EDITORIAL PREFACE

First, let me thank everyone who participated in this year’s conference. Our paper submissions were both plentiful and excellent representing a broad spectrum of areas in both the for-profit and not-for-profit sectors of the economy. When perusing the proceedings you will notice a strong representation of student submissions. Our congratulations to all of the faculty who encouraged their students to get involved in intellectual pursuits—this year’s student may be next year’s faculty!

I would be remiss if I forgot to thank all of the folks who spent their time ensuring that the papers presented at the conference were of high quality—the track chairs. Thank you all very much. A special thanks to Debra Templeton, Administrative Secretary, Graduate School of Management, Marshall University at South Charleston. I fear that without Debbie and her skills the Proceedings may have floundered on the back burner of my “to do” list. Also a thank you to Ashish Chandra, President and David Paul, Program Chair for the many hours they devoted to this project.

Next year’s conference is going to be a terrific event at a terrific place. I look forward to all of your submissions and hope that you have an intellectually productive year.

Phil Rutsohn
MESSAGE FROM THE PRESIDENT

It gives me great pleasure to welcome all the participants at The Association of Collegiate Marketing Educators annual conference being held in Oklahoma City. I believe that this is the first time that this conference is being held in this wonderful city. As we all know by now that this has been a challenging year for both, the ACME and FBD due to the devastating hurricane Katrina. We have a wonderful program lined up. Finally ACME has reached a stage where we are now more comfortable financially. Maxwell Hsu, perhaps one of the hardest working individuals of the ACME has really done a tremendous job in multitasking. He is serving in various capacities for the organization and has always been on top of things. I personally can state that we definitely need more people in the organization like Maxwell. Thanks Maxwell for all your hard work and contribution.

The conference has established an ongoing relationship with the following two journals: Health Marketing Quarterly and Hospital Topics. David P. Paul, III, the conference program chair and president elect is working hard in getting more relationships with journals established. Authors of a select number of outstanding papers presented at the conference, and published in the conference proceedings, will be given an opportunity to revise, update, and resubmit their papers for a fast track review and consideration in the appropriate journal. I am also grateful to George Zinkhan, Editor of the Journal of Academy of Marketing Science to continue to serve on the “Meet the Editors” panel, which is one of our more popular sessions.

This conference would not have been successful had it not been due to the tireless work of David P. Paul, III, ACME Program Chair. He established a wonderful and hardworking team of track chairs. Please thank them for the great job that they have done in soliciting papers and presenters. The proceedings editor Phil Rutsohn has done a tremendous job in organizing all the papers that were sent for publication. I would also like to sincerely thank one of our unsung hero’s who has worked extremely hard during the various edits of not only the conference program but also the conference proceedings, and that individual is Debbie Templeton, the Secretary in the Graduate School of Management at Marshall University.

In a nutshell, there are many individuals who were involved in making this conference as successful as possible. I am pleased to see that there are a large number of students participating at the conference. After all, some of these students will hopefully carry the ACME torch in the future. As usual, Nancy Miller of Berry College and a Past President of ACME, has done a commendable job in getting her students involved in projects which no doubt will make them more marketable in the future. Thanks Nancy, you know you are our source of strength and source of inspiration.

I would also like to complement the efforts of Kimball P. Marshall, 2007 ACME Program Chair, for getting started real early for the next conference. He has a wonderful team of track chairs lined up and I believe that this team will make next year’s conference a huge success. Remember, next year’s conference is going to be held in beautiful San Diego, CA!

I sincerely hope that all the delegates will have a wonderful time at this conference and enjoy their stay in beautiful Oklahoma City.

Warm wishes,

Ashish Chandra
2005-06 ACME President
MESSAGE FROM THE PROGRAM CHAIR

I want to thank everyone who helped make the 2006 Association of Collegiate Marketing Educators’ conference a success. This includes individuals who submitted papers, Reviewers, Track Chairs, Special Session organizers, Session Chairs, officers and other attendees. The fact that this year’s meeting had to be moved from New Orleans to Oklahoma City at the “last minute” required everyone associated with the meeting to have to work even harder than normal, and to say that I appreciate this “extra” hard work would be quite an understatement. Despite the difficulties associated with re-scheduling the conference, we have scheduled 6 Special Sessions and 17 “regular” sessions. There will be over 50 refereed papers presented this year, authored by nearly 80 different individuals. The manuscripts run the entire gamut of topics in marketing thought today.

Special thanks to Ashish Chandra, this year’s ACME President, upon whom I have relied quite heavily in developing this year’s program. Of course, any errors or omission or commission are mine and mine alone.

Next year’s meeting will be in San Diego, and I’m sure that everyone will want to attend, as Kimball Marshall (our Conference Chair for 2007) has already assembled a top notch team of Track Chairs, and is hard at work soliciting papers. Please strongly consider attending this meeting next year, as it should be both a wonderful program and a fun place to be!

David P. Paul, III
2006 ACME Conference Chair
### Association of Collegiate Marketing Educators

#### 2005 – 2006 Officers

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CATEGORY ISSUES AND MARKET DYNAMICS IN INTERNATIONAL FRANCHISING: AN EXPLORATORY CONTENT ANALYSIS

Syed Tariq Anwar, West Texas A&M University

ABSTRACT

The purpose of this study is to analyze and evaluate category and market dynamics in global franchising. Although a wide variety of literature exists in franchising, limited attention has been paid to franchising categories and its market dynamics. Franchising is one of the fastest growing areas in developed countries and emerging markets and has become a force to be reckoned with in global marketing. Considered one of the oldest forms of interorganizational structures in the business world, franchise brands can become highly profitable and vastly available if introduced with the right business model. Franchising mostly falls within the domain of agency theory where principals (franchisors) and agents (franchisees) use their brands and intangible assets (brand equity/leverage) and infrastructure to target consumers and provide quick market access and availability of products (Brown, 1998; Financial Times, 2005; Garg, Viany and Rasheed, 2003; Michael, 2000a,b; Shane, 2001a,b; Wikipedia, 2005).

Based on data from The Franchising Handbook (2005), the study investigates 1,464 franchisors in 67 franchising categories that encompass 445,314 franchisees. The study employed content analysis to analyze the data. This study in its current form is exploratory in nature and is part of a long-term project. The top three franchising categories which dominated the industry were foods/restaurants with 196 franchisors and operated 102,420 franchisees followed by automobile products and services (87 franchisors), and children’s products/education/services (87 franchisors). Categories such as maintenance/cleaning, construction/remodeling, and business aids and services finished fourth, fifth and sixth with the existence of 85, 65, and 64 franchisors respectively. The first six categories validate the fact that franchising is a growing phenomenon in the service-related industries because of surge in demand in the U.S. and global markets. Overall, the research suggests that there is diversity of criteria applied in category and market characteristics regarding growth of the firm and franchisors’ worldwide operations. The study reveals that variables such as firm-specific factors, franchising fees, and capital play a major role in domestic and international franchising. Managers dealing with franchising can use some of the results of this study in their global marketing initiatives. Category issues and market dynamics matter when seeking franchising in global markets. Content analysis of this work and market conditions predict that franchising is a phenomenon that will continue to expand if applied in a logical fashion. The paper also provides meaningful implications and future research directions of this debate.

REFERENCES


A REPLICATION AND EXTENSION OF THE ANIMOSITY MODEL OF FOREIGN PRODUCT PURCHASE: POST-COLONIAL ANIMOSITY IN GHANA

Gordon G. Mosley, Troy University
David K. Amponsah, Troy University

ABSTRACT

This study replicated and extended the Klein, Ettenson, and Morris (1998) animosity model of foreign product purchase to Ghana’s post-colonial setting. The major conclusion of this study is that there is a unique contribution of colonial animosity, economic animosity, consumer ethnocentrism, and product judgments on consumer willingness to buy products originating in the United Kingdom. Age, gender, education, and urbanity were found to have a weak or no relationship to either consumer animosity or consumer ethnocentrism.

INTRODUCTION

Consumer choice of particular products is dependent on many different factors including the consumers’ opinion about the quality and value of competing product offerings. Purchasing products involves several risks for the consumer: (1) the risk of paying too much, (2) the risk of owning a product that doesn’t perform well, or (3) the risk of exposing oneself to ridicule for obtaining an inappropriate product. Consumers use many heuristics to simplify their choice of products to avoid these risks, and one of these heuristics is “rules” based on the country of origin of the product. Consumers may use the country-of-origin cue as one of many variables that they consider when decision-making, or country-of-origin may become a primary cue when other purchasing cues are unavailable or obscure (Bruning 1997). Both the consumer ethnocentrism and animosity models offer some insights into the country-of-origin effect. This paper explores both consumer ethnocentrism and animosity in a developing, post-colonial economy.

REVIEW OF BACKGROUND LITERATURE

Consumer ethnocentrism

Consumer ethnocentrism can be defined as “the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products.” (Sharma, Shimp and Shin 1995; Shimp and Sharma 1987) This involves a consumer preference for domestic products or a bias and aversion for foreign-made ones. People who score high on consumer ethnocentrism tend to believe that their own economic interests, as well as those of their fellow citizens and their country’s economy, could be harmed by imported products. They further tend to believe that it is appropriate, desirable, responsible, and patriotic to favor domestic over imported products (Sharma, Shimp and Shin 1995). Although the consumer ethnocentrism concept was developed in the United States, it has been successfully used with respondents from many nations, including Poland (Supphellen and Rittenburg 2001), Korea (Moon 2004: Sharma, Shimp and Shin 1995), China (Wang and Chen 2004), Australia (Pecotich and Rosenthal 2001), and Nigeria (Festervand and Sokoya 1994).

In past studies, increased levels of consumer ethnocentrism have been associated with several demographic variables, including a negative relationship with educational attainment (Sharma, Shimp and Shin 1995), a negative relationship with income (Sharma, Shimp and Shin 1995), and high scores for women (Sharma, Shimp and Shin 1995). Consumer ethnocentrism has also been associated with several attitudinal variables, negatively with cultural openness (Sharma, Shimp and Shin 1995), and positively with patriotism (Sharma, Shimp and Shin 1995), conservatism (Sharma, Shimp and Shin 1995), and collectivism (Sharma, Shimp and Shin 1995).
Consumer ethnocentrism affects the perceptions of a product’s value and purchase intentions (Pecotich and Rosenthal 2001). The relationship between consumer ethnocentrism and the intent to purchase domestic rather than foreign products is moderated by the necessity of the purchased product (Sharma, Shimp and Shin 1995), the threat the foreign import offers to domestic firms (Sharma, Shimp and Shin 1995), the difference in quality between foreign and domestic products (Wang and Chen 2004), and the degree to which the consumer holds conspicuous consumption values (Wang and Chen 2004). Since its introduction in 1987, then, the concept of consumer ethnocentrism has shown to have explanatory power for predicting people’s attitudes toward preferring, evaluating and purchasing both domestic and foreign goods.

**Consumer animosity**

Consumer ethnocentrism is a belief that products from all foreign nations pose a potential danger to the domestic economy, so that buying any imported products could be viewed as inappropriate or immoral. Animosity, “defined as the remnants of antipathy related to previous or ongoing military, political, or economic events,” however, refers only to the reluctance to purchase products of a specific country (Klein, Ettenson, and Morris 1998). Hence, someone low in ethnocentricity may still avoid purchasing products from a specific country as a form of punishment for that country’s past (or current) military, political, or economic actions. Animosity has been found in several studies: (1) against Japanese products in Nanjing, China due to brutal treatment during the 1931 – 1945 Japanese occupation (Klein, Ettenson, and Morris 1998), (2) against French products in Australia due to the recent French nuclear testing in the South Pacific (Ettenson and Klein 2005), (3) against German products in the Netherlands because of the German occupation during World War II (Nijssen and Douglas 2004), and (4) even in an intranational study against products from the former West Germany by the former East Germans in their reunited country (Hinck 2004).

Animosity has been found to be correlated with consumer ethnocentrivity, but they have been found to have different consequences (Hinck 2004; Klein 2002; Klein and Ettenson 1999; Klein, Ettenson, and Morris 1998; Nijssen and Douglas 2004). Animosity has not been shown to affect the perception of the quality of products from the target country, but it does affect willingness to buy products from that country (Hinck 2004; Klein 2002; Klein, Ettenson, and Morris 1998; Nijssen and Douglas 2004).

**The present study and hypotheses**

This study extends the animosity model to antipathy based on a previous colonial experience. Ghana was a colony of the United Kingdom before it gained its independence in 1957. This study looks at whether there is lingering antipathy based on that colonial experience, and if so, if that animosity appears similar to that reported by other researchers (Hinck 2004; Klein 2002; Klein and Ettenson 1999; Klein, Ettenson, and Morris 1998; Nijssen and Douglas 2004). Based on these previous studies, the following hypotheses are offered:

H1: Age will be positively associated with (a) animosity and (b) consumer ethnocentrism.

H2: Men will exhibit higher levels of (a) animosity and (b) consumer ethnocentrism than women.

H3: Education will be negatively associated with (a) animosity and (b) consumer ethnocentricty.

H4: Degree of urbanity will be negatively associated (a) animosity and (b) consumer ethnocentricty.

H5: (a) Colonial animosity and (b) economic animosity will both be negatively associated with the respondents’ perception of the quality of products from the United Kingdom.

H6: Consumer ethnocentricty will not be associated with the respondents’ perception of the quality of products from the United Kingdom.
H7: (a) Colonial animosity, (b) economic animosity, and (c) consumer ethnocentricity will all be negatively associated with the respondents’ willingness to buy products from the United Kingdom, while (d) product judgments will be positively associated with that willingness to buy.

**METHOD**

**Participants**

Participants in this study were a convenience sample of people from Ghana who were willing to complete the survey form in two venues, at a shopping mall in Accra, and at a university in Accra. Of 242 returned survey forms, 235 were found to be usable. The other seven were either incomplete or displayed nonthoughtful response patterns and were discarded from further consideration. It should be noted that the participants are not representative of the population of Ghana as a whole, but would be closer to representing a small subset of highly educated, high income Ghanaians.

**Measures**

Economic animosity (5 items), willingness to buy (6 items), and consumer ethnocentrism (6 items) were measured using the same scales that Klein, Ettenson, and Morris (1998) used after first adapting them for use in the Ghana – United Kingdom relationship in lieu of the China – Japan one. Colonial animosity was measured using the four items included in Klein, Ettenson, and Morris’s (1998) animosity and war animosity variables, again being adapted for the purposes of the current research. Each of these items was measured on a 7-point Likert-type scale anchored by Disagree and Agree, and the items were summed and averaged to obtain a score for each scale.

Product judgments were measured by asking participants to rate seven products from the United Kingdom (cloth products, shoes, soaps and detergents, radios and televisions, prescription drugs, personal computers, and home appliances). Each product category was rated on a 3-item, 7-point semantic differential scale. Participants were asked to indicate their general evaluation of the above British products anchored by negative-positive, very unfavorable-very favorable, and bad-good. These twenty-one scores were summed and averaged to obtain a product judgment score.

Participants were also asked for simple demographic data identifying their gender, age, income, and level of educational attainment. Urbanity was measured by asking whether the participant currently lived in a village, town, or city, coded 1, 2, or 3, respectively.

**RESULTS**

The demographic statistics on the participants in this study are presented in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Demographic Data on the Study’s Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Urbanity</td>
</tr>
</tbody>
</table>

The five scaled variables in this study—colonial animosity, economic animosity, consumer ethnocentrism, willingness to buy, and product judgment—were subjected to factor analysis. Each of these scales was found to be unidimensional as past studies have reported. Reliability of the measures was also found to be acceptable. Means
and coefficient alpha scores for these variables are reported in Table 2. The lowest possible score on these scales is one, the highest possible is seven, and the mid-point is, of course, four. Because of the wording of these scales, higher scores indicate a higher level of the named variable except for willingness to buy. The wording for the willingness to buy actually reflect the unwillingness to buy, so higher scores on this variable indicate a lower willingness to buy products from the United Kingdom.

Table 2. Means and Alpha Coefficients for Variable Scales Used in This Study

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of Items</th>
<th>Mean</th>
<th>Coefficient alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial Animosity</td>
<td>4</td>
<td>2.9039</td>
<td>.7075</td>
</tr>
<tr>
<td>Economic Animosity</td>
<td>5</td>
<td>4.1804</td>
<td>.8917</td>
</tr>
<tr>
<td>Consumer Ethnocentrism</td>
<td>6</td>
<td>4.2864</td>
<td>.7896</td>
</tr>
<tr>
<td>Willingness to Buy</td>
<td>6</td>
<td>2.6239</td>
<td>.6489</td>
</tr>
<tr>
<td>Product Judgment</td>
<td>21</td>
<td>6.3053</td>
<td>.9362</td>
</tr>
</tbody>
</table>

An F-test was performed to determine whether there was a gender difference for colonial animosity or ethnocentrism (H2). No significant differences were found, with a two-tailed significance of .184 for animosity and .780 for consumer ethnocentrism. Hence Hypothesis 2 cannot be supported.

Regression analysis was used to test the remaining six hypotheses. Age (H1) was found not to be a significant predictor of either animosity (significance = .934) or consumer ethnocentrism (significance = .408). Although education (H3) had no relationship to ethnocentrism (significance = .754), it was significantly related (.031) to animosity in the negative direction hypothesized (although at a very low R² level of .021). Urbanity (H4) was found to be a significant predictor (.014) of colonial animosity in the hypothesized negative direction, but the R² level was only .027. Urbanity was not related to consumer ethnocentrism (significance = .714).

The judgment of the quality of British products (H5) was negatively affected by colonial animosity (significance = .024, but again the R² was only .023), while economic animosity had no significant effect on product judgment (.935). As predicted, consumer ethnocentrism (H6) had no significant effect (.165) on product judgments.

In a stepwise regression simultaneously testing the effect of all four predictor variables from H7 on willingness to buy, all four were found significant. These four variables—colonial animosity (β = .196, significance = .003), economic animosity (β = .253, significance = .000), consumer ethnocentrism (β = .248, significance = .000), and product judgments (β = -.193, significance = .001)—achieved an adjusted R² of .345. A summary of the results of the hypothesis testing is provided in Table 3.

Table 3. Summary of the Hypothesis Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Supported?</th>
<th>Significance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a: Age to animosity</td>
<td>No</td>
<td>.934</td>
<td></td>
</tr>
<tr>
<td>1b: Age to CET</td>
<td>No</td>
<td>.408</td>
<td></td>
</tr>
<tr>
<td>2a: Gender to animosity</td>
<td>No</td>
<td>.184</td>
<td></td>
</tr>
<tr>
<td>2b: Gender to CET</td>
<td>No</td>
<td>.780</td>
<td></td>
</tr>
<tr>
<td>3a: Education to animosity</td>
<td>Yes</td>
<td>.031</td>
<td>R² level of only .021</td>
</tr>
<tr>
<td>3b: Education to CET</td>
<td>No</td>
<td>.754</td>
<td></td>
</tr>
<tr>
<td>4a: Urbanity to animosity</td>
<td>Yes</td>
<td>.014</td>
<td>R² level of only .027</td>
</tr>
<tr>
<td>4b: Urbanity to CET</td>
<td>No</td>
<td>.714</td>
<td></td>
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</table>
CONCLUSIONS

Demographics, consumer ethnocentrism, and animosity

Although previous studies have shown a relationship between respondent demographics and consumer ethnocentrism and animosity (Klein 2002; Klein and Ettenson 1999; Sharma and Shimp 1995), this study in Ghana showed more limited relationships. In the United States, Klein and Ettenson (1999) found age to be a significant positive predictor of animosity toward Japan, and found females to score higher on the consumer ethnocentricity scale. This study found both age and gender to be unrelated to either animosity toward the United Kingdom or consumer ethnocentricity in the Ghanaian setting. Further, while Klein and Ettenson (1999) found education to be negatively related to consumer ethnocentricity but not related to animosity, the opposite result was found in testing Hypothesis 3 for this study.

In a Korean setting, Sharma and Shimp (1995) found no relationship between age and consumer ethnocentrism, in agreement with this study. They, however, found females and the less well educated to exhibit higher levels of consumer ethnocentricity, while this study found no such relationship.

The influence of the level of urbanity on animosity and consumer ethnocentricity has not been previously reported in the marketing literature. This study found the degree of urbanity to be negatively related to animosity but unrelated to consumer ethnocentricity.

To summarize relationships between demographic variables and consumer ethnocentrism and animosity, of the four demographic variables tested, only education and urbanity affected animosity (and then only at very small $R^2$ levels). None of these four variables were significantly related to consumer ethnocentrism.

Relationships among the study variables

As indicated in Table 3 (Hypothesis 5), colonial animosity had a significant, negative relationship with product judgments, while economic animosity did not have any significant relationship. The importance of the colonial animosity → product judgment path only produced an $R^2$ value of .023, so this may be a case of an “insignificant, significant difference.” Hypothesis 6 proposed that consumer ethnocentrism would not be related to product judgments and, indeed, no significant relationship was found.

The last hypothesis posited the thought that colonial animosity, economic animosity, consumer ethnocentrism, and product judgments each have a unique affect as a predictor of the willingness to buy. The stepwise regression procedure provided evidence to support this hypothesis.

The demographic predictors of animosity and consumer ethnocentricty disagreed with some previous reported research studies (Klein 2002; Klein and Ettenson 1999; Sharma and Shimp 1995), and were generally of a disappointing effect size. These results do support, however, the argument that animosity and consumer ethnocentricty are separate constructs, as maintained by several previous researchers (Klein 2002; Klein and Ettenson 1999; Klein, Ettenson, and Morris 1998).

The major finding of this analysis is the strong support for Hypothesis 7—the unique contributions of each of the four predictor variables (colonial animosity, economic animosity, consumer ethnocentrism, and product judgments) on consumer willingness to buy products originating in the focal country. For companies originating in countries that are the targets of animosity, it suggests that simply addressing one form of animosity, consumer
ethnocentrism, or product judgments will not be enough to eliminate the bias against them. These companies must take positive steps to address several of these variables in order to make real inroads into lessening the bias.

Further, this study has extended the animosity model to a new venue. Previous studies have used the animosity construct in terms of past wars and current/recent political disagreements. This study extends its use to a post-colonial setting.

Limitations and future research

This study used a convenience sample that makes generalization to a larger population problematic. Although this study should not be deemed representative of Ghanaians as a whole, there is no reason to believe that the relationships among the major study variables will not hold with a random sample of a more educated, higher income subsection of the Ghanaian population.

The animosity model might further be tested to determine if jealousy of rich nations by residents of poor nations leads to the type of animosity which has been found caused by post-war, post-colonial, and current/recent political disagreements. Further, longitudinal studies might determine the weakening (or strengthening) of animosity over time, and might test strategies to lessen any bias caused by animosity.

REFERENCES


TRANSPARENCY AND CORRUPTION: HOW COUNTRIES RANK

Peter Gordon, Southeast Missouri State University
Tori Patterson, Southeast Missouri State University

ABSTRACT

Transparency may be defined as the existence of, and adherence to, publicly disseminated standards and procedures in the conduct of business and government. The greater the transparency in a country, the less corruption exists. Transparency International (TI), the only international non-governmental coalition against corruption, asked business people, academics and risk analysts about their perceptions of the degree of corruption. TI then assigned a Corruption Perceptions Index score and ranked countries on the basis of these perceptions (transparency.org). As we become a more globalized society, it is imperative that businesspeople consider the transparency of the countries in which they do business.

INTRODUCTION

Around the world corruption leaves millions of people vulnerable. Much of this corruption centers on bribes, particularly in the construction sector were bribery is considered a common and acceptable practice in many countries. Transparency in both the public and private sectors is arguably the most important and obvious way to counteract such corruption.

Based upon the results of their annual surveys, Transparency International noted that two-thirds of the 159 countries included in their most recent survey are “seriously corrupt.” With corruption running rampant globally in so many countries, TI has been a huge proponent of anti-corruption practices. They have created the no-bribes Integrity Pact as well as set forth a set of minimum standards for public contracting (Transparency International). Without continued effort by organizations like TI, as well as by government leaders and business owners, this problem will continue.

COSTS OF CORRUPTION

The costs of corruption can be staggering. In the public sector alone, annually, more than $4 trillion is spent on government procurement globally. The construction sector has traditionally been the most entrenched in bribery. Many construction projects would not even make it past the planning phases if it were not for bribes. Many times these building projects benefit an individual or group of individuals but cost a country much more in the long run, both in economic value as well as in personal value. Buildings that do not meet safety codes are allowed to be built, endangering those citizens who live or work in them. More than 150,000 people have been killed over the last 15 years by earthquakes, many as a direct result of a poorly built structure collapsing in the quake. When public spending is misdirected the funding needed for health, education, and housing is unavailable (Transparency International). In addition, corruption can mean scarce financial resources are allocated to inappropriate projects, the competitive environment is challenged, and foreign investors are sometimes scared away (Asia Risk). A country’s political stability is also jeopardized when corruption plagues the operating environment (CNN).

IMPLICATIONS FOR BUSINESS OWNERS

Although information on transparency and corruption is available, few people in business and academia are aware of depth and quantity of the information. It is imperative that business owners should place considerable importance on determining the level of and kind of corruption they will face in their global operations, on a country specific level. Risk is inherent in all business transactions regardless of type or location. However, a business can face drastically higher risk levels in countries that lack the adequate and necessary transparency. Bribery adds to the cost of doing business, and as such, businesses dealing with a more corrupt society will need a higher risk-adjusted rate of return. Not only does the cost of doing business in such environments rise, one must also consider that in a
country where decision makers are willing to accept a bribe from you. There is a high likelihood they might also be ready and willing to accept a bribe from your competition to hinder your operations.

**CORRUPTION PERCEPTIONS INDEX 2005 (ABBREVIATED)**

CPI scores are computed based upon the surveyed perceptions of corruption as judged by business people and country analysts. The scores can range from 0, highly corrupt, to 10, highly clean (Transparency International). The following is a condensed table of the 2005 CPI score rankings.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>CPI 2005 Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Iceland</td>
<td>9.7</td>
</tr>
<tr>
<td>2</td>
<td>Finland</td>
<td>9.6</td>
</tr>
<tr>
<td>3</td>
<td>New Zealand</td>
<td>9.6</td>
</tr>
<tr>
<td>4</td>
<td>Denmark</td>
<td>9.5</td>
</tr>
<tr>
<td>5</td>
<td>Singapore</td>
<td>9.4</td>
</tr>
<tr>
<td>6</td>
<td>Sweden</td>
<td>9.2</td>
</tr>
<tr>
<td>7</td>
<td>Switzerland</td>
<td>9.1</td>
</tr>
<tr>
<td>8</td>
<td>Norway</td>
<td>8.9</td>
</tr>
<tr>
<td>9</td>
<td>Australia</td>
<td>8.8</td>
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<td>Austria</td>
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<tr>
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Corruption does not just plague poorer countries. The results of TI’s study indicate that rich countries increased in corruption alongside poor countries (One World). The following are regional trends in the rankings of countries identified based upon the Corruption Perception Index.

**Europe and Central Asia**

With little reforms being made, Central Asia, with no country in this region scoring higher than 3.0, is of concern. Rising from 2.2 last year to 2.6 this year, the Ukraine is the most improved in 2005, while Russia has one of the largest declines, from 2.8 to 2.4 (Transparency International).

Europe’s scores, however, were relatively high, with fourteen European countries in the top twenty. In descending order they are: Iceland (1), Finland (2), Denmark (4), Sweden (6), Switzerland (7), Norway (8), Austria (10), Netherlands and the United Kingdom (11), Luxembourg (13), Germany (16), France (18), and Belgium and Ireland (19). Dissecting Europe further, Scandinavian countries are viewed as the most ethical with half of the top ten. Northern Europe was perceived better than Southern Europe – Switzerland (7), Austria (10), Netherlands (11), and Germany (16) versus France (18), Spain (23), Portugal (26), and Italy (40). Eastern European countries recently admitted to the European Union were perceived more favorably than those that are not.

**The Americas**

The most notable increase in perceived corruption was in Costa Rica. Here the score fell from 4.9 to 4.2 in 2005. Brazil (62) also experienced a decline. But declining perceptions are not just experienced in vulnerable countries. Even Canada (14) was perceived as the cleanest country in the Americas, thought experiencing a slight decline from a year earlier. Overall, North America, with the United States ranking 17th, achieved higher scores than South America, where countries like Argentina (97) and Venezuela (130) perpetually achieve low CPI scores (Transparency International).

**Asia and the Pacific**

Bangladesh (158), another consistent low performer, has the dubious distinction of finishing last in the rankings with a CPI score of 1.7. South Korea (40) has shown much improvement, rising from 4.5 to 5.0. As expected, developed Asia – Singapore (5), Hong Kong (15), Japan (21), Taiwan (32), and South Korea (40) - was perceived much less corrupt than the emerging Asian countries of Thailand (59), China (78), and Vietnam (107), while politically volatile countries like the Philippines (117) and Indonesia (137) finished far lower.
Western countries in the Pacific rim area fared the best. New Zealand (2) and Australia (9) both finished in the top sector of the rankings (Transparency International).

**Africa and the Middle East**

African countries continued the trend of poor performance with an average corruption perception score of 2.86. Chad (158) joined Bangladesh in the lowest rank, while other African countries like Kenya, Angola, and Nigeria finished at the bottom of the list.

The Middle East was perceived much cleaner than Africa, with the bulk of Middle Eastern countries scoring in the upper half of the rankings. Israel and Oman (28) both scored 6.3, while the United Arab Emirates (30), Qatar (32), Bahrain (36), and Jordan (37) were not far behind. Palestine (107) and Iraq (137) ranked the lowest among Middle Eastern nations (Transparency International).

**SUMMARY**

It is easy to see that much of the world is perceived as quite corrupt. Corruption increases the cost of doing business and can potentially jeopardize multi-national operations. In addition, it weakens the infrastructure and risks the lives and livelihood of millions. Until there is widespread reform to correct the lack of transparency, corruption will continue to run rampant. With increasing globalization, it is imperative that businesses carefully consider the implications of doing business in corrupt nations, and leading developed nations take a lead in helping less developed countries develop transparent processes.

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AFRICAN CONSUMER VALUES AND PERCEPTIONS:
AN EXAMINATION OF CONSUMERS IN SOUTH
AFRICA, ZIMBABWE AND ZAMBIA

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Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

The cumulative effect of small and emerging markets is very important to the US economy. US exports to Africa totaled more than $13 billion in 2004 and averaged more than $1.3 billion per month in 2005 (US Census Bureau 2005). E-Commerce has served to open these markets even further (deKlerk and Kroon 2005). There is a profound need to understand consumers and consumer behavior in Africa (Steenkamp and Burgess 2002), providing access to a large and growing market, and can be used to improve the overall standard of living (Talukdar, Gulyani and Salmen 2005). Unfortunately, few of the western theories of marketing, consumer behavior and/or advertising have been validated in Africa (Steenkamp and Burgess 2002). The limited research suggests that these consumers have highly differentiated tastes and behaviors (Milner 2005, Prestholdt 2004). To complicate matters further, African countries tend to represent very multicultural environments (Leibold and Hugo-Burrows 1997).

Relative to research which has been conducted in Asian and Western markets, research in African countries is scarce. African-focused studies have spanned very few consumer behavior issues, such as innovativeness (Petrof and Pons 1999), product liability laws (Mabirizi 1987), branding (Irwin 2003), and brand equity (Bendixen, Bukasa and Abratt 2004). Advertising research has been slightly more extensive, but limited geographically. Most of it has been focused on South Africa (Albers-Miller and Gelb 1996, Bendixen, Bukasa and Abratt 2004, deKlerk and Kroon 2005, Irwin 2003, Steenkamp and Burgess 2002). That which has extended beyond South Africa has been regional in focus, such as the "North Africa" region (Petrof and Pons 1999), the "West Africa" region (Mabirizi 1987), and the "East Africa" region (Prestholdt 2004). Furthermore, some of the research has been conducted using African students attending school in the United States or Canada, which may be problematic (Petrof and Pons 1999). A great deal more research is warranted.

The purpose of this research is to add to the overall understanding of consumer values in Africa. An extensive list of values and demographic characteristics provided insight into consumer perceptions and expectations in these countries. Paper and pencil surveys were used. Fifty surveys were collected in each country. Collecting data in Africa was difficult, even with authoritative support and business contacts in these countries. One of the principle researchers traveled to Africa to facilitate data collection. Even so, data collection was hampered by low literacy levels, language barriers, logistical problems and the generally poor education levels (particularly for women and individuals in the lower income brackets). Civil unrest and military actions created unforeseen data collection problems, trapping a paid data collector and a portion of the responses within one of the countries. Language barriers presented another challenge. In part because of the inability to achieve convergence in translation and because English is the language most used for commerce, the final decision was to keep the surveys in English. Despite the drawbacks, the research does offer additional insight into the consumer value systems in these countries. Results from this study provide managerial implications for marketing in Africa.

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PET ADOPTION POSITIONING STRATEGIES:
UNDERSTANDING CONSUMER CHARACTERISTICS
ASSOCIATED WITH THE PET ADOPTION DECISION PROCESS

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Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

Pets are big business. More than 153 million dogs and cats are pets in the United States (Schmelzer 2005). The pet industry represents the seventh-largest retail segment and achieved $34.4 billion in sales last year, including pets, toys, pet fashions, foods and pampering, luxury products (Schmelzer 2005).

Pets serve an important role in the lives of Americans (Sussman 1985). The role that they serve as companion, aides and friends are part of the underlying reason why so many Americans are pet owners. Many academic disciplines have examined animal ownership. Psychologists and sociologists have been concerned with the roles that pets serve in the lives of individuals, families and societies. Biologists, animal scientists and veterinary scientists are concerned about animal physiology and health. Despite the importance to both human life and economic development, for a large part, marketing researchers have expressed little interests in the consumer behavior aspects of pet ownership.

The field of animal sciences has generated the majority of the body of knowledge on pet ownership and adoption. Dog rescue efforts, particularly with the rescue of former racing greyhounds, has increased academic and public attention to pet adoptions. Researchers are interested in following adopted dogs to determine the outcome of the adoption process (Marston, Bennett and Coleman 2004). The pet adoption literature has been concerned with understanding the characteristics of the animal which make it seem more adoptable (Hennessy, Voith and Mazzei 2001, Hoffman and Maggitti 1995, Neidhart and Boyd 2002, Kidd and Kidd 1992b). There is concern regarding the development of realistic pet ownership information (Kidd and Kidd 1992b), largely to decrease adoption failure rates and increasing adoption successes (Averett 2005, Kidd and Kidd 1992a, Neidhart and Boyd 2002). There is an overall desire to reduce the number of animals which are returned to shelters after a failed adoption attempt (Neidhart and Boyd 2002, Patronek and Zawistowski 2002).

Shelters often serve as a point of connection between prospective pet owners and homeless animals. Shelters can seem overwhelming and discouraging to prospective pet owners, many whom leave without a pet after the unsettling process. Efforts to reduce euthanasia require a better understanding of the adoption process (Lepper, Kass and Hart 2002). While a great deal of effort has been made to examine the pet side of the equation, very little research has examined the needs, wants and expectations of prospective pet adopters.

The purpose of this research was to explore the characteristics of prospective pet adopters. This study measured the level of involvement in the decision making process for each of these factors: money, risk, commitment, income, and age. This research will allow non-profit organizations to use this information wisely to appeal to the consumers more effectively. The attributes uncovered by this research shed light on consumer expectations which should prove useful in better positioning nonprofit animal shelters as a viable supplier of family pets. Strategic managerial implications are provided.

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MARKETING TO PREGNANT WOMEN: CONSUMER VULNERABILITY AND PRICING PRACTICES OF BABY-RELATED PRODUCT

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Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

From cribs to disposable diapers, products for newborn babies are a substantial force in the US economy. Spending on baby-related products has been estimated at $17 billions dollars (Edy 1999). Products which did not exist a few years ago are considered to be indispensable for the modern baby (Considine 2003). Even the cost-conscious consumer will spend approximately $6300 on their baby in the first year (Balcomb-Lane 2005). The marketing messages for baby products are practically everywhere, even in the doctor’s office.

Expectant mothers are particularly easy to target because of easily anticipated behaviors, regularly scheduled doctor office visits, pre-admittance at the hospital, attendance in child birth and/or parenting classes and shopping for maternity wear. Participation in such activities often leads to the disclosure of personal information which frequently is sold and shared with marketers.

While pregnant mothers represent a large and viable potential target market, these consumers should also be given careful consideration in marketing strategic efforts. The federal government has identified pregnant women as a vulnerable population (OHRP 2005). Pregnant women are potential more vulnerable for a number of reasons, including changes in hormone levels which trigger emotional variations.

Purchase behavior by expectant parents is inconsistent with other purchasing behavior. Almost 70 percent of parents-to-be purchase baby-related items, such as baby lotion, one to two months before the child is born (Miller 2005). There appears to be a great deal of pressure on first time parents, in particular first-time mothers. The pressure to “get it right” (Shatzkin 2005) and to provide "the best" (High Beam Research 2001) drives some to overspend. Feelings of guilt about being a bad parent and inexperience in the product category often causes the desire to buy the “best” to be translated into buying the most expensive in the mind of the consumer (Gilchrist 2005, Miller 2005). Most new parents end up spending more than they earn on their new baby (Gilchrist 2005).

The susceptibility of pregnant women was illustrated by Koselka (1994) who reported that women who hope they are pregnant are willing to pay more for a pregnancy test than women who hope they are not. In this example, two pregnancy tests were offered that were identical in all features except the packaging. One of the boxes was pink, displayed a smiling baby and cost $9.99; the other had no picture, was mauve, and cost $6.99. Women who desired to be pregnant were inclined to purchase the more expensive test, while women who did not wish to be pregnant bought the inexpensive test. This study is similar to the research by Godwin and Albers-Miller (2005) in their examination the emotion-driven purchase behavior of brides and their discovery that brides valued items for their wedding at a price higher than their peers who were not engaged to be married. The emotional purchase can be spontaneous and defy logic (Changing Minds 2005, Greenspan 2005).

While there is a great deal of anecdotal information about this industry, there has been little to no empirical research which has examined the decision making process of expectant mothers. Based on the research design followed by Godwin and Albers-Miller (2005) in their study of brides as consumers, this study explores the baby product industry and the pregnant mother as a consumer. This study provides a qualitative exploration of the elevated prices associated with the sale of baby-related products. Additionally, this research compares price expectations and importance measures of expectant mothers to their peers who are not expecting. Public policy implications are provided.

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TOWARD AN UNDERSTANDING OF CONSUMER PERCEPTIONS: PRODUCT LABELING OF NATURAL, ORGANIC AND ENHANCED PRODUCTS

Stefan Linnhoff, Berry College
Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

For centuries, humans have understood the links between food consumption, nutrition and good health. Early explorers recognized the need to appropriately supplement their diets. Not surprisingly, research has indicated that food-related decisions by consumers are increasingly motivated by health concerns (Wellman 2002). Typically, we think that consumers today have a great deal of access to nutritional information. As food scares and threats to the food supply circulate in the media, it seems reasonable to assume that consumers would have a heightened concern about exactly what they are eating (Blake 2004, Smith 2002). For example, fear of Bovine Spongiform Encephalopathy, “mad cow disease,” is one clear case which has generated concern (Smith 2002). Additionally, media coverage indicating that recombinant Bovine Growth Hormone (rBGH) appears in virtually all but organic milk supplies has heightened interest in organic milk in the US (Smith 2002). Not surprisingly, industry experts have noted that organic and natural foods are often the focus of renewed interest following a food, health or safety crisis, but interest often erodes over time (Duff 2001). In the marketplace, there has been an increase in the sales of "natural" foods (Blake 2004, Makatouni 2002).

In some countries, especially Germany, Denmark and the Netherlands, consumers are making a more dramatic shift toward organic products which may be perceived to be safer (Wier and Calverley 2002). Organic food consumption is one way that consumers attempt to avoid risk exposure from foods. People think organic foods are safer and healthier (Blake 2004). Researchers have found that food safety, rather than environmental concerns, drives the increased interest and demand for organic products (Blake 2004, Dryer 2002, Soler, Gil and Sanchez 2002, Wier and Calverley 2002). Clearly, governments around the world have focused increased attention on food quality and are increasing demands for the accuracy and appropriateness of nutritional information (Code of Federal Regulations 2005, CR 94/92 2004, CR 2092/91 2004, USDA 2002). The United States, the European Union and many other countries are tightening regulations of natural and organic labeling. Natural and organic foods look like a promising solution to food supply concerns. The US government has implemented detailed requirements governing the labeling of a product as organic. The government has created and authorized the use of a USDA seal of certification. Unfortunately, the regulations imposed on "organic" foods are not extended to "natural" foods. The purpose of this study was to ascertain the degree to which consumers comprehend the differences in the use of these terms in labeling of foods.

The study used a controlled experiment to determine variations in consumer perceptions of products labeled as organic and labeled as natural. A variety of food attributes were included in this study, such as "This product is healthier than most products in the store." Public policy implications are provided.

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ON COMPARING ALTERNATIVE POLICIES FOR SERVICE CAPACITY ALLOCATION OVER TIME

Hongkai Zhang, East Central University

ABSTRACT

Based on a linear deterministic demand function, the performances of five alternative policies for service capacity allocation are measured and compared over a multiperiod planning horizon for a service provider in a monopolistic environment. The numerical example shows that the policy of evenly allocating the service capacity over time dominates the other four policies.

INTRODUCTION

The practice of advance selling has grown rapidly in service industries. Recent technological advances such as electronic tickets, smart cards and online prepayment have made it a suitable marketing tool to nearly all service providers (Shugan and Xie 2004) and as a direct result, they now can conveniently advance sell their services in periods before the time of consumption. For example, major hotel chains nowadays advance sell room nights extensively through online websites (e.g., www.travelocity.com and www.priceline.com). Movie theaters, amusement parks and providers of other services are also increasingly practicing advance selling.

In spite of the growing practice of advance selling by various service industries, only a few studies have critically examined this phenomenon (and related capacity allocation). Using a two-period model, Png (1989) shows that a service reservation provides insurance for risk-averse buyers against the uncertainty in service valuation and unavailability of service capacity. Lee and Ng (2001), based on a two-period planning horizon, analytically examine the impact of price sensitivity upon the optimal allocation of service capacity. In addition to the above studies that are of general orientation, some related studies focus on certain service industries. Ladany (1996), using a dynamic programming approach, presents a market segmentation strategy that optimizes the number of market segments, the corresponding prices, and the number of hotel rooms allocated to each segment. Ladany and Arbel (1991) determine for a cruise liner the optimal segmentation of total and unused capacities for certain cases. The studies cited above shed interesting lights on the issue of service capacity allocation.

In the marketing literature, a particularly significant question still remains only partially answered. It is concerned with what is the best way of allocating a service capacity over time for spot and advance selling so that a certain performance measure is optimized. In this paper, we attempt to address the issue of whether a uniform or even allocation policy is superior to a cyclic or pulsation policy under diminishing, increasing and constant price sensitivities and identify the best of them. Although the impacts of the pulsing and uniform policies have been discussed in the setting of allocating an advertising budget (Mesak and Darrat 1992), this paper is the first effort to examine the performances of these policies for service capacity allocation. The policies considered in this paper are defined below:

1. Uniform Policy (UP): The firm allocates the service capacity at a constant level over the entire planning horizon.
2. Pulsing/Maintenance Policy (PMP): The firm alternates between high and low levels of service capacity in each period over the planning horizon. There are two different patterns of PMP. If the firm starts with a high level of capacity, this policy type is designated as PMP-I. A PMP-II type is the one for which the firm starts with a low level of capacity.
3. Pulsing Policy (PP): The firm alternates between high and zero levels of capacity in each period. PP-I and PP-II start with a high and zero level, respectively.

In the next section, the total sales revenue is formulated and chosen to measure the performances of the five policies defined above. In the third section, their performances are compared under constant, diminishing and increasing price sensitivities, respectively. Finally, the paper concludes with a summary of its main findings, limitations, and directions for future research in the fourth section.
MODEL FORMULATION

Consider a service provider in a monopolistic environment, which has a service capacity of K identical units to be allocated over a planning horizon of n consecutive time periods. The problem that we intend to address can be specifically stated as follows: Of the five policies defined in the previous section, what is the best scheme to entirely allocate a service capacity of K identical units over an n-period planning horizon for spot and advance selling so that the service provider’s profit will be maximized? We make the following basic assumptions while formulating this problem:

1. The price charged for a unit of service capacity is constant in a period but may vary across different periods in the n-period planning horizon.
2. The capacity is produced and consumed in period n.

Beginning from the starting point of the planning horizon, the n periods are successively denoted as period i (i = 1, 2, ..., n). Periods 1, 2, ..., n-1 are referred to as advance periods in which advance selling occurs, while period n is called the spot period in which both the consumption of service and spot selling take place. In practice, the length of the planning horizon is industry-specific (Lee and Ng 2001).

As a service provider in general operates with a high fixed cost, C, which is much higher than the variable costs of capacity, we only consider the case in which C is a constant exogenously determined and variable costs are sufficiently small to be ignored, as in the study of Lee and Ng (2001). Examples of such a case can be found in airlines and hotel industries (Desiraju and Shugan 1999). Several terms are defined below to formulate the optimization problem stated above:

- \( P_i \) = price of a unit of capacity in period i;
- \( x_i \) = amount of capacity allocated to period i;
- \( \pi \) = profit from selling service capacities over the planning horizon;
- \( R \) = total sales revenue from selling service capacities over the planning horizon.

The extensive use of linear demand functions in both theoretical and empirical studies is reported in (Lee and Ng 2001). Linear formulations have remained more appealing because of the relative ease of parameter estimation through classical statistical methods (Zufryden 1975). Following Lee and Ng (2001), we assume that price is a linear deterministic decreasing function of total capacity available at any point of time. Thus, the price for period i of an n-period planning horizon can be stated as

\[
P_i = \alpha - \beta_i \sum_{j=i}^{n} x_j ,
\]

where, \( \alpha > 0, \beta_i > 0, i = 1, 2, ..., n. \)

In expression (1), the coefficient \( \beta_i \) represents the price sensitivity for period i, which measures the change in the price of service for period i due to a unit change in the amount of service capacity available in that period. Time, in reality, is a significant factor affecting the stability of price sensitivity. Price sensitivity is most likely to be constant over a single period which length is sufficiently short. Because of the dynamic nature of supply and demand, on the other hand, price sensitivity may vary across different periods with longer durations. In this regard, it is assumed in our present study that price sensitivity is constant over a single period but may vary across different periods in the n-period planning horizon.

Buyers are assumed to exhaustively purchase the capacity allocated to each period and consequently, the total sales revenue \( R \) and profit \( \pi \) of the service provider generated by advance and spot selling over the entire n-period planning horizon are stated as

\[
R = \sum_{i=1}^{n} P_i x_i = \sum_{i=1}^{n} (\alpha x_i - \beta_i x_i \sum_{j=i}^{n} x_j) ;
\]

where, \( \alpha > 0, \beta_i > 0, i = 1, 2, ..., n. \)
\[
\pi = R - C = \sum_{i=1}^{n} (\alpha x_i - \beta x_i \sum_{j=i}^{n} x_j) - C. \tag{3}
\]

Since the fixed cost \(C\), exogenously determined, is a constant independent of the capacity allocation scheme, \(x_i (i=1, 2, \ldots, n)\), maximizing the profit (3) is equivalent to maximizing the total sales revenue (2). Therefore, the total sales revenue (2) is used to measure the performances of PMP-I, PMP-II, PP-I, PP-II and UP in the next section.

**A NUMERICAL ILLUSTRATION**

Let us suppose that the service capacity available for consumption in the spot period is \(K = 2000\) units, which will be entirely allocated over the \(n\)-planning horizon. Assume that \(\alpha = 500\), and the length of each period \(T = 1\) unit of time. For illustrative purposes, let us consider a planning horizon that consists of \(n\) equal time periods, each of which has the same duration \(T\). Here, three particular scenarios are examined: (i) diminishing price sensitivity, (ii) increasing price sensitivity, and (iii) constant price sensitivity over time. When price sensitivity diminishes over time, consumers are less price-sensitive to price variations in making their purchases as the time of consumption approaches. One typical example is that leisure travelers who are more price-sensitive usually purchase their air tickets well in advance, while business travelers who are less price-sensitive tend to make their purchases near or at the time of travel. With price sensitivity that increases over time, on the other hand, late arrivals are more price-sensitive than early arrivals and this is true in many industries (Shugan and Xie 2004). For example, when service providers have capacity constraints, it is sometimes best for them to charge advance prices that are higher than the subsequent spot price. Buyers will be willing to make their purchases at a premium in advance when they expect that binding capacity constraints may prevent them from spot purchasing. Constant price sensitivity indicates that consumers’ response to price variations remains unchanged over time.

Let the price sensitivity for the spot period \(\beta_n = 0.20\) per unit of capacity. Recall the assumption made in the previous section that price sensitivity is constant within a single period but is allowed to vary across different periods of the planning horizon. For the case in which price sensitivity diminishes over the planning horizon, let \(\beta_i = \beta(e^{-(i-1)T} + e^{-iT})/2 \) \((i = 1, 2, \ldots, n)\), where \(\mu = 0.01\) and \(\beta = 2\beta_0(e^{-b(i-1)T} + e^{-iT})\). That is, the price sensitivity for period \(i\), \(\beta_i\), is assumed to be the mean of the two values that the exponential function, \(\beta e^{-\mu t}\), takes at the two end points of period \(i\), respectively. \({\beta_i}\) is a diminishing series over the \(n\)-period planning horizon, reaching \$0.20\ per unit of capacity in the spot period. The magnitude of decreasing, \(|\beta_{i+1} - \beta_i|\), is getting smaller as \(i\) gets larger. On the other hand, for the case in which the price sensitivity increases over the planning horizon, let \(\beta_i = \beta((\gamma - e^{-iT}) + (\gamma - e^{-iT})))/2 \) \((i = 1, 2, \ldots, n)\), where \(\gamma = 2.5, \mu = 0.01\) and \(\beta = 2\beta_0((\gamma - e^{-b(i-1)T}) + (\gamma - e^{-iT}))\). The series \({\beta_i}\) defined in this way increases over the \(n\)-period planning horizon and reaches \$0.20\ per unit of capacity in the spot period. In this case, the magnitude of increasing, \(|\beta_{i+1} - \beta_i|\), is also getting smaller as \(i\) gets larger. For the case in which price sensitivity is constant over the planning horizon, let \(\beta_i = 0.20\) per unit of capacity \((i = 1, 2, \ldots, n)\). It is worth mentioning at this point that the two policies PMP-I and PMP-II considered for the illustrative purposes in this numerical example are the ones of which the high level of capacity is twice the low level.

Tables 1, 2 and 3 report the performances of PMP-I, PMP-II, PP-I, PP-II and UP under diminishing, increasing and constant price sensitivities. For example, if the planning horizon consists of two periods and price sensitivity diminishes over time, the sales revenue yielded by PMP-I, PMP-II, PP-I, PP-II and UP are \$372418, \$375098, \$191960, \$200000 and \$395980, respectively. It is found that, given the chosen model parameters, UP is superior to all the other four types of allocation policies, regardless of whether the price sensitivity is diminishing, increasing or constant. Furthermore, increasing the number of periods within the planning horizon will generate higher sales revenue except for the two cases of PP-I and PP-II under diminishing price sensitivity. Through the demand function (1), the optimal spot and advance prices \(P^*_i \) \((i = 1, 2, \ldots, n)\) can then be conveniently determined by the allocation scheme of UP, that is, \(x_i = K/n \) \((i = 1, 2, \ldots, n)\).
Table 1  Performances of Allocation Policies under Diminishing Price Sensitivity over Time

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Table 2  Performances of Allocation Policies under Increasing Price Sensitivity over Time

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Table 3  Performances of Allocation Policies under Constant Price Sensitivity over Time

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SUMMARY AND CONCLUSIONS

In this paper, a linear demand function is employed to describe the relationship between the price and the capacity of a service allocated for advance and spot selling in a monopolistic setting. Using a numerical approach, we address the problem of allocating a service capacity over a general multiperiod planning horizon to determine
total sales revenue (and profit) for the service provider. Managerial implications based on our main findings are summarized below:

(1) The service capacity should be evenly allocated over the entire planning horizon.
(2) The number of time periods should be increased to generate higher profits.

There are several directions for future research. First, in this exploratory study we focus on a service provider in a monopolistic market. Developing a model for a competitive environment would be a possible extension. Second, the demand function employed in our model has a deterministic structure. A probabilistic demand function may be employed in the modeling framework. Third, the study presented in this paper is based on a simulated scenario. Applying this numerical approach in conjunction with an empirical setting could be a plausible research topic in the future.

REFERENCES


A PRELIMINARY INVESTIGATION INTO THE ROLE OF LEARNED HELPLESS ON THE COMPLAINT BEHAVIOR OF PURCHASING MANAGERS

Lynn R. Godwin, University of St. Thomas

ABSTRACT

A national sample of 317 purchasing managers was surveyed with regard to their complaint behavior following a focal event involving dissatisfaction with a vending firm. The respondent’s level of learned helplessness was found to be significantly associated with several of the outcomes related to this dissatisfaction with the focal vendor.

INTRODUCTION

The role of personality characteristics in industrial buyer complaint behavior is, at best, poorly mapped out. With this in mind, this study attempts to make at least one inroad into understanding such characteristics. As a start along this path of learning, the extent to which purchasing managers’ complaint behavior is impacted by learned helplessness is preliminarily investigated.

Learned Helplessness will be investigated with regard to the extent to which it is related to various outcomes of the complaint behavior process. These outcomes include interpersonal relationship variables (interpersonal solidarity and hostility), future intentions variables (complaint intentions and repurchase intentions), expectations, satisfaction, and retained hanger.

LITERATURE REVIEW

Learned Helplessness

Learned helplessness is the process whereby individuals may learn, over time, to be passive in response to some stimuli. This passivity occurs when actions taken by the individual consistently have little, if any, effect on the stimuli. Although the concept had its origin in animal research (Overmeir and Seligman 1967), it has been widely applied in research settings involving human subjects (Abramson, Garber, and Seligman 1980; Hart 1983; Hart and Moncrief 1985; Martinko and Gardner 1982; LaForge 1989; Miller and Norman 1979; Motes 1982).

In complaint behavior, LaForge (1989) noted that consumers may exhibit aspects of learned helplessness in response to happenings in the marketplace. Such learned helplessness might result in a decrease in voice responses in situations involving dissatisfaction.

Hirschman’s (1970) exit-voice theory included some mention of the concept of learned helplessness. In essence, he proposed that inaction may be the result of dissatisfaction if there is no perceived chance of any change or response to actions.

Interpersonal Relations

Arndt (1979) noted that selecting firms with which to enter into long-term relationships is much the same as the selection of marital partners. Therefore, it is appropriate that dimensions gleaned from other areas such as the family/marital relations literature (e.g., Charney 1986; Ganley 1989; Moos and Moos 1981; Oliveri and Reiss 1984) need to be taken into account.

The following hypothesis was, therefore proposed:
H1: Strength of the interpersonal relationship (INTSOLID and INTHOSTL) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).

**Confirmation/Disconfirmation of Expectations**

Expectations regarding the complaint process and the achievement of outcomes from the process may be responsible, at least in part, for whether consumers complain (Kraft 1977; Landon 1977). These expectations may subsequently affect consumers’ satisfaction (Day 1977; LaTour and Peat 1979; Olander 1977; Oliver 1977, 1980).

Trawick and Swan (1981) found that 84 percent of industrial buyers were satisfied with the complaint process if the complaint was handled in a manner that resulted in the buyer receiving what was wanted. These findings lend support and credence to the importance of satisfying industrial consumers.

Gilly and Gelb (1982) found that, among consumers, quicker complaint resolution was positively associated with greater satisfaction.

In the consumer complaint behavior literature, Oliver (1980) and Bearden and Teel (1983) took an expectancy view of satisfaction in general. Disconfirmation of consumers' expectations led to dissatisfaction. Regardless of the "realities" relating to performance of a product, it is consumers' expectations of performance (however reasonable or unreasonable) against which actual performance is measured.

It does not take a great leap of faith to propose that satisfaction with the complaint process (and the outcome of this process) might also be important in the industrial buyer complaint behavior process.

The following hypothesis was, therefore proposed:

H2: Confirmation of expectations regarding the complaint process (CONFIRM) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).

**Satisfaction**

In models of consumer complaint behavior, satisfaction or dissatisfaction may be seen to be influencing factors (Bearden and Teel 1983). Although this is generally conceptualized as satisfaction with a product or service, individuals may be satisfied or dissatisfied with the outcome or the process of complaining. If this argument is made, then future intentions and behaviors may be based, at least in part, upon the outcomes from past complaints. Such a relationship may be expected not only in consumer markets, but in industrial markets as well.

The following hypothesis was, therefore proposed:

H3: Satisfaction with the complaint outcome and process (OVERSAT) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).

**Retained Hostility**

Retained sentiments of anger and hostility were incorporated in the model presented by Kaufmann and Stern (1988) (previously discussed). In their work, Kaufmann and Stern hypothesized that anger and hostility might remain after a dispute if one party judged the other party's behavior as unfair. This hypothesized direct relationship between unfairness and retained sentiments of anger and hostility was supported empirically. In the current research, a hypothesized relationship between satisfaction with the complaint outcome and process and retained sentiments of anger and hostility seems warranted.

The following hypothesis was, therefore proposed:

H4: Levels of retained anger and hostility (RETDANGER) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).
Complaint Intentions

The impact of supplier response to buyer complaints can, as Trawick and Swan (1981, 1982) noted, have an impact upon industrial buyers' future reordering behavior. A lack of reinforcement for industrial buyers subsequent to any complaint behavior which they exhibit may lead to different complaint behaviors in the future. Buyers may then begin to handle their complaints in less overt (e.g., "bad-mouthing" to friends, relatives, and coworkers) but equally damaging ways. The situation may become more problematic in that sellers may not be aware of how dissatisfied buyers (and their firms) really are.

Trawick and Swan (1982) noted, in discussing the work of Day et al. (1981), "the magnitude of consumer dissatisfaction will be greatly understated if the marketer relies on voiced complaints...thus, it may pay to encourage complaining and open channels of communication for complaints" (p. 83). This may hold for industrial markets as well as for consumer markets and it may be that the dissatisfied industrial purchaser who is seen and heard is better than the invisible, yet dissatisfied one.

The following hypothesis was, therefore proposed:

H5: Intentions to complain in a similar manner in the future (COMPINT) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).

Repurchase/Relational Intentions

Trawick and Swan (1981, 1982) noted that there was a significant relationship between response to industrial buyers' complaints and future reordering and reordering intentions. Trawick and Swan (1981) examined complaint behaviors of purchasing agents as a result of dissatisfaction with suppliers. For the most part, however, the authors analyzed the antecedents of satisfaction and dissatisfaction in an industrial setting. They found that satisfaction was related to reordering.

In addition, Trawick and Swan (1981) found industrial buyers' satisfaction to be significantly related to reorders. Satisfaction, in the case of Trawick and Swan's research, was operationalized as the extent to which an actual response corresponded with the desired response (on the part of the vendor). They found that 78 percent of the respondents who were satisfied or neutral (with regard to the handling of the complaint process) reordered from the same supplier. In contrast, only 36 percent of those who were dissatisfied had reordered from the same supplier. The authors also found that satisfaction was not significantly related to reordering intentions. Their findings, however, were in the expected direction with 95 percent of satisfied buyers planning to reorder and only 75 percent of dissatisfied buyers planning to do so.

Trawick and Swan (1981) also separated those buyers from whom another supplier was an option. The authors found that satisfaction, while not significantly associated with reordering intentions, was significantly related to actual reordering behavior.

Trawick and Swan (1982) noted that the handling of complaints was taken into consideration by industrial buyers in the reordering decision process. Cronin and Morris (1989) found that confirmation of expectations was positively related to repurchase intentions.

In the consumer literature, it is commonly accepted that repurchase is affected by post-purchase feelings (Engel, Blackwell, and Kollat 1978). The belief that confirmation or disconfirmation of consumer expectations has a strong effect upon satisfaction is well developed (Anderson 1973; Cardozo 1965; Gilly and Gelb 1982; Olshavsky and Miller 1972; Swan and Trawick 1979; Westbrook 1980).

Gilly and Gelb (1982), in studying consumer behavior, found that satisfaction with an organization's response to a complaint was significantly associated with likelihood of brand repurchase. Similarly, Swan and Trawick (1979) found that satisfaction was the result of the confirmation of expectations.
Richins (1983) noted that with consumers, dissatisfaction was often shown to be related to the lack of repurchase. In fact, as the author noted, this dissatisfaction may lead to negative word-of-mouth behavior on the part of consumers and "may have lasting effects in terms of negative image and reduced sales for the firm" (p. 68).

In her study, Richins (1983) found that 57.2 percent of consumers exhibited negative word-of-mouth behavior. In addition, 33.3 percent of her sample complained in some manner while 32.3 percent did not exhibit either of these behaviors.

Although purchasing managers seem, on an intuitive level, to be quite different in their buying behavior than consumers, consumer literature may shed some light upon such professional buyers' behavior. Negative word-of-mouth may be seen as one type of complaint behavior that may affect sellers in the industrial marketplace. In consumer markets, buyers may attribute more validity and weight to information with a negative slant (e.g., negative word-of-mouth) than they do to information provided by the selling firm (Lutz 1975; Wright 1974).

The following hypothesis was, therefore proposed:

**H6:** Intentions to repurchase and to remain in the relationship with the vendor (REINT) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).

**Relational Satisfaction**

Finally, relational satisfaction was hypothesized to be affected by satisfaction with the complaint outcome and process. It seems inherently logical that intentions to repurchase or remain in the relationship would be a similar construct to satisfaction with the buyer-seller relationship. The logic behind the inclusion of the previously discussed outcome variables is hypothesized to hold here, as well.

The following hypothesis was, therefore proposed:

**H7:** Satisfaction with the relationship with the vendor (RELATSAT) will vary significantly with the purchasing manager’s level of learned helplessness (LRNDHELP).

**METHOD**

Exploratory depth interviews were conducted with ten purchasing managers. These interviews were utilized in the development and specification of the structured questionnaire utilized in this study.

After these interviews, a pilot questionnaire was developed. This questionnaire was mailed (in a single wave) to 120 purchasing managers. Of the questionnaires mailed, 20 were returned for a 16.7 percent response rate. Information from the pilot study was also utilized in revising the questionnaire.

The main phase of the research was conducted by using a mail survey. Two waves of questionnaires (approximately four weeks apart) were directed to a national sample of 2,000 purchasing managers. A total of 317 usable questionnaires were returned for a 15.9 percent response rate. Although somewhat low, this response rate is consistent with rates found in consumer dissatisfaction research (Singh 1988).

In methodology similar to that utilized by Anderson and Narus (1990), the subjects were asked to recall a focal supplier (i.e., their third or fourth largest supplier). In their research, executives were requested to focus on the "fourth highest-selling product line" in responding to questions. Such a methodology precluded respondents from focusing only on their largest customers, where, as Anderson and Narus noted, "working relationships tended to be uniformly positive" (p. 46). Such positive responses would only create a problem with restriction of response range. Thus, Anderson and Narus's "solution" to this problem was utilized in the current research.

The subjects were then asked to think of a recent "critical incident" of dissatisfaction with a product or service involving the focal supplier. Subjects answered a battery of questions relating to the actions they took in response to this dissatisfaction.
ANALYSIS

The psychometric properties of most scales were established utilizing a two-part methodology. A factor analytic model was utilized in establishing the dimensionality of each scale or group of scales. A principal components (PC) methodology was utilized with an orthogonal (VARIMAX) rotation.

After the factor analyses, the reliabilities of the various scales were established by utilizing a measure of internal consistency, Cronbach's alpha (Cronbach 1951). Items with low item-total correlations (less than .35) were eliminated from the various scales.

Learned Helplessness

Learned Helplessness (LRNDHELP) was measured through the utilization of an instrument developed by Thornton (1982). Thornton's battery of items consisted of seventy true-false questions. Due to constraints of questionnaire length, a nineteen-item face-valid subset of these questions was selected for the current study. In addition, instead of having respondents answer either "true" or "false" to a given question, a seven-point Likert-type scale was utilized with the end-points bounded by "definitely true" and "definitely false."

Thornton's (1982) seventy-item scale contained both original items as well as items which were drawn from the MMPI, CPI, and Rotter's Internal-External Locus of Control scale. Thornton reported reliability coefficients of .92 and .86 for two administrations of his Learned Helplessness Index (LHI) scale. This compares favorably with the coefficient alpha (.91) achieved in the current study.

In addition, a factor analysis of the nineteen-item scale utilized in the present research resulted in a uni-dimensional interpretation of the construct. Thus, the eighteen-item scale (shortened from the original nineteen-item scale) seemingly provides a uni-dimensional and reliable measure of the construct.

Interpersonal Relations

In addition to relational characteristics based on the contracting norms presented by Macneil (1980), additional aspects of the relational context were posited and discussed in Chapter I. These items consisted of original items as well as items presented in the marital and family relations literature (e.g., Moos and Moos 1981).

The initial factor analysis yielded a two-factor structure that was interpretable. These two factors were interpersonal solidarity (INTSOLID) and interpersonal hostility (INTHOSTL) as a face-valid representation of the underlying factor structure. Subsequently, each of the two constructs was subjected to reliability analysis. The two scales had good reliability levels with interpersonal solidarity (alpha = .95) exceeding interpersonal hostility (alpha = .79).

Confirmation of Expectations

Bearden and Teel (1983) utilized a single-item measure of disconfirmation of expectations for automobile repair. In the present study, the extent to which expectations relating to the complaint response were met or not met (CONFIRM) was measured by a single Likert-type item. The exact wording of the question was: "How close was the supplier's actual response to your desired response?" The seven-point Likert-type item was bounded by "Not Very Close" on the low end and "Very Close" on the high end.

Satisfaction with Complaint Outcome and Process

Satisfaction with the complaint outcome and process was measured with an eight-item Likert-type scale with poles labeled "Very Dissatisfied" and "Very Satisfied" (OVERSAT).

Of the eight items, six were original. The remaining two items originated with Trawick and Swan (1981) where satisfaction was measured with only these two items.
In order to psychometrically evaluate this new scale, factor analysis was conducted. The results from this analysis reveal a one-factor construct of satisfaction with both the process and outcome from the complaint episode. Following the factor analysis, a reliability assessment of the scale was made. From this analysis, the reliability of the scale (alpha = .94) was deemed acceptable.

**Retained Anger and Hostility**

Retained sentiments of anger and hostility (RETHOSTL) were measured utilizing a scale developed by Kaufmann and Stern (1988). This four-item Likert-type scale, bounded by "Strongly Disagree" and "Strongly Agree," was augmented by two additional items.

Factor analysis of the RETHOSTL scale resulted in a single factor structure. Subsequent reliability analysis resulted in the deletion of two items with low item-total correlations. The purified four-item scale had reliability (alpha = .86) comparable to that in Kaufmann and Stern's (1988) work (alpha = .81).

**Future Intentions**

Respondents' future intentions on relationship and repurchase (REINT), as well as complaining behaviors (COMPINT), were measured by eight Likert-type items. These items were bounded by "Very Unlikely" and "Very Likely".

Factor analysis yielded two distinct factors: the first factor measuring repurchase and relational intentions, the second factor measuring complaint intentions. Items loaded clearly except for a single item which was deleted from subsequent analyses. Reliability analysis, focusing on the seven remaining items provided an alpha of .7377 for REINT and a correlation of .5867 between the two COMPINT items.

**Relational Satisfaction**

Relational satisfaction was measured utilizing a modified version of Ruekert and Churchill's (1984) SATDIR scale. This ten-item Likert-type scale (bounded by "very dissatisfied" and "very satisfied") was modified for the current research (and its sample) and is referred to as RELATSAT.

Ruekert and Churchill (1984) noted three separate dimensions for their measure of relational satisfaction. A single, uni-dimensional construct, emerged when factor analysis was performed on the altered items utilized in the present study.

Ruekert and Churchill (1984) reported reliabilities for two of the three dimensions in their scale: "social interaction" (alpha = .70) and "other assistance:" (alpha = .75). The final two-item subscale, "product," had no reliability (or correlation coefficient) reported. The uni-dimensional scale utilized in the current study (RELATSAT) produced an alpha of .8856, which compared favorably with those of Ruekert and Churchill.

**RESULTS**

Correlational analyses were performed in order to ascertain whether or not any statistically significant associations existed between learned helplessness and the outcome variables of interest. Results from the analyses are presented in the table below.

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To begin with an inspection of the results supports all hypotheses except Hypothesis 6. There was no statistically significant relationship between learned helplessness (LRNDHELP) and repurchase/relationship intentions (REINT).

On the other hand, the variables measuring interpersonal relationships (INTSOLID, INTHOSTL) showed statistically significant negative association with learned helplessness (LRNDHELP). Hypothesis 1 was, thus, supported.

Confirmation of expectations (CONFIRM) evidenced a significant negative correlation with learned helplessness (LRNDHELP). In essence, purchasing managers whose expectations were met tended to evidence statistically significantly lower levels of learned helplessness. Thus, Hypothesis 2 was supported.

There was also a statistically significant relationship between overall satisfaction with the complaint outcome and process (OVERSAT) and learned helplessness (LRNDHELP). Purchasing managers who were satisfied tended to have statistically significantly lower levels of learned helplessness. Hypothesis 3 was, therefore, supported.

Hypothesis 4 was also supported in that learned helplessness (LRNDHELP) was positively associated with retained anger and hostility (RETDANGR). Those purchasing managers who maintained higher levels of retained anger also, not surprisingly, showed higher levels of learned helplessness.

Learned helplessness (LRNDHELP) was also negatively associated with intentions to complain in a similar manner in the future (COMPINT). Hypothesis 5 was, therefore, supported by the findings.

Finally, Hypothesis 7 was also supported. Learned helplessness (LRNDHELP) was negatively associated with satisfaction with the relationship (RELATSAT).

CONCLUSIONS

From the results, it seems that further analysis of the relationship between the outcomes of a dissatisfactory purchase experience (resulting in complaint behaviors) and purchasing managers’ levels of learned helplessness is warranted.

Certainly, the exploratory (and limited) nature of the analysis (and research) to date create a bit of a chicken and egg problem. Two primary possibilities exist. First, some purchasing managers may have free-floating learned helplessness. Learned helplessness that existed prior to the dissatisfactory focal incident. Such pre-existing learned helplessness might cause the purchasing manager to behave in a sub-optimal manner (in relation to the complaint process). Such sub-optimization of response(s) would then be associated with negative outcome scores.

On the other hand, a second possibility exists. The negative outcomes from the focal incident may serve to produce higher levels of learned helplessness. In all probability, however, the relationship between learned helplessness and the outcome variables is probably somewhat circular. The learned helplessness feeds off of dissatisfactory complaints and the dissatisfactory complaints may stem from sub-optimal purchasing manager actions (caused by high levels of learned helplessness). In such a situation, a vicious cycle begins. A cycle that is not good for the vendor or for the seller.

Further, more rigorous, analysis and research is, therefore, warranted. There seems to be some relationship between learned helplessness and a variety of outcome variables (from the complaint behavior process). Personality characteristics, long a staple of consumer complaint behavior research, would seem to warrant further exploration in the industrial buyer complaint behavior field as well.

REFERENCES


SERVQUAL VERSUS SERVPERF FOR PROSTHETIC DENTAL SPECIALISTS: A REPLICATION AND EXTENSION

David P. Paul, III, Monmouth University

ABSTRACT

Previous research examined measurement of perceived service quality of general dentists, and various dental specialties, including prosthodontics (the provision of complex restorative dentistry), comparing the two predominant measurement models: SERVQUAL and SERVPERF. This paper extends the line of research regarding service quality models for prosthodontics, using a relative recent survey approach designed to eliminate confounding of expectations and perceptions, to a small national sample.

INTRODUCTION

Service quality is a complex and difficult construct to understand, let alone for service providers to measure, especially service providers in the health care field. However, as measurement is virtually always a prerequisite for improvement, quality must first be measured, a truism service improvement.

This research examines the concept of measurement of perceived service quality as it applies to a specific dental specialty: prosthodontics. According to the American College of Prosthodontists, prosthodontists are “dental specialists in the restoration and replacement of teeth… [who] have extensive training and experience … [providing them] with a special understanding of the dynamics of a smile, the preservation of a healthy mouth and the creation of tooth replacements” (“About Prosthodontics” 2005). These dental specialists thus perform major restorative dentistry, involving repair and/or replacement of natural teeth and/or their supporting structures, by means of fixed (i.e., permanently cemented) and removable dental appliances. Such complex dentistry is performed almost exclusively on adults with complex dental problems.

Over 20 years ago, a survey of new residents of Shelby County, Tennessee, found that their greatest need appeared to be for information about quality of care of local dentists (Mangold et al. 1986). In spite of this finding, no quality assurance programs were implemented by the American Dental Association, the nation’s largest dental organization (Capilouto 1989). One reason for this lack may well be that a tested and generally accepted measurement tool with which to measure perceived service quality for dentistry has yet to be determined (Paul 1998).

The predominant perceived service quality measurement tool for years has been SERVQUAL (Parasuraman, Zeithaml and Berry 1985, 1988). However, criticisms of SERVQUAL (Babakus and Mangold 1989, Carman 1990, Cronin and Taylor 1992, others) led to the development of a more parsimonious service quality measurement tool - SERVPERF - a subset of the SERVQUAL scale (Cronin and Taylor 1992). Controversy continues to exist as to which of these two scales more accurately measures the construct of perceived service quality (Brady, Cronis and Brand 2001).

Previous research (McAlexander, Kaldenburg and Koenig 1994) applied these two measurement instruments to a sample of adult dental patients of general dentists practicing in Oregon, concluding that SERVPERF more accurately measured the perceived service quality of general dentists. The results of a more recent examinations of SERVQUAL versus SERVPERF for patients of prosthodontists in Virginia were less clear (Paul 1998, 2003). While the SERVPERF scale was shown to be superior, the difference was only marginal. However, the studies by Paul (1998, 2003) did extend this line of research in two ways. First, the two major components of the SERVQUAL scale - perceptions and expectations - were measured separately, eliminating the confounding of these concepts which has been criticized in previous perceived service quality research. Second, the respondents were adult patients of prosthodontists, not general dentists. Unfortunately, the survey was distributed in a single geographic area in Virginia, so the results obtained might not have been typical.
This research uses the methodology of Paul (1998, 2003) in that it measures prosthodontic patients’ expectations and perceptions separately. However, this study is based upon a more geographically diverse sample of patients of prosthodontists, potentially allowing more generalizable conclusions to be drawn.

LITERATURE REVIEW

Service quality and healthcare

Health care quality has been posited to consist of two parts: quality in fact and quality as perceived by the consumer (Omachonu 1990). Although it can be argued that the “real” quality of a product or service is not necessarily reflected in the customers’ perceptions (Marr 1986), health care consumers will draw their own conclusions about quality (Friedman 1986). Thus, in virtually services it is “perceived quality” that is important, not “objective quality.” For consumers, not only is it true that perception is reality (Rust, Zahorik and Keiningham 1994; Woodruff and Gardial 1996), but “people make their decisions based upon their individual perceptions of reality rather than on an expert’s definition of that reality (Lovelock 2001, 201). Thus, it is this perceived quality – quality in the eyes of the customers – that is important for service firms to manage (Goolsby and Singh 1989).

Consumers generally find the evaluation of services in general, and health care services in particular, to be difficult. Rarely does the consumer know which features of the health care service on which to base their evaluative judgments, or how best to evaluate those features which the consumer decides are important (John 1989). This is especially true when the consumer evaluates the more technical features of health care, such as the improvement in patients’ conditions after consumption of the health care service (John and Miller 1988). The typical consumer can readily assess only the non-technical aspects of health care, such as the attentiveness and responsiveness of the health care provider, how comfortable the delivery of care is, or how long one had to wait before being treated (Ellwood 1988, Wyszewianski 1988). These generalizations regarding health care are especially true with respect to dentistry, where treatment results may not be immediately obvious to the patient (Brody 1992).

Health care practitioners would contend that service quality is the provision of appropriate and technically sound care that produces the desired effect (McAlexander, Kaldenberg and Kroenig 1994). However, it has been demonstrated that patients’ perceptions frequently differ from those of doctors, and that doctors frequently misperceive their patients’ perceptions (Swartz and Brown 1989). Thus, the provision of dental care which is technically correct from a dental professional’s point of view, but is provided in a manner which is less than desirable to the patient’s point of view, may result in low patient evaluation(s) of the quality of the service encounter.

Since research suggests that customers are reluctant to complain when dissatisfied with professional services (Andreasen 1985, Best and Andreasen 1977), the existence of a discrepancy between patients’ and providers’ perceptions may not be noticed by the healthcare provider until it is too late for a service remedy to even be attempted. The result could be that the health care professional would bear the burden of having dissatisfied patients, including negative word-of-mouth and patient turnover (McAlexander, Kaldenberg and Kroenig 1994). This potential difference in understanding could have serious consequences for patient satisfaction and retention, and even for financial success of professional practices.

Marketing researchers have devoted a substantial amount of time and effort conceptualizing and measuring service quality, a construct which has been described as abstract and elusive (DeFries 1985). Marketers understand that consumers’ perceptions of service quality may differ from those of health care providers, and that consumers’ perceptions may be based on a “more holistic” assessment of the health care experience. Reflecting this understanding, Parasuraman, Zeithaml and Berry (1985) viewed service quality from the perspective of the consumer. They developed (Parasuraman, Zeithaml and Berry 1988) a scale – SERVQUAL - which measured service quality in terms of a “gap” between the consumers’ service expectations about the service and their perceptions about the service after it has been rendered, with the difference “weighted” according to how important the particular dimension of service quality is to that consumer. Mathematically, the SERVQUAL model can be stated as:

$$SQ = \sum \sum [I(P_j-E_j)]$$
where $I_i$ is the importance weight on dimension $I$, $P_j$ is the respondents’ score on perception measure $j$, and $E_j$ is the respondent’s score on expectations measure $j$.

Their SERVQUAL instrument is described as a generic method for measuring perceived service quality, and is frequently used for that purpose in the marketing literature.

Although SERVQUAL is widely used, it is not without its detractors. Carman (1990) expressed concern regarding the measurement of service quality over multiple service functions, and the treatment of the expectations measurement. Babakus and Boller (1992) also raised concerns about SERVQUAL’s applicability across a wide variety of services, its dimensionality, the appropriateness of measuring service quality as a “gap” score, and the specific measurement properties associated with the scale. Oliver (1981) argued forcefully - and continues to argue (Oliver 1997) - that expectations and perceptions should be measured separately, because simultaneous measurement may introduce a subtle interaction between actual outcomes and prior experiences, potentially “skewing” the results. Hubbert, Sehorn and Brown (1995) suggest two reasons that measuring expectations and perceptions simultaneously could lead to confounding: (1) the expectations data would be based on recall, with all the inherent limitations that this implies, and (2) expectations measured after consumption would potentially be swayed by the perceived level of performance.

Carman (1990) also suggested that expectations may not even be particularly important in the establishment of consumers’ development of service quality impressions, and Bitner (1990) hypothesized that service quality is essentially an attitude (see Oliver 1980) rather than a disconfirmation between consumer expectations and perceptions. Both of these studies thus argue against the use of an expectation measure in the measurement of service quality. The empirical results of Bolton and Drew (1991) lent support to this position, by showing that service quality is strongly affected by performance and that the effect of discrimination between consumer expectations and perceptions is weak and transitory.

Based upon some of the above concerns regarding the SERVQUAL model, Cronin and Taylor (1992) investigated the usefulness of measuring service quality simply in terms of customer perceptions of service provider performance, and developed a performance-only measurement scale – SERVPERF - to measure perceived service quality. Mathematically (using the previous notation), their model was:

$$SQ = \sum \sum I_iP_j$$

Finally, regardless of whether SERVQUAL or SERVPERF is used to measure perceived service quality, the use of importance weights appears to be problematic. Babakus and Inhofe (1993) found that inclusion of importance weights actually caused the explanatory power of the model to drop, while other studies (McAlexander, Kaldenberg and Kroenig 1994, Rao, Kelkar and Md-Sidin 1993) have found that inclusion of importance weights causes a statistically significant but small increase in the explanatory power of SERVQUAL. While the situation regarding the statistical appropriateness of the decision as to whether or not to include importance weights in service quality measurement is unclear, it may be that the inclusion of importance weights add little, if anything, practical to perceived service quality modeling.

**Service quality and dentistry**

To the dentist who wishes to determine (and/or monitor) how patients assess his/her service quality, this debate surrounding SERVQUAL and SERVPERF raises an important question: Given the various criticisms of SERVQUAL, which instrument (SERVQUAL or SERVPERF) more accurately measures perceived dental service quality? To put it another way, are patients’ expectations an important part of their evaluation of dental service quality, or are patients’ perceptions (formed at the time treatment is rendered) the more important part of this evaluation? Also, what part, if any, do patients’ importance weightings play in their determination of overall perceived service quality? These questions have not only theoretical significance, but practical significance as well. Each component of the classical SERVQUAL model – expectations, perceptions, and importance weights – is measured using a 15 item, Likert-style series of statements. If one or two of these 15 item sections may be omitted without compromising the integrity of the results, the resulting survey could be shortened, perhaps substantially.
Given that dentists are reluctant to, in their eyes, “waste chair time” surveying their patients, a shortened survey would be more likely to be administered.

Because SERVQUAL and SERVPERF were developed outside the dental industry, and have been applied to health care somewhat infrequently, additional research appears necessary to determine which of these tools more accurately measures perceived dental service quality. Dentistry differs from the services used in the development of SERVQUAL (retail banking, product repair, dry cleaning and fast food) in several important ways. Consumers of dental services are generally more involved in the outcome and process of the service delivery. Also, the relationship between the service recipient and service provider tends to be rather intimate in nature for dental services.

SERVQUAL versus SERVPERF was tested for general dental services by McAlexander, Kaldenberg and Kroenig (1994), who concluded that SERVPERF appeared to be more suitable for the measurement of perceived service quality of general dentists by adults. Other research (Motes, Huhmann and Hill 1995) have demonstrated that consumers’ behavior differs according to whether they seek care from a general dentist or a specialist, at least with respect to search processes employed. Thus, the question arises as to whether the previous conclusion that the most appropriate model for measuring perceived service quality of adult patients of general dentists – SERVPERF – is also the most appropriate model for measuring perceived service quality of adult patients of prosthodontists. While this question has previously addressed by Paul (1998, 2003), his sample was drawn from a small geographic area in Southeast Virginia, raising questions about the generalizability of his conclusions. Furthermore, his study has yet to be replicated.

**METHODOLOGY**

*Sample frame*

Prosthodontists were selected as the domain for this project because they see only adult patients requiring complex restorative dentistry, and generally treat these patients over an extended period of time, a treatment pattern similar to that of general dentists. The selection of prosthodontists as the domain for this study was based upon two interrelated considerations: (1) it was felt that adults would be capable of understanding the relatively complex questionnaire employed, and (2) previous research in this area was based upon adult patients of general dentists and prosthodontists.

*Research Hypotheses*

Prior research on adult patients of general dentists (McAlexander, Kaldenberg and Kroenig 1994) used the five SERVQUAL dimensions - tangibles, reliability, responsiveness, assurance, and empathy - as a starting point for their research into the appropriateness of SERVQUAL and SERVPERF for perceived service quality of general dentistry as determined by adults, in that their questionnaire was a modification of the SERVQUAL items. However, although SERVQUAL was designed to be a generic service quality measurement scale (Parasuraman, Zeithaml and Bitner 1988), its five dimensions have not been found to be stable across different industries (Carman 1990; Babakus and Boller 1992). Also, although the previous research on adult patients of general dentists characterized the factor structures of SERVQUAL and SERVPERF as unidimensional (McAlexander, Kaldenberg and Kroenig 1994), subsequent research on the dental specialist industry generally (Paul 1998), and the more specific domain of prosthetic dental specialists (Paul 2003), generally found the factor structure of both SERVPERF and SERVQUAL to be multi-dimensional. Thus, the first set of hypotheses relate to the dimensionality of the various scales used:

\[ H_{1a} : \text{the factor structure obtained for the SERVQUAL scale (including importance weights) for prosthodontists will not be unidimensional.} \]

\[ H_{1b} : \text{the factor structure obtained for the SERVQUAL scale (without importance weights) for prosthodontists will not be unidimensional.} \]

\[ H_{1c} : \text{the factor structure obtained for the SERVPERF scale (including importance weights) for prosthodontists will not be unidimensional.} \]
H₁₀: the factor structure obtained for the SERVPERF scale (without importance weights) for prosthodontists will not be unidimensional.

Because previous research for general dentists (McAlexander, Kaldenberg and Kroenig 1994) and a small Virginia sample of prosthodontists (Paul 2003) found that SERVPERF explained more of the variance in overall perceived dental service quality for adult patients than did SERVQUAL, it was anticipated that a similar result will be obtained for a national sample of prosthodontists’ patients. Thus, the second set of hypotheses:

H₂₀: SERVPERF with importance weights will be a more significant predictor of overall service quality for prosthodontists than will either SERVQUAL model.

H₂₉: SERVPERF without importance weights will be a more significant predictor of overall service quality for prosthodontists than will either SERVQUAL model.

Measures

The SERVQUAL and SERVPERF items used previously for adult patients of general dentists were modified to reflect the domain of “prosthodontists” rather than “general dentists” and to provide better discrimination of an “overall service quality” variable (see Paul 2003 for a detailed explanation of the development of these modifications and the testing thereof). The survey used in this research is attached as an Appendix.

Data collection

A national list of 200 prosthodontists’ names and addresses was obtained from a commercial supplier, and each of these individuals was asked if he/she would be interested in participating in a project whereby patients would evaluate the quality of care received in their dental offices. Eight offices agreed to participate in this study. Each of the offices was sent 125 surveys and postage-paid return envelopes. Detailed written instructions regarding the desired completion method for the questionnaires were provided to each office’s receptionist/office manager.

Patients were asked to complete the expectations section of the questionnaire before receiving dental treatment, and the importance, perceptions and demographic sections after receiving dental treatment. It was anticipated that this procedure would lessen confounding of the expectations and perceptions responses thought to exist when both of these sections are completed at the same sitting (Hubert, Sehorn and Brown 1995; Fisk et al. 1990). The importance weighing method used previously for adult patients of general dentists (McAlexander, Kaldenberg and Kroenig 1994) and for the Virginia sample of prosthodontists (Paul 1998, 2003) was selected over various other possible weighing methods (Parasuraman, Zeithaml and Berry 1988, Parasuraman, Berry and Zeithaml 1991), again so the results obtained in this study would be as comparable as possible with those previously obtained for general dentists and prosthodontists.

RESULTS

Only 8 prosthodontists agreed to participate, and some of them subsequently changed their minds. All told, only 56 surveys were returned, from 5 different prosthodontists’ offices. Because of the small sample, no attempt was made to analyze the data by office; i.e., all surveys were grouped. This situation, while disheartening, was not particularly surprising – a similar sample size had been obtained in the previous research involving prosthodontists (Paul 2003).

Reliability for the various scales associated with this survey was computed using Cronbach’s (1951) coefficient alpha, and these values are reported in Table 1. Results from both McAlexander, Kaldenberg and Kroenig (1994) and Paul (2003) are presented for comparison purposes. The alphas obtained in this study for both the SERVQUAL and SERVPERF scales, with and without importance weights, exceeded those obtained in the study of adult patients of general dentists and exceed all but one of the scales involving Virginia prosthodontists.
Table I: Coefficient Alpha of Surveys:

<table>
<thead>
<tr>
<th>Scale</th>
<th>Experimental Alpha obtained</th>
<th>Alpha reported by Paul (2003)</th>
<th>Alpha reported by McAlexander, Kaldenberg and Kroenig (1994)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N = 54</td>
<td>N = 56</td>
<td>N = 346</td>
</tr>
<tr>
<td>Importance-weighted SERVQUAL</td>
<td>0.95</td>
<td>0.94</td>
<td>0.82</td>
</tr>
<tr>
<td>Importance-unweighted SERVQUAL</td>
<td>0.96</td>
<td>0.94</td>
<td>0.82</td>
</tr>
<tr>
<td>Importance-weighted SERVPERF</td>
<td>0.98</td>
<td>0.93</td>
<td>0.91</td>
</tr>
<tr>
<td>Importance-unweighted SERVPERF</td>
<td>0.88</td>
<td>0.96</td>
<td>0.86</td>
</tr>
</tbody>
</table>

Factor analyses were run on the SERVQUAL and SERVPERF scales, both with and without importance weights. All factor analyses were principal component extractions, with varimax rotations. Results are shown in Table II.

Table II: General Results of Factor Analyses

<table>
<thead>
<tr>
<th>Scale</th>
<th>Number of factors</th>
<th>Eigenvalues</th>
<th>Total variance explained (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance-weighted SERVQUAL</td>
<td>2</td>
<td>10.007, 1.125</td>
<td>74.2</td>
</tr>
<tr>
<td>Importance-unweighted SERVQUAL</td>
<td>2</td>
<td>10.784, 1.011</td>
<td>78.6</td>
</tr>
<tr>
<td>Importance-weighted SERVPERF</td>
<td>1</td>
<td>11.920</td>
<td>79.5</td>
</tr>
<tr>
<td>Importance-unweighted SERVPERF</td>
<td>3</td>
<td>5.738, 2.197, 1.203</td>
<td>70.3</td>
</tr>
</tbody>
</table>

Hypotheses 1a, 1b, and 1d are supported: all 3 models yielded multidimensional factor structures. Only hypothesis 1c was not supported, as SERVPERF with importance weights yielded a unidimensional factor structure.

Regression analyses were run using “overall service quality” as the dependent variable, and SERVQUAL and SERVPERF items, with and without importance weights, as independent variables. The results of these regression analyses are shown in Table III:

Table III: Regression results

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>ANOVA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R²</td>
</tr>
<tr>
<td>Importance-weighted SERVQUAL</td>
<td>0.852</td>
</tr>
<tr>
<td>Importance-unweighted SERVQUAL</td>
<td>0.834</td>
</tr>
<tr>
<td>Importance-weighted SERVPERF</td>
<td>0.724</td>
</tr>
<tr>
<td>Importance-unweighted SERVPERF</td>
<td>0.886</td>
</tr>
</tbody>
</table>

Hypothesis 2a was not supported. SERVPERF with importance weights was clearly bested in explanatory power by both SERVQUAL models. However, hypothesis 2b was supported. SERVPERF without importance weights has the highest R² of any of the four models tested.
DISCUSSION

Perceived service quality of prosthodontists appears to be a somewhat more complex construct than does perceived service quality of general dentists. When applied to general dentists, this construct has previously been shown to be unidimensional (McAlexander, Kaldenberg 1994), while this research has indicated that perceived service quality of prosthodontists is evaluated on multiple dimensions (depending on the model and the inclusion/omission of importance weights), although one may often be considered to be minor. Thus, the results of this study support prior research (Dabholkar, Thorpe and Rentz 1996), which reviewed 10 studies using SERVQUAL and concluded that the five factor structure was generally not supported.

All models tested – SERVQUAL and SERVPERF, with and without importance weights – were approximately equal in terms of explanatory power. SERVPERF with importance weights explained the most variance in overall service quality of all models tested. Expectations thus seem to make little difference in perceived service quality evaluations of prosthodontists’ patients. All of the models tested were shown to be statistically significant measures of perceived service quality, so there is little statistical justification for the choice of one model over the others. Thus, based upon these results, researchers and practitioners are thus faced with a practical question: since SERVPERF with importance weights requires twice times the number of scale items as does SERVPERF without importance weights, is the additional survey length worthwhile in order to achieve a 13% improvement in explained variance? Including importance weights in either SERVQUAL or SERVPERF causes the total variance explained by the model to increase/decrease only by a few percentage points. Whether or not prosthodontists should administer a substantially longer (i.e., two to three times the length) questionnaire to their patients in order to determine how well they are meeting their patients’ service quality criteria is a practical question, in addition to a statistical one. It can only be answered in the “real world” of how meaningful the resulting information is to prosthodontic practitioners and their patients, and how costly and time consuming obtaining the data is for the prosthodontic dental practitioner. As a practical matter, prosthodontists may well decide that SERVPERF without importance weights (i.e., a perceptions-only measure) would be quite adequate for their needs. Experience has shown that such a short survey could easily be administered in 5 minutes or less, making it quite useful in a busy dental office.

The fact that service expectations and perceptions were measured separately in this research suggests strongly that these results were less subject to the confounding noted in prior research, in which these potential aspects of service quality were measured simultaneously.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The obvious major limitation of this study is the small sample size. Despite attempts to increase the number of prosthodontists participating in this study, only eight out of 200 prosthodontists stated that they were willing to participate, and only three of these individuals did participate to any meaningful extent. Also, even the eight prosthodontists initially willing to participate in this study did not participate fully - although each office received and were asked to distribute 100 questionnaires each, only 54 total usable questionnaires were returned. Clearly, further attempts to achieve a larger sample size are indicated, both with respect to increased numbers of prosthodontic dental practitioners and increased numbers of prosthodontic patients from each office completing surveys. However, based upon the sample size obtained in this project, and the previous research in this area by Paul (1998, 2003), an increased sample size may well not be achievable without substantial efforts in both time and cost.

Alternatively, the small number of completed surveys in this and the prior Virginia research (Paul 1998, 2003) may well indicate that future research should concentrate not on how to increase participation rates, but why these rates have been so low. Dentists treating patients on a one-time or “episodic” basis (e.g., endodontists who may be called upon to perform a root canal for any particular patient only once in the patient’s life, or oral surgeons who may be called upon to remove a patient’s wisdom teeth) might not necessarily be expected to be interested in how patients evaluate their service quality. After all, these “episodic” dental specialists are unlikely to ever see a particular patient again (although presumably they would be concerned about how negative word of mouth might affect referrals). However, prosthodontist would be likely to follow patients they treat for years, as general dentists would not necessarily be qualified to repair/re-treat any complex dental treatment(s) performed by a prosthodontist. Yet, prosthodontists approached about the possibility of participating in this project to determine how their patients
evaluated their service quality largely unwilling to do so, and those who did choose to participate rapidly lost interest in the project. Such behavior is puzzling, and would be a potentially fruitful area for future investigation.

REFERENCES


DeFries, Gordon H. (1985), “Monitoring and Evaluating Health Services”, Medical Care, 23 (5), 735-739.


APPENDIX

INTRODUCTION
This research study examines how patients evaluate the service quality of their prosthodontist. Although results of the research may be published, the identity and/or evaluation of individual patients will not be revealed. You are free to fill out this survey or not, as you desire. You are free to stop at any time. Thank you for participating in this research!

Please complete the first two pages before receiving treatment.

DENTAL STUDY QUESTIONNAIRE

EXPECTATION QUESTIONS

DIRECTIONS: Please show the extent to which you think prosthodontic dental practices, in general, should possess the following features. If you strongly agree that prosthodontic dental practices should possess a feature, circle number 7. If you strongly disagree, circle number 1. If your feelings are not strong, circle one of the numbers in the middle. There are no right or wrong answers.

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1. A prosthodontist’s physical facilities should be visually appealing.</td>
<td></td>
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<td>E2. A prosthodontist should be dependable.</td>
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<td>E3. A prosthodontist’s employees should be willing to help you.</td>
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<td>E4. You should always feel safe in your transactions with a prosthodontist.</td>
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<td>E5. A prosthodontist should give you individual attention.</td>
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<td>E6. You should always be able to schedule an appointment with a prosthodontist for a time that is convenient.</td>
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<td>E7. A prosthodontist should be competent.</td>
<td>1 2 3 4 5 6 7</td>
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<td>E8. A prosthodontist should communicate well with patients.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>E9. A prosthodontist should make treatments as painless as possible.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>E10. A prosthodontist should treat you with respect.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>E11. A prosthodontist’s charges should not be too high.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>E12. You should be able to trust a prosthodontist.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>E13. A prosthodontist should provide service of the highest quality.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>E14. A prosthodontist’s office staff should always act in a professional manner.</td>
<td>1 2 3 4 5 6 7</td>
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<tr>
<td>E15. A prosthodontist should take every precaution required to protect you from infectious diseases.</td>
<td>1 2 3 4 5 6 7</td>
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</table>

**IMPORTANCE QUESTIONS**

**DIRECTIONS:** Please rate the following in terms of their importance to you in your selection of a prosthodontist. (7-point scale where 1 is least important and 7 is most important).

| I1. Visually appealing physical facilities | 1 2 3 4 5 6 7 |
| I2. A dependable prosthodontist | 1 2 3 4 5 6 7 |
| I3. Helpful employees | 1 2 3 4 5 6 7 |
| I4. Safe transactions | 1 2 3 4 5 6 7 |
| I5. Individual attention | 1 2 3 4 5 6 7 |
| I6. Ability to schedule an appointment that is convenient | 1 2 3 4 5 6 7 |
| I7. A competent prosthodontist | 1 2 3 4 5 6 7 |
| I8. A prosthodontist who communicated well | 1 2 3 4 5 6 7 |
| I9. Painless prosthodontic treatments | 1 2 3 4 5 6 7 |
| I10. Being treated with respect | 1 2 3 4 5 6 7 |
| I11. Cost of treatment | 1 2 3 4 5 6 7 |
| I12. A prosthodontist I can trust | 1 2 3 4 5 6 7 |
| I13. Service of the highest quality | 1 2 3 4 5 6 7 |
| I14. An office staff that acts in a professional manner | 1 2 3 4 5 6 7 |
| I15. Protection from infectious diseases | 1 2 3 4 5 6 7 |

Please complete the remainder of the survey after receiving treatment.

**PERFORMANCE QUESTIONS**

**DIRECTIONS:** The following set of statements relates to your feelings about Dr. ____. For each statement, please show the extent to which you believe Dr. ____. For each statement, please show the extent to which you believe Dr. ____ or his practice has the feature described in the statement. If you strongly agree, circle number 7. If you strongly disagree, circle number 1. If your feelings are not strong, circle one of the numbers in the middle.

| P1. Dr. ____’s physical facilities are visually appealing. | 1 2 3 4 5 6 7 |
| P2. Dr. ____ is dependable. | 1 2 3 4 5 6 7 |
P3. Employees of Dr. ____ are always willing to help you. 1 2 3 4 5 6 7
P4. You feel safe in your transactions with Dr. ____. 1 2 3 4 5 6 7
P5. Dr. ____ gives you individual attention. 1 2 3 4 5 6 7
P6. I can usually schedule an appointment for a time that is good for me. 1 2 3 4 5 6 7
P7. Dr. ____ is very competent. 1 2 3 4 5 6 7
P8. Dr. ____ communicates very well with me. 1 2 3 4 5 6 7
P9. Dr. ____ makes prosthetic treatments as painless as possible. 1 2 3 4 5 6 7
P10. Dr. ____ always treats me with respect. 1 2 3 4 5 6 7
P11. The fees Dr. ____ charges are not too high. 1 2 3 4 5 6 7
P12. I trust Dr. ____. 1 2 3 4 5 6 7
P13. The service Dr. ____ provides is of the highest quality. 1 2 3 4 5 6 7
P14. Dr. ____’s office employees always act in a professional manner. 1 2 3 4 5 6 7
P15. Dr. ____ takes every precaution required to protect me from infectious disease. 1 2 3 4 5 6 7

OVERALL EVALUATION

DIRECTIONS: Even if this is your first visit to Dr. ____, please rate the overall service quality of your experience at Dr. ____’s office on a scale of 0 to 100, where 0 represents the worst possible prosthodontist, 50 represents an average prosthodontist, and 100 represents the perfect prosthodontist (presumably, no prosthodontist is perfect).

Overall Evaluation Score: _____

DEMOGRAPHIC QUESTIONS

1. Is this your first visit to Dr. ____? □ yes □ no (If “yes,” skip to question 3)

2. For how long have you been treated by Dr. ____?

□ less than 6 months □ more than 6 months but less than 1 year
□ more than 1 year but less than 2 years □ more than 2 years but less than 3 years
□ more than 3 years

3. Is your dental treatment covered by insurance? □ yes □ no

4. How much have you spent on dental services (including the amount paid by your insurance, if any) in the last 12 months?

□ less than $500 □ $500 or more but less than $1000
□ $1000 or more but less than $1500 □ $1500 or more but less than $2000
□ $2000 or more but less than $2500 □ $2500 or more but less than $3000
□ $3000 or more but less than $3500 □ $3500 or more but less than $4000
□ $4000 or more

5. What was your total annual household income (before taxes) last year?

□ less than $10,000 □ more than $10,000 but less than $20,000
□ more than $20,000 but less than $30,000 □ more than $30,000 but less than $40,000
□ more than $40,000 but less than $50,000 □ more than $50,000 but less than $60,000
□ more than $60,000 but less than $70,000 □ more than $70,000 but less than $80,000
□ more than $80,000 but less than $90,000 □ more than $90,000 but less than $100,000
☐ more than $100,000

6. What is your gender? ☐ Male ☐ Female

7. Please select the ethnic/racial group to which you belong.
   ☐ Caucasian ☐ Native American ☐ African-American ☐ Hispanic American
   ☐ Asian-American ☐ Other (Please explain) ________________

8. What is your marital status?
   ☐ single ☐ married ☐ divorced ☐ separated ☐ widow/widower
MEASURING PERFORMANCE IN STRATEGY AND SALES RESEARCH: REFLECTIVE SCALES, FORMATIVE SCALES OR INDIVIDUAL PERFORMANCE ITEMS?

Thomas W. Lanis, East Central University
Gary L. Frankwick, Oklahoma State University

ABSTRACT

This paper investigates an organization performance measure used in sales and strategy research and the potential differences in outcomes when that measure is treated as reflective, formative, or as individual items. There are three objectives for this paper: First, to educate readers on the use of reflective, formative and single-items measures; Second, to provide examples of treating performance measures as reflective, formative and single items and possible differences in outcomes when used in statistical models, and; Third, to foster discussion regarding the use of reflective, formative and single-item performance measures. Using data from a sample of sales managers, the paper examines a measure of performance used recently in sales research. We first treat the measure as a reflective measure, as it had been used in earlier research. Then we treat the measure as a formative measure, noting how it can differ from the reflective measure. Finally, we examine the use of the individual items from the measure, noting how each can be considered an independent performance measure and how findings might differ among the separate performance items.

Recent literature has highlighted the importance of differentiating reflective and formative measures (Voss 2004; Diamantopoulos 1999) and considerations for their use in statistical models (Hair, et al 2006). Reflective scales are those in which the items in the measure are caused by a latent, unmeasured, variable. That is, the latent variable causes the measurement variables. On the other hand, formative scales have measurement variables that cause the latent variable. This difference is important in analyses and modeling and can limit the type of statistical analysis available to the researcher.

To measure performance a six-item scale is adapted from reflective scales used by Moorman (1995), and Baker and Sinkula (1999). Items in the performance scale include measures of market share, unit sales volume, and profit margin, relative to both stated objectives and competitors. The scale is then treated separately as a reflective measure, a formative measure and as six single-item measures. Treating the performance scale as a reflective, multiple analyses are performed with the performance measure, including exploratory factor analysis, coefficient α reliability, and confirmatory factor analysis. This procedure results in the elimination of items from the scale. When treated as a formative measure an index score is calculated using all six items of the scale (Diamantopoulos and Winklhofer 2001).

To demonstrate how outcomes might differ under these treatments, three additional constructs are used as independent variables. Linear regression analysis models are then used to examine the relationship between the independent variables and performance, with the only difference between models being the form of the performance measure. The results of the models show how different outcomes can and do occur. First, the significance of the models varies. More importantly, the size of beta coefficients across the models show marked changes, as does the level of significance of those coefficients. Hence, it is possible for hypotheses to be supported simply as a result whether the dependent variable is treated as a reflective, formative, or as single-item measures.

Given these findings, the question that remains is “which is the correct way to treat the performance measure,” or for other research studies, “which is the correct way to treat the measure I am using.” The answer is, of course, “that depends.”
SELECTED REFERENCES


GENDER DIFFERENCES IN CONSUMPTION BEHAVIOR OF BODY ART AMONG BUSINESS MAJORS

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Jeff W. Totten, Southeastern Louisiana University
Michael A. Jones, Southeastern Louisiana University

ABSTRACT

Body art usage among college students appears to be growing. The authors discuss the basic findings of research conducted on 14 college campuses among 496 college business student respondents. Significant gender differences in terms of buying behavior with respect to tattoos and body piercings were identified.

INTRODUCTION

A growth industry in the U.S. and around the world is the body art industry (Stirn 2003). Gauntlet, a chain of piercing shops located in California, New York, and Paris, France, reported doing at least 30,000 new piercings each year in the late 1990’s (Grief, Hewitt and Armstrong 1999). According to a 2001 study by American Demographics, almost one in six American adults have or have had a tattoos or a body piercing (Gardyn and Whelan 2001). A Harris Interactive poll in 2003 found that 16% of adults had a tattoo (Marketing News 2004) and 13% of adults between the ages of 18 and 24 had tattoos (Webster 2005, p. 66). A 2003 Scripps Howard/Ohio University poll reported that about one in seven adults had a tattoo; however, young adults were 10 times more likely to have body art than their parents. Approximately 28% of respondents younger than 25 had tattoos (Hargrove and Stempel 2003). Since 1979, the number of tattoo parlors in the U.S. has grown from 300 to more than 4,000, according to the American Academy of Dermatology (Sebastian 2001). Armstrong (2005) reported that Texas had almost 900 registered tattooing studios and 599 body-piercing studios as of January 2004. It is estimated that 10% of U.S. adults have or have had a tattoo, and 2 percent have had body piercing other than earrings and 4 percent both. Body art is a term that is used for both tattoos and body piercings, through which jewelry is attached to the body.

Not surprisingly, studies indicate that the prevalence of both body art forms is highest among young adults. While only four percent of all adults have both a tattoo and a piercing, 16% of 18-25 year olds do (Gardyn and Whelan 2001). The prevalence appears to be even higher among college students, though data are conflicting. According to The Chronicle of Higher Education (2003), a 2002 Pace University study of their student body indicated that of the undergraduates, more than half have some type of body piercing, and 23% have at least one tattoo. A study of Eastern Michigan University students found that 21% of students had tattoos, and almost 30% had body piercing (Anderson 2003). A survey of 481 college students in New York showed that 42% of the men and 60% of the women had body piercing (Mayers et.al. 2002). According to the Harris poll mentioned above, body art and education attainment are inversely related, as 22 percent of those having a high school education or less are tattooed or pierced, as compared to 4 percent with post-graduate degrees. The same poll indicated that men and women were equally likely to have tattoos (16% versus 15%, respectively) and that Hispanics tended to have a higher prevalence than African-Americans (18% versus 14%, respectively; Webster 2005, p. 66). A 2004 study of University of Florida men and women found that the female college students tended to be pierced but not tattooed. Roughly half the men students were tattooed and half were pierced. Male students also waited longer to get pierced (Obesity, Fitness & Wellness Week 2004). In a study of 450 college students taking sociology classes, 55% never had piercings, 32% had them, and 13% had removed them in the past year (Armstrong et al. 2004, p. 58). For those who aren’t willing to go the body art route yet, tanning salons have offered “tantoos,” tanning stickers that, when peeled off, reveal untanned skin in the shape of animals, school logos, and other words and symbols (Brat 2005).

This paper reports the results of a survey of marketing students from 14 colleges and universities around the U.S. with regard to body art (piercings and tattoos). The purposes of the exploratory study were to measure the
extent to which body art is used among college business majors, and, to assess consumer behavioral similarities and
differences in terms of various demographic factors. Though areas such as psychology and nursing have reported
the results of empirical research on body art among college students (see, for example, the work by Armstrong and
her colleagues, including Armstrong et al. 2002), a review of the marketing/business literature revealed little. The
authors found no reports addressing the prevalence of body art among marketing and or business majors. Given the
exploratory nature of this research, no research hypotheses were developed.

**METHODOLOGY**

Questionnaires were administered to students in principles of marketing classes at 14 institutions that were
geographically dispersed in the U.S. The institutions included in the study were selected by geographic location. A
faculty member who taught principles of marketing was then recruited by phone or email to participate. The
authors’ Institutional Review Board (IRB) approved the questionnaire and research design. Participating professors
at some schools were also required to submit the authors’ IRB paperwork to their respective Human Subject/IRB
committees before distributing the surveys to their students. Copies of the questionnaire were made by the authors’
then mailed to participating professors for distribution. Those professors then mailed back the completed surveys to
the authors. Initially, the authors identified 20 schools, including their own, by region and by public vs. private
classification across the U.S. Professors from 13 other schools agreed to distribute surveys. Due to time constraints,
no further effort was made to recruit six other schools.

**RESULTS**

**Sample characteristics**

Completed questionnaires were received from 496 respondents. The ages of the respondents ranged from
18 to 62 years with a median age of 21 years. Of these, 47.2% were female while 52.8% were male. Women tended
to have body art while men didn’t ($\chi^2 = 46.464, df = 1, p = .000$). Women students tended to be younger (18 to 20
years old) while men were older (23 years plus) ($\chi^2 = 10.931, df = 4, p = .027$). Of the four regions represented in
the study, 33.5% of the sample was from the Pacific region, 31.9% from the Midwest region, 21.8% from the
Southern region, and 12.7 % were from the Eastern region. The Pacific region tended to have older students (23
plus) versus the East region with its 18-19 and 22 year old groups. The Midwest and Southern regions tended to
have students in the 20 and 21 age range ($\chi^2 = 63.495, df = 12, p = .000$).

**Response profile**

Excluding pierced earlobes, 40.5% of those responding indicated that they had some form of body art. Of
these individuals, 48.2 % reported having tattoos and 79.4% indicated having piercings. Of those having tattoos, the
majority reported having one (64.1%), 19.8% reported having two. Three individuals (3.3%) reported having six or
more tattoos. The overall pattern was similar for piercings with the largest percentage (41.6%) reporting having one
piercing and 26.0% reporting having two. Three individuals (1.8%) reported having 10 or more piercings. These
results are summarized in Table 1 on the next page.

Cross tabulations and chi-square analysis were used to identify any significant differences ($p \leq .05$) by
demographic variables; results are reported below. For these analyses, the number of tattoos was categorized as
zero, one or two plus, and the number of piercing was categorized as zero, one, two, three and four plus. Age when
body art was first acquired was categorized as 2 – 17, 18 and 19 plus.

The results indicated a statistically significant difference in the prevalence of body art as a function of
gender ($\chi^2 = 46.46, df = 1, p = .000$). Of the female respondents, 56.8% reported having some form of body art as
compared to 26.3% of the men. There were no statistically significant regional differences in the prevalence of body
art either in the form of tattoos or body piercings.

Tattoos were more prevalent among the men than was the case for women ($\chi^2 = 8.038, df = 2, p = .018$). Among male respondents, 62.5% reported having at least one tattoo. Of these, 21.9% indicated that they had two or
more tattoos. Not surprisingly, there was a relationship between the numbers of tattoos a person had and the amount
spent on tattoos ($\chi^2 = 201.295, \text{df} = 4, p = .000)$. Of those having tattoos, the majority (52.2%) had spent $20 - $120 on them while 45.7% had spent $125 or more. Two individuals (2.2%) reported having spent nothing on their tattoos. A seven-point scale was used to assess satisfaction with tattoos. The majority of those having tattoos (75.8%) indicated that they were satisfied with those tattoos with the largest percentage of these (54.9%) indicating the highest level of satisfaction. Reported satisfaction did not differ significantly as a function of gender.

Piercings were, on the other hand, more prevalent among the women ($\chi^2 = 20.864, \text{df} = 2, p = .000$). Of the female respondents, 67.2% indicated having at least one piercing (excluding the earlobe). Among the women, 35.2% reported having one piercing, 21.1% two, 17.2% three, and 14.8% reported having four or more piercings. Of those respondents having body piercing, the largest percentage (36.4%) reported having spent $45 - $95, 28.5% had spent $3 - $40, 31.1% had spent more than $100, and 4% had spent nothing on their piercing(s). A seven-point scale was also used to assess satisfaction with body piercings. High levels of satisfaction were apparent with 81.5% of those having piercing indicating satisfaction. Of these, the majority (57.9%) indicated the highest level of satisfaction. Reported satisfaction with piercings did not differ significantly as a function of gender.

<table>
<thead>
<tr>
<th>Table 1</th>
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<tbody>
<tr>
<td>Body Art Breakdown</td>
</tr>
<tr>
<td>Have body art?</td>
</tr>
<tr>
<td>No</td>
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<tr>
<td>Yes</td>
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<tr>
<td>Have tattoo(s)?</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>How many?</td>
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<td>One</td>
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<td>Two</td>
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<td>Three</td>
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<td>Four</td>
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<tr>
<td>Six</td>
</tr>
<tr>
<td>Seven</td>
</tr>
<tr>
<td>Thirteen</td>
</tr>
<tr>
<td>Have piercing(s)?</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Yes</td>
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<td>How many?</td>
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<td>Eight</td>
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<tr>
<td>Ten</td>
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<tr>
<td>Sixteen</td>
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<td>Seventeen</td>
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</tbody>
</table>

**DISCUSSION**

First, it must be reiterated that the present investigation is exploratory in nature. Although an attempt was made to obtain a sample that is geographically diverse with participants from 14 different colleges and universities in various regions of the U.S., it is recognized that this is a convenience sample and may not be representative of the college student population in the United States. As such, generalizations beyond the present sample are precluded. Discussion will, therefore, be limited to the present sample.
Within the present sample then, body art in either form was quite prevalent. Overall, two out of five respondents (40.5%) reported that they had some form of body art. Of these 48% or 18.6% of the sample as a whole reported having tattoos. Of these most had only one; one individual did report having 13 tattoos. Body piercings were even more prevalent than tattoos within the present sample with 79% of those respondents who had body art reporting that they had piercings. This represented 31% of the overall sample. A similar pattern to that among those who had tattoos was evident. Among those who reported having piercings, most had one but one person had 17. Interestingly, there was a tendency for respondents to have one or the other form of body art but not both. An exception was that persons who had a relatively high number of one form, tended to have the other form as well. In terms of overall prevalence rates then, if these were our students, almost a fifth would have tattoos while almost a third would have body piercings.

Among the present sample, there was a statistically significant difference in prevalence of both tattoos and body piercings as a function of gender. Specifically, women had a higher prevalence rate for body piercing while men had a higher rate for tattoos. The prevalence of body art among the present sample of college students was not found to differ as a function of geographic area.

The present study was intended to provide a rough estimate the prevalence of body art in the form of tattoos and body piercings within the college student population. If the current results are at all representative of the population of college students in the U.S., it appears to be the case that body art is quite prevalent. In the present sample, piercings were found to be more prevalent among women while tattoos were more common in men. Spending on body art was approximately the same for both forms, with a somewhat broader range reported for tattoos. Further research by the authors will address specific attitudes towards both forms from the perspectives of users versus non-users. Other researchers are encouraged to continue to explore the consumption patterns of body art by young adults.

REFERENCES


THE IMPACT OF INTERPERSONAL DETERMINANTS ON RELATIONAL QUALITY: THE CASE OF GIFT EXCHANGE

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Maxwell K. Hsu, University of Wisconsin at Whitewater
Morsheda Hassen, Grambling State University

ABSTRACT

Drawing heavily from the interpersonal attraction and the social exchange theories, we explore the role of interpersonal attraction in the gift exchange process and investigate the antecedents of relational trust for the gift giver and recipient. The results based on gift givers’ responses indicate that interpersonal similarity, reward, and reciprocity between the gift giver and gift recipient are significantly associated with relational trust for the giver and trust for the recipient (as perceived by the giver) in gift exchange. This association, however, is stronger in the presence of others during the gift giving ritual.

INTRODUCTION

The giving and receiving of gifts is an important ritual in almost all societies. Gifts are often used as a means to express the givers’ encouragement, solicitude, or comfort toward the receivers. Existing consumer research suggests that gift exchange generates not merely substantial economic value (Garner and Wagner 1991; Otnes, Lowrey, and Kim 1993; Ruth, Otnes and Brunel 1999), but also consequential social value to both gift givers and receivers (Cheal 1988; Joy 2001; Sherry 1983). Though it has been argued that exchange is the single most important building block of marketing theory, there is a shortage of research aimed at understanding interpersonal exchange behavior like the gift giving ritual. We seek to contribute to the social interaction literature by identifying trust as the indicator of the relational quality and investigating antecedents of perceived trust in the gift exchange process.

A noticeable gap in the literature is the lack of studies on gift giving at the interpersonal level. Most existing articles examine the gift exchange at the intrapersonal level, focusing on one party, either the giver or the recipient in the gift exchange dyad (Otnes, Lowrey, and Kim 1993; Ruth, Otnes and Brunel 1999). Notably, Bagozzi (2000, p. 388) calls for more studies of “groups of consumers such as two-person dyads (including gift giver and receiver), or friendship groups” at the interpersonal level. To fill this gap, we investigate the interpersonal determinants of trust in gift exchange, including interpersonal similarity, reward, familiarity, and reciprocity. Given the challenges to match all giver-recipient dyads in data collection, we intend to explore the dyadic relations but rely only on the gift-giver’s trust for the recipient and the recipient’s likely trust for the giver perceived by the gift-giver (see a similar approach in Lowrey, Otnes, and Ruth 2004). The present study is unique in the sense that it posits that gift exchange behavior could be understood substantially by researching the role of interpersonal attraction at the interpersonal level (see Figure 1 for the proposed conceptual model).

We randomly selected adult respondents in 652 designated households. Participants were told that they could possibly win a drawing of $200, $100, and $50 gift certificates as an incentive for participating in the research project. Participants in this study were encouraged to answer the questions while thinking about a specific occasion as the gift giving experience through a critical incident technique. The participants were also asked to recall and describe their relationship with the receiver, and describe the gift itself. After one or two returned visits to all households, we contacted a total of 557 households, from which 206 households completed the questionnaire. This response rate of about 37 percent is comparable to those reported in the literature with field research designs.
Using confirmatory factor analysis (CFA), we found strong support for the unidimensionality, convergent, and discriminant validity of the full six-factor measurement model. Overall model goodness-of-fit indexes also supported the validity of this overall measurement model \[ \chi^2(120)=308.23, p= .000, \text{comparative fit index (CFI)}=.936, \text{the goodness-of-fit (GFI)}=.896, \text{adjusted goodness-of-fit (AGFI)}=.873, \text{root-mean-square error of approximation (RMSEA)}=.068 \].

Path analysis results shows that (1) a higher level of interpersonal similarity between the gift giver and recipient is associated with superior relational quality such as greater trust for both the giver and the recipient, (2) a higher level of perceived reward is associated with superior relational quality in terms of greater trust between the giver and the recipient, (3) interpersonal familiarity between gift giver and recipient is not related to superior relational quality in terms of trust, (4) a higher level of gift exchange reciprocity between the giver and recipient is significantly associated with a greater trust, and (5) social facilitation due to the presence of others in gift giving rituals, besides the giver and recipient, strengthens the associations between interpersonal determinants [similarity, reward, familiarity, and reciprocity between gift giver and recipient] and trust.

REFERENCES


FIGURE 1
The Theoretical Framework

Relational Trust
Trust for the Giver
Trust for the Recipient
(as perceived by The
Group Presence

Similarity
Reward
Familiarity
Reciprocity

Interpersonal Attraction
METHODS OF INFORMATION GOODS PRICING: A SURVEY

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ABSTRACT

Information economy is the up-to-date issue in the current electronic commerce domain. Certain of literature investigate various methods for pricing information goods. Nevertheless, a unified and exhaustive classification model of current pricing methods is scarcity nowadays. Accordingly, we devise a unifying pricing method framework, and for each category we elaborate the structural elements that thrust the category’s particular behaviors and distinct purposes. During the elaboration, we also identify the virtual common among method categories as the nature of optimizing prices (but just in terms of different perspectives). The benefits of the unifying framework are providing a conceptual and abstract model, distinguishing a category of pricing methods from each other, and positioning the future effectual pricing methods.

INTRODUCTION

With the matured evolution of the Internet, information economy has been heavily discussed and defined as the exchange of information goods (knowledge information and services rather than physical goods and services). This is a concept used to characterize an economy with increased role of informational activities and information industry. Information economy further introduces the other concepts such as the cost/pricing of the information, technology infrastructure, and information policy. Information economy concerns three major tasks (information production, information consumption and information transaction).

In 1998, Shapiro and Varian delimited information economy with three dimensions (information, technology, and policy as shown in Figure 1) [31]. The information dimension encompassed such concepts as producing cost, managing intellectual property and one-to-one marketing. The concepts of system competition, lock-in switching costs, network externalities, and standards were then addressed in the technology dimension. The concepts of anti-trust and privacy were lastly studied in the policy dimension.

In this paper, in particular, we are interested in the concept of information goods pricing and provide the state of the art and an account of the main directions along which the research efforts are being focused. In doing so, we explain the relevant concepts required and discuss the nature and the issues of the pricing methods (Section 1), overview the main models of pricing (Section 2), critically evaluate the relative strengths and weaknesses of the main models (Section 3), outline the areas that require further research in order to develop a comprehensive treatment of pricing in complex settings (Section 4).

Information Goods

Shapiro and Varian (1998) defined “information goods” broadly as anything that can be digitized and encoded as a stream of bits, and transmitted over information network [31]. Examples of information goods include books,
movies, software programs, web pages, song lyrics, television programs, newspaper columns, and so on. Furthermore, these information goods have the property that the fixed-cost of production is high and the marginal cost of reproduction is zero or very low.

The information products may possibly comprise three macro characteristics, which are physical (e.g., indestructibility, transmutability, and reproducibility), spatial/temporal (e.g., enhancement to competition and breaking of local market power), and contingent (e.g., real-time or near real-time). McCain (2005) recognized the economic characteristics of information products such as media of transmission (cannot be bought or sold alone), uniqueness, high fixed cost, the incentive problem (little incentive to originate information products due to piracy problem), and intellectual property [23].

Hui and Chau (2002) proposed a classification framework of digital products based on two dimensions, which are product category as well as product characteristic [16]. The dimension of product category identified three categories - tools and utilities (e.g., Adobe Acrobat), content-based digital product (e.g., music, books), and online services (e.g., consulting online). The dimension of product characteristic then recognized three intrinsic characteristics - delivery mode (is the information product downloadable or interactively on a continual basis?), granularity (is it easy to partition the information product?), and trialability (is it easy to try before ordering?). The matrix of the two dimensions is shown in table 1.

Table 1 Classification Matrix of Digital Products

<table>
<thead>
<tr>
<th>Category/Characteristic</th>
<th>Tools and Utilities</th>
<th>Content-Based Digital Product</th>
<th>Online Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery Mode</td>
<td>Download</td>
<td>Download</td>
<td>Interactive</td>
</tr>
<tr>
<td>Granularity</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Trialability</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Furthermore, information product features other characteristics, such as no attrition (the quality would not be distorted over time), easy to copy (without additional cost to make a copy), network externality (the effects of word-of-mouth), easy to change, and experienced good (experience it before purchasing). In short, the information product characteristics and the cost structure (high production cost and low reproduction cost) are profoundly different from the traditional business. The value of information goods also varies among different people and the pricing strategy becomes volatile.

The Market of Information Goods

Theoretically, the market is not “perfectly competitive” for the information products. Two sustainable structures for information goods market are identified by Shapiro and Varian (1998), which were dominant firm-monopoly and differentiated product. Microsoft is a well-known exemplar for first category and movie/TV program is the possible examples for second category. Accordingly, the feasible strategies in the market of information goods are differentiating the product (value-added of raw information) and achieve cost leadership through economies of scale.

Furthermore, the conventions of first-mover advantages would be shaped as avoiding greed and playing tough. Avoiding greed stands for responding to threat quickly and decisively as well as limiting pricing strategies (e.g., differential pricing). Playing tough means attempting to frustrate the potential competitors, protecting the intellectual property, and continual innovating [31]. In general, the information goods market could be considered as a commodity market. Accordingly, pricing and competition are the major elements to succeed in the market and market new entrants must be aware that differential pricing is essential in the market.

Pricing Issues

Due to the unique cost structure and product characteristics of information goods, the possibility to follow traditional pricing strategies becomes unfeasible and the differential pricing strategy is recognized to be crucial [42]. Varian (1995) identified two key pricing issues (price discrimination and bundling) [40].
The nature of price discrimination, in general, aims for optimizing the prices instead of lowering the prices, possibly from different perspectives. For instance, from the perspective of producers (i.e., maximized profits), a producer charges different users at different prices according to their different WTP. Figure 2 then provides a picturesque clarification of this example.

If the producer sets the high price, only the high WTP customers can consume, then the profit is only 6 USD. If the price is low, the high and low WTP customers will consume and the profit is 6 USD as well. However, if the prices are differentiated according to different WTP of customers, both high and low WTP customers then can consume. Accordingly, the profit is raised to a higher amount of 10 USD. In other words, the purpose of the differential pricing methods (such as non-linear pricing, bundling, versioning, and so on.) in the previous literature was mainly to maximize profit from producer’s perspective (The details of the different pricing methods are then described in Section 3) [8]. Pigou (1920) also gave a detailed explanation of the price discrimination into three levels, which are personalized pricing (1st degree), versioning (2nd degree), and group pricing (3rd degree [29].

Figure 2 The differences among pricing methods

On the other hand, bundling is another pricing issue identified by Varian (1995) as an approach to reduce the heterogeneity of consumers’ WTP. A producer can gain more profit because of a higher average WTP attained from bundling [40]. Accordingly, the number of bundles, the bundle strategies, and the factors of bundling are the main areas of concern in bundling (The details of the bundling methods are then described in Section 3.). Besides the issues of price discrimination and bundling, another major issue is to furnish a unifying framework of the pricing methods manifesting existing different perspectives of pricing in order to develop a comprehensive treatment of pricing in complex settings.

2. A Unifying framework of Pricing Methods

In this section, we aim to provide a unifying framework of the pricing methods manifesting existing different perspectives of pricing and overview the main models of pricing.

There existed some pricing taxonomy models classifying the pricing methods:

- Sundararajan (2004) categorized the pricing methods of information goods into usage-based pricing (e.g., digital music), fixed-fee (unlimited usage) pricing (e.g., online newspapers), and both fixed-fee and usage-based pricing (e.g., corporate software) [37]. The choice of a pricing method often depends on the types of information goods (e.g., usage-based pricing and fixed-fee pricing are employed for digital music and newspaper respectively). The essence of the three categories is profit-oriented (i.e., the producers take profit into consideration at first priority).

- Stiller et al. (2000) proposed a pricing classification model encompassing three dimensions (technical, research, and economical/social) [35]. The research dimension stresses the pricing theory and application. The economical and social dimension emphasizes the user requirement, efficiency, and marketing for pricing methods. The technical dimension highlights time/space/volume, technological requirement, and service characterization. Nevertheless, the classification model only addressed things on the surface and is hard to be referenced by the current pricing methods.

- Jain & Kannan (2002) identified four pricing strategies for online servers, which were connect-time-based, search-based, subscription-fee, and others [17]. However, there are many problems with certain strategies: (1) The
connect-time-based strategy is not related to the amount of information retrieved and thus becomes unrealistic. (2) For the search-based strategy, the fee paid by customers for successful viewed/downloaded is often expensive. Moreover, the variation in consumer expertise and perceived values associated with the successful downloads would affect the choice of pricing strategies.

Between the mentioned strategies, it was shown that the subscription-fee strategy is an optimal solution for inelastic demands.

In summary, each of the aforementioned pricing classification models takes on a particular perspective in examining the pricing methods. A given perspective might be further segmented into a few sub-perspectives. However, a unifying framework of classification models of current pricing methods still awaits further development. Accordingly, we devise such a unifying framework as shown in Figure 3.

Figure 3 Unifying Framework of Pricing Methods

The benefits of the unifying framework are two folds: (1) providing a conceptually intuitive but comprehensive classification model (2) suggesting possible areas of new pricing methods. The further description and explanation for each category of pricing methods will be unfolded respectively in the following subsections.

In each of the following subsections, each method category (e.g., Strategy in Section 2.1) will be defined and represented with some kind of structure embodying its structural elements (as shown in Figure 4). A method in a category might encompass some elements that altogether drive the external behaviors and specific purposes of the method subsequently.

Figure 4 The aims of the unifying framework
For a method addressed in the method category, we will describe the structural elements employed and how they are related to the method (and hence its category definition), meanwhile explaining the commons of the objectives of optimizing prices from the designated perspective implied by the category definition.

**Strategy**

The first category of the pricing methods is named “Strategy”, which stands for the methods embodying certain pricing strategies of information goods. The general purpose of this category of methods is optimizing prices in terms of maximizing the profits with their distinct pricing strategies. As shown in Figure 4, the structural elements of this category (i.e., the factors that affecting the pricing strategies) include information asymmetry, network externalities, complexity, competitiveness, technical strength, fundamental characteristics, economics, etc. To generate profits, different strategies for pricing information goods might weigh the structural elements differently. This subsection then outlines some previous pricing methods of notable pricing strategies.

The work of Wang (2004) constituted the three pricing strategies as individualization, group pricing and versioning, and the characteristics of information goods and network externality were the two main structural elements to be taken into account [42]. The pricing method proposed by Jing (2000) also specified that network externality was the key factor to affect the versioning strategy embodied [18]. In general, the characteristics of information product (e.g., easy to copy) is the fundamental element to empower the strategies embraced (e.g., easy to copy makes versioning feasible). On the other hand, the element of network externality increases the consumers’ willingness to experience myriad kinds of information products so as to make certain strategies practical. For instance, versioning partitions mass customers into various customer segments respectively in favor of myriad versions of products and group pricing segments different level of customers based on the factor of network externality.

The pricing methods addressed in Grunenwald and Vernon (1988) [13] identified some pricing strategies, such as market skimming, market penetration, competitive pricing, cost pricing, and value pricing. In addition, the results revealed that economy, technique and competition factors were the three major structural elements to affect the pricing strategies. Dasgupta and Das (2000) also indicated the information of competitors’ prices was a significant factor to consider the shaping of the strategy embraced [12]. In general, the economy element empowers the strategies to quest for maximum profits and certainty of costs (for cost pricing strategies). The technique element takes stability and maturity of technologies into consideration. The competition element then drives the integrity of competitors’ information when the strategies of market penetration and competitive pricing are chosen.

In the work of Brooks et al. (1999), the complexity of pricing strategy was considered as a major factor affecting the profits [9]. For example, the pricing model with one parameter includes pure bundling and linear
pricing and the pricing model with two parameters then comprises two-part tariff and mixed bundling. In addition, Sundararajan (2004) examined a nonlinear pricing method with N parameters [36]. Without loss of generality, a higher level of complexity in the strategies is aiming for a higher level of profits attained by the correspondent pricing methods.

Huang (2001) investigated the issue of unfair pricing on the Internet. The results showed that information asymmetry was another (except network externalities) factor resulting in either poorly subsidizing the rich or incurring an aggregate loss in consumer welfare [14]. The proposition predicted that the led and late majority consumers are charged at the demand curve and the early majority consumers are then charged at the supply curve. This implies that information asymmetry imposes insufficient information at either consumers or producers for certain advantages.

The other elements that might affect the profits attained include customization and negotiation respectively investigated in Koifman et al. (2004) [20] and Aron et al. (2004) [1]. Negotiation can enable the win-win results between sellers and buyers, while customization affects certain parameters such as cost considered in the cost-based pricing strategies (as customized products require more costs than those of the non-customized).

**Society**

Certain of literature probed into the social (government) perspective of information goods. Accordingly, we name this category “Society” in the unifying framework. This category is a branch of the Economy class and is an alternative perspective for deciding price via embodying four structural elements, such as law, fine, tax, and subsidy. Ultimately, the function of this category is optimizing prices in terms of maximizing social welfare.

Chen and Png (2003) proposed a pricing method that considered both price and copyright enforcement while pursuing maximized social welfare. Three structural elements were regarded from government’s perspective, such as fine for copying, tax on copying medium, and subsidy on legitimate purchase. The key results were two folds: (1) increase in protection affects welfare more negatively than deduction in price; (2) the tax is welfare superior to the fine, and the subsidy is the optimal policy. In other words, changing the tax encourages a company to adjust prices and result in better social welfare than altering the fine. The subsidy is the optimal policy for legitimate purchasing so as to drive maximum social welfare. Generally, the government policies that focus on penalties alone would miss the social welfare optimum [10].

The work of Odlyzko (2003), on the other hand, showed that (from the social perspective) privacy is the structural element which appears to be sacrificed largely for differential pricing [26]. For instance, if the producers discriminate the prices, the consumers’ information would then be intruded for allowing the producers to determine the consumers’ individual WTP. Accordingly, the governments are likely to play an increasing role to establish protection rules for private information of pricing.

![Figure 6 The structural elements considered in the “Society” category](image)

The other elements that might affect social welfare include market structure, elasticity of demand, marginal cost, economies of distribution, and use of complex menus (as examined in the work of Papandrea et al. (2003 [27]). The major purpose of the work was to examine the factors on welfare implication for bundling. For example, the consumer surplus erodes due to the complex pricing menus, which increase the difficulties for consumers to choose
the best option. Accordingly, the solution to drive appropriate bundling strategy (e.g., pure bundling, mixed bundling, unbundling) based on social welfare perspective is providing comparative information on price menus.

**Perception**

The “Perception” category represents the class of pricing methods emphasizing the individual perceptions about information goods (i.e., perceived values). The objective of this category is optimizing prices in terms of determining WTP in accord with users’ perception. In general, the structural elements of this category are three folds: quantitative measurement, qualitative factors and information utilization.

For quantitative measurement (emphasizing the product features exerted in computing WTP), the multi-attribute utility theory (MAUT) addressed in the work of Schäfer (2001) was employed to measure a user’s interests and build rules from the experiments [30]. For instance, the multiple attributes for evaluating the values of digital cameras are quality of image, flash, viewfinder, operation time, and handling. These altogether affect the measurement of WTP while optimizing prices.

For qualitative factors (focusing on the qualitative elements that affect the perception of WTP/WTA), Simonson and Drolet (2004) examined the WTP/WTA (willingness-to-accept) in terms of anchoring effect and endowment effect [33]. The results revealed that if the WTP/WTA is uncertain, the anchoring effect affects the initial perception value under uncertainty and the endowment effect influences the uncertainty of desire to sell or to buy.

For information utilization (emphasizing the variance of users’ perceptions in different time periods such as the early stage and the late stage), the work of Huang (2005) [15] segmented consumers into short-term and long-term for the purpose of computing the WTP. The minority early consumers were located in the short-term segment and they paid less for being lack of detailed product information. Conversely, the majority late consumers were located in the long-term segment and they paid more for being well informed of the product information (together with a greater product demand from the effect of network externality). In other words, information asymmetry and network externalities were two structural elements to affect consumers’ perception and could drive the extraction of consumer surplus and the process of differentiating prices.

![Figure 7 The structural elements considered in the “Perception” category](image-url)

**Market Demand**

The category of Market Demand is a branch of “Individual” that discusses pricing methods with second degree price discrimination. Versioning and Bundling are the two sub-categories of methods using some predefined customer characteristics (e.g., customer age). This category of pricing methods is becoming increasingly important nowadays. However, customer characteristics are difficult to verify over the Internet environment and there are
insufficient mechanisms of customer differentiation [21]. Accordingly, various versioning and bundling methods will be investigated and reasoned in the following sub-sections.

**Versioning**

The category of Versioning comprises pricing methods grounded on the perspective of producers, and their major function is optimizing prices in terms of vertically differentiating the market of the goods. The work of Varian (1997) showed that optimal versioning solution is the best pricing regime for information goods via examining the total surplus from the economic view [41]. In this category, two orientations of structural elements emerged, which were the internal factors (factors intrinsic to the creation and delivery of a product) and the external factors (factors of no relevance to pro) as shown in Figure 8.

When vertically differentiating the market, three versions, in general, is an appropriate versioning policy when the market segmentation is ambiguous [41]. In addition, there are four practical concerns for a producer: (1) Prepare a product that could be versioned. (2) Differentiate the high end of the market first before segmenting the remaining market. (3) Ensure the versioned products that could be viewed by consumers. (4) Goldilocks pricing is recommended for the producer in the absence of any additional information except having three versions.

As for the structural elements of internal factors, the work of Shapiro and Varian (1998) decided an appropriate number of versions in terms of the factors as delay, convenience, comprehensive, manipulation, community, annoyance, speed, data processing, user interface, image resolution, and support [32]. For example, for a product that is of no convenience, slow speed and complicated manipulation, the number and differential level of versions should be short and well-separated.

In the study of Bhargava and Choudhary (2001), several external factors were identified as the other key structural elements to influence the versioning method, which are network effects, advertising revenues, nonlinear utility function, and threat of entry [8]. For instance, high advertising revenues differentiate popular versions from unacceptable versions; high threat of entry requires various versions to segment the market for differentiating the product to win the competition.

**Bundling**

The category of Bundling comprises pricing methods that is also grounded on the perspective of producers but their major function is optimizing prices in terms of packaging the goods in a variety of configurations so as to reduce the heterogeneity in consumers' valuations [36]. In general, there are two orientations of the structural elements in this category: qualitative factors and quantitative modeling.

- **Orientation of qualitative factors**
  In the work of Varian (1995), the results revealed that product bundling is profitable result from reducing the heterogeneity of the consumers’ WTP [39]. The producer can sell at the average WTP by creating product bundles. In other words, consumer heterogeneity is an exemplifier of the qualitative factors to determine the scale of profits.
For example, if the consumers are very heterogeneous, the separation of WTP is then difficult and the product bundles are tough to decide.

Bakos and Brynjolfsson (2000) investigated the factor competition in bundling [4]. The results revealed that large bundles may provide significant advantages in competition. Moreover, the act of bundling information goods makes an incumbent tougher to compete. Besides, the bundling can reduce the incentives for competitors to innovate. In summary, competition is another qualitative factor driving the number of bundles and the integrity of bundling information created in bundling.

- The orientation of quantitative modeling
  Certain of literature devised mathematical models in exploring ways to attain the appropriate bundles, appropriate prices of bundles, or appropriate numbers of information goods in bundles.

For instance, Altinkemer and Jaisingh (2002) examined that the profits arise when the numbers of information goods are increased in bundles [1]. In the model, consumer surplus was attained by considering the pieces of bundles and their demand. Meanwhile, the quality level (e.g., a bundle of more information goods has a higher quality) and consumer types (e.g., different customers value a bundle of a given quality differently and a higher type customer is willing to pay more) were also taken into account. Certain assumptions were required for the model to achieve maximizing profits via bundling, such as the consumer surplus of buying a bigger bundle being higher than the sum of buying sub-bundles and a greater bundle price resulting in a lower surplus. The results showed that maximum profits could be inferred as a result of satisfying the constraints (e.g., non-negative surplus) and the assumptions. The results also revealed that the profits grew linearly along with the increasing number of information goods in bundles, and the consumers’ perception for the various and sufficient bundles affected their willingness to buy. Moreover, bundles of both information goods and physical goods might increase the total profits because of a lower marginal cost than the sole sales of physical goods in bundles (when the marginal cost of physical goods is greater than a threshold).

In the work of Chang et al. (2003), an algorithm was devised for searching appropriate bundled goods dynamically and efficiently [10]. This algorithm used an approach of two phase’s path pruning to search the top-K bundles, each of which consists of M components with pair-wise inter-component relations. Accordingly, the speed of searching the top K bundles was fast and the costs associated with production and transaction were reduced simultaneously (e.g., bundling reduces the cost of manufacturing, packaging, and shipping the goods, and thus enables more efficient transactions).

A framework of integrated recommender system was presented to identify a collection of (sub)bundles and their dynamic prices using customer preferences in the study of Somefun and Poutré (2003) [34]. In the study, customer preferences were formulated as a consumer’s maximum utility (that was determined by perceived value, purchasing cost, and searching cost of transactions). Thus, the number of goods in the bundle with maximum utility could be identified from the customer’s perspective. The optimal bundle price could then be calculated by the subtracting from the summation of the price of each goods in the bundle an adjustable amount (which is a discount depending on the number of information goods in the bundle, i.e., more goods in the bundle receive more discounts).
There were many practical applications of bundling in various industries. Kivisaari and Luukkainen (2003) applied the content service bundling in telecommunication industry [20]. A new content-based pricing model on the Internet was presented in terms of controlling the consumption of content, and assisting producers to choose bundles and prices. On the other hand, Altinkemper (2001) investigated bundling e-banking services such as e-bills and e-business in the banking industry [2], offering flexible and adjustable bundles to consumers. Moreover, the usage patterns could be shared among consumers that were then empowered to make good choices of bundles to purchase.

**Cognition**

Since price fairness is an interesting topic to investigate from the psychological perspective, a category named “Cognition” of pricing methods accordingly is created. This category is a branch of “Behavior” and emphasizes the factors that influence the sense of price fairness. The purpose of this category is optimizing prices in terms of achieving price fairness by considering the factors of mental psychology. The category’s structural elements unfold in two orientations (pricing factors and non-pricing factors).

For the orientation of pricing factors (e.g., considering market demands, market competition, etc.), in the work of Xia et al. (2004) [43], a conceptual framework and various elements were examined and purchase intention is one of the factors which influenced unfairness price perceptions of consumers. In the conceptual framework, the cognitive and the affective are the major aspects of perceived price fairness from the perspective of mental psychology. Purchase intention (cognitive) and negative emotions (affective), in general, would result in various actions (e.g., no action, self-protection, and revenge) manifesting the perceived price fairness. For example, if a customer’s purchase intention is low, the customer may withdraw the purchase (self-protection), revealing perceived price unfairness from the perspective of mental psychology.

On the other hand, three pricing factors about seller/market information were considered in the work of Miyazaki (2003), such as the seller pricing settings, seller perceptions of competitors’ prices and seller perception of buyers’ prices [25]. Nevertheless, the “seller perceptions of buyers’ prices” is the sole structural element from the perspective of mental psychology. The seller perceptions of buyers’ prices stands for how sellers perceive and respond to the prices set by buyers during the price negotiations. With this perception, the sellers could reason the optimal prices in terms of perceived fairness/unfairness of mental psychology of customers.

![Figure 10 Two orientations of the structural elements considered in the “Cognition” category](image)

For the orientation of non-pricing factors (e.g., considering product availability, product quality, etc.), in the study of Miyazaki (2003) [25], product availability was identified as a crucial structural element in driving price fairness from the mental psychology perspective. Higher product availability implies more stable demands by a superior market share. Stable demands subsequently imply buyers perceived prices fairness and the prices are close to the optimal from the mental psychology perspective.
In general, the factors of pricing and non-pricing would be integrated in cognitive category (as shown in Figure 10). In addition, there might be more factors to be discovered from the mental psychology perspective in the future.

**Decision**

The Decision category is created to explore the behavioral perspective of pricing methods grounded on behavioral economics. The purposes of this category are two folds: (1) differentiating rational and irrational consumers (2) discovering critical structural elements (e.g., intelligence, time, and mood) that affect the decision making process in pricing.

For differentiating rational and irrational consumers, in general, consumer behavior was unfolded in two orientations (static and dynamic) in the work of Miravete (2003) [24]. Consumers are guided by their expectations in static manner (i.e., irrational) and learn after making an initial mistake in dynamic manner (i.e., rational). In other words, irrational consumers make purchase decisions intuitively in static manner, and rational consumers establish deliberate judgments by learning mistakes in dynamic manner. In principle, the producers can discriminate prices according to the differentiated rational and irrational consumers. For example, the producers may gain more profits by setting higher prices for irrational consumers, and exert a win-win strategy by placing reasonable prices for rational consumers.

Further, Kahneman (2003) devised a framework for cognitive systems which contains intuition and reasoning subsystems [19]. The process of intuition (static) is fast, effortless, automatic, and emotional. In contrast, the process of reasoning (dynamic) is slow, effortful, controlled, and neutral. Irrational consumers are located in the intuition subsystem in terms of behaving fast and emotionally. On the other hand, rational consumers are located in the reasoning subsystem in terms of making decisions slow and neutrally.

For discovering the category structural elements, some theories were examined in the aforementioned framework, such as prospect theory, framing effect, and attribute substitution [19]. The results revealed that time pressure and mood affect the intuition process, indicating people make purchase decisions intuitively when pressure appears. In addition, intelligence affects the reasoning process (i.e., intelligent people reason purchase decisions deliberately and leisurely). On the other hand, from the work of Agarwal and Chatterjee (2003), the perceived decision difficulty is regarded as an alternative structural element that affects the decisions of the selection from a menu of bundles, the number of unique services between competing bundles, and their perceived similarity [1]. The results revealed that larger bundles, more unique services, and similar bundles would render the decisions more difficult for encountering similar prices between bundles.

![Figure 11 The structural elements considered in the “Decision” category such as intelligence, time, etc.](image)

**Other**

Since certain literature could not be classified in the previously defined categories, a category named “Other” is furnished to accommodate these related researches.

In the work of Terwiesch and Loch (2004), the notion of collaborative prototyping was applied to create a custom-designed product and was used to explore appropriate prices [39]. The purpose of the work is to optimize the prices of the prototypes and the final product during the collaborative process that allows both sellers and customers
to anticipate the possible outcomes of the design process, considering the number of prototypes required for optimizing those prices.

Prototypes, in general, have two advantages which (1) help a customer to evaluate an unknown customized product, and (2) guide both the seller and the customer in the search for the ideal product specification.

Several interesting questions were raised in the work, such as how many prototypes should be built, who should pay for them, and how the prototypes should be priced relative to the costs. The results revealed that a higher number of prototypes would disperse the costs of prototypes and lower the price of the final product. Furthermore, the designer should offer prototypes at a profit, at cost or even for free depending on the design problem and market characteristics.

Critical evaluations

Various commons and differences among information goods pricing methods were determined according to the discussion of aforementioned sub-sections. As for the commons, the nature of each method was not necessarily maximizing profits but optimizing price from different perspectives. In contrast with commons, the differences were extracted via the category characteristics addressed in the unifying framework in terms of their functional structural elements.

The strengths and weaknesses among the methods could be further elaborated as follows. The categories of “Strategy”, “Cognition” and “Decision” investigate the factors that influence the mental aspect. However, these methods merely regard the mental aspect from the qualitative considerations. On the other hand, the categories of “Society”, “Perception”, and “Market Demand” are then grounded on mathematical models from different viewpoints, such as consumer, producer, and government. In other words, each method is skew and merely based on some specific viewpoint. For instance, the Perception category only regards the consumer’s perspective.

A Synthesis category accordingly could be created that includes complex pricing methods (which are of a combination of different aspects addressed in previously mentioned categories), aiming for optimizing prices from a combination of aspects. This Synthesis category is believed to be a new research area worthy of further investigation in the future.

CONCLUSION

The pricing issue of information goods is crucial and significant in information economy. This paper surveys the current pricing methods and discussed the critical structural elements for each method category. A novel and comprehensive unifying framework is furnished to improve the current loosely-coupled classification models. There are seven categories identified in this unifying framework: Strategy, Society, Perception, Market Demand, Cognition, Decision, and Other. For each method category, we examine the structural elements that drive its particular behaviors and distinct purposes. This unifying framework not only provides a structured understanding of existing information goods pricing methods but also hints the fruitful directions of the future relevant research.

Reference


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UNDERSTANDING STUDENTS’ NEEDS IN REGIONAL UNIVERSITY MARKETS: CHOICE FACTOR DIFFERENCES BETWEEN TRADITIONAL AND NON-TRADITIONAL STUDENTS

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ABSTRACT

This paper presents the findings of an electronic survey of a regional university’s student body regarding the choice criteria students used in selecting the university as their higher education provider. The results indicate that students make their decisions to attend regional universities based on a variety of factors related to academics, cost, availability of financial aid, and location. Additionally, non-traditional students appear to focus only upon factors central to the attainment of a university education, while traditional students, to a limited extent, also consider more peripheral aspects, such as social activities and intercollegiate athletics. Managerial and research implications are discussed.

INTRODUCTION

Academic research has clearly revealed that since 1980, the pool of potential higher education students has steadily declined, with the trend continuing into the mid-1990s (Wilke, 1994). O’Neal and Watts (1996) found that during this time period, the number of 18 to 24 year-olds dropped by about seven million, or roughly 23 percent. Given these less than encouraging statistics, it is obvious that higher education institutions cannot rely upon population growth to sustain, much less increase, their enrollment levels.

Despite these discouraging statistics, higher education institutions might be able to sustain enrollment levels, and even growth through the use of marketing techniques and strategy. This is appropriate given that potential higher education students are engaging in behavior closely resembling that of the “typical” consumer (Paulsen, 1990). In addition to this, Absher and Crawford (1995) noted four trends that increase the pressure placed upon higher education institutions to understand, and address, the factors that potential students consider in making their higher education choices. The first trend noted was that state and federal governments have been decreasing their funding for higher education, and the second was the declining birth rate in the United States. They also noted a third trend of increased competition between higher education institutions for the decreasing set of potential students. Finally, they identified the fourth trend as the increasing cost of higher education.

Given that students are increasingly behaving as academic consumers, and the trends noted by Absher and Crawford (1995), it is critical that higher education institutions understand what drives students’ choices for their higher education. Specifically, higher education institutions need to determine the choice factors that potential students within their target markets use in determining which college or university to attend. To a limited extent, several academic studies have examined this information. Wilbur (1988) determined that most higher education institutions should focus their positioning strategies upon the image their institutions have among their target student segments. As engaging in this strategy requires understanding the image that target student segments have of the institution, Brown (1991) investigated the relative impact of seventeen image components or factors that impacted 398 students’ selection of a regional university as their higher education institution. To further improve this understanding, the list of seventeen image factors was expanded to twenty-nine by Absher, Crawford, and Gatlin (1993) in their study of 363 regional university students. Despite these efforts, a clear understanding of the factors underlying students’ selection process of regional universities is still tentative.

LITERATURE REVIEW
This study focused on the choice criteria that traditional and non-traditional students used in selecting a regional university as their higher education provider. Therefore, it is first necessary to describe the differences between these sets of students, and then define and describe what is meant by the phrase “regional university.”

The phrase “non-traditional student” has been defined as an adult learner who returns to school full- or part-time while maintaining responsibilities such as employment, family, and other responsibilities of adult life (Cross, 1980). They are typically older, generally 23 or above (Shumaker, 2003; U.S. News & World Report, 1994) than “traditional” college students. Richter-Antion (1986) noted 4 other factors that distinguish non-traditional students from their traditional colleagues; (1) a stronger consumer orientation (they view education as an investment), (2) they have multiple non-school-related responsibilities, (3) they lack an age cohort, and (4) there exists limited social acceptability and support for their student status. These students also are attracted by active learning approaches and strongly feel the need to integrate what they learn in an academic environment with the other aspects of their lives (Benshoff, 1991).

Given the discussion regarding non-traditional students, attention may now be turned to regional universities. In previous years, the term “regional university” has been used to describe universities that typically offer only a few, if any, doctoral programs (U.S. News & World Report, 1997). More specifically, they have been defined as universities that offer “a full range of undergraduate and master’s level programs” (U.S. News & World Report, 2000, pg. 124). However, the Carnegie Foundation for the Advancement of Teaching recently changed its classification system to better reflect the missions of regional universities. For the purposes of this paper, the phrase, “regional universities” encompasses each of the following Carnegie Classifications: (1) Master’s Colleges and Universities I (award 40 or more master’s degrees per year across 3 or more disciplines), (2) Master’s Colleges and Universities II (award 20 or more master’s degrees per year), (3) Baccalaureate Colleges- Liberal Arts (primarily undergraduate colleges with at least half their baccalaureate degrees in liberal arts fields), and (4) Baccalaureate Colleges- General (primarily undergraduate colleges with less than half their baccalaureate degrees in liberal arts fields) (Carnegie Foundation, 2000). This group represents 29.4% of all higher education institutions in the United States, based on the Carnegie Foundation’s total number of higher education institutions of 3,941 and 1,160 within the 4 categories described above (Carnegie Foundation, 2003).

Prior research regarding the choice behaviors in which students engage may now be addressed. Understanding these behaviors is of critical practical importance for regional universities if they are able to develop strategic marketing plans designed to maintain and improve their enrollment levels. Previous studies (Williams, 1986; Kotler and Andreasen, 1987) recommended that higher education institutions must (1) identify the image potential students have of their institutions, then (2) position themselves in their promotions relative to the competition based upon such images. Systematic research (e.g., Brown, 1991, Absher et al, 1993) has provided evidence that higher education institutions do in fact have these images in students’ minds, and that these images can be used for positioning purposes.

Brown’s (1991) study involved the use of 17 image components. His sample of 398 students was asked to indicate the degree of importance of each component in their university selection process. Absher et al (1993) argued that an analysis of individual image components was insufficient. In their study of 363 students, they identified 9 target segments of students with different needs based upon a factor analysis of an expanded list of 29 image components. The current study expanded this list to 32 image components, and was designed to focus upon choice factor differences between traditional and non-traditional students.

PURPOSE OF THE STUDY

This study had two basic purposes. The first purpose was to determine the relative importance of the various choice or selection criteria, as well as the underlying factors thereof that current regional university students used in making their higher education choice. The study’s second purpose was to determine whether traditional students vary significantly on these criteria and factors from their non-traditional counterparts.

METHODOLOGY
A four-page electronic survey was employed for data collection. The survey instrument was created and administered using Perseus Corporation’s Survey Solutions for the Web® software. Once the University’s Human Subjects Review Board approved the study, an e-mail invitation to participate was sent to each of the University’s 8,960 students (all of whom had been assigned student e-mail accounts). However, the University’s information system department noted that only 3,000 of the students access their university-issued email account; hence, the invitations were, in effect, sent to only 3,000 students. Included in the email invitation was a hyperlink to the survey, another to the research team’s Online Privacy Policy, and a final one to the Human Subjects Review Board’s approval. Students who participated qualified for an opportunity to win one of three $100 textbook scholarships. A total of 716 students participated, generating an effective response rate of 23.83 percent. This approximates the response rate deemed acceptable in Web-based surveys of roughly 10 percent (Klassen and Jacobs, 2001), and falls within the typical range in Marketing studies of 8 to 14 percent (e.g., Vitell, Dickerson, and Festervand, 2000; Vitell, Paolillo, and Thomas, 2003).

Testing for Non-Response Bias

Although the sample size approximately doubled that achieved in prior studies (Brown, 1991; Absher, Crawford, and Gatlin, 1993), and while the response rate fell within acceptable bounds for electronic and marketing studies, a valid concern exists about whether a significant difference existed between students who responded and those who elected not to participate. While it is, by definition, impossible to directly test for non-response bias, a substitute commonly used in the Marketing discipline to test for this bias is to compare early respondents with late respondents. This is considered appropriate in that “late respondents would most closely resemble non-respondents” (Vitell, et al., 2000, pg. 16). Such a comparison was made between early and late respondents as a test of non-response bias in this study. Using t-tests, these groups were compared on all of the demographic and substantive variables. No significant differences were discovered between these two groups, thus providing evidence for the lack of non-response bias.

Scales Employed

The survey instrument consisted of the choice criteria scales and basic demographics. The first section of the questionnaire employed Absher, Crawford, and Gatlin’s (1993) twenty-nine (29)-item scale for measuring the importance of choice criteria. This scale was adapted by including questions to more specifically measure perceptions of costs, perceptions of promotional activities, and perceptions of the University’s website (none of these were included in the original scale). Thus, the 29-item scale was expanded to a 32-item scale. A 5-point Likert scale was used to measure the relative importance of each criterion (a score of “5” indicated the criterion was extremely important in the student’s decision). This section also asked students to specifically identify the three (3) most important reasons they chose to attend the University, as well as three (3) least important reasons.

The final section of the questionnaire measured basic demographic information such as gender, age, primary source of higher education funding, etc. Included at the end of the section were two (2) questions designed to measure students’ needs/desires for non-traditional class days and times. Finally, students were asked to provide personal identifying information (such as name, student ID number, etc.) if they wished to be included in the drawing for the $100 textbook scholarships. The students were assured that such personal identifying information would be deleted from the dataset prior to data analysis (this was, of course, done).

Description of the Sample

As previously mentioned, 716 students participated in the study. The sample consisted primarily of full-time students (83.9%) who rely upon financial aid (63.8%) and who are from the state in which the University is located (84.2%). The majority were female (72.9%), never married (59.2%), and have no children (70.3%). Each of the major colleges was represented in the sample (Arts & Sciences 43.0%; Education & Professional Studies 29.1%; Commerce & Business Administration 15.9%; Nursing 9.8%). A roughly even distribution across student classifications was achieved (Freshman 26.6%; Sophomores 17.9%; Juniors 21.3%; Seniors 22.5%; Graduate Students 11.7%). The percentage of the sample that was female raised a concern, as the University’s gender composition approximates a 50/50 split. Means analysis revealed no statistically significant differences between males and females on the choice factors; hence, gender does not appear to confound the results. Thus, despite the predominance of females in the sample, it appeared to be reflective of the University’s student body.
RESULTS

Choice Criteria Employed by the Students

Before analysis of the individual choice criteria was conducted, it was necessary to determine the reliability of the thirty-two-item scale. Reliability is “the degree to which a measure is free of random error and therefore yields consistent results” (Zikmund, 2003, pg. 231). Quite simply, this means that the measuring instrument produces similar results when used over time- it measures the same thing, the same way, each time it is used. A final coefficient alpha (Cronbach 1951) was used as a measure of scale reliability. Ideally, the coefficient alpha for a purified scale should exceed 0.7 (Nunnally, 1978). The choice criteria scale demonstrated high reliability with a coefficient alpha of 0.9447; thus one may be confident in the scale’s reliability.

Using mean responses as a point of comparison, the thirty-two choice criteria were examined to determine the relative importance that the students placed upon each when making their higher education choice. The complete list may be seen in the Appendix. Table 1 below reports the Top 10 most important criteria that students used, while Table 2 reports the Bottom 10 (or at least important criteria used). Anecdotally, one would expect location and cost to be key criteria in selection of a regional university, and the results of this study lend systematic support to this proposition. Additionally, the students appeared to think highly of the academic programs, and quality thereof, offered at the University. On the other hand, more peripheral aspects of the university environment (such as intercollegiate athletics, social activities, etc.) appeared to be less important in the students’ choices.

<table>
<thead>
<tr>
<th>Criterion</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of academic programs offered at the university</td>
<td>714</td>
<td>4.20</td>
<td>1.058</td>
</tr>
<tr>
<td>Cost of attending the university compared to other 4-year universities</td>
<td>715</td>
<td>4.14</td>
<td>1.206</td>
</tr>
<tr>
<td>The university’s convenient and accessible location</td>
<td>713</td>
<td>4.12</td>
<td>1.231</td>
</tr>
<tr>
<td>Overall quality of education offered by the university</td>
<td>714</td>
<td>4.06</td>
<td>1.109</td>
</tr>
<tr>
<td>Availability of financial aid or scholarships</td>
<td>716</td>
<td>3.84</td>
<td>1.421</td>
</tr>
<tr>
<td>The university’s overall reputation</td>
<td>716</td>
<td>3.73</td>
<td>1.220</td>
</tr>
<tr>
<td>Hospitality/friendliness to be found on the university’s campus</td>
<td>715</td>
<td>3.71</td>
<td>1.322</td>
</tr>
<tr>
<td>The university’s small class sizes</td>
<td>714</td>
<td>3.64</td>
<td>1.239</td>
</tr>
<tr>
<td>Qualifications of the university’s faculty</td>
<td>711</td>
<td>3.64</td>
<td>1.214</td>
</tr>
<tr>
<td>Physical attractiveness of the university’s campus</td>
<td>716</td>
<td>3.39</td>
<td>1.325</td>
</tr>
</tbody>
</table>

TABLE 2:
10 Least Important Criteria Used

<table>
<thead>
<tr>
<th>Criterion</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The university’s campus organizations</td>
<td>715</td>
<td>2.62</td>
<td>1.394</td>
</tr>
<tr>
<td>Social activities on the university’s campus</td>
<td>715</td>
<td>2.61</td>
<td>1.405</td>
</tr>
<tr>
<td>Advice of high school teachers</td>
<td>714</td>
<td>2.54</td>
<td>1.522</td>
</tr>
<tr>
<td>Arts and entertainment available at the university</td>
<td>713</td>
<td>2.51</td>
<td>1.343</td>
</tr>
<tr>
<td>Advice of high school counselor</td>
<td>714</td>
<td>2.38</td>
<td>1.479</td>
</tr>
<tr>
<td>Advice of high school friends</td>
<td>715</td>
<td>2.33</td>
<td>1.372</td>
</tr>
<tr>
<td>Effectiveness of the university’s college recruiter</td>
<td>715</td>
<td>2.30</td>
<td>1.366</td>
</tr>
<tr>
<td>The university’s advertisements (radio, TV, billboard, etc.)</td>
<td>716</td>
<td>2.26</td>
<td>1.242</td>
</tr>
<tr>
<td>Employer’s advice</td>
<td>714</td>
<td>2.18</td>
<td>1.359</td>
</tr>
<tr>
<td>The university’s intercollegiate athletics</td>
<td>713</td>
<td>2.13</td>
<td>1.286</td>
</tr>
</tbody>
</table>

In addition to indicating the relative importance of each criterion in their choice process, respondents were also asked to identify (separately) which 3 factors were most important in their choice to attend the University, and which 3 were least important. Such a measure indicates the accessibility of the information in the respondents’
memories, which in turn indicates that any criterion mentioned was a driving factor in the individual students’ choice. Table 3 reports the Top 5 most mentioned as highly important criteria, while Table 4 reports the Bottom 5 most mentioned as least important criterion. Once again, location, type of academic programs, and cost of attending the university appear to have been driving factors in the students’ choices, while the peripheral aspects of the university environment again appear to have been unimportant in the students’ choices.

<table>
<thead>
<tr>
<th>TABLE 3: Top 5 Most Mentioned as Important Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
</tr>
<tr>
<td>The university’s convenient and accessible location</td>
</tr>
<tr>
<td>Type of academic programs offered at the university</td>
</tr>
<tr>
<td>Cost of attending the university compared to other 4-year universities</td>
</tr>
<tr>
<td>Availability of financial aid or scholarships</td>
</tr>
<tr>
<td>The university’s small class sizes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TABLE 4: 5 Most Mentioned as Unimportant Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
</tr>
<tr>
<td>The university’s intercollegiate athletics</td>
</tr>
<tr>
<td>Social activities on the university’s campus</td>
</tr>
<tr>
<td>Effectiveness of the university’s college recruiter</td>
</tr>
<tr>
<td>The university’s advertisements (radio, TV, billboard, etc.)</td>
</tr>
<tr>
<td>Employer’s advice</td>
</tr>
</tbody>
</table>

Choice Criteria Differences Between Traditional and Non-Traditional Students

The respondents were not asked whether or not they were traditional college students or non-traditional (to do so would have, at best, generated questionable results). However, it is possible, given the questions that were asked, to employ a proxy. At the end of the questionnaire the respondents were asked the time of day in which they prefer to take classes (morning, afternoon, or night). Part-time students preferred non-traditional class times (afternoon or night) by a large percentage (77.5%), while their full-time counterparts preferred morning (or traditional) class times (71.2%). Married students (46.7%) preferred non-traditional class times to a much greater extent than non-married students (29.9%). More of those students who provided their own funding (54.2%) preferred non-traditional class times than those who relied upon financial aid (36.7%). However, more financial aid recipients preferred non-traditional class times than students who relied upon relatives for their funding (26.6%). Additionally, students who preferred non-traditional class times were statistically significantly older (28.23 years) than those who preferred traditional morning classes (23.40 years, p= .000). Therefore, class time preference (traditional class times vs. non-traditional) appeared to be an appropriate proxy for classifying students as traditional or non-traditional.

Analysis of Variance (ANOVA) was used to determine if statistically significant differences existed between traditional and non-traditional students on the 32 choice criteria. Table 5 below reports the only statistically significant differences that were discovered. In each case, traditional students considered a particular criterion to be more important in their higher education choice than non-traditional students. This discussion of differences between the groups will be expanded once the underlying factors within the 32 criteria have been determined.

<table>
<thead>
<tr>
<th>TABLE 5: Choice Criteria Significant Difference Between Traditional and Non-Traditional Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice Criterion</td>
</tr>
<tr>
<td>Location</td>
</tr>
<tr>
<td>Availability of Financial Aid</td>
</tr>
<tr>
<td>Campus attractiveness</td>
</tr>
</tbody>
</table>
Factors Underlying the Choice Criteria

Many of the thirty-two criteria related to the same basic factor as other criteria. For instance, “Cost of attending the university compared to other 4-year institutions” measured the same basic underlying factor as “Cost of attending the university compared to 2-year community colleges.” Specifically, both questions tapped into a constant dealing with cost of attendance, or value. Hence, the scale was subjected to principal components factor analysis with varimax rotation to determine the minimum number of factors accounting for variance within each measure. The loading of a scale item on any factor was indicated by a minimum value of 0.40; and as suggested by Hair, Anderson, Tatham, and Black (1995), a minimum Eigenvalue of one was used as a criterion for creating the dimensions. The results of this factor analysis may be seen in Table 6 below. This analysis revealed 6 underlying factors within the total list of 32 items. Specifically, the factors discovered included an Academics factor, a Financial factor, a Community factor, a Recruitment factor, a Word-of-Mouth Communications factor, and a Campus Life factor. One item was not included, Job Placement, as it exhibited significant cross loading between multiple factors. Each of the new scales exhibited acceptable reliability, with the exception of the Financial factor scale. However, as this is essentially an exploratory study and given the relatively few questions asked regarding cost, it is deemed acceptable.

Once the underlying factor structure was determined, the scores for each of the items that tapped into a particular factor were summated and standardized as per Hair, et al (1995). This allowed the comparison of the factor means to determine which overall factors were most important in the students’ university selection choice. The results of this comparison (as may be seen in Table 7 below) indicated that Academics and Finances were most important in the students’ decisions. Community and Recruitment were somewhat important (basically at the scale mean), while Word-of-Mouth Communications and Campus Life did not appear to play important roles in the students’ decisions.

Choice Factor Differences Between Traditional and Non-Traditional Students

Both traditional and non-traditional students relied the most upon the Academics factor (mean traditional students = 3.93 and mean non-traditional students = 3.94; p = .876) and the Financial factor (mean traditional students = 3.81 and mean non-traditional students = 3.59; p = .012) in making their higher education choices. The difference on the Academics factor was not significant (it meant the same to both groups), while the difference on the Financial factor was significant (it meant more to traditional students than non-traditional).

Both groups relied to a lesser extent on the Recruitment factor (mean traditional students = 3.02 and mean non-traditional students = 2.99; p = .698), and the Community factor (mean traditional students = 3.07 and mean non-traditional students = 2.93; p = .024). As may be seen in these results, the groups were not significantly different regarding the importance of the Recruitment factor, but the Community factor meant more to the traditional students.

The Campus Life factor and the Word-of-Mouth Communications factor played a relatively minor role in the selection of the university by the 2 groups, and the differences between the groups are significant at the 0.10 level. However, Campus Life (mean traditional students = 2.55 and mean non-traditional students = 2.37; p = .060) and Word-of-Mouth (mean traditional students = 2.69 and mean non-traditional students = 2.52; p = .071) apparently meant more to the traditional students than their non-traditional counterparts.
TABLE 6:
Choice Factors with Individual Scale Reliabilities

<table>
<thead>
<tr>
<th>Factor Name</th>
<th>Factor Items</th>
<th>Factor Loadings</th>
<th>Scale Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academics</td>
<td>Academic Program Type</td>
<td>.723</td>
<td>.8243</td>
</tr>
<tr>
<td></td>
<td>Overall Reputation</td>
<td>.656</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Faculty Qualifications</td>
<td>.693</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Education Quality</td>
<td>.807</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Cost vs. 4-year Universities</td>
<td>.732</td>
<td>.6312</td>
</tr>
<tr>
<td></td>
<td>Cost vs. 2-year Community Colleges</td>
<td>.541</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Availability of Financial Aid</td>
<td>.673</td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Number of Students</td>
<td>.674</td>
<td>.8365</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.682</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Campus Attractiveness</td>
<td>.558</td>
<td></td>
</tr>
<tr>
<td></td>
<td>City Where Located</td>
<td>.707</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small classes</td>
<td>.762</td>
<td></td>
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<tr>
<td></td>
<td>Campus Safety</td>
<td>.537</td>
<td></td>
</tr>
<tr>
<td>Recruitment</td>
<td>Advising System</td>
<td>.605</td>
<td>.8674</td>
</tr>
<tr>
<td></td>
<td>Recruiter</td>
<td>.658</td>
<td></td>
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<tr>
<td></td>
<td>Advertisements</td>
<td>.699</td>
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<td></td>
<td>Printed Materials</td>
<td>.685</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Web Site</td>
<td>.715</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Admission Standards</td>
<td>.612</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest Expressed in Student</td>
<td>.535</td>
<td></td>
</tr>
<tr>
<td>Word-of-Mouth</td>
<td>Employer’s Advice</td>
<td>.552</td>
<td>.8738</td>
</tr>
<tr>
<td></td>
<td>College Friend’s Advice</td>
<td>.689</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High School Friend’s Advice</td>
<td>.808</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Relative’s Advice</td>
<td>.672</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High School Counselor’s Advice</td>
<td>.790</td>
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<td></td>
<td>High School Teacher’s Advice</td>
<td>.787</td>
<td></td>
</tr>
<tr>
<td>Campus Life</td>
<td>Social Activities</td>
<td>.760</td>
<td>.8853</td>
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<td></td>
<td>Campus Organizations</td>
<td>.788</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Arts &amp; Entertainment</td>
<td>.717</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intercollegiate Activities</td>
<td>.562</td>
<td></td>
</tr>
</tbody>
</table>

TABLE 7:
Ranked Means of the Choice Factors

<table>
<thead>
<tr>
<th>Choice Factor</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academics</td>
<td>699</td>
<td>3.92</td>
<td>0.919</td>
</tr>
<tr>
<td>Financial</td>
<td>654</td>
<td>3.72</td>
<td>1.103</td>
</tr>
<tr>
<td>Community</td>
<td>682</td>
<td>3.02</td>
<td>0.799</td>
</tr>
<tr>
<td>Recruitment</td>
<td>686</td>
<td>3.01</td>
<td>0.981</td>
</tr>
<tr>
<td>Word-of-Mouth Communications</td>
<td>668</td>
<td>2.62</td>
<td>1.138</td>
</tr>
<tr>
<td>Campus Life</td>
<td>678</td>
<td>2.48</td>
<td>1.197</td>
</tr>
</tbody>
</table>

LIMITATIONS

As with any marketing study that examines consumer behavior, this study does suffer from a few limitations. First, as the response rate was 23.83%, caution must be exercised in the interpretation of the results. Another limitation of this study is that some students were unaware that they had a student e-mail account (perhaps contributing to the low response rate). In addition, some students who were aware of their e-mail account rarely checked it for messages. This may be illustrated by the fact that two months after the end of the study, responses were still being received (albeit, only a few).
This study also relied upon self-reported data. Inherent in such data are problems such as social desirability bias, the halo effect, etc. In other words some of the respondents may not have been entirely truthful in their responses to some of the questions. Related to this is another limitation that involved the recording of the students' names and identification numbers. The recording of such personal identifying information (P.I.I.) was necessary in order to administer the textbook scholarship drawing, and the respondents were assured that this P.I.I. would be deleted prior to data analysis. However, it is possible that some of the respondents may have been concerned enough about this to cause them to be less truthful.

It is also important to note that this study was limited to one regional institution in the southern United States. No students at other regional universities or at major institutions were surveyed. Therefore, the generalizability of the results to regional universities in other sections of the nation and especially to institutions at major universities may be limited. Finally, this study was cross-sectional in nature, meaning that it recorded attitudes and perceptions at a single point in time. Older students may not have been able to completely recall the actual importance of various choice criteria due to the passage of time. Additionally, students next year, or 5 years from now might rely upon different choice factors in making their higher education selection.

**DISCUSSION AND IMPLICATIONS**

This empirical study indicates that the students of the regional university studied appear to have been attracted by the academic programs available, the quality of education, the university’s convenient location, and the low relative cost of attending the university. Conversely, the students do not appear to have been attracted by such peripheral aspects of the higher education environment as intercollegiate athletics, social activities available, and campus organizations. It also appears that the advertisements currently employed by the university are not fully addressing the needs of prospective students. Furthermore, many of the students appear to rely upon the availability of financial aid.

The results indicate that a body of prospective students may exist that the university studied is not currently effectively reaching, specifically, older, non-traditional students. Both groups of students (traditional and non-traditional) considered the Academics factor (such as the programs available, quality of the faculty and programs, etc.) to be the most important factor in their choice of a higher education institution. As the primary mission of most regional universities is education, this finding of no difference between the groups was to be expected. The Financial factor (i.e., cost of attendance, etc.) was also important in the respondents’ choices, but traditional students considered it to be more important than non-traditional students. As non-traditional students are generally regarded as being more responsible for providing their own funding, this finding was unexpected. However, a large percentage of the traditional students (64.6%) relied upon financial aid in their pursuit of a higher education. This may account for the greater importance these students placed upon the Financial factor.

Both groups were somewhat influenced by the Recruitment factor (i.e., advisement, advertisements, the college recruiter, etc.), as well as by the Community factor (i.e., the location of the university, the actual city where it is located, etc.). No significant difference existed between the groups on the Recruitment factor, but traditional students considered the Community factor to have played a greater role in their decision than non-traditional students. Again, this finding was somewhat unexpected as non-traditional students generally are more limited in their choice, based on location, by life factors such as their job location, having children, etc. However, a larger percentage of traditional students (21.3%) relied upon relatives for their funding than non-traditional students (13.3%). Thus, these results, when combined with the earlier discussion regarding financial aid, seem to indicate that the Community factor may be more important to traditional students due to both pressure from their relatives and the ability to live at home while pursuing their higher education.

Neither group found the Campus Life factor (social activities, intercollegiate athletics, etc.) or the Word-of-Mouth factor (advice of friends, high school counselors, etc.) to be particularly important in their higher education choice. Traditional students considered both to be slightly more important than their non-traditional counterparts. This is most likely due to these students’ youth and relatively smaller set of life experiences.

There are several implications for regional universities that may be derived from these findings. Potential students of such institutions (whether traditional or non-traditional) seem to find the central aspects of the higher educational process (academic programs, quality of education, etc.), as well as cost and availability of financial aid...
to be more important in their selection of a university to attend. These findings indicate that the primary focus of regional institutions’ promotional activities should be upon the quality of education, the convenience of attending the university, and the relatively lower cost compared to major universities in the area. Regional universities should carefully consider whether or not to include social factors like intercollegiate athletics in their promotions, as such factors do not appear to be significantly important in their potential students’ choices. Additionally, while many regional universities, rely upon Word-of-Mouth Communications to “spread the word” about the university, this appears to play a much less significant role in both traditional and non-traditional students’ selection process than previously thought.

There are also some significant implications for academic researchers that may be developed from this study’s findings. First, in order to improve the generalizability of the results, the study needs to be replicated across a broader set of universities. The findings might vary based upon geographic region, or even across institutions (regional vs. regional, or regional vs. major university). A second research implication relates to the correlation of various psychographic constructs with the choice criteria. For example, if the constructs of idealism and relativism were measured, one might expect idealists to be more attracted by factors such as quality of programs and faculty, while relativists might be more attracted by factors such as location, cost, etc. A third research implication is the differences one might discover between non-traditional and traditional students regarding the availability of distance education classes such as Internet-based courses and video courses. This study did not examine such classes; however, one would expect the non-traditional students might be more attracted by such higher convenience course alternatives.

CONCLUSION

The findings of this study indicate that regional higher education institutions that wish to maintain or grow current enrollment levels might well have an untapped secondary market among non-traditional students. In order to reach and attract such students, regional universities should focus their promotional activities upon elements such as the quality of education offered, the availability of academic programs, the availability of financial aid, and the value offered by a regional university education. By focusing their promotions upon such factors, regional universities may attract a higher number of non-traditional students, while still attracting their primary traditional student body.

REFERENCES


APPENDIX

Ranked Importance of the 32 Choice Criteria

<table>
<thead>
<tr>
<th>Choice Criterion</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of academic programs offered at the university</td>
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<td>1.058</td>
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</tr>
<tr>
<td>Overall quality of education offered by the university</td>
<td>714</td>
<td>4.06</td>
<td>1.109</td>
</tr>
<tr>
<td>Availability of financial aid or scholarship</td>
<td>716</td>
<td>3.84</td>
<td>1.231</td>
</tr>
<tr>
<td>The university’s overall reputation</td>
<td>716</td>
<td>3.73</td>
<td>1.220</td>
</tr>
<tr>
<td>Hospitality/friendliness to be found on the university’s campus</td>
<td>715</td>
<td>3.71</td>
<td>1.312</td>
</tr>
<tr>
<td>The university’s small class size</td>
<td>714</td>
<td>3.64</td>
<td>1.329</td>
</tr>
<tr>
<td>Qualifications of the university’s faculty</td>
<td>711</td>
<td>3.64</td>
<td>1.214</td>
</tr>
<tr>
<td>Physical attractiveness of the university campus</td>
<td>716</td>
<td>3.39</td>
<td>1.325</td>
</tr>
<tr>
<td>Admission standards at the university</td>
<td>716</td>
<td>3.38</td>
<td>1.298</td>
</tr>
<tr>
<td>The safety factor on the university campus</td>
<td>712</td>
<td>3.36</td>
<td>1.375</td>
</tr>
<tr>
<td>The interest the university showed in me</td>
<td>716</td>
<td>3.30</td>
<td>1.481</td>
</tr>
<tr>
<td>The university’s Web site</td>
<td>716</td>
<td>3.28</td>
<td>1.448</td>
</tr>
<tr>
<td>The community in which the university is located</td>
<td>716</td>
<td>3.27</td>
<td>1.379</td>
</tr>
<tr>
<td>Advice of parents and relatives</td>
<td>715</td>
<td>3.17</td>
<td>1.508</td>
</tr>
<tr>
<td>The university’s printed materials (brochures, program descriptions, etc.)</td>
<td>716</td>
<td>3.13</td>
<td>1.291</td>
</tr>
<tr>
<td>Number of students at the university</td>
<td>712</td>
<td>3.06</td>
<td>1.437</td>
</tr>
<tr>
<td>Cost of attending the university compared to 2-year community colleges</td>
<td>716</td>
<td>2.98</td>
<td>1.592</td>
</tr>
<tr>
<td>The university’s advising system</td>
<td>714</td>
<td>2.96</td>
<td>1.390</td>
</tr>
<tr>
<td>Advice of college friends</td>
<td>715</td>
<td>2.78</td>
<td>1.459</td>
</tr>
<tr>
<td>Job placement services offered at the university</td>
<td>713</td>
<td>2.64</td>
<td>1.439</td>
</tr>
<tr>
<td>The university’s campus organizations</td>
<td>715</td>
<td>2.62</td>
<td>1.394</td>
</tr>
<tr>
<td>Social activities on the university’s campus</td>
<td>715</td>
<td>2.61</td>
<td>1.405</td>
</tr>
<tr>
<td>Advice of high school teachers</td>
<td>714</td>
<td>2.54</td>
<td>1.522</td>
</tr>
<tr>
<td>Arts and entertainment available at the university</td>
<td>713</td>
<td>2.51</td>
<td>1.343</td>
</tr>
<tr>
<td>Advice of high school counselor</td>
<td>714</td>
<td>2.38</td>
<td>1.479</td>
</tr>
<tr>
<td>Advice of high school friends</td>
<td>715</td>
<td>2.33</td>
<td>1.372</td>
</tr>
<tr>
<td>Effectiveness of the university’s college recruiter</td>
<td>715</td>
<td>2.30</td>
<td>1.366</td>
</tr>
<tr>
<td>The university’s advertisements (radio, TV, billboard, etc.)</td>
<td>716</td>
<td>2.26</td>
<td>1.242</td>
</tr>
<tr>
<td>Employer’s advice</td>
<td>714</td>
<td>2.18</td>
<td>1.359</td>
</tr>
<tr>
<td>The university’s intercollegiate athletics</td>
<td>713</td>
<td>2.13</td>
<td>1.286</td>
</tr>
</tbody>
</table>
WINNING THE OUTCOME ASSESSMENT GAME: AN APPLICATION OF FAILURE MODES AND EFFECT ANALYSIS TO THE ASSESSMENT OF INSTITUTIONAL AND PROGRAM LEARNING OBJECTIVES

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DETAILED ABSTRACT

Assessment and accountability are playing major roles in the reform of higher education (Carnes, Awang and Robles 2004). Standards often form the basis for the development of competencies to be measured in student-learning outcomes (Christ 2004). Assessment needs have moved toward an analysis of learning outcomes against objectives and closing the loop (Barr and Tagg 1995). While outcome assessment is undeniably important, many schools are recognizing that they lack resources for adequate outcome assessment systems (Drinka, Voge and Yen 2005). In this environment of resource limitations, there are significant risks associated with the effort to simplify and manage the task of outcome assessment. There would be a significant benefit to institutions of higher education if methods could be created which would focus faculty attention on a critical few assessment measures where students were most at risk of not achieving learning objectives. Creating a method for improving assessment of learning goals is beneficial on multiple levels. The primary goal of this paper is to propose an adaptation of an engineering failure analysis model, Failure Modes and Effect Analysis (FMEA), to prioritize and then streamline academic outcome assessment. The use of engineering models in the assessment of learning goals is extremely relevant to business education, but the application also extends beyond business education to all programs faced with a need to assess the outcome of learning goals. FMEA has been applied broadly to industries including healthcare, manufacturing, aerospace, and services (Reid 2005).

Effective outcome assessment requires a method which will not only track patterns of good performance, but which also reveals patterns of poor performance and opportunities for improvement (Noponen 2005). An application of FMEA to academic outcome assessment will allow an institution or program to maintain a wide range of learning goals and stakeholder feedback sources because it allows goals to be treated differently. Those goals and feedback sources associated with higher risk programmatic concerns become the focus of faculty attention. Other worthwhile goals where improvement opportunities are not as significant and evident receive less attention. Once the loop is closed on high risk concerns, their relative importance decreases. Other concerns come to the forefront and become the focus of improvement efforts. FMEA prioritizes programmatic concerns using risk priority numbers (RPN). The numbers are the arithmetic product of three factors associated with any learning objective: 1) the severity of the outcome if the objective fails to be achieved, 2) the typical rate of occurrence of a failure and 3) the propensity for the failure to go undetected if it occurs. These three factors are often rated on a 1 to 10 scale, so the most important concerns have an RPN approaching 1000 and are very severe, occur frequently, and are likely to go undetected. In an academic setting, there are direct parallels. The first factor addresses the severity of a potential failure: the degree to which the identified area of learning is critical or imperative to student success. The second concern addresses the rate of occurrence of a failure: the potential causes and frequencies of failures are identified. Finally, the third consideration deals with propensity for the causes of failure to go undetected if they occur: the likelihood that a gap or weaknesses in a student will be detected prior to graduation. The scores on these three dimensions are then multiplied to find the RPN. Most organizations select a cut off score for RPNs in order to determine which programmatic concerns need attention and resources.

Since FMEA also elicits root cause information, it very naturally leads to the creation of strategies and tactics for improving performance. The use of FMEA strongly encourages the identification of potential problem areas and facilitates closing the loop. Additionally, the progressive nature of the scoring of goals allows a systematic method for prioritizing the learning goals which need immediate attention. After prioritized weaknesses in the system have been addressed, an institution can move to the next level or tier of objective weaknesses.
SELECTED REFERENCES


AN INVESTIGATION OF THE ENVIRONMENTAL BELIEFS AND ATTITUDES OF BUSINESS STUDENTS: A TWO-COUNTRY STUDY

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Diana Davila Ruiz, Tecnológico de Monterrey (ITESM), Carretera Lago de Guadalupe, Estado de México
Sudhir Tandon, Prairie View A&M University

ABSTRACT
Research indicates that concern for the environment has grown rapidly in recent years among environmental stakeholders, with the current imperative being compliance rather than choice. However, of late, environmental concern of business and marketing in the specific context of NAFTA has been found to be wanting. Furthermore, there is little research focus on the environmentally concerned beliefs and attitudes (ECBA) of potential business and marketing managers, and NAFTA players, namely business students. The purpose of this study is to conduct an empirical investigation of ECBA of business students, in two NAFTA member countries, the U.S.A. and Mexico. A survey of ECBA was conducted among students at two business schools, one in the U.S.A., and the other in Mexico (n= 435). Results evidence a significantly lower level of ECBA among business students in the U.S.A. compared to those in Mexico, on both the overall scale, and each of the 16 scale items. The study further examines potential causative factors that may account for such differences, and offers directions for future research.

INTRODUCTION
Concern for the environment has grown rapidly in the past decade (Bhuian, Muhmin and Kim 2001; Egri and Herman 2000; Polonsky 2001), with the imperative for environmental stakeholders like consumer groups, business and marketing, and government being strategy rather than compliance (e.g., Miles and Colvin 2000). However, in the context of the North American Free Trade Agreement (NAFTA), the environmental agenda been a topic of recent research interest, with some authors lamenting the increased power of “market actors” at the expense of environmental non-governmental organizations (e.g., Sanchez 2002). Such an approach presupposes a lack of congruence of environmental values as between business and marketing on the one hand, and environmental non-governmental organizations (ENGO’s) on the other. Further, the lament comes at a time when, driven by NAFTA protocols and the Association to Advance Collegiate Schools of Business (AACSB) (2001) standards, there is increased collaboration among business schools in the U.S.A. and Mexico. Whereas literature reflects the environmental concern among the major environmental stakeholders (Bhuian et al 2001, Joonas 2004, Miles and Covin 2000), there is sparse research attention on the environmental concern of business students (e.g., Bhuian 1997; Bhuian et al 2001). The purpose of this study is to investigate the similarities and differences in environmental beliefs and attitudes of business students in two NAFTA member countries, the U.S.A. and Mexico.

The significance of this study lies in the fact that business students are potential business decision-makers (Bhuian 1997; Bhuian et al 2001; Varadarajan and Thirunarayana 1995). In cognizance, AACSB (2001) mandates the incorporation of environmental sensitivity in business schools’ undergraduate and graduate curricula. Experience indicates that business education influences business students’ environmental attitudes and beliefs (Whitehead 1994, http://www.ucd.ie), which in turn affects the environmentally friendly behavior of business and marketing (Bhuian 1997; Bhuian et al 2001; Varadarajan and Thirunarayana 1995). Furthermore, in today’s economy, there is a need for compatibility of the knowledge base of a potentially global workforce. A comparison of the environmental beliefs and attitudes of business students in the two member countries of NAFTA would help identify and address informational lacunae in this area.

ENVIRONMENTALLY CONCERNED BELIEFS AND ATTITUDES (ECBA) CONSTRUCT
The underpinnings for ECBA lie in the means-ends theory of Rokeach (1973), which posits that motives can be explained by the underlying consequences, and personal values. In the area of environmentally concerned
behavior, the operative personal values (Rokeach 1973) would include, for instance, cleaner resources such as air, water, and land, while the underlying (negative) consequence would be environmental degradation experienced in the immediate and long term. This would be achieved by means of the production and consumption of goods and services that minimally compromise the environment.

The second stream to which ECBA can be traced is the expectancy value model (Fishbein and Ajzen 1975) and the theory of reasoned action (Ajzen and Fishbein, 1980). Attitude toward a behavior is determined by salient beliefs about the behavior, and the person’s evaluation (expectancy) of the outcome of that behavior (Ajzen and Fishbein 1980; Fishbein and Ajzen 1975); in sum, it is concerned with the causal antecedents of volitional behavior. The theory of reasoned action is based on the assumptions that human beings usually behave in a sensible manner; they take into account information available to them, and consider the consequences of their actions. Thus, people are expected to act in accordance with their intentions. Intentions are a function of personal and social determinants. The personal factor is the attitude toward the behavior, which is the individual’s positive or negative evaluation of performing the particular behavior of interest. Since people’s beliefs represent the information people have about themselves and the world around them, behavior is ultimately determined by information. In the light of the theory of reasoned action (Ajzen and Fishbein 1980; Fishbein and Ajzen 1975), ECBA represent the individual’s positive evaluation of behaviors such as preserving and conserving natural resources, restitution for violating the environment (e.g., paying extra taxes), or negative evaluations of behaviors such as compromising the environment. Furthermore, ECBA reflect the information that people have about local and global environmental issues.

An extension of the preceding was the theory of planned behavior, which explained that individuals and groups strive to order their beliefs in a consistent framework (Ajzen 1985, 1988) cognizant of a specific mode of conduct or end-state of existence that is personally or socially preferable (Rokeach 1973: 5). In the light of the theory of planned behavior, ECBA would pertain to the cognizance of the personally and socially preferable end-state of maintaining the integrity of the physical and natural environment through behaviors such as the conception, creation, distribution, consumption, and disposal of products and services. Attitudes towards such behaviors are driven by beliefs about these behaviors, and evaluation of the potential outcomes of the behaviors (Ajzen and Fishbein 1980; Fishbein and Ajzen 1975), such as the preservation and conservation of natural resources for the benefits therefrom.

The application of this general link between attitudes, intentions and behavior in relation to the environment, particularly in the development of measures to assess environmental concern, is seen in the early works on the subject (e.g., Dunlap and Van Liere 1978; Gooch 1995; Hallin 1995; Heberlein 1981, 1989; Stern, Dietz and Guagnano 1995; and Van Liere and Dunlap 1980). A special mention may be made here to specific contributions, viz. assessment of ECBA through the new environmental paradigm (Dunlap and Van Liere 1978), general awareness of consequences of environmental conditions (Stern et al 1995), the ethnographic approach (Hallin 1995), support for science and technology, and perception of local environmental conditions (Gooch 1995).

ECBA (also referred to as concern for the environment), comprise all the three components of the traditional consumer behavior model, i.e., cognitive, affective and behavioral; and several researchers have attempted to define them as such. For instance, environmental concern is a strong positive attitude towards preserving the environment, and a global attitude with indirect effects on behaviors through behavioral intentions (Crosby, Gill and Taylor 1981). Environmental concern attitude is a general concept that can refer to people’s feelings about many different green issues (Zimmer, Stafford and Stafford 1994). Some writers have referred to “ecological concern”, which refers to the degree of emotionality, the amount of specific factual knowledge, the level of willingness, as well as the extent of the outcomes of these (like behavioral intent, recycling behavior, and purchase intent) on pollution-environment issues (Maloney and Ward 1973).

The importance of ECBA lies in a two-fold association. Firstly, at the individual level, ECBA comprise a key psychological determinant of environmentally concerned consumer behavior (ECCB). These include consumers’ search for information, conserving behavior, supporting intent, and purchase behavior (e.g., Minton and Rose 1997). Secondly, at the organizational level, ECBA are carried forward into the realm of managerial decision-making (e.g., Egri and Herman 2000). In sum, it can be said that ECBA have direct implications for the various environmental stakeholders: for consumers in crystallizing their individual and group aspirations; for business and marketing in strategy formulation and implementation; and for government in public policy issues (Joonas 2004).
Below is described the methodology adopted for the present study.

**Methodology**

Instrument: A voluntary, anonymous, objective type, paper-and-pencil survey was used. The accompanying cover letter from the researcher stated the objectives of the survey, and the confidential nature of the findings. A Spanish translation was prepared with the help of three qualified independent translators, pre-tested among some graduate students at the school in Mexico, and revised before administration.

Measures: The construct “environmental beliefs and attitudes” was measured with a scale from Minton and Rose (1997), which reported Cronbach’s $\alpha = .95$. The scale comprised 16 items, rated on a seven-point Likert-type scale, with 1 representing “strongly disagree” (very low) and 7 representing “strongly agree” (very high), with 4 representing neither agree nor disagree (indifference). Thus, on a particular item, a score of 6 would be interpreted as “high”, 5 as “moderately high”, 3 as “moderately low”, and 2 as “low”. In an attempt to screen out the extraneous effects of demographics, student age, school affiliation, and student standing were used as “control variables”.

Sample size and selection: The survey was administered to 435 students in two business schools, one in the U.S.A. (n=218), the other in Mexico (n=217), both serving educational constituents contiguous to a large metropolitan area, and currently undergoing accreditation with AACSB. The survey was conducted during summer 2005, in randomly selected classes, by class instructors, yielding a return rate of almost 100 per cent in both schools.

Statistical analysis: Data were collated and analyzed with the use of SPSS software. Reverse coded items were rectified. Missing values were substituted by “trend at a point”. All control variables were dummy coded e.g., for gender, male= zero, female= one. The results were summarized, and scale reliability was confirmed. Data were analyzed through a comparison of means, standard deviations, and t-tests, as described in subsequent sections.

**Results**

Description of the Sample: The combined sample was almost equally divided among males and females (U.S.A. males 54 per cent, Mexico males 45 per cent). The median age was 21-23 years (combined sample 62 per cent, U.S.A. 60 per cent, Mexico 68 per cent.). In the combined sample, 86 per cent of students were undergraduates (U.S.A. 75 per cent, Mexico 97 per cent), and the rest were graduates (Table 1).

Table 1

<table>
<thead>
<tr>
<th>Description of the sample</th>
<th>U.S.A. school</th>
<th>Mexico school</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td>Frequency</td>
</tr>
<tr>
<td>Gender male</td>
<td>117</td>
<td>53.7</td>
<td>98</td>
</tr>
<tr>
<td>female</td>
<td>101</td>
<td>46.3</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>218</td>
<td>100.0</td>
<td>217</td>
</tr>
<tr>
<td>Age 18-20 years</td>
<td>25</td>
<td>11.5</td>
<td>36</td>
</tr>
<tr>
<td>21-23 years</td>
<td>124</td>
<td>56.9</td>
<td>147</td>
</tr>
<tr>
<td>24 years and over</td>
<td>69</td>
<td>31.7</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.0</td>
<td>Standing</td>
</tr>
<tr>
<td>----------------</td>
<td>--------</td>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>undergraduate</td>
</tr>
<tr>
<td>Total</td>
<td>218</td>
<td>100.0</td>
<td>217</td>
</tr>
<tr>
<td>Standing</td>
<td></td>
<td></td>
<td>graduate</td>
</tr>
<tr>
<td></td>
<td>164</td>
<td>75.2</td>
<td>211</td>
</tr>
<tr>
<td></td>
<td>54</td>
<td>24.8</td>
<td>6</td>
</tr>
</tbody>
</table>

Scale Reliability: The 16-item ECBA scale Reliability was assessed through item-total correlations and coefficient $\alpha$. With $n=16$, $F=27.510$, $p=.000$, the scale yielded Cronbach’s $\alpha$ of .939, compared to $\alpha=.95$ reported by Minton and Rose (1997). Item-total correlations were between .554 and .780 (Table 2).

Table 2
Reliability Analysis: ECBA Scale

<table>
<thead>
<tr>
<th>Item</th>
<th>Corrected Item-Total Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>N= 435, Scale n= 16, F= 27.510, p= .000</td>
<td>.939</td>
</tr>
<tr>
<td>ECBA1 I think we are not doing enough to save scant natural resources from being used up.</td>
<td>.632</td>
</tr>
<tr>
<td>ECBA2 Natural resources must be preserved even if people must do without some products.</td>
<td>.514</td>
</tr>
<tr>
<td>ECBA3 I feel sorry that the government does not do more to help control pollution of the environment.</td>
<td>.708</td>
</tr>
<tr>
<td>ECBA4 Much more fuss is being made about air and water pollution than is really justified (reverse coded).</td>
<td>.554</td>
</tr>
<tr>
<td>ECBA5 I feel angry and frustrated when I think about the harm being done to plant and animal life by pollution</td>
<td>.683</td>
</tr>
<tr>
<td>ECBA6 I feel the government should devote more energy toward supporting conservation and environmental programs.</td>
<td>.780</td>
</tr>
<tr>
<td>ECBA7 Consumers should be interested in the environmental consequences of the products that they purchase.</td>
<td>.757</td>
</tr>
<tr>
<td>ECBA8 Consumers should pay higher prices for the products which pollute the environment.</td>
<td>.568</td>
</tr>
<tr>
<td>ECBA9 Non-recyclable containers should be taxed to reduce waste.</td>
<td>.615</td>
</tr>
<tr>
<td>ECBA10 The government should be required to use recyclable materials in their operations whenever possible.</td>
<td>.766</td>
</tr>
<tr>
<td>ECBA11 Manufacturers should be required to use recyclable materials in their operations whenever possible.</td>
<td>.774</td>
</tr>
</tbody>
</table>
ECBA12 Commercial advertising should be required to mention the disadvantages of products.  
ECBA13 Products which pollute the environment during manufacture or consumption should be taxed.  
ECBA14 Public schools should require all students to take a course dealing with the environment and conservation problems.  
ECBA15 I feel angry and frustrated when I think of the ways industries are polluting the environment.  
ECBA16 Environmental problems are overrated and do not concern me (reverse coded).  

Comparison of Means: The means, t-values, and significance levels for the 16 items on the ECBA scale and the summated score SUMECBA are shown below (Table 3).

Table 3  
Means, Standard Deviations and t-Tests  
N (U.S.A.) = 218, N (Mexico) = 217

| Item   | School  | t-value | Sig. | 2- | Mean  | Std. Deviation | t-Test for equality of means  
|--------|---------|---------|------|----|-------|----------------|-----------------------------  
|        |         |         |      |    |       |                | Equal variance assumed df= 433  
| ECBA1  | U.S.A.  | -7.970  | .000 |   | 4.708 | 1.2857         |                              
|        | Mexico  | 5.797   |      |   | 1.5532 |                |                              
| ECBA2  | U.S.A.  | -2.019  | .044 |   | 4.788 | 1.3581         |                              
|        | Mexico  | 5.078   |      |   | 1.6297 |                |                              
| ECBA3  | U.S.A.  | -3.847  | .000 |   | 5.161 | 1.4581         |                              
|        | Mexico  | 5.733   |      |   | 1.6394 |                |                              
| ECBA4  | U.S.A.  | -4.885  | .000 |   | 5.094 | 1.2776         |                              
|        | Mexico  | 5.727   |      |   | 1.4222 |                |                              
| ECBA5  | U.S.A.  | -3.477  | .001 |   | 4.743 | 1.3157         |                              
|        | Mexico  | 5.254   |      |   | 1.7227 |                |                              
| ECBA6  | U.S.A.  | -6.120  | .000 |   | 4.894 | 1.5005         |                              
|        | Mexico  | 5.800   |      |   | 1.5848 |                |                              
| ECBA7  | U.S.A.  | -5.033  | .000 |   | 5.078 | 1.3673         |                              
|        | Mexico  | 5.779   |      |   | 1.5326 |                |                              
| ECBA8  | U.S.A.  | -5.429  | .000 |   | 4.203 | 1.7401         |                              
|        | Mexico  | 5.120   |      |   | 1.7807 |                |                              
| ECBA9  | U.S.A.  | -7.139  | .000 |   | 4.168 | 1.7679         |                              
|        | Mexico  | 5.378   |      |   | 1.7678 |                |                              
| ECBA10 | U.S.A.  | -5.507  | .000 |   | 5.191 | 1.5589         |                              
|        | Mexico  | 6.014   |      |   | 1.5560 |                |                              
| ECBA11 | U.S.A.  | -5.187  | .000 |   | 5.326 | 1.5025         |                             

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Overall, ECBA were moderately high in the U.S.A., significantly less than the high score in Mexico (U.S.A. mean= 4.783, Mexico mean= 5.640, t=-3.902, p=.000). The belief that not enough is being done to save scant natural resources from being used up, was moderately high in the U.S.A., and high in Mexico, where it was significantly higher (U.S.A. mean= 4.708, Mexico mean= 5.797, t=-7.970, p=.000). In both countries, there was a moderately high belief that natural resources must be preserved even if people must do without some products (U.S.A. mean= 4.788, Mexico mean= 5.078), with the Mexico mean being significantly higher (t=-2.019, p=.044). In Mexico, there was a moderately high regret that the government does not do more to help control pollution of the environment, compared to the high regret in Mexico, which was significantly higher (U.S.A. mean= 5.161, Mexico mean= 5.733, t=-3.847, p=.000).

The (reverse coded) statement that much more fuss is being made about air and water pollution than is really justified, had a moderately high rejection in the U.S.A., compared to the high rejection in Mexico, which was significantly higher (corrected mean: U.S.A.= 5.094, Mexico= 5.797, t=-4.885, p=.000). In both countries there were high feelings of anger and frustration at the thought of the harm being done to plant and animal life by pollution, with such feelings being significantly higher in Mexico (U.S.A. mean= 4.743, Mexico mean= 5.254, t=-3.477, p=.001). In the U.S.A., there was a moderately high feeling that the government should devote more energy toward supporting conservation and environmental programs, compared to the high feeling in the Mexico, which was significantly higher (U.S.A. mean= 4.894, Mexico mean= 5.800, t=-6.120, p=.000). In the U.S.A., there was a moderately high belief that consumers should be interested in the environmental consequences of the products that they purchase, compared with a high belief in Mexico, which was significantly higher (U.S.A. mean= 5.078, Mexico mean= 5.779, t=-5.003, p=.000).

Additionally, in the U.S.A., there was marginal indifference to the belief that consumers should pay higher prices for the products that pollute the environment, compared to the moderately high belief in Mexico, which was significantly higher (U.S.A. mean= 4.203, Mexico mean= 5.120, t=-5.429, p=.000). There was marginal indifference in the U.S.A. to the belief that non-recyclable containers should be taxed to reduce waste, compared to the high belief in Mexico, which was significantly higher (U.S.A. mean= 4.168, Mexico mean= 5.378, t=-7.139, p=.000). In the U.S.A., there was a moderately high belief that the government should be required to use recyclable materials in their operations whenever possible, compared to the high belief in Mexico, which was significantly higher (U.S.A. mean= 5.191, Mexico mean= 6.014, t=-5.507, p=.000). There was a moderately high belief in the U.S.A. that manufacturers should be required to use recyclable materials in their operations whenever possible, compared to the high belief in Mexico, which was significantly higher (U.S.A. mean= 5.326, Mexico mean= 6.078, t=-5.187, p=.000).

Furthermore, in the U.S.A., there was a moderately high belief that commercial advertising should be required to mention the disadvantages of products, compared to a high belief in Mexico, which was significantly higher (U.S.A. mean= 4.656, Mexico mean = 5.575, t=-5.662, p=.000). There was a moderately high belief in the U.S.A. that products which pollute the environment during manufacture or consumption should be taxed, compared
to the high belief in Mexico, which was significantly higher (U.S.A. mean = 4.619, Mexico mean = 5.737, t = -6.810, p = .000). In the U.S.A., the belief that public schools should require all students to take a course dealing with the environment and conservation problems had a marginally indifferent rating, compared to the high rating in Mexico, which was significantly higher (U.S.A. mean = 4.238, Mexico mean = 5.756, t = -9.432, p = .000). Anger and frustration when thinking of the ways industries are polluting the environment, were moderately high in the U.S.A., compared to the high rating in Mexico, which was significantly higher (U.S.A. mean = 4.651, Mexico mean = 5.677, t = -5.919, p = .000). Subjects in the U.S.A. expressed a moderately high disagreement with the (reverse-coded) statement that environmental problems are overrated and did not concern them, compared to high disagreement in the Mexico, which was significantly higher. (corrected mean: U.S.A. mean = 5.009, Mexico = 5.878, t = -5.780, p = .000).

**Discussion**

Results evidenced that the only common ground among business students of both the U.S.A. and Mexico was a moderately high belief that natural resources must be preserved even if people must do without some products. On the balance 15 of the 16 ECBA scale items, a significant polarization was observed between the two countries. Among the environmental beliefs and attitudes with comparatively low differences between the U.S.A. and Mexico samples, were three items pertaining to personal feelings and concern for the environment, such as feelings regret, anger, and frustration in relation to the environmental neglect.

The differences between the two samples came into sharper focus in beliefs and attitudes concerning the public realm, i.e., in areas that call for action from other environmental stakeholders. These environmental stakeholders and their projected interventions are listed below in increasing strength of differences in the beliefs and attitudes between the two samples:

A. consumer groups as the key driving force of demand, directing resources towards pro-environmental goods and services (e.g., displaying interest in the environmental consequences of the products they purchase, pay higher prices for products that pollute the environment),

B. business and marketing as the key supply-side constituents, responding to demand through conceptualization and implementation of strategy (e.g., using recyclable material wherever possible, desisting from environmental pollution, making appropriate disclosures about harmful products in advertising),

C. the government as the key public stakeholder, taking policy and planning initiatives (e.g., devoting more energy to environmental preservation, taking appropriate steps toward control of air and water pollution, using recyclable material wherever possible),

D. public educational institutions, as the catalytic change agent, delivering environmental knowledge (e.g., public school students should be required to take coursework regarding the environmental awareness), and

E. the need for (concerted) action (by the all above stakeholders) to save scant natural resources.

The last two items revealed the sharpest contrast prevalent in ECBA between the U.S.A. and Mexico, culminating in the overall environmental beliefs and attitudes (SUMECBA).

What causative factors might be responsible for the differences in environmental beliefs and attitudes in the two countries? One factor might be the differences in cultural orientation of the students under study. The role of cultural values in the formation of beliefs and attitudes, particularly collectivist orientation, has been discussed at length, for instance in terms of Hofstede’s typology (1980, 1997, and 2001), as well as empirically evidenced (e.g., Joonas 2004; Ling-yee 1997). By Hofstede’s typology, the U.S.A. had an Individualism (IDV) rating of 91, and was described as the most individualistic society among the sample of countries, with IDV having the highest rating among the five dimensions measured. In contrast, Mexico with an IDV rating of 30 was described as a collectivist society, with IDV having the lowest rating among the four cultural dimensions measured.

Collectivist orientation is a socio-cultural value, described in terms of cooperation, helpfulness, and consideration for group goals, in this case, placing a higher value on preserving common community resources, over personal needs and desires of consumption. Collectivism pertains to societies in which people from birth onwards are integrated into strong, cohesive in-groups. Many of the environmental behaviors, such as the dissemination of knowledge regarding products and services, conservation programs, recycling programs, and raising organizational support, are conducted in groups with family-like ties among individuals who are not biological relatives.
Additionally, in a collectivist society, there is intense social contact, hence maintaining harmony is of paramount importance in all facets of life. Thus, preserving and protecting the environmental resources would comprise a route to maintaining social harmony. Collectivist societies are described as “shame” cultures, and violating the integrity of the environment would result in “loss of face” for both, the transgressing member, and the family, while upholding the integrity of the environment would elevate both member and family to honor status (Hofstede 1997). In the collectivist society, members have other-dependent lifestyles, and rely on the social network as the prime source of information, as is often demanded by environmental affiliations. Additionally the social structure of a collectivist society (Hofstede 2001) in several ways parallels that of an environmentally enlightened community.

In addition to collectivist orientation, an explanation for the differences between the U.S.A. and Mexico samples might be found in institutional theory, which posits that institutional norms originating from public opinion, educational systems, professions, ideologies, certification and accreditation bodies (Scott, 1987), act as unwritten rules of proper social conduct to which organizations must adhere. The role of educational institutions in inculcating environmental values in business students has also been theorized and empirically evidenced in current research (e.g., Bhuian 1997; Bhuian et al 2001; Varadarajan and Thirunarayana 1995; Whitehead 1994; http://www.ucd.ie). Furthermore, AACSB (2001: 17) lays down the standards relating to environmental issues for business school accreditation:

“C.1.1: Both undergraduate and graduate curricula should provide an understanding of perspectives that form the context for business. Coverage should include… the influence of political, social, legal and regulatory, environmental and technological issues…”

INTERPRETATION: The perspectives indicated above might be addressed via individual courses with titles that explicitly identify the perspective being treated. However, it is not the intent of this standard to require a separate course for any one or for any combination of these perspectives. Schools may approach any or all of these topics by interweaving them throughout other required curricular elements.”

The dissemination of knowledge relating to environmental perspectives, including environmental ethics, legal requirements, and strategic managerial aspects of processes, products, waste disposal, distribution, promotion, might be achieved through core business courses. While a more focused channel, particularly in the context of international business, would include courses in international management and marketing, the role of bodies interlinked with business schools, such as Centers for International Business and Education and Research (CIBER’s), and Small Business Development Centers (SBDC’s) cannot be underestimated. The latter are strategically placed for the dissemination of environmental knowledge at a dual level: in business education, as well as through networking with media.

The sections below cover the limitations of the current study, directions for future research, and conclusions.

Limitations

The current research is not free from limitations. Firstly, compared to the U.S.A. sample, the Mexico sample comprised a marginal proportion of graduate students. To that extent, results may not be strictly comparable between the two schools. Secondly, the sample included only one educational institution in each country. This is likely to restrict the generalizability of the study.

Directions for Future Research

An extension exercise, including a larger number of schools in each country, would be in order. Additionally, the student profile would be better approximated through a stratified sample. Further, there is a need to study the causative factors responsible for the making of environmental beliefs and attitudes, such as collectivist orientation, and quality of environmental education. Additionally, the inclusion of control variables such as nature of the school funding (public or private), school size, level of environmental education, and AACSB accreditation status would shed light on the role of demographics. Obtaining some data from Canada would offer a comparative picture with reference to the overall green agenda of NAFTA. Finally, a longitudinal study would help track long-term changes in the environmental beliefs and attitudes of business student cohorts.

Conclusions
The results of this study evidence that overall, environmental beliefs and attitudes are stronger among business students in Mexico than in the U.S.A. There is a need for continued focused and formalized strengthening of ECBA among business students through increased dissemination of environmental knowledge, utilizing the medium of educational institutions in both countries, especially the U.S.A. Improved levels of ECBA would inculcate a shared value orientation among potential stakeholders, to strengthen an alignment with the green agenda of NAFTA.

REFERENCES


LANGUAGE OF LEARNING

Wayne E. Ballentine, Prairie View A & M University

INTRODUCTION

A visit to today’s colleges and universities reveals a student body that is generationally and culturally diverse. Today in our urban institutions, we can have four generations sharing classes. This can present unique challenges to both the students and the instructor.

We all know the inter-dynamics of parents, grandparents and young persons. Imagine what happens when those attitudes, learning styles and group dynamics enter today’s classroom. While traditional instruction is put forth and received, its measure of success is easily, and often, questioned. The participants in the intergenerational classroom learn in very different ways even to the point of being diametrically opposed to one another. This paper proposes to look at what is transpiring in this particular classroom setting and what can be done about it.

Given the different and competing styles which characterize the intergenerational learning experience, can an instructor develop successful methods of instruction for his/her students?

Like electricity, instructors and students prefer the path of least resistance. Reviewing the literature and history concerning intergenerational learning styles, adult learning and experiential learning should present clues to the intergenerational and instructional aspects of the question as stated.

While certain portions of this study are universal, the information presented here is aimed at multi-generational classrooms and the methods or scenarios that create successful instruction within them.

To explore whether the assumptions being made about this relationship are valid, the author employs a convenience sample of personal attitudes from faculty and management classes from the University of Houston (main campus), Prairie View A & M University and University of Houston – Downtown regarding their experiences in intergenerational classrooms. Since these schools contain multi-generational and multi-cultural student bodies, this survey should provide a reasonable insight from which to develop conclusions, or at least, a direction for further inquiry.

Reviewing the literature and history concerning intergenerational learning styles, adult learning and experiential learning should present a perspective from which the investigation of working with adult learners was derived. These indicators will help develop both aspects of the question posed and demonstrate a potential link that should benefit the instruction of intergenerational groups.

Multi-generational, as a term, can be applied to any campus. Therefore, the author will define the context in which the term is being used in this study. The study also looks at the factors that suggest the potential solution presented from both the history of adult learning and the findings generated.

ACCEPTED GENERATIONAL DESCRIPTORS

To define the different Intergenerational Learners, it is necessary to identify the population differences using the following descriptors:

- Veterans/ Silent Generation (1922 – 1946) make up America’s wealthiest citizens. They are serving as the heads of households in many of the Baby Boomers single-parent families. (Howe & Strauss, 2000) Grandparents are providing day care and often raising their grandchildren in their own homes. They lived through the Great Depression, survived WW II and endured hardships. This generation believes in lifetime employment, company loyalty, corporate seniority and paying one’s dues to gain respect. They created the successful management style that is still in place today in most major corporations.

Baby Boomers (78 million individuals born from 1946 – 1964) are as radically dissimilar to their parents as they are to their children (the Gen Xers). Ken Dychtwald, in Age Power, describes Baby Boomers as “not just populating life stages or consumer trends, but transforming them in new directions. Boomers did not just date, they transformed sex roles and practices. They did not just “go to the doctor, they transformed healthcare” (Dychtwald, 1999).

They are optimistic workaholics striving for “self-actualization.” Boomers grew up with mom at home, Elvis Presley, prayer in school, in an America that was the home of the brave and land of the free. They arrive at work early and leave late (the longer the day, the higher the pay) and visibility is their key to success. Boomers appreciate teamwork.

Baby Boomers delayed having a family until they achieved personal and professional accomplishments, planned parenting using fertility drugs rather than normal conception (Howe & Strauss, 2000). They live in a situation between their parents living with them and their children returning to their home creating the “clustered nest” according to (Kingsmill and Schlesinger, 1998).

Gen Xers (44 million person population 1965 – 1980) tend to be economically conservative, invest in personal development rather than the organization’s growth. They are a generation without heroes, who have learned to fend for themselves and as “latch-key kids” they became self reliant. To date, they have excelled in underachievement according to all societal perceptions (Howe & Strauss, 2000).

Zemke et al in Generations at Work ask, “Breathes there a cohort group with a soul more dark or with such an edgy skepticism about them?” This generation’s students are characterized as selfish, apathetic, complaining and alienated (Howe & Strauss, 2000).

Overall, Generation X workers are seen not only as technology literate, but also adaptable. However, they are said to require “flexible hours, informal work environment and hands-off supervision” (Zemke, Raines and Filipczak, 2000).

Millennials (68 million men and women also known also known as Gen Y ‘Why’, Gen NeXers, Echo Boomers, Digital and the Net Generation [Netters] 1982 – 2005.) Millenials are just beginning to enter colleges, the workforce and society. They are bringing with them a new set of attitudes, values and beliefs. This generation is better educated (across all ethnicities and economic areas of society), more creative and far more techno-savvy than all previous generations.

Howe & Strauss (2000) call Millennials the “found” generation. They are the most cared for, optimistic, cooperative, team-players, accept authority, rule followers and cutting-edge technologists that our society has known. Interestingly, this group prefers the label of “the Millenials” four to one from a survey conducted with the Class of 2000 over the ones mentioned earlier. (Howe & Strauss, 2000)

Significantly, Milenials have demonstrated a return to the Silent Generation’s values and beliefs, identifying strongly with their grandparent’s generation (Zemke et al, 2000). This group is seen as “optimistic, independent yet good at collaboration, technologically savvy and good at multi-tasking” (Tapscott, 1998).

According to the Society for Human Resource Management, today’s workforce is comprised of 10% Veterans, 44% Baby Boomers, 34% Gen Xers and 12% Millennials. Greater understanding of the generational impact on society can be achieved, if one considers that these groups are at different stages in their life cycles. While it appears to be very straightforward, it is important to note differences stem from formative experiences; different generational values including learning, personal development, family life and personal needs.

Susan El-Shamy states, “Boomers use computers and surf the net, we seldom go anywhere without our cell phones and/ or pagers, and the younger Boomers among us can be seen with personal digital assistants (PDAs) and digital cameras. However, our use of technology in the classroom is minimal. The most that many of us Boomer-age instructors have done to keep up with technology is to transfer our overhead transparencies to multicolored PowerPoint presentations. Our basic approach to and style for delivering instruction has remained relatively unchanged ….” (El-Shamy, 2004)
On the other hand, Gen Xers and the Millennials grew up learning with Big Bird and Bert and Ernie. As toddlers they played electronic games and, by from seven to nine, they had moved to Nintendo. This moved them to a wide variety of fast-paced, increasingly sophisticated video and computer games. Members of these groups have had computers in their classrooms (often from kindergarten on; certainly from high school for Gen Xers). Many Millennials learned to write by keyboarding so computers are all they have known.

Research conducted in 2002 by the Interactive Digital Software Association looked into the computer game-playing habits of U.S. residents ages six and over. They found that 50% of them play computer games. This report also states that over 221 million computer and video games were sold in the U.S. during 2002, amounting to sales of over $6.9 billion (IDSA 2003). One could easily suggest that this concentration of behavior has its affect on the population.

Steve Jones, senior research fellow, at the Pew Internet and American Life Project studied college age students in 2003. He reported in July of that year, “70% college students’ used video, computer and online gaming. Amazingly, they stated that 65% of the time they participated on a regular or very frequent basis.” (Jones, 2003)

Marc Prensky describes Millennials, our current students and future workers, as “being raised with a different set – a digital set – of key formative experiences” (Prensky, 2001).

Prensky identifies the generational divide as “Digital Natives – anyone under the age of 30 and the Digital Immigrant – those over the age of 30” (Prensky 2001). This becomes very important if one accepts his premises and follows the reasoning he presents.

In the first of two articles titled, Digital Natives, Digital Immigrants, Prensky states, “Today’s students have not just changed incrementally from those of the past, nor simply changed their slang, clothes, body adornments, or styles, as has happened in generations previously. A really large discontinuity has taken place. One might even call it a ‘singularity’ – an event which changes things so fundamentally that there is absolutely no going back. This so-called singularity is the arrival and rapid dissemination of digital technology in the last decades of the twentieth century.”

“These students – K through college – represent the first generations to grow up with this new technology. They have spent their entire lives surrounded by and using computers, videogames, digital music players, video cams, cell phones and all the other toys and tools of the digital age. Today’s average college graduates have spent less than 5,000 hours of their lives reading, but over 10,000 hours playing video games and 20,000 hours watching television. Computer games, e-mail, the Internet, cell phones and instant messaging are integral parts of their lives.”

“It is clear now that as a result of this ubiquitous environment and the sheer volume of their interaction with it, today’s students (Millenials) think and process information fundamentally differently from their predecessors. … ‘Different kinds of experiences lead to different brain structures,’ says Dr. Bruce D. Berry, Baylor College of Medicine. Part II of this paper explains, ‘it is likely that our students’ brains have physically changed -and are different from ours – as a result of how they grew up’ (Prensky, 2001).

Moving to the next portion of his article, Prensky explains in Digital Native, Digital Immigrant, Part II, “I discussed how the differences between our Digital Natives and their Digital Immigrant teachers lie at the root of a great many of today’s educational problems. I suggested that Digital Natives’ brains are likely physically different as a result (of the vast amounts) of digital input they received growing up. And I submitted that learning via digital games is one good way to reach the Digital Natives in their “native language.” The old idea that we have a fixed number of brain cells that die off one-by-one has been replaced by research showing that our supply of brain cells is replenished constantly. The brain constantly reorganizes itself all our child and adult lives, a phenomenon known as neuro-plasticity.

“Here I present evidence for why I think this is so. It comes from neurobiology, social psychology and from studies done on children using games for learning.”

“Children raised with the computer ‘think differently from the rest of us. They develop hypertext minds. They leap around. It’s as though their cognitive structures were parallel, not sequential.’ Linear thought processes that
dominate educational systems now can actually retard learning for brains developed through game and Web-surfing processes on the computer.”

“Some have surmised that teenagers use different parts of their brain and think in different ways than adults when at a computer. We know that it goes even further – their brains are almost certainly physiologically different. But these differences, most observers agree, are less a matter of kind than a difference of degree.”

“While these individual cognitive skills may not be new, the particular combination and intensity is. We have a new generation with a very different blend of cognitive skills than its predecessors – the Digital Natives” (Prensky, 2001).

If one considers these learners with their constant use of computers and the internet; and, the other digital devices that make up their world, it becomes very clear about how they prefer to learn, learn best and consider the most comfortable learning style.

“When senior citizens, Baby Boomers, Generation Xers and Millennials enroll in the same class, chances are excellent the instructor trying to appeal to everyone might feel like pulling her or his hair out.” (Keen, 2002) This challenge for the instructor occurs because different generational groups have different, and often, completely opposite learning styles.

An example of this is that Veterans and Boomers like leisurely, even paced, lecture and text-oriented methods that focus on content. Gen Xers and Millennials prefer fast-paced, short bursts of information with increased interaction and the ability to somehow make connections to something they already know. Knowing these facts, the instructor ought to ask, “How can I effectively develop instruction that gives the most benefit to the greatest number of students in all my classes?”

It is believed that parts of the answer are presented in the literature concerning adult learning theory, experiential learning and its subset, problem-based learning.

THEORIES OF ADULT LEARNING

According to the “International Encyclopedia of Education,” adult learning, today, should be critically examined through the four major research areas; self-directed learning, critical reflection, experiential learning and learning to learn. Each has been proposed as unique and exclusive adult processes. (Brookfield, 1995) Yet, a closer examination implies that they are facets of the same concept. Contextually, attempting to separate these areas diminishes the interrelationship of their functions to the whole.

A study of educational literature shows that much of adult learning is based on the work of Carl Rogers, a psychologist, who “distinguished two types of learning: cognitive (meaningless) and experiential (significant). The former corresponds to academic knowledge such as learning vocabulary or multiplication tables and the latter refers to applied knowledge such as learning about engines in order to repair a car. The key to the distinction is that experiential learning addresses the needs and wants of the learner.” Rogers was a believer in the “whole self,” in that he did not consider the parts. This could explain why he felt that “cognitive learning” was meaningless since it was a part of a learning experience not a separate function (Rogers 1959).

What makes this observation significant is that experiential learning requires personal involvement, it is self-initiated, evaluated by the learner and has pervasive effects on that learner. Thus, the learner owns the complete package in this endeavor. Hence, one could expect the learner to retain more. This creates a basis for self-directed learning. It also demonstrates the importance of critical reflection and learning to learn. All of these forms combine to generate “experiential learning.”

Experiential learning led to Malcolm Knowles’ concept of andragogy, his attempt to develop a specific theory for adult learning. “Andragogy makes the following assumptions about the design for learning: (1) adults need to know why they need to learn something, (2) adults need to learn experientially, (3) adults approach learning as problem-solving and (4) adults learn best when learning is of immediate value.” (Knowles 1975) Translated into action, andragogy focuses instructors’ attention on the instructional process rather than the content being taught. “Strategies
such as case studies, role playing simulations and self-evaluation are most useful. Instructors adopt the role of facilitator or resource rather than lecturer or grader” (Knowles 1975).

K. Patricia Cross introduced her Characteristics of Adults as Learners (CAL) model in 1981. She applied it to the context of lifelong learning. “The model attempts to integrate the theoretical frameworks for adult learning such as andragogy, experiential learning and lifespan psychology. The CAL model consists of two classes of variables: personal characteristics and situational characteristics.” (Cross 1981)

Personal characteristics can be described using three dimensional perspectives: (a) aging interpreted as deterioration of sensory-motor abilities while intelligence abilities tend to improve; and, (b) life phases and (c) developmental stages involving a series of plateaus and transitions that occur when living one’s life.

According to Cross, the underlying principles that best illustrate this model are: (1) adult learning programs should capitalize on the experience of its participants; (2) adult programs should be age appropriate to the participants; (3) adults should be challenged to continuing stages of personal development; (4) adults should have flexibility of schedules and the organization of programs to suit their life styles.

**EXPERIENTIAL LEARNING**

David A. Kolb (with Roger Fry) created the “experiential learning circle” model for what he termed experiential learning. This model becomes the baseline for the theory and practice of adult education, informal education (corporate training) and lifelong learning. Kolb’s “experiential learning circle” contains four elements: concrete experience, observation and reflection, the formation of abstract concepts and testing in new situations. “Kolb and Fry argue that the learning cycle can begin at any one of the four points – and should be approached as a continuous spiral” (Kolb 1975).

Individuals are cautioned to remember “that the learning process often begins with a person carrying out a particular action and then seeing the effect of the action in the given situation.” The second step, then, becomes understanding what occurred in the “stated” moment and repeating these ‘learned’ actions to similar scenarios that happen in one’s future. The next phase requires understanding past actions, generalizing them and applying their abstract concepts to new incidents as those occur. Since the action is taking place with a different set of circumstances, the learner is able to anticipate the possible effects of this action. “Two aspects [of the learning circle] can be seen as especially noteworthy: the use of concrete, ‘here and now’ experience to test ideas; and the use of feedback to change theories and practices” (Kolb 1984).

Stephen Brookfield (1995) reminds us that, “experience should not be thought of as an objectively neutral phenomenon, a river of thoughts, perceptions and sensations into which we decide to, occasionally, dip our toes. Rather, our experience is culturally framed and shaped. ...how we sense and interpret what happens to us and to the world around us is a function of the structures of understanding and perceptual filters that are so culturally embedded that we are scarcely aware of their existence or operation. Second, the quantity or length of experience is no necessarily connected to its richness or intensity. ... Because of the habitual ways we draw meaning from our experiences, they can become evidence of self-fulfilling prophecies that stand in the way of critical insight. ... Experiences are neither innocent nor free from cultural contradictions that inform them” (Brookfield 1995).

When applied generationally, these experiences are being brought into today’s university classrooms. “So many more classrooms are becoming multi-generational. It is becoming much more of an issue. Just like people, each generation has a personality and they can clash in the classroom,” said Jeff Van Kooten of the Center for Generational Studies, Aurora, CO. (Keen 2002)

**HOW TO MEET THESE NEEDS**

Schaverien and Cosgrove in Learning to Teach Generatively use an allegory from neurophysiology to explain the difficulty instructors might encounter.

“Virgil, a patient of the neurosurgeon Oliver Sacks (1995), had been blind almost since birth and had regained his sight through the surgical removal of cataracts at the age of 50. When the bandages were removed a day after
surgery, Virgil was having great difficulties because he did not know what he was seeing. Virgil described a chaos of colors moving around and a voice coming out of the chaos that he concluded was his surgeon. It was determined that he could detect light but had no context to give it meaning.

Sacks took Virgil to the zoo since he had expressed a desire to see the great apes. In front of the gorilla enclosure, Virgil stated that he could not see anything but movement. Then, Sacks noticed a giant bronze statue of a gorilla and invited Virgil to examine it. Sacks watched as Virgil closed his eyes and lapsed into his prior kind of sensing. As Virgil examined it first with his hands and his expertness, skill and confidence came back. He caressed the animal lovingly, accurately and very swiftly.

When he turned back to the ape enclosure, he spotted and was now able to recognize the gorilla visually. Later, he no longer had to correlate touch in this way because his visual world had begun to emerge. Virgil started to find meaning and salience and to recognize things around him (Schaverien and Cosgrove, 1997).”

The different learning styles of the Veterans, the Baby Boomers, the Gen Xers and the Millennials are analogous to Virgil gaining his sight.

Veterans and Baby Boomers like a traditional classroom where instructors fill the traditional roles. They respond best to instructors who come across as peers. They want their educational experience to be relevant to current situations. They value activities that involve team learning but do not like role playing. This group likes problem solving and case studies as a preferred method of learning. Their choice of instruction is leisurely, even paced, lecture, text-oriented, focused on content, using a linear approach and a moderate amount of fun.

Gen Xers dislike traditional classrooms. They prefer learning anywhere and any time with an orientation to task completion and performance results. They want their experiences to be relevant to current situations. Gen Xers prefer self-directed activities with the chance to ask lots of questions to insure they are on the right track. They enjoy role playing and any activities that bring fun into the learning experience and projects. They enjoy games and using technology as a tool for independent learning.

Millennials expect a structured, technology rich environment. They believe in working in teams on group projects. They want learning experiences that lead to personal growth and (on the job) promotion. Millennials are comfortable working in collaborative teams with group grades. They are best engages using hands-on, interactive, collaborative learning that involves moving around. They require structured assignments with lots of guidance and feedback. Millennials want a fast-paced, highly interactive, direct links to the learner, instruction with choices and having a lot of fun while learning.

One method of doing this is to use a subset of experiential learning called problem-based learning (PBL.) Problem-based learning allows the different generations to apply their personnel learning styles to the task at hand (Hmelo-Silver 2004).

Examples of problem-based learning take the guise of case studies, role playing, simulations and self-evaluation. Certain features are common to all these methods: (1) each involves real-life problems, (2) students become involved in a thoughtful process of seeking and using information to solve a problem, (3) learning is hands- and minds-on, (4) the audiences are real, (5) students participate in the classroom decisions and group evaluations, (6) instructors become facilitators and monitors not the “sage on stage” (Winn 2004)

Developing problem-based instruction raises a number of questions including:

1. How is content standards connected to the PBL units?
2. What types of assessment strategies work best in these projects?
3. How do instructors merge their knowledge and skills in developing and implementing these learning units?
4. What are the advantages students will acquire from the specific problem-based learning situations?

The main objectives of PBL are to develop the skills of self-directed learning, professional reasoning and decision-making within an easily retrievable knowledge base. This task-oriented approach organizes the curriculum around cases, activities and simulations profiling dilemmas encountered daily which require students to read, diagnose,
discuss and explore strategies for solving the problems presented. The PBL approach emphasizes experiential learning based on the investigation and resolution of messy, real-world problems (ChanLin and Chan, 2004).

Students are encouraged to take responsibility for their projects, develop a suitable plan and use the internet as a research and problem-solving tool. This allows information to be retrieved quickly, shared by group members, facilitate group discussion and serve as a repository for their collective work. Web-based technology can then become a powerful tool for locating, organizing and safely storing information. This scenario inspires students to learn and organize visually as their understanding grows while solving the problem.

**METHODOLOGY USED**

This Pilot Study is convenient, descriptive instrument which was created and delivered on the Internet using Survey Monkey. It parrots a workplace study released in August 2004 by the Society of Human Resource Management which looked at generational attitudes regarding personal preferences toward working with different generations, individual responsibility, individual initiative, work ethics, collaborative decision-making, dealing with change and technology issues.

This adapted instrument looks at generational attitudes and their effect classroom instruction. It also discusses group dynamics in the survey taking the form of single and multi-answer items. A convenience sample of 195 faculty and management students in nine different classes from the University of Houston (main campus), Prairie View A & M University and University of Houston – Downtown Colleges of Businesses served as the resident population responding to the survey. These schools contain multi-generational and multi-cultural student bodies. The survey offers an opportunity to gain insight for developing effective instruction for intergenerational populations. Multi-generational, as a term, can be applied to any campus. E-mails were sent to management faculty at the respective institutions. Instructor announcements were made to nine management classes and the URL for the survey was posted.

The descriptive information presented below is a result of this survey. As a Pilot Study, it is realized that more thorough and lengthier studies could and should be done before concrete conclusions are made.

**ANALYSIS OF PILOT STUDY**

This Pilot Study was the author’s first such effort and had several major shortcomings. Data that would have made comparisons possible was not collected. The next time it is administered, this survey will contain such items as whether the respondent is male or female, faculty or student, what school they attended, what type of class they belonged to and what their ethnicity is. Each of these descriptors would have provided functional data and established data points for measurement. Without them, this study becomes little more than a descriptive survey.

This intergenerational survey was developed and presented to 195 individuals from three universities over a two-week period in April 2005. One hundred fourteen individuals responded from the respective colleges of business. This translates to a 58.5% return which serves as a good beginning for future inquiry.

Within the context of this descriptive survey, the generations are identified by labels. For the purposes of this survey and the written report, the author will use the following descriptors for each segment of the population under discussion.

Veterans - These are persons who were born before 1945 (age 60 and older.)

Baby Boomers - all individuals born within the 1945 to 1964 (ages 40 - 59.)

Gen Xers - men and women born from 1965 until 1980 (ages 25 - 39.)

Millenials are represented by individuals born after 1980. This group is aged 24 and younger.

Veterans are viewed as loyal and steadfast; and, can be counted on to get specific tasks done. Baby Boomers are considered as hard, eager workers who act as consultants or are great on individual projects. Gen Xers work best in
conditions that are fluid or not well defined. Millenials are still developing but share many of the traits of their Baby Boomer predecessors.

Although this denotes the segments identified for purposes of this descriptive survey and this paper, be aware that the dates used are representative and vary in other literature on the subject. Descriptors give a general idea of which ages fall into each generation.

The author is also aware that individuals are unique and substantial differences may occur within, as well as across, generations. This descriptive survey is not intended to reinforce stereotypes but to illuminate and achieve greater understanding of the learning differences among generations while assisting in building better communication experiences across them in today’s classrooms.

CAUTION: Remember, these are perceptions and intended to provide insight into intergenerational school-related and/ or workplace relationships.

The age-related breakdown of responses to this survey which appears in the appendix is as follows.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Response Total</th>
<th>Response %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>8</td>
<td>7.1</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>35</td>
<td>31.2</td>
</tr>
<tr>
<td>Millenials</td>
<td>50</td>
<td>44.6</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td></td>
</tr>
</tbody>
</table>

Since the Veterans represent less than 10% of the populations participating, this study will focus and report on the results of the other three groups. As a point of order and discussion, it should be noted -- there were individuals whose first language was not English and some may have been unfamiliar with American social systems.

To break the information into useful constructs, this descriptive study will look at five different grouped responses. These related to perceptions of adaptability (questions 1, 5, 7 and 14), collaboration (items 3 and 18), communication and literacy (units 8, 14 and 16), preferred management style (responses 2, 4, 9, 10 and 12) and responsibility (numbers 6, 11 and 17).

These perceptions adaptability, collaboration, communication and literacy, preferred management style and responsibility affect dynamics in the classroom and among faculty and students. To have a functional environment, the instructor must understand who and what he/ she is working with and implement a plan that will result in a successful learning experience.

ADAPTABILITY

Adaptability, in this usage, means “the ability to change or be changed due to altered circumstances” encountered in the classroom/ workplace environment. When asked about their willingness to navigate office/ classroom politics, embrace diversity, work at multitasking and whether they retained what they learned, respondents answered in the following manner.

1. Willingness to navigate office politics

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>37% (36)</td>
<td>32% (31)</td>
<td>19% (18)</td>
<td>12% (12)</td>
<td>2.06</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>43% (42)</td>
<td>43% (42)</td>
<td>10% (10)</td>
<td>4% (4)</td>
<td>1.76</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>24% (24)</td>
<td>46% (46)</td>
<td>27% (27)</td>
<td>3% (3)</td>
<td>2.09</td>
</tr>
<tr>
<td>Millennials</td>
<td>17% (17)</td>
<td>25% (25)</td>
<td>43% (44)</td>
<td>16% (16)</td>
<td>2.58</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>112</td>
</tr>
</tbody>
</table>
Eighty-six percent responding to the study felt the Baby Boomers would participate in office politics, 70% of the Gen Xers and 42% of the Millenials were considered very or moderately willing to navigate office politics. Surprisingly, 43% felt Millenials believed ‘office politics’ only slightly applied to them. This could be because they may not have entered the workforce; and therefore, it would not be applicable to them. Also, the older one is, the more he or she will recognize the presence of such things as office politics and the more experience he or she will have had with it. So these answers may be indicative of attitudes that are age specific and subject to change with aging.

5. Embrace diversity

<table>
<thead>
<tr>
<th>Generation</th>
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<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>7% (7)</td>
<td>19% (18)</td>
<td>35% (34)</td>
<td>39% (37)</td>
<td>3.05</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>12% (12)</td>
<td>44% (43)</td>
<td>36% (35)</td>
<td>7% (7)</td>
<td>2.38</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>51% (51)</td>
<td>42% (42)</td>
<td>5% (5)</td>
<td>2% (2)</td>
<td>1.58</td>
</tr>
<tr>
<td>Millennials</td>
<td>72% (73)</td>
<td>20% (20)</td>
<td>6% (6)</td>
<td>3% (3)</td>
<td>1.40</td>
</tr>
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<td>Total</td>
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<td>113</td>
</tr>
<tr>
<td>Skipped Question</td>
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<td>1</td>
</tr>
</tbody>
</table>

Diversity appears to be strongly embraced across all generational sectors and awareness is indeed a perception. Fifty-six percent of Baby Boomers, 93% of Gen Xers and 92% of Millenials are considered to embrace diversity. Another interesting response was that 39% of the Veterans were perceived to consider the idea of embracing diversity as not applicable.

7. Good at multi-tasking

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>14% (13)</td>
<td>26% (25)</td>
<td>41% (39)</td>
<td>20% (19)</td>
<td>2.67</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>27% (26)</td>
<td>48% (46)</td>
<td>21% (20)</td>
<td>4% (4)</td>
<td>2.02</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>54% (54)</td>
<td>36% (36)</td>
<td>10% (10)</td>
<td>0%</td>
<td>1.56</td>
</tr>
<tr>
<td>Millennials</td>
<td>57% (58)</td>
<td>25% (25)</td>
<td>17% (17)</td>
<td>2% (2)</td>
<td>1.64</td>
</tr>
<tr>
<td>Total</td>
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<td></td>
<td></td>
<td></td>
<td>113</td>
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<tr>
<td>Skipped Question</td>
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<td>1</td>
</tr>
</tbody>
</table>

When one looks at multi-tasking, 75% of Boomers, 90% of Gen Xers and 82% of Millenials feel that they multi-task on regularly or fairly frequently. Today’s technology, its freedoms and its burden, force us to live in a very connected world. One can observe students listening to i-pods, having multiple screens open on their laptops and e-mailing friends at the same time the instructor is going over a lesson.

15. Seek work/life balance

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>33% (32)</td>
<td>26% (25)</td>
<td>28% (27)</td>
<td>12% (12)</td>
<td>2.20</td>
</tr>
</tbody>
</table>

116
Respondents think balancing work and private life is very or moderately important to 79% of the Baby Boomers, 82% of the Gen Xers and 59% of the Millenials. It could be stated that this perception of Millenials is because they are just beginning their work-personal life cycle so demands have not begun to force choices upon them.

**COLLABORATION**

Collaboration comes in many guises. In the classroom, it is most often associated with group projects. To many, if not most, of the students, it is the bane of their existence. Yet, most have grown up participating in team-based projects and learning environments.

18. Prefer to work in teams

<table>
<thead>
<tr>
<th>Generation</th>
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<th>Moderately Agree</th>
<th>Slightly Agree</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
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<tbody>
<tr>
<td>Veterans</td>
<td>19% (18)</td>
<td>22% (21)</td>
<td>36% (35)</td>
<td>23% (22)</td>
<td>2.64</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>20% (19)</td>
<td>47% (45)</td>
<td>25% (24)</td>
<td>8% (8)</td>
<td>2.22</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>35% (34)</td>
<td>50% (49)</td>
<td>12% (12)</td>
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<td>1.84</td>
</tr>
<tr>
<td>Millennials</td>
<td>49% (49)</td>
<td>32% (32)</td>
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<td>6% (6)</td>
<td>1.76</td>
</tr>
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</tbody>
</table>

The responses to this question confirm the previous statement while begging the issue of complaints about “the group project.” A reflection of these answers shows society’s evolution of the last 20 years with 67% of the Boomers, 85% of the Gen Xers and 81% of Millenials preferring to work in teams.

3. Asking for help when needed

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>29% (28)</td>
<td>22% (21)</td>
<td>36% (35)</td>
<td>12% (12)</td>
<td>2.32</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>28% (27)</td>
<td>49% (48)</td>
<td>20% (20)</td>
<td>3% (3)</td>
<td>1.99</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>35% (35)</td>
<td>45% (45)</td>
<td>19% (19)</td>
<td>2% (2)</td>
<td>1.88</td>
</tr>
<tr>
<td>Millennials</td>
<td>41% (42)</td>
<td>26% (27)</td>
<td>26% (27)</td>
<td>6% (6)</td>
<td>1.97</td>
</tr>
<tr>
<td>Total Respondents</td>
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<tr>
<td>Skipped Question</td>
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</tr>
</tbody>
</table>

Responding to the question of whether they felt comfortable asking for help, 77% of Boomers, 80% of Gen Xers and 67% of Millenials stated they didn’t have a problem with it. Interestingly, 26% of Millenials and 19% of the Gen Xers felt they would.

**COMMUNICATION AND LITERACY**
Communication and literacy, as used here, embraces innate abilities, ability to learn new technologies and retaining what is learned. These items set up the relationship we have with peers and instructors. It can also cause the greatest division in the classroom environment.

8. Learned Quickly

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>12% (11)</td>
<td>32% (30)</td>
<td>41% (39)</td>
<td>16% (15)</td>
<td>2.61</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>13% (13)</td>
<td>65% (63)</td>
<td>19% (18)</td>
<td>3% (3)</td>
<td>2.11</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>55% (55)</td>
<td>42% (42)</td>
<td>2% (2)</td>
<td>1% (1)</td>
<td>1.49</td>
</tr>
<tr>
<td>Millennials</td>
<td>68% (69)</td>
<td>24% (24)</td>
<td>6% (6)</td>
<td>3% (3)</td>
<td>1.44</td>
</tr>
<tr>
<td>Total</td>
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<td>Skipped Question</td>
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</table>

When asked whether they learned quickly, seventy-eight percent of the Boomers, 97% of the Gen Xers and 92% of the Millennials believed they did.

14. Retain what they learn

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>42% (40)</td>
<td>35% (34)</td>
<td>15% (14)</td>
<td>8% (8)</td>
<td>2.10</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>43% (42)</td>
<td>43% (42)</td>
<td>11% (11)</td>
<td>2% (2)</td>
<td>1.72</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>51% (51)</td>
<td>42% (42)</td>
<td>5% (5)</td>
<td>2% (2)</td>
<td>1.58</td>
</tr>
<tr>
<td>Millennials</td>
<td>40% (41)</td>
<td>36% (37)</td>
<td>18% (18)</td>
<td>6% (6)</td>
<td>1.89</td>
</tr>
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<td>Skipped Question</td>
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</tbody>
</table>

Retaining what they learned, Boomers say 86% of the time, Gen Xers say 93% of the time and Millennials believe 76% of the time, they do.

16. Technologically Saavy

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>7% (7)</td>
<td>14% (13)</td>
<td>43% (41)</td>
<td>36% (35)</td>
<td>3.08</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>12% (12)</td>
<td>51% (49)</td>
<td>31% (30)</td>
<td>6% (6)</td>
<td>2.31</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>68% (68)</td>
<td>31% (31)</td>
<td>1% (1)</td>
<td>0%</td>
<td>1.33</td>
</tr>
<tr>
<td>Millennials</td>
<td>87% (89)</td>
<td>10% (10)</td>
<td>3% (3)</td>
<td>0%</td>
<td>1.16</td>
</tr>
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</tr>
</tbody>
</table>

The last fifty years has seen the greatest advance in technology in the history of the world. All the generations in this study have been affected by it and been participants in it. The speed of each successive innovation is markedly increased so if one were to chart the ‘learning curve’ required to comprehend the advances, it would be an exponential growth very much like the dot.com rise in the stock market.
This being said, one would expect the different generations to reflect such rapid growth and the technologic capabilities of the individual generations to mirror its behavior. Sixty-one percent of Baby Boomers say that they are comfortable with technology, ninety-nine percent of the Gen Xers feel they possess technological savvy and ninety-seven percent of the Millenials consider themselves technologically savvy. (This should be a clue to instructors.)

**MANAGEMENT STYLE PREFERENCES**

The next set of questions looked at how these individuals preferred to be managed. The questions ranged from accepting authority to liking structure in an organization.

2. Accepting authority figures

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>57% (55)</td>
<td>19% (18)</td>
<td>13% (13)</td>
<td>11% (11)</td>
<td>1.79</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>38% (37)</td>
<td>41% (40)</td>
<td>18% (18)</td>
<td>3% (3)</td>
<td>1.87</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>18% (18)</td>
<td>51% (52)</td>
<td>26% (26)</td>
<td>5% (5)</td>
<td>2.18</td>
</tr>
<tr>
<td>Millennials</td>
<td>19% (19)</td>
<td>23% (23)</td>
<td>44% (45)</td>
<td>15% (15)</td>
<td>2.55</td>
</tr>
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<td>Total</td>
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<td>Skipped</td>
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</tr>
</tbody>
</table>

Seventy-nine percent of the Boomers felt that authority figures were necessary as did 69% of the Gen Xers. But, Millenials split the decision on whether authority figures were important with 42% saying yes while 59% didn’t think they were necessary.

4. Need supervision

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>26% (28)</td>
<td>22% (21)</td>
<td>33% (32)</td>
<td>20% (19)</td>
<td>2.46</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>9% (9)</td>
<td>29% (28)</td>
<td>42% (41)</td>
<td>20% (19)</td>
<td>2.72</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>14% (14)</td>
<td>41% (41)</td>
<td>35% (35)</td>
<td>10% (10)</td>
<td>2.41</td>
</tr>
<tr>
<td>Millennials</td>
<td>53% (54)</td>
<td>26% (27)</td>
<td>16% (16)</td>
<td>5% (5)</td>
<td>1.73</td>
</tr>
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</tr>
</tbody>
</table>

Thirty-eight percent of Boomers felt they accepted supervision while 42% believed they needed minimal oversight. Gen Xers considered it necessary 55% of the time and 79% of the Millenials felt that supervision was important. (If one considers the previous question’s results and this response, there appears to be a dichotomy that needs to be resolved.)

9. Like informality

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>13% (12)</td>
<td>18% (17)</td>
<td>41% (39)</td>
<td>28% (27)</td>
<td>2.85</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>16% (15)</td>
<td>53% (50)</td>
<td>26% (25)</td>
<td>5% (5)</td>
<td>2.21</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>43% (42)</td>
<td>45% (44)</td>
<td>12% (12)</td>
<td>0%</td>
<td>1.69</td>
</tr>
<tr>
<td>Millennials</td>
<td>64% (65)</td>
<td>26% (26)</td>
<td>7% (7)</td>
<td>3% (3)</td>
<td>1.49</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>112</td>
</tr>
</tbody>
</table>
Informality in the classroom/workplace appears to be a universal desire. This is and can be observed daily in almost every aspect of life. Some decry these behaviors as a breakdown in the fabric of our society. Many cannot appreciate the value or the civility of formal approaches to some situations.

Respondents were inclined to informality. Sixty-nine percent of Boomers like it, 88% of the Gen Xers embrace the philosophy and 90% of the Millenials say they prefer informality.

12. Respectful of organizational hierarchy

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>69% (65)</td>
<td>15% (14)</td>
<td>12% (11)</td>
<td>4% (4)</td>
<td>1.51</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>44% (41)</td>
<td>50% (47)</td>
<td>5% (5)</td>
<td>1% (1)</td>
<td>1.64</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>20% (20)</td>
<td>48% (47)</td>
<td>27% (26)</td>
<td>5% (5)</td>
<td>2.16</td>
</tr>
<tr>
<td>Millennials</td>
<td>17% (17)</td>
<td>27% (27)</td>
<td>38% (38)</td>
<td>19% (19)</td>
<td>2.58</td>
</tr>
<tr>
<td>Total Respondents</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skipped Question</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Another dichotomy occurs when we look at the question of organizational hierarchies. Ninety-four percent of the Boomers, 68% of the Gen Xers and 44% of the Millenials believe that organizational structure is important. Yet, 57% of the Millenials say they do not think hierarchies in organizations are functional. (This also begs the question of “if not your supervisor or higher up in the classroom/academic structure, where would one getting help from?”)

**PERSONAL RESPONSIBILITY**

The last group of questions considers perspectives about “personal responsibility.”

6. Give maximum effort

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>56% (53)</td>
<td>23% (22)</td>
<td>15% (14)</td>
<td>5% (5)</td>
<td>1.69</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>51% (48)</td>
<td>43% (41)</td>
<td>5% (5)</td>
<td>1% (1)</td>
<td>1.57</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>36% (35)</td>
<td>45% (44)</td>
<td>17% (17)</td>
<td>2% (2)</td>
<td>1.86</td>
</tr>
<tr>
<td>Millennials</td>
<td>29% (29)</td>
<td>38% (38)</td>
<td>27% (27)</td>
<td>7% (7)</td>
<td>2.12</td>
</tr>
<tr>
<td>Total Respondents</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skipped Question</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question six looked at attitudes about contributing maximum effort for any job one does. Ninety-four percent of the Boomers felt they should do so while 91% of the Gen Xers agreed. Only 67% of the Millenials agreed with this behavior and 27% of them were not convinced that it was worth the effort.

11. Process-driven - this means that the method of achieving success is most important

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>60% (57)</td>
<td>25% (24)</td>
<td>8% (8)</td>
<td>6% (6)</td>
<td>1.61</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>40% (38)</td>
<td>45% (43)</td>
<td>15% (14)</td>
<td>1% (1)</td>
<td>1.77</td>
</tr>
</tbody>
</table>
When looking at whether “the method of achieving success is most important.” Eighty-five percent of Boomers, 80% of Gen Xers and 67% of Millennials felt this was important. One-fourth of the Millennials felt it was minimally important.

A related question (13) asks, “whether the results of individual efforts should be considered one of the most important criteria for evaluation.” Here, 83% of the Boomers, 86% of the Gen Xers and 76% of the Millennials prefer this consideration for evaluation.

13. Results-driven – this means that the results of individual efforts are considered the most important criteria.

When asked about the preference to “work alone,” 75% of the Boomers, 66% of the Gen Xers and 54% of the Millennials say they would. It should be noted that that leaves 46% of the Millennials that would not. This, too, reflects their schooling to date and their exposure to team-based learning.

Respondents were also given a list of traits and asked how they felt each trait applied to each of the four generations. These ratings create a very general profile of the strengths each generation brings to the group whether in the classroom or the workplace.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>32% (31)</td>
<td>32% (31)</td>
<td>28% (27)</td>
<td>7% (7)</td>
<td>2.10</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>34% (33)</td>
<td>49% (48)</td>
<td>14% (14)</td>
<td>2% (2)</td>
<td>1.85</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>42% (42)</td>
<td>44% (44)</td>
<td>12% (12)</td>
<td>2% (2)</td>
<td>1.74</td>
</tr>
<tr>
<td>Millennials</td>
<td>45% (46)</td>
<td>31% (32)</td>
<td>21% (21)</td>
<td>3% (3)</td>
<td>1.81</td>
</tr>
<tr>
<td>Total Respondents</td>
<td>113</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skipped Question</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Generation</th>
<th>Very Applicable</th>
<th>Moderately Applicable</th>
<th>Slightly Applicable</th>
<th>Not Applicable</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans</td>
<td>49% (47)</td>
<td>25% (24)</td>
<td>22% (21)</td>
<td>3% (3)</td>
<td>1.79</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>25% (24)</td>
<td>50% (48)</td>
<td>22% (21)</td>
<td>3% (3)</td>
<td>2.03</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>15% (15)</td>
<td>51% (50)</td>
<td>32% (32)</td>
<td>2% (2)</td>
<td>2.21</td>
</tr>
<tr>
<td>Millennials</td>
<td>20% (20)</td>
<td>34% (35)</td>
<td>33% (34)</td>
<td>13% (13)</td>
<td>2.39</td>
</tr>
<tr>
<td>Total Respondents</td>
<td>113</td>
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<td></td>
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</tr>
<tr>
<td>Skipped Question</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Generational perceptions considered the main/primary factor by the respondents

<table>
<thead>
<tr>
<th>Where Generational Differences Play a Role</th>
<th># of Resp</th>
<th>Frequently</th>
<th>Occasionally</th>
<th>Rarely</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Better quality of work</td>
<td>113</td>
<td>40%</td>
<td>51%</td>
<td>9%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Table 1 reflects the intergenerational attitudes encountered in the classroom. Fifty-one percent feel that only ‘Occasionally’ does quality of work improve in the mixed generation classroom while forty percent of the respondents believe that it occurs ‘Frequently.’

Forty-five percent of the individuals feel Communication Breakdowns occur frequently while 44% believe it happens “on occasion” in the classroom. This happens in classroom in different context because it could be between the instructor and the student as well as among classmates. It is significant that ‘Communication Breakdowns’ is a crucial event that must be addressed for the class to be successful.

Almost half of the persons stated that “acceptable work ethics” generate conflict frequently and thirty-three percent think it happens occasionally in the classroom.

Respondents (46%) felt that conflict did occur frequently because of age-related opinions on various issues while 38% of the persons felt that it happened occasionally. Forty-nine percent of those questioned stated that occasionally there was resentment shown among the generations.

Forty-seven percent of those surveyed believed that they learned regularly from other generations while 40% stated that they did occasionally. In contrast, 31% of these individuals said that they worked effectively with other generations while 51% suggested they did so occasionally.

**INTERPRETATION OF DESCRIPTIVE DATA**

Respondents seemed to consider themselves adaptable since they said they believed that they were adept at office politics, embraced diversity, were good at multi-tasking and sought balance in work and home life. In the intergenerational classroom environment, this does appear to be true although there are “normal” conflicts that arise.

When brought into the classroom setting, collaboration is a major function for almost every class. A telling point is that the Gen Xers and the Millenials were significantly more accepting than the Baby Boomers. This could be attributed to the educational structure of the 80s and 90s where collaborative teaching, working in teams and group participation were the norm. It is also reflected in the shared learning model of the internet generation. (Think of peer-to-peer sharing of music files, games and social interaction.) This could also be considered a clue to how to develop new teaching models.

Another aspect of collaboration is “asking for help.” Here, too, we see the younger generations stating that they are not bothered by asking for help. From a collaborative perspective, this is of great benefit because the model is the group not the individual so sharing the responsibility should improve the product.

It seems that all parties responding to the Pilot Study felt that they retained what they learned. The generational shift appears again when asked how quickly, one learns. The Gen Xers overwhelmingly felt that they did so. Boomers and Millenials were a little more prudent. Here again, could be a clue since the pedagogy of today’s classroom favors the Boomers and the Gen Xers fend for themselves.

When we talk about the “digital divide,” it is manifested in the intergenerational classroom. Witness the responses, 99% of the Gen Xers and 97% of the Millenials say that they are technologically saavy. Reflecting back to El-Shamy’s and Prensky’s descriptions of the Millenials, they are video and computer game players who have grown
up with cell phones, PDAs and the internet. They have never “not known” an electronic world. They bring this expertise to class and want to use its power to learn what they are required to master.

At the same time, only 12% of the Boomers and 7% of the Veterans considered themselves technologically saavy while 51% of Boomers and 14% of the Veterans felt they were moderately successful understanding technology. Again, this presents insight into how the intergenerational classes can work together. Different skill sets can be put to group tasks to achieve success.

Perhaps, some of the strangest contradictions manifest themselves when respondents are asked about management style preferences. Boomers and Gen Xers seemed to see and accept the idea of a hierarchical structure and authority figures while two-thirds of the Millenials felt it was not necessary. The Millenials did show concern for having proper supervision. They have grown up with rules and so feel comfortable within them. (As observed earlier, they like structure – it is just different from what the older generation viewed as structure.)

Another aspect of management style is that these groups say they prefer informality. This dates back to Silicon Valley and its high tech firms who started allowing its personnel to wear polo shirts and casual clothes to work. It led to the era at the end of the 80s and beginning of the 90s when businesses across the country started having “casual Fridays.”

One could speculate that the casual clothes, disregard for status or rank in the organization and dismissal of authority figures results from the informalizing of the business structure. This has also led to classrooms where the instructor is viewed as a mentor or facilitator rather than “the professor.”

The older generations, both Veterans and Boomers, said they believed it was important to maximum effort to tasks they performed while Gen Xers and Millenials felt it was only moderately important. In the intergenerational classroom, this does become a source of conflict when working in teams. Complaints about the differences are expressed on both sides with the oldsters wondering aloud, “why the young ones can’t seem to get their act together” and the youngsters wanting the oldies to “chill.”

All the generations agree that the “method of achieving success is important” but “individual effort is also critical” if one is to be successful. Collectively, they also feel working alone is moderately important.

CONCLUSION

When we start looking at the relationships among these generations in the classroom, we are able to see different learning styles, different communication styles, different working styles and different group behaviors. This begs the question, “Given the different and competing styles which characterize intergenerational learning in today’s classes, can an instructor develop successful methods of instruction?”

The author believes the answer is yes. What one is required to do is look at what each group has in common and brings to the classroom which is the need to know more about the subject being presented. Since learning, communicating, working and group behaviors differ, what is the common point? The author suggests that they all have a “common” problem and the answer can be found in problem-based learning.

El-Shamy and Prensky advocate that if instruction is to be successful, faculty are going to have to rethink their delivery in the classroom.

Deborah Buell, in her presentation to National Institute for Staff and Organizational Development (NISOD) Conference created a table that illustrates the behaviors and differences in perceptions, language and approaches to learning and life.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Baby Boomers</th>
<th>Generation X</th>
<th>Millennial – Gen Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGING THE GENERATIONAL MIX IN THE WORKPLACE AND THE CLASSROOM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By Deborah Buell, Ed. D.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

123
<table>
<thead>
<tr>
<th>Birth Years (Lancaster &amp; Stillman)</th>
<th>1946 to 1964</th>
<th>1965 to 1980</th>
<th>1981-1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marker Events</td>
<td>Economic prosperity, Space Race, Civil Rights Movement, Viet Nam War</td>
<td>Watergate, MTV, Wide scale PC Production, Microwave Ovens, emergence of AIDS, Michael Jordan</td>
<td>Desert Storm, Oklahoma City Bombing, Princess Diana’s Death, Columbine Shootings, Clinton Scandals</td>
</tr>
<tr>
<td>Population Size</td>
<td>80 Million</td>
<td>46 Million</td>
<td>76 Million</td>
</tr>
<tr>
<td>Key Word Traits</td>
<td>Optimistic, Competitive, Idealistic, “Me Generation”</td>
<td>Skeptical, Independent, Resourceful, “Show me the Money”</td>
<td>Confident, realistic, pragmatic, cautious</td>
</tr>
<tr>
<td>Family Unit</td>
<td>Nuclear (2 parent) Families</td>
<td>Latchkey kids, Dual Career Parents or Divorced parents</td>
<td>Single parents or doting, older parents</td>
</tr>
<tr>
<td>Greatest Invention</td>
<td>Television</td>
<td>PC, PDA and on and on</td>
<td>Wired and connected gadgets, IPOD, PDA, etc.</td>
</tr>
<tr>
<td>Diversity Experience</td>
<td>Low tolerance of diversity issues</td>
<td>More tolerant of diversity issues</td>
<td>High tolerance for diversity issues, comfortable with multicultural environment</td>
</tr>
<tr>
<td>Career Goal</td>
<td>“Build a stellar career.”</td>
<td>“Build a portable career.”</td>
<td>“Build parallel careers.”</td>
</tr>
<tr>
<td>Coming of Age Workplace Issue</td>
<td>Change of Command</td>
<td>Self Command</td>
<td>Don’t Command, Collaborate</td>
</tr>
<tr>
<td>Work Ethic</td>
<td>Dedicated, over achievers, loyal, organizations are viewed as source of security</td>
<td>Loyal to organization but will change jobs if their professional or social needs are not being met</td>
<td>Dedicated and loyal when they are doing work that really matters. Expect a highly structured, “Me-oriented” environment</td>
</tr>
<tr>
<td>Rewards Expectations</td>
<td>Money, title, recognition, corner office</td>
<td>Freedom, Personal Time Off</td>
<td>Work that has meaning for me</td>
</tr>
<tr>
<td>Life + Work Balance Motto</td>
<td>“Help me balance everyone else and find meaning myself.”</td>
<td>“Give me balance now, not when I’m sixty-five.”</td>
<td>“Work isn’t everything: I need flexibility so I can balance all of my activities.”</td>
</tr>
<tr>
<td>Job Changing Attitude</td>
<td>“Job changing puts you behind.”</td>
<td>“Job change is necessary.”</td>
<td>“Job changing is part of my daily routine.”</td>
</tr>
<tr>
<td>Communication Style Preference</td>
<td>Prefer personable style of communication that aims to build rapport. Favor top down approach, value respect.</td>
<td>Want to cut to the chase and avoid meetings if possible.</td>
<td>Collaborative communication style.</td>
</tr>
<tr>
<td>Language Example 2</td>
<td>“This needs to be done.”</td>
<td>Gen X’ers hear it as an observation, not an order.</td>
<td>A millennial hears it as an assignment to be evaluated based on its value.</td>
</tr>
<tr>
<td>Language Example 2</td>
<td>“Would you mind?”</td>
<td>Of course not!</td>
<td>Yes, I would!</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maybe not?</td>
</tr>
</tbody>
</table>
### Communication Tips

- **Boomers** are the "show me" generation, so use body language to communicate.  
- Learn their language and speak it.  
- Use e-mail as your primary communication tool.  
- Let your language paint visual pictures.  
- Use action verbs to challenge them.  
- Don't talk down to them; they will resent it.

- **Speak in an open, direct style.**  
- Answer questions thoroughly, and expect to be pressed for details.  
- Avoid controlling, manipulative language.  
- Present options to show flexibility in your thinking.  
- Use face to face or electronic communication to reach out to them.

- **Talk in short sound bytes to keep their attention.**  
- Present the facts, use straight talk.  
- Ask them for feedback.  
- Share information with them immediately and often.  
- Use an informal communication style.  
- Listen! You just might learn something.

- **Show respect through your language, and they will respect you.**  
- Use e-mail and voicemail as primary communication tools.  
- Use visual communication to motivate them and keep them focused.  
- Constantly seek their feedback.  
- Use humor. Reassure them that you don't take yourself too seriously.  
- Encourage them to break the rules and explore new paths or options.

### Job Feedback Needs

- **Need to know when they do something right.**  
- **Need to know they are on the right track.**  
- **Need to know what they're doing right, wrong – balance positive, negative and often.**

### Job Feedback Style

- **Cautious & Political, practiced doubletalk.**  
- **Need straight talk.**  
- **Often and instantaneously.**

### Retirement Definition

- **Retool**  
- **Renew**  
- **Recycle**

### Work Hours and Management Style

- **Face time is standard, a strategic tool. Leave 10 minutes after the boss.**  
- **“Hours are not important, productivity is.”**  
- **“Face time is a waste of time.”**  
- **Flexible time is needed to balance all of the activities.**

### Best Work Assignments

- **Best at tasks that require consensus building and numerous meetings.**  
- **Best on independent projects or reports using technology.**  
- **Best at developing new systems and processes.**

### Training Mindset

- **“Train them too much and they’ll leave.”**  
- **“The more they learn, the more they’ll stay.”**  
- **“Continuous learning is a way of life.”**

### Learning Motivation At Work and Classroom

- **Highly motivated if knowledge or skills learning helps them win or be a star performer.**  
- **Highly motivated, when knowledge or skills training increases marketability or.**  
- **Expect work to be a learning experience that leads to something better.**
<table>
<thead>
<tr>
<th></th>
<th>Motivated by Grades</th>
<th>promotional potential</th>
<th>Best Teaching Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Environment</td>
<td>Traditional Classroom</td>
<td>Unfavorable to traditional classroom</td>
<td>Problem solving and case studies</td>
</tr>
<tr>
<td>Preference</td>
<td></td>
<td>Prefer learning anywhere/anytime with focus on task completion and performance results</td>
<td>Games, enjoy technology as tool for independent learning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expect structured, technology rich environment.</td>
<td>Hands on, interactive, collaborative learning that involves moving</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expect to work in teams on group projects.</td>
<td></td>
</tr>
<tr>
<td>Best Teacher/Trainer</td>
<td>Respond best to teachers/trainers who come across as peers</td>
<td>Respond best to highly knowledgeable trainers, credentials mean little if trainer does not have the knowledge or skills to back them up</td>
<td></td>
</tr>
<tr>
<td>Match</td>
<td></td>
<td>Expect expert trainers and teachers who know more than they do.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>They want and need more attention from authority figures.</td>
<td></td>
</tr>
<tr>
<td>Learning Application</td>
<td>Want experiences that are relevant to current situation</td>
<td>Want experiences that are relevant to current situation</td>
<td></td>
</tr>
<tr>
<td>or Relevance</td>
<td></td>
<td>Want learning experiences that lead to growth and promotion.</td>
<td></td>
</tr>
<tr>
<td>Collaborative/Team</td>
<td>Value interaction, like team learning activities but not role playing</td>
<td>Prefer self-directed learning activities but like to ask a lot of questions to make sure they are on</td>
<td></td>
</tr>
<tr>
<td>Learning Exercises</td>
<td></td>
<td>Comfortable working in collaborative teams with group product and grade</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning Content</td>
<td>Want to problem solve and apply learning to current situation</td>
<td>Want to be involved with what they are learning, to experiment with it and jump right into a project</td>
<td></td>
</tr>
<tr>
<td>Involvement</td>
<td></td>
<td>Want to work in collaborative learning environments that involve connection to content and others in a learning community.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Similar visual expectations as Gen Xers. They are readers and need more back up information. Expect interactive, structured learning that imbeds technology use with multiple focal points.</td>
<td></td>
</tr>
<tr>
<td>Training Materials</td>
<td>Want readily accessible training materials that are user friendly, easy to read</td>
<td>Want training materials with visually exciting format.</td>
<td></td>
</tr>
<tr>
<td>Preference</td>
<td>and scan</td>
<td>Generally prefer not to read lengthy assignments but like to get information in short bites</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Majority of Boomers enjoy reading.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Problem-based learning allows all the individual skill sets to be brought into the classroom and be shared among the participants. It can be done through case studies, role playing, gaming, interactive group think sessions, mind mapping exercises and internet research.

An example from personal experience is that the author uses a case study based on actual events in the early 90s at a Memphis, Tennessee record company (just as CDs were becoming the preferred method of delivery) for music. The president of the company is killed in a car wreck. You, a regional vice president (the team), get ordered into take charge of operations until a fitting replacement can be found; or, you are selected for the job.

Upon arriving at your new workplace, you find that you have thirty-five problems sitting on you desk and must have solutions to them for your board of directors meeting two weeks from now. [Teams are created with from five to seven individuals on each one. They are actually given one month to prepare. Business professionals (the Board of Directors) are brought in to evaluate their presentations on a 250-point scale. The six-page evaluation is broken down into sections concerning appearance, information content, thoroughness of their research, understanding of the industry issues and their presentation. The team is required to do a stratified peer evaluation. The instructor does not grade the project.]

Another example, think of baseball as it is played by Americans. Now, think about how baseball is played in Japan. This forces students to consider a single scenario almost all of us have an understanding of how it works. Yet, the perspective of how to be successful is dramatically different in the two countries.

Other activities are designed to create inquiries into aspects of the subject or material covered. Games that simulate or reinforce the lessons are useful in getting students involved in solving a problem or talking out different approaches.

There are several websites, http://www.games2train.com et al that offer faculty opportunities to enhance instruction. Additionally, almost all the textbook manufacturers are migrating their instructional products toward both interactivity and web-based instruction. The cost of textbooks now rivals or exceeds the price of buying a notebook computer.

This will continue to force instructors to embrace technology and redesign their methods of teaching their subject. It also has a direct impact on their classrooms. The good news is that the majority of the students, Gen Xers and Millenials will feel more at home and benefit directly from the shift. The Boomers will go grudgingly into that good night and the facilitator (instructor) will find a functional, cooperative, learning environment from which to operate.

**REFERENCE:**

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<th>Technology Literacy and comfort level</th>
<th>Lower comfort level with technology</th>
<th>High comfort level with computers, media and other technologies</th>
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<td>View computers as analytical machines, used to solve complex problems</td>
<td>View computers as normal part of life and work</td>
<td>View computers as a communication medium for work and socializing.</td>
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</tbody>
</table>


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THE EFFECT OF SYSTEM AND INDIVIDUAL CHARACTERISTICS ON FLOW, AND ATTITUDE FORMATION TOWARD ADVERGAMES

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Monica D. Hernandez, Kansas State University

ABSTRACT

There is a growing trend of many marketers to deploy advertising messages on online video games (advergames). This paper proposes a research model that relates system features, individual characteristics, flow and attitude formation toward and the generation of ad and ad recall, a common measure of brand equity. On the theoretical side, we have extended past research in the area by extending attitude formation toward advergames to include system characteristics, individual characteristics and flow experience. The expectation is that an empirical test of the model will highlight the interrelationships between these constructs and can help marketers to better position advertising messages in video games.

INTRODUCTION

Gaming is one of the most popular and sought after activities on the Internet and the world’s most recognized brands are taking notice. Online advergames – also known as advertising games – offer a fun and new way to expose consumers to brands. Advergaming has become one of the several approaches marketers are using to connect with their customers. Internet researchers point out that earlier online advertisers used banner ads which were highly touted, but produced a mere 0.5% click-through rate and, in general, most Web surfers spend only 60 seconds at an average site and browse about nine in an online session (March, 2001). Other studies using eye-tracking devices discovered that the average individual looks at less than half of all banner ads to which they are exposed, (Bartos, 1989; Dreze and Husscherr, 2003; Deal, 2005). Advertisements that people purposely avoid viewing simply do not have an opportunity to make an impression (Deal, 2005).

In further efforts to reach the online consumers with online ads, marketers next turned to more intrusive methods such as pop-ups, interstitials, and pop-unders, all of which have been found to be even more disliked than traditional banner ads. Comparative analysis of consumer opinions of different online ad formats determined that over 90 percent of users have a negative attitude toward pop-up ads versus less than 40 percent for banner ads (Dynamic Logic, 2004). A similar study found that these intrusive ad formats are regarded as distracting, irritating, and even insulting, resulting in very negative attitudes that have the potential to actually damage a viewer’s impression of a brand (Chan, Dodd, & Stevens, 2004).

Lately, marketers have turned yet to a different method to advertise on the Internet using online video games. The video game industry is already a mass market comprising more than 108 million gamers 13 years and older in the United States alone who spent $7.4 billion on video games in 2003. By 2008, this market will grow to more than 126 million gamers 13 years or older, generating in excess of $8.3 billion in revenue. (BNET, 2004). YaYa (2003) in a study of online gamers found that online players spend on average 13 hours a week playing games. These games are not just about entertainment anymore as marketers have deployed advertising messages in them.

An advergame is an online video game that has brand related images and/or themes embedded within it, and that is presented free of charge to the general public via a Website. As marketers have begun to catch on to the idea, Websites containing advergames have been published by a diverse variety of corporations and non-profit organizations. Increased spending on this advertising format is expected to continue into the future, rising from $77 million in 2002 to $230 million by 2007 (Solman, 2004). According to Nielsen//NetRatings (2004) one out of every three Americans that spent time online during May of 2004 played games at a gaming Website.
While advergaming is becoming pervasive, there remains a great deal of uncertainty surrounding existing obstacles and how to effectively implement promotion strategies within gaming, which is precisely the justification for this study. In a similar concern, Hernandez et al. (2004) noted “very little is known about the elements involved in the formation of players’ attitudes toward product placement and advertising messages in electronic games.” They found that among Hispanic video gamers intrusiveness accounted for most of the negative attitude toward advergames. Although ads in games were perceived as more intrusive, they were perceived as less irritating. Implications for advertisers are discussed.

The purpose of this study is to explore system characteristics, individual differences, the role of flow experience, and attitudes toward advergames. Similar to Hernandez et al. (2004) this purpose is accomplished by pursuing two objectives. The first objective is to extend and adapt a model of the characteristics of advergaming, which could be suggested as antecedents of flow and attitudes formation toward advergames. The second objective is to empirically test the proposed model within the advergaming setting using a sample of university students.

The next portion of the paper surveys the literature on video games, system characteristics, and Web site interactivity. It is followed by a presentation of the research model, the methodology, and plan analysis.

RELEVANT RESEARCH

While little published research has directly examined online advergames, several studies involving traditional media have found suggestive correlations between an individual’s enjoyment of an advertisement and positive increases in brand attitude, preference, recall, and purchase intentions. Brown and Stayman’s (1992) meta-analysis of the formation and consequences of attitudes toward advertisements found that appreciation of an ad does indeed lead to a greater appreciation of the brand, but cautioned that this relationship should not be over-emphasized because of the myriad other elements that play a role in brand attitude. Many studies have been more conclusive in their findings that positive attitudes toward an advertisement impact overall purchase intentions and brand attitudes (Batra & Ray, 1986; Biel, 1990; Mackenzie, Lutz, & Belch, 1986; Shimp, 1981).

Recent research on the effect of interactive advertisements and the impact of exposure to a marketing message tends to favor the conclusion that advergames have a substantial potential to generate favorable brand equity. A study that compared to non-interactive ads to interactive ads concluded that the interactive ads outperformed the non-interactive ads along brand awareness, online ad awareness, message association, brand favorability, and purchase intent (Dynamic Logic, 2003). Similarly, an earlier Dynamic Logic (2002) study comparing different ad types found that advertisements that involved animations and/or interactivity were twice as effective as ordinary banner ads at generating message association. Grigorovici and Constantin (2004) empirically examine the impact of product placement and embedded advertising in highly immersive gaming environments. Their findings suggest important implications as measurable differences are observed between marketing executions within games. Lastly, Hernandez et al (2004) examined the effects of advergames across cultures. Specifically, they identify antecedents that impact consumer attitudes toward advergaming and present international implications accordingly.

System Characteristics and Flow on the Web

The manner in which people experience a media environment has been a central issue for researchers in diverse disciplines. The issue has been pivotal not only to those considering the technological characteristics of the media, but to those interested in how humans interact with these technologies. This section presents the literature of the effect of system characteristics and individual differences towards media use.

Many advances have been made in our understanding of hardware and software of the computer systems. However, it clear that the successful use of the computer system is not a product of the design specifications: it is a product of the interaction between the human and the system. The designer must consider the properties of all the system components focusing on the human interactions with the system. While some of these components are basically control structures and representation of aspects of the interaction; others are transducers for moving information physically between human and machine.
Not surprising, interest in the concept of interactivity has emerged in e-commerce environment, and interactivity has regarded as the crucial element of successful online marketing (see Bezjian-Avery et al. 1998; Deighton 1996 – cited in Lee, 2005; Hoffman and Novak 1996). Past research has found several system characteristics that facilitate interactivity with the computer system. McKinney et al., (2002) noted that site navigation and interactivity are important characteristics of system that determine system quality for web customer satisfaction.

Steuer (1992), in his work on virtual reality, also addresses the notion of interactivity. He identified vividness and interactivity as media technology system characteristics that determine the psychological experience of the user. He defined vividness as the technology’s ability to produce a rich sensory environment, and interactivity refers to the technology’s capacity to enable the user to influence the form and content of an environment. The vividness of an environment is defined by the manner in which information is presented to the senses. A vivid medium is one that is high in breadth (the number of sensory channels simultaneously activated) and depth (the degree of resolution within each sensory channel).

According Steuer (1992) an interactive medium is one that provides the user with the ability to alter the form and content of the environment. His identified three factors that contribute to interactivity: speed (the time required for the environment to respond to input), range (the number of environmental attributes that can be manipulated and the amount of alternatives available for each attribute changed), and mapping (how closely actions represented in the virtual environment match the natural actions used to change a real environment).

Based on these findings on system characteristics we think that with real-time interaction where the user performs natural actions that instantaneously alter a wide variety of characteristics in the mediated environment should create a heightened level of skills, concentration, control, and perhaps enjoyment. These factors have been determined as dimensions of flow, a concept proposed as influencing a user’s navigation on the Web (Hoffman and Novak, 1996). In fact, Hoffman and Novak (1996) proposed that on the Web interactivity may lead to flow. They argued that when consumers are highly interacting with the Web ad and enter the state of flow, they are more likely to learn more about the products and the company itself.

In extending Csikszentmihalyi’s (1990) work on flow, Hoffman and Novak proposed that users return to web sites that facilitate flow and suggest that online marketers offer these flow opportunities. They defined flow as the state occurring during network navigation which is: (1) characterized by a seamless sequence of responses facilitated by machine interactivity, (2) intrinsically enjoyable, (3) accompanied by a loss of self-consciousness, and (4) self-reinforcing (Hoffman and Novak, 1996).

In addition to flow, many researches have established the link between system characteristics and attitude toward system use. For example, Stevenson, Bruner and Kumar (2000) found that effective backgrounds, a component of vividness, have significantly more positive influence on attitude toward a Web site and on purchase intention. Hernandes et al (2004), based on Chen and Wells (1999) extension of the concept of attitude toward the ad to websites, proposed that attitude toward the advergame could represent an affective construct assessing favorable or unfavorable consumer predisposition toward the advergame itself resulting from active user-game interaction defining attitude toward the website as the online surfers’ predisposition to respond favorably or unfavorably to web content in natural exposure situations Therefore, another central goal of the study reported here was to examine also empirically how system characteristics affect gamers’ attitude toward an online video game with advertising messages.

**Individual Differences in Online Games**

The involving qualities of a video game are easy to observe, yet beyond those influences stemming from vividness and interaction, game characteristics leading to immersion are more in question. (Tamoborini, 2000). Although little is known about individual differences associated with determinants of online video games, a few determinants have been suggested in the literature. Howe and Sharkey (1998) looked at individual differences in terms of competence (mental ability to function effectively in virtual environments) and temperament (individual make-up permanently affecting our manner of acting, feeling, and thinking). They posit that characteristics of competence and temperament are likely to enhance a user's experience in mediated environments. However, Howe and Sharkey (1998) suggest that even though differences in competence and temperament influence a user’s general
capacity to experience virtual environments, they do not predict preferences for what occurs within different mediated worlds (cited in Tamboroni, 2000). This reasoning compels us to consider how individual differences in preferences for a particular media environment’s content and form will impact the experience of advergames. Witmer and Singer (1998) maintain that a medium's ability to focus the users' attention on a meaningful stimulus leads to involvement and immersion, two features that may be central to an online gamer experience.

According to Tamboroni (2000), involvement and immersion are psychological states of individuals considered by some to represent the essence of experiencing telepresence. While involvement depends on the meaningfulness of an environment, immersion is determined by the environment's ability to isolate the people from other stimuli available in their surroundings. Immersion is characterized by the sense of being enveloped by, and interacting with an environment. Environments create immersion to the extent that they can insulate individuals from their physical environment, create the sensation that they are inside the environment instead of an outside observer, and generate a feeling that they are can interact and move within the environment in natural manner. Witmer and Singer suggest that while involvement can occur in almost any type of environment, immersion is much more likely to occur in some environments than others.

**RESEARCH MODEL**

Summarizing the literature review reveals that interactivity and vividness are two critical system characteristics that potentially affect a users flow experienced online and attitude formations toward advergames. In addition, the concepts of individual characteristic differences in involvement and immersion suggest a linkage to flow and attitude formation toward the advergame. Finneran and Zhang (2002) stated that individual differences can yield very different flow experiences from the same activity. The differences among individuals is not merely in their skills, but also in their underlying life attitude, or their autotelic personality (Csikszentmihalyi 1990).

Based on the literature review we proposed the research model represented in Figure 1. The figure summarizes the structural equation model presenting the proposed relationships of the antecedents of flow and attitudes toward advergames. The proposed antecedents of the outcome variables of intension to replay and ad recall include system characteristics (interactivity, vividness), individual characteristics (involvement, and immersion); with flow experience at during game play and attitude toward the advergame acting as mediator constructs. In this model, the arrows in the figure represent hypothesized positive relationships between the constructs.

![Figure 1. Research Model](image-url)
METHODOLOGY

Similar to the methodology employed in Hernandez et al. (2004) a series of experiments were conducted to test the proposed model. A site with access to a variety of sports games with different characteristics and pace were selected for the study. The choice of sports games is based on the fact that they are among the genre of online games that simulates real life sports. For some of the games players compete against each other to reach a goal, usually under a time constraint. Others are solitary and slow-paced games, such as golf, where players battle par, rather than a human opponent directly. These different characteristics appeal to different segments of players. Thus, two online games exhibiting these characteristics were selected for our study.

The games selected were Arctic 3D Racer (http://www.nabiscoworld.com/games/nw_shock_nwar.htm) and Mini MiniGolf (http://wwww.nabiscoworld.com/games/nw_shock_nwmm.htm) from nabiscoworld.com. Screen shots are presented below.

As described in Hernandez et al.’s methodology, the game Arctic 3D Racer (Figure 2) is a snowmobile racing game exhibiting three brand products and one corporate brand. The brand products are Chips Ahoy! Cremewiches, X-treme Jello, and LifeSavers Kickers. The corporate brand is Nabisco. The brands are visible on the skymobile, helmet, driver jacket, dashboard, obstacles, signs, signal flags, and on the walls along the road. Additionally, the products are displayed along the snow road as part of the game play. Background music and sound effects (driving, crashing, shooting) are heard during the gameplay.

The game Mini MiniGolf (Figure 3) promotes six brand products and one corporate brand. The brand products are Ritz Bits sandwiches, Mini Chips Ahoy!, Nutter Butter Bites, Mini Oreo, Cheese Nips and Teddy Grahams. The packages of the product exhibiting the brand names are shown as part of the obstacles of the game. Each brand is shown one by one in the different holes. The brands are always visible in the frame of the play window. Sound effects are heard when the ball hits the obstacles.

Data Collection

Data was collected during Fall 2003 in a large Southwestern university. The participants were provided with instructions in English for the games. To avoid demand artifacts, they were told this was an electronic games study. The participants were instructed to play two games for 10 minutes each. Following the game play, participants completed the questionnaires independently. The original questionnaire included items obtained from past studies addressing the constructs of the model under test. Cronbach alphas confirmed internal consistency of the measures. Advertising recall, the ability of a consumer to remember an advertisement after being exposed to it, was assessed by asking the consumer to select among a list of brand names those s/he remember encountering during the game play.
Plan Analysis

The structural equation modeling technique will be used separately for each game played in order to assess confirmatory validity for the multi-item scales constructs. SEM is seen appropriate for this study because of its flexibility of assumptions (particularly allowing interpretation even in the face of multicollinearity), use of confirmatory factor analysis to reduce measurement error by having multiple indicators per latent variable, the attraction of SEM’s graphical modeling interface, the desirability of testing models overall rather than coefficients individually, the ability to test models with multiple dependents, the ability to model mediating variables, the ability to model error terms, and the ability to test coefficients across multiple between-subjects groups. To test the hypothesized relationships as depicted in the model, we will examine the regression weights obtained in both models.

CONCLUSION

Whether for business-to-business or consumer audiences, advergames boast potentially limitless application and impact. And most important of all, as the Wall Street Journal pointed out, because leads can be tracked so seamlessly, “The returns are actually measurable” (DeCollibus, 2002). In addition to brand exposure, marketers have also recognized the role online games can play in developing their customer databases and enhancing customer relationships. Registration for contests tied to games can collect basic contact information, age, gender and other information through simple survey questions.

The results of this study are shows potential in terms of the possible efficacy of advergames as an advertising format, but there are many possible mitigating factors to consider. In addition to the system characteristics and individual characteristics proposed in this study, other factors could include the respondents’ degree of derived entertainment from the different games, the length of time spent on each Website, respondents’ possible knowledge of the purpose of the study, prior exposure to the Websites and/or the advertisements, intentional avoidance of the ads, distractions external to the study, and the familiarity of the respondents with these different ad formats (Deal, 2005). Future studies should be careful to consider these extraneous factors.

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INTERNATIONAL FULBRIGHT OPPORTUNITIES FOR FACULTY: WHAT IT TAKES TO APPLY

Ruth Lesher Taylor, Texas State University

ABSTRACT

Based on bi-national exchange agreements, a broad array of award opportunities are offered to experienced faculty and professionals under the parent Fulbright Program: Traditional Scholars Program, Fulbright Senior Specialists Program, Fulbright-Hays Program, and others. Traditional Fulbright program opportunities, benefits, and terms of awards are detailed. Additionally, the recently-added Fulbright Senior Specialist consulting opportunities (2-6 week assignments) are explained and application details discussed.

OVERVIEW OF EDUCATORS’ WORKSHOP

Introduction

Faulty Fulbright experiences benefit universities in that they serve in ‘internationalizing’ university classrooms. Each year approximately 900 international Fulbright grant award opportunities are offered by more than 120 countries for U.S. faculty, administrators, professionals and independent scholars. Awards cover 45 different fields or disciplines and a variety of sub-disciplines; some specific to certain disciplines, called Discipline Specific awards, others are based on the consideration of applications from all fields, called “All Discipline Awards: that offer greater latitude in grant activity and host institution relationships. Fulbright awards vary in length of services; some awards are longer term in nature (2-12 months), others short-term (2-6 weeks) and more consultative in nature. Fulbright award applications deadlines vary: some awards have a fixed application deadline, others a rolling application deadline. All Fulbright Program award components serve as vehicles for promoting mutual understanding and each provide the opportunity for present and future leaders to observe and better comprehend institutions, infrastructures, and cultures of other countries and people. Fulbright scholars have had significant impact on the internationalization of academia and have helped to establish global exchange of ideas and global communication linkages regarding the resolution of global problems and the general betterment of people worldwide.

Survey of Faculty

Although the Federal Fulbright Program has been an ongoing since its origination in 1945, a recent survey of 45 mid-career, discipline-diverse, Fulbright Award application-interested faculty members revealed some interesting statistics: 1) few knew of the history and funding source of Fulbright Awards; 2) none knew of the Fulbright-Hays group award nor the recently-added Fulbright Senior Specialists awards; and 3) none knew that professionals and specialists outside of academe could apply for many of the Fulbright award opportunities, both longer-term traditional Fulbright Awards and shorter-term Fulbright Senior Specialist consulting opportunities.

Objectives of Workshop

Heighten awareness among academics of the extent of long-term and short-term Fulbright opportunities and of award application details.

Intended Audience and Presentation Style

Experienced faculty members are the intended audience as Fulbright grants require a minimum number of years of teaching to qualify. The presentation style of the workshop will include a Power Point visual presentation at at-large discussion.

Take-Away Value for Audience
Increased awareness and knowledge of the long- and short-term international Fulbright Award opportunities offered to academic faculty and administrators.

Brief bio:

Dr. Ruth Lesher Taylor is a Professor of Marketing at Texas State University in San Marcos, Texas. Dr. Taylor has a wealth of international experience and has developed a program with STAT-USA, Economics and Statistics Administration, U.S. Department of Commerce for integrating Federal Web sources of international information into university curricula. Dr. Taylor has received her five-year approval for the Fulbright Senior Specialist roster and will serve Summer 2006 as a Fulbright Senior Specialist at the University of Lima in Lima, Peru.
POLICY AND ETHICAL ISSUES REGARDING COMPUTER ENHANCED STUDENTS

Bert J. Kellerman, Southeast Missouri State University
Peter J. Gordon, Southeast Missouri State University

ABSTRACT

During recent years performance enhancement drugs have been a big news topic, especially with Major League Baseball and the Olympics in Athens. It appears that athletes are increasingly ready to take drugs that will give them a competitive edge. Many fans view enhancement performance drugs as inappropriate, and believe that performance ought to depend on one’s natural talents so that it can be more legitimately judged/compared over time. The authors do not see this as an issue that will diminish, but one that will grow in complexity as science makes more things possible.

Just as there are, and will be more, physical enhancement opportunities/possibilities available for athletes, professors might find their lives affected more by mental enhancement drugs and other forms of mental upgrades that may become available. What is likely to occur during the 21st Century will be amazing and may well dwarf the developments of the last century.

Ray Kurzweil, author of “The Age of Intelligent Machines” (MIT Press) wrote an article in the Conference Board’s publication “Across the Board” (July/August 1999) entitled “The Next Hundred Years”, in which he discussed some of the likely developments coming this century. Predicting the future is not a very accurate science, but Kurzweil limited his discussion to computers and based his projections/ideas on the fact that computer speed is doubling every 12 months and he assumed this will continue. If his assumption is correct, then his predictions are likely to be more accurate than others based on less rigorous assumptions.

Based on the above assumption, Kurzweil predicts that by 2009 most routine business transactions (purchases, travel, reservations) will take place between a human and a virtual personality. By 2019, a $1000 computing device (in 1999 dollars) is now approximately equal to the computational ability of the human brain. Computers are largely invisible and are embedded everywhere—in walls, chairs, desks, clothing, jewelry, and bodies. By 2029, he predicted that a $1000 computing device has the computing capacity of approximately 1000 human brains. A range of neural implants is becoming available to enhance interpretation, memory, reasoning, visual, and auditory perception.

If the above proves to be true, society will increasingly have to deal with the question of what is human. Educators will not only have to deal with drugs that enhance mental ability, but with computer implants that may significantly improve the brain's functioning ability. This raises many public policy and ethical issues, and this may all happen within the next 25 years.

The authors will share with conference attendees some findings from a pilot study regarding how present faculty and students view a number of mental enhancement possibilities.
UTILIZATION, EFFECTIVENESS, AND PURCHASING OF ALTERNATIVE MEDICINE: THE RAMIFICATIONS FOR MARKETING

Dennis Emmett, Marshall University

ABSTRACT

Alternative medicine is a general term used for an extensive list of medical systems which differ from allopathic (western) medicine, including acupuncture, ayurvedic, tribal-traditional medicine, herbal or photo therapeutic, homeopathic, and others. This paper begins to examine the use of alternative medicines in today’s society. The factors studied are the utilization and effectiveness of alternative medicine, in addition to perceptions of physicians and the buying behaviors of consumers. These results are then examined to determine the ramifications for an effective marketing campaign.

INTRODUCTION

Alternative medicines are becoming more common in today’s society. More than one-third of American adults use some form of alternative and complementary medicine, with total cost of more than $30 billion per year (Arias, 2005). The use has increased from 2.5% of the population in 1990 to 12% in 1997, with similar increases in the percentages of people consulting herbal medicine practitioners (Tatro, 2004). The reasons for the increase usage include perception of efficacy and safety, accessibility, sense of utilizing natural product, dissatisfaction with prescription drugs, and lower cost (Astin, 1998).

People have questioned the effectiveness of alternative medicines. In fact, many argue that alternative medicines should be held to the same clinical effectiveness standards as conventional medicine (Arias, 2005). Adding herbal medicines to a multiple drug therapy has the risks of possible herb-drug interactions (Ernst, 2002). There are also side effects which may not be known to the user (Maranton et al., 2005). In addition, only 20% of health care providers consider herbal and alternative medicines to be safe (Maranton et al., 2005).

People utilizing alternative medicines rarely tell their physicians, less than 40% (Arias, 2005). This is quite a low percentage given the possible side effects that exist. It is suggested that physicians need to ask about the use of alternative medicines, especially herbal and dietary supplements (Bressler, 2005). When asked, more than one-half of physicians stated that they would encourage patients to discuss their use of alternative medicines (Arias, 2005). On the other hand, physicians know very little about herbal supplements and alternative medicines. Training on these matters should be incorporated into medical education programs (Maranton et al., 2005).

The overall purpose of this paper is examining factors that are important in the marketing of alternative medicines. In order to accomplish this, it becomes necessary to scrutinize the utilization of alternative medicines and perceptions of effectiveness. Perceived effectiveness of alternative medicines is examined through the eyes of both physicians and consumers. Next, the buying behaviors of alternative medicine users will be examined. Those behaviors will include who buys for whom, where you buy, and how often you buy. The implications from these analyses are then converted to guidelines for an effective marketing campaign.

ANALYSIS OF DATA

A survey was administered to 181 individuals. A convenience sampling technique was adopted for the purpose of this study. The samples utilized for this study were unrestricted non-probability samples. The rationale for adopting this type of sample was that despite its minor drawbacks, it had content validity, since all the respondents were legitimate consumers.
Respondents were asked how they felt about alternative medicine. Questions include relative cost, relative effectiveness, awareness by doctors, awareness of possible interactions, and harmfulness. In addition, several demographic variables were included: 1) age (over and under 45), 2) gender (male and female), 3) marital status (married or single), and 4) educations (less than Bachelor’s degree and Bachelor degree or higher). There are 134 individuals under 45 and 46 individuals over 45. Gender is evenly split, 86 males and 95 females. There are 112 single individuals, which includes divorced and widowed, only 68 respondents were married. The 64 individuals have less than a bachelor’s degree, while 116 individuals have a bachelor’s degree or above.

Analysis of Utilization of Alternative Medicine

The first two questions have to do with the expensive nature of alternative medicines: 1) alternative products are usually expensive and 2) alternative products are more expensive than allopathic/western medicines. Table 1 presents the results of this analysis. From the table, 34.8% of respondents, either strongly agree or agree, that alternative medicines are expensive. On the other hand, a large number of respondents, 34.8%, do not know whether they are expensive. In addition, only 19.9% of respondents, either strongly agree or agree, that alternative medicines are more expensive than Western medicines. 19.9% of the respondents, either disagree or strongly disagree, that alternative medicines are more expensive than Western. Finally, almost a half of the respondents, 42.2%, do not know whether alternative medicines are more expensive. While many people feel that alternative medicines are expensive, there is a mixed response as to whether they are more expensive than Western medicines.

<table>
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<th>Strongly Agree</th>
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<th>Neutral</th>
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<td>2.8%</td>
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<td>Percent</td>
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<td>24.4%</td>
<td>17.8%</td>
<td>9.4%</td>
<td>2.8%</td>
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When these questions were examined using the demographic variables, only gender was important (p=.010) when related to ever considering using herbal products. Females were more likely to consider using herbal products than males.

Analysis of Effectiveness of Alternative Medicines

Respondents were asked about the effectiveness of alternative medicines. Table 2 presents the results.

<table>
<thead>
<tr>
<th>Question</th>
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<td>Alternative Medicine Effective</td>
<td>Number Percent</td>
<td>7</td>
<td>27</td>
<td>68</td>
<td>17</td>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>3.9%</td>
<td>15.0%</td>
<td>36.7%</td>
<td>9.4%</td>
<td>1.7%</td>
<td>33.3%</td>
</tr>
<tr>
<td>More Effective than Western Medicines</td>
<td>Number Percent</td>
<td>4</td>
<td>9</td>
<td>48</td>
<td>39</td>
<td>12</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>2.2%</td>
<td>5.0%</td>
<td>26.5%</td>
<td>21.7%</td>
<td>6.7%</td>
<td>37.8%</td>
</tr>
</tbody>
</table>
Only 18.9% of the respondents either strongly agree or agree that alternative medicine is effective. Only 7.2% of the respondents felt that alternative medicine was as effective as Western medicine. Approximately one-third (36.7%) were neutral that alternative medicine was effective. A slightly smaller percentage (26.7%) was neutral when asked whether alternative medicines are more effective than Western medicines. A large percentage of the respondents (33.3%) do not know whether alternative medicines are effective. In addition, 37.8% of the respondents did not know whether alternative medicine is more effective than Western medicines.

Respondents were asked if they think that alternative medicines are harmful. Only 6.1% either agreed or strongly agreed that alternative medicines are harmful. A large percentage of respondents (36.1%) either strongly disagreed or disagreed that alternative medicines are harmful. 27.8% were neutral, while 30.0% did not know whether alternative medicines were harmful.

**Analysis of Doctors Perceptions of Alternative Medicines**

Respondents were asked if they thought that Doctors were aware of the various alternative medicines products available and whether doctors should warn patients of the possible interactions of alternative medicine when taken along with current medications. The results are given in Table 3.

TABLE 3
Doctor’s Responses Regarding Alternative Medicine

<table>
<thead>
<tr>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Don’t Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware of the Various Alternative Medicines</td>
<td>Number Percent</td>
<td>6</td>
<td>3.3%</td>
<td>60</td>
<td>33.3%</td>
<td>31</td>
<td>17.2%</td>
</tr>
<tr>
<td>Warn About Interactions</td>
<td>Number Percent</td>
<td>84</td>
<td>46.7%</td>
<td>64</td>
<td>35.6%</td>
<td>10</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Only 3.3% of the respondents strongly agreed that doctors were aware of the various alternative medicines available, whereas 33.3% agreed. In addition, 21.7% disagreed and 5.6% strongly disagreed that doctors were aware of the various alternative medicines available. 17.2% were neutral and 18.9% did not know.

In addition, the vast majority, 46.7% strongly agreed and 35.6% of the respondents agreed; felt that doctors should warn of the possible interactions of alternative medicines with current medications. Only a small percentage of respondents, 5.6% disagree and 0.0% strongly disagreed, that doctors should warn of interactions. Few respondents, 5.6%, were neutral. A larger percentage, 11.1%, did not know. Married people more strongly agreed than non-married people that doctor’s should warn of harmful interactions (p = .032).

**Analysis of Purchasing of Alternative Medicines**

Table 4 provides responses concerning whether family or friends recommend alternative medicines.

TABLE 4
Family or Friends Recommend Alternative Medicines

<table>
<thead>
<tr>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Don’t Know</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family or Friend Recommend</td>
<td>Number Percent</td>
<td>24</td>
<td>13.3%</td>
<td>79</td>
<td>43.9%</td>
<td>23</td>
<td>12.8%</td>
</tr>
</tbody>
</table>
The majority of respondents (57.2%) either strongly agreed or agrees that family or friends are the one who recommend alternatives medicine that people buy. Only 5.6% of respondents disagreed that family or friends were the people responsible for recommending alternative medicines, and 24.4% did not know.

Respondents were asked if they ever purchased alternative medicine products for themselves or others. The results are given in Table 5.

TABLE 5
Purchase of Alternative Medicines

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased Alternative Medicines for Yourself</td>
<td>64</td>
<td>116</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>35.6%</td>
<td>64.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Purchase Alternative Medicines for Someone Else</td>
<td>29</td>
<td>149</td>
<td>178</td>
</tr>
<tr>
<td></td>
<td>16.3%</td>
<td>83.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Only 35.6% of the respondents bought alternative medicines for themselves. The percentage who bought alternative medicines for other was only 16.3%. No demographic variable made any statistically significant difference.

Where Do You Buy Alternative Medicines and How Often

Of those people who stated that they bought alternative medicines for themselves or others, they were asked where they bought them. Table 6 shows where people stated they bought alternative medicines.

TABLE 6
Where People Purchase Alternative Medicine

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friend/Relative</td>
<td>11</td>
<td>51</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>17.7%</td>
<td>82.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Drug Store/Pharmacy</td>
<td>37</td>
<td>25</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>59.7%</td>
<td>40.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Alternative Medicine Product Store</td>
<td>27</td>
<td>35</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>43.5%</td>
<td>56.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Make Myself</td>
<td>4</td>
<td>58</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>6.5%</td>
<td>93.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Doctor’s Office</td>
<td>6</td>
<td>56</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>9.7%</td>
<td>90.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>54</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>12.9%</td>
<td>87.1%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The most popular place to obtain alternative medicines is a drug store of pharmacy with 59.7% of the individuals buying there. The next most popular is the alternative medicine store with 43.5%. The other options were less used, friends with 17.7%, make yourself with 6.5%, and doctor’s office with 9.7%. Individuals over 45 are more likely to buy drugs from friends than those under 45 (p = .045).

The next question is how often individuals buy alternative medicines. Table 7 provides the results.

TABLE 7
How Many Times Each Year Do You Purchase Alternative Medicine

<table>
<thead>
<tr>
<th>Question</th>
<th>Freq</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once A Year</td>
<td>25</td>
<td>41.0%</td>
</tr>
<tr>
<td>2-3 Times a Year</td>
<td>26</td>
<td>42.6%</td>
</tr>
<tr>
<td>Every Other Month</td>
<td>6</td>
<td>9.8%</td>
</tr>
<tr>
<td>Every Month</td>
<td>3</td>
<td>4.9%</td>
</tr>
</tbody>
</table>
Most people buy alternative medicines only once (41.0%) or 2-3 times per year (42.6%).

**IMPLICATIONS FOR MARKETING**

The above analysis provides some interesting insights on how to market alternative medicines. While there is a mixed bag concerning the effectiveness of alternative medicines, there are a large percentage of respondents who do not know whether alternative medicines are effective. In addition, a large percentage of respondents do not know whether alternative medicine is more effective than Western medicine. One of the objectives of a marketing program should be to promote the effectiveness of alternative medicines. The second part of this marketing campaign should be directed to females since there are more likely to consider using herbal products. In many situations, females are the individuals responsible for the purchasing decisions. Part of the campaign should be directed to family or friends as people who recommend alternative medicines. In addition, one avenue of advertising should be directed to the expense of alternative medicines. Again, a large portion of the respondents do not know whether alternative medicines are expensive. A large portion of respondents does not know whether alternative medicines are more expensive than Western medicines. The marketing campaign must speak to the expense of alternative medicines and how that expense compares to the cost of Western medicines.

If alternative medicines are to be marketed, then physicians must be made aware of the value of alternative medicines. The portion of respondents that feel that physicians are aware of alternative medicines is about equal to the portion of respondents that feel physicians are now aware of alternative medicines. In addition, a vast majority of respondents believe that physicians should warn patients about the possible interactions between alternative medicines and their other medications. One prong of the marketing campaign should be directed to physicians with both samples and information concerning effectiveness and interactions.

The next section of the marketing plan should deal with the channels of distribution. People buy alternative medicines for themselves and others. The important part is to determine where they buy them. The largest number of purchases was from a pharmacy followed by alternative medicine store. Companies who distribute alternative medicines must recognize this fact. In addition, the majority of people only purchase alternative medicines once per year or 2-3 times per year.

In summary, the following points are important for marketing alternative drugs:

1. Advertise the effectiveness or alternative medicines; particularly, in relation to Western medicines.
2. Advertise the relative expense of alternative medicines as compared to Western medicines.
3. Physicians must be provided information concerning the effectiveness or alternative medicines, along with interactions with other medications.
4. Physicians might need to be enticed to recommend alternative medicines, if they had free samples.
5. The marketing plan needs to target family and friends to influence individuals to buy alternative medicines.
6. Alternative medicine producers need to target pharmacies and alternative medicine stores to make sure that they carry the alternative medicines.

**REFERENCES**


HOSPITAL EMPLOYEE JOB RESOURCEFULNESS: AN EMPIRICAL STUDY AND IMPLICATIONS FOR HEALTH CARE MARKETING

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David E. Fleming, University of South Florida

ABSTRACT

The pressure on hospital administrators and patient care employees to deliver high quality health care services within a scarce resource environment is well known. Today’s competitive environment requires that managers ensure both organizational efficiency (i.e., productivity) and effectiveness (i.e., quality), leaving hospital administrators with a number of important challenges. Delivering high quality service while attempting to contain costs is one of the biggest challenges facing administrators today (Revere, Roberts, and Harris 2004). For example, as Schumacher (2005) asserts, although the number of hospital admissions and emergency department visits continues to rise, employer and personnel resources are often limited. The increased focus on cost-cutting only exacerbates the problem, further contributing to the problem of nursing shortages (Gordon 2005).

In the current environment, front line patient care employees often feel pressure to “do more with less”, a situation that frequently results in workplace stress (Harris and Artis forthcoming) and may compromise patient care and safety (Schumacher 2005). In fact, a recent study revealed that the top concern of front line nurse managers regarding the next few years is dealing with limited budgets and resources (Loo and Thorpe 2004). Complicating the issue is that resource constraints often result in increased work loads (e.g., larger number of patient per nurse), which can lead to both burnout and turnover. Retaining productive employees in such an environment is a major concern, especially when one considers that the annual cost of employee turnover accounts for a sizable portion of medical center budgets (Waldman et al. 2004).

A small but growing stream of research has begun to address the issue of “doing more with less” through the application of the job resourcefulness construct (e.g., Licata et al. 2003; Harris et al. forthcoming). Job resourcefulness, an individual difference variable, is defined by Licata et al. (2003) as “an enduring disposition to garner scarce resources and overcome obstacles in the pursuit of job-related goals” (p. 257) and assesses the tendency of employees to be able to work efficiently in scarce resource environments. The construct is a valuable contribution to the marketing literature, and has been shown to influence work performance (Licata et al. 2003), job satisfaction, and turnover intentions (Harris et al. forthcoming). Although the addition of the job resourcefulness construct is a welcomed addition to the marketing literature, empirical work on the construct in hospital settings is currently lacking. In fact, the original work by Licata et al. (2003) remains the sole work that explores job resourcefulness in a hospital marketing context. An improved understanding of the influences and outcomes of job resourcefulness in the hospital environment is therefore needed.

The current work addresses this gap in the hospital marketing literature by examining job resourcefulness in the hospital environment. As such, the work replicates and extends previous work on the construct in a number of important ways. First, the work replicates the work of Licata and colleagues (2003) by examining the influence of personality variables on the construct. Second, the work replicates the research of Harris and colleagues (forthcoming) that revealed that role stressors influence job resourcefulness beyond the effects of personality alone. The Harris and colleagues (forthcoming) work reveals the role stressors (e.g., role conflict and ambiguity) play an important role in job resourcefulness in a financial services context. Does a similar effect occur in the hospital environment? Third, the work extends previous research by examining the influence of job resourcefulness on two important outcome variables that have yet to be examined: tenure with the firm and tenure in the industry. An understanding of how job resourcefulness influences these tenure variables underscores the critical role that the construct plays in the current hospital marketing environment.

Job resourcefulness
As noted previously, Licata et al. (2003) define job resourcefulness as “the enduring disposition to garner scarce resources and overcome obstacles in the pursuit of job-related goals” [p. 257]. The construct was developed as the result of a qualitative research approach that suggested that the ability to excel in work environments marked by resource constraints is an important determinant of an employee’s success within a service firm. As Harris et al. (forthcoming) discuss, employees who have a high level of resourcefulness are able to perform their work duties efficiently and have been shown to deliver superior work performance as compared to employees who are less resourceful.

**Antecedents of Job Resourcefulness**

Although empirical work on the construct is limited, both intrapersonal factors (e.g., personality) and external influencers (e.g., role stressors) have been shown to impact resourcefulness. For example, Licata et al. (2003) utilized a hierarchical personality approach (i.e., the “3M”, Mowen [2000]) to examine the personality influencers of resourcefulness. Their results, gathered from three distinct samples from various service industries revealed that personality factors do indeed influence job resourcefulness. At issue for the current work is the authors’ finding that the personality traits of “openness to experience” and “conscientiousness” both influence resourcefulness in a hospital setting (n = 142 hospital nurses). These traits (i.e., openness and conscientiousness) are found in the popular “Five Factor Model” (Costa and McCrae 1992) approach to personality. Openness essentially describes one’s creative tendencies while conscientiousness describes one’s tendency to be imaginative, open to new ideas, etc. Intuitively it is reasonable to suggest that a resourceful employee would need to be both creative and conscientious when working in an environment that demands results but gives little in the way of support. We also note that in the Licata et al. (2003) study, job resourcefulness positively influence both self-rated (i.e., nurse) and supervisor-rated work performance.

Harris and colleagues (forthcoming) extended the work of Licata et al. (2003) by considering the impact of role stressors (i.e., conflict and ambiguity) on job resourcefulness. Adopting a person * situation psychological perspective, the authors reasoned that both conflict and ambiguity should negatively impact job resourcefulness beyond the effects of personality traits alone. Their findings, gathered from a sample of financial service employees, supported this proposition. Furthermore, their results indicated that job resourcefulness positively influences job satisfaction and negatively influences intentions to leave.

The current study proposes and tests three hypotheses that focus on replicating and extending the previous work of Licata et al. (2003) and Harris et al. (forthcoming):

H1: The traits of openness to experience and conscientiousness positively influence hospital employee job resourcefulness.

H2: Controlling for the effect of personality, role conflict and role ambiguity each negatively influence hospital employee job resourcefulness.

H3: Hospital employee job resourcefulness positively influences both tenure with the firm and tenure in the health care industry.

**METHODOLOGY**

The sample selected for the investigation was a medium sized hospital (< 300 employees) in the southeastern United States. All employees who had direct contact with patients were given a survey that contained the constructs central to the study as well as several unrelated measures. The surveys were returned directly to the researchers via U.S. mail. Two-hundred ten surveys were distributed and 113 were returned in usable format (n = 113). In total, thirteen percent of the employees were male and eight-seven percent were female. The average age of respondents was 40 years. The measures utilized included measures of personality, job resourcefulness, role ambiguity and conflict, and tenure with the firm and industry. All measures were adapted from previous studies, and all exhibited acceptable psychometric properties.

**Analysis**
Regression analysis was utilized for hypothesis testing. To test hypothesis 1, job resourcefulness was regressed on the ten personality traits found in the work of Licata et al. (2003). The overall model was significant ($F = 3.04, \text{d.f.} = 112$). Consistent with the original work and with hypothesis 1, both the traits of openness to experience and conscientiousness significantly influenced resourcefulness at $p < .05$. The beta coefficients were $\beta = .25$ (openness) and $\beta = .31$ (conscientiousness). Again consistent with the original study, no other traits significantly influenced job resourcefulness thereby offering strong support for the assertion that both openness to experience and conscientiousness are predictors of resourcefulness in hospital marketing settings.

Hypothesis 2 was tested by using hierarchical regression. In the first model, the personality variables were entered. This model was significant, consistent with the first set of analyses (i.e., $F = 3.04, \text{d.f.} = 112$). Next, role conflict and role ambiguity were separately entered into the equation. Inconsistent with hypothesis 2, neither role ambiguity nor role conflict were significant predictors of job resourcefulness when personality traits were present in the model ($\beta = -.13, p > .10$ [role ambiguity]; $\beta = .10, p > .10$ [role conflict]). Hypothesis 2 was not supported.

Hypothesis 3 was tested by separately regression tenure with the hospital and tenure in the health care industry on job resourcefulness. For both variables, resourcefulness was a significant predictor. For tenure in the industry, resourcefulness was a significant predictor at $p < .05$ ($\beta = .25$), and for tenure with the hospital, the significance level was $p < .10$ ($\beta = .16$).

**IMPLICATIONS**

This research offers three main contributions to the hospital marketing literature. First, corroborating evidence is shown to support the influence of the personality variables of openness to experience and conscientiousness on the job resourcefulness construct. Personality inventories remain valuable tools in employee selection, and the current research suggests that these traits should be carefully examined in such decisions. Second, the research reveals that the influence of role stressors on job resourcefulness is not significant. Third, the research reveals that job resourcefulness impacts a very important outcome variable in hospital marketing: employee tenure.

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THE EFFECTS OF PHYSICIAN SERVICE QUALITY PERCEPTIONS AND FEELINGS OF EMPOWERMENT ON HOSPITAL SATISFACTION

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Thomas Loughman, Columbus State University
Robert Fleck, Jr., Columbus State University

ABSTRACT

The increasing number of vacant healthcare positions has left hospital administrators scrambling to develop strategies to offset the problem. One effective strategy to address the physician shortage some hospitals are experiencing involves focusing on physician satisfaction. A recent study concluded that early preventive care taken to maximize physician satisfaction can play a key role in reducing physician turnover. The current study contributes to the body of work on physician satisfaction by investigating the responses from 94 physicians from one hospital in order to determine if physician feelings of empowerment affect their service quality perceptions and their likelihood to recommend the hospital to their peers.

STUDY CONCLUSIONS

The current study supports the notion that physicians’ feelings of empowerment may moderate the effect of service quality perceptions on physician satisfaction. Put differently, maintaining high physician satisfaction is a function of increasing staff service quality while providing physicians with the authority and ability to better serve patients. Both have an impact on physician satisfaction, and both can affect physician turnover.

The results of this study indicate that the quality of hospital operations contributes more to the likelihood that physicians will recommend a hospital to their peers. In fact, almost 32% of the variance in physicians’ likelihood to recommend the hospital to peers was explained by the quality of hospital operations. This would suggest that improvements made to hospital operations, such as hospital records availability and ease of use, hospital efficiency in scheduling in-patient and out-patient surgeries, and the availability of medical equipment would impact physician behaviors more than the perceived quality of the hospital staff.

The rising level of dissatisfaction among physicians has negative consequences for organizations, such as increased physician turnover, decreased continuity of care for patients, increased cost of the medical system, and increased patient dissatisfaction (Murray, 2000). A recent study found that one of the practices the highest performing healthcare organizations have in common is that they empower employees to satisfy patients (Fassell, 2003). Additionally, Spreitzer (1996) suggested that high-involvement social structures within an organization increase the positive outcomes of psychological empowerment in the workplace. This suggests that programs which increase employee access to information and sociopolitical support within the organization may contribute to improved service quality. Employee empowerment should begin with hospital presidents and their boards and permeate the entire organization.

Managers who seek to create and maintain a healthy service climate would do well to pay attention to employees’ service quality perceptions. Data concerning the facets of employee attitudes and behavior that are related to service quality perceptions are important to managers mainly because these are the attitudes and behaviors that should be supported as part of the creation and maintenance of a good service climate. This study gives managers potential internal organizational interventions that might yield improvement in service quality to customers.

The increasing number of vacant medical positions has left industry experts developing strategies to offset the problem. Practical strategies and recommendations to improve retention include better managing of physicians’ expectations. The results of this study suggest that managerial practices to involve and empower physicians to help improve the quality of hospital operations may have a significant positive impact on physician satisfaction and turnover.
SELECTED REFERENCES


CONSUMER INCARCERATED: PERCEPTIONS OF PRODUCT QUALITY AND SERVICE QUALITY IN A CAPTIVE CONSUMPTION SETTING

Daniel Margrave, Berry College
Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

Captive consumers, those who cannot leave a situation or those who are reluctant to leave a situation because of a prospective loss of resources already committed, have few options and are often captive involuntarily (Moreno 2005, Turley and Shannon 2000). Ethically and economically it is argued that businesses should treat captives well (Friedman and Friedman 1986). Evidence shows that consumers who are not held captive will select the choices perceived to be of high quality or of a better price (Rienzner and Testa 2003, Sarkar and Guin 2003). When captivity is lifted, consumers will not stay without loyalty to the organization. In order to remain loyal, captive consumers may expect discounts and benefits for any inconvenience they are forced to endure (Pan, Lo and Hsiao 2004). Unfortunately, evidence also indicates that captives are not always treated appropriately (Rotfeld 2003). Captive consumers are often forced to bear a disproportionate burden when economic conditions change (Krieger 1995, Savage 1993).

The research into consumer captivity has long been of interest in the insurance and utilities industries, where captivity is perceived to be a benefit (Krieger 1995, LeStrange 1993). When a business has a large portion of consumers held captive, financial risk can be better managed (LeStrange 1993). Decision makers have a higher degree of certainty on production and service levels (LeStrange 1993). Another good example of captive consumers occurs on college campuses with meal programs. Many campuses offer or require food plan options for some on-campus students. Food providers on these campuses clearly benefit from a more consistent understanding of day-to-day demand levels. Campus food services may be either in-house operations or external contractors such as Aramark, Sodexho, and Compass. Students often complain about the quality of food on college campuses. While students may be held captive in their food choices, their expectations for flexibility, diversity, food quality and variety tend toward the level of a restaurant (Tanyeri 1999). Consumers are concerned about the value for the price, the quality of the food and the quality of the services. General research in the area of captive consumers has indicated that perceptions of quality may be affected by captive status (Gilbert and Nicholls 1998/1999). When a consumer is held captive, the resulting loss of freedom to choose may impact their ability to evaluate quality impartially. Is the tendency for students to complain about campus food quality a product of overall poor quality brought about by a restriction on competition and the creation of a monopoly (Hayes 1997) or is it negatively influenced by the consumers' loss of free will in the decision process?

This research examines consumers' perceptions of convenience, product value, variety, food quality and service quality as a function of captivity. Evaluations of captive consumers are compared to evaluations of non-captive consumers. In other words, this research explores the degree to which students held captive by meal plans evaluate the college food service more negatively compared to students eating in the same food in the same locations, but whom are choosing to eat at the student dining facility by free choice. Implications for food service manager and college administrators are provided.

SELECTED REFERENCES


MATCHING UP IS HARD TO DO: INVESTIGATING GENERATION Y’S RESPONSE TO CELEBRITY ENDORSEMENTS

Kimberly Whalen, Elizabethtown College

ABSTRACT

Tiger Woods’ performance on the golf course is fast becoming the stuff of legend. Equally impressive has been his status, or more precisely earnings, as a celebrity endorser. One is quickly reminded of Woods’ $100-million, 5-year contract as Nike’s endorser. Other name-brand endorsements include American Express, Buick, Tag Heuer, and so on, bringing Woods’ annual income from endorsements alone to over $50 million. Woods, of course, is not alone in the stratospheric world of celebrity endorsements. Companies annually spend hundreds of millions of dollars contracting celebrities to help promote their products. The expenditures on this channel of promotion have been expanding regularly. But does a Tiger Woods endorse a watch as effectively as he does sports apparel? And is he equally adept at speaking for an automobile as he is for a financial services firm? And what of other celebrities? Would a Kobe Bryant or a Britney Spears be equally effective in whatever product they endorse?

Various theories have been advanced to explain and predict the effects of celebrity endorsements. The physical attractiveness of endorsers has received much research attention. A variety of other theories have been used to explain the effectiveness, and sometimes the ineffectiveness, of celebrity endorsers and the endorsement process. Some of these theories include the associative learning theory (Till and Shimp, 1998), social adaptation theory (Kahle and Homer, 1985), and attribution theory (Mowen and Brown, 1981). More recently, Till and Busler (2000) studied the match-up hypothesis in relation to celebrity endorsements. The match-up hypothesis suggests that endorser effectiveness is enhanced when there is a match or a fit between the endorser and the product being endorsed. Thus according to the theory, a physically attractive endorser will be more effective than a physically unattractive endorser in promoting a product associated with beauty (Kahle & Homer, 1985).

Till and Busler (2000) studied the match-up hypothesis by manipulating endorser attractiveness and product type. In a second part of the same study, Till and Busler manipulated expertise as the match-up factor instead of attractiveness. For the study, a 2x2 matrix was created to compare the variables being tested. For instance, for the first part of the study, the effectiveness of both attractive and unattractive endorsers was tested on both a product used to enhance beauty and a product not generally associated with enhancing beauty. In the first study, a general “attractiveness effect” on brand attitude and purchase intent was found, but the results were not as strong as predicted by previous studies on the match-up hypothesis. In the second part of the study, a match-up effect was demonstrated in the results (Till and Busler, 2000).

My research investigates the robustness of the match-up hypothesis five years on. An attempt is made to replicate part of Till and Busler’s (2000) study, using Generation Y consumers as subjects. Does the hypothesis stand up to the test of time? Will a new cohort of Generation Ys affect the efficacy of the model? If, as demographics indicate, Generation Y is the wave of marketing’s future, with both numbers and (down the road) income on their side, advertisers must be cognizant of this generation’s reactions to whatever marketing programs are being considered. Generation Ys, who are more skeptical about advertising claims and promises, and who are among the most impatient species on earth, are likely to respond to celebrity endorsements quite differently than previous generations do. This research investigates just this phenomenon, and in the process, sheds new light on the continued utility of celebrity endorsement as a major marketing promotion tool.

SELECTED REFERENCES


FROM SERENE TO EXTREME: CHARACTERISTICS OF PARTICIPANTS IN HIGH-COMMITMENT RECREATIONAL AND HIGH-RISK SPORTS

V. Myles Landers, Berry College
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DETAILED ABSTRACT

Sports represent both an opportunity for achievement and leisure (Stewart and Lacassagne 2005). Recreational sports, such as tennis, golf and swimming, offer an opportunity to participate in a relatively leisurely activity. High-risk sports, such as mountain climbing, skydiving and scuba diving, provide an opportunity to test limits and realize achievements. High-risk sports tend to require a commitment of both time (to achieve a necessary skill level) and money (to purchase equipment and to pay participation fees). While some recreational activities, such as walking, require little commitment of time or money, other recreational sports, such as golf and tennis, are more similar to extreme sports in the commitment of the participants (O'Brien 2004). Very often, participant in these high-commitment sports, both recreational and extreme, exhibit a strong degree of dedication to the activity (Clarke 2005). Research conducted by Albers-Miller and Landers (2005), examining the characteristics of consumers participating in high-risk leisure activities, uncovered a high degree of similarity across high-risk participants. They reported that across high-risk sports, the participants tended to be very similar and unilaterally tended to allocate relatively high amounts of resources to themselves in terms of both time and money. Additionally, they found a high degree of cross-participation (e.g. mountain climbers who also skydived, to skydivers who also scuba dived) (Albers-Miller and Landers 2005). The high degree of similarity and the tendency of the athletes to cross-participate raise the question of the degree to which participants in other high-commitment sports are similar or dissimilar. The purpose of this study was to examine the characteristics of participants in both recreational (low-risk) and extreme (high-risk) high-commitment sporting activities. Based on the wealth of previous research, the constructs of interest can largely be categorized in four groups: external pressures on resources; adventure, health and risk perceptions; matters of the self; and general demographics (Albers-Miller and Landers 2005, Arnould and Price 1993, Brannigan and McDougall 1983, Celsi, Rose and Leigh 1993, Creyer, Ross and Evers 2003, Csikszentmihalyi 1990, Kiewa 2001, MacCannell 2002, Murphy 1974, Shoham, Rose and Kahle 1998).

The data for this study were collected using online surveys. Based on the study conducted by Albers-Miller and Landers (2005), the surveys consisted of a number of demographic questions and scale items resulting from factor analysis in their study. Scale items were statements measured with a five-point Likert-type scale of strongly agree (5) to strongly disagree (1). The respondents for this study were contacted using a variety of resources. Because of the strong sense of community within many of these sports, respondents were located largely by utilizing an inside member of the community to encourage participation. Email descriptions of our research were forwarded to mailing list administrators, including commercial, social and academic lists, to gain access to these communities. Most of our respondents were generated when "insiders" posted our request to sport-specific bulletin boards, such as DropZone." Comparisons were made between the five sports of interest (scuba diving, mountain climbing, skydiving, golf and tennis). Participants in golf and tennis, low-risk high-commitment sports, do share characteristics with participants in high-risk, high-commitment sports (Scuba-diving, mountaineering and skydiving), including the tendency to allocate resources to themselves. On the other hand, participants in these two groups do deviate on many personal characteristics. Implications for marketing to these target audiences and directions for future research are provided.

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PROMOTION OF UNHEALTHY CONSUMPTION CHOICES: A COMPREHENSIVE EXAMINATION OF CHILDREN’S FOOD PRODUCT ADVERTISING

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DETAILED ABSTRACT

No matter how you measure it, children see a lot of advertising, approximately 20,000 to 25,000 per year (Federal Communications Commission, 2003). During the estimated four hours per day watching television, children are inundated by messages. Children are also viewed as a future market (Moore 2002). In 2002, approximately $15 billion was spent on marketing directly to children (Center for Science in the Public Interest 2003). A recent seven country study conducted with “tweens” (ages 9-14) indicates that these young people view TV as the single most important source of product information (Lindstrom and Seybold 2003). While supporters have argued that children’s vulnerabilities are often, researchers have been concerned with the impact on children for more than three decades (Albers-Miller and Miller 2004). Critics assert that it is unfair because children lack the cognitive skills and life experiences needed to resist persuasive claims. For example, Albers-Miller and Miller (2005) discovered that children found it incomprehensible for an advertising spokesperson to appear on TV and still be “not famous.” Children see advertising messages as real (Browne 1998). Mendelson’s (1992) research has been used as strong support for the regulation of children's advertising (Oates, Blades and Gunter 2002). Research seems to indicate that children are influenced by the advertising messages to which they are exposed (Albers-Miller and Miller 2005). Bush, Martin and Bush (2004) reported that social agents of consumption may come from mass media and television viewing. In the worst case, children are unable to adequate process and critically evaluate the selling claims which are provided in these messages. In the most positive situation, advertising to children is expected to provide information to support informed decisions. In reality, advertising to children often violates children's own perceptions of right and wrong (Albers-Miller and Miller 2004).

A great deal of children's advertising is for food items. Many of children’s ads are for products that are not considered healthy for a child’s diet. Very conceivably, food items promoted during times of children programming may be linked to the increase in childhood obesity. According to the Healthy People 2010 report, childhood obesity attributable to an unhealthy diet is increasing in prevalence worldwide. The Centers of Disease Control and Prevention and the World Health Organization have labeled this increase an epidemic (Centers for Disease Control and Prevention 2004, World Health Organization 1998). If unhealthy food alternatives are being advertised as healthy, the debate of children's ability to process advertising content becomes less significant. If children are unable to understand that a product is being sold, they are easily manipulated by the advertisement. If a child uses the advertisement as a source of product information, but the information is misleading, the child is manipulated by the advertisement. It seems increasing important to understand the degree to which the food products being advertised to children are presented as "healthy," and if in fact they are healthy, in terms of appropriate serving sizes, reasonable calorie counts, low salt, sugar and fat, and the degree to which they provide important nutrients such as protein, vitamins and minerals. Conversely, it is important to understand the degree to which the foods are promoting unhealthy choices, in terms of excessive serving sizes, high calorie counts of empty calories, high salt, high sugar, and high fat content.

The purpose of this study is to examine the degree to which food items targeted toward children represent healthy lifestyle choices. This study examines the amount of food advertising directed toward children, they types of food which are advertised and the nutrition content of those food items. Public policy implications are provided.

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MEDICAL MALPRACTICE: A MATTER OF MONEY, MORALS OR MISINFORMATION?

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ABSTRACT

Does malpractice litigation increase the cost of health care? Of course it does! Does it increase the cost of health care enough to warrant reform? That's not quite as clear. This paper discusses the pros and cons of malpractice reform and suggests that while it is a concern that should be addressed it does not appear to be the economic crisis that some analysts and the mass media have portrayed it to be.

INTRODUCTION

The continuing controversy over tort reform in general and medical malpractice specifically has produced a wealth of data in the literature but little valuable information. Each viewpoint presents its agenda in an alleged “objective” format leading the reader to a predetermined conclusion solidifying the wisdom of the communicator’s position and the error of the opposition’s viewpoint. If one internalized all the criticisms of the American Tort Reform Association, he/she would be convinced that the current system was developed by the evil Darth Vader, while the American Bar Association is convinced that medical malpractice litigation enhances the quality of health care delivery\(^1\). A rational decision maker should probably take both viewpoints, add them up, and divide by two, with the end result approximating reality!

Malpractice may be generally defined as a gross departure from an accepted standard of practice. In other words, the courts should look at the performance of the defendant physician compared to what a reasonably prudent professional would do in a similar circumstance. Gray and others argue that with the evolution of medicine, the patient’s definition of malpractice has become “anything a doctor does that is less than perfect!\(^2\)” It is an interesting phenomenon, the better we have become in delivering quality medical interventions, the more consumer expectations have risen. The more expectations have risen, the more willing the consumer is to sue when performance deviates from expectations. Hence, improvement in the quality of medicine has resulted in increased lawsuits!

The U.S. Chamber of Commerce estimates that U.S. product liability costs are 20 times higher than in Europe and 15 times higher than in Japan\(^3\). Once again, medical malpractice liability parallels overall tort liability. Perhaps, if Brennan, Sox and Burstin are accurate in their claim that assessment and compensation for medical malpractice case injuries are based on the extent of the injury rather than the degree of negligence, then the fundamental problem is ethical in nature and requires an educational intervention\(^4\).

MALPRACTICE LITIGATION DEBATE

In a continuing multi-year study, Tillingbast-Towers Perrin concluded that current tort costs are the equivalent of approximately a 5% tax on wages for the typical employee with costs growing at an increasing rate. In 2002, tort costs grew at a rate of 13.3% while overall inflation grew at 3.6%. Medical malpractice, a subset of total tort costs, has demonstrated a parallel trend\(^2\). However, a study by Price Waterhouse Coopers in 2002 demonstrated that malpractice costs accounted for about 1/14\(^\text{th}\) of the increase in health insurance premiums for the period of 2000-2002\(^5\). There is an obvious conclusion to be drawn from these two studies—while the cost of malpractice is rising at an increasing rate, it represents such a small component of overall spending in health care that it should not be receiving massive attention from the media, the industry, or the political system. Perhaps a more insightful conclusion from these two studies would suggest that the direct impact of malpractice on health insurance premiums may lead one to erroneous conclusions.

There appears to be little agreement among analysts concerning the rising cost of malpractice insurance. Mencimer found that malpractice insurance premiums increased 30-40% annually between 1999 and 2002\(^7\).
However, the Congressional Budget Office places the increases at approximately 15% annually for the period 2000-2002. Price Waterhouse Cooper suggests that increases from 20% to 100% in malpractice premiums were commonly seen across the country. They can’t all be correct; or, can they? It appears that for all physician categories, premiums increased 15% annually during this period, but for some specialties (for example, obstetrics) the increases ranged from 60% to 100%. In addition, there have been significant geographic variations in rate changes (during this time frame, West Virginia averaged 35% increases). Therefore, depending on the specialty focus and geographic areas analyzed, estimates could vary significantly. These differences are certainly understandable but also can be quite misleading. Regardless of the figures used, the reality is that malpractice premiums have been increasing at three or more times the rate of general inflation.

Critics of the health insurance industry contend that malpractice premiums have risen rapidly because of poor investment strategies and not because of litigation. The insurance industry argues that it is a response to rising malpractice costs. Whether it’s the result of historically maintaining artificially low rates to compete in the marketplace, low investment earnings, miscalculation of payouts, high malpractice costs, or pure price gouging, the result is the same—rapidly growing premium rates. Research has demonstrated that 70% of the malpractice suits are either won by physicians, are dismissed, or are dropped. When cases do go to trial, 80% are won by physicians. However, even in a straightforward tort case, the transaction costs may exceed one-third of total expenditures and typically 60% of the award is absorbed by legal fees. The insurance industry claims that the average cost of defending a physician found not guilty of malpractice was $66,767 in 2000.

Perhaps the expenses stated above are merely the “tip of the iceberg.” The true cost of malpractice litigation can be found in a practice called “defensive medicine.” Defensive medicine is when physicians order tests, interventions, or referrals not because they are medically justified, but rather to protect themselves in case of future litigation—a reasonably prudent physician would have ordered X test, but I went the extra mile and ordered X plus tests just to be sure.” As is the case for all of the data surrounding malpractice litigation, the calculations concerning the cost of defensive medicine varies significantly from one study to the next. The most common estimation is that defensive medicine costs society $10 billion annually. However, the CBO found that there was no evidence that limits on tort liability reduces medical spending. Interestingly, malpractice premium rates in California range from $23,000 to $72,000 per physician while the rates in Florida range from $143,000 to $203,000 per physician. Since California is a model of tort reform, there seems to be some evidence that tort reform results in lower malpractice premiums. However, these lower premiums are not manifesting into lower costs to society. Either the physicians are pocketing the difference, the cost of malpractice insurance does not influence defensive medicine, or the analysis is faulty.

Defensive medicine is a difficult issue to address because it is primarily based on anecdotal information. Surveys are conducted asking physicians if they practice defensive medicine and conclusions are drawn. Obviously, the respondents have a vested interest in the outcomes and may tailor their responses to promote a particular agenda. When comparing physician interventions between geographic locations, one might speculate that, where additional interventions are common, the physicians are practicing defensive medicine. On the other hand, the additional services provided may be the result of a profit motive and have little to do with defensive medicine. As one can readily conclude, the economic consequences of malpractice litigation are blurred to say the least.

AN ETHICS ISSUE

As stated earlier, malpractice awards seem to be based on the extent of injury incurred and not on the degrees of negligence. Claims are frequent even when no negligent injury appears to have occurred, and juries often compensate the plaintiff even when the standard of care has been met by the physician. As a society, we must ask ourselves if juries are trying to protect the economic well-being of a plaintiff at a cost to society as a whole. In other words, regardless of negligence, do juries conclude that they have a responsibility to ensure that the injured party has sufficient money to live on? When one considers the huge variation in malpractice settlements per physician by state ($250,000 in Illinois versus $55,000 in California), one can seriously question the objectivity of jury awards.

The media may be a significant contributor to the misinformation and misinterpretations surrounding malpractice litigation. For example, between 1996 and 1999, various media reported that jury awards had increased more than 76%; and, the number of million dollar settlements doubled from 1999 to 2000! In actuality, the number of million dollar settlements went from 27 in 1999 to 54 in 2000 increasing the cost of health care somewhere in the
neighborhood of $27 million. When compared to the $2 trillion we spend on health care, this is an insignificant amount. But, such media coverage has wide market appeal, promotes the perception that we are experiencing a “malpractice lottery,” and may contribute to frivolous suits.

The evidence is not clear on the economic impact of malpractice litigation. However, the evidence seems pretty clear concerning the ethical impact of malpractice litigation. Malpractice litigation may motivate some physicians to geographically relocate, but there is little evidence suggesting that it is driving physicians out of practice. Malpractice litigation represents a significant cost to society but if we eliminated all of the malpractice suits the total cost of health care would only decline by 1%. Granted, one percent of two trillion dollars is a lot of money but when compared to other categories of health care expenditures such as “end of life medical interventions” it is a relatively small amount.

A good question to ponder by those who ponder such things is why have the media, the medical industry; and, the political system focused so much energy on medical malpractice reform when global tort reform would have a far greater impact on the economy. Is society being thrown a “reform bone” while the more fundamental issues are being avoided? Is malpractice reform more marketable among the general population? Are self-interests channeling our focus away from the more general issue of tort reform? Or, is medical malpractice just a “hot topic” that has caught society’s attention.

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COSMECEUTICALS: ANALYSIS OF AN EMERGING PRODUCT CATEGORY

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ABSTRACT

The term cosmeceutical is applied to a wide range of products that have both cosmetic and medicinal properties. In the United States the Food and Drug Administration does not recognize the term cosmeceutical. Products may be regulated as a cosmetic, drug or food. Firms marketing cosmeceuticals are making a variety of claims. Advertising claims are regulated by the Federal Trade Commission and health claims by the Food and Drug Administration. Many firms are collecting scientific data to support additional marketing claims. Historically most products were in the skin care category and utilized in dermatology; however, as the cosmeceutical category matures more product benefits are advertised to a broader group of consumers. This paper reviews the growth of the category and analyzes the regulatory and marketing environment.

PRODUCT DEFINITION

Since its introduction in 1984, the term cosmeceutical has been used to describe a variety of products (Kligman 2005). Products that have both cosmetic and pharmaceutical properties are frequently referred to as cosmeceuticals. Although commonly used in marketing, the U.S. Food, Drug and Cosmetic Act does not recognize the term cosmeceutical (FDA 2005). Cosmetics are defined by the Food, Drug, and Cosmetic Act as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body...for cleansing, beautifying, promoting attractiveness, or altering the appearance" [FD&C Act, sec. 201(i)]. Drugs are defined as "(A) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease..and (B) articles (other than food) intended to affect the structure or any function of the body of man or other animals" [FD&C Act, sec. 201(g)(1)] (FDA 2004). While the term “cosmeceutical” has no legal definition, most of the products being marketed as cosmeceuticals are legally cosmetics, drugs, or both.

The U.S. market for cosmeceuticals has been estimated to be between $4 and $12 billion, depending on the market definition (de Guzzman 2005), (Freedonia 2005). Skin care products, make-up, hair-care products, drinks, and vitamins are frequently categorized as cosmeceuticals. Several products have their origins in herbal and alternative medicine. Some cosmeceuticals are referred to as dietary supplements; however, only products that are ingested can be labeled as dietary supplements. Several authors have discussed the need for a clear market definition (Troy 2004).

Cosmeceutical products cover all areas of the health and beauty aid category in the food and drug retail marketplace, as well as products used in several areas of clinical medicine. A majority of the current products are related to skin care. Products conceal and correct skin imperfections and promote anti-aging claims, in addition to hydrating and moisturizing skin (Brewser 2003), (Hill 2004). Vitamin cosmeceuticals in both prescription and nonprescription forms are on the market; however, the effectiveness of these products varies (Hilton 2002). New cosmeceutical beverages are marketed with the claim to improve personal appearance (Kaplan 2005). The consumer desire for “natural” products also drove the market (Matthews 2005). The topical application of endogenous growth factors is being utilized for both cosmetic and clinical reasons in wound healing (Fitzpatrick 2005).

The main emphasis in cosmeceutical product development continues to be in dermatology. Most products are targeted to improve appearance (Rados 2004). Newer products, such as topically applied vitamin C, are utilized by physicians to rejuvenate photoaged skin (Farris 2005).

REGULATORY AND SCIENTIFIC ISSUES

The regulations that apply to a specific cosmeceutical product depend upon the product usage and the manufacturer’s claim for the product. The product may be regulated as a cosmetic, drug, dietary supplement, or
food. There may be specific marketing advantages to classifying a product in one of these categories. Therapeutic product claims must be supported by scientific evidence. The U.S. Food and Drug Administration regulates health claims, and the U.S. Federal Trade Commission regulates truth-in-advertising issues.

Health Canada is responsible for regulation in Canada, and is monitoring health claims made by a variety of cosmeceuticals sold in retail stores (Pooley 2005). Health Canada has investigated claims made by the producers of anti-wrinkle products (Gordon 2005). Companies selling products in multiple countries face a complex set of regulations, with multiple definitions of the same term. The active ingredients are frequently imported and subject to a different regulatory environment. The regulations serve as significant barriers to market entry in multiple countries.

Manufacturers frequently avoid regulatory actions by not stating all uses of the product in promotional materials. In this way, the product may be used by the consumer or health care professional in an “off-label” application. Instead of formal clinical studies, many products have been placed on the market and consumers find applications. Lupo (2005) states that some manufacturers have chosen to have testing informally done by the consumer market.

As more products are classified as cosmeceuticals, both consumers and health care providers are seeking scientific support for product claims. Much of the data has been generated by open-label, uncontrolled studies and not structured clinical trials (Guttman 2004). McDaniel (2005) discusses the need for independent clinical studies that are peer reviewed. The active ingredient market is growing 5 to 10 percent annually and suppliers are being asked to supply data on not only safety but also efficacy of their products (Boswell 2004). There are regulatory issues for both the active ingredient and the final product form. For example, over 60 different botanicals are sold as cosmeceuticals, (Thornfeldt 2005). Botanical-based cosmeceuticals frequently do not have rigorous scientific support for effectiveness.

MARKETING AND PROMOTION ISSUES

Consumer Behavior

Until recently cosmeceutical market growth was driven almost exclusively by consumer purchases, with little influence by health care professionals. The market was driven by the aging baby boom generation with discretionary income. These consumers tend to be increasingly involved in health care decisions and the movement toward self-treatment has influenced the cosmeceutical market. More products are being introduced that are extensions of products in the traditional make-up category. Many of these products are closely related to products previously used for medicinal purposes. These products are characterized by high consumer interest, and a complex decisions making process requiring extensive information collection. Consumers use the Internet, peer groups and health care professionals as sources of information. Draelos (2005) refers to this trend as “clinical efficacy without the clinic”, where the consumer expects medical results in the home environment. One product promoted to consumers is the home chemical peel kit.

During the past five years there has been increased acceptance of cosmeceuticals by the medical community and there is increased reference in the scientific and medical literature. The product applications and expectations of the consumer market are different from that of the health care provider market. The consumer demands quick results from a product. Draelos (2004) notes that for dermatological products, consumers want perceived benefit within four weeks. When health care providers are involved, the consumer can be educated on product usage and benefits, and compliance is less of a problem. Because many products are designed for long-term use, the real value to the customer can only be realized if the health care professional is able to assist the consumer with initial problems. The total lifetime value of a consumer is high, and repeat purchases are frequently the basis of market success.

As products are increasingly utilized and recommended by physicians, cosmeceutical producers must utilize a marketing model similar to prescription drugs, as opposed to the current over-the-counter product models. When properly utilized, cosmeceuticals can be a useful addition to the dermatologist’s resources. Cosmeceuticals have been used before and after surgical procedures to preserve skin quality (Brody 2005). Even if the health care professional is not recommending cosmeceuticals, he or she must be aware of the product. The patients should be
asked about cosmeceutical usage, since these products may interfere with established medical procedures (Draelos 2005).

**Channels of Distribution**

An examination of the increase in the number of channels of distribution provides important information about the evolution of the cosmeceutical market. The first cosmeceuticals were often distributed by small companies and sold by mail or in specialty shops. The Internet also provided a means of selling highest tailored products to niche markets. Recently several major retailers have realized the potential of the market. The high price point for many cosmeceuticals offsets the lower unit sales volume. There has been a large increase in the number of products priced above $70 (de Guzman 2004). While the prices are significantly higher than retail cosmetics, they are lower when compared to medical cosmetic procedures.

Department stores have added value by combining retail sales techniques with medical information. Nordstrom instituted a “nurse on call” pilot program in California. This program provides nurses to consult with consumers about skin care. The consumer first contacts the registered nurse by phone or email and this is followed by an in-store appointment. During the appointment the nurse answers questions and assists in the purchasing decision (Pacio 2005). Department stores are marketing cosmeceuticals similar to cosmetics, including developing brand extensions to meet numerous consumer needs (Kenny 2005).

While department stores are utilizing health professionals to sell products, the medical profession is increasingly selling products directly to the consumer. Approximately two-thirds of all dermatology offices sell products, up from 5 to 10 percent 15 years ago (Gillette 2005). The profitability of the sales is often high; however, ethical considerations are involved, as well as issues of state and local laws and malpractice insurance.

**CONCLUSIONS**

Cosmeceuticals is a growing market that is constantly being redefined as new products and new consumer groups enter the market. The market is in a high growth stage. Several product segments, particularly related to dermatology, are showing signs of maturing. Consumer package-goods firms and large pharmaceutical companies are introducing new products (de Guzman 2004). Analysis suggests that the cosmeceutical market as long-term potential and is not following a fad market cycle. Manufacturers are challenged to provide new products with new label claims supported with scientific evidence. Only by providing products that meet both consumer and health care professional expectations will the market be sustainable.

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ANSWERING THE NEED FOR PHYSICIANS IN MEDICALLY UNDERSERVED AREAS OF AMERICA – ROLE OF RECRUITING FIRMS

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ABSTRACT

The business of recruiting immigrant physicians to work in the underserved areas of the U.S. is not a new venture. Recruiting firms come and go as they attempt to compete in the market for qualified physician recruits. The business of physician recruiting is very competitive and a firm needs to constantly watch over its recruiting grounds and its contractual obligations with those areas in need of the recruits. This paper provides some information regarding the marketing strategies for physician recruitment that have evolved over the years. The many factors involved in particular with the recruitment of immigrant physicians successfully are addressed in this paper, including issues from visas and testing, to follow-up visits on a recruit. This paper has great value for the U.S. healthcare system, particularly for the underserved population.

INTRODUCTION

Over the past few decades the global health care environment has gone through major transformations. One of the facets associated with this transformation has been the increasing demand for qualified health professionals to provide care at various locations. Due to this increasing demand the health care institutions have also started to feel the negative results in the form of health professional shortages. This is not a problem that only the U.S. is facing. In fact many countries that have a well established health care system are facing many challenges of health manpower shortages, primarily in the rural communities (Crump 2002). Some of the more affluent countries have started to look at relatively poor foreign countries as suppliers of health professionals to alleviate the manpower shortage problem (Scott, Whelan, Dewdney, and Zwi 2004). Some of the countries who are actively recruiting immigrant doctors are South Africa (Couper 2003), Australia (Han & Humphreys 2005), and Great Britain (Selby 2004) to name a few.

The business of recruiting immigrant physicians to work in the underserved areas of the U.S. is not a new venture (Dunn 1997). In the U.S. perhaps some of the most underserved areas include the rural communities as well as the inner cities. These areas usually rely on international medical graduates to fulfill the need of providing patient care (Dunn 1997). It is not easy for these communities to successfully recruit qualified immigrant health professionals. Therefore they have to devise innovative strategies to attract health professionals into these underserved areas (Weil 1998). Recruiting firms have also become a source of identifying the best suitable immigrant physician for these communities. However one should be aware that recruiting firms are becoming increasingly competitive and they come and go as they attempt to compete in the market for qualified physician recruits.

MARKETING MIX COMPONENTS OF IMMIGRANT PHYSICIAN RECRUITMENT FIRMS

Just like for any business entity, it is imperative that the immigrant physician recruitment firms critically evaluate the various components of marketing mix, i.e., product/services, place, promotion and price, (Berkowitz 2004) for these relatively more complex services. Since there is a significant time investment required in order to identify and select the appropriate immigrant physician, these firms should try to get in long term contracts with the health institution seeking these professionals. It would not be an outlandish thought of proposing a three-year contract.
The basic product/service in seeking immigrant physicians consists of physicians that are eligible for board certification and immigration status and expressing a desire to be recruited. The area of recruitment should be clearly identified and explained to the potential recruits prior to investing time in soliciting them. The promotional efforts should entail advertising to potential recruits via various culturally and professionally acceptable channels. All documentation of advertising should be specifically targeted to the employment specialty (i.e. primary care) and be also included in nationally recognized online job banks for physicians. Additionally, advertisement will be placed in general medicine and specialty medicine journals and other appropriate medical literature that are more readily available and popular among the targeted professionals in the foreign country. Further, firms should also try to establish a good relationship with the foreign medical education centers and actively advertise in any educational institution which will provide greater access to immigrant physicians. The firms should also rely upon physician networking systems that often prove to be an excellent medium of advertising.

Perhaps the most challenging component of the marketing mix for recruiting immigrant physicians would deal with the issue of pricing. The price entailed in recruiting an immigrant physician to one of the rural underserved areas should be reflected in the total cost. Recruitment firms can use three key elements in setting their initial fee for services rendered. These include finding the physician, man-hours involved in the recruiting process, and the interviewing and visiting process expenses (Broxterman & Smith 2003). Since the cost of recruitment is often the most discussed issue in the process, the negotiated price should also involve a means of client refund or replacement policy. Both refund and replacement policies should be subject to a time limitation. These factors must be included within the contractual negotiations for the total cost/price of the recruitment process.

One thing that recruitment firms should definitely do is to ensure both the client and the underserved area personnel feel secure and confident throughout the entire process (PulseHR n.d.). The recruiting firms should themselves believe and know that their actions will have a positive impact on the majority of stakeholders within the recruitment process. Recruitment firms, in providing these contracts, should establish an internal organizational goal of following all standards of ethics that apply to the recruitment of immigrant physicians. The recruiting firms should recognize that two major principles of ethics apply within the recruiting process. The first principle of ethics involves the right of the recruited physician to have freedom of choice (autonomy). The second principle of ethics for recruiting involves, the principle of justice, particularly distributive justice, which addresses the fair distribution of resources for the common good (Worley & Couper 2002). It is imperative that the immigrant physician recruitment firms follow these principles religiously as they are dealing with a highly complex service that has direct impact on patient as well as the nation’s health.

MARKETING ORIENTATION ELEMENTS

Once the recruiting firm has its marketing mix components well defined, they should develop at least five areas of the marketing orientation – customer orientation, competition orientation, inter-functional coordination, long term benefits, and profitability (Berkowitz 2004). Each of these elements plays a role in the formulation of a marketing plan that will become an integral part of the culture of the firm.

The first element is that of customer orientation whereby, a recruiting firm will be able to create a superior value for the customer by having an understanding of the target buyers. In the case of recruiting immigrant physicians, an understanding of the needs of both the recruited physician as well as that of the underserved area should be taken into account.

The second element is how well the firm understands their competitors. The recruiting process can become intensely competitive if many recruiters start observing the benefits that their company can reap, primarily financial benefits, from recruiting immigrant physicians. Therefore, recruiting firms must remain observant of all known and potential activities their competitor may be involved with in order to gain a differential advantage.

The third element for consideration is the inter-functional coordination of all company resources. While the contractual negotiations of the recruiting process can be designed to provide an ample return on the investment the firm may have in each recruit, the proper and adequate amount of resources should be focused on creating value to both the physician recruit and the underserved area. The firm needs to be able to deploy the use of their resources in a manner that creates value.
The focus of the firm should also be long-term in its nature. This is one of the primary reasons why it was mentioned earlier in the marketing mix components that a three-year contract could serve as the basic design for doing business. Using a long-term approach the firm could possibly lengthen the term of the contract providing both parties are in agreement and the physician was eligible from an immigration status. In so doing not only would the firm stand to gain more profit but an opportunity for a continuous investment into the business would also be possible. This focus may further allow for the development of a stronger relationship with the parties involved.

The final element of discussion is that of concern of profitability. Providing the reasonable and continuous negotiation of acceptable contracts, the firm would ensure adequate revenue to cover long-term expenses and provide satisfying services to the parties involved. However, recruiting firms should not consider profitability as something that is financial in nature only with every recruiting job that they are associated with. Sometime, it may be in the best interest of the recruiting firm to undertake a job even if they may not make money in it, if they can foresee other gains in the future that may be related to the successful implementation of the project.

ORGANIZATIONAL OBJECTIVES AND STRATEGY

Immigrant physician recruiting firms should always try to implement long-term performance objectives that are both realistic and attainable. The firm’s objectives should include a desired rate of growth, both in the short term as well as in the long term, by way of successfully recruiting immigrant physicians. Additionally, firms should not be completely dependent on one or two countries only as being the suppliers of physicians. Hence, they should consistently expand their efforts to search for potential recruits from other countries as well. However, it will be a good idea to concentrate efforts in countries that are currently in good political standing with the U.S. and have developed medical schools and teaching facilities that have allowed for a U.S. qualified physician to be the end product. The economic and cultural setting for each recruitment area will also play a large role in how and what a firm can do to increase their sales/service efforts. Additionally, the firm may be able to attract new customers or convert non-users to try their services (Berkowitz 2004) (Kotler & Armstrong 2001).

THE MARKETING PLAN

An immigrant physician recruiting firm can have the best thought out marketing plan that could be conceived but it may be useless if the firm does not at first take the time to consider several important factors. In order for a firm to appropriately recruit the right immigrant physician, the firm needs to ask themselves some critical questions such as:
- How can they position the underserved area in such a way that an immigrant physician would find the area appealing and want to come to work and stay?
- Will the recruitment of immigrant physicians impact the health care of the supplying country?
- Is such a “brain-drain” going to cause animosity against the U.S. among the citizens of the supplying country?
- Will the recruited physician be satisfied with their new environment and have a positive effect on their work performance?

For this concept to take hold the recruiting firm needs to know as many details as possible in the area for which they are recruiting a physician. Defining the job and the area is vital to locating the right immigrant physician that will consider the opportunity to come to the area to work (Goldberg 2000). Then there are some other questions that need to be asked and researched before the process of marketing begins, such as:
- Is the area ready for an immigrant physician?
- Is the staff that will be working with the physician ready and willing to work for the physician?
- How will the population of the area portray the area to a potential immigrant recruit?

A critical step in the marketing plan process is being able to reach the right candidate from the right area of recruitment. This could fall under the concept of segmenting the market (Kotler & Armstrong 2001). A firm’s recruitment efforts and experiences from previous placements of physicians may provide a distinct advantage over other firms. For instance, in the past imagine that a particular firm has successfully recruited physicians from a specific geographic area of India. This physician came from a small subset of potential candidates that had similar behavioral traits that seemed to fit well into a given underserved area of recruitment. Now let’s assume that within the same underserved area a new need developed for an additional physician. The recruiting firm can begin their
search in the same area they found the first physician. The firm has used the segmentation concept of marketing. First, they segmented the market by looking in a specific geographic area. Next, they looked at a subset of the potential recruits from this specific area of India, a niche market of sort, if you desire to call it that. Additionally, the concept of networking between the first physician and the firm trying to locate the second physician could also play a role in this process.

In order to be successful in the recruitment process, the firm must first of all ask the right questions and be prepared to respond to any questions they might receive from a potential recruit. Second, they must know their areas of recruitment in order to locate the right person from the right area. Here, it must be noted that while these basic factors mentioned work well for the firm, the business of recruiting on a global basis is so culturally and politically oriented that no one specific method can be defined to work for all recruits in all areas. If it works in Mexico it may not work in India and this must be kept in mind as a basic marketing plan is developed. Culturally and politically sensitive issues will have an impact on the process.

THE RECRUITER, RECRUIT, AND MARKET

In order to be a successful recruiter, a successful recruit, and a successful market, it is necessary for all these entities to look at the various aspects associated with the incorporation of immigrant physicians in the U.S. rural and other underserved communities. The following is a list of issues that should be addressed and this list should not be considered as an exhaustive list. Rather, this should be considered as a basic guide for establishing a successful immigrant physician recruitment project. It is also important to keep in mind that not every underserved area or recruit will require all the issues addressed below, and some of these issues are derived from the steps devised by North Dakota Primary Care Office, University of North Dakota School of Medicine (n.d.).

Determine the manpower and community needs: This can be a two-fold process designed to address the physician needs as well as the community needs. It is important to remember that when doing these analyses a realistic assessment should be performed (McCartie 2004). It will be a good idea for the recruiting firm to determine these needs and evaluate them from all possible angles to ensure that needs have been properly assessed before any other steps are taken.

Recruiters should market the location: In order to successfully recruit to a particular location, the recruiting firm must market the health practices that exist within the area as well as the area itself. Some type of information must be readily available to present the area and the practice that will promote them as being an excellent opportunity for an immigrant physician recruits. Items such as recreational facilities, shopping, tourism, transportation systems, social organizations, government structure, and more should be included in the materials that may be given to a recruit. The presentation of both the area and the practice are crucial to obtaining a immigrant physician.

Finding the right candidate: A recruiting firm can increase its chances of successfully recruiting immigrant physicians if they can identify and establish positive relationships with potential recruits by offering desirable medical employment opportunities. To increase chances for successfully recruiting, the marketing plan of recruiting firms should focus on developing connections with as well as sharing information with the emerging qualified applicants from schools, training hospitals, and certification exams, and professional organizations. Utilizing a proactive approach by collaborating with graduate training programs can enhance recruitment efforts. Funding of immigrant medical students, from the underserved area in need, in exchange for future service should be considered as a recruitment and retention initiative (Phillips & Dunlap 1998).

Initial contact with potential recruits: Within the last decade the internet has become an invaluable tool for almost all the organizations. The internet has also proven to be a value adding service for a recruiting firm as they now have the potential to expand their database and reach out to more areas and potential recruits than ever before (Bruce 1999). Similar to many other businesses, when it comes to recruiting immigrant physicians, the initial contact that the recruiting firm may have with a potential recruit will more likely be via the internet. Even though this is perhaps the cheapest way to communicate with potential recruits, it may not be the best one in some situations as the internet is still not as prevalent in other parts of the world as it is in the U.S. and other developed countries, or in other words, the countries that are likely to look for these recruits. Therefore, the recruiting firms should utilize...
other means of advertising as well, such as announcements in various medical journals and by way of direct mailings, brochures, medical conferences, and telephone communication.

Verification of references and qualifications: This step is necessary, simply because of the stringent regulations placed upon a physician practicing within the U.S. If the recruit is an established physician and has practiced for several years, then reference checks should be more in depth. Researching past employment history and places of employment need to be checked before any further time is spent on the recruiting efforts. Determining the answer to such questions as, “has the physician ever had any actions brought against them for poor practice procedures?”, “have they ever been denied or lost privileges to practice?”, and/or “does the recruit have a history of personnel problems (i.e. alcohol abuse)?” Answering these types of questions is crucial to the protection of the future patient the recruit may be serving as well as the entity that they will become a part of in the U.S. It is important to follow the criteria established to check each potential recruit’s references.

Arranging a site visit: This step of the process can make or break the encounter for a potential recruit. A firm may consider providing all of the necessary travel arrangements and set an itinerary that is designed to provide the most efficient use of the time the recruit is in the underserved area. The process of providing a site visit is often an expensive venture for many underserved areas. It is customary, if at all possible, for the area seeking the recruit to pay all expenses incurred throughout the visit. During the site visit, the recruit should get an opportunity to see the practice that is available, the support systems, provide interviews, meet with local health care personnel and much more. The on-site visit can often be further enhanced by having other local physicians, if available, to meet with the recruit. If the recruit has family, then they should be provided information about schools and recreational opportunities. Housing and real estate market should be covered as well.

Determine acceptance by the customers: During the site visit, the recruiters should try to have interactive sessions between the candidate and some members of the community that they will be serving. This will give an opportunity for the community members to get a feel of the individual who will be taking care of their health and if they are a good match for the community or not. Recruiters should also realize that they will not be able to satisfy everyone in the community. However, if the majority of the influential members of the society have a positive recommendation for the recruit, then one should seriously pursue the next step of recruiting – negotiating a contract.

Negotiation process and financial aspects: The federal and state governments should also be looked into for assistance in providing a mutually agreeable financial package to the recruit. If the recruit has heavy debt from the education they received it is possible for this to be paid by the underserved area. Guaranteeing the recruit a set income for a given period of time is another way of financial assistance. Offering various non-monetary incentives, such as complementary membership to local recreation areas, golf clubs, swimming pools, etc. would also be beneficial. Remember these recruits are coming to the U.S. for an opportunity to make more money than they could anywhere else. Making the offering attractive is important to the process. Practice, location and compensation are three of the most important things a physician looks for when they seek new opportunities (McCattie 2004). Each of these aspects is negotiable and can be enhanced with some financial assistance. Assistance in relocation should also be provided.

CONCLUSION

Recruiting firms should try to develop an appropriate marketing plan for the recruitment of immigrant physicians to the underserved areas of the U.S. based on the needs and wants of not only the customers but also the recruits. This paper provided insights regarding some of the challenges and strategies associated with the successful recruiting of an immigrant physician. The recruitment firms should extensively research the legalities and regulations involved in trying to get the recruit into the U.S. There is no doubt that immigrant physicians may be one of the most valuable sources for providing health services in the U.S., unless some of the domestic trained health professionals start taking greater initiative to practice in these communities.

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THE EFFECT OF THE EXTERNAL RETAIL ENVIRONMENT ON SERVICE EXPECTATIONS AND STORE VISIT INTENTIONS OF PEOPLE WITH DISABILITIES

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ABSTRACT

This paper investigates retail patronage decisions by a sizable group of consumers – people with disabilities. Despite the size and spending power of this group (Applegate, 1998), little research has been done investigating the buying behaviors of this group (Kaufman-Scarborough 1999). Retailers strive to build a retail-shopping environment that consumers perceive to be enticing, entertaining, and enjoyable, ultimately stimulating sales. For shoppers with physical mobility disabilities however, that retail-shopping environment may not only impede buying behavior, but also elicit negative perceptions about the retailer. The physical environment and its effect on consumer shopping behavior has long been studied by marketers (e.g., Luomala, 2003; Baker 1986). This research originates from findings that factors in the consumers’ shopping environment influence attitudes and affect (d’Astous, 2000), store prototypicality perceptions (Ward, Bitner and Barnes 1992), and shopping behavior (Baker, Levy and Grewal 1992). This paper specifically investigates the effect of two external environmental factors in a retail environment on the service expectations and approach/avoidance choices of people with disabilities. Service expectations are consumers’ expectations regarding the extent to which the retail store will deliver quality service. As previous research has indicated that there are likely behavioral intentions resulting from service expectations, the intention to park and enter the store was examined in this study. Using a 2X2 between-subjects experimental design, two variables in the shoppers’ retail external environment, quality of parking and quality of path-of-travel were manipulated through changes in a written scenario. Using a broker-supplied list of people with disabilities, 1000 scenarios/questionnaires were mailed. A response rate of 25% (including bad addresses) resulted in 226 completed questionnaires. Of the 226, 156 respondents affirmed a mobility disability and these were used for the analysis in this study.

The data was analyzed in two stages. Analysis of variance was used to investigate the influence of the two environmental factors on the respondent service expectations. For quality of parking, the results indicate a significant effect on service expectations ($F_{1,151} = 41.094, p < .001$). For quality of path-of-travel, the results indicate a significant effect on service expectations ($F_{1,151} = 5.277, p < .016$). The interaction between parking and path was not significant ($F_{1,152} = 3.374; p > .05$). In the second stage, linear regression analysis was used to test the effect of service expectations on the respondents’ willingness to park and enter the store. The results of the analysis support the hypothesis of the positive relationship between service expectations and the respondent’s willingness to park and enter the store ($F_{1,153} = 188.509, p < .001$), indicating that higher levels of service expectations lead to greater likelihood of the behavioral intention of parking and entering the store. ANOVA was used to test the mediation of service expectations. The results support that service expectations mediate the relationship between quality of parking and quality of path-of-travel on the respondents’ willingness to park and enter the store.

The results of the study show that people with mobility disabilities, based on the external environmental factors of parking and path-of-travel, will develop expectations of the service they are likely receive from a retail store. The service expectations result in patronage decisions -- whether or not to enter a store. In a competitive retailing environment, losing specific groups of customers can be costly, given the lifetime value potential of these consumers. These findings support the notion that retailers need to be less concerned with the costs of compliance with the ADA and more concerned with accommodating the needs of people with disabilities. Providing adequate parking and path-of-travel in the external environment is a necessary component of meeting these needs.

As this study examined a scenario where consumers with disabilities are visiting a retail store for the first time and only on external environmental factors, additional research is needed to help retailers better understand...
repeat patronage behavior, including both external factors and in-store environmental factors. These studies can then help retailers’ better serve and profit from this market.

SELECTED REFERENCES


MEDICAL ETHICS AT THE END-OF-LIFE

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ABSTRACT

This paper discusses the ethical, medical, legal, financial, and social issues that are involved with the end-of-life care, issues that are important to Americans who are getting older and more concerned with these issues. The principles of medical ethics and a brief history of end-of-life care and some of fundamental issues that dominate physicians’ actions in the terminal care are discussed. It takes a further look into the role of ethics in patient management with the discussion of some specific ethical issues involved at end-of-life. Medical management at the end-of-life, including palliative and hospice care is discussed with emphasis on medical ethics. The cost of care at the end-of-life as well of the cost of palliative care is comparatively examined.

INTRODUCTION

Ethics in medicine has been a keystone since the time of Hippocrates, whose oath physicians still recite upon receiving their degrees. In this study we will discuss issues of medical ethics, and review some basic principles that dominate physicians’ actions in the terminal care setting.

1. Non-malfeasance: The basic tenet of medicine “primum non nocere” – first do not harm- is reflected in this principle. Non-malfeasance means avoidance of harm to the patient, and every healthcare professional is bound by this principle (Mularsky and Osborne 2003).

2. Beneficence: Not doing harm is followed by the principle of being beneficial to the patient. Physician’s acts must benefit the patient. Non-malfeasance and beneficence principle always go hand in hand.

3. Autonomy: Respecting patient freedom of choice is a principle every physician should remember (Tilden 1999). Because physicians have the role of care giving, they may tend to be paternalistic and even unconsciously disregard patient autonomy. Patient autonomy lies in the heart of the common law. The informed consent principle rises from the fact that common law recognizes the individual’s right over his/her body and makes it a tort to contact without consent. Therefore, under the informed consent principle a patient reserves the right to refuse unwanted treatment.

4. Social Justice: Ethics recognizes different kinds of justice, one of which is the social or distributive justice, which states that individuals in the society have a right to access medical care regardless of entitlement. Therefore, a treatment rendered to an individual should not deprive another in similar condition of the same.

As American society changed the issues of dying and death became topics of debate. Whether one died of an accident, disease, or trauma, death was seen as an Act of God. In the past people lived shorter lives and usually died swiftly without suffering from chronic illness. The few patients with chronic illness were tended at home with homeopathic and folk medicines. At the turn of the century the maxim among the physicians was that “pneumonia is the friend of the old people” because it took away the sufferer swiftly.

In the post-second world war period medicine made a quantum leap in science and technology with the invention of antibiotics, advances in anesthesia and blood transfusion. Pneumonia ceased to be a sure killer, life expectancy was prolonged and by the mid-fifties chronic heart disease became the major cause of mortality.

Today “dying and death” is a major topic of discussion in the U.S. There is medicalization of death (Geppert 1997). In reality death is a human issue; decisions at end-of-life are human decisions rather than pure medical and scientific ones. Only recently we all witnessed the Terry Schiavo case with all its social, legal, and political ramifications. In case of Terry Schiavo the final decision was dictated by the court. First we will explain some essential medical terminology and subsequently we will review the historical cases that set precedence to the legal environment of death and dying in America.
MEDICAL TERMINOLOGY:

Clinical death: This is the classical case of dying where there is cessation of breathing and circulation. If circulation is arrested more than 3 to 5 minutes this leads to irreversible damage of the brain and brain death in most people.

Brain death: Brain death is the death of the brain stem, which carries out the automatic functions of the body, such as breathing. Therefore, the brain death patient can’t breathe spontaneously; but patient’s heart beats independently, which does not need stimulation from the brain as long as there is blood and oxygen coming. A brain death person will have dilated and non-reactive pupils and will have no awareness and no response to deep painful stimulation. Brain death is determined by the following criteria:

- When disconnected from the ventilator the patient does not have any breathing activity.
- A brain angiogram shows total lack of blood flow to the brain cortex.
- EEG when repeated on two different days stays flat, showing no electrical activity of the brain.

Persistent Vegetative State (PVS): PVS was described by Dr. Plum as death of the cortical structure of the brain but not the brain stem (Schiff, Ribary, Moreno et. al. 2002; Payne, Taylor, Stocking, and Sachs 1996; Borthwick 2005; Robert V. Rakestraw 1992). Therefore, the patient in PVS breaths spontaneously, reacts to light and can do some reflex activity at brain stem level. However, there is no awareness or consciousness as we know. Indeed Karen Quinlan was in PVS as described in the New Jersey Supreme Court transcriptions: (Karen) has no awareness, existing at a primitive reflex level. Although she has some brain stem function, such as moving, reacting to light, sound and noxious stimuli, blinking her eyes…grimaces, makes stereotype cries and sounds and chewing motions… (Sup. Court NJ 1976).

Coma: Coma is a reversible depression of the brain function.

PRECEDENT CASES

Karen Ann Quinlan Case:

Karen Ann Quinlan lapsed into a “Persistent Vegetative State” (PVS) after consuming large amounts of alcohol and drugs in 1975 when she was 21 years old. She was taken to the hospital after suffering two 15 minute periods of apnea and found to be brain death and placed on a ventilator. After a long ordeal on the ventilator, during which she became cachectic and spastic, family requested the ventilator to be removed. Hospital refused this request on the basis that Karen is still alive and as an adult her parents can’t make decisions for her. Family took the case to court. Judge decided that Karen is legally alive and did not allow the ventilator to be turned off. Parents, in turn took the case to New Jersey Supreme Court, which allowed the ventilator to be stopped. However, after the termination of artificial breathing Karen continued to breathe spontaneously for another 10 years until she died in 1985 of “natural causes” (Deschamps 2005). Quinlan case established patients’ right to decline life sustaining treatment.

Nancy Cruzan Case:

The court report indicates the following: “…on night of Jan 11, 1983 Nancy Cruzan lost control of her car and severely injured without detectable breathing, in a coma state (PVS). She is breathing on her own. She responds to sound with reflex. She has cortical atrophy, which is irreversible. She is spastic quadriplegic. She grimaces and reacts to light. She can’t swallow. She is not dead. She is not terminally ill.” (Sup. Court US 1990).

Nancy’s parents asked the hospital to terminate artificial nutrition and hydration, understanding that removal of such will cause her death. Hospital refused family’s request, upon which parents took the case to court. Lower court supported parents and ordered the artificial support to be stopped but Missouri Supreme Court reversed the decision stating that common law “refusal of treatment” does not apply to this case. The Court claimed that no person can assume that choice for an incompetent individual in the absence of clear and convincing evidence.

The Cruzan case came to the U. S. Supreme Court in 1990. This is the first case in which the U.S. Supreme Court faced the “right to die” question. In support of the Missouri Supreme Court the U.S. Supreme Court ruled that
when an incompetent person can’t make a medical decision, it can to be made for him/her by a surrogate as long as there is clear and convincing evidence regarding the wish of the incompetent person. (Sup. Court US 1990).

The Cruzan case led to the enactment of the 1990 Patient Self-Determination Act which mandated documentation of “advance directives” for the Medicare patients.

**Quill and Glucksberg Cases:**

Quill v. NY and Glucksberg v. Washington are similar cases therefore I will present them together. In both cases physicians who supported physician assisted suicide (PAS) brought action in their respective states against the statutes that prohibit assisting and abetting a person to commit suicide (Sup. Court US 1997 A) (Sup. Court US 1997 B). The U.S. Supreme Court reviewed each case separately but simultaneously. The physicians, and in case of Glucksberg the Washington State lower court, claimed that the Equal Protection Clause of Amendment XIV allows a person to choose the time and means of one’s death. This rationale equates physician giving the patient a lethal dose of medicine to be the same as stopping an unwanted life sustaining intervention.

In stating court opinion Chief Justice Rehnquist made clear that “everyone, regardless of physical condition, is entitled, if competent, to refuse unwanted lifesaving medical treatment; no one is permitted to assist suicide”. Thus he made the court’s distinction between “letting die or making die”.

**American Medical Association’s Position:**

Even before the U.S. Supreme Court ruled on Quill v. New York and Washington v. Glucksberg, the AMA made it clear that there is a distinction between the terminally ill patient who is kept alive artificially and the similar person requesting assisted suicide. In Washington State the lower court equated refusing life sustaining treatment with committing suicide and hence the lower court found physician assisted suicide (PAS) to be part of the fundamental right to determine the time and manner of one’s death, protected by the 14th Amendment’s guarantee of liberty. The lower court did not appreciate that by refusing treatment a patient does not determine the immediate time and manner of death as if like by pulling the plug of a lamp. (Indeed when the ventilator is stopped in Quinlan case she lived another 10 years). The patient who refuses treatment may like to live as long as possible, but refuses treatment because of its side effects, whereas the PAS patient requests to be put out of life (Alpers 1997).

**KEY CONCEPTS**

At this conjuncture it is important to understand some key concepts regarding EOL (Quill, Lo and Brock 1997) (Kaplan and Schneidermann 1997):

-Suicide: In Latin “sui” “cide” means killing one’s self. This action is voluntary. In western culture suicide has never been condoned and in Judeo-Christian faith was condemned as sin. In early common law suicide was considered as a felony of “murder of self”. In the Providence Plantations (later Rhode Island) a suicide victim’s property was confiscated as it belonged to the king. The earliest statute explicitly to outlaw suicide was enacted in New York in 1828. By the time 14th Amendment was ratified all states accepted similar laws prohibiting aiding suicide (US Sup Court 1997B).

-Today suicide is not considered a crime, but rather is seen as a person’s prerogative over his existence.

-Voluntary stopping of eating and drinking (VSED): At one point during the course of the disease a competent patient may decide to refrain from eating and drinking. This decision should be respected and the patient should not be forced to eat. Food and fluid administration beyond what the patient demands provides minimal or no additional comfort to the terminal patient. It can cause complications and lower the patient’s quality of life (McCann, Hall and Groth-Juncker 1994). VSED reportedly is well tolerated by dying patients who don’t have appetite in the first place. Dry mouth can be symptomatically corrected with wet sponges and creams.

-Terminal Sedation (TS): During TS the patient is sedated to a degree of unconsciousness, with no life supporting care, which may hasten the death by slowing the breathing and diminishing the circulation but is not intended to induce death. A large study undertaken in European intensive care units encompassing 31417 patients
showed that 38% had withholding of treatment, 33% had withdrawal of treatment, and 2% had TS. The authors state that the distinction between therapies to relieve pain and suffering and those intended to shorten dying process or hasten death are not so clear. If the dose of the medicine is increased TS may become euthanasia (Sprung, Cohen, Sjokvist et al 2003).

Physician Assisted Suicide (PAS): In the case of PAS, the physician provides the lethal dose of the drug, but the patient takes it himself in person. PAS won’t work if the patient is not able to ingest the medicine. PAS carries certain possible complications such as, vomiting after ingesting the drug and consequently suffer brain death or PVS instead of the desired effect, clinical death.

Euthanasia: Euthanasia in Greek means “good death”. In euthanasia, the physician administers the lethal drug and sees that the intended effect takes place.

Doctrine of double effect: When a medical intervention is done the unintended but foreseen bad effects of the intervention must be proportional to the intended good effects. In TS pain medications and sedatives are given for the patient’s comfort not to kill the patient, although, we realize that they may quicken the death – patient dies in spite of the drugs, not because of them. In PAS and euthanasia the intent is the opposite, the drugs are given to cause the death; the patient dies because of the drugs. As Judge Rehnquist stated: “…when a doctor provides aggressive palliative care; in some cases, painkilling drugs may hasten a patient’s death, but the physician’s purpose and intention is, or may be, only to ease his patient’s pain. A doctor who assists a suicide, however, “must necessarily and indubitably, intend primarily that the patient be made dead”. Therefore, the court makes a distinction between “because of” and “in spite of” (Supreme Court 1997 A).

Judge O’Connor concurring states that: “A patient who is suffering from a terminal illness and who is experiencing great pain has no legal barriers to obtaining medication, from qualified physicians, even to the point of causing unconsciousness and hastening death” (Supreme Court 1997 A).

Medical futility: Medical futility is determined whether the patient can experience and make use of the state of health to fulfill a life goal or not. This goal may be to be able to see one’s spouse for the last time or any other decision such as being free of pain. Use of treatment which has no potential benefit to the patient is futile even if it seems very important to the doctor. A physician’s duty is to the patient; he does not take any action that is not beneficial to the patient even if it has scientific value or not. Therefore, it is important to understand the patient’s goals and expectations. According to Kaplan and Schneidermann, physicians are wrong 1/3 of the time about their patient’s preferences about end-of-life; this may result in rendering of an expensive treatment against the patient’s wish due to poor communication (Kaplan and Schneidermann 1993). Patients’ expectations of palliative treatment may be high; one study showed that patients are willing to put up with significant side effects such as drug toxicity due to treatment for a modest benefit in heath (Patnaik, Doyle and Oza 1998).

Rationing: Rationing is withholding treatment from one group of patients so that the same can be offered to others with greater entitlement. Rationing is morally wrong, although at times consciously or subconsciously practiced in medical environment. In the U.S. there is no constitutional or legal right to healthcare; therefore, it is a moral claim. Rationing healthcare to patients at the end-of-life is inconsistent with principles of social justice but may be an economical reality (Weiss 1999).

Withholding and withdrawal of treatment: From an ethical standpoint withholding or withdrawal of a treatment has no difference (Stroud 2002). As we saw above the U.S. Supreme Court made a distinction between the withholding and withdrawal of futile treatment on one hand, and PAS and euthanasia on the other. However, withdrawal of life support does not mean withdrawal of care. Indeed, in the course of the treatment comfort care takes over and the patient is treated symptomatically to relieve the pain and other bothersome conditions. There is very limited information about decision making about withdrawal of life-sustaining care. Withdrawal of such care may not imply immediate death of the patient. At this terminal period a dialogue needs to be created with the patient and the surrogates to provide mental comfort and reassurance to all stakeholders (Lee, Swinburne, Fedullo and Wahl 1994).

ROLE OF ETHICS IN MANAGEMENT OF THE TERMINAL PATIENT
In today’s ICU more than 50% of the beds are occupied by elderly people. In the ICU there is expected a balance of curative and palliative care for the elderly patients; actually in case of end-of-life, when futile treatment is removed, curative and palliative care should look very similar (Mularsky and Osborne 2003).

Ethics consultations are useful in resolving conflicts that may have inappropriately prolonged non-beneficial or unwanted treatment in the ICU (Schneidemann, Gilmer, Teetzel et al 2003). Ethics consultations are required by the Joint Commission on Accreditation of Health Organizations (JCAHO). In one study 90% of healthcare givers agreed that ethics consults were helpful in management of end-of-life cases (Lo 2003). Withdrawal of life support must be discussed with all stakeholders and several days must elapse between proposal, decision, and act. There must be a follow-up for bereavement, so the family does not feel abandoned after the patient dies (Stroud 2002). Family conferences with ICU staff involvement have been found to be useful (Mularsky and Osborne 2003).

How to measure the effectiveness of ethical interventions in terminal patient care remains controversial. There is no simple tool available. A tool based on quality of life has been proposed. Quality of care measurement for the dying requires a reliable, valid, and clinically manageable tool. Domains should include: Physical (pain) interpersonal (family, friends), psychological (control over surroundings) practical (day-to-day comfort) spiritual (acceptance of pending death) (Fowler, Coppola and Tenor 1999).

Discussion of Ethical Issues:

Most persons who commit suicide are younger people or people with mental disorders. Interestingly among physically handicapped the will to live is high. Among the victims of Dr. Kevorkian only a minority had terminal disease and most had a reversible or chronic condition (Muskin 1998). A patient may be competent in the legal sense but not so in emotional sense. People often use the phases that contain death and dying as a metaphor “this pain kills me” “I am dying for a candy bar” “You’ll be the death of me”. Therefore, these words are used to communicate emotions not necessarily a decision.

Among patients with chronic disease the main reason for seeking ending life is twofold:
1) pain,
2) psychological reasons including:
   o depression,
   o hopelessness,
   o loss of control
   o loss of dignity
   o fear of being a burden to family

Let’s briefly look at the legal background of the “right-to-die” movement:

With the Quinlan case (1985) the U.S. Supreme Court ruled that a person has the right to refuse unwanted treatment even though it may be life sustaining.

Cruzan case brought the concept of “right-to-die”. The Cruzan case ruled that a non-compotent person has the right to refuse treatment by surrogate if there is clear and convincing evidence of the person’s wish. Cruzan case led to the enactment of Patient Self Determination Act of 1990 mandating documentation of patient wishes in an “advanced directives” form. Unfortunately, advanced directives have their own problem: they are underutilized, vague, poorly followed, do not change the treatment, or are costly. If there is no advance directive, the family may use Substituted Judgment as a surrogate for the patient as ruled by the Cruzan case. However, surrogates judge patients’ wishes correctly only 60% of time (Tilden 1999).

Right to refuse medical treatment principle is established under the following authorities:
1. Common law: Doctrine of informed consent under tort law as discussed above states that any unconsented intervention constitutes tort, and gives the right to the patient to refuse treatment. This principle has been observed for long time what Quinlan and Cruzan cases added to it is the right to exercise the same by surrogate when incapacitated.
2. Statute: State statutes provide various means for patient to determine the scope and extent of his treatment, including living will, durable power of attorney, advance directives, although effectiveness of these have been questioned (Fagerlin and Schnieder 2004). Patients’ and families’ wishes are not well known with respect to the end-of-life. Do these wishes change during course of the illness? (Sloan and Taylor 1999)

1. The living failed to fulfill its promise (Tilden 1999)
2. Signature is often forgotten
3. Still there is need for the advanced directives
4. Power of attorney covers the same range as living will
5. Living Will is not readily available to healthcare giver
6. Patient’s opinions change during course of treatment
7. Language is too general for medical purposes

3. Constitution: Due Process Clause of XIV Amendment. Due Process Clause is the 1st section of the Amendment XIV (1868) which states that: No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of laws.

When deliberating the Cruzan case Supreme Court also ruled the following:

1. There is no constitutional difference between competency vs. noncompetency in terms of healthcare delivery. If a patient is noncompetent “Substitute judgment” by a surrogate may be applied. Who can be a surrogate is determined by the States.
2. Court sees no difference between withholding vs. withdrawing treatment. That is, not starting a treatment in the first place or stopping it later is regarded as same.
3. Ordinary vs. extraordinary treatments are regarded without distinction. No one can accurately differentiate what is ordinary and what is extraordinary treatment.

But the Supreme Court takes a strong position differentiating withholding or withdrawing treatment from PAS and euthanasia, regardless of person’s consent or absence of malice. Court ruled that PAS is not a fundamental liberty interest protected by Due Process Clause (Supreme Court 1997 A). Concerns with PAS include that the patient may yield to external pressure from the family or the managed care company, or influenced by the financial concerns; or may bow to internal pressure such as; not wanting to be a burden to the society, or to the family.

Chief Judge Rehnquist stating the Court opinion made the distinction that withdrawal of unwanted treatment is a negative claim, passive in nature, after which the patient is in the hands of nature. Whereas, PAS is a positive claim, requiring an active outside intervention to be done to terminate the life (Supreme Court 1997 A). This distinction is also made by other medical ethicists to clarify the differences between active and passive acts (Gostin 1997).

While not endorsing PAS the Supreme Court did not make any ruling prohibiting the States to enact such legislature.

MEDICAL MANAGEMENT AT THE END-OF-LIFE

In America most people die in a healthcare related atmosphere: either in a hospital, intensive care unit, or nursing home. Recently more decedents passed away in a hospice. Below we will talk about these services and also touch base with a new type of service called Palliative Care Unit (PCU).

In the past people died at a younger age and usually swiftly. But as life expectancy is becoming longer people are dying with more complex chronic diseases often in suffering and pain (Cutler 2001). End-of-life is period is least understood of all periods of life and offers many opportunities to improve one’s quality of life. At the end-of-life the patient is more important than the illness and focus should be on all aspects of life issues that are dear to the patient as well as the medical decisions (Lynn 1997).

In caring for the dying patient the care giver must understand four critical elements:

1. Patient’s story, role in the family and society. How the patient interacts with the family and self image.
2. Patient’s illness is the main medical concern, but not the only goal of the palliative care team.
3. Healthcare system in which the patient is treated plays an important role as which services can be delivered in what manner. Medicare is the main insurance of terminal patients but long term health insurance is becoming more popular.

4. Caregiver must understand himself/herself and his/her interaction with the patient. Palliative care team members must understand their own role in the care of the patient.

Pain management at end-of-life is challenging. One study indicates that 26% of cancer patients in nursing homes with daily pain received no pain medications. Clinical training in pain management other than pain specialists is almost non existent (Cleeland 2003). In another study daily pain is found to be prevalent among nursing home patients. When 4003 nursing home patients were surveyed 24-38% reported uncontrolled daily pain. Daily pain was also frequent among nursing home residents with cancer and was often untreated especially among elderly and minority residents (Bernabei, Gambessi, Lapane et al. 1998).

JCAHO has accepted pain as a vital sign, to increase awareness about its importance. But there remain many barriers to effective control of pain, including patient reluctance or inability to report pain due to language barrier, or unwillingness.

According to Cleeland pain control did not become a priority mission in the treatment of cancer patients because of the following factors (Cleeland 2003):

1. The misconception is that patients do not die of pain
2. Pain is subjective and is hard to assess
3. Good pain control requires expertise and takes time
4. Physician may be concerned that pain medications may cause confusion and other side effects especially in the elderly patients.
5. Good pain control needs aggressive use of controlled substances
6. Patient, family, and public expect pain with cancer and do not pressure the physician for better pain control.

The treatment of pain has progressed significantly in the last decade, and offers a wide variety of pain control measures to the cancer patient (Arter and Racz 1990). Most cancer pain can be controlled with simple opioids given orally, although in the elderly special attention must be paid to the dosing and side effects of the medicines due to the changes related to the geriatric population (Saper 1998).

Palliative care:

Palliative care is the treatment of symptoms to provide pain relief and symptomatic comfort to the patient regardless of the course of the disease. Even though the term “palliative care” is used particularly in the above described sense, in actuality most of the medical treatment with few exceptions is not curative but symptomatic in nature. In fact, despite the progress of science we have “cure” for only few conditions, -some bacterial infections with antibiotics- but most of the time a cure is not possible; we don’t have a cure for the common cold, heart disease, diabetes, any of the mental diseases, allergies so on and so forth… Therefore, most of the medical practice is “palliative” in essence, but here we use the term “palliative” in a particular sense, meaning symptomatic treatment of pain and providing comfort care at the end-of-life.

Palliative care is usually provided in the hospice setting, although recently hospitals are forming palliative care teams, even Palliative Care Units (PCU). Traditionally people went to hospital for diagnosis and treatment, and hospice for palliation and symptom management. “Go to hospital for cure, go to hospice to die.” If Medicare pays equally both for the hospital and the hospice, people prefer the hospital (Hoyer 2002). With the advance of the technology, the line between the life-sustaining/curative care and palliative treatment is becoming blurry (Weissman 2004). Also as patients survive the late stages of chronic diseases, the distinction between curative and palliative care becomes moot. Such patients need comprehensive care comprising both curative and palliative care. As the disease progresses the curative care component decreases and the palliative care component supersedes (Selwyn and Forstein 2003).

Medicare reimburses hospice services only in the last six months of life, which may need to be prolonged (Hoyer 2002). With chronic diseases in general, it is hard to predict the functional trajectory of the disease and
estimate the time of patient’s demise. Unpredictability of timing of death makes use of the hospice service difficult (Lunney, Lynne, Foley et al 2003).

Palliative care regards dying as a natural process and offers support to the patient and to the family. Palliative care should not be considered only at the end-of-life but as a continuum of care; as an integral part of comprehensive care and support framework (Sepulveda, Habiyambare, Amandua et al 2003).

Palliative care allows patients die with dignity. Dignity means the quality or state of being worthy, honored, or esteemed. Traditionally, euthanasia, and PAS are associated with “dignity” but is actually palliative care provides a more dignified way of exit to the patient. Chochinov, describing a “dignity conserving model”, emphasizes the importance of the personal aspect of palliative care. The dignity conserving model comprises the following aspects:

1. Illness-related: Physical, psychological distress, death anxiety aspects of life.
2. Dignity conserving repertoire: continuity of self image, role preservation, maintenance of pride, hopefulness, autonomy/control, acceptance of condition.
3. Social dignity inventory: privacy, social support, care tenor, burden to others, aftermath concerns. (Chochinov 2002)

Palliative care can be practiced at different levels:

1. Primary palliative care is exercised by all physicians including family doctors and PCP. PCP and hospitalists can counsel the terminal patients better on end-of-life issues compared to the specialists (Smith, Westfall and Nicholas 2002).
2. Secondary palliative care is practiced by trained palliative care consultants.
3. Tertiary palliative care is offered at academic center by specialist who have special knowledge and practice for complex cases, and institutions that do research, and teaching. (Gunten 2002)

End-of-life hospital care can be poor quality and yet of high cost. If a hospital, such as a cancer center, has enough patient volume, having a specialized palliative care unit (PCU) may help contain the cost (Smith, Coyne, Cassel et al 2003). Patients in PCU do better than patients in other places in the hospital (Paice, Muir and Short 2004). Moderate size hospitals may have palliative care teams. Palliative care can start in the hospital in parallel to conventional care (Zeigler 1997).

In palliative care the focus is on the patient, not on the diagnosis (Zeigler 1997). At the end-of-life the palliative care team discusses the end-of-life care with the patient and the family. Physicians can’t do this difficult task alone and need help from the nursing staff, social worker, chaplain, and case managers. It is recommended that the communication with the palliative care team and patient/family should start early. The same person should speak for the team and establish rapport with the family (Ahrens, Yancey and Kollef 2003). Preferably communication should be carried out by the same the physician who took care of the patient during his disease. During communication the message should be clear, consistent, and repeated until comprehended by the involved parties. Communication should address personal issues and quality of life as well (Cain, Jusenius and Figge 1990). It has been shown that, unfortunately, palliative care consults are called late, only after the patient is clearly dying (Paice, Muir and Short 2004).

There are certain barriers to decision making at end-of-life:

- Public lack of knowledge about end-of-life issues
- Physician reticence to talk to the patient and family
- Inadequate training of healthcare professionals
- Mismatch of values and goals between the provider and the patient.

When the physicians talk about end-of-life issues their language is not always clear. Many patients leave the meeting with inadequate understanding of the conclusion (Young, Ofori-Boateng, Rodriguez and Plowman 2003). Physicians may see death as a personal failure on their part and may not feel comfortable to discuss it. Decision making at the end-of-life should include important issues including: Diagnosis, prognosis, patient goals, treatment risks/benefits, co-morbid illnesses, symptom burden, treatment burden, age, stage of the disease, personal variables, family, and culture (Lee 2002).
Patients who have DNR orders may undergo surgery and anesthesia for palliative surgery without contradicting their wishes. Their wishes must be understood individually prior to surgery and not assumed in a blanket fashion. Anesthesia procedures can be done without further life support under DNR orders (Clemency and Thompson 1997).

**Medical Ethics and Cost of Care at the End-of-life:**

According to Emanuel and Emanuel, 27-30% of Medicare payments each year go to the Medicare beneficiaries who died the year before. Payments for the dying patients increase exponentially as death approaches and payments in the last month of life constitute 40% of all the payments during the last year of life, because the humane care at end-of-life is labor intensive and therefore expensive. Even when patients refuse life sustaining interventions, they do not necessarily require less expensive care but mainly a different kind of care. High quality palliative care rendered by qualified personnel may be just as expensive as hospital care (Emanuel and Emanuel 1994). Even only the medication cost may amount to a large sum; one study found the opioid cost at end-of-life to be approximately $75,000–91,000 per year (Berger, Smith, Lindsky et al 2004).

As stated above it is not possible with any accuracy when the patient will pass on. Therefore there will always be some “wasted” time spent on terminal palliative care. This also means that there will be uncertainty as when to withdraw the aggressive interventional care in favor of simpler supportive care, which represents a saving of 3.3% of national healthcare expenditures in 1993 dollars (Emanuel and Emanuel 1994).

In 1997, of 2.3 million Americans died more than 80% covered by Medicare. Annual per capita Medicare payment (1997) for the survivor of ICU stay was $4,400. But this number went up to $26,300 for each person died in ICU (61% of cost). The difference what Medicare did not pay for the decedents is covered by Medicaid (10%) and other payers (12%), and out-of-pocket payment (18%) (Hogan, Lunney, Gabel and Lynn 2001). The authors conclude that:

1. Decedents’ costs are approximately same as others but what increases the cost is the care for the severe illness at the end-of-life.
2. 38% of Medicare patients spent time in nursing home in the last year of their life.
3. Hospice service needs to be expanded to prevent unnecessary hospital admissions for the terminal patients.

A survey was published in JAMA in 1997 looking at the Medicare patients under Managed Care (HMO) and fee for service (FFS) payers, in patients hospitalized for terminal care. The authors found that the HMO patients received less expensive care compared to the FFS patients (after all variables adjusted). They concluded that the “HMO practices may be better at limiting or avoiding inductive use of critical care near the end-of-life” (Cher and Lenert 1997). In the same journal an editorial was published criticizing their findings: 1. Differences between HMO and FFS may be due to hospital billing practices. Hospitals may bill higher for FFS and lower for HMO. 2. Patient preference may play a role; patients under FFS may ask for more treatments. 3. HMO group has lower expense by 25% but also has 8% increase in mortality in 100 days and 9% increase in 1 year after hospitalization. It is possible that HMO is saving money by withholding potentially life saving treatment (Curtis and Rubenfeld 1997).

Curtailing the use of medical resources for the dying is a medico-legal issue. It is estimated that by 2040 there will be approximately 10 million Americans over 85 years of age. Insurance companies prefer people dying without much expense to save money; they call it “dying with dignity” (Trinkaus and Giacalone 2002). Newer technology is costly and seems wasteful at the end-of-life. Therefore, end-of-life is a target for cost cutting (Sloan and Taylor). Rationing at end-of-life is also a medico-legal problem. It has been shown that Medicare costs were highest for African-Americans and for lower income zip codes by 28% (Hogan, Lunney, Gabel and Lynn 2001).

Cost is a relative term. If we use “life years” rather than calendar years for calculating the cost of the last year of life, it consists only 10% above average cost. The cost is normalized when we take into account the whole population, not just the aged Medicare population. Among the terminal patients high expenses incur with relatively few people, otherwise most people die without extraordinary measures and at low cost (Stooker, van Acht, van Barneveld et al 2001).
Even when the palliative treatment may be associated with high cost modest prolongation of survival can render such treatment cost-effective. One study done among cancer patients indicates that patients are willing to accept side effects of rather invasive treatments for moderate increase in life expectancy (Patnaik, Doyle and Oza 1998).

Decisions regarding the delivery of healthcare at the end-of-life underscore the inherent conflict between economics and bioethics. 10-12% of all healthcare expenditures and 27% of Medicare expenditures are spent at the end-of-life but do not provide a lasting health benefit to those who die (Higginson and Edmonds 1999). Conceivably this money may be used somewhere else. From an ethical standpoint, cost, when divorced from treatment outcomes, is meaningless and must instead be evaluated in the context of factors such as survival and improvement of quality of life. Therefore, healthcare decisions cannot be based solely on cost; they must be balanced with appropriate outcome, be pragmatic and above all ethical.

COST OF PALLIATIVE CARE

Hospital costs for patients over 66 years old are more than double of the average (Swift 1990). Therefore, it is important to look at alternatives to hospitalization to provide quality care for the dying patient.

It is hard to measure the cost-effectives of service at the end-of-life. As a patient progress towards death quality of life diminishes, therefore, quality of life can’t be a measure of effectiveness for palliative care teams (Higginson, Goodwin, Edwards and Douglas 2003). Cost effectiveness is described in terms of the cost of an intervention per unit outcome, such as a year of life gained. A quality adjusted life year (QALY) is the weighted average of the health related quality of life during a year of increased survival where optimal health has a value of 1 and death has a value of zero (Higginson and Edmonds 1999).

A meta-analytic study indicates that the palliative care teams are cost effective (Higginson, Goodwin, Edwards and Douglas 2003). The major cost saving associated with palliative therapy is from the reduced need for hospitalization towards the end-of-life (Patnaik, Doyle and Oza 1998). However, changing patient setting of care may not result in cost saving but shifting of cost. For example, shifting patient care from inpatient to outpatient between 1980 to 1995 did not correspond to a proportional decrease in medical expenditure, actually the cost went up.

Especially the cost of ICU stay is the highest cost of all hospital expenses (Luce and Rubenfeld 2002). Admission of Medicare patients to ICU increases three times in the last six months of life. More than 40% of Medicare patients are admitted to ICU before dying. On average 11% of Medicare patients spent more than seven days in ICU within six months before dying. Most expenses are incurred by patients who eventually die, not survive the ICU. Cost in ICU for cancer patients for a year of life gained varies between $95,142 to $449,544 (Higginson and Edmonds 1999).

Palliative care delivered at hospice setting saves between 30 to 64% in medical care cost compared to the hospital (Emanuel and Emanuel 1994). But even if palliative care is rendered at home it may be associated by substantial opportunity cost (Higginson and Edmonds 1999). On the other hand, Madden states that the cost of care at home should not be factored into cost calculations for end-of-life studies, because in all studies cost at home after discharge is not taken into account (Madden 1996).

Palliative care is valuable and cost effective therefore is worth of financing (Zeigler 1997). For palliative care to improve in the U.S. adequate funding is essential. Hospice Medicare reimbursement must be remodeled. After all we must remember the maxim: “No margin, no mission” (Lee 2002). Simple regulatory changes may improve in hospital palliative care and help cost containment: (Gunten, Ferris, D’Antuona and Emanuel 2002).

1. Payment for palliative services under proper DRGs.
2. Physician payment for providing palliative care and case management services.
3. Redefine the six month period for eligibility for admission to hospice based on actual statistical data (initial 6 month assumption was done in 1982 when the legislation was enacted on an arbitrary basis).
CONCLUSION

The issues at the end-of-life are not simply medical ones, but pose significant financial, social and ethical queries. The events surrounding the death are essentially human issues, not primarily medical problems; the medical professionals should treat the terminal patients first of all as a human beings who have feelings and opinions, respecting their autonomy, dignity, and heed to their decisions regarding how they want to be treated, which may even lead to patient’s refusal of what the physician considers as “life saving treatment” causing eventual demise of the patient. At the last stages of life medical treatment gradually changes from curative care to palliative or symptomatic care, which emphasizes pain control and comfort measures in accordance with the patient’s directives. Palliative care at the end-of-life, reportedly not only cost effective, but more importantly is more humane and more ethical. Third party payers, in particular Medicare, will serve better to the patient and to the society by adequately funding palliative care at the hospitals, hospices, nursing homes and even at the patient’s home, thus providing an ethically sound service at a more reasonable cost.

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ONE RING TO RULE THEM ALL: UNETHICAL BEHAVIOR IN THE MEDIA FAN SUBCULTURE

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ABSTRACT

What is construed as ethical and unethical behavior by fans of such media properties as The Lord of the Rings, Star Trek and The Blair Witch Project is significantly different than what is construed as ethical and unethical by the typical consumer. A review of the available literature and anecdotal evidence indicated that what is perceived as a minor infraction of acceptable behavior by a non-fan may be viewed as a major violation of accepted behavior by the fan, while acts that would be considered misdemeanors or even felonies by the average person are considered normal behavior by the fan.

INTRODUCTION

As the mass media has grown more pervasive throughout American and world culture, Frodo, Michael Jordan and Captain Kirk have become as familiar to us as our own families. Indeed, for many within today’s culture, they have become part of the family (Harrington and Bielby 1995, p. 14). As both fictional and real celebrities become more an everyday part of our culture, what starts as a passing interest in a person or subject often grows over time into an intense level of fascination with the area of interest. We become fans and enter into a new culture with a set of ethical behaviors that can differ from what is viewed as ethical behavior in normal society.

Literature Review

Very little research has been conducted on fanaticism and its characteristics except by researchers looking at extreme forms such as the perceived relationship that develops between stalkers and the object of obsession (c.f., Schiecker 1985), the relationship between fans and violence that manifests itself as a form of hysteria (c.f., Crouse 1993b; Lee 1985) and the unusual aspects of fan behavior, such as attending conventions and collecting large amounts of material related to the subject (Aiken and Campbell 2005; Jenkins 1992b, p. 36; Harrington and Bielby 1995, p. 6; The research on fanaticism as a social phenomenon is relatively sparse and generally focuses on discussions of celebrity or fame from a popular, rather than scholarly or scientific, viewpoint. This limited research indicates that the media oriented fan is often considered an outgrowth or end product of the modern celebrity system rather than as an integral part of that system (Jenson 1992, p. 132). However, none of this research has focused on the ethical behaviors of those within the fan subculture, barely mentioning it in passing and then generally only through implication.

Most research on fanaticism, in fact, has generally focused on the extremes of fanatic behavior. Most authors have viewed fanaticism as a blending of obsession with celebrity and presumed media influences in relation to observed pathological behavior (e.g., Crouse 1993a; Dimmock and Grove 2005; Jenson 1992). Kozinets (2001) observes that celebrities function as role models for fans who engage in “artificial social relations,” that is, a feeling of having a social relationship with a celebrity, said relationship only existing in the mind of the fan. Grossberg (1992) agrees with this, explicitly comparing fans to “us,” arguing that the forces that move these fans to action also exist within the normal population, awaiting only the proper combination of obsession with a subject or person and societal or personal pressures to stir them into fanaticism.

In most research, fans are often characterized as easily aroused and, once assembled into a crowd at sporting or music events, easily drawn along into violent and destructive behavior (Crouse 1993b). Even fans who attend high school sporting events in the United States tend to get swept up in the mindless exuberance that leads to reckless and even rude and violent behavior (Crouse 1993b; Heinzmann 2002). Those few who have studied fanatic behavior believe that the majority of the population (60%-70%) engage in activities characteristic of fanaticism but are not addicted, obsessed, or compulsive (Arnould and Thompson 2005; Belk 1995, p. 66; Kozinets and Handleman 2004).
Discussion

Much like the everyday culture that they exist as a part of and yet apart from, the fan, whether a fan of Star Trek or the Boston Red Sox, has a certain set of ethical behaviors and standards to which they adhere. Ethical behavior is based upon the concepts of theory of conduct and theory of value. The theory of conduct says there is behavior that is right and wrong, behavior above and beyond the call of duty, and behavior so wrong as to be evil. The theory of conduct proposes various moral codes to which those that subscribe to it adhere. Theories of conduct are concerned with offering guidelines for action rather than maintaining social convention.

Theories of value deem certain things more valuable than other items. Different levels of value are applied to different items or concepts or to similar items that differ in minute but significant ways. A used basketball may sell at a yard sale for a dollar, while the same basketball, with a few pen markings that are Michael Jordan’s signature is now worth thousands of dollars.

The theory of conduct, therefore, says there are rights and wrongs within any given situation while the theory of value, applying the concept of situational ethics, says there may be different levels of right and wrong. Using these criteria, behavior within the fan subculture may appear significantly different from what is considered ethical within the non-fan culture. However, this behavior is often perceived as completely ethical within the fan subculture.

For example, the concept of copyright allows an author to retain rights to writing work and the characters therein. Using another author’s copyrighted material or characters without permission violated federal copyright law and can subject the user to civil suits under federal law. “Fair use” allows the use of copyrighted materials in criticism, research, news reporting and unpublished writing. This is accepted in non-fan society and the passage of the Copyright Act in 1976 barely attracted notice. However, in fan subcultures, especially among media fans, violation of copyright is common and even accepted. A search of the internet finds over 100,000 sites devoted to Harry Potter fan fiction, or “fanfic” as it is also called. Star Trek has over 39,000 sites devoted to unauthorized fiction featuring the characters of Captain Kirk and Mr. Spock. Tolkien’s Lord of the Rings has 14,000 websites devoted to posting new stories about the characters. Even such relatively obscure television shows as Forever Knight and Caroline in the City have their fans writing stories featuring favorite characters and posting them to the internet as well as circulating them to other fans through discussion lists and email.

It is not uncommon, when attending a science fiction or media fan convention to find novels or short story collections for sale featuring popular characters from other creator’s copyrighted materials. Referred to as “textual poaching” by Jenkins (1992) or as “fanfic” by the authors, these are amateur publications, published for the love of the material and their quality reflects this. By selling these books, the writers generally hope to cover the cost of printing and some of the cost of traveling to the convention. Seldom is a true profit expected or earned.

The authors typically make no effort to get their creations approved by the owner of the copyright, instead trusting that their output is so miniscule that the copyright holder will overlook it. If the copyright holder becomes aware of the violation and enforces their legal rights, the fan author may take offence, not seeing what harm was done. As Karen, a 35 year old fan author specializing in Star Trek stories, commented “I just used their characters, everything else was mine.”

A similar feeling of possession is found among fans of Japanese animation, also called anime. Devoted fans of anime will seek out anime that the creators have not released in an English translation, translate it themselves and put the English subtitles on the film. These “fansubs” are then traded back and forth among members of the anime fan culture with copies and copies of copies and copies of copies of copies made. Creating a fansub and offering it to the fan community are considered ethical and beneficial acts and those that create them are respected by other fans. The violation of copyright is viewed as a non-issue, since, as Jesse, a nineteen year old anime fan says, “I’d buy it if I could, but it’s not available over here yet.” Selling a fansub, however, is viewed with suspicion by most fans, as there is no guarantee regarding the quality of the reproduction and few sellers of fansubs offer warranties on their products.

Anime fans avidly await the release date of anticipated titles, frequently circulating the expected release date over a year before it becomes available in an English translation. Once a title becomes available in an
A subset of media fans actively collect autographed memorabilia, such as photographs autographed by celebrities and comic books autographed by creators. A photograph of Tim Russ, who appeared as Tuvok in Star Trek: Voyager may sell for $5 to $10. Adding Russ’ autograph to the photo increases the sales value to $30-$50. A back issue of the comic book Spawn may sell for anywhere from $1 to $10. Adding the autograph of Spawn’s creator, Todd McFarlane, can increase the value of the book by $30 or more. At many conventions, a dealer’s room will offer thousands of autographed photographs or comic books for sale, resulting in hundreds of thousands of dollars in sales. Dealing in such memorabilia is a very lucrative business for a number of companies. However, some experts estimate that anywhere from 30% to 70% of all autographs in any given dealer’s room are faked (Shatner and Kreski 1999, p. 207). As strange as it may seem, many fans choose to believe that the autograph is real, even when discrepancies between it and the authentic signature (ibid, p. 209).

To counteract the problem of fraudulent autographs, many dealers are now providing certificates of authenticity along with the autographed items. These certificates are designed to maintain the standards of ethical belief that is the basis on which the autograph business is built by assuring the fans purchasing the autographed item that the signature is indeed signed by the photograph’s subject or comic book’s creator. However, demonstrating the unethical behavior that some dealers exhibit, there is now a thriving trade in falsified certificates of authenticity (Pustz 2000). Some dealers, wishing to retain the level of trust on which their business is built have taken to issuing sets of guidelines so that purchasers can more readily identify false signatures.

The Blair Witch Project, which released in 1999, developed an entire background and history leading up to the events of the movie. The producers then disseminated this information through various media including a website, television special, articles and books and did such a convincing job that debate soon erupted among fans as to whether the film was factual or fictional. As fan interest increased, more items related to the background were “found” and released to the fans, which embraced it and elaborated upon the material presented to them. As a result, the movie enjoyed huge opening grosses and a return on the costs of making the movie well in excess of 500%. Fan interest continued to increase after the release of the movie, with fans visiting the Maryland location where “Blair Witch” was filmed and creating their own facsic based on the events in the movie. Fans asked local residents about the events depicted in the film and sought updates on characters and occurrences, as if the events depicted in the movie had truly happened. For the fan, this behavior was totally appropriate, even thought the non-fan viewed it as bizarre and inappropriate.

However, Blair Witch II: Book of Shadows, which released the following year, failed because the same fans did not embrace it as they had the original, viewing the sequel and the marketing as “artificial” rather than “real” (Guthman 2000). Producers again developed an elaborate backstory for the film, complete with website, articles and books. However, this time the planned marketing for the film called for the treatment of fans as passive observers, rather than active participants in the creation of the mythology surrounding the film. The fans viewed themselves as integral to the first film’s success and viewed the more overt manipulation used to market the second film as inappropriate behavior. Becoming aware of this feeling among the fans, the directors of the original film opted not to have anything to do with the sequel, which eschewed the documentary format of the first film, opting instead for a less intimate, more objective treatment that utilized the standard motifs of the modern-day horror film. Blair Witch II also did not take the developed fan culture as seriously as did the original film and was even viewed by many members of the culture as a mocking of fans of the original movie. Fans may not mind the mocking of their interests by other like-minded fans but they find mocking directed at them by those outside the subculture inappropriate behavior (Kozinets 2001). Abandoning the mock documentary approach of the original film and adopting more of the trappings of the modern horror film removed much of what was perceived as special by fans of the original movie. As a result, the ticket sales for Blair Witch II were 10% of the ticket sales of the original movie.

Fans of the novel The Lord of the Rings were concerned that the movie version of the work would differ significantly from the primary material and were predisposed to view the movie negatively, feeling it would betray J. R. R. Tolkien’s original vision. Universal Studios, distributor of the movie, contributed to the antipathy by attempting to eliminate fan discussion and creation of secondary material related to the movie (Gates and Gordon 2001). The fans viewed this as a flouting of their status as keepers of Tolkien’s works and the attempt to keep them
out as unethical behavior on the part of the studio. Hence, there were a number of attempts by fans to penetrate the
secrecy surrounding the film’s making, including repeated trespassing upon the film set and attempts at theft of
portions of the script. While the production company considered them criminals, other fans perceived the
perpetrators as heroes attempting to liberate the film. However, the film’s marketers finally realized it was better to
cultivate the fan subculture than to shut it out. Fan opinion leaders were cultivated with promotional material
carefully released under the studio’s control, rather than haphazardly by individual fans. Fans contributed to the
movie’s official website (Lordofftherings.com) as well as creating unofficial sites (TheOneRing.net). As a result,
the studios was thus able to reduce the perception of unethical behavior felt by the fans and instead encourage
positive feedback and great anticipation of the movie within the fan culture.

Summary

The phenomenon of fan culture exists separately and yet reflects our common culture. Although members
of the fan culture embrace the same ethical behaviors and mores as do members of the greater culture, the fan media
culture has its own set of ethical standards and behaviors. What appears as a trivial violation of ethical behavior to
an outsider may be a gross violation of acceptable behavior to the fan and what appears criminal activity to the
outsider can be business as usual to the fan. It is important that those investigating the fan culture realize this
difference, and, while they may not accept fan behaviors as normal, understand the reasoning behind the fan’s
ethical decisions.

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E-PROCUREMENT TECHNIQUES ADOPTION: A CONTINGENCY PERSPECTIVE

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ABSTRACT

This article develops a model to explain the potential relationships that affect the adoption of electronic procurement techniques from a business customer perspective. The model was drawn from a comprehensive investigation of literature that addresses various issues in e-procurement adoption. Perceived drivers and perceived barriers are proposed as antecedents to e-procurement adoption. Product type and complexity of buying situation are proposed as moderating variables.

INTRODUCTION

With the availability of web based e-commerce applications, organizations feel that new opportunities have been created to radically improve their business processes (Subramaniam and Shaw 2004). Among these processes is the purchasing / procurement process. Procurement includes the process of strategy development, supplier selection, negotiation, supplier evaluation, and supplier development. It also includes the processes of purchase request, authorization, ordering delivery and payment between purchaser and supplier (Sain et al, 2004).

As these processes have become costly activities for business over the years, top managers in organizations have begun to take active interest in them. Managers are linking their companies with major suppliers through private networks, such as Electronic Data Interchange (EDI) (Hawking et al, 2004).

The resulting e-procurement practices involve a number of communication media such as: mail, phone, fax, EDI, e-mail and the internet. They also includes activities such as: electronic ordering, electronic submission of tenders, and electronic mail between buyers and sellers (Kheng and Al Hawamdeh 2002) that result in enormous cost saving due to the reduction in the cycle time for order completion (Subramaniam and Shaw 2004).

Adopting e-procurement techniques depends heavily on the perceived benefits or drivers such as: reducing transaction cost, and better inventory management (Kheng and Al Hawamdeh 2002; Kien, et al 1990; and Hawking, et al 2004), as well as on the products characteristics (Bartizzaghi and Ronchi 2002, Sain, et al 2004).

However, these impacts are neither guaranteed upon implementation of the system, nor are they uniform across organizations. Several costs or barriers have been identified that are encountered in the adoption of e-procurement, such as issues of security and the cost of new technology (Subramaniam and Shaw 2004; Hawking et al, 2004; Kheng and Al Hawamdeh 2002).

While many researchers have examined different antecedents of e-procurement adoption and have found empirical evidence to support their claims, most of these studies have looked at the antecedents in isolation. A comprehensive look at the different antecedents simultaneously in a single study is still missing. This is important because organizations will adopt different e-procurement techniques for different reasons, and in different buying situations. Furthermore, this study is important from a managerial perspective, because it will provide managers with a schematic platform for the appropriate e-procurement techniques on a product level base. As a result, managers will be in a better position to manage their relationships with their suppliers, and will be able to evaluate and select the appropriate e-procurement techniques.

Therefore, the objective of this research is to address this gap in the literature by building a model specifying the perceived drivers and perceived barriers of adopting e-procurement techniques from a customer perspective, and showing how the adoption process varies based on product type and buying situation.
The rest of the paper is organized as follows; first, I review and summarize the previous work within the e-procurement literature. Second, I develop propositions regarding the antecedents of e-procurement adoption. Third, I use contingency theory to explain the moderation effect of product type and buying situation.

LITERATURE REVIEW AND CONCEPTUAL DEFINITIONS

Figure 1 depicts a model, which is drawn from literature that proposes relationships among the conceptual variables. Each of the four variables has been identified by prior researches to affect the intensity of e-procurement techniques adoption.

Figure 1
E-procurement Adoption

**Barriers of E-Procurement Adoption**

Adopting e-procurement is not costless. Several barriers emerge that challenge this process. Bingi et al. (2000) found that the major concerns that face electronic commerce adoption are the presence of technological infrastructures needed to support business operations, information security, and privacy of exchange.

Moreover, Kheng and Al Hawamdeh (2002) reported that the amount of required investment, inadequate in-house skills, lack of top management support, and the magnitude of change in work are the main barriers that Singapore companies faced in implementing e-procurement techniques.

Hawing et al. (2004) continued this stream of research finding that the lack of integration with business partners, and the absence of corporate strategy with respect to e-procurement contributed to the barriers of adopting e-procurement techniques.

Rajkumar, (2001) found that the lack of corporate e-procurement strategy was the major factor that impedes corporations from adopting the techniques. Moreover, the difficulty in performance evaluation is quite visible in the e-procurement context, as managers may lack the information needed to evaluate partner capabilities (Bingi et al, 2000). This lack of information may lead managers to select and/or try a wrong partner. Based on this review, I propose the following:

P1: There is a negative relationship between business customers’ perceived barriers and the extent of adopting e-procurement techniques.
For a summary of the barriers found in the literature and their references, see Table 1 below;

<table>
<thead>
<tr>
<th>Barriers / Cost</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>High technological implementation cost.</td>
<td>Kheng and Al Hawamdeh, 2002; Rajkumar, (2001)</td>
</tr>
<tr>
<td>Lack of IT system integration with the partner.</td>
<td>Hawking, Stein, Wyl and Foster, (2004)</td>
</tr>
<tr>
<td>Lack of corporate strategy with respect to e-procurement.</td>
<td>Rajkumar, (2001)</td>
</tr>
</tbody>
</table>

**Drivers / Benefits of E-Procurement Adoption**

There is a large body of literature that delineates the benefits of adopting e-procurement practices as a solution for managing the order process.

Hawking et al, (2004) found empirical evidence of the importance of Internet based procurement in Australian markets. They showed that companies adopt e-procurement techniques to improve market intelligence, and to reduce the operational and inventory cost incurred in the transaction. Furthermore, companies are motivated by the improvement in the visibility of suppliers offers, and the increase in planning accuracy, which in turn enhances the decision making process by top management.

Subramaniam and Shaw, (2004) continued this stream of research and found that the value of e-procurement rests in its effect on order processing, which reduces cycle time for order completion, and increases the accuracy of ordering. Hence, companies increase their control over the ordering process, which reduces maverick buying.

Kheng and Al Hawamdeh, (2002) also asserted that the premise of reducing overall purchasing and transaction cost seemed to be the key motivation behind adopting e-procurement techniques among Singapore companies, which in turn improves the overall competitiveness due to the reduction in price. In addition, Bartezzaghi and Ronchi,(2003) found that web-based technology might allow reducing procurement cost by increasing market efficiency in terms of supplier search, supplier selection, contract negotiation, and purchase price. Accordingly, based on this discussion, I propose that:

P2: There is a positive relationship between the business customers’ perceived benefits and the extent of adopting e-procurement techniques.
For a summary of the drivers found in literature and their references, see Table 2 below;

<table>
<thead>
<tr>
<th>Drivers / Benefits</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low price</td>
<td>Kheng and Al Hawamdeh, (2002)</td>
</tr>
<tr>
<td>Shorter cycle time for order completion</td>
<td>Subramaniam and Shaw, (2004)</td>
</tr>
<tr>
<td>Reduce maverick buying</td>
<td>AGIMO, 2004</td>
</tr>
<tr>
<td>Increase accuracy of ordering</td>
<td>Subramaniam and Shaw, (2004)</td>
</tr>
<tr>
<td>Low inventory carrying cost</td>
<td>Hawking, Stein, Wyld, and Foster, (2004)</td>
</tr>
<tr>
<td>Increase accuracy of planning</td>
<td>Rajkumar 2001</td>
</tr>
<tr>
<td>Easy to switch among suppliers</td>
<td>Bartezzaghi and Ronchi, (2003)</td>
</tr>
<tr>
<td>Easy to try new suppliers</td>
<td>Bartezzaghi and Ronchi, (2003)</td>
</tr>
<tr>
<td>Low transaction cost</td>
<td>Kheng and Al Hawamdeh, (2002)</td>
</tr>
<tr>
<td>Improved visibility of supplier product</td>
<td>Hawking, Stein, Wyld, and Foster, (2004)</td>
</tr>
<tr>
<td>Improved market intelligence</td>
<td>Hawking, Stein, Wyld, and Foster, (2004)</td>
</tr>
</tbody>
</table>

**Product type and e-procurement adoption**

Product type is considered an important factor in understanding the real motivation for adopting e-procurement techniques. It refers to the material used and its importance in determining the final product. It is classified into:

- **Direct material**: it is a production good that is important in determining the final product, it has very strict specifications, but they are easy to define (ie: raw material that is directly used in production) (Bartezzaghi and Ronchi 2003).
- **Indirect material**: some times referred to as MRO (Maintenance, repair, and operating supplies. It is non-production goods, such as office supplies, that facilitate the production process. It is usually characterized by a high level of standardization and low product specifications) (Minihan and Degan, 2001 Aberdeen report; Bartezzaghi and Ronchi, 2003).

Contingency theory suggests that the situation affects the strength of relationships (Calantone et al, 2003). Here, the value adding potential of the material (potential profit) and supplying risk determine its strategic value. Hence, direct material has more strategic importance than indirect material. One possible explanation for that might be the high level of risk involved in the procurement of direct material, as when buyers place a valuable order, they seek more information and assurance. Electronic media does not provide the required level of information needed for ordering direct material (Sain, et al, 2004). Moreover, firms are increasingly making routine purchases of items such as operating and office supplies through online sites (Hawking et al, 2004; Minihan and Degan, 2001). Hence, business customers’ spending on adopting e-procurement techniques will vary, depending on the type of product whether it is direct or indirect. Therefore:
P3: The type of product will affect the relationship between the perceived barriers/drivers and e-procurement adoption.

Complexity of buying situation and procurement adoption

The literature classifies buying situations into three main categories: straight rebuy, modified rebuy, and new task purchase (Robinson, Faris and Wind 1967; Kotler 2000; Sain et al, 2004).

- **Straight rebuy**: requires little effort searching for information, as the buying situation is characterized by reordering on a routine basis. Buyers often select suppliers from an approved list. In turn, the amount of analysis is usually small and follows standard procedures.
- **Modified rebuy**: is either upgrade “straight rebuy” or formerly new task that has become familiar. In this type of buying situation, buyers become active in searching for new information, because they want to modify or change purchase conditions, such as new specification, prices, delivery process, or other terms. In turn, the amount of analysis is larger than the straight rebuy, and entails more focus in long relationships with suppliers.
- **New task**: occurs when buyers purchase strategically important products for the first time. There are no predetermined procedures to follow. In turn, the amount of analysis is extremely large, as buyers become more active in searching for information in order to reduce the level of risk that is incurred in this situation. Hence, buyers are willing to consider many alternatives because they perceive search benefits to be higher than the search cost.

As the buying situation moves from straight rebuy to new task purchase, the task becomes more complex. The firm needs more information from the partner, and usually sets up a joint team whose objective is to design the new task buy (Sain et al, 2004). This means that there will be additional investment in human and physical assets, along with a high level of integration and cooperation between partners to coordinate the mutual efforts, which in turn, results in changing the way that people work. Hence, the level of investment, the needed integration, and the potential changes in the work place will differ among the levels of buying situation, which eventually, will affect the level of e-procurement techniques used.

Again, contingency theory suggests that the reliance on e-procurement techniques will vary among the levels of buying situation (Calantone et al, 2003). Therefore:

P4: The complexity of buying situation will affect the relationship between the perceived barriers/drivers and e-procurement adoption.

**Firm Size**

The importance of investigating the effect of firm size on technology adoption choice in e-procurement is derived from the fact that firms vary by financial resource levels, technical skills, and managerial skills, which will affect their ability to handle the level of software complexity required. In addition, firms with different resources will vary in the amount of investment in e-procurement techniques that is needed to meet the technological requirements needed to run business operations (Kauffman and Mohtadi, 2004).

Managers of large companies believe that they have a greater differential in value (i.e.: benefits outweigh cost) than smaller companies. They perceive benefits’ increase in relation to cost due to implementing EDI along a company’s supply chain (Power 2002). Hence, e-business adoption can impart greater scalability for business process as larger companies can derive greater return from e-business investment. Therefore, company size will be controlled for in this study (Wu et al, 2003).

**RESEARCH METHODOLOGY**

Purchasing agents including contractors, manufactures, utilities, railroads, and distributors will be sent a mail survey. The respondents are executives who play a major role in the procurement process. To check for this assumption, a question will be included that assesses the degree of respondents’ involvement in the procurement decision; in addition to a question that specifies who is in charge of making the purchasing decision (Andrews and Smith, 1996).
Measures of E-Procurement Adoption

The dependent variable of e-procurement adoption will be measured by a single item that captures the amount of spending on e-procurement techniques.

All items of the perceived barriers and drivers will be measured using seven point likert scales, ranging from strongly agree to strongly disagree. These items will be adopted based on prior research with appropriate modifications. The items are going to be subjected to factor analysis to test whether they load on a single dimension or not. In addition, the scale will be subjected to a reliability test.

Other items that measure the complexity of buying situation and product type use nominal scales. Finally, Firm size will be measured by the total number of employees.

IMPLICATIONS

This study looks at the different antecedents of adopting e-procurement techniques. The objective is to build a model specifying the perceived drivers and perceived barriers of adopting e-procurement techniques from a customer perspective, and showing how the adoption process differs based on different product types and buying situations.

Furthermore, this study is important from a managerial perspective, because it will provide managers with a schematic platform to determine which techniques are the most appropriate based on different product types and buying situations. As a result, managers will be in a better position to manage their relationships with their suppliers, and will be able to evaluate and select the appropriate one.

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THE MODERATING EFFECT OF ENVIRONMENTAL TURBULENCE ON THE RELATIONSHIP BETWEEN ALLIANCE COOPERATIVE COMPETENCE AND NEW PRODUCT DEVELOPMENT SUCCESS

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EXTENDED ABSTRACT

New products provide increased sales, profits, and competitive advantage for most organizations. Unfortunately, nearly fifty percent of new products introduced every year in the market fail, causing considerable financial loss to companies introducing them (Zirger and Maidique 1990). This has forced organizations to form alliances to reduce the inherent risks associated with new product development (NPD) and to manage the innovation process and outcome better. This paper integrates literature from new product development and strategic alliances and two propositions are developed. This paper explores the relationship between cooperative competency (trust, communication, cooperation) and NPD success, and explores the effect of environmental turbulence on this relationship. More specifically, it proposes that in high environmental turbulence condition, greater cooperative competency is required to achieve successful new product development.

Firms that combine resources can gain a competitive advantage over firms that are unable to do so (Dyer and Singh 1998). Link and Bauer (1989, p. 5) have defined new product development alliance (NPD alliance) as “formalized collaborative arrangements among two or more organizations entered into to jointly acquire and utilize information and know-how related to research and development of new product innovations.” The rising costs of R&D, increased global competition, and a need for standardization has forced a number of firms to conduct new product activities through alliances (Rindfleisch and Moorman 2001). Organizations enter alliances to quicken the pace of innovation, overcome budgetary constraints, spread out risks, and gain access to resources (e.g., technological, financial) not otherwise available to them (Bleek and Ernst 1993; Vardarajan and Cunningham 1995).

According to Sivadas and Dwyer (2000) the success of NPD alliances is based on cooperative competency (trust, communication, and coordination), governance and administrative mechanism, partner type, mutual dependence, innovation type (radical or incremental), institutional support, and complementarities of partner competencies. The relationship between cooperative competency and other factors and their effect on NPD success has been examined by Sivadas and Dwyer (2000). They found a positive relationship between cooperative competency and NPD success. This paper examines the moderating effect of environmental turbulence on the relationship between cooperative competency and NPD success.

COOPERATIVE COMPETENCY

Cooperative Competency reflects the ability of interacting units to adjust mutually. It is manifested in trust, communication, and coordination. Trust exists when “one party has confidence in an exchange partner’s reliability and integrity” (Morgan and Hunt 1994, p. 23). Predictability, dependability, and faith are three key components of trust (Andaleeb 1992). Communication refers to “the formal as well as informal sharing of meaningful and timely information between firms” (Anderson and Narus 1990, p. 44). Effective communication between partners is essential for alliance success. It enables goal adjustment, task coordination, and interfirm learning. Coordination is the specification and execution of roles with minimal redundancy and verification. It refers to the extent to which different “units” function according to the requirements of other units and the overall system (Mohr and Spekman 1994).

Cooperative competency is a property of the relationship among the organizational entities participating in NPD. The success of NPD depends on the cooperative competency of the firms involved (Sivadas and Dwyer 2000). The success of alliances hinge on the ability of partners to trust, communicate and coordinate. Cooperative
competency manifests itself through effective exchange of information (communication) and negotiation and design of activities and roles (coordination).

ENVIRONMENTAL TURBULENCE

Environmental turbulence as defined by Milliken (1987) is the perceived inability of an organization’s key managers to accurately assess the external environment of the organization or the future changes that might occur in that environment. It has two prominent dimensions, market turbulence and technological turbulence. The extent to which the environment is “turbulent” influences organizational innovations. It forces organizations to face environmental changes and makes them more sensitive to external cues (Aiken and Alford 1970). The market turbulence dimension specifies changes in the composition of customers and their preferences (Kohli and Jaworski 1990). Technological turbulence, on the other hand, is the rate of technological change in a given market (Kohli and Jaworski 1990). Technological turbulence specifies the amount and unpredictability of change in production, process, or service technologies. Turbulence in the form of frequent changes in technology or market preferences requires organizations to adjust to these changes (Gatignon and Robertson 1989; Pierce and Delbecq 1977). Based on the above discussion, I offer the following two propositions:

Propositions

P1: Cooperative competency among the partners will be related positively to NPD success.

P2: Environmental turbulence will moderate the relationship between cooperative competency and NPD success such that when environmental turbulence is high, high cooperative competency will lead to much higher NPD success.

CONCLUSION

It is evident that new product development is the key to maintaining and gaining competitive advantage. But, new product development requires a lot of resources and is risky. Strategic alliances are an important means to gain access to resources and share the risk involved. This becomes even more important in highly turbulent environment. New product development alliances can create effective win-win situations for everyone involved.

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MARKETING AND INTERNET PROFESSIONALS
FIDUCIARY RESPONSIBILITY: A PERSPECTIVE ON SPYWARE

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ABSTRACT

While marketers accept technologies such as scanners, traffic counters, and consumer diaries (McDaniel and Gates 2004) to observe buyer behavior, controversies abound today over "passive devices" Internet technologies such as cookies, spyware, malware, and web bugs used to collect marketing information about Internet users without permission. This paper applies cultural lag (Ogburn 1964) theory to these controversies. Ogburn (1964) used "cultural lag" to describe conditions when material culture advances more rapidly than non-material culture. Physical equipment and the procedures for its use are material culture "traits." Religion, ethics, philosophy, belief systems, values, and law are traits of non-material culture. Ogburn identified four social change processes: invention, diffusion, accumulation, and adjustment. Inventions are new cultural traits and new combinations of cultural traits. Once developed, inventions are diffused throughout the society. In accumulation, the invention is absorbed into the cultural base. Through adjustment, cultural systems adapt to inventions. Within non-material culture, Ogburn distinguished adaptive culture as comprised of intangible cultural factors such as mores, folkways and definitions of reality that adjust to adapt the invention to social usage by defining appropriate guidelines through social consensus. Cultural lag is the time between invention (and diffusion) of material culture traits and adjustments in adaptive culture during which a gap exists between technology and ethics. During this time, questionable behavior may be more prevalent than normal due to the lack of social consensus on ethical guidelines.

Technology advances faster than ethics for three reasons (Marshall 1999): 1) expense and complexity of development draws inventors into focused and controlled corporations, 2) second, inventions promise high economic returns in competitive environments, 3) material culture technology applies stable physical laws. Ethical systems develop slowly for four reasons: 1) ethical guidelines do not develop in controlled environments, 2) the social forces ethical systems seek to influence are not as manageable as the physical world, 3) ethical perspectives are not financially rewarded in the short term in a competitive market, and 4) the development of social consensus around ethical guidelines must await introduction and diffusion of a new technology.

Adam Smith observed that commerce requires trust and integrity (Nord 1974; Smith 1793). Searching for ethical guidance for Internet passive devices, we considered codes of ethics of the major organizations for self-governance in computer technology, the Association of Computing Machinery (ACM) (2005) and the Association of Information Technology Professionals (AITP) (2005), and, in marketing, the American Marketing Association (AMA) (2005). Indicating cultural lag, we found disparity in the directness with which passive devices are considered. ACM addresses the issue with strong, clear statements, but AITP and the AMA provide only broad statements. However, all three organizations imply fiduciary responsibilities of their members to the society. A fiduciary is "a person in a confidential relationship who owes a duty of trust, loyalty, and confidence to another" (Mann and Roberts 1991, p. 226). A fiduciary "owes a duty to make full disclosure of all relevant facts when entering into a transaction with the other party in a relationship" (Mann and Roberts 1991, p. 226). Regarding Internet passive devices, two ethical issues stand out; User privacy (Peppers and Rogers 2004: 246-247), and the Internet user’s right to ownership of his or her own computer resources and information. Were a fiduciary perspective adopted through social consensus, principles of trust and openness would apply despite disputes over ownership. This would lead to "permission marketing" (Godin 1999) and the Pepper and Rogers’ privacy pledge (Peppers and Rogers 2004, p. 237, 1999) as models. From a cultural lag perspective, such ethics require social consensus. Internet marketers can be proactive in establishing this consensus by stimulating open discussion and debate while operating with openness.
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SIMPLIFYING PROCESSES FOR INTERNATIONAL STUDENTS

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Willie J. Redmond Jr., Southeast Missouri State University

ABSTRACT

Over the past several years, procedures for international students who wish to study in the United States have changed considerably in response to heightened fears of terrorism. These changes have added additional costs and layers of bureaucracy that the incoming student will face. Each of these complications act as barriers to the student, as the more difficult and costly the process becomes, the more likely it is that the student will elect not to study in the U.S. This paper looks at how the admitting university may be able to reduce some of the barriers that confront the international student.

INTRODUCTION

Over the past few years, the Department of Homeland Security has instituted new procedures (one being the SEVIS data base) to process student applications. Congress mandated that the cost of this system can be recovered by charging the users - in this case, the applying student. All students are now required to personally appear at a U.S. consular office; while previously this was a step that many students could previously complete by mail. Depending on the country, a trip to the nearest consular office can be a time consuming and expensive process, often involving travel and hotel expenses.

The rationale for encouraging international students to come the U.S. is unchanged. It allows the student the opportunity to experience U.S. culture, a capitalist economic system, a democratic political system, gain experience which may help both the student's career development, and to develop relationships with persons of different cultures. Long term benefits may accrue to the “sending” country, because if the student returns, they have citizens who can contribute to the development of their country after being exposed to "cutting edge" education and technology in the U.S. Alternately if students stay in the U.S the “receiving” county can gain, as the U.S. has thus gained productive immigrants. In a global sense, international cultural exposure may contribute to better political understanding and in the long term, greater peace and harmony between nations.

Foreign students who seek the individual benefits of international study have several alternatives to the U.S. In particular, Canada and Australia each present viable alternatives to the U.S. The have high levels of technology, high standards of living, democratic political systems, capitalist economies, and both have English as the primary language. As barriers to entering the U.S. have risen, applications to competing countries also have tended to rise.

Additionally, as educational standards and opportunities increase in traditional “sending” nations, many students simply find it easier to stay at home and study, rather than face first, the daunting bureaucracy of getting a visa, and then the resulting perception of an uncomfortable welcome once they arrive in the U.S. Many overseas universities are now conducting some or all of their MBA program components in English, yet another reason for students to stay at home.

International student enrollment at U.S. colleges and universities dropped 2.4% in 2003-04, the first decline in more than 20 years. Of the 25 largest foreign student enrolment universities in the U.S., 15 have reported international enrolment declines, some as large as 20%. (NAFSA, 2005)

Another undesirable side effect of the increased cost of foreign students obtaining U.S. student visas is the retaliatory actions of some foreign governments, thus increasing barriers to U.S. students who want to study...
overseas. This particularly hurts reciprocal exchange programs where parity must exist between students-out and students-in.

In addition, universities can look to foreign students to boost enrollment at a time when, demographically, enrollments are expected to fall. Not only does the marginal revenue from paid tuition increase funds, it also helps contribute to fixed cost operations such as dormitories, etc.

**University Response**

Lobbying efforts, both directly and through various organizations, may be helpful in bringing pressure on the Department of Homeland Security to streamline the processes that are imposed on international students applying for a visa. Already some progress is being made:

"I have a special message for young people across the world" said Karen Hughes, the new U.S. undersecretary for public diplomacy and public affairs, at her Senate confirmation hearing July 22. "We're improving our visa process, and we want you to come and study in America." (Star Tribune, August 6, 2005)

However, closer to home, the university may be able to streamline its own processes to reduce application barriers. Some universities have started providing financial incentives to foreign students. These range from refunding some visa fees after they have enrolled or successfully completed a period of study, to offering tuition discounts. Some universities allow (some) foreign students to enroll and pay in-state rates. However, these options require earmarking of funds to help with international enrollments, and on many campuses, faced with tight budgets, such initiatives can be a hard sell.

Action may also be taken at the level of the Business School. One way of reducing costs for the incoming international graduate business student is to change admission requirements. Currently, most MBA programs require incoming international students who come from a non-English speaking country to take the TOEFL - Test of English as a Foreign Language - test and the GMAT - Graduate Management Admission Test. Are both tests really necessary? Could the GMAT alone be used?

**What is the GMAT?**

The Educational Testing Service (ETS), the world's largest private educational testing organization, administers the TOEFL and GMAT tests. Since they have a vested interest in universities requiring both tests, they have not released any data to support (or not support) the idea of using the GMAT as a substitute for TOEFL.

The GMAT exam is administered in English and consists of three sections, measuring “basic verbal, mathematical, and analytical writing skills”.

- The Verbal Section - consists of 41 multiple choice questions of three types - Reading Comprehension, Critical Reasoning and Sentence Correction.
- The Quantitative Section - consists of 37 multiple choice questions
- The Analytical Writing Assessment - includes analysis of an issue and analysis of an argument.

From the above descriptions, it is clear that the GMAT exam does measure the student's ability to communicate in English. The ETS website goes on to explicitly state what the GMAT does not measure:

- your knowledge of business
- your job skills
- specific content in your undergraduate or first university course work
- your abilities in any other specific subject area
- subjective qualities - such as motivation, creativity, and interpersonal skills.

Therefore the ETS's own caveat on what the test does not measure includes learned subject-specific knowledge, but it does not suggest that it is unsuitable for measuring English skills. In fact as we noted, they implicitly state that it is indeed effective in that area.
What would this mean for a student? Currently ETS charges $250 for a student to take the GMAT, and $140 for TOEFL. Elimination of the dual requirement would save the student over 35% of the test fees, plus reduce the cost of commuting to take the tests by 50%, as they would now have to take only one test.

It should be remembered that most students coming to the U.S. for graduate studies are coming from countries with much lower levels of disposable income. A savings of $140 would be considered significant to these students. Furthermore, a university allowing students to avoid taking the TOEFL may be perceived to have a differential recruiting advantage and be able to attract a greater number of international students.

Currently ETS is revamping its TOEFL test to incorporate speaking components. This would differentiate the test from the current GMAT. However, at this time, neither test includes speaking components.

A Pilot Study

Using a database of MBA applicants at Southeast Missouri State University, we compared GMAT and TOEFL scores for all MBA applicants that had completed both tests. The descriptive statistics are reported in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>StDev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMAT</td>
<td>31</td>
<td>520.3</td>
<td>76.6</td>
<td>350</td>
<td>690</td>
</tr>
<tr>
<td>TOEFL</td>
<td>31</td>
<td>241.74</td>
<td>21.14</td>
<td>213</td>
<td>283</td>
</tr>
</tbody>
</table>

A simple correlation analysis yielded a Pearson correlation coefficient of 0.612 (p-value = 0.000), therefore preliminary results indicate that there is a strong correlation between the GMAT and TOEFL scores.

We also fitted an OLS regression equation to the data, with GMAT specified as the independent variable and the TOEFL as the dependent variable. This follows the contention of this paper; that the GMAT alone would sufficiently capture the information on English proficiency. The resulting equation is:

\[
\text{TOEFL} = 154 + 0.169 \times \text{GMAT}
\]

\[
(21.3) \quad (0.04)
\]

Although we in no way imply that there is a causal relationship between the two variables, our data does show that performance on the GMAT is a highly significant predictor of the performance on the TOEFL (p-value = 0.000).

Additionally, qualitative analysis indicates that while no applicant "failed" the TOEFL test (threshold computer-based score of 213 = paper test score of 550), two students failed to attain a threshold score of at least 400 on the GMAT. This would indicate that no student would have been admitted based solely on the GMAT that would not have been admitted based on both scores. In other words, according to these results, the GMAT was a more discriminating test than the TOEFL.

Summary

To paraphrase Neil Armstrong, business schools could "take a small step for foreign students" by considering elimination of the dual requirement of TOEFL and GMAT. A small pilot study showed that no improperly prepared student (at least based on these tests) would be admitted by using the GMAT alone compared to using both test.

It is possible that the same argument could be made for the GRE (Graduate Record Examination) for graduate students in other disciplines.
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GLOBAL PERSPECTIVES ON MANAGING OLDER CUSTOMER SERVICE WORKERS: SOME LESSONS FROM THE AMERICAN PAST-TIME

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ABSTRACT

The aging of the global workforce presents new challenges for effective management of customer service employees. This paper addresses the realities confronting managers as they seek to deliver outstanding service quality to customers through experienced, empowered, and enthusiastic frontline contact employees. We focus on the qualities that may make older workers particularly well-suited to function effectively in service encounters. We conclude with observations of frontline service employees working in Major League Baseball parks in the United States, interpreting results of our statistical analyses and discussing potential implications and lessons with worldwide application across many types of customer-focused organizations and industries.

INTRODUCTION

The aging of the global workforce presents new challenges for effective management of customer service employees. The impact is especially dramatic in developed countries, as baby boomer generations of post-World War II approach retirement age (whether mandated or not) or voluntarily opt for early exit from their careers. In the United States, more than 25% of the working population will reach retirement age by 2010, creating a potential worker shortage of nearly 10 million (as the number of fulltime workers ages 25 to 54 fell by nearly 2 million in the past three years) (Clark 2004; Lockwood 2003). In the European Union, the numbers of persons over age 50 will grow by more than 16 million (a 25% increase; Zwick 2000); in Norway alone, the age group between 60-66 years will increase by 55% (Furunes and Mykletun 2005). Australia’s labor force is projected to grow by more than 80% among workers over age 45 through 2016 (Brooke 2003). Forced retirement in some countries (including Canada, Japan, and the UK) also can create a “brain drain” among older knowledge workers (MacQueen 2004). Such demographic shifts constitute a paradox when weighed against a commensurate decline in the available labor pool of younger workers (shrinking nearly 20 percent under age 30 over the next decade; Walker and Taylor 1999), as well as prevailing structural and attitudinal barriers hindering the active employment of older workers across many countries and cultures.

This paper addresses the realities confronting managers as they seek to deliver outstanding service quality to customers through experienced, empowered, and enthusiastic frontline contact employees: “Old is Gold” when it comes to this segment of the workforce. We begin by exploding myths and biased perceptions regarding older workers, as well as summarizing factual findings from several international studies. Many researchers have found that older workers generally have lower rates of absenteeism, are more amenable to odd schedules, and stay longer on the job (Gardner 1997; Clark 2004). Because of low turnover, recruitment and training costs are three times lower than for younger workers (Allerton 1994). Older workers, especially retirees, will often work more for “psychic income” rather than monetary income (Francese 2004) and these workers cite such motivating factors as feelings of self-respect (Weaver 1998), “staying sharp” to avoid vegetation (MacQueen 2004), congeniality and camaraderie (Kinkead 2004) and fun (Terry 2001).

Next, we examine employment trends among older workers such as part-time and seasonal jobs, explore the possible motives of seniors for choosing such “post-retirement” vocational paths, and share insights into working arrangements that create mutual wins for these employees and their employers. Then we will focus on the qualities that may make older workers particularly well-suited to function effectively in service encounters with customers, drawing in particular from international examples in the international hospitality industry (Furunes and Mykletun, 2005; Magd 2003).
We conclude the paper with observations from our own research of more than 500 frontline service employees working in Major League Baseball parks in the United States, interpreting results of our statistical analyses and discussing potential implications and lessons with worldwide application across many types of customer-focused organizations and industries. Preliminarily, we will suggest that effective management of older workers in service positions can benefit an organization through building stronger customer relationships (due to employees understanding and mirroring the aging customer demographics and staying longer in the position), exhibiting positive citizenship behaviors and loyalty to the organization (due to stronger social identification), creating more cohesion and teamwork among fellow employees (due to primary job motives of socialization), enabling the continuity of organizational culture and memory retention (through such practices as mentoring younger workers, serving as subject matter experts, and sharing stories), and even contributing unique talents, (for example, serenading customers) while in many cases exhibiting “stress free” personality traits as they work more for fun rather than monetary gain– helping to create a memorable “WOW” factor that exceeds customers’ expectations.

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ACADEMIC INSTITUTIONAL ADVERTISING: THE IMPACT OF UNIVERSITY BRAND EQUITY ON CONSUMER RESPONSE TO PRINT ADVERTISEMENTS

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Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

Colleges, especially those with high achievements, develop an extremely large amount of brand equity. This can be seen in students who are impressed at just the mention of schools such as Harvard and Yale, as well as the correlation of salaries of alumni to college reputation. Since colleges often carry much more brand equity than many other goods or services, there is a need to explore the impact that this earned equity has on the efforts of these organizations to advertise their programs. Conceivably, the brand equity which colleges and universities have developed may well impact consumer perceptions in responding to marketing communication messages. The exploration of advertising by professionals, non-profit institutions and even colleges and universities has been explored in previous research (Edmondson 1987, Wyke 2004). Research has served to establish an association between advertising and growth/product sales (Wyke 2004), but has not established an association with program enrollment. Unfortunately, consumers are increasingly more cynical about advertising messages (Byrnes et al. 2005).

College students often serve as respondents in academic advertising research. This wealth of research does offer insight into how college students might respond to a wide range of consumer product messages. Everything from student brand loyalty (Wood 2004) to student response to cigarette advertising (Rigotti, Moran, and Wechsler 2005) has been examined. Unfortunately, these studies do little to explain student responses to messages from academic institutions. Additionally, a great deal of research has explored branding and brand equity (Chakravarti and Janiszewski 2004, Gius 2004, Melewar and Walker 2003, Ramachander 2005). Unfortunately, the vast majority of this literature has focused on the creation and maintenance of brand equity. Little of the research has explored the leveraging of that equity in the effective promotion and advertising of the brand. While Ramachander (2005) found a relationship between brand equity and consumer’s attitudes towards products in a corporate setting, it is unclear if that will carry over to an academic setting. It does not appear that any academic study has directly addressed the issue of the impact of brand equity on consumer response to college program advertising. This is unfortunate, because more and more frequently colleges and universities are turning to marketing communication efforts to promote their academic programs. Advertising is being used by academic institutions to reduce the impact of declining enrollment (Edmondson 1987). Colleges, especially small colleges, base a large amount of their incoming student enrollment on local or regional advertising campaigns. Regional, national and international MBA programs and other professional programs are also heavily advertised. As more institutions advertise in a similar manner, the proliferation of such messages could conceivably prove confusing to consumers (Braun-LaTour and LaTour 2004). As source confusion increases with messages similar in style and appeal, consumers may attribute the wrong ad to a given advertised program (Braun-LaTour and LaTour 2004). Having an understanding of how consumers respond to these messages is important to developing appropriate enrollment strategies.

The purpose of this study is to explore the relationship of institutional brand equity with consumer responses to MBA program advertisements. A controlled experiment was used to explore the relationship between attitudes toward the ad and variations in brand equity and advertisement quality. Three levels of equity were manipulated based on external program ratings. Two levels of advertisement quality were manipulated with one ad flawless and the other ad containing errors. A control experiment was used to benchmark the results. College upperclassmen, the target audience for many MBA programs, were used as respondents. Implications for institutional advertising are provided.
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SOCIOLECTS AND DIALECTS IN ADVERTISING: HOW THE VOICE OF THE SPOKESPERSON INFLUENCES CONSUMER RESPONSE

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DETAILED ABSTRACT

In the United States, the voice heard in advertising and news reporting is often dialect-free. The speech patterns associated with the US mid-west are considered to be "common." It is the US mid-western voice that dominates both national news reporting and advertising. The mid-west accent is considered to be lacking in a dialect (accent or form of speech associated with any particular region of the country). In television programming, regional dialects are often inaccurate, misrepresented, or exaggerated (Bernstein 2000). In addition to identifying a speaker with a particular part of the world, perceptions of dialects are often closely related to sociolects (accent or form of speech associated with any particular social group or social class) (Benwell 2001). Some patterns of speech are associated with high social status and intellect; other patterns of speech are associated with ignorance and low social status (Hearn 2000, Longaker 2005).

Stereotypes do seem to influence consumers. Previous research has established a link between perceived country-of-origin and brand perceptions (Liu and Johnson 2005). For example, LeClerc, Schmitt and Dube (1994) discovered that consumers' perceptions changed when a product was branded as "French." In at least some cases, a foreign sounding accent in a salesperson is interpreted negatively (DeShields, Kara and Kaynak 1996).

Research has also examined the tendency of individuals to stereotype others based on their dialects and sociolects. For example, research has indicated that people with accents which deviate from the mid-western dialect suffered in a job search process, even when they had superior credentials (Hearn 2000). Unfortunately, little to no academic research has examined prospective consumers' stereotypic response to the geographically-influenced voice patterns of the spokesperson in an advertisement. Conceivably, the consumers will superimpose stereotyped reactions generated by the voice of the spokesperson to the evaluation of the product being advertised.

In this study, a controlled experiment was used to manipulate the sociolect/dialect of the spokesperson in mock radio advertisements. College-aged women were selected as the spokespersons for each advertisement in the experiment. A US mid-western spokesperson was selected for the voice in the control advertisement. Both international and US regional spokespersons were included as the voices in the various treatment advertisements. This research examines consumer evaluations, in the form of attitude-toward-the ad, attitude-toward-the product, attitude-toward-the spokesperson, perceptions of the spokesperson status and intellect, perceptions of product quality and purchase intention, as functions of variations in spokesperson dialect/sociolect. The area of the country in which the respondent was raised and/or currently resided were considered for moderating effects on the magnitude of reaction to regional speech patterns.

Data were collected using online surveys with a single version of one of the mock radio advertisements imbedded in the survey instrument. A random sorting program was activated by prospective respondents as they moved from the welcome page of the survey to one of the various advertisement questionnaire pages. Therefore, respondents were randomly assigned to the control and various treatment groups. Managerial implications for selection of spokespersons with appropriate dialects and sociolects are provided. Directions for future research are offered.

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SURVIVING DISRUPTIVE CHANGE: CONSUMER EXPECTATIONS IN THE CASE OF THE MUSIC INDUSTRY

James Colvin, Berry College
Nancy D. Albers-Miller, Berry College

DETAILED ABSTRACT

The term "disruptive change" was used to define a situation where an innovation broadens or expands a market with technology that substantially lowers consumers' perceived costs (conceivably time, money, psychological) and potentially increases performance (Christensen 1997, Utterback and Acee 2005). Disruptive changes occur when technologies and/or innovations threaten to fundamentally shift the metrics on which their industries compete. It is "a specific type of strategic innovation—namely, a way of playing the game that is both different from and in conflict with the traditional way" (Charitou and Markides 2003). In effect, it is concerned with technology “that changes the bases of competition by changing the performance metrics along which firms compete” (Danneels 2004). The new technology allows disruptive suppliers to open a new market of innovators, which over time will eventually compete against the old suppliers (Utterback and Acee 2005), if the old suppliers survive the period of disruption. Unfortunately, such changes are occurring with more and more rapidity in today’s world. While Gilbert and Bower (2002) caution traditional, established companies against overreacting and over-committing resources, the threat from disruptive change is real and many suppliers fail to recover ((Dervitsiotis 2003, Lichtenthaler 2004, Meyer, 2002).

In light of the accelerated occurrences, the concept of disruptive change has received surprising little empirical attention in the academic literature. Most of the research has been from firm side and from the strategy discipline (Charitou and Markides 2003, Christensen 1997, Christensen and Overdorf 2000, Danneels 2004, Dervitsiotis 2003, Gilbert and Bower 2002, Lichtenthaler 2004, Meyer 2002, Utterback and Acee 2005). Virtually none of the research has focused on the consumer side of the equation (Colvin and Albers-Miller 2005).

One such innovation that has affected numerous industries is the rapid rise of Internet use. The introduction of the Internet to the music retail industry has caused much trouble within the industry (Keegan 2004, Vacarro and Cohn 2004). The music industry offers an important example of a disruptive change which deserves additional attention. There are now three distinct business models in the music industry between traditional storefront locations, illegal file sharing, and legitimate distribution services (Colvin and Albers-Miller 2005). The disruptive innovation the music industry faces poses a unique situation because of the nature of the product it sells, the large amount of power the record labels wield within the industry, and the extreme willingness of consumers to adopt this new alternative (Colvin and Albers-Miller 2005). This study expands the research conducted by Colvin and Albers-Miller (2005) by examining consumer behavior, demands and expectations on the music industry. Using the factors created by Colvin and Albers-Miller (2005), this study serves to broaden the narrow focus of their study to incorporate a wider set of consumer demographics. Survey data were used for this study. Managerial implications are provided.

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SEX, DRUGS, AND ROCK ‘N ROLL: AN EVOLUTIONARY PSYCHOLOGY EXPLANATION OF ADVERTISING TO BABY BOOMERS

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ABSTRACT

Evolutionary psychology is enjoying a renewal in the psychology literature and increased acceptance as a valid method of social science inquiry (Saad and Gill 2000). As our understanding of evolutionary psychology increases, there is potential use it to explain various marketing and consumption behaviors (e.g., Saad 2004). The purpose of this paper is to provide an evolutionary psychology explanation of Baby Boomer attempts to extend their youth and how advertisers can and do use our evolutionary past to sell their products. In addition, suggestions for future research will be addressed.

INTRODUCTION

Seventy-five million Americans (26% of the U. S. population) are members of the “Baby Boomer” cohort – those born between 1946 and 1964. The generation whose slogan was “Never trust anyone over 30” is now turning 50 at the rate of seven per minute (Nayyar 2002). With more wealth and better health than previous generations, Baby Boomers are an attractive target for marketers. In addition, Baby Boomers hold a more favorable view of marketing and advertising when compared to younger generations (Roberts and Manolis 2000).

Interestingly, “sex, drugs, and rock ‘n roll” are still important to this generation although not in the same way as they once were. Baby Boomers are resisting youth with their pocketbooks and providing an economic explosion for marketers who recognize the trends.

In the 1990s, music retailers bemoaned the decline of recorded music sales to teenagers as older listeners significantly increased their purchases of albums. The latest figures available form the Recording Industry Association of America show that in 2002 56% of all recorded music was bought by people over 30. This compares with just 42% ten years ago (Gardner 2004).

While not hallucinogenic, the drugs of choice are none-the-less designed to provide an escape from reality. In its first two years on the market, more than 17 million prescriptions for Viagra were written (Kalb 2000). Forty percent of men and fifty-four percent of women reported spending money on such items as wrinkle cream or moisturizer in order to improve facial appearance (Fried 1996). Hair color treatments to cover gray hair and Botox injections to remove wrinkles are also favorites of Baby Boomers (Nayyar 2002). In 2002, U. S. Consumers spent almost $30 million on anti-aging products (Weiss 2002).

Sex has not lost its luster for Baby Boomers although the generation that championed “free love” forty years ago now longs for true love and romance (Lempert 1996). In a recent survey, sixty-one percent of women Baby Boomers and seventy-three percent of the men reported that it was important for them to have a “satisfying sex life” (Ebenkamp 2004). In 2000, half of survey respondents between 45 and 59 reported having sex at least once a week and seventy percent with regular partners had sex at least twice a month (Kalb 2000).

Clearly, the Baby Boom generation’s attempt to hold on to its youth is an opportunity for marketers. Advertising and promotion to this age cohort may not be as different as advertising to younger age groups as some may expect. The purpose of this paper is to provide an evolutionary psychology explanation of Baby Boomer attempts to extend their youth and how advertisers can and do use our evolutionary past to sell their products. In addition, suggestions for future research will be addressed.

First, an explanation of evolutionary psychology will be presented followed by a discussion of the role of evolutionary psychology in describing Baby Boomers’ attempt to expand their youth. Next, examples of how print
advertisers take advantage of our evolutionary past to sell to Baby Boomers are offered followed by suggestions for future research.

**EVOLUTIONARY PSYCHOLOGY**

Evolutionary psychology (EP) posits that our modern brains are the result of a natural selection process similar to the one proposed by Darwin (1859). This selection process caused our brains to adapt to domain-specific situations faced by our ancestors – foraging for food, seeking shelter, avoiding danger, and finding a suitable mate (Cosmides and Tooby 1987). As our ancestors learned to successfully adapt to these challenges, they passed the adaptive genes on to future generations.

This evolutionary adaptation helped the human species solve the problems of hunter-gatherers during the Stone Age (Cosmides and Tooby 1987). Lasting several million years, people in the Stone Age lived in small groups of no more than a few dozen. Most of their time was spent hunting animals and gathering plants (Cary 2000). Humans moved from the Stone Age to the Agricultural age only about 10,000 years ago and to the Industrial Age within the last 200 years. Thus, there has been little time for our brains to adjust to modern conditions. We have, as Cary (2000) puts it, “Stone Age minds.” The result is that we are better at understanding and solving problems associated with our evolutionary past than we are contemporary problems that require logic.

To further explain, EP relies on three key assumptions (Nicholson 1997). The first is that we are animals and that genetically we differ only slightly (less than 2%) from our closest primate relatives (Wills 1994).

A second key assumption is that natural selection applies to both the body and the mind. Indeed, we have more instincts than other species. Those instincts that have served us well were genetically passed down (Barkow, Cosmides and Tooby 1992).

Finally, we are adapted for the Stone-Age hunter-gatherer environment (Tooby and Cosmides 1990). The reason for this, as stated above, is that most of our history was spent in this type of existence.

*What Evolutionary Psychology Is Not*

There are a number of critics of evolutionary psychology as a legitimate tool for explaining human behavior. A full account of the arguments for and against evolutionary psychology is beyond the scope of this paper. However, I will address three of the criticisms that apply to the current analysis in order to lay the foundation for later assertions.

Evolutionary psychology is naturalistic in that it proposes a natural process of gene selection and adaptation. However, natural does not necessarily imply good (Leger, Kamil and French 2001). Rape and murder may be natural acts and may be explained by evolutionary psychologists but are not condoned. In short, evolutionary psychology is not social determinism. There are no values associated with evolutionary psychology. It is a tool for description only (Buss 1995).

Another fallacy concerning evolutionary psychology is that it involves strictly instincts and that humans do not have much pure instinct. In response to this criticism, Buss (2004) argues that evolutionary psychology explains how people learned to respond to the social environment around them. Again, as stated by Buss (1995), evolutionary psychology is descriptive – not prescriptive.

Probably the most controversial aspect of evolutionary psychology is the idea of a “domain-specific” mind. The traditional social science model is that the mind is a sophisticated problem solving devise that can shape its environment but is not shaped by the environment. That is, the mind is one large cognitive devise as opposed to many specific devices (Leger, Kamil and French 2001). Since evolution is a result of selective environmental pressure, there can be no general purpose adaptive organs for all possible circumstances. Rather, our brains adapted to specific domains prevalent during our evolutionary development (Nicholson 1997). The details of this argument are beyond the scope of this paper, but advancements in neuropsychology clearly indicate that loss of brain function in one area does not necessarily result in a loss in all other areas (Lennick and Kiel 2005).
E V O L U T I O N A R Y  P S Y C H O L O G Y  A N D  S E X

Reproductive success is the most important concept in natural selection (Marlowe 2004). The ability to evaluate potential mates in terms of reproductive success is essential to the survival of the species. Because men and women have faced different adaptive challenges throughout our evolutionary history, there are distinct differences in what each value in a mate. Darwin (1871) called this the theory of sexual selection. That is, an evolutionary process based on reproductive advantage as opposed to survival advantage.

This sexual selection takes on two different forms. The first form is intrasexual competition. Members of the same sex compete in those characteristics that increase reproductive advantage. Characteristics may include size, strength, cunning or social skills (Buss 1995).

The second form of sexual selection is the process of intersexual selection. As members of one sex exhibit qualities desirable in the other sex, these desirable qualities will evolve because of the reproductive advantage possessed (Buss 1995). For example, if men prefer women who are young and, therefore, evidence high reproductive value, women will develop those high reproductive qualities in order to attract men (Cary 2000).

Further, men differ from women in their commitment to the reproductive process. Women invest nine months of gestation in addition to nurturing and raising the child while men contribute the sperm for fertilization. Thus, men seek women with high reproductive value. Since it is impossible to know the fertility of a woman, men rely on physical features that indicate youth – full lips, clear, smooth skin, clear eyes, and muscle tone (Cary 2000). Men also expect women to raise the offspring and maintain relationships with relatives and others in their social world (Buss 1995; Cary 2000).

Women, on the other hand, seek men who have the resources to invest in any offspring produced. An obvious indicator of resources is wealth. But, wealth alone is not enough. Women also need men who will be emotionally supportive and will be successful in life. Life success is exhibited in a man’s ability to be successful in contests with other men (Buss 1995; Cary 2000). Thus, women are less concerned about physical attractiveness than men and are more interested in wealth and position.

In summary, men are attracted to women who appear young because of perceived reproductive value. Further, men seek to attract women through the accumulation and exhibition of resources and the ability to successfully compete with other men. In contrast, women downplay physical attractiveness in favor of men with resources and competitive strengths (Buss 1995; Cary 2000; Marlowe 2004).

A D V E R T I S I N G  T O  B A B Y  B O O M E R S

As mentioned in the introduction to this paper, Baby Boomers value an active sex life and make more effort than any generation before to hold on to the trappings of youth (Nayyar 2002; Ebenkamp 2004; Fried 1996; Kalb 2000). It is logical to assume, therefore, that those characteristics that were sexually attractive when Baby Boomers were in their sexual prime are still relevant in procuring and maintaining sexual relationships. Thus, advertisers who wish to reach this group will do well to understand the different Stone Age mindsets of men and women (Cary 2000).

Specifically, advertising to men should emphasize success in resource acquisition and the ability to “show-off” these resources. Moreover, men value the hand-eye coordination necessary for hunting in the Stone Age and for sports currently (Cary 2000).

Advertising to women will work best when products are positioned to extend youth and, therefore, their perceived reproductive value. Further, since women raised the children and maintained family relationships, products geared toward grandchildren and emotional support will also be successful with this group (Cary 2000).

Several examples of magazine advertisements aimed at Baby Boomers that meet the above criteria are explained in the next few paragraphs. While there is some subjectivity in the interpretation of these advertisements, I propose that a rubric can be developed to better examine the relationship between EP and advertising. A proposed study with more detail is outlined in a later section.
Pharmaceutical ads for men and women have increased substantially since the Federal Drug Administration liberalized rules on direct-to-consumer rules in 1997 (Richardson and Luchisinger 2005). In terms of EP, many of these ads are designed to address the sexual selection aspects of our Stone Age brains.

Viagra and other drugs that address erectile dysfunction are a large part of pharmaceutical companies’ direct-to-consumer efforts. According to Medical Marketing and Media (2005), Pfizer Group’s Viagra had the top brand recognition of the ten leading direct-to-consumer products. These ads are clearly aimed at mature men with people such as former senator Robert Dole as a spokesperson. Fertility is the primary reason for Stone Age men and women to be sexually attracted. Viagra and its competitors tap into this understanding.

As previously explained, women are attracted to men who are successful in competitions with other men. The modern equivalent of being the best hunter in the clan is to win at sports. Cargill’s ad for its dietary supplement for joint health, run in the August 22, 2005 Business Week is an example of exploiting this aspect of our evolutionary past. An African-American man is holding a picture of himself in a basketball uniform when he was much younger. The tagline of the ad reads, “Our solution for promoting healthy joints helps people look ahead to active lives, not just back on them”. The message here is that you can become active again at an older age, thereby being in a position to compete with other men in a sports setting. This ability to compete favorably makes you more attractive to women.

For women, there appears to be an unending number of magazine ads for restoring youth. In the May/June issue of Delta magazine, there were seven advertisements for medical procedures designed to make women appear younger. These ads ranged from offers to remove veins from legs to liposuction. In the sexual selection process, men seek out women who appear to have reproductive capacity. Naturally, younger women are more fertile than older women. Thus, the appearance of increased reproductive capacity causes women to be more attractive to men.

The Visa Signature credit card offer is an example of an ad targeted to both men and women. Run in the July 25 issue of Time, the ad contains a picture of a man and woman in an obviously fine restaurant. The man is looking at the menu while the woman looks at the man with a smile on her face. Visa’s message here is that if you qualify for this credit card, you will be able to get reservations at “practically impossible-to-get-into restaurants”. A similar ad in the July 2005 Texas Monthly for a retirement community shows a gray haired man on an expensive sailboat. A woman about the same age is throwing him the mooring rope.

In each of these ads, the woman admires the man because the man, with his exclusive credit card or boat, indicates his accumulation of resources. Additionally, each man is proud to show-off his resources because he knows that financial success implies an ability to invest in the family.

This brief analysis of magazine ads targeted to Baby Boomers outlines the ways in which EP is used to exploit the sexual selection process that still resides in our brains. Some may be argue that the ads appeal to sex and wealth in more general terms and the EP explanation is superfluous. Yet, the evidence of EP as a reason for the advertisements’ designs is sufficient to encourage further research. In the next section, I outline two models for further examination.

**FUTURE RESEARCH**

The above analysis relies heavily of the subjective analysis of the author. One solution to this problem is to develop a rubric by which each advertisement will be judged. For example, the rubric might include such items as the age of the people in the ad, the target audience of the magazine, circulation information (e.g., the number of subscribers by age group), intent of the ad to reward the consumer with power, wealth, or sex.

The study would then look at advertisements in leading national and regional magazines and determine if the ad targeted Baby Boomers or a younger audience. Each ad would be scored in accordance with the rubric. Once scored, the researcher would determine if the ads did indeed have a foundation in EP and if there were a difference between the ads targeted to Baby Boomers and those to Gen X or Gen Y.

Another interesting area of research that may shed light on how hard-wired we are to our evolutionary past is neurobiology. Non-invasive procedures (such as functional magnetic resonance imaging –fMRI) allow researchers
to map which part of the brain is activated when exposed to advertising stimuli. Thus, neuroscience may be able to provide some hard science proof for the theories of soft behavioral science.

**SUMMARY**

The purpose of this paper was to provide an evolutionary psychology explanation of Baby Boomer attempts to extend their youth and how advertisers can and do use our evolutionary past to sell products. In addition, suggestions for future research were addressed.

For most of human history, we lived in clans as hunter-gatherers during the Stone Age. During this period we developed our instincts for survival in a sometimes unfriendly environment. Traits that proved successful in maintaining life were passed to our offspring. Further, we learned during this period how to choose a mate based on reproductive capacity. Since reproductive capacity differs for men and women, the bases on which mates were assessed are also different. Men believe that youth and the signs of youth (full lips, smooth skin, and muscle tone) indicate fertility. Women, who invest a nine month gestation period as well as years of child rearing, look for men with resources to maintain them.

Agriculture did not develop until approximately 10,000 years ago and the industrial age is only about 200 years old. In comparison to the Stone Age, our minds have not had time to evolve to adapt to our new environment. Therefore, we continue to make sexual selections based on ancient instincts. These instincts do not change with age. Men remain fertile for almost all their lives. Thus, they continue to assess women in terms of reproductive capacity even when offspring are not desired.

Women, now living much longer in good health, desire the companionship of men just as younger women do although they are not as attractive in terms of reproductive capacity. In order to resolve this dilemma, older women buy products and services that extend their youth and, hence, the appearance of reproductive capacity in order to be attractive to men. Additionally, women continue to seek men with resources and competitive strength.

Several examples of magazine advertisements that address these concerns from our evolutionary past were offered. Admittedly, the ads offered and the accompanying explanation has subjective bias. To counter this, two ideas for future research that will produce more rigor to the analysis were proposed.

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PSYCHIC DISTANCE: A CONCEPTUAL FRAMEWORK

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ABSTRACT

This paper examines various views of the term "psychic distance," beginning with an examination of the background of the construct along with studies in which psychic distance plays a role. Three common dependent variables that are associated with psychic distance are listed and described: (1) the decision to expand internationally, (2) choice of entry mode, and (3) affiliate performance. Then, a new model of the construct is proposed, focusing on individual perceptual processing of psychic distance, both at the national and business levels. Preliminary suggestions regarding ways to operationalize the construct are then provided. It is also suggested that the construct plays an important role in strategic marketing management.

INTRODUCTION

Psychic distance is an important component of many theoretical models that have been applied to strategic marketing and international business. The construct contains both theoretical and practical features. At the most general level, psychic distance is a factor that may hinder a firm from effectively expanding into international markets. Psychic distance may play a role in strategic marketing decisions about whether or not to pursue international expansion, the choice of entry mode (turnkey project, licensing, franchising, joint ventures, and strategic alliances), as well as subsequent levels of international affiliate performance. And while the concept has been in use for many years (Beckermann, 1956) some writers complain that applications of the concept are sometimes unclear (see Shenkar 2001 for a review) and recently the construct has been increasingly criticized (Stottinger and Schlegelmilch, 1998).

Welch and Luostarinen (1988) define psychic distance “as the sum of factors preventing the flow of information from and to the market” (in Johanson and Vahlne, 1977, p. 23). This definition provides a foundation, however, some writers believe the definition does not effectively summarize the primary elements of the construct (O’Grady and Lane 1996) nor does it effectively stress the internal, perceptual roots of the term (Evans, Treadgold, and Mavondo, 2000). A more specific definition of psychic distance is that it represents “the mind’s processing, in terms of perception and understanding, of cultural and business differences” (Evans, et al. p.375).

The purpose of this paper is to examine the various views of the term "psychic distance" in the following ways. First, a background is provided to explain how the concept emerged. This includes a brief presentation of theories that utilize the construct as well as subsequent studies in which psychic distance plays a role. Next, three common dependent variables that are associated with psychic distance are listed and described: (1) the decision to expand internationally, (2) choice of entry mode, and (3) affiliate performance. Past research regarding these organizational outcomes is reviewed. This, in turn, leads into a discussion of criticisms of the operationalizations of psychic distance.

Based on this review and analysis, a new framework for studies of psychic distance is offered. The framework stresses individual perceptual processing of psychic distance, both at the national and business level. Some preliminary suggestions regarding ways to operationalize the construct are then provided. It is also suggested that the construct plays an important role in strategic marketing management. Finally, additional concerns and conclusions are offered.

BACKGROUND

One of the most important strategic marketing decisions a firm faces is when to "go international;" and psychic distance is often used in the context of theories of internationalization. There are two main schools of thought regarding the process of international expansion. The first is offered by the Uppsala or Scandinavian School (Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975). The second is found in the Innovation School
Both approaches are designed to explain the process by which a firm increases its involvement in international operations.

The basic assumption of both schools is that internationalization is a gradual, sequential process (Andersen, 1993). The Uppsala School suggests that current market knowledge and market commitment affect investment and expansion decisions and activities, which, in turn, affect market future knowledge and future market commitments (Johanson and Vahlne, 1977). Psychic distance acts to prevent the flow of information in the process. As a result, firms tend to move first into foreign markets where the lowest levels of perceived psychic distance are present.

The Innovation School views internationalization as a type of innovation. Consequently, the presence of innovative members of management is crucial to internationalization. These managers benefit from, "experience gained in living abroad, speaking a foreign language, and being young" (Cavusgil, 1980, p. 69). The Innovation School stresses the guiding role of knowledge, or the lack thereof, in the process of internationalization. A lack of knowledge forces members of the firm into a more incremental and less innovative approach to global expansion. This is due, in part, to the perception that psychic distance is greater because of the lack of knowledge. In contrast, greater knowledge reduces perceptions of psychic distance, thereby allowing less encumbered innovation when pursuing international expansion programs.

**Psychic Distance and Organizational Outcomes**

The concept of psychic distance has been applied to a variety of company activities, and therefore applies to strategic marketing management. It is in the area of foreign direct investment (FDI) that the construct is used most frequently. There are three main FDI outcomes connected to psychic distance: (1) foreign market investment location decisions and the sequence of the investments, (2) the choice of entry mode into a foreign market, and (3) the performance levels of multinational firm affiliates (Shenkar, 2001). These three outcomes are typically the dependent variables in research utilizing the concept of psychic distance (see Figure 1). In each of these activities, empirical investigations of the role played by psychic distance have produced mixed results.

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**Figure 1**

A Simplified View of the Relationship Between
Psychic Distance and Various Organizational Outcomes

<table>
<thead>
<tr>
<th>DEGREE OF PSYCHIC DISTANCE</th>
<th>DECISION TO EXPAND INTERNATIONALLY</th>
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<td></td>
<td>CHOICE OF ENTRY MODE</td>
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<tr>
<td></td>
<td>AFFILIATE PERFORMANCE</td>
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</table>

For example, one view is that psychic distance is strongly linked to the decision to begin international activity (Johanson and Vahlne, 1977). The concept that firms are most likely to enter countries that are geographically close-by has been supported by most research (Davidson, 1980; Johanson and Wiedersheim-Paul, 1975; Denis and Depelteau, 1985; Welch and Luostarinen, 1988). Logically, a country that is nearby is more likely to be culturally similar, thus lowering levels of perceived psychic distance.

There have been challenges to the basic assumption that physical proximity is associated with lower levels of psychic distance (e.g. Turnbull, 1987; Engwall and Wallenstal, 1988). Some empirical research fails to reveal any

...such relationship (e.g. Benito and Gripsrud, 1992; Sullivan and Baeucolema, 1990). Thus, even the primary impact of psychic distance in the decision to expand into another country is not clearly supported by past research.

Further, the role played by psychic distance in the choice of entry mode has also been debated. Numerous studies have investigated this role, but the results are mixed (Brouthers and Brouthers, 2001). While various studies reveal a relationship between psychic distance and the choice of entry mode, the form that relationship takes is not consistent. For example, high levels of cultural distance are associated with high control modes such as wholly-owned subsidiaries in Anand and Delios (1997), Padmanabhan and Cho (1996), and Boyacigiller 1990, but high levels are associated with shared or low control modes in Kogut and Singh (1988), Erramilli and Rao (1990), and Kim and Hwang (1992). In other research, no relationship is present (Erramilli, 1996; Gatignon and Anderson, 1988; Larimo, 1993). Again, the role played by psychic distance in this process remains unclear.

To add further confusion, while there is some evidence that increased psychic distance results in increased performance (Morosini, Shane, and Singh, 1998; Evans and Mavondo, 2002; Park and Ungson, 1997), there is also limited evidence that it results in decreased performance and failure (Li and Guisinger, 1991; Barkema et al., 1997). In addition, performance may be affected by what is called the "psychic distance paradox." Psychic distance paradox refers to a condition in which activities in countries close in terms of psychic distance may still lead to lower performance if the existing differences are overlooked (O’Grady and Lane, 1996). The overall conclusion drawn in one review of this literature is that, “The empirical research does not conclusively support either a positive or negative relationship between psychic distance and organizational performance” (Evans, et al. 2000, p. 377), and that more research is needed.

While psychic distance is most strongly associated with internationalization theory, the concept has been investigated in the context of other theoretical frameworks. For example, in transactions cost theory, psychic distance is related to the term "cultural friction" (Williamson, 1975). This friction affects a variety of firm activities by increasing the need for control and, due to this control, increasing costs (Anderson and Gatignon, 1986). Psychic distance is also a component of the eclectic theory. The theory suggests that location familiarity (an element of psychic distance) affects a variety of managerial decisions including the choice of entry mode (Hill, Hwang, and Kim, 1990; Brouthers and Brouthers, 2000).

In summary, these findings are at best mixed. It is clear that some problems that have yet to be resolved regarding the construct of psychic distance. These problems led one author to declare, “It is doubtful whether additional research efforts will ever be able to re-establish trust in the empirical usefulness of the psychic distance concept. If at all, the idea of psychic distance as a summary construct would need to be dropped.” (Stottinger and Schlegelmilch, 2000, p. 172) The opposing view would be that the construct should be clarified and more carefully operationalized, given its wide use in various research efforts and theory-building exercises.

For the concept of psychic distance remain useful for marketing thought, many authors believe that it is important to clarify the term (Shenkar, 2001; Dow, 2000; Evans et al., 2000; Brouthers and Brouthers, 2001; Barkema, Bell, and Pennings, 1996). A review of these articles reveals some common elements. First, the majority of the criticisms revolve around the operationalization of the construct. Some authors criticize research that relies on removed measures and those that are overly focusing on cultural differences (e.g. Brouthers and Brouthers, 2001). They further argue that business practice differences (Evans et al., 2002; Brouthers and Brouthers, 2001) and perceptual components of psychic distance are key facets of the construct that are not being included in various studies (Stottinger and Schlegelmilch, 2000; Shenkar, 2001). Instead, the majority of empirical studies substitute cultural distance for psychic distance (Shenkar, 2001). This approach limits psychic distance to one facet. Further, such an approach may explain some of the conflicting findings report in this section. Therefore, a new and more complete conceptualization of the psychic distance construct may be useful.

A NEW CONCEPTUALIZATION OF PSYCHIC DISTANCE

To begin the process of preparing a more integrated view of psychic distance, it is helpful to return to the work of one of the original writers on the topic, Finn Wiedersheim-Paul. In a 1984 article, Wiedersheim-Paul divides psychic distance into three components: (1) cultural affinity, (2) trust, and (3) individual experience. Cultural affinity broadly represents national level differences, including cultural differences, language, the legal environment, and so forth. Trust is a business level consideration that represents the level of trust between members of companies...
in an international business relationship. Personal experience is strongly linked to the initial discussions of psychic distance and becomes an individual, rather than national or business-level consideration. These concepts can be combined with the body of research that utilizes the concept of psychic distance to create a new definition and conceptualization, as follows:

Psychic distance may be viewed as the aggregate of national distance and business distance being processed through individual experience.

Figure 2 is a model of this conceptualization. The framework takes the basic conceptualization from Hallen and Wiedersheim (1984) and expands and adapts the model to fit recent research.

In brief, in this conceptualization psychic distance is split into two components: (1) psychic and (2) distance. The latter component, distance, refers to differences between domestic and foreign markets. These differences are present at both the national and business levels. They create knowledge deficiencies that must be overcome by individuals. Psychically, these knowledge deficiencies are then processed through individual experience. Therefore, the impact of distance is interpreted through individual experience.

This framework can be readily adapted to the existing literature. To begin, both the Uppsala and Innovation Schools focus on the experiences of the individual decision-makers as part of each model (Johanson and Vahlne, 1977; Cavusgil, 1980). There is also an assumption present in the literature, whether implicit or explicit, that experience can increase or decrease the impact of psychic distance (Johanson and Vahlne, 1977; Davidson, 1980; Shenkar, 2001; Dietl, Keoglmayr, and Mueller, 1990). Johanson and Wiedersheim-Paul (1975) write that “we could expect jumps in the establishment chain in firms with extensive experience from other foreign markets” (pg. 307). In other words, experience is powerful enough to changes both views of and reactions to national and business level distance.

A further review of the literature makes it increasingly clear that individual experience has a direct impact on perceptions of psychic distance. Evans and Mavondo (2002) write: “differences between countries stem from individuals’ perceptions of a foreign country’s general values and attitudes” (p. 519). Johanson and Vahlne (1977) initially defined psychic distance in terms of information flow. This presents information as an active entity flowing from source to source, or from individual to individual. These individuals and their experiences affect perceptions of psychic distance. Mitra and Golder (2002), using a model that includes both knowledge and distance, find that that
the distance between markets, when isolated, has no effect on the entry decision. Instead, it is only in the context of individual knowledge that distance plays a role.

Therefore, the framework presented in this article represents a fundamental shift in the way psychic distance may be viewed. First, the construct moves beyond cultural distance to include additional national differences and business level differences. Second, this distance only impacts managerial activities as it is interpreted through individual perceptions and experiences. A further elaboration of the components included in Figure 2 follows.

NATION DISTANCE

Nation distance is the first element of psychic distance. Nation distance includes two components: (1) cultural distance and (2) economic distance. Both play roles in creating perceptions of psychic distance as interpreted through individual experience.

Cultural Distance

Cultural distance has often been used as a surrogate for psychic distance. Shenkar (2001) writes: “Few constructs have gained broader acceptance in the international business literature than cultural distance” (p. 519). Cultural distance is included in a variety of studies in the fields of management, marketing, finance, and accounting. It has also been used to investigate such diverse issues as innovation patterns (Gomez-Mejia and Palich, 1997) and expatriate adjustment (Black and Mendenhall, 1991).

At the same time, the concept of cultural distance has been as widely criticized (Shenkar, 2001). Part of the problem is that it is used in isolation and that it fails to completely conceptualize psychic distance. Further, the measures used to operationalize cultural distance have been criticized. Kogut and Singh’s (1988) measure of cultural distance is based on the research of Hofstede (1980), which itself has been called into question as being static, insensitive, and flawed (for a critique, see Shenkar, 2001).

It is clear that in spite of these conceptual problems, there are differences between national cultures. The Kogut and Singh (1988) questionnaire is one of the few existing measures of these differences. In the future, multiple measures of culture, possibly incorporating other research on culture (Schwartz, 1990; Hall, 1959) including such variables as dominant religions and language differences, will be helpful.

Economic Distance

Beyond cultural differences, nations differ in a variety of other ways. Of note is the role played by economic distance. This distance has been examined using an array of names. Some of the differences to be measured include forms of political economies (socialism, capitalism, and communism), trade policies and the barriers created by these policies, infrastructure differences, levels of economic development, and educational level differences (Sethi, 1971; Vahlne and Wiedersheim-Paul, 1973; Boyacigiller, 1990; Buckley and Casson, 1979; Davidson and McFetridge, 1985; Shenkar, 2001; Dow, 2000).

While this is a long list of features, each of these economic features separate and distance countries from one another. Economic distance has often been used in studies of internationalization. This literature reveals how economic distance has been implicitly included in the concept of psychic distance, even if has not been the focus of research. The measurement of the majority of these economic differences can be relatively straightforward. Data regarding these variables are available from a wide variety of fact books and indices, such as The United States Central Intelligence Agency’s World Fact Book).

BUSINESS DISTANCE

Psychic distance includes a second element: business distance. In the end, part of psychic distance is rooted in differences in business practices between trading partners in an international relationship. Therefore, business distance must also be included in any conceptual design of the psychic distance construct. Business distance contains two levels of analysis: (1) industry level differences and (2) firm level differences.
Industry Distance

Recent research by Evans and Movonda (2002) provides a sound operationalization of business distance. Specifically, these authors note the role played by industry structure. Industry structure is shaped by forms of competition (monopoly, oligopoly), growth rates, and concentration ratios, such as the number of competitors found in a nation or geographic region (Hennart and Larimo 1998; Trimeche 2002).

In some industries, distance levels are low across international boundaries. Many commodities and raw materials are highly standardized. In other industries, international differences will be much more pronounced. In international finance, one nation may not allow interest to be charged, which in turn affects a wide variety of investment decisions and approaches.

Other researchers have focused on differences in consumer traits and behaviors as a form of industry distance (Davidson 1980; Mitra and Golder 2002). This industry level difference has important implication for a variety of business activities ranging from product choice to marketing strategies.

Firm Distance

Evans and Movonda (2002) describe firm level business distances in terms of business language, business practices, and marketing infrastructures. Other researchers use similar measures (Klein and Roth, 1990; Vahlne and Wiedesheim-Paul, 1973). An additional firm level difference is corporate culture (Erammilli and Rao, 1990; Weber, Shenkar, and Rayeh, 1996). This feature of business has found to be separate from national level cultural differences (Weber, Shenkar, and Rayeh, 1996) and permeates through every business activity.

When studying business distance, primary data should be used whenever possible. There are several items to consider regarding data collection. First, experience strongly affects individual’s view of the above differences. Therefore, it is important that, when measuring these variables managers with a range of international experience should surveyed, not just managers in multinational firms (Dow, 2000). Also, groups of managers should be surveyed and aggregated to arrive at organizational level, not individual level, scores (Weber, Shenkar, and Rayeh, 1996).

INDIVIDUAL EXPERIENCE

The final component of psychic distance is individual experience. While the other components of this framework are important, the inclusion of individual experience is an important element of the psychic distance construct. The majority of the rest of this paper focuses on this element of psychic distance.

The importance of individual experience is rooted in the initial conceptualizations of psychic distance. As noted, the Uppsala School of internationalization specifically discusses market knowledge as an important component of the process. This knowledge is broken into two types, objective (which can be taught), and experiential (which is acquired through actual experience in a foreign market) (Johanson and Vahlne, 1977). The authors stress the critical importance of the latter, experience-based, form of knowledge. This knowledge is specifically linked to individuals. As Johanson and Vahlne (1977) write, “It could be argued that experience could be gained alternatively through the hiring of personnel with experience, or through advice from persons with experience,” (pg. 29). In fact, in discussions of why one of the companies in their analysis, Pharmacia, did not follow the expected sequence, the authors mention the experiences, including education, that the main decision-maker had in the foreign country being studied.

While the Uppsala school specifically discusses knowledge and individual experience, the lack of focus on this issue may also be traced to these works. Instead of continuing to focus on individuals, they write that “in our model we consider knowledge to be vested in the decision-making system; we do not deal explicitly with the individual decision-maker.” (Johanson & Vahlne, 1997, p. 26). The removal of the individual from the process is an area that any new conceptualization of psychic distance should attempt to address.
The other main internationalization school, Innovation, also describes the importance of the experiences of the decision-makers on the internationalization process (Cavusgil, 1980). Cavusgil and Nevin (1980) stress that managerial attributes, such as aggressiveness, risk-seeking, and aspiration for growth, profit, and market development, are significant components of the model. They also specifically discuss the adoption of an international outlook by management as a precursor to exporting and link this outlook to experience gained by living abroad and foreign language skills. It is clear from an analysis of both of these seminal bodies of work that individual experience is an important component in the original ideas about psychic distance.

To help develop this conceptual framework regarding psychic distance, a literature search was completed. The focus was on articles that explicitly state that knowledge or experience is an important feature of, if not psychic distance, one the business activities linked to psychic distance (i.e. internationalization decisions, entry mode decisions, and affiliate performance). The results of this review are displayed in Table 1. It is clear that the concepts of experience and knowledge are deeply embedded in past work regarding psychic distance.

Table 1
Key Points or Quotes Regarding Experience/Knowledge

<table>
<thead>
<tr>
<th>Study Name</th>
<th>Key Point or Quote</th>
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<tbody>
<tr>
<td>Richman and Copen 1972</td>
<td>Measurement of socio-cultural distance includes the foreign education of local executives</td>
</tr>
<tr>
<td>Wiedersheim-Paul, Olson, and Welch 1978</td>
<td>Decision makers are the center of their model and focus on experience gained from domestic internationalization.</td>
</tr>
<tr>
<td>Davidson 1980</td>
<td>“Uncertainty . . . will diminish once the firm becomes knowledgeable about local conditions through direct experience” (p. 16-17)</td>
</tr>
<tr>
<td>Kogut and Singh 1988</td>
<td>Control for multinational experience.</td>
</tr>
<tr>
<td>Dichl, Keoglmayr, and Mueller 1990</td>
<td>“The state of existing research suggests that the focus should be mainly on the foreign market orientation of managers” (p. 27)</td>
</tr>
<tr>
<td>Erramilli and Rao 1990</td>
<td>Found a relationship between market knowledge and entry mode choices.</td>
</tr>
<tr>
<td>Agarwal and Ramaswami 1992</td>
<td>“Managerial perceptions are also relevant for the assessment of the location advantages of a specific country. . . . It should be noted that these perceptions may be different due to variations in managers’ past experiences in that country (and other countries), level of knowledge about that country, individual biases, etc.” (p. 3).</td>
</tr>
<tr>
<td>Barkema, Bell, and Pennings 1996</td>
<td>Focus on knowledge and the Uppsala model</td>
</tr>
<tr>
<td>O’Grady and Lane 1996</td>
<td>“The psychic distance paradox is that operations in psychically close countries are not necessarily easy to manage, because assumptions of similarity can prevent executives from learning about critical differences” (p. 309).</td>
</tr>
<tr>
<td>Eriksson, Johanson, Majkgard, and Sharma 1997</td>
<td>Examine how managerial experiences impact the perception of the costs of internationalization.</td>
</tr>
<tr>
<td>Hennart and Larimo 1998</td>
<td>Control for experience.</td>
</tr>
<tr>
<td>Swift 1999</td>
<td>Define psychic distance as the “difference in perceptions between buyer and seller regarding either needs or offers” (p. 182)</td>
</tr>
<tr>
<td>Stottinger and Schlegelmilch 1998</td>
<td>“Differentiating between managers with high and low psychic distance could result in a more effective allocation and tailoring of export promotion programs, since managers with lower psychic distance ratings are more likely to initiate export ventures than managers with high psychic distance ratings” (p. 309).</td>
</tr>
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Shenkar 2001  
“Bicultural individuals play an especially important role in closing the CD between the foreign and host countries. By virtue of their familiarity with both cultures, such individuals bring the two countries together by serving as emissaries and interpreters of culturally embedded signals and behaviors. The presence of such individuals in a company, especially in senior positions, may hence serve as a mechanism closing CD.” (p. 527)

Evans and Mavondo 2002  
“It is more likely that differences between countries stem from individuals’ perceptions of a foreign country’s general values and attitudes. This focus on the individual’s perceptions is a critical aspect of the psychic distance construct” (p. 51)

Mitra and Golder 2002  
Specifically examine the relationship between knowledge and what they term cultural and economic distance.

There are two arguments for including individual experience in the psychic distance construct. One is that individual experiences were part of the initial development of the construct (Johanson and Vahlne, 1977; Hallen and Wiedersheim-Paul, 1984). Second, removing individual experience would take away the psychic aspect, leaving only "distance."

**Operationalization of Individual Experience**

While a large number of studies explicitly state that experience or knowledge is an important part of the concept of psychic distance, a disappointing number of these studies actually include a measure of experience in any model or methodology. The few studies that do use experience serve as the foundation for discussion of operationalizing this component of psychic distance. Dicthl, Keoglmayr, and Mueller (1990) directly measure the knowledge of managers using questionnaires to measure a variety of individual manager variables including education level, proficiency in foreign languages, degree of foreign travel, and foreign market orientations. Beyond these measures, measures of individual experience may include manager’s knowledge of the foreign market and actual experience and comfort level with this market. Another method to operationalize psychic distance may be based on a measure of knowledge transfer (e.g. Downes and Thomas 2000; Griffith, Zeybeck, and O’Brien 2001; Bresman, Birkisnshaw and Nobel 1999; Makino and Delios 1996).

Individual experience is also open to investigation using qualitative methods, such as in-depth interviews combined with observations of the decision-maker's activities. Post hoc analysis following the decision to enter foreign markets, or after a mode of entry has been chosen would also be useful.

**Conclusion**

The goal of this study is to provide a new conceptualization and preliminary operationalization of psychic distance that can be effectively applied to the traditional research questions and strategic marketing frameworks.

There are some concluding issues that should be noted. First, the framework presented is exploratory and simple. The actual impact of psychic distance on firm activities is not presented, partially due to the vagueness regarding these relationships in the literature, and partially due to the ongoing intense debates regarding these relationships. In addition, the directions of the relationships presented are uni-dimensional. It may be that the actual relationships are more complex and multi-dimensional. Interactions between the three elements within the domain of the construct (nation distance, business distance, and individual experience) are likely to be complex and interact with one another.

In the end, the goal of this paper is to change the way psychic distance is both viewed and used. Past research on the topic strongly supports the need for such a change. Current operationalizations of psychic distance are potentially flawed, and, until substantial modifications are made, the title of Stottinger and Schlegelmilch’s 2000 paper may be correct, that the concept will be “past its due date.” Hopefully, by expanding the psychic distance construct and by emphasizing the role of individual experience, this new conceptualization will reduce difficulties surrounding the application of psychic distance into the strategic marketing literature.
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MARKETING ORIENTATION FROM THE PRACTITIONER’S PERSPECTIVE

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ABSTRACT

The purpose of this paper is to examine how marketing theory is being utilized among managers. It examines how marketing theory can be traced back to early industrialization where the selling approach first evolved into the customer orientation. This paper encourages both managers and educators to assess their strategic approach to marketing given that a significant number of organizations are currently transitioning into a customer-orientation.

INTRODUCTION

“The paradigm has shifted. Products come and go. The unit of value today is the customer relationship.” ~ Bob Wayland

Despite popular belief, the marketing concept has been utilized for many decades. In the early 1920s, a business consultant, James O. McKinsey, used a creative strategy to build relationships with his customers. Throughout his career he successfully used a common practice in an uncommon manner. He scheduled business lunches with a wide range of community leaders and turned it into an effective marketing tool using a nontraditional approach and there was no sales pitch. He was genuinely interested in clients’ plans and problems. He knew that every organization faces similar opportunities as well as similar problems. This was the base for building his business that today is one of the world’s most respected international consulting companies, McKinsey & Company. Most interestingly, James O. McKinsey held the first focus group eight decades ago. The purpose was to uncover customer and client problems and provide solutions.

Recently, increasing numbers of managers have strived to be customer focused. To some, this trend has been called “IBM CO” or customer-oriented selling. For instance, IBM recently consulted for Nemaha County, Kansas, who had just encountered a major budget shortfall. While many government agencies would either raise taxes or cut services, the county decided to avoid both options. Through IBM, they found an alternative solution in a customer designed program from InfiniTec. Basically, the Business Partner showed the county how to create fewer help desk calls, fewer service charges, and more services using IBM technologies. “Once we had it all working, we received a substantial boost in efficiency,” said Nemaha County Clerk Leann Jones. “Utilizing IBM ThinkVantage Technologies, we have been able to take care of county business with a substantially reduced amount of downtime, allowing us to better serve our constituents.” The productivity level significantly increased after this program was established (IBM, 2004).

Other marketing practitioners define this problem-uncovering approach using other terminologies. For instance, Xerox Canada calls this approach that of “solution selling” and Xerox USA calls it “buyer-centered selling.” In both cases, the Xerox eSupport Centre integrates Web-based tools customers can use to do anything from tracking the status of an order to submitting equipment meter-reads online. This idea goes back to Xerox’s spotlight on customer convenience, allowing the customer utmost expediency (which translates into productivity) while increasing their own bottom line (Xerox, 2002).

The key is to find out how your organization can help the customer solve problems, gain market share, and be more profitable. As stated by the late Frank “Pat” Murphy, Sr., the founder and CEO of the F. W. Murphy Company (Murphy, 1994), it is vital to listen and find out what the customer’s problem is. The customer isn’t interested in being sold a product-offering. Rather, s/he is interested in having problems solved. Of course, an unmet problem translates into a potential product offering. Central to the marketing orientation is an appropriate marketing plan. The following section considers its role within the marketing concept.
MARKETING PLAN

The marketing plan is coordinated with the finance, production, and human resource plan to implement the overall corporate strategy. Implicitly, it must direct the firm’s focus on meeting customer needs. Marketing executives have compared marketing strategy to warfare. This focuses the firm on its competitor, their strategy, and how to beat them. Academics have looked at marketing strategy more holistically. For instance, Kotler and Armstrong put forth the following definition: “A marketing strategy is the marketing logic whereby the company hopes to achieve its marketing objectives. It consists of specific strategies for target markets, positioning, the marketing mix, and marketing expenditure levels.” Kotler states that “today’s smart marketers don’t sell products; they sell benefit packages. They don’t sell purchase value only; they sell use value.” (Kotler, 2004)

The Kotler Marketing Group put forth another key term intensely utilized by many practitioners known as value-based sales and marketing. This concept requires researching the customer to learn about various aspects of their lives that pertain to your product. The key is to find out how your organization can help the customer solve problems, gain market share, and be more profitable. The customer isn’t interested in what you can sell them, but how you can help them. This focus on the customer becomes one of the ways you differentiate your company from your competitor (Kotler, 2004).

More recently, the focus has shifted away from gaining market share toward retaining customers. This has led to the concepts of relationship marketing and customer relationship management (Grönroos 1994; Romano and Fjermestad 2001). Instead of solving problems for the customer over a transaction, firms are utilizing emergent technologies in order to maintain and enhance their relationships. Given that long-term customers are more profitable than new clients, this approach has led to greater profitability and higher degrees of customer satisfaction. The next section considers the latter.

CUSTOMER SATISFACTION

“Statistics suggest that when customers complain, business owners and managers ought to get excited about it. The complaining customer represents a huge opportunity for more business.” ~ Zig Ziglar

Satisfied customers translate into business success. A customer is the most important asset a company possesses. The customer is the source from which all cash flow is generated. You always want to keep the customers you have and gain new customers who would be loyal to you.

“If you cannot demonstrate the link between increased customer satisfaction and improved financial results, you’re not measuring customer satisfaction correctly” (Stewart, 1995, p. 181). Satisfied customers should exhibit at least one of three measurable characteristics: loyalty (retention rates), increased business (share of market), and insusceptibility to your rivals’ blandishments (price tolerance).

Companies think of capturing a customer as a singular event. Providing quality service includes recapturing the existing customer each time you are in contact with them. When you do this successfully and repeatedly, the customer becomes comfortable and satisfied with the relationship, thus reducing their chances of leaving. Customer comfort means that the customer’s needs have been met. Customers do business with organizations that they rate highly in services, products, support and costs. If the customer’s comfort level is strong in all four categories, the overall value will be highly rated.

According to Dawn Iacobucci (1998) of the Financial Times, managers are seeking to enhance customer service, to offer customers added value, and gain the competitive edge. Managers should consider the implications of the basic characteristics of customer services, such as the differences in services, and the fact that they are simultaneously produced and consumed, and that they are intangible. According to Kotler (2001, p. 7), “The key is to match customer expectations with company performance. Smart companies aim to delight customers by promising only what they can deliver, then delivering more than they promise.”

A prime example of catering to the customer is Starbucks’ idea to link a Starbucks stored value card to the customer’s primary credit card. This enables the customer to use the Starbucks card just like a credit card and saves
the customer time and allows for easier transactions. It also allows Starbucks to track their customer’s behavior, which allows them to offer them to better segment the market and promote more effectively. This turns into a huge customer base of loyal customers (Fassnacht, 2004, p. 41).

**MEASURING CUSTOMER COST**

Retaining customers is a key part of the relationship marketing movement and leads to increased profitability. Frederick Reichheld of Bain & Co. says that long-term customers tend to buy more, pay more, and create fewer bad debts. Reichheld stated that by raising customer retention rates by five percentage points, a company can increase the value of an average customer by 25% to 100%.

Not all customers are the same when it comes to contributing to the firm’s profit stream. It is vital to know the lifetime value of each customer. This information is typically used to help the firm know how to retain the most profitable customers and what segments to target with regards to client acquisition.

**COMPETITION AND ENHANCING CUSTOMER SATISFACTION**

The three following main strategic approaches can provide the firm an opportunity to add value, through competitive positioning:

1. **Dethrone the leader.** Find their weakness and make that your strength.
2. **Shift the standard.** MCI deregulated the industry. Meanwhile, AT&T bundled services in order to regain control of the value standard.

Thomas Stewart (1995, p. 181) states that “customers define a business and the meaning of economic activity. The final analysis of what matters is how well an economy satisfies its customers’ needs and wants.” The University of Michigan’s business school and the American Society for Quality Control released the American Customer Satisfaction Index (ACSI), making it possible to keep track of customer satisfaction.

The ACSI monitors customer satisfaction in more than two dozen manufacturing and service industries and several public-sector functions, totaling about 40% of U.S. gross domestic product (GDP). As a result, this makes the ACSI the first large-scale, methodical attempt to measure the quality of economic output. According to economist, Claes Fornell, a professor at the Michigan business school and designer of the index, “At the macro level, you should consider this an economic indicator, like indicators of price and productivity.”

Using ACSI, industries, especially domestic automobile makers, have made significant gains in customer satisfaction. The overall degree of customer satisfaction among U.S. companies has decreased, most noticeably in the computer industry. According to ACSI, the reasons could be attributed to the failure to respond to customers’ increasing expectations and insufficiently stringent ways of tracking customer’s attitudes.

The ACSI is too new to judge its ability to contribute to forecasts of the economy as a whole, but it appears to be able to foretell corporate performance. A study by David Larcker of the Wharton School, using data from the National Quality Research Center, showed those companies that ranked highest in the first year’s ACSI, significantly outpaced lower-ranked companies in the stock market.

The ACSI results suggest at least three wrong turns businesses may have made in their drive to improve customer satisfaction. These are as follows:

1. **Customer service is a cost to be incurred, rather than an investment.**
2. **There is a rising awareness of customer expectations.**
3. **ACSI cannot yet define customer satisfaction to financial results.**

According to Ray Schneider (1997) of Perspective magazine, your customers are sitting on a wealth of information that can help you improve your business opportunities with them. Conducting a customer survey can bring in this valuable information by removing the guesswork out of the way you do business, so that you can do more of it. A customer survey specifically does the following:
1. Establishes a baseline of measurement for improving customer satisfaction.
2. Helps focus improvement efforts.
3. Increases customer perception that you’re listening.
4. Increases ability to be customer focused.
5. Increases ability to stay quality focused.
6. Improves market position.

The managers of the Clarkson Company of Sparks, Nevada, also agree that conducting surveys provides many advantages. According to the managers, having an outside firm conduct the surveys offered substantial benefits both internally and externally to the firm. Respondents felt freer to share information more candidly with a third party. The Clarkson Company used The Voice of the Customer surveys developed by Colleen “Coco” Crum (1996) to find out how their customers felt about their services and products in relation to their competitor performance.

The methodology Crum employs, enables companies to determine their competitive strengths and weaknesses as well as customer expectations for customer service, product design and quality, product costs, and other performance attributes.

**NEW TOOLS FOR CUSTOMER SERVICE**

Database software is the choice of many organizations for tracking customer service. Database software can follow the buying behavior of customers and help companies meet specific product or service marketing needs. A well-managed customer database is especially helpful for small companies competing with large ones.

Terry Boyle, vice president of Game-Set-Match, a tennis services firm in Englewood, Colorado, attributes getting his customers to return with the use of the computerized database his company uses. He says that “the company has increased its revenues at an average annual rate of 45 percent over the past four years by focusing on existing customers for repeat sales and by providing personalized service.” The use of the computerized database has made Game-Set-Match’s marketing campaigns more effective and cost efficient.

The database used at Game-Set-Match tracks the buying behavior of every person who takes lessons from the firm, plays in one of the leagues it organizes, or makes a purchase in its small retail shop, a total of more than 10,000 people in 4,800 families. “The use and marketing of our database has kept us ahead of the competition,” says Boyle. “We can target search our customer base. If there’s a program we need to promote, such as a league, we can look up who was in that league last year and put a notice out to that particular group” (McCollum, 1998, p. 1).

According to Claudio Marcus, vice president of marketing with Target-Smart! Inc., a marketing software company in Denver; “generating repeat business costs less than attracting new customers and a lot less than winning back dissatisfied customers.” So, it’s important for growth-oriented, small firms such as Game-Set-Match to concentrate on giving buyers reasons to return.

Donna Fluss, a research director at Gartner Group, a technology consulting company based in Stanford, Conn., says, “The more you know about your customers, the more effective you’ll be at increasing their value to your organization.” Fluss says that “every contact that a company has with its customers is an opportunity to impress them with your service.” Customer databases help companies achieve these goals by providing employees with quick, convenient, access to relevant information before they call customers. Such information includes previous purchase, questions asked, and problems incurred.

This form of relationship marketing is sometimes called “one-to-one” marketing and is a strategy that large firms have been using for more than a decade to increase customer retention. Now small businesses can hold their own with their big business competitors by using point-of-sale, database, contact management, call center, and customer-service and support software.

Technology can also help the company automate the way it serves customers and responds to problems. Automated processes, such as fax-on-demand and automated call-distribution (ACD) systems can be very effective ways to serve customers.
Fax-on-demand systems allow customers to dial in and request that specified information is faxed to them. ACD systems allow customers to call in and choose among a number of service options, either by touching a number on their telephone keypad or by using voice commands. The system routes each call to recorded information or to a person who can help the caller.

In addition to these systems, many companies provide service on Internet sites. The Internet enables even small companies to provide around the clock customer service. Customers may find Web-based service frustrating and impersonal if it isn’t implemented correctly. To be successful, customer service Web sites must provide easily accessible, up-to-date information as well as a mechanism for resolving service problems quickly and completely.

Companies can use the Internet to complement their telephone service offerings using CustomerSoft’s ESP Liaison. The product works in concert with the company’s Expert Support Program customer-support software, a database of problem solutions that a firm’s telephone support personnel can use to help customers. Many companies are also using “Instant Messenger” to help with customer questions while online.

Internet Message Center (IMC) is an electronic mail-based support solution, which makes it easier for companies to automate and manage customer inquiries from a Web site or via direct e-mail. Internet Message Center creates a queue of incoming messages that shows the time they were sent and their related topics. The message can then be forwarded to staff members. IMC also provides a mechanism for monitoring message volume and response time. It works with leading e-mail programs, including Qualcomm Eudora, Microsoft Outlook, and Netscape Messenger.

Even online customers want to communicate with a person sometimes, by using iServe. Companies can offer live interactive support on their Web sites. Customers who visit a firm’s Web site and type in questions receive answers immediately from a customer support representative. Support personnel can also display on the customer’s screen Web pages containing detailed information and send helpful software files to the customer’s PC.

Technology can also give employees the knowledge they need to serve customers better. Building a knowledge base has allowed Paradigm4 to establish a reputation for fast and expert service after just three years in business. The Fairfield, New York, firm installs wireless telephone networks for corporations and government agencies, such as police departments. One of Paradigm4’s selling points is its customer support desk, which responds to problems 24 hours a day, seven days a week. To increase the effectiveness of its help-desk workers, Paradigm4 installed knowledge management software called, Top of Mind from Molloy Group Inc., a software developer in Parsippany, New Jersey.

Lastly, always make sure that employees are trained to help customers. Not only do they need to know to use the company’s customer’s service databases, but also need to have the personal skills to provide the attention that customers demand (McCollum, 1998).

CONCLUSION

Contemporary marketing is simple, basic, and based on common-sense fundamentals. It is essential to know one’s customer. In order to do this, the firm must listen and understand. Many practitioners are utilizing this approach in novel ways and have contributed toward the evolution of the market-based firm, as well as to the customer relationship management (CRM) orientation. It is vital to consider the marketing plan, how to assess customer satisfaction, and to understand the problems that each segment and individual customer experience. This approach is rapidly gaining acceptance within the business world and practitioners are contributing to marketing’s evolution.

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STRATEGIC CAPABILITIES OF INDUSTRIAL DISTRIBUTION FIRMS: INSIGHTS FROM TOP MANAGERS AND SALES MANAGERS

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ABSTRACT

This paper provides an approach to examine whether sales managers and top managers agree on four activities that can create economic value for their respective firms. These four activities include Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities and are considered to be capabilities in the resource-dependency model of competitive advantage. Supplier firms and distributor firms in the five different industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials and Associated Equipment are included.

INTRODUCTION

An important aspect pertaining to organizational performance is the need for consistency between sales strategy and business-level strategy (Markides 1999). Generally, sales managers develop sales strategies that will ensure the successful implementation of business-level strategies that have been formulated by top-management (Finkelstein and Hambrick 1996). However, in practice, differences exist in the perceptions of sales managers and top managers regarding their competitive priorities (Cravens, Piercy and Prentice 2000). Also, Senge (1999) argues that differences occur between top managers and lower-level functional managers about the activities of the organization that create economic value. In the following sections we describe the relationship between economic value generating activities and the development of a competitive advantage and offer research propositions to test whether top managers and sales managers have different perceptions of these economic value generating activities. We also present a model to explain possible organizational and demographic factors that can influence the difference in perceptions between top managers and sales managers with respect to economic value generating activities.

ECONOMIC VALUE GENERATING ACTIVITIES

The resource-based view (RBV) of the firm posits that a firm can create economic value by utilizing its resources and capabilities to create a competitive advantage (Barney 1996; Peteraf 1993). We argue that firms engage in certain activities that create economic value and these activities can be considered to be the capabilities presented in the RBV. For example, as described in the RBV, capabilities are complex bundles of skills and accumulated knowledge developed through business processes that enable firms to coordinate activities and make use of their assets. Business processes are actions that firms engage in to accomplish some business purpose or objective. Thus, business processes can be thought of as the routines or activities that a firm develops in order to get something accomplished (Ray, Barney, Muhanna 2003; Porter 1991). Capabilities are manifested in typical business activities as acquiring supplies and other raw materials, the process of producing/distributing products or services, the process of delivering products or services to customers, the process of providing after sales service, and the process of analyzing competitors (Teece, Pisano, and Shuen 1997). In the following sections we describe a pilot test that allowed us to determine activities that create economic value for both supplier firms and distributor firms in five different industrial distribution channels. We also discuss how organizational and demographic factors can affect the alignment between the perceptions of sales managers and top managers with respect to those value activities and offer research propositions.

WHY INDUSTRIAL DISTRIBUTION CHANNELS (IDC)

A pervasive argument in organizational science research is that studies involving a single industry may affect the generalizability of results (Ashley & Fombrun 1983). However, various researchers have argued the
rationale for single industry studies to reduce the problem of industry confounds (Hirsch 1975; Porter 1980; Singh 1986). For example, Porter (1980) has noted that industry structure constrains a firm's strategy. Yet, studies that cross industry boundaries have the potential to provide greater richness and understanding regarding a variety of organizational phenomena (Donaldson 2001; Hall 1991; Scott 1995). Further, Starbuck (1993) argued that when attempting to understand the dynamics of organizational phenomena and to develop understanding, insight is more likely to result from a study of extreme cases than from traditional firms. IDC firms represent such extreme cases. For example, a distribution channel moves goods and services from producers to consumers to overcome major time, place, and possession gaps that separate goods and services from those who would use them. A distribution channel may involve the business market or the consumer market. The business or industrial market comprises all the organizations that buy goods and services for the production of other goods and services that are sold, rented, or supplied to others (Kotler, and Armstrong 2000). An expanded discussion of IDCs is presented by Corey, Cespedes, and Rangan (1989).

THEORY, METHODS AND MODEL

While several studies have examined differences in perception between sales managers and top managers with respect to product strategies, empirical studies that have investigated such an alignment for competitive priorities or activities that create economic value are almost non-existent (Menguc and Barker 2005; Walter, Ritter, and Gemundem, 2001). Further, Menguc and Barker (2005) report that past research has provided little direction on how sales managers and top managers utilize economic value generating activities to create a competitive advantage.

A Pilot Study to Identify Economic Value Activities as Strategic Capabilities

The present study included five different industrial distribution channels (Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment). The first step in our project was a pilot study in which a convenience sample of two supplier firm participants and two distributor firm participants were selected from the preceding five industrial distribution channels. These twenty participants received information pertaining to RBV and then informed that the capabilities in the RBV could be considered as economic value activities. The twenty participants were then asked to individually name activities that would add economic value to their firm. From this individual listing (which contained thirty-seven activities), using a Delphi process, the twenty participants reached agreement on seven activities. Next, these seven activities were ranked by the twenty participants and reduced to four: Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities. Thus this study will focus on these preceding four activities as economic value activities

Methods

The next step in our study is to determine the effects of certain organizational and demographic factors on the alignment or misalignment of the perceptions of sales managers and top managers regarding the extent to which the four activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities create economic value. We plan to prepare a questionnaire pertaining to the preceding four economic value activities, pilot test that questionnaire, and submit the pilot tested questionnaire to both top managers and sales managers in supplier and distributor firms in each of the five preceding distribution channels.

The Model

The research model depicted in Figure 1 contains two organizational factors: the job tenure of the reporting sales manager (the length of time that sales managers have held their current position) and the years of association between the reporting sales manager and his/her top manager (the length of time that the sales manager has been reporting to or working with the top manager). The research model also contains two demographic variables: the age of the reporting sales manager and the educational level of the reporting sales manager.
FIGURE 1
Organizational and Demographic Factors Affecting the Perceptions of Sales Managers and General Managers Pertaining to Activities that Create Economic Value

Organizational Factors
- Job Tenure of Sales Manager
- Years of Association with Top Manager

Activities that Create Economic Value
- Supplier Relationships
- Customer Relationships
- Competitor Analysis
- Top Management Activities

Demographic Factors
- Age of Sales Manager
- Education of Sales Manager

RESEARCH PROPOSITIONS

Following are the research propositions developed for this study.

Agreement on the Economic Value Activities

To what extent do top managers and sales managers agree that the activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities add economic value to their firms? Floyd and Lane (2000) argued that top managers and sales managers would agree on the competitive priorities of the sales unit. However, K. G. Smith, K.A. Smith, Olian, Sims, O’Bannon, and Scully (1994), and Wiersema and Bantel (1992) report that top managers and sales managers differ substantially with respect to competitive pressures.

We anticipate, based on the research studies conducted by Smith, et.al (1994) and Wiersema and Bantel (1992) that agreement between top managers and sales managers will occur as follows in the following propositions:

P1a: There will be a significant difference between the perceptions of top managers and sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment regarding the extent to which Supplier Relationships provides economic value.
P1b: There will be a significant difference between the perceptions of top managers and sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment regarding the extent to which Customer Relationships provides economic value.

P1c: There will be a significant difference between the perceptions of top managers and sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment regarding the extent to which Competitor Analysis provides economic value.

P1d: There will be a significant difference between the perceptions of top managers and sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment regarding the extent to which Top Management Activities provides economic value.

Job Tenure

How does job tenure of sales managers influence the perception between sales managers and top managers that the activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities add economic value to their firms? Schnieder’s (1987) attraction-selection-attrition model suggests that the length of time that an individual is employed by an organization depends on the person-organization fit, or how closely the individual’s thinking aligns with the culture of the organization. Hambrick and Mason (1984) report a longer tenure allows a manager to understand the politics and procedures of the organization. Also, managers with a longer tenure tend to have greater understanding of the organization’s tactic knowledge about the various activities that create economic value (Nonaka and Takeuchi 1995).

We anticipate, based on the preceding research studies that job tenure will effect the perceptions of sales managers and top managers concerning value creating activities in the following manner:

P2a: As the job tenure of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Supplier Relationships provides economic value is expected to decrease.

P2b: As the job tenure of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Customer Relationships provides economic value is expected to decrease.

P2c: As the job tenure of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Competitor Analysis provides economic value is expected to decrease.

P2d: As the job tenure of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Top Management Activities provides economic value is expected to decrease.

Years of Association between Sales Managers and Top Managers

How do the years of association between sales managers and top managers influence their perception that the activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities add economic value to their firms? As stated earlier, years of association are a measure of the length of time that a sales manager has been working with or reporting to a particular top manager. Higher job tenure does not necessarily correlate with higher years of association because the sales manager may have worked for another top manager in the same firm. Day (1994) and Miller (1991) report that the longer two managers work together in the same company, the more they become aware of the each other’s priorities and beliefs about how the organizations works.
We anticipate, based on the preceding research studies that years of association between sales managers and top managers will effect the perceptions of sales managers and top managers concerning value creating activities in the following manner:

P3a: As the years of association of sales managers with top managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Supplier Relationships provides economic value is expected to decrease.

P3b: As the years of association of sales managers with top managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Customer Relationships provides economic value is expected to decrease.

P3c: As the years of association of sales managers with top managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Competitor Analysis provides economic value is expected to decrease.

P3d: As the years of association of sales managers with top managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Top Management Activities provides economic value is expected to decrease.

Age

How does the age of sales managers influence the perception between sales managers and top managers that the activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities add economic value to their firms? Stevens, Beyer, and Trice (1978) report that older managers are more apt to defend the status quo. Doyle (2000) reports that competitive pressures are dynamic and those older sales managers may tend to be more conservative and less responsive to implementing changes in organizational activities that affect competitive advantage. However, Scheibe (2001) and Palmer and Biggart (2002) argue that older managers are more conditioned and experienced in evaluating those activities that will make the organization successful in times of dynamic change.

We anticipate, based on the preceding research studies that age will affect the perceptions of sales managers and top managers concerning value creating activities in the following manner:

P4a: As the age of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Supplier Relationships provides economic value is expected to decrease.

P4b: As the age of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Customer Relationships provides economic value is expected to decrease.

P4c: As the age of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Competitor Analysis provides economic value is expected to decrease.

P4d: As the age of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Top Management Activities provides economic value is expected to decrease.
Education

How does the educational level of sales managers influence the perception between sales managers and top managers that the activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities add economic value to their firms? Kimberly and Evansiko (1981) and Becker (1970) report that managers with higher levels of education are more receptive to new ideas relating to organizational characteristics. Dyer and Nobeoka (2000) suggest that managers with higher levels of education are more likely to establish new initiatives and to more closely monitor those activities that affect the performance of their organization.

We anticipate, based on the preceding research studies that education will affect the perceptions of sales managers and top managers concerning value creating activities in the following manner:

P5a: As the education of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Supplier Relationships provides economic value is expected to decrease.

P5b: As the education of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Customer Relationships provides economic value is expected to decrease.

P5c: As the education of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Competitor Analysis provides economic value is expected to decrease.

P5d: As the education of sales managers in each of the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment increases, the misalignment between sales managers and top managers regarding the extent to which Top Management Activities provides economic value is expected to decrease.

DISCUSSION

The purpose of this paper is to examine how certain organizational and demographics factors affect the perceptions of sales managers and top managers (in supplier and distributor firms in the five industrial distribution channels of Electronics, Electrical, Plumbing, Building Materials, and Associated Equipment) regarding whether the activities of Supplier Relationships, Customer Relationships, Competitor Analysis, and Top Management Activities add economic value to their firms. Such findings should provide insights for the managers of industrial distribution firms on how to improve the dynamics between sales managers and top managers.

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BUSINESS ETHICS, ADVERTISING ETHICS AND THE GROWING USE OF “BUZZ MARKETING”: WHY BE CONCERNED?

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ABSTRACT

Undercover buzz marketing is gaining ground as a new non-traditional approach to getting your brand noticed. It attempts to sell products using an appeal that is personal and spontaneous instead of a choreographed pitch from an advertiser. Many of the marketers are paid actors posing as ordinary people striking up conversations. This premise is based on the success of how much influence they actually have in their peer groups. This paper investigates the broad practice of undercover marketing and explores the ethical implications of this rising undetected selling approach.

INTRODUCTION

Have you ever been pitched by an undercover marketer? If you don’t know, then they are doing their job. After all, undercover is the whole point! Undercover marketing is an unconventional strategy used to attract consumers, using an ‘under the radar’ approach that essentially (if successful) goes unnoticed by your target audience. Undercover marketing has its own list of aliases: stealth marketing, buzz marketing, seed marketing, recommendation marketing, demonstration marketing, word of mouth marketing, flash mob marketing, masquerade marketing, viral marketing, v-marketing, organic marketing, and word of mouse marketing. It has many disguises from the ‘lean over’ which is when someone paid by the company leans over and innocently points out the virtues of an interesting new product, to the ‘under the radar’ approach where someone leaves a package bearing the name of the product outside your door as if you had purchased it. Companies will pay actors or ordinary people to push their products in “real life” appearing situations. An example might be a young couple on a busy New York street might ask strangers to take a picture of them on their new camera cell-phone. As this is happening, the couple is casually engaging the stranger in conversation explaining the cool features of the phone. The stranger doesn’t have any idea that this is an actor giving them soft-sell sales pitch designed by an advertising company and paid for by the manufacturer.

Their goal: to seek out the trendsetters in each community and subtly push them into talking up their brand to their friends and admirers. By orchestrating a tsunami of chatter, marketers are hoping to replicate the pattern set by such overnight sensations as independent film ‘The Blair Witch Project’, the Harry Potter book series, and Razor kick scooters. In each case, buzz that seemed to come from out of nowhere transformed what otherwise would have been a niche product into a mass phenomenon.

The slightly subversive, slightly underground techniques that form the basis of buzz marketing have been building in popularity for a few years. But now a confluence of factors has helped to make buzz more attractive than ever. For one thing, buzz is cheap. There are no national media buys and no expensive creative components. In a period of budget chopping, cheap is good. Then there's the rise of the Internet, which means marketers can reach just about anyone in almost any guise they care to assume. Finally, buzz marketing attempts to make each encounter with a consumer look like a unique, serendipitous event. That's appealing to the desired twentysomethings, who remain skeptical of traditional mass advertising.

Often buzz marketers cover their tracks. Other times, though, it's immediately clear who the sponsor is, as when Lucky Strike sent out teams to bring iced coffee and beach chairs to exiled smokers trying to catch a smoke outside urban office buildings. Either way, the game plan is essentially the same: to slip into the conversational pathways of those who heavily influence their peers. That way, instead of coming from a faceless and distrusted
corporate conglomerate, the marketing message seems to emanate from the most powerful endorser possible: your coolest friend.

Stealth marketing is not “subliminal” marketing. It does not refer to hiding messages in photos or in the backgrounds of ads. Consumers in-fact see it, they are simply deceived or unaware of non-biasness of the source. Big Fat Inc., a New York-based marketing firm, uses many such covert techniques. In a recent campaign for an online retailer, Big Fat paid doormen at upscale apartment buildings to keep empty boxes marked with the retailer’s logo in the lobby, making it appear as though some of the building’s residents had just made large purchases (Barrick 2002). An interesting segment on 60 Minutes (October, 2003) brought this type of stealth marketing to light for many people. Although not really new, it seems new to most people because they are just now becoming aware of such undercover activities. The alcohol industry used it in the 1980’s, going into bars and buying drinks for unsuspecting customers to get their reaction to a product and generate buzz about it. It also was used in the early days of cell phones. Celebrities were given phones to talk to their agents as they walked the streets of New York, amazing passers-by with their wireless wonders.

With all the advertisements that people are exposed to in a single day, consumer attention is getting harder and harder to capture using the traditional advertising models. The mass audience of old is getting harder to reach thanks to the glutton of advertising and the number of advertising venues as well as the internet explosion. Undercover marketing is gaining ground as a new non-traditional approach to getting your brand noticed. The undercover operation was the brain child of John Maron, Sony Ericsson’s marketing director. He employed sixty actors to take to the streets of ten cities and engage non-suspecting pedestrians to do a favor of taking a picture with a new innovative camera phone. That was an easy way to create a non-evasive interesting conversation with somebody without the pressure of it feeling like this is a pitch. The Good Samaritan pedestrian doesn’t even know he has been “pitched.”

The examples of stealth marketing are endless. An attractive woman in a bar appearing to mind her own business while fumbling with her cigarette box is just waiting for some young unsuspecting person to offer her a light. Then the conversation begins with a few tantalizing details and even a sample “smoke” of one of her new favorite brands of cigarettes. A 13 year old kid is offered (essentially paid) free t-shirts, track shoes, etc. in exchange for flooding chat-rooms and internet discussion forums with conversations about a new video game. Teen kids are offered Movie Merchandise for flooding chat-rooms with movie reviews. A company by the name of Soulkool enlisted the help of some 350 kid volunteers to hype the movie “Cowboy Bebop”, an animated feature. The advertising agencies confess they don’t really consider these kids marketers so much as fans of the movie. They feel because the kids are just excited about the movie and willing to tell other people about it there is not an ethical dilemma. Soulkool does not mention any professional affiliation so the target kids who read their messages have no idea their talking to a paid marketer (albeit another child) hired to plug the movie. Other actors are being paid similarly to park themselves on a bar stool and relate information about a great drink.

Sony Ericsson, the maker of wireless handsets, caused a stir in the marketing world in 2002 with a campaign using fake tourists. In 2003, they used a buzz marketing campaign on 33 college campuses using students as “Campus Connectors.” They paid the students who identified themselves as reps for the company and were awarded $5,000 in scholarship money for those deemed most effective (Wasserman, 2003). Proctor and Gamble developed their “Tremor teen buzz-marketing program” in which they selected more than 200,000 teenagers based on the teen’s propensity to spread news of products to their friends (Neff, 2005).

Buzz marketing is a type of viral marketing that spreads much like a virus. It attempts to sell products or ideas using an appeal that is unique, personal and spontaneous instead of a calculated, choreographed pitch from a professional advertiser. Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message’s exposure and influence. Historically, this ‘buzz’ approach has been very theatrical in nature. It plays out much like a play where the marketer seeks out one-on-one conversations with those who can heavily influence a variety of peer groups. Many of the so called marketers are hired actors and many are volunteers who are flattered to be included in the group of those ‘in the know’ versus those ‘not in the know.’ This premise is based on the success of the influencers and how much influence they actually have in their peer groups.
Internet technology has changed and opened up new opportunities for the logistical success of buzz marketing. Buzz campaigns are initiated in chat rooms by professionals assuming appropriate target identities to pitch their product. Blogs (personal web logs) are another popular media for buzz campaigns (Taylor, 2004). Instant messaging (IM) has opened up a whole new venue for buzz applications where the power of the IM model is dependent upon the influence an individual has in an established network—in other words—his buddy list. Advancing software applications continue to make message delivery earlier and more potent. Marketers have not stopped there. Employing the hip, yuppy individual to infiltrate public spaces such as coffee shops has shown to be quite effective. Imagine a well dressed young man or woman sitting at a coffee shop playing with his/her new ipod. The scenario would include some “friends” watching this hip guy playing a video game on his lap top with this joystick type glove. “Wow, that is really cool!” Whoever happens to wander over to check it out would get to demo the glove and hopefully will buy or start additional word of mouth. Could this be an opportunity for the coffee house to charge the company an advertising fee?

The successes of such marketing strategies depend almost entirely on the notion of mavens taken from Malcolm Gladwell’s book “The Tipping Point.” In this book he discusses why some products “tip” in the market into immediate success while other seemingly better products sales merely drudge along. Here is how it works. Matthew George is not an athlete but is what is called a “product seeder.” He attends a basketball game at Toronto’s George Brown College. The goal is to plant a $160 pair of T-Macs, the latest top of the line Adidas athletic shoe, on one of the players. The goal is to get people to see the shoes on a respected and well networked individual, an influencer. It is up to George to fine a trendsetter, someone cool who stands out in the crowd that is willing to become a walking ad for the product. They hope seeing the shoes on this individual will get the rest of the crowd talking about the product and imitating the trendsetter—creating a buzz. That is why it is called “buzz marketing.” When Ford Motor Company was getting ready to introduce the new Ford Focus, it recruited trendsetters in a handful of key markets and gave them each a new car. The only requirement was to make sure they were seen driving around in it. When James C. Schroer moved from Ford Motor Co., in 2001, to become Chrysler Group's executive vice- president for global sales and marketing, he vowed to pump new life into the auto maker's brands with innovative buzz marketing such as he had used in promoting the Ford Focus (Muller, 2001).

Buzz marketing can be very effective because it bypasses the traditional increasingly hard to reach audience and goes to work in the center of networks of friends and family that already exist. Advertising agencies now specialize in “Stealth Marketing” techniques. OnPoint Marketing and Promotions Inc. specifically address this activity on their web site. “Stealth marketing” (also known as undercover marketing) is an unconventional strategy used to attract consumers, using “under the radar” promotional tactics that essentially go unnoticed by your non-target audience, as well as your competition. In fact, engaging in stealth marketing can be thought of as going to war with your competitors without your competitors knowing they are at war. Undercover tactics can be varied and customized to almost any activities you can imagine. From using flash mobs supposedly spontaneously chanting the name of a new television show to television news cameras, to people carrying pink umbrellas on the train talking about the show, any unique activity is fair game as long as it gets the unsuspecting consumer to talk about the brand.

If marketers fail to hide their vested interest in selling a product, they run considerable risk of backlash (Greenberg, 2001). Cases where consumers have found out they have been manipulated into liking the product, they generally become angry at the marketer (and by association that product) over being misled. This indignation has led some to apply more derogatory names to undercover marketing, such as roach baiting, likening the products marketed this way to poison. Sometimes the tactics can be downright dangerous. Given the essentially uncontrollable nature of buzz, there is always the risk of a backlash. Companies have to know that if you are trying to be subversive and you are found out, it can be dangerous.

**WHAT ABOUT MARKETING ETHICS?**

Although the use of underground marketing is legal, is it ethical? We are living in the age of ethics. Caveat Emptor has been replaced with an expectation that business will take a broader view of corporate responsibility. (Smith, 1995) The narrow view, often associated with Milton Friedman, (Friedman, 1962 and Smith, 1995) appears to be hopelessly out of step with our post Enron business environment. To paraphrase Friedman, we have only one social responsibility in business and that is to use our resources and engage in activities that will increase profits. But, we must do it within the law (Friedman, 1962). Friedman’s model of capitalism probably never existed (Smith, 1990). And, even though there are continuing debates about fiduciary responsibility, good management typically utilizes discretion and is much less likely than before to adopt “buyer beware” approaches (Smith, 1995).
Furthermore it is not likely consumers can protect themselves as the “buyer beware” situation would suggest when the consumer cannot identify when they are being “pitched” to and when they are receiving non-biased, word of mouth information. Today, there is widespread recognition that good business ethics is just good business. Those who still hold the old idea of Caveat Emptor or the notion that whatever is legal goes, are out of step.

Advertising in marketing has long been associated with ethical problems. This is partly because of the historical prevalence of caveat emptor and this idea, again often attributed to Friedman, (Friedman, 1962) that a company’s primary duty is to maximize profits, within the law. Research shows some continuing support for this old perspective and helps explain the disconnect between what companies often say they stand for and what employees actually do (Rieck, 1998). Based on this research, it appears that ethics has been a persistent problem since the marketing industry has paid more attention to what works and not what is right.

In the 1960’s Farmer asked, "Would You Want Your Daughter to Marry a Marketing Man?" (Farmer, 1967). Then in the 1970s, specific issues, such as respondents’ rights in marketing research seemed to be the focus of the research in marketing ethics (Tybout and Zaltman, 1974). In the 1980s, more empirical research, e.g. the survey of the ethical problems of marketing researchers by Hunt, Chonko and Wilcox (Hunt, Chonko and Wilcox, 1984) became more common. Since then, much of the marketing ethics literature has relied heavily on philosophical ethics. For example, Hunt and Vitell proposed a general theory of marketing ethics based on better ethical conduct through better decisions based on deontological (rule-based) and teleological (consequentialist) evaluations (Hunt and Vitell, 1986). In much of the writings since the 1980s we find the writings of ethical thinkers such as Immanuel Kant, Jeremy Bentham and John Stewart Mill described and dissected. Sometimes other ethical thinkers such as Aristotle an his Virtue Ethics, Ayn Rand and her Objectivism and Egoism and John Rawls and his “Veil of Ignorance.” is included, along with others such as Lawrence Kohlberg with his theory of six levels of ethical decision-making (Kohlberg, 1969 and 1976).

Other notable contributors to the field of marketing ethics research include those of Gresham's contingency model (O.C. Ferrell and L.G. Gresham 1985) and the descriptive (I.P. Akaah and EA. Riordan, 1989) and normative approaches (Tsalikis and Fritzsche (1989) often described. Laczniak highlighted the weaknesses of a number of the ethical maxims that managers use, such as "when in doubt, don't" (Laczniak, 1983). He also developed a more rigorous approach or framework based on ethical theorists such as Ross, Garrett, and Rawls, wherein he synthesized their work. For example, when questions he lists can be answered negatively, then the action is probably ethical. (Laczniak, 1983; Smith,1995).

While all these approaches can guide many of us in understanding how ethical decisions are made, unfortunately much of the typical sales force and, even those in marketing management or management generally, have not been exposed to such theories during their education and career paths.

**SELF REGULATORY ORGANIZATIONS, CODES OF ETHICS AND ETHICS AUDITS**

As a way of addressing this gap, companies have utilized ethics consultants, ethics training, adopted company codes of ethics, ethics audits and have relied on self-regulatory organizations (SROs) to provide more guidance on what to do. Numerous codes of conduct including that of the American Marketing Association have existed over the years and the number is growing. Today, there is a new trade body that has been specifically established to lend weight to viral and buzz marketing. It is called the Viral and Buzz Marketing Association (Kirby, 2004) but as of yet does not include a code of ethics for their members.

One of the most relevant sources for an understanding of the most recent efforts being made to provide a framework for improved marketing ethics is found in “Direct Selling Ethics at The Top: An Industry Audit and Status,” by Lawrence B. Chonko, Thomas R. Wotruba and Terry W. Loe (Chonko, Wotruba and Loe, 2002). They discuss the important role of self-regulation by industry as an important strategy for improving standards that will meet or exceed regulatory compliance requirements and statutory requirements. They also advocate industry audits to uncover weaknesses and review the direct selling industry’s code of ethics to see if it complies with the Federal Sentencing guidelines (FSG).

On May 24, 2004, The Word-of-Mouth Marketing Association, was started by Pete Blackshaw, chief marketing officer of Cincinnati-based online buzz researcher Intelliseek, during Ad:Tech. Four days later, organizers
of the Viral and Buzz Marketing Association, based mainly in Europe, announced similar plans. Stated goals for both organizations is to establish ethical and measurement standards for buzz marketing (Neff, 2004).

During 2005, disputes arose between the Word of Mouth Marketing Association (WOMMA) and Viral & Buzz Marketing Association (VBMA) over efforts to create an ethical code for buzz marketing. The draft promoted honesty and consumer respect. VBMA produced a press release attacked the draft for ethical inconsistencies, limited scope and the process used to produce the code as it allegedly left out the input of key groups. An ad campaign from a conservative group complained that the code failed to ban the use of children in buzz marketing. This dispute arguably was brought to the attention of the National Institute on Media and the Family. This group, known for being a watchdog for video-game content, launched their own ad campaign and blog dealing with buzz marketing. They plan to produce a report card for the buzz marketing industry like they already do for video games (Creamer, 2005).

The majority of public corporations, in the United States, now have established ethics programs. This has been accomplished, in part, to comply with the Federal Sentencing Guidelines for Organizations (Robertson and Fadil, 1998). These guidelines require that organizations must develop compliance programs to prevent, detect, and deter illegal and/or unethical conduct. Throughout business, many trade and professional associations have been active in self-regulation. One of the most visible from the marketing field is the direct selling industry, which has been very active in self-regulation for over two decades. They have developed, implemented and enforced codes of ethical behavior and the promotion of better ethical behavior among their representatives (Wotruba 1995).

Such self-regulation initiatives make sense because, as Hemphill (1992) observed, firms or industries self-regulate to establish standards that meets or exceed existing statutory or regulatory requirements. To take one area in marketing as an example, in the 1960s, direct selling was gaining in popularity, but, because legitimate direct sellers represented a relatively new business methodology, there existed a need to establish new ethical guidelines, much like we need to do for underground marketing today. As a result, the Direct Selling Association developed their standards of behavior, which have helped their members comply with and exceed regulatory and statutory requirements. The users and proponents of underground marketing may consider the need to do the same.

Of course, codes of ethics do not always work. Enron is said to have one the best codes of ethics in their industry. Arthur Anderson was known for its work in ethics. A body of evidence still exists that casts doubt that codes of ethics, by themselves, are effective, (e.g., Ford et al. 1982; Chonko and Hunt, 1985, Cleek and Leonard, 1998). Murphy (1995) noted that a major criticism of codes is the lack of enforcement and often the lack of a mechanism for dealing with violators. Since skeptics view association codes of ethics as self-serving and inwardly focused (Tucker et al. 1999), we think that ethics audits are an additional step a company can take to alleviate this concern. An annual audit of an organization's ethics has been asserted to be just as important as the annual financial audit (Gray 1996). Adopting this annual check up should be strongly considered by marketing managers.

Of course, those fortunate enough to attend professional business schools are more likely today to encounter a renewed emphasis on business ethics, either across the curriculum, or in separate course being added to programs and bearing names such as “Business Ethics,” “Business Environment,” and “Corporate Responsibility.” This renewed emphasis has occurred in part, because of recent passage of Sarbanes-Oxley in 2002, the indictment of high profile people like Kenneth Lay and Martha Stewart, aggressive enforcement actions by attorneys general, especially Elliot Spitzer of New York, and a growing recognition that business, in general, must do better. Again, this should include marketing and all its functions including marketing research, advertising and selling.

Buzz marketing is subject to the threat of more regulation due to the methods used, e.g. paying people to participate and not disclosing to the public their connections to marketers. A strict interpretation of current advertising laws, especially Federal Trade Commission guidelines, would require full disclosure of commercial relationships. The Word of Mouth Marketing Association (WOMMA), referred to above, includes a working ethics code on its website where they state that they do comply with regulations promulgated by the Federal Communication Commission dealing with endorsements. The code includes a section "Honest ROI: Honesty of Relationship, Opinion and Identity" and talking points including the need to say who you are speaking for, say what you believe and never obscure your identity (Creamer, 2005). WOMMA has in their code of ethics a stand against deceptive word-of-mouth methods and has developed a dictionary of terms to distinguish true word of mouth from stealth marketing (Taylor, 2005).
If this does not happen on a voluntary basis, there is a growing threat of more costly regulations, more enforcement of current regulations by the Federal Trade Commission and various other Federal and state agencies, and the continuing threat of private causes of action by attorneys anxious to address improper behavior, especially if it can be done through effective class action lawsuits. Claims of deceptive trade practices with the threat of treble damages or even punitive damages ought to get the attention of the decision makers. And, the impact on public relations and reputations of investigations, arrests, trials and so is immense and has a direct downward impact on stock prices. We also risk a continuing erosion of the public trust needed to further the effectiveness of marketing.

Because of such concerns, the authors recommend that business leaders rethink the tendency to take the short-term view as evident in the use of underground marketing. We are glad to see more use of self-regulatory organizations and codes of ethics and we hope to see those that specifically address the issues raised by the deception of underground marketing. Our concern is especially pronounced as we consider the impact on children and others in our society less able to separate fact from fiction and perhaps, not yet jaded, by the means and methods used too often to separate them from their money.

Ethical business practices used to be linked to a corporation’s long-term best interests, contrasted against devious practices that often brought only short-term gain. Recommitting an organization to ethics cannot simply be a public relations campaign. An active commitment to ethical behavior, from top to bottom, will be the best safeguard against corruption and ultimately the only thing that will fully restore consumer confidence.

CONCLUSION

Underground marketing is not new, but is gaining in popularity among its users. Unfortunately, the average consumer is unable to detect when they are being “pitched” despite the popularity and extensive use among firms of this advertising method. The pervasive use of undercover marketing does not seem to contribute to consumer awareness of such. Its use is worrisome because of the deception that is used to make it effective. With full disclosure, some of the benefits of this practice would be gone, but would be replaced with behavior more in keeping with good business ethics. Transparency if required in accounting and financial disclosures is needed as much in marketing. The same kind of emphasis we are seeing in those business areas should be expected in our marketing decisions and practices. If such practices are not eliminated by self-regulatory efforts, we can expect more aggressive attempts to restrain such conduct through external pressures including more regulations from government, litigation, consumer boycotts and a continuing erosion of company reputations.

REFERENCES


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