higher than their liquidation value. Furthermore, if a firm is indeed treating bankruptcy filings strategically, the likelihood of successful reorganization should be increased. In other words, a firm with clear goals and strategic plans for restructuring and post restructuring should be more likely to achieve successful reorganization.

Since the implementation of the U.S. Bankruptcy Reform Act of 1978, researchers have focused on finding financial indicators to predict bankruptcy (Akers et al., 2007; Altman, 1993; Aziz, Emanuel, & Lawson, 1988; Baldwin & Glezen, 1992; Brédart, 2014; Flagg, Giroux, & Wiggins, 1991). Some of the more notable studies that have examined firm-level determinants of bankruptcy outcomes examined the effect of board structure (Daily & Dalton, 1994) or diversification type on firms' successful reorganization from Chapter 11 (Dawley, Hoffman, & Brockman, 2003). However, management studies have seldom examined the fate of bankrupt firms under Chapter 11 reorganization, although the decisions are highly strategic and consequential for management practice (Altman, 1993; Daily, 1996; Hotchkiss, 1995; Moulton & Thomas, 1993).

Managerial foresight and flexibility options

By definition, unless strategic bankruptcies are found to be empirically ineffective alternatives for distressed firms, the mere fact that they are pursued to help the firm turnaround and survive should lead to higher survival rates than for their involuntary counterparts. Managers pursuing strategic bankruptcies are taking advantage of the real option advantages associated with Chapter 11. This option may be undertaken because the managers believe they can implement an effective turnaround strategy, or alternatively, they may enter into the process to buy time to formulate and implement a new strategy. Additionally, the managers may be just literally “buying time” to see if environmental factors such as technological waves move in their direction. Still, the filing for a voluntary bankruptcy should translate into a higher likelihood of survival based on the added capability to implement new strategies or make new decisions as various uncertainties in the market resolve during their restructuring. Therefore we test:

Hypothesis 2: Firms that pursue strategic bankruptcy by voluntary petition are more likely to survive Chapter 11 proceedings than those firms that do not seek strategic bankruptcies.

Bankruptcy costs and flexibility options

From the perspective of real options, the downside variance is limited to the bankruptcy costs at the firm level. Bankruptcy costs consist of two primary components: direct costs and indirect

costs. Direct costs refer to the costs associated with a firm's bankruptcy filing, which includes legal and liquidation costs, while indirect costs are associated with the impacts of bankruptcy on a firm's reputation and the perception that the firm is in financial distress (Sutton & Callahan, 1987).

Out-of-court settlements (e.g., negotiation between a firm and creditors) provide the fastest resolution of impending bankruptcy proceedings. Some creditors will negotiate down outstanding debt before a firm's bankruptcy filing directly with a firm's executives – in order to reduce their expected losses given that executives, recognizing the cap on downside risk from an eventual Chapter 11 filing, are more willing to take on more risky investments in hopes of higher upside return (Jensen & Meckling, 1976; Myers, 1977). This out-of-court approach is thus preferable to in-court approaches such as filing Chapter 7 or Chapter 11, due to its considerable lower cost (Franks & Torous, 1994).

Filing under Chapter 11 is generally understood to be costly and complicated, not least because a large number of stakeholders with different and conflicting interests are involved. Accordingly, the process may take an excessive amount of time on settlements, and indeed the length of time spent on the process is positively associated with the costs of bankruptcy (Bebchuk, 2000), making it a compelling proxy for Chapter 11 downside costs. Moreover, the lengthened processing time also sends a negative signal to shareholders (Lee et al. 2007:262), reducing shareholders' confidence in the firm's revival versus liquidation.

In sum, lengthy processes lead to high uncertainty about a firm's potential liquidation, and thereby increases both direct costs, and the indirect costs of bankruptcy associated with a firm's reputation and perception of sustainability. Subsequently, both expected earnings and the value of the firm's assets will be lowered (Bebchuk, 2000; LoPucki & Dogerty, 2002), in turn lowering the real option flexibility the firm faces. Therefore, we posit:

Hypothesis 3: The length of time spent on the bankruptcy procedure will be inversely related to the likelihood of a firm's successful reorganization (survival) from a Chapter 11 strategic bankruptcy.

Degree of country internationalization and flexibility options

The real options approach helps managers to further pursue their business strategy under uncertainty, since they can invest in various alternatives which contain a different level of uncertainty and wait and see whether the uncertain factors are diminished. Finance has well established the benefits of diversified investments or portfolio investments in reducing the average variance of investment results (Kogut & Kulatilaka, 1994a).

Similarly, a firm with a more diverse portfolio of strategic opportunities should be more likely, on average, to obtain positive outcomes over time as key uncertainties are resolved. For example, a firm restructuring the organization based on opportunities to redeploy assets based on the existing corporate-level strategy of geographic diversification, should be more likely to be able to achieve a successful post-reorganization, especially if salient geographical uncertainties resolve (e.g., war, currency crises, energy access, elections). Therefore, the Chapter 11 filing can encourage the survival of the firm by allowing international investments to "play out."

Hypothesis 4: The degree of diversification across countries will increase the likelihood of a firm's successful reorganization (survival) from a Chapter 11 strategic bankruptcy.

METHODS

Sample and sources of data

Our interest is whether bankrupt firms are successfully reorganized and continue in their business after reorganization. Data was collected for U.S. bankrupt firms that filed Chapter 11 during a 24-year period (1982-2005, inclusive). The ending year 2005 ensured a sufficient post-filing/court decision period to assess survival. The base data set of bankruptcy filings were collected from the private source—*UCLA-LoPucki Bankruptcy Research Database (BRD)*. Additional financial data from COMPUSTAT *Fundamentals Annual* were merged to generate a unique pooled cross-sectional data set.

The database includes records for a total of 525 firms. This study focused on firms' successful post-reorganization, and thereby firms were evaluated according to survival years – with the baseline evaluation of 5 years following previous research (e.g., Hotchkiss, 1995). From the sample population, 202 firms were successfully reorganized in the beginning. However, 91 firms were refiled, merged, or liquidated within 5 years after the reorganization. That means only 111 firms were able to continue their business over 5 years. The other 323 firms were not successfully reorganized and were liquidated. In sum, our sample includes 111 survived firms and 414 short-lived or failed firms.

We investigate the dynamics of strategic bankruptcy by examining two parts of the Chapter 11 process. We first consider which financial distress variables are related to managers' tendency to file for strategic bankruptcy. Next, we follow the fortunes of Chapter 11 firms to determine whether voluntary petition, process speed and diversification positively raise the real option value of the firm as evidenced in longer survival.

Dependent variables

Voluntary petition for strategic bankruptcy

Firms were coded based on whether they filed a voluntary or involuntary petition for Chapter 11 reorganization. Petition is a binary variable coded as 1 if a firm voluntarily filed, or coded as 0 if it did not. This variable is used as an independent variable in the second test.

Bankruptcy survival (Post-reorganization)

Predictors for five year survival were assessed for reorganized firms. Bankrupt firms not successfully reorganized were coded as 0 (failed) and successfully reorganized firms surviving over 5 years were coded as 1 (survival).

Independent variables

Four financial flexibility indicators—leverage, liquidity, profitability, and efficiency—were used to test for predictors of filing strategic bankruptcy. These variables we employed as controls for the second regression predicting survival.

Leverage

Leverage (i.e., financial risk) indicates whether a distressed firm can obtain additional financing in times of crisis. Leverage was measured as total debt to total assets (e.g., Gordon, 1971; Chan & Chen, 1991; Flagg et al., 1991).

Liquidity

Liquidity indicates whether a firm is able to endure in times of distress through accessing emergency resources. Liquidity was measured as current assets divided by current liabilities (e.g., Ohlson, 1980; Flagg et al., 1991).

Profitability

Profitability indicates whether a firm has current potential to recover from financial distress. Profitability was measured as net income to total assets (e.g., Altman, 1968; Daily & Dalton, 1994).

Operational efficiency (Efficiency)

Operational efficiency (i.e., activity ratio) indicates how much a firm is able to generate revenue using its existing assets. Efficiency was measured as sales divided by total assets (e.g., Altman, 1963; Platt & Platt, 1990).

Time in Process (Time)

We defined the length of time spent on the bankruptcy procedure as the number of months between a firm's bankruptcy petition (voluntary or involuntary) and the closing of the case. The number of months were natural log-transformed.

Degree of internationalization (DOI)

Strategic business units for all firms in the sample were coded for their country of residence. Each firm was then coded for the number of countries in which firm assets were deployed.

Control variables

Organizational size

Organizational size was measured as the natural log of total assets following prior literature (e.g., Gul & Tsui, 1997).

Industrial dummies

Industrial dummies are included to control heterogeneous industrial effects by including two-digit SIC codes following prior research (Amburgey and Miner, 1992).

ANALYSIS AND RESULTS

Binary logistic regression was used for testing hypotheses. We relied on the likelihood ratio (L-R) approach, since this approach provides not only the convenience of interpretations for the results, but also analytical advantages such as discriminant function analysis (e.g., Daily, 1996; Daily & Dalton, 1994). Following previous studies, financial variables were tested for different time periods: 5-year, 3-year, 1-year lag, as well as year of filing for the second regression. A 5-year lag has indicated discriminatory power for bankrupt/survivor firms (e.g., Aziz et al., 1988; Baldwin & Glezen, 1992; Daily, 1996; Daily & Dalton, 1994; Hambrick & D'Aveni, 1992).

The descriptive statistics (means, standard deviations) and correlation results for the dependent variables, independent variables, and control variables are presented in Table 1.

Insert Table 1 about here

The first regression results show the effects of the four financial variables on the probability of a voluntary filing. Two of the four financial variables—profitability and efficiency—are statistically significant. Both variables were negatively related, indicating that managers in less profitable and less efficient firms were more likely to sue for voluntary petition than other firms in Chapter 11. Relative leverage and liquidity conditions were not significant in predicting

strategic bankruptcy compared to the involuntary firms. This analysis provides some novel insight as to which financial distress variables are most likely to lead managers to believe a firm can turn around its situation, and value the option to voluntarily reorganize more highly than managers in other distressed firms.

Insert Table 2 about here

Table 3 provides the results for predictors of five year survival, using the financial data from the year of filing, one year before filing, three years before filing, and five years prior to Chapter 11 filing. The only significant predictor of five year survival is organizational size for all time periods except one year lag data; by the year of filing, high liquidity and negative efficiency are significant indicators of those firms that will survive.

Hypothesis 2 predicted that voluntary petitions would be positively related to long term survival. In fact, voluntary petitions were significantly and negatively related to survival, significantly in the five year lag data at $p < .05$, and consistently for the remaining periods at $p < .10$ level in the three year lag data and at $p < .05$ in the one year lag data (see Table 2). The greater distress of these firms in both profitability and efficiency appears to overshadow managers' beliefs about the viability of a successful strategic restructuring. Hypothesis 3 posited that the time spent in bankruptcy proceedings would be negatively related to survival. This variable is only significant in concert with the financial data available in the year of filing and one year before filing. The amount of time spent in bankruptcy is not significantly related to the five year survival of firms in the later periods (i.e., T_3 and T_5 in Table 3), when apparently the poorest firms have already been selected out of the sample and the time in bankruptcy no longer provides additional signaling information. This finding is also consistent with prior studies that have indicated that 5-year lagged financial indicators have discriminatory power for bankruptcy (e.g., Aziz et al., 1988; Baldwin & Glezen, 1992; Daily, 1996; Daily & Dalton, 1994; Hambrick & D'Aveni, 1992).

Hypothesis 4 argued that the degree of internationalization would predict five year survival based upon the flexibility afforded by different countries during the resolution of uncertainty about the proper restructuring options. This variable was significant in the three year and one year lag data, even after controlling for organizational size and heterogeneous industrial effects, indicating that those firms that gained long term survival were more likely to have wider geographical diversification strategies in comparison to failed firms.

Insert Table 3 about here

DISCUSSION

This research emphasizes the importance of understanding why managers might seek a strategic bankruptcy, and using a real options perspective, evaluates some variables that indicate whether and when such bankruptcies are likely to successfully restructure to survive for five years post filing. Our main findings showed two of the four financial variables predicted seeking voluntary petition; that voluntary petitions were less likely than involuntary petitions to survive five years;

and that the degree of internationalization across countries significantly predicted survival. We discuss these findings further below.

Our first hypothesis contended that managers in firms with greater distress relative to the bankruptcy population may be motivated to sue for a voluntary petition (or strategic bankruptcy) because the real option of restructuring was of greater value to this group. This could be considered counter to some observers' expectations; it might be thought managers in firms with the highest likelihood of a successful turnaround (based on relatively higher financial indicators) would seek a strategic bankruptcy. Our findings confirmed our suspicions that it was managers in the poorest performing firms—here on the two indicators of profitability and efficiency—that sought strategic bankruptcy. This finding also suggests further investigations are needed to understand why managers believe profit and efficiency issues are capable of effective restructuring. This is especially important in light of the follow-up investigation on these managers' success at restructuring.

Our second regression tested which variables actually predicted five year survival. Our second hypothesis extended the logic in our first investigation—specifically, if a manager seeks out a strategic bankruptcy and it is not forced upon a firm by creditors, it is likely due to the fact that the managers have plans for restructuring, or expect some gain by the extension of time. Thus, it seemed compelling that by definition such firms should be more likely to successfully restructure, as they entered into the process with that goal in mind. Instead, we found that voluntary petitions were negatively related to five year success rates. This finding was surprising and provides some justification for assessing whether cognitive biases (e.g., sunk costs, availability heuristics, optimism, prospect theory) encourage managers in especially dire circumstances to believe that profitability and efficiency issues are eminently fixable. Alternatively, such evidence may indicate that managers seeking strategic bankruptcy may be more prone to undue hubris than other managers (Hiller & Hambrick, 2005). Importantly, while such firms were more distressed to begin with, it is important to note that these same distress variables are not significant in determining the five year survival period, indicating an important behavioral phenomenon is likely.

Other variables were also informative of five year survival. Organizational size is consistently and strongly related to successful restructuring. The time length of the bankruptcy proceedings only becomes important when considering the financial condition at one year before filing or at the time of filing. It is at these two periods that financial variables of liquidity and efficiency also become salient, and given the financial condition during bankruptcy, taking longer does seem to impose a real option cost on successful restructuring.

Finally, the degree of internationalization based on the number of countries a firm is in was significant in the 1-year and 3-year lag data, even after accounting for organizational size and industrial effects. This finding was interesting, because using the number of countries best matched the idea that firms with many “options,” i.e., country alternative contexts, would best be able to exploit the added time and uncertainty resolution that bankruptcy proceedings afford. Moreover, this characteristic acted independently of size in supporting successful restructuring. Previous studies argue that the lowering costs of bankruptcy help inefficient firms to exit (Bruton & Ahlstrom, 2002; Lee et al., 2007). Our finding, however, also suggests that for about 20% of

firms in Chapter 11, the protection afforded in bankruptcy proceedings—allowing firms to restructure without the interruptions from their creditors/shareholders (Gilson et al., 1990)—also encourages high-potential firms to reorganize. From a real option perspective, firms' successful reorganization and their post-reorganization success is important at the societal level, since these firms may have unlimited growth potential in the future, and their ability to exploit their higher value as a going concern versus liquidation is realized.

The value of the strategic bankruptcy as a survival mechanism remains unclear (Moulton and Thomas, 1993). Managers seeking strategic bankruptcy are poorer at evaluating successful restructuring than creditors forcing Chapter 11; yet importantly, many managers were still correct in pursuing the option. It is important to try and estimate the societal costs (e.g., processing, court costs, asset depreciation while waiting on liquidation, employee retraining) of allowing these voluntary filings to continue to better evaluate whether the small number, but potentially valuable subsample, of survivors of voluntary petitions are indeed worth these costs. Finding more accurate determinants of bankrupt firms' successful survival is also important; interestingly the most noted financial indicators in this research arena failed to predict survival except at the very time of filing; after surviving the initial year of bankruptcy proceedings, other variables, such as international diversification and size are prominent.

Finally, we extend real options reasoning to consider how minimizing average variances through diversified investments helps to reduce a firm's investment uncertainty (Kogut & Kulatilaka, 1994b). Our finding that a firm's degree of internationalization increased the likelihood of the firm's successful reorganization is consistent with Moulton and Thomas's (1993) question of whether a firm's strategic bankruptcy has value for its survival. Multinational corporations may have higher restructuring potential due to more contingencies for cost savings, or more opportunities for the progression of high growth markets during restructuring. Therefore, some multinationals may beneficially use their foreign subsidiaries as their restructuring process outlets.

Limitations

The purpose of this study is to extend our current understanding of bankruptcy as one of the firm's strategic options for survival. Our findings suffer from the pervasive endogeneity problems in management research, and though our two regressions provide some remedy for this tendency, further research should consider other and more comprehensive methods to address this problem (Hamilton & Nickerson, 2003). For instance possible remedies for this problem would include a matched-pair design and propensity score-matching method, usually involving pairing treatment and control groups. Previous studies, for instance, relied on a matched-pair design to examine the relationship between bankrupt firms and normally operated firms (e.g., D'Aveni, 1990; D'Aveni & MacMillan, 1990; Daily & Dalton, 1994) and could be applied to voluntary versus involuntary Chapter 11 petitions. Such a method would also allow us to find the smooth sets across the treatment and control groups (Dehejia & Wahba, 2002). Also important, although a strategic bankruptcy is captured by a voluntary petition, it is unclear whether every voluntary petition in the sample refers to the strategic bankruptcy.

Implications for further research

In this research we focused on Chapter 11 bankruptcies because of the voluntary options for a focal firm, but other strategic options are opening up in bankruptcy. Since 2005, the additional Chapter 15 bankruptcy laws have provided new strategic options for multinational companies by opening up foreign courts to process bankruptcies, thereby affecting location decisions for U.S. firms, and creating new implications in light of global supplier or customer default. Some evidence indicates, for instance, that this option may have provided altered incentives in the domicile for Bernie Madoff's Fairfield Funds, which used an offshore fund locale that was able to process bankruptcy in their favor through the British Virgin Islands (Evans & Borders, 2014). Further, how to understand international flexibility options should continue to be important in encouraging other and different variables to measure this potential. For instance, it would be interesting to see whether commonly used measures based on the percentage of foreign sales, without accounting for the number of countries, are likewise predictive of survival. Also, are some regions more important than others, and what makes for better flexibility – supply chain or customer market opportunities?

Similarly, it appears that the time in bankruptcy proceedings does not independently predict survival across all time periods, and thus is only important as outcomes are financially clear at the time of filing. This provides some reason to consider more subtle treatments of the cost and use of time in bankruptcies for further studies (Lubben, 2012).

CONCLUSION

This study has investigated when firms are likely to pursue a strategic bankruptcy to manage a distressed status, and the determinants of a firm's successful reorganization after a Chapter 11 filing measured by long term survival. In today's rapidly changing business environment, firms often need flexible options in order to survive short term uncertainty in their environment. The results of this study help provide a more comprehensive understanding of not only firms' survival and growth, but also the expanded outcomes available in the face of pending organizational failures (Daily, 1994; Geroski, Mata, & Portugal, 2010; Makridakis, 1991).

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Table 1
Descriptive Statistics

Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9
1. Post-reorganization	0.23	0.42	1								
2. Voluntary Petition	0.94	0.24	-.05**	1							
3. Time	2.68	0.86	-.06**	-.06***	1						
4. Degree of Internationalization	1.36	3.72	.19***	-.03	.09***	1					
5. Leverage	1.06	150.23	.00	-.03	.04*	-.01	1				
6. Liquidity	1.87	2.47	-.03	-.00	-.01	-.00	-.02	1			
7. Profitability	0.23	6.56	-.00	-.06**	.00	.03	.00	-.08***	1		
8. Efficiency	14.87	484.19	-.01	-.09***	-.01	-.01	-.00	.02	-.26***	1	
9. Size	7.19	.36	.18***	-.05**	.15***	.16***	.01	-.01	-.00	-.02	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 2
Results of logistic regression^a; Voluntary Petition

Variables	T ₅ ^b	T ₃ ^c	T ₂ ^d	T ₁ ^e
<i>Independent Variables</i>				
Leverage	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)
Liquidity	0.03 (0.07)	0.36 (0.22) ⁺	0.35 (0.24)	0.06 (0.11)
Profitability	-2.59 (1.07) [*]	-1.96 (0.81) [*]	-1.40 (0.57) [*]	-1.84 (0.72) [*]
Efficiency	-0.02 (0.01) [*]	-0.07 (0.03) ^{**}	-0.08 (0.03) ^{**}	-0.10 (0.04) [*]
<i>Control Variable</i>				
Organizational size	0.00 (0.35)	0.26 (0.38)	0.42 (0.40)	0.39 (0.41)
Log-likelihood	-85.04	-90.59	-94.76	-85.90
Model chi-square	10.98	19.35	11.00	14.03

^aBeta (standard error); ^bN = 445; ^cN = 520; ^dN = 520; ^eN = 436.

⁺ $p < 0.10$, ^{*} $p < 0.05$, ^{**} $p < 0.01$, ^{***} $p < 0.001$

Table 3. Results of logistic regression^a; Bankruptcy Survival

	T ₀		T ₁		T ₃		T ₅	
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
<i>Independent Variables</i>								
Voluntary Petition		-1.74 (1.08)		-1.43 (.72) [*]		-1.23 (.65) ⁺		-1.62 (.74) [*]
Time		-.90 (.30) ^{**}		-.67 (.23) ^{**}		-.37 (.20) ⁺		-.17 (.23)
Degree of Internationalization		.07 (.06)		.15 (.05) ^{**}		.09 (.04) [*]		.05 (.04)
<i>Control Variables</i>								
Leverage	-.00 (.00)	-.00 (.01)	.00 (.00)	.00 (.00)	-.00 (.00)	-.00 (.00)	-.01 (.01)	-.02 (.02)
Liquidity	.45 (.15) ^{**}	.72 (.21) ^{**}	.15 (.10)	.16 (.12)	-.04 (.10)	-.12 (.12)	.01 (.04)	.01 (.04)
Profitability	-1.03 (.39) ^{**}	-1.40 (.95)	-.22 (.44)	-.82 (.58)	.03 (.21)	-.06 (.14)	-.10 (.16)	-.11 (.13)
Efficiency	-.40 (.12) ^{**}	-.57 (.17) ^{**}	-.14 (.10)	-.24 (.11) [*]	-.00 (.01)	-.01 (.02)	-.02 (.03)	-.02 (.02)
Size	.00 (.00) ^{**}	.00 (.00) ^{**}	.00 (.00)	.00 (.00)	.00 (.00) [*]	.00 (.00) [*]	.00 (.00) [*]	.00 (.00) ^{**}
Pseudo R-square	.18	.26	.08	.15	.08	.11	.14	.17
Change in R-square		.08		.07		.03		.03
Log-likelihood	-109.12	-73.43	-164.43	-112.81	-185.35	-137.14	-149.68	-113.12
Model chi-square	47.11	51.21	29.87	40.47	32.74	34.18	49.84	47.02
N	206	151	318	230	384	285	317	242

^aBeta (standard error); ⁺p < 0.10; ^{*}p < 0.05; ^{**}p < 0.01; ^{***}p < 0.001; Industry effects were controlled.

SUPPLY CHAIN SUSTAINABILITY DEVELOPMENT IN SMALL BUSINESS: MYTH OR REALITY

Faiza Khoja, Ph.D., University of Houston-Downtown, KhojaFai@uhd.edu
Jeffery Adams, Ph.D., University of Houston-Downtown, adamsjeff@uhd.edu
Ralph G. Kauffman, Ph.D., University of Houston-Downtown, kauffmanr@uhd.edu

ABSTRACT

Supply chain sustainability has been the subject of much recent research directed mostly at large organizations. This paper describes an approach to determining to what degree supply chain sustainability exists in smaller business organizations. A model is proposed that can be used to assess development of supply chain sustainability and also as a guide for development of supply chain sustainability in an organization.

INTRODUCTION

In recent years, numerous research papers have been published concerning the need for, and interest in, sustainability as a major consideration in supply chain design and operation, e.g. Piplani, Pujawan, & Ray, 2008; Krause, Vachon, & Klassen, 2009. At about the same time two other research articles identified a total of 356 papers related to the subject of sustainable supply chains (Seuring & Müller, 2008; Carter & Rogers, 2008). However, most of these papers relate to supply chains involving large businesses. There does not appear to have been a large amount of research on the status of sustainability in small and medium size business (SMEs) supply chains. In this paper we will attempt to address this relative lack of information by collecting and analyzing data from only SMEs.

DEFINITIONS

Sustainability: The term “sustainability” is not consistently defined by researchers and others. In general it is defined as “the ability to continue a defined behavior indefinitely.” However, many researchers break sustainability into three aspects or “pillars” as follows: *social*, *economic*, and *environmental* (Thwink.org). We posit that due to the nature of the principal activities of supply chain management, environmental sustainability is perhaps the most significant pillar for supply chains. For this reason and to keep the scope of the present study manageable, this study focuses primarily on environmental sustainability.

SMEs: In the United States there does not appear to be an official definition of what is a SME. For this study we define an SME as having fewer than 500 employees and annual sales of less than \$20 million. In addition, it is an autonomous entity, not a division of another company. This definition is drawn from a summary published by the United States International Trade Commission (USITC, 2010).

RESEARCH OBJECTIVES

(1) Assess the current status of supply chain environmental sustainability development and implementation in a sample of SMEs. (2) Develop and conceptually test a model that could be

used by SMEs to develop and implement environmental sustainability practices in their supply chains. (3) Determine to what extent published theories and conceptual frameworks for supply chain sustainability are supported by observed actions and results in SMEs. (4) Develop recommendations for improved supply chain management sustainability theories and concepts.

SUPPLY CHAIN SUSTAINABILITY THEORIES

Three examples of the extant theories and conceptual frameworks regarding sustainability, as particularly related to operations and supply chain management, are (1) Convergence of social needs and competitive advantage, (Kleindorfer, Singhal, & Van Wassenhove, 2005), (2) Theoretical framework (Carter and Rogers, 2008), and (3) Conceptual framework for sustainable supply chain management, (Seuring and Muller, 2008).

MOTIVATORS, BARRIERS, AND MEASUREMENT

Motivators: Research has identified many motivating factors for supply chain sustainability. Among them:

- Achieve competitive advantage/image enhancement
- Legal and regulatory requirements
- Customer requirements
- Competitive and shareholder pressure
- Supplier environmental commitment
- Efficiency improvement/cost savings, reduced disposal costs
- Pressure from environmental and social groups

Barriers: The two most often identified by SMEs are: (1) interference with other business processes and (2) lack of information on how to implement sustainability (Sustainability4SMEs, 2013).

Sustainability Measures: The following have been identified as validated *measures for implementation of sustainable practices and performance outcomes*. (Zhu, Sarkis, & Lai, 2008).

Implementation: (1) Internal environmental management, (2) Green purchasing, (3) Cooperation with customers, (4) Eco-design, (5) Investment recovery.

Performance: (1) Environmental performance, (2) Economic performance, (3) Operational performance.

SUSTAINABILITY PROGRESS IN SMES

Data from the *United Nations Global Corporate Sustainability Report 2013* provides some indication of the status of sustainability in SMEs. Thirty-four percent of companies that provided data for the 2013 report were in the SME category. The report indicated that, in general, companies are making meaningful commitments to sustainability progress, but the number of companies following through with actions to implement, measure, and communicate sustainability is lagging far behind the level of commitments.

RESEARCH METHOD, PLAN, AND MODEL

Research Method: Hypothesize an approach to assessing supply chain sustainability practices in SMEs by adapting the Hayes and Wheelwright 4 stage model of operations contribution. Interview a number of small business organizations. Analyze interview data to determine applicability of the model and what is the current sustainability status. Compare the results with the adapted Hayes and Wheelwright model to assess the degree of progress. Obtain feedback to enable development of the hypothesized model into a practical approach for SMEs to improve sustainability in their supply chains. Also compare the analysis results with published theories and concepts to determine to what extent they are supported and how they may be improved.

Hayes and Wheelwright Model: A 4-part model that depicts stages in the contribution of operations functions in business organizations (Hayes & Wheelwright, 1984). It posits that there are four stages or levels of contribution that can be identified in the form of a progression of a function's increasing contribution to firm success or goal achievement.

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**LEARNING OPPORTUNITIES: THE ROLE OF MISTAKE TOLERANCE IN AN
ORGANIZATIONAL LEARNING CONTEXT**

Laurence G. Weinzimmer, Bradley University, lgw@fsmail.bradley.edu

Candace A. Esken, Louisiana State University, cesken1@tigers.lsu.edu

ABSTRACT

Organizational learning has been shown to impact performance. This study offers a fine-grained view regarding different types of learning opportunities. Specifically, opportunities to learn from failure are examined. Using three separate samples, we first establish a statistically reliable and unidimensional measure of both organizational learning and mistake tolerance. Second, we empirically demonstrate the mediating role of mistake tolerance on the organizational learning-performance relationship. Our results offer findings that will generalize to other organizational contexts. We conclude with a discussion of why managers should consider creating a mistake-tolerant culture.

A SCHEMA-BASED MODEL OF EMPLOYEE TURNOVER

Qing Ma, University of Memphis, qma@memphis.edu

ABSTRACT

Theorizing about employee turnover in the organizations has been mostly based on the theory of reasoned behavior and followed the traditional wisdom that employees become dissatisfied, engage in job search, and decide to quit. We draw on advances in neuroscience and cognitive research to articulate how employees engage in unconscious thinking processes, generate turnover schemas, and form turnover intentions; and how this process is related to well-studied constructs in traditional turnover models. This neurocognitive model helps explicate unexplained findings in some empirical studies and integrate the event-based turnover models with the process-based turnover models under an overarching framework.

**DEVELOPING THE LEADERS OF TOMORROW: AN EVALUATION OF TULSA'S YOUTH
PHILANTHROPY INITIATIVE**

Olivia Bush, University of Oklahoma, Olivia.snellgrove@gmail.com
Jennifer Kisamore, University of Oklahoma, jkisamore@ou.edu

ABSTRACT

This study evaluated Tulsa's Youth Philanthropy Initiative (YPI) to determine participants' perceptions of satisfaction and program utility in enhancing their competencies in leadership, philanthropy, and self-awareness. Study participants included 55 male and female high school students from 3 YPI cohorts. Results suggested that participants viewed the program positively and indicated it was useful to their development as leaders. Results also indicated participants' knowledge of leadership and philanthropy increased the longer they were in the program. Results concerning competency development and self-awareness, however, were less clear. Overall, results of the study suggest that YPI is enhancing the development of Tulsa's future leaders and philanthropists.

Bios

Olivia Bush, M.A., is a Compensation Analyst at Hilti. She received her Master of Arts in Organizational Dynamics degree from the University of Oklahoma. Previously she has served as a Program Facilitator for Tulsa's Youth Philanthropy Initiative as well as a Graduate Research Assistant at the University of Oklahoma.

Jennifer Kisamore, Ph.D., is an Associate Professor of Psychology in the Organizational Dynamics program at the University of Oklahoma. Her research interests include organizational behavior, service learning, research methods, and ethics. She has more than 80 published articles, book chapters, and conference presentations.

MANAGING ORGANIZATIONAL DIVESTITURES: BEST PRACTICES FOR IT LEADERS

Elizabeth Goolsbay, University of Oklahoma, goolsbe@gmail.com
Jennifer Kisamore, University of Oklahoma, jkisamore@ou.edu

ABSTRACT

Organizational divestitures require the Information Technology (IT) group to plan and execute the duplication or replacement of shared systems while continuing to support “business as usual.” The goal of the current study was to understand what IT leaders can do to provide the best outcome for divestiture projects. Recent industry information was used to develop interview questions, and five IT leaders with experience leading divestiture projects were interviewed. The resulting list of best practices were grouped into technology-related topics, process considerations, people-centered issues and leadership points. The people component was found to cause the most obstacles as well as be the most critical to success. The practices identified can serve as a primer for IT leaders undertaking a divestiture project.

Bios

Elizabeth Goolsbay, M.A., is the Director of Corporate Applications for ONEOK. She received her Master of Arts in Organizational Dynamics degree from the University of Oklahoma. Her past work experience includes project management and IT leadership for a number of Tulsa’s energy companies.

Jennifer Kisamore, Ph.D., is an Associate Professor of Psychology in the Organizational Dynamics program at the University of Oklahoma. Her research interests include organizational behavior, service learning, research methods, and ethics. She has more than 80 published articles, book chapters, and conference presentations.

**KEEPING KEY CONTRIBUTORS: ORGANIZATIONAL FACTORS RELATED TO
EMPLOYEE CONTINUANCE**

Valerie Vaughan, University of Oklahoma, vivaughan@gmail.com
Jennifer Kisamore, University of Oklahoma, jkisamore@ou.edu

ABSTRACT

Many organizations focus efforts on high-potential employees and also on low performers thus, well-placed, consistently good performers, referred to as key contributors, receive little support which puts them at risk for leaving the company. This study's purpose was to identify factors that determine why key contributors choose to stay with or leave organizations. Interviews consisting of open-ended and scaled questions were used to gather data from 10 current key contributors of a direct sales construction products company. Responses showed nine common themes relating to retention. The top three themes were teamwork and coworkers; brand strength and quality of products; and organizational commitment, stability and reciprocity. Better understanding of these motivators will allow organizations to improve retention of key contributors.

Bios

Valerie Vaughan, M.A., is the Director of Global Talent Development at T.D. Williamson. She received her Master of Arts in Organizational Dynamics from the University of Oklahoma. Previously she was the Director of Human Resources at Hilti and has been an independent human resources and process management consultant with global experience.

Jennifer Kisamore, Ph.D., is an Associate Professor of Psychology in the Organizational Dynamics program at the University of Oklahoma. Her research interests include organizational behavior, service learning, research methods, and ethics. She has more than 80 published articles, book chapters, and conference presentations.

THE ROLE OF FIRM RESOURCE AND GROWTH IN DETERMINING THE EFFECTIVENESS OF GOVERNANCE MECHANISMS

Sammy Muriithi, Louisiana Tech University, sgm019@latech.edu

Son Le, Louisiana Tech University, sle@latech.edu

ABSTRACT

Firm resource and growth are two important contextual factors that have either been overlooked or used inaccurately in corporate governance research. We argue that these factors profoundly affect managerial behavior, and therefore the effectiveness of governance mechanisms. Thus, they should be treated as moderators in research on the effectiveness of governance mechanisms, rather than as control variables as often used in previous studies. Based on low and high levels of firm resource and growth, we develop a typology of firm settings and governance mechanisms, which we believe would be most effective in each of those settings. We discuss the contributions and implications of our study.

INTRODUCTION

Corporate governance (CG) research has evolved over time. During its infancy stages, researchers mostly concentrate on large, mature organizations (Daily & Dalton, 1993; Dalton & Kesner, 1983) and pay less attention to smaller and newer firms or firms that are in their intermediate stages of growth (Huse, 2000). However, as CG research progresses, researchers recognize that as firms are different, governance mechanisms should be tailored to firms' specific contexts (Hermalin & Weisbach, 2003; Himmelberg, Hubbard, & Palia, 1999; Denis & Kruse, 2000). In this vein, organizational life cycle theorists argue that because firms evolve through different stages, their strategies and structures should be changed accordingly (Filatotchev & Wright, 2005; Johnson 1997; Lynall, Golden, & Hillman, 2003). Filatotchev (2006) suggests that the firm's strategic dynamics and corporate governance changes are inter-linked; and the firm's life-cycle may go hand-in-hand with shifts in its governance system. A common theme that emerges with this line of research is that contextual factors affect the effectiveness of governance structures (Greiner, 1972; Katz & Kahn, 1978; Quinn & Cameron, 1983; Scott, 1971).

A number of institutional and organizational factors, which affect the effectiveness of corporate governance mechanisms (CGMs), have been identified and incorporated into CG studies. Institutional factors such as economic systems (Ahrens, Filatotchev, & Thomsen, 2011; Dharwadkar, George, & Brandes, 2000), and organizational factors such as firm size (Nourayi, Kalbers, & Daroca, 2012) and firm age (Amburgey, Kelly, & Barnett, 1993; Carroll & Delacroix, 1982) have predominantly featured in CG discourse as being key determinants of the efficacy of particular governance forms that organizations choose to adopt. However, two important factors, firm resources and growth, have not received adequate attention and have not been used in CG studies effectively. Firm resource and growth affect managers' behavior, and thus the effectiveness of different CGMs probably more profoundly than firm size or age. Firm growth affects managers' expectation about the future of the firm and their future compensation, thus shaping their behavior (Smith, Mitchell, & Summer, 1985). We look at firm resources in terms of organizational slack, which is the cushion of resources that enables a firm to

successfully adjust to internal and external changes (Bourgeois, 1981). Since they are under the discretion of executives, the resources may therefore be diverted to serve managers' self-interest (Bourgeois, 1981; Bromiley, 1991; Fama, 1980). Yet, firm resources and growth have either largely been ignored or only been featured as control variables in previous studies.

Agency theory implies that top managers are primarily driven to maximize their own self-interest (Jensen & Meckling, 1976). We argue that the self-interested behaviors of managers will vary with the levels of firm growth and firm resources, which will in turn affect the effectiveness of different corporate governance mechanisms. We develop a typology of different firm settings with regard to firm resources and growth and suggest the types of CGMs that can be effective in those settings. Specifically, we suggest that a manager at a firm with low resource levels and low growth is not likely to be motivated to stay with the firm as the future survival of the firm may not be guaranteed. In this case, incentive mechanisms may work more effectively than control mechanisms. On the other hand, a firm with high levels of resources and high growth not only motivates managers with its potential but also increases their temptation to engage in opportunistic behaviors. In this case, control mechanisms should be used to mitigate agency problems. As demonstrated, an identical set of CGMs may not work effectively for both firms as the different firm contexts will elicit different self-interested behaviors from the top managers. Therefore, each of the firms would require its own unique set of mechanisms to effectively monitor managers and reduce agency costs.

By developing a typology of firm settings with regard to firm growth and resource and suggesting the CGMs that are effective in each of those settings, we contribute to the call for the need to take into account contextual factors in studying the effectiveness of CGMs (e.g., Daily & Dalton, 1993; Filatotchev & Wright, 2005; Johnson 1997; Lynall, Golden, & Hillman, 2003). We emphasize the role of firm resource and growth, in CG research by arguing that different levels of firm growth and resources may have different effects on top managers' motivation and opportunistic behavior, thus requiring different types of CGMs. Therefore, CG studies should take into account the levels of firm resource and growth when examining the effectiveness of CGMs. In addition, we suggest that, firm resource and growth should be used as moderators between CGMs and firm outcomes, rather than as control variables as they have been used in previous studies. We also contribute to the CG literature regarding the complementarity between CGMs (e.g., Rediker & Seth, 1995) by suggesting that the levels of firm resource and growth determine the combination of CGMs that most effectively monitors and motivates managers. Finally, our paper contributes to the growing organizational life cycle literature, by suggesting how different resource and growth combinations may influence managerial behavior at different stages of organizational growth, which may have implications on organizational strategy.

The remainder of this article proceeds as follows: First, we draw upon and discuss agency theory's main arguments regarding manager behavior and the need for CGMs in aligning their interests with those of the owners and/or controlling their opportunistic behavior. Next, we discuss how firm resources and growth affect top manager behavior, and present the typology of firm settings based on firm resource and growth. Finally we present the discussion and contributions of our study.

THEORY DEVELOPMENT

Agency theory, corporate governance, and managerial behavior

The main aim of corporate governance is to ensure that executives act in the best interest of shareholders (Aguilera, Filatotchev, Gospel and Jackson, 2008). CG researchers have relied heavily on agency theory (Jensen and Meckling, 1976) in their attempt to explain the relationship between shareholders (principals) and managers (agents) (Eisenhardt, 1989). Advocates of agency theory assert that both parties in an agency contract act in their own self-interest (Gomez-Mejia & Balkin, 1992), which consequently leads to two agency problems; (a) the desires or goals of the principal and agent conflict and (b) it is difficult or expensive for the principal to verify what the agent is actually doing (Eisenhardt, 1989). Given the considerable discretion available to the top management in shaping the strategic focus for the organization, conflict may arise when the managers decide to maximize their personal wealth at the expense of the owners' (Fama, 1980; Jensen & Meckling, 1976). CGMs are therefore adopted by the owners of the firm to reduce agency problems (Fama, 1980). Similarly, from the standard 'homo-economicus' economic perspective, individuals are considered rational, selfish human beings who are solely interested in maximizing their own payoffs (Mazar and Ariely, 2006). These rational individuals are also assumed to be risk averse, know what they want and don't want, and are therefore able to match various trade-offs to select the most optimal choice expected to deliver the greatest positive surplus (Hobbes and Macpherson 1968; Smith and Skinner 1997). Applying this perspective in managerial decision-making, one would argue that the self-interested inclinations by managers will primarily be guided by the expected benefits and expected external costs to the individual manager (Hechter 1990; Lewicki 1984; Mazar and Ariely, 2006).

Researchers have found that CGMs in place may either positively or negatively affect top manager risk aversion. Zajac and Westphal (1994) argue that in the presence of risk, a manager would be reluctant to bear this risk and would be reluctant to accept substantial long-term incentives in their compensation contracts. Finkelstein, Hambrick, & Cannella (2009) suggested that an emphasis on short term incentives heightens the risks borne by the managers, leading to even more risk aversion in decision making. Such risk aversion by the managers may subsequently result in lowered organizational performance (Lynall et al., 2003). These prior findings suggest that firm specific contexts are an integral part in the decision about the most effective CG mechanisms to employ in the firm in given contexts. We contend that understanding the firm resource-firm growth mix facing the firm is especially important in evaluating the most appropriate CGMs to employ.

Firm resources and firm growth

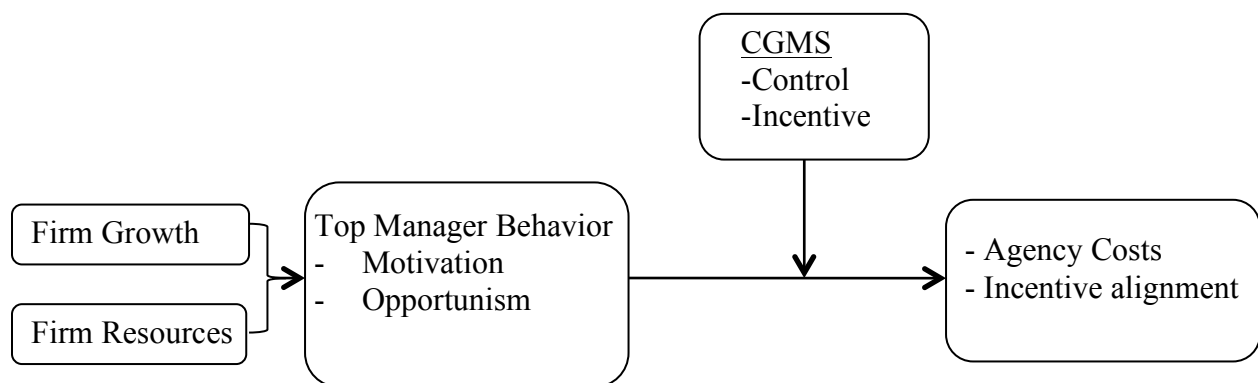
Firm resources and firm growth have widely been studied in previous CG studies (e.g., Chung & Wright, 1998; Mishina, Pollock, & Porac, 2004; Pettus, 2001; Tseng, Tansuhaj, Hallagan, & McCullough, 2007). The literature indicates that firm resources influence managerial behavior. In firms with an abundance of resources, managers tend to be motivated and commit to the firm because such firms are able to provide managers with attractive compensation and perks, and sufficient resources for managers to undertake new initiatives. A high level of managerial motivation in turn encourages managerial risk-taking behavior (e.g., Bromiley, 1991; March & Shapira, 1987; Wiseman & Bromiley, 1996). Steensma and Corley (2001) argue that when firms have excess slack, managers will be more accepting of risk and will place more emphasis on opportunities for gain than managers with limited slack resources. However, the abundance of resource slack also increases managers' temptation to engage in opportunistic behaviors for their

self-interest and often at the expense of their firm and shareholders/owners (Jensen, 1986; Jensen & Meckling, 1986). Low levels of resource slack on the other hand may lower managers' motivation and their likelihood to stay with their firm (Schneider & Lopes, 1986). Low levels of resources not only affect a firm's ability to provide competitive compensation and working conditions for its managers but also pose a threat to firm survival. Low levels of resources also constrain managers' ability to invest in promising projects that can improve the firm's financial condition. Thus, managers in firms with lower levels of resources are more likely to 'jump ship' due to the uncertainty surrounding the future of the organization.

Firm growth is expected to affect manager behavior in a fashion similar to firm resources. *Ceteris paribus*, low levels of firm growth mean that the future survival of the firm is uncertain. It could also translate to a stagnation of the managers' perks, as the financial performance of the firm may not support an increase in such perks. Such an uncertainty in firm survival coupled with the grim prospects for future growth in remuneration may motivate the manager to shirk or to start looking for jobs elsewhere. The opposite may be true for managers in firms with high growth rates. Managers are highly motivated to stay with their firm because of promising future prospects.

Building on the foregoing discussion, we argue that firm resource and growth levels influence manager's motivation and opportunism. On one hand, high levels of resources and growth motivates managers to stay with their firms. On the other hand, such high levels present managers with opportunities to engage in self-interest behaviors. Low levels of resources and growth tend to demotivate managers and underpin their long-term commitment to the firm. But low levels of resources and growth do not provide managers with opportunities to be opportunistic. We can conclude that in different firm settings with regard to resource and growth, managers tend to behave differently. Governance mechanisms are to shape managers' behaviors so that they act in the best interest of shareholders/owners. Thus, the effectiveness of governance mechanisms are contingent on managers' behaviors, and thus the levels of resources and growth. Our argument can be illustrated in figure 1 below.

FIGURE 1



Governance Mechanisms

Governance mechanisms are often categorized into two groups: incentive-based mechanism and control mechanism. Agency theorists suggest that incentive-based governance mechanisms inspire managers to work toward the owners' interests by directly linking performance outcomes

to agent rewards through ex ante contingent pay (Finkelstein & Hambrick, 1996; Gomez-Mejia, 1994). Important incentive-based mechanisms include managerial ownership, stock options, inside board membership, and profit sharing. Managerial ownership refers to the equity that top managers own in the firm, which avails managers with some bargaining power in the distribution of rents; such ownership motivates them to invest in developing firm-specific “human capital” in the most productive way (Grossman & Hart, 1986; Hart & Moore, 1990; Hartzell & Starks, 2003; He & Wang, 2009). Ownership may also increase managerial discretion, which can further facilitate rent generation from innovative knowledge assets (He & Wang, 2009). Stock option plans grant managers the right to buy a certain number of shares at a preset price after certain number of years, thus motivating managers to increase the value of the firm and aligning their interest with that of shareholders (Lambert 1986; Devers, Holcomb, Holmes & Cannella, 2006). Inside board membership endows top managers with a higher level of status and trust, which further cements their emotional attachment with their firms (Westphal, 1998). Board membership also presents the top managers with a higher sense of responsibility in determining the strategic direction of their firms and also guarantees a return on their human capital investment in their firms (Davis, Schoorman, and Donaldson, 1997; Wasserman, 2006). Profit sharing motivates managers to work toward increasing the firm’s profit as they also get a residual share in it. These arrangements for managers can aid in lessening of the conflicts of interest between the shareholders and managers (Charreaux & Desbrières, 2001).

Control mechanisms involve an ex post “settling up” process whereby monitors scrutinize and assess either the agent's performance, outcomes, or both (Wiseman & Gomez-Mejia 1998). The popular control mechanisms include board of directors, blockholders, and mutual monitoring. Directors are elected to supervise managers on behalf of shareholders. They are expected to be an important control mechanism not only because of their duties but also because of potential reputational costs that may arise from their poor oversight of the top managers (Fama, 1980). To ensure board effectiveness, Daily, Dalton, & Cannella (2003) suggest that boards should be composed largely, if not exclusively, of independent, outside directors; separating the positions of board chair and chief executive officer; and the imposition of age and term limits for directors. Blockholders are those shareholders who have a substantial ownership in the firm. Concentrated ownership holdings lead to active monitoring of executives (Dalton, Daily, Ellstrand, & Johnson, 1998). Small shareholders are less committed to monitoring the firm's management than they would be if they owned a larger stake in the company (Alchian & Demsetz, 1972). As a CGM, blockholders not only help monitor managers, but also avail resources such as knowledge, social connections and information (Hillman and Dalziel 2003; Le et al., 2010; Salancik & Pfeffer, 1978). Another control mechanism is mutual monitoring among top managers. Prior research suggests that mutual monitoring can be effective where agents’ effort is non-observable and where high levels of information asymmetry exist between the principal and agent (Alchian & Demsetz, 1972; Gomez-Mejia, Welbourne, & Wiseman, 2000). Mutual monitoring has also been suggested as a control mechanism in circumstances where there is no single identifiable agent (Fama & Jensen, 1983).

A typology of firm settings and corporate governance

From the foregoing discussion, we propose the following typology, which presents various firm settings in terms of firm resources and firm growth and CGMs that may be effective in each of those settings. There are four quadrants resulting from the combinations of high and low levels

of firm resource and high and low levels of firm growth. We will discuss the firm setting, managerial behavior, and the CGMs that can be effective in each of these quadrants.

FIGURE 2

Firm Resources	High	Q4 <i>Type of firms:</i> Successful in mature industries; Past high performers <i>Managerial Behavior:</i> rent-seeking, unmotivated <i>CGMs:</i> Control, Incentive	Q1 <i>Type of firm:</i> Mature successful firm or young well-funded firm <i>Managerial Behavior:</i> risk seeking, motivated, rent-seeking <i>CGMs:</i> Control
	Low	Q3 <i>Type of firm:</i> Start-ups, small firms or firms in decline <i>Managerial Behavior:</i> Shirking, Unmotivated, risk averse <i>CGMs:</i> Incentive	Q2 <i>Type of firm:</i> young growing firm or rebound firm <i>Managerial Behavior:</i> motivated <i>CGMs:</i> Incentive, Control
		Low	High
		Firm Growth	

Quadrant 1: High resources - High growth

Firm type: Firms in this quadrant have high levels of resources and growth. These firms can be mature firms, which have had high performance for a substantial period of time and enjoyed a high growth rate due to either their internal efforts or the growing stage of their industry. They can also be young firms, which receives considerable investment and have great growth potential.

Managerial behavior: The high resource availability and high growth in these firms provide an assurance of job and income security to the managers, and consequently motivate the managers to stay with the firm. Since the managers are not constrained by the availability of resources, they are likely to be risk seeking, and open to invest in opportunities with the potential of profits. However, the abundance of resources tempts managers to appropriate or use firm resources for personal gains. The free cash flow theory of corporate governance (Jensen, 1986) suggests that the abundance of slack acts as a motivator for managers to elect to utilize the free financial slack to invests in projects that ultimately increase their wealth.

Corporate Governance Mechanisms: Incentive CGMs would be inappropriate here as the present and projected future success of the firm provide incentive enough for management to remain with the organization. In addition, incentive compensation such as stock-based compensation plans may entice managers to pull back from investing in firm growth (Jensen, 1986) and pursuing with the current projects since these have already been tested and proven to work. Such practices allow resources available for managers' discretion, or may tempt managers to engage in practices designed to inflate share prices at the expense of operating performance (Tuschke & Sanders, 2003). We therefore suggest that control CGMs would work best in firms

in this quadrant. The board of directors, primarily composed of a high proportion of outside directors can be effective. Institutional investor ownership also provides effective oversight in such firms. Mutual monitoring, whereby top managers actively monitor each other and the CEO and report to the board, can also be effective in reducing opportunism on the parts of individual managers. Thus, we postulate that:

Proposition 1: In firms with high levels of resources and high growth rates, control CGMs will be effective in curbing agency problems.

Quadrant 2: Low resources - High growth

Type of firm: Firms in this quadrant can be young firms that are operating in growing industry, or rebound firms that are restructured and brought back to profitability. These firms have not built up substantial amounts of financial slack, but they have a good growth prospect that promises future survival and profitability.

Managerial behavior: Due to the promising future prospects, managers are motivated to work hard to sustain the growth of the company. It is in the best interest of these managers to ensure that their firms realize their profit potential as this affects their future compensation and the value of their human capital. The lack of resources does not allow managers to engage in any short-term opportunistic behaviors. Thus, in this setting, managers tend to either “jump ship” or strive for the long-term success of their firms.

Corporate Governance Mechanisms: For these firms, we suggest that a mix of incentive and control CGMs should be adopted. The incentive CGMs would ensure that managers are motivated to remain with their firms, and exert their maximum effort toward maximizing the growth potential of their firms. This ensures that these managers are not lured away to other firms that promise immediate and higher compensation. Outcome-based compensation schemes, such as stock option plans and profit sharing, are effective in motivating managers (Eisenhardt, 1989; Coff, 1997). Previous studies indicate that firms with profit sharing arrangements generally retain employees longer than those that lack such arrangements (Chelius and Smith, 1990; Kruse, 1991, 1993). Profit sharing arrangements can also motivate managers to take calculated risks and invest in projects that have a high likelihood of profitability.

Control CGMs would check managers’ self-interested actions meant to maximize their own wealth at the expense of the organization. The presence of institutional investors would serve as a CGM in that their concentrated ownership would bestow upon them more power to control the board and gain access to important inside information (Shleifer & Vishny, 1997, Tuschke & Sanders, 2003). Additionally, holders of substantial ownership stakes in the firm can exercise considerable power and decrease the tendency of executives to act in a self-serving manner (Berle & Means, 1932; Boeker & Goodstein, 1993, Tuschke & Sanders, 2003).

Because of high growth rates, the firms eventually generate profits and accumulate resources. This in turn tempts managers to appropriate the newly-created resources. Some control mechanisms that can both assist and control managers can be effective. For example, outside directors and investors who have industry- or firm-specific knowledge, and/or ownership can be used to not only provide assistance and support to managers but also exert control over managers if necessary.

Proposition 2: In firms with low resources and high growth, a combination of incentive and control CGMs will be effective in motivating managers and mitigating potential agency problems.

Quadrant 3: Low resources – Low growth

Type of firm: Organizations in this quadrant can be start-ups, small firms, or firms in their final stages of decline. These firms have to look for initiatives to turn around or try to survive with their current product/market.

Managerial behavior: Agency theory suggests that a manager is risk averse because he is unable to diversify their employment (Eisenhardt, 1989). The insufficient slack will further exacerbate managers' risk aversion. Further, the lack of resources reduces managerial discretion and hampers their search for promising investment opportunities (Mishina et al 2004). In addition, due to the bleak future prospects of the firm, the top managers may not be motivated to work for the benefit of the firm and will likely shirk. The likelihood of the failure of the firm in the near future may also motivate managers to start looking for opportunities elsewhere.

Corporate governance mechanisms: For firms in this quadrant, CGMs should be aimed at motivating managers to stay. We therefore suggest that incentive CGMs are effective in retaining managers. Stock-based incentives (stock ownership and stock option pay) can encourage managers to take risk and invest in initiatives that can help to turn around the firm (Sanders, 2001). Board membership can strengthen top managers' emotional connection to their firms (Westphal, 1998) and impart a greater sense of responsibility (Davis, Schoorman, and Donaldson, 1997; Wasserman, 2006).

Proposition 3: In firms with low resources and low growth prospects, incentive mechanisms such as stock options, managerial ownership will be effective in motivating managers and aligning their interests with those of shareholders/owners.

Quadrant 4: High resources-Low growth

Type of Firm: Firms in this quadrant can be successful firms in mature industries or firms that used to have high performance but now losing their competitive edge to competitors. These firms have accumulated substantial resources but facing slow growth or declining prospects.

Managerial behavior: Managers actively seek growth and profitability through investment only if they see a potential for higher profitability in future (Mishina et al., 2004; Penrose, 1959). With the abundance of slack coupled with low growth, managers are likely to suffer from strategic inertia, and are thus unlikely to actively seek new investments since the success of such projects will not be guaranteed. The availability of financial slack is likely to lead to an increase in managerial rent-seeking opportunities, leading to a misalignment of the objectives of management and shareholders/owners (Filatotchev 2006).

Corporate Governance Mechanisms: In order to prevent managers from appropriating and misusing resources in these firms, we suggest control CGMs should be used predominantly. Some types of incentive CGMs should also be adopted to motivate managers to take initiatives to find new growth opportunities. First, outside directors should be empowered as they are an important mechanism to monitor managerial opportunism (Daily et al., 2003; Eisenhardt, 1989). Institutional investors would also be an important CGM because of their substantial ownership stakes in the organization (Alchian & Demsetz, 1972). In addition, mutual monitoring (Alchian & Demsetz, 1972; Gomez-Mejia, Welbourne, & Wiseman, 2000) can also be implemented to further encourage accountability at the top. While monitoring and reducing managers' self-interest behaviors are prioritized, motivating them to take risk and look for new growth opportunities is important for these firms. Incentive CGMs that tie managerial compensation directly to firm performance can be effective in this regard (Sanders, 2001).

Proposition 4: In firms with high resources and low growth, dominant employment of control mechanisms combined with some types of incentive CSMs such as performance-based compensation schemes will be effective in curbing agency problems and aligning the managers' interests with those of shareholders/owners.

DISCUSSION AND CONTRIBUTIONS

In this paper, we have examined the effectiveness of CGMs by looking at firm growth and firm resources respectively, whereby we argue that different CGMs work differently under different firm growth and firm resource combinations. Although not discounting the importance of other factors, for example, firm size, age and management characteristics, in influencing the effectiveness of corporate governance, we argue that the combination of firm resources and firm growth has the greatest potential of influencing the effectiveness of various CGMs. In our typology, each resource and growth mix presents managers with different opportunities to pursue self-interested behaviors; For example, in a low growth and low resource combination, the most attractive self-interested pursuit for a manager would be to exit the firm, since the future prospects are unlikely to be promising; conversely, in a high growth, high resource combination, a manager would be motivated to stay with the firm, and maximize his wealth where opportunities arise. Thus we contend that the CGMs should be tailored differently given the specific firm growth and resource combination.

This paper has important implications. First, as we have shown, firm resource and growth have the potential to affect top manager behavior to a much greater extent that has previously been looked at in research. Thus, we argue that these two factors should be included in CG research as moderators to the relationship between CGMs and firm outcomes and not merely as control variables in the relationship. A second implication is that the utilization of the typology presented in this paper in organizational life cycle research would assist in gaining a better understanding of the interplay between different stages of organizational growth and firm resources, and CGMs. Further, this paper contributes to the growing body of research on complementarity of corporate governance mechanisms (e.g. Agrawal & Knoeber, 1996; Switzer, 2007) by showing how various corporate governance mechanisms would be combined in light of the growth and resource endowments of the firm so as to achieve the best governance outcomes in the firm.

In industry, we argue that boards must first understand where the firm currently stands in its resource and growth mix in order to implement CG structures that best motivate managers to work in the best interests of the owners. For example, in organizations with low growth and low resources, CGMs should not disproportionately shift residual risks to managers (Hoskisson, Castleton, & Withers, 2009) as this could motivate the managers to leave. Further, they should strive to strike a balance between the incentive and control mechanisms in light of the quadrant in which the firm falls within the typology. For example, in the high resource and low growth and the low resource and high growth quadrants, there is a high likelihood of managerial opportunism in the short run (high resource and low growth) or in the long run (low resource and high growth). Where the firm has both high growth and high resources, control mechanisms would work best as there is a high likelihood of managerial opportunism.

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TIPS FOR DATA COLLECTION AND DATA MANAGEMENT USING *QUALTRICS* SURVEY SOFTWARE

Amanda S. Hinojosa, University of Houston-Clear Lake, hinojosaA@uhcl.edu
Kelly Davis McCauley, West Texas A&M University, kmccauley@mail.wtamu.edu

EXTENDED ABSTRACT

In this PDW we will review the Qualtrics survey software. Many scholars have a need for administering surveys or questionnaires for research or teaching purposes over the course of their career. Though these scholars may have been trained in the theory and rationale for survey development, they may not have had access to training on the latest advancements in survey software such as Qualtrics. Additionally, while Qualtrics has many “How To” videos on their website, this PDW provides a unique approach as the presenters can speak directly to how they have utilized the more advanced features of the software to facilitate complex research designs. This PDW will be presented to participants that may vary in their familiarity with Qualtrics’ capabilities. It will be most valuable to those who have little to moderate familiarity with Qualtrics and would like to learn more about how the program can facilitate their research and teaching. After a brief overview of the basic capabilities of the software, we will discuss specific tips for utilizing Qualtrics to meet your teaching and research needs.

Format

Part 1: Getting to Know Participants (10 minutes)

Part 2: Getting Started in Qualtrics (20 minutes)

Part 3: Qualtrics Tips and Tricks for Research Design and Data Management (45 minutes)

In Part 1, we will get to know participants and their current research needs so that we can better address their questions in the PDW. In Part 2, we will address how to get started in Qualtrics. In this section, we will address PDW participants’ current level of familiarity with the Qualtrics interface. We will then demonstrate how to create a free Qualtrics account if you do not currently have access to the research suite, provide a brief tour of the site’s features and demonstrate how to create a basic survey. Furthermore, we will then show some examples of fully prepared Qualtrics surveys. In Part 3, we will address participants’ current research needs (as discovered in Part 1) and describe some of the tips for utilizing the Qualtrics features to address these needs. Potential topics, depending on participant interest are: specialized question formats that can be useful in your research design, unique ideas for collecting and utilizing data beyond survey items (e.g. time spent on a question), tips for building in attention checks and marker variables, using Qualtrics’ randomization feature to facilitate experimental research, collecting and managing panel/longitudinal data in Qualtrics, using Qualtrics’ panel features to send reminders and thank you emails to participants, and using Qualtrics to elevate the impact of your teaching.

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Presenter Bios

Dr. Amanda Hinojosa is an Assistant Professor of Management at the University of Houston-Clear Lake (hinojosaA@uhcl.edu). For her dissertation, she designed a three part study that was administered with the Qualtrics platform. The third part of this study was a complex research design that included control and experimental groups and incorporated non-survey measures (such as time spent on certain sections of the study). In her other research projects, she has used Qualtrics to administer surveys to participants in longitudinal studies that have lasted over a year from time 1 surveys to the final survey administration. Through this work, she has become familiar with many of the features of Qualtrics and as such has many tips to share with others who may be investigating how to use these advanced features of Qualtrics.

Dr. Kelly Davis McCauley is an Assistant Professor of Management at West Texas A&M University (kmccauley@mail.wtamu.edu). She has used Qualtrics for research and teaching purposes. Through using Qualtrics for her research, she has become familiar with basic and more advanced features of Qualtrics such as personalizing a survey with information from a database, creating display logics, and developing panels based on survey data entered into Qualtrics by participants. She has used these Qualtrics options (and more) in both survey and experimental research designs. She also employs Qualtrics in her teaching to conduct pre- and post-test assessments and peer evaluations. Based upon her experiences using a diverse range of Qualtrics options, she has quite a few pointers about how to use Qualtrics and its functions for both research and teaching applications.
