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The Liberty Business Review

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Perceived Value of an Online Course

Alice M. Obenchain-Leeson

Carole Ann Creque

Promoting the Biblical Worldview in an Online Graduate-Level Business Course at Liberty University

Brian Satterlee

Online Retail Sales Taxation: Is the Streamlined Sales Tax Project Needed?

Jackie Browder

Business Intelligence: Mining the Business Environment for Strategy Critical Information

Edward Moore

Leadership, Trust, and Financial Accounting

Scott and Melanie Hicks

Derailed Executives and Prevention Strategies

Jim Dudleston and Brian Satterlee

Electronic Textbooks: An Empirical Study of Adoption Potential

Kendrick W. Brunson

God Is At Work— One Degree At A Time

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Introduction

By

Dr. Bruce K. Bell, Ph.D.

We are pleased to introduce this latest edition of the *Liberty Business Review*, an online journal of Liberty University's School of Business. With academically mature articles written by students and faculty in Business and Economics at Liberty University and other institutions of higher learning, this journal presents those articles from a Christian perspective and with a commitment to scholarly excellence.

Always offered without charge, this journal and its articles may analyze best practices in the teaching of Business and Economics within the Christian setting, contributing to the theory and practice of principled business in this country and around the globe.

Alice Obenchain-Lesson and **Carole Ann Creque** are global faculty who teach in Liberty University's MBA program. Their qualitative study, "Perceived Value of an Online Course," identifies student perceptions of value in an online course. Desired student experience is examined by identifying sources of perceived value and types of value, and then determining their prevalence and frequency. The authors focus their research on Christian Higher Education (CHE), since value may have special meaning within Christian colleges and universities.

Another faculty member at Liberty University is **Brian Satterlee**, who demonstrates how the biblical worldview can be promoted in the online environment. Examining the institutional, division, and curricular levels, the author describes how the biblical worldview is integrated in one graduate-level online course, demonstrating how the Business curriculum is in alignment with the purpose, educational philosophy, and aims of a Christian university.

Jackie Browder is instructor of Business and Management at Fort Valley State University, part of the university system of Georgia. She looks at "Online Retail Sales Taxation: Is the Streamlined Sales Tax Project Needed?" concluding that the Streamlined Sales Tax Proposal (SSTP) might eventually force compliance, but that congressional intervention would not be necessary if businesses and consumers followed both the legal and moral obligations to pay taxes on online purchases.

Exploring "Business Intelligence: Mining the Business Environment for Strategy Critical Information," **Edward Moore**, faculty member at Liberty University, presents a comprehensive model for gathering and evaluating information to formulate strategy. A wide range of theoretical elements are synthesized by the author in order to provide a more complete view of the critical process of creating intelligence necessary to developing that business strategy.

Scott Hicks and **Melanie Hicks** teach in the School of Business at Liberty University. Recognizing the role of leadership

in organizations, they acknowledge that leadership is not easily attained, nor is effective leadership maintained without great difficulty. Determining successful leadership might be different depending on the type of business one operates, the industry, or even the financial condition of the business. The authors emphasize trust as a leadership characteristic and then illustrate the importance of trust in leaders specifically within the financial accounting field.

Derailed executives are those managers who have reached a certain level of achievement and are then demoted or dismissed. Examining the phenomenon of derailed executives and prevention strategies are **Brian Satterlee** and **Jim Dudleston**, senior vice president of operations at TriVita, a Scottsdale, Arizona firm that specializes in the wellness industry. The authors identify five interconnected themes of derailment and conclude that typical derailed executives are highly independent, low in affiliation needs, and intellectually bright problem solvers who suffer from below-average interpersonal and team-building skills. Suggesting a number of ways to avoid derailment, the authors conclude with a biblical application from the Old Testament kings of Judah.

Finally, **Kendrick Brunson**, assistant professor of Marketing at Liberty University, conducts an empirical study of the potential for students to adopt electronic textbooks. Acknowledging the possible conflict that exists between textbook publishers and college students, largely surrounding the rising costs of textbooks, the author surveyed nearly 800 undergraduate students to determine the likelihood that those students would adopt online textbooks. The conclusion of this study is that even the Generation Y survey participants complain of fatigue and headaches from prolonged viewing of computer screens, thereby challenging the wisdom of exclusively offering electronic textbooks.

The faculty of the Liberty University School of Business is pleased to offer this current volume of the *Liberty Business Review*, and we are eager to hear your comments on these articles. Please submit those comments by email to Attn: Liberty Business Review at schoolofbusiness@liberty.edu.

Perceived Value of an Online Course

By

Alice M. Obenchain-Leeson, DBA
Carole Ann Creque, DBA

Introduction

The purpose of this study is to identify student perceptions of value in an online course offered at Liberty University. Desired student experience is examined by identifying the sources of perceived value – types of values and further determining their prevalence and frequency.

The Problem/Issue

Dockery and Gushee (1999) wrote “Christian Higher Education institutions must envision new programs, new degrees, and new delivery systems” (p. 4). Nearly a decade later, many such colleges and universities have followed their advice, particularly with the adoption of online delivery of education programs. To an industry so needful of innovative delivery systems, student satisfaction with online learning could be improved. As reported by Palloff and Pratt (2003), the National Center for Education Statistics (2003) reports that 30% of students were less satisfied with distance learning options as compared to face to face options.

Though the experience of the virtual student has been examined from multiple perspectives to include portraits of successful virtual students, (Palloff & Pratt, 2003), the role of course design (Arbaugh, 2005), and perceived satisfaction (Athiyaman, 1997), greater insight is needed into the desired student experience for online learners if institutions desire to have comparable satisfaction in face to face and online options.

Studies on student satisfaction (Athiyaman, 1997) have attempted to address the desired student experience via perceptions of satisfaction; however, marketing scholars (Woodruff & Gardial, 1996; Petrick, 2002) argue that satisfaction measures are incapable of fully addressing customer’s (student’s) perceptions of value. In other words, greater insight into perceived value will be more helpful, as compared to satisfaction, to higher education institution administrators in trying to understand the student’s desired experience. Therefore, this study will investigate student perceptions of value, at the course level, in the online learning environment.

Major Research Question and Sub-Questions

For the purpose of this study, the major research question is: Among a sample (n = 30) of MBA students taking a Marketing Management course at a Christian affiliated institution in Virginia, what is the desired student experience? To answer this question, the following sub-questions will be answered: (1) Are types of value, found in the literature, expressed in student responses? (2) Are types of value, other than those found in the literature expressed by students? (3) Of the types of value expressed by online students, how frequently do they occur and which is more prevalent? (4) What type of value is most centric to the desired student experience? (5) Given the type of value most centric (e.g., the central phenomenon of the study), what are the properties of this type?

This study will be extended at a later date to examine four additional research questions: (6) is there a relationship between the “central value type” and (a) gender, and (b) number of courses taken? (7) What are some strategies for addressing these relationships? (8) What are the potential consequences

for undertaking these strategies? (9) Is there a relationship between the MBA program deliverables stated on the Liberty website and what students value in the LU course?

Definitions

A variety of terms and ideas, centric to this study, are defined below:

Central Phenomenon: A single category of data, emerging during the coding processes, that appears to be centric to the phenomenon under study (Creswell, 1998).

Content Analysis: A research technique for making replicable and valid inferences from texts to the contexts of their use (Krippendorff, 2004).

Grounded Theory: One of five dominant qualitative research traditions whose objective is to generate or discover a theory, or an abstract analytical schema of a phenomenon that relates to a particular situation.

Perceived value: Adopted from Woodruff and Gardial (1997), perceived value is the customer’s (student’s) perception of what they want to have happen (i.e., the consequences) in a specific use situation (i.e. the course), with the help of a product or service offering, in order to accomplish a desired purpose or goal.

Types of value: Adopted from Parasuraman and Grewal (2000), types of value include: *possession value* (the benefits of simply acquiring a product/service); *transaction value* (the pleasure of getting a good deal); *in-use value* (utility derived from using the product/service); and, *redemption value* (residual benefit at the time of trade-in or end of life (for products) or termination (services)).

Significance of the Study

This study is important for theoretical and practical reasons. From a theoretical perspective, research is sparse on the types of value. Though scholars have identified the existence of types of value, examination of existence, prevalence and frequency of occurrence appear anecdotal. Adding to this pursuit, the understanding of student perceived value in the education domain has not been explored. A search of the Wilson Web Education – Full Text database at a major university library yielded no empirical articles on the subject. This is surprising given the increasingly competitive marketplace of higher education (Kotler & Fox, 1995), increasing development and reliance on online programs (Palloff & Pratt, 2003), and the substantive interest in student retention. Though the concept of perceived value has been examined in the marketing literature for more than a decade, it has not been investigated in the education domain.

The practical implications of this study are numerous. Simply put, an understanding of the types of student expected value will provide deeper insight into the desired student experience for those interested in student recruitment, course design, and student retention in online courses. Institutions that have a deeper understanding of the desired student experience are better prepared to deliver it. Surely, this knowledge would provide a source of advantage for institutions that have online education programs. As a small minority facing ever increasing competition, Christian Higher Education institutions that plan to implement online programs will gain exponentially from this insight. Finally, teachers in the marketing field may benefit from understanding the types and dimensions of perceived value found in a discipline specific course – Marketing Management.

Literature Review

The purpose of this section is to review the literature on perceived value by examining: the concept via salient studies, its types, and studies conducted in the education domain. This section will close with a brief discussion of the plight and considerations of understanding and delivering value in the setting of religious affiliated higher education institutions, particularly those offering online education.

Perceived Value

Historical

Perceived value has been hailed in the literature as important for competitive advantage (Woodruff & Gardial, 1998; Sweeney & Soutar, 2001; Pan & Chen, 2004; Caruana & Ferech, 2005), loyalty (Caruana & Ferech, 2005), and the 'quality – value- loyalty link (Parasuraman and Grewal, 2000). The study of perceived value has been active in a number of domains to include consumer and industrial marketing (Heinonen, 2004), and more specifically, services marketing (Zeithaml, 1988; Dodds, Monroe & Grewal, 1991).

Within the services marketing domain, studies on value have focused on domains where services are highly customized – dentistry (Caruana & Ferech, 2005); where markets are diverse and often non-responsive – leisure travel providers (Petrick, 2002), and; where relationships are integral between suppliers and customers – hospitals (Moliner, 2006). The features of “customized,” “diverse and non-responsive markets,” and “relationship driven” are not limited to the domains of dentistry, travel and healthcare. Rather such dimensions are important to many industries, namely online education. Palloff and Pratt (2003) characterize an online learning community as: diverse in age and motivation (p. 3), comprised with students who have their own needs (p. 16), and engaging in collaborative learning (p. 17). Given these features and their relatedness to “customized” “diverse markets” and “relationship driven,” it is interesting that no studies on perceived value have focused on the domain of higher education.

Theoretical/Conceptual

The purpose of this section is to delineate the numerous definitions of perceived value, and the dominant streams of perceived value research.

Zeithaml (1998) defined perceived value in four ways: (1) value is low price; (2) value is whatever I want in a product, (3) value is the quality I get for the price I pay and (4) value is what I get for what I give. In summary of these four definitions, perceived value has been defined as the consumer's overall assessment of the utility of a product (Caruana & Ferech, 2005) or more precisely a customer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1998; Petrick, 2002; Heinonen, 2004). Lastly, Monroe (1990) suggested simply that perceived value is the trade-off between benefit and sacrifice. These definitions are similar, though more granular, than the conceptualizations of Holbrook (1999) and Woodruff & Gardial (1998) who offered insight into the phenomenon of perceived value. However, it is these conceptualizations that clarify the phenomenon of perceived value and the challenges of understanding it.

Holbrook (1999) conceptualized value as “an interactive, relativistic, preference experience” (p. 5). In comparison, Woodruff and Gardial (1998) state that “Customer value is the customers' perception of what they want to have happen in a specific use situation with the help of a product or service” (p. 54). Among these conceptualizations and the definitions above, there appears to be agreement that value is determined by a customer, and is significantly shaped by perceptions of what is received (e.g., image, goods, etc.) by the customer and what is given (e.g. money, time, opportunity cost) by the customer. However, the work of Holbrook (1999) suggests that understanding value is quite challenging as value is “interactive, comparative, personal, and situational” (pp. 5-9). Because there are no studies on the perceptions of value in online education to establish a precedent, this study acknowledges the complexities noted by Holbrook (1999) and embraces the concept of perceived value espoused by Woodruff & Gardial (1998). Specifically, it is acknowledged that perceptions of value by online students will likely emerge from a dialogue about such, and that such perceptions are largely personal and individualistic in nature and situation driven.

Heinonen (2004) best describes the nature of academic research on perceived value when she suggests that academic research [on perceived value] is built on (1) linking the value construct to other constructs, and (2) defining the value construct.

As earlier noted, perceived value has been linked to a host of other concepts including satisfaction and loyalty (Caruana &

Fenech, 2005; Moliner 2006), repurchase intentions (Petrick, 2002). Using statistically reliable and valid indicators of perceived value, each of these authors determined that perceived value positively impacts consumer satisfaction, loyalty and repurchase intentions. The purpose of this study does not include linking perceived value to other constructs. Rather, the purpose is to better understand what comprises perceived value perceptions among online students.

Studies aimed at defining the value construct appear to divide into two dominant streams: (1) research on dimensions of perceived value, and (2) research on types of perceived value. Research aimed at defining perceived value has likely splintered because there is likely no one, universal, shared meaning of value. In addition, the construct of value is not well differentiated from other concepts (Zeithaml, 1998) such as perceived quality and utility. However, the work of Holbrook (1999) suggesting that value is “interactive, comparative, personal, and situational” (pp. 5-9) gives deeper insight into why research aimed at defining value have splintered. Because perceived value is both personal and situational, these two variables alone suggest that perceptions of value change dependent on personal and situational attributes.

Nonetheless, in attempts to reach a generalizable meaning of the value construct researchers have attempted to define general dimensions and types of perceived value. For example, Petrick (2002) in his hypothetical model suggested that perceived value of a service is determined by the dimensions of behavioral price, monetary price, emotional response, quality and reputation. Behavioral price was defined by Petrick (2002) as “the non-monetary price of obtaining a service” (p. 125), while monetary price was defined as “the price of a service” (p. 125). Emotional response defined as a “descriptive judgment regarding the pleasure given by a service” (Petrick, p. 125) was differentiated from quality, which was defined as “a consumer's judgment about a service's overall excellence or superiority” (p.125). Lastly, reputation was defined as “the prestige or status of a service” (Petrick, 2002, p. 125). From Petrick's work, a scale to measure the perceived value of a service is available. However, this scale assumes that value is divided into dimensions – different elements – that are summative in nature so as to reveal an overall assessment of value.

Other researchers (Parasuraman & Grewal, 2000) argue that value is best conceptualized by examination of the types of value. For example, though Parasuraman and Grewal (2000) note the importance of value dimensions their hypothetical model incorporates another level of analysis – types of value (p. 170). Parasuraman and Grewal (2000) suggest that perceived value is a dynamic construct in that “the relative emphasis of value may change over time” (p.170). As a result, they propose different types of value, owing to the idea that the emphasis of value changes over time. For example, acquisition value is defined as the “benefits (relative to monetary costs) buyers believe they are getting” (Parasuraman & Grewal, 2000, p. 169). Further, transaction value is “the pleasure of getting a good deal” (p. 169) while, in use value is “utility derived from using the product/service.” Lastly, Parasuraman and Grewal (2000) offer redemption value as “residual benefit at the time of trade-in or end of life (for products) or termination (for services)” (p.169).

The rationale for the distinction of “types” versus “dimensions” is not explained in the literature, nor is there a recommendation as to which one to use in defining value. Rather, it appears that both approaches are useful, and that both approaches combined could lead to a more robust understanding of value.

However, when choosing among the approaches, it's important to note that the “dimensions” stream likely helps one to understand what comprises value, while the “types” stream is well suited for understanding how value emerges. For example, the “types” stream may be well suited for studies that are based on “what consumers' want to have happen in a specific use situation with the help of a product or service” (Woodruff & Gardial, 1998, p. 54). In the specific application of online education, it would be helpful to know how perceived value presents itself at a variety of levels to include the course level and program level. In addition, the “types” stream is well suited for contexts where value emphasis is known to change over time.

For example, in the online education domain, it might be true that transaction value is present during application and admission, and then again at graduation, while in use value is likely most emphasized during the period of study. Given this logic, the “types” stream will be used as the basis for this study, with specific focus of the types of value that exist at the course level.

Measurement Issues
Regardless of whether a researcher is attempting to study linkages of value to other constructs or whether the focus is defining value, it is widely understood that it is difficult to quantify perceived value (Petrick, 2002). Though the literature yields a variety of frameworks (e.g., types and dimensions), and a variety of conceptual definitions (Woodruff and Gardial, 1998; Holbrook, 1999), perceived value is most commonly measured by using a self-reported, unidimensional measure (Gale, 1994; Petrick, 2002). Upon further inspection, however, these scales are created as domain specific, and often industry specific. For example, Caruana and Fenech (2005) developed a scale to detect perceived value among dental patients. Similarly, Petrick (2002) and Sweeney and Soutar (2001) developed scales based on other industries to include the travel and retail industries respectively.

Inspection of the actual scales suggests that significant refocus would be needed for usability in other domains. As important, it's not clear that refocus would enable these scales to capture the dimensions and types of value among a variety of disciplines. Given Woodruff and Gardial's (1998) observation that value is dependent on the situation, it's not surprising that scholars have found it necessary to develop scales that vary by domain. The message here is simply that value perceptions vary widely by domain (e.g., situation). Thus, understanding the types of value perceived by online students (or a sample in any other domain) would likely require more than refocusing an existing scale. Rather, a literature guided, qualitative approach to identifying types of value would provide opportunity to develop a comprehensive understanding of perceived value within a specific domain.

The use of qualitative methods is absent in the literature of perceived value. This is surprising given the nature of perceived value described above and the recommendations of Woodruff and Gardial (1998) to use descriptive models, round table discussions and the Delphi technique for developing a domain specific understanding of perceived value. Further, the very definition of qualitative research by Creswell (1998) suggests appropriate application of qualitative methods to the study of perceived value:

Qualitative research is an inquiry process of understanding based on distinct methodological traditions that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting. (p. 15)

Given that value perceptions are situation dependent (Woodruff & Gardial, 1998), and largely individualistic, it seems that the study of perceived value would be enabled by methodologies that provide for the building of complex and holistic pictures taken in a natural setting.

Perceived Value Studies in the Domain of Higher Education

A search of the Academic OneFile, and the Wilson Web Education – Full Text databases at three major east coast universities yielded no empirical analyses of student perceptions of value in higher education. As a result, one (Roffe, 2004) was identified within the smaller domain of online education. However, Roffe's study focused on the use of e-learning for the purpose of corporate training. So, for the purpose of this review, no articles were found that were specifically dedicated to student perceptions of value in the online domain.

Studies related to the student experience in the online domain appeared to be narrowly focused on the related construct of student satisfaction (Palloff & Pratt, 2003; Wilkes, Simon, & Brooks, 2006). A larger search of student satisfaction (in hopes of finding additional studies concerned with value) yielded an even narrower focus to issues such as the link between student satisfaction and service quality (Athiyaman, 1997). Though clearly, satisfaction and service quality are related constructions, Woodruff and Gardial (1996) and Petrick (2002) argue that satisfaction measures are incapable of fully addressing customer's (student's) perceptions of value. In other words, greater insight into perceived value will be more helpful, as compared to satisfaction, to higher education institution administrators in understanding the student's desired experience.

Though education institutions offering online programs will benefit from understanding perceptions of value held by students, a small subset of these institutions – Christian Higher Education institutions – will likely benefit exponentially from such understanding. Educational offerings of Christian Higher Education Institutions (hereinafter referred to as CHE) offer a more customized learning experience as compared to secular institutions. As important, a chief claim of many CHE institutions is the mentoring, relationship oriented atmosphere found between students and their staff, administration and faculty. Imposing the online domain atop the CHE institution environment, the promised characteristics often include, collaborative learning in a Christ-centered, relationship oriented atmosphere, for individual students. By many counts, the popular business press would consider this a rather specialized, perhaps niche offering. Given this observation, and the importance of “situation” in the perceived value literature, it's clear that an understanding of perceived value by students in online programs at CHE institutions would be valuable.

Perceived Value and Christian Higher Education Institutions

Atop the observation that the offerings of CHE institutions are specialized, most CHE institutions commit to offering a distinctive learning experience. That is, though many CHE institutions promise a Christ-based learning environment, many deliver such promise in different ways (curricula focus, delivery systems, required course work, service learning, etc.) so as to promote a distinctive learning experience. Fulfillment of the promise to be distinctive often requires institutions to be wholly clear on the wants, needs and desires of a specific and narrow segment of the market. It seems clear, then, that perceptions of value held by CHE students would play a key and critical role in the survival of such institutions.

Methods

The purpose of this section is to discuss the methods used for investigating the primary research questions. Specifically, the following sections explain the assumptions and rationale for using qualitative inquiry, the type of design, the role of the researcher, the sample, data collection procedures, data analysis procedures and methods of verification. Despite the use of quantitative designs among perceived value studies, this study utilizes a qualitative design.

Assumptions and Rationale for a Qualitative Design

Creswell (1998) defines qualitative research as: Qualitative research is an inquiry process of understanding based on distinct methodological traditions that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting. (p. 15)

The nature of perceived value being multidimensional, situation-specific, and highly individualistic (Parasuraman & Grewal, 2000) lends itself to qualitative inquiry. Surely, understanding perceived value can be considered a human problem, to which clarity is needed. As important, the nature of perceived value is complex, with its multiple dimensions and numerous types needed to form a holistic picture.

Because perceived value is so highly individualistic, it is assumed that individual descriptions of such will be individualistic as well, resulting in a variety of words, thoughts and ideas that require analysis. Most importantly, however, because perceived value is situation dependent, it's important to observe the ideas, thoughts and words of students within the natural setting, which is the online course environment. Because relatively little is known about the types of value desired and expressed by students, this study seeks to build an understanding of the existence, frequency and prevalence of literature guided and perhaps new types of desired value.

Type of Design Used

Because a central purpose of this study is to build an understanding of the existence, frequency and prevalence of literature guided types of value among online students, the Grounded Theory philosophy was followed. Creswell (1998) describes the grounded theory paradigm as appropriate for discovering a theory that relates to a particular situation – in this case a theory on perceived value among online students. Since it is the intent of this study to discover the types, frequency and prevalence of desired value types among online students, this study will build on (be grounded in) the literature of perceived value, and will result in a series of propositions for future study.

Qualitative researchers who use the grounded theory philosophy often intend to generate elaborate, abstract, analytical schema through complex illustrations of boxes and arrows as a conclusion to a study. Though this is the ultimate, end result of a series of studies on this topic, the focus of this specific study is simpler, and sharply focused on understanding one complex central phenomenon – the types of perceived value desired by on line students at the course level.

The dominant research design used in this study is observation research. Specifically, scientific observation is “the systematic process of recording the behavioral patterns of people, objects and occurrences as they are witnessed” (Zikmund, 2003, p. 235). Content analysis, a form of observation, will be utilized as the technique for data gathering and analysis. Specifically, content analysis is a research technique for the objective, systematic and quantitative description of the content of communication (Zikmund). In application to this study, student responses to open ended questions about desired value will be objectively analyzed and matched to one or more literature directed types of value. The types of value will be quantitatively described by frequency and prevalence.

Role of the Researcher

In this section the role of the researcher will be twofold to include researcher and teacher.

Data Collected and Analyzed

Sample

Data collected for this study was a random sample (n=30) of students who were enrolled in BUS1520 Marketing Management, a wholly, online course offered at Liberty University in fall 2006. Liberty University was selected for several reasons: enrollment, recent growth, religious affiliation, and a substantial base of online students. Liberty University ranks in the top six (of 317) not for profit, private institutions in the Southeastern United States (U.S. Department of Education, National Center for Education Statistics). Within the top 6, only 2 schools are recognized as being religious affiliated, ranking Liberty second in enrollment of religious affiliated schools in the Southeast with a FT enrollment of 12,458. Current statistics from the Liberty home page suggest that Liberty has approximately 24,000 students currently enrolled comprising 9600 residential students and 17,250 distance learning (e.g., via online).

In the fall of 2006, the MBA program at Liberty witnessed significant growth, thus signaling an increase in student demand, and perhaps existence of specific value types. For this reason, the fall semester of 2006 was selected for analysis. Students in the Marketing Management course are of particular interest simply because perceived value is a likely subject found in the context of a marketing course. Students in the course were familiar with the concept of perceived value.

Operationalization of Variables

Specifically, data for this study was gathered on the phenomenon of “valuable experience,” and two demographic variables including gender and number of courses completed.

Specifically, student responses to the open-ended question “To declare this course valuable in the end, what must occur?” were content analyzed. This question is a routine inquiry in the Marketing Management course and as such has been part of the routine evaluation course process since fall 2005. Concepts from the student responses were coded as “types of value” as indicated in the literature (Parasuraman & Grewal, 2000; Woodruff, 1997) to include: possession value, transaction value, in-use value, redemption value and other. Table 1 below provides examples of the main categories of the study, a definition of each category and an example.

Table 1: Types (Categories) of Value, Their Definitions and

Examples

Main Categories	Definition of Category	Example
Possession Value	A type of value that comes from simply taking the course	“Don’t expect anything – just to be here is enough.”
Transaction Value	The pleasure of getting a “good deal.”	“If the course is worth what I paid....”
In Use Value	Consequences desired while “in” the course	“Want my thinking to be challenged”
Redemption Value	Consequences desired at course termination.	“Want to be a valuable employee in the future.”
Other	Types of value expressed not accounted for above.	“Want to further the Kingdom Of God.”
Multiple Types	More than one type of value expressed.	“Want an A” or “Want my thinking to be challenged.

Though it was expected that each student response would contain at least one value type, it may be observed that some student responses contain multiple types; hence a new category emerged during the data collection.

Data Collection Procedure

The main research question guiding this study was placed in the Marketing Management course in fall 2005 (and continues today) as part of the routine evaluation of the course. Specifically, students enrolled in BUSI520, Marketing Management (a wholly online course) were asked to respond to the question "To declare this course valuable in the end, what must occur?" prior to beginning course work. A random sample of 30 students, from term 1 (first 8 weeks) in fall 2006, were selected for this study.

Actual data collection included generating a list of 30 random numbers between 1 and 68 (e.g., total number enrolled in term 1, fall 2006) using Excel. Using this list of 30 numbers, student responses (to include answers to the value question, first name, and number of courses completed) were transferred and saved in Microsoft Word. The 30 student responses, in raw data form, are shown in Appendix A.

The student responses were reviewed and analyzed using the steps below by two independent coders (see Appendix B) neither one being the author of this study. Both coders were trained in the concepts and practiced on a set of student responses prior to the actual coding of the student responses in this analysis. This practice process appears common in the literature as noted by Jones (2006).

Data Analysis Procedures

The data analysis procedures followed the recommended stages found in grounded theory studies to include the manual coding of student responses, which involves two distinct coding steps: open coding to identify types of value expressed by students and axial coding to identify new categories of value and relationships (Creswell, 1998). In addition, data analysis procedures culminated with the electronic recording of student responses into two software packages for the purpose of analysis. Once all data were recorded, two specific steps were taken: (1) a content analysis to detect: existence, frequencies and prevalence of the categories of value, and the central phenomenon (e.g., the most centric type of value expressed), and (2) axial coding to identify properties of the centric type of value and other types of value. The final step in the data analysis involved the creation of propositional statements for future research. In a later study, this grounded theory study will continue by extending the axial coding process so as to unearth: (a) possible relationships between the variables of gender, courses taken and the categories of value, and (b) strategies for addressing these relationships and (c) the consequences of such strategies.

Regarding the open coding of student responses, the original coding scheme was to identify student expressions of value and place them into one of the literature directed value types: possession value, transaction value, in use value, redemption value or other. Though many grounded theory studies begin inductively (e.g., no reliance on pre-set categories or ideas), this study begins a bit differently following the content analysis work of Jones (2006). Many content analyses begin with a literature directed approach, which then evolves to deductive reasoning about the nature of a complex theory (in this case on types of perceived value). Creswell (2005, p. 77) notes this as appropriate suggesting that grounded theory relies on both inductive and deductive reasoning. Also, for the subject of this study – perceived value – it's clear from the literature that perceived value perceptions are domain specific. Since this study appears to be among the first in the domain of online education, it seems prudent, practical and sound to begin an exploration of types of value with guidance from the literature. According to the literature on types of perceived value, studies (Parasuraman & Grewal, 2000) explore the existence of literature directed types of value perhaps because it's important to confirm the existence (or not) and prevalence of the types of value for comparison among multiple domains. Returning to the discussion on original coding, to signal the "other" category, coders will include one descriptive word, adjacent to the actual expression that most clearly represented the meaning of the actual expression.

Once open coding was completed, the results were entered into 2 software programs – Excel and NVivo7 - by the

researcher for the purpose of content analysis. Content analysis is an observational research method used to systematically evaluate the content of recorded communications (Jones, 2006; Kassarjain, 1977). In Excel, two worksheets will be created as shown in Appendix A. In worksheet one, student responses, arranged in rows, reflect the following data on each student: First Name, Gender (1= Male; 2=Female), actual value expressions (e.g., actual content), type of value expressions (Nominal data), type of value expressions (categorical data), and number of courses completed (interval data). In worksheet 2, aggregate data on each of the 4 value types were arranged by columns to include frequency, and percentage of total expressions by type. Likewise, the coded student responses will be entered into NVivo7.

Once all data are recorded, the five research questions were explored using Excel. This study is quite basic in nature, seeking to identify: the existence, frequency and prevalence of types of value and the most centric value type expressed. To this end, simple frequencies and percentages were calculated and presented in answer to each research question. However, the grounded theory paradigm calls for a deeper exploration of relationships, through axial coding among the categories of data, allowing for new categories, possible relationships and consequences of the relationships to emerge. As noted above, this analysis will be conducted in an additional, future study. Detection of new categories and relationships among the study's variables will be done through NVivo7.

Methods for Verification

In keeping with Jones (2006), Perreault and Leigh's (1989) ideas on the reliability of nominal data will be utilized and applied. Perrault and Leigh (1989) state "In the marketing literature, there is no accepted standard for evaluating or reporting the reliability of coded nominal data – even if multiple judges are used." (p. 137) Further Perrault and Leigh (1989, p. 137) indicate that "the most commonly used measure of inter-judge reliability is the simple percentage of agreement between them." This percentage was calculated for each category of value type to assess reliability of the judgments of the independent coders. Overall, the reliability indexes were appropriate to Perreault and Leigh's findings. All discrepancies in coding were resolved through discussion so that 100 percent agreement is obtained.

Results

In this section, the results of the analysis of the sample (n=30) for each of the five research questions are given. The demographic profile of the 30 subjects is summarized in Table 2 below.

Table 2: Demographic Profile of Subjects (n=30 by Gender, Number of Courses Completed, and Total Number of Value Expressions Given (n= 64)

	<u>Total</u>	<u>Average</u>
Gender		
Male	16	
Female	14	
Number of Courses Completed (Mean)	211	3.0
Total Number of Value Expressions	64	2.0

From table 2, it is clear that the majority of students in the sample were male, and that among all students 211 courses had been completed at the time of the study, with 64 total value expressions had been offered.

Research question 1 asked if literature directed types of value – transaction value, possession value, in use value and redemption value - are expressed in student responses. As noted in Table 2, 64 total value expressions were given, suggesting an average of 2.0 value expressions per student. Among the 64 value expressions, as noted in Table 3, it is clear that most (n= 62) matched to one of the literature directed types of transaction value, possession value, in use value and redemption value.

Table 3: Actual Student (n=30) Expressions of Value (n= 64) to the question “To declare this course valuable, what must occur?” and Type of Value

Value Expression	Type
learn something can apply	in use value

learn something can apply	redemption value
learn concepts theories	in use value
expand thinking	redemption value
solidify education foundation	redemption value
get material	in use value
get retain utilize	redemption value
be more valuable employee	redemption value
must comprehend	in use value
must apply	in use value
product and service strategy	in use value
finish successfully	redemption value
new things about marketing	in use value
see others finish successfully	other
if my thinking is challenged	in use value
material is applicable to current environ	in use value
willing to put in time and effort	other
apply ideas at small church	in use value
apply ideas toward something eternal	redemption value
learn specifics of marketing	in use value
learn how to be an influential marketer	in use value
learn main concepts of marketing	in use value
can apply main concepts of marketing	in use value
apply concepts to future	in use value
increase knowledge and awareness of marketing	in use value

Table 3: Continued

<u>Value Expression</u>	<u>Type</u>
learn the fundamentals of marketing	in use value
learn practical usage	in use value
willing to participate in group	in use value
learn from group - group knowledge	in use value
maximum knowledge level	in use value
enjoyable experience	in use value
discipline and creativity needed	in use value
group cooperation needed	in use value
learn new thoughts and ideas	in use value
looking forward to the learning challenge	in use value
learn theory/practice from a Christian World View	in use value
be able implement what learned current job	in use value
better understand marketing	in use value
learn how to implement	in use value
develop communications skills	in use value
get a better understanding of marketing	in use value
get a better understanding of business	in use value
learn market trends, customer behaviors, procedures	in use value
address customer needs improve employer bottom line	redemption value
Give open frequent communication	in use value
wants spiritual and intellectual growth	in use value
involved in an engaging class	in use value

Table 3: Continued

<u>Value Expression</u>	<u>Type</u>
learn marketing's role in delivering value	in use value
learn decision making in marketing management	in use value
learn marketing management tools	in use value
organizing the marketing management function	in use value
learn marketing as it relates to business today	in use value
learn strategic marketing	in use value
be able to apply to the real world	redemption value
practically apply the information to occupation	in use value
be able to better handle marketing scenarios	redemption value
apply marketing to improve marketing of church	redemption value
apply marketing for marketing of denomination	redemption value
learn new concepts and strategies	in use value
be able to apply to today's environment	in use value
learn techniques and ideas in MM	in use value
apply techniques and ideas in MM	in use value
complete course with understanding of marketing	redemption value
learn information that is readily applicable	in use value

By virtue of table 3, it is most clear that each value expression was identified as one of the chief types of value directed in the literature. Accordingly, in research question 2 which asked – “Of the literature directed types of value, which are expressed by online students? Are types other than the literature directed types expressed? – the answers are clearly noted in table 3. Out of the four types of value – transaction, possession, in use and redemption – only the value types of in use and redemption were identified in the student expressions. However, not all student responses were matched to a value type, thus suggesting need for a category of “other.” For example, two different students each offered a response of “see others finish successfully” and “willing to put in time and effort” which don’t fit neatly into the four literature based forms of value.

For research question 3, the frequency and prevalence of the types of value expressed by students were explored. Clearly, from table 3 above, redemption value represented thirteen of the responses, 2 “other,” with the remaining 49 responses identified as in use value. Thus, the most frequently occurring and prevalent value expression was the type of “in use,” which is the utility derived from using a product/service. In response to research question 4 “what type of value is most centric to the desired student experience?” it appears, based on frequency alone, that “in use” value, utility derived from taking the course, is the most centric value the online students are seeking in the course.

Upon closer examination of each of the most centric type of value expressed -“in use” expressions – some interesting themes emerged. All of the “in use” expressions were either focused on course content, the learning environment, and the opportunity to use and apply the course. For example, the utility desired from the course by some students was based on content – that is – to learn specific topics such as consumer behavior or organization of the marketing function. In contrast, other students defined value by describing the learning process with descriptors like frequent communication, and engagement in group work. So, regarding research question 5, there were several themes (e.g., properties) detected in the value expressions. Table 4 offers examples of the some of the in use value expressions, their properties, and the frequency with which a specific property appeared.

Table 4 Examples of In Use Value Expressions (n = 49), Their Properties, and Frequency

Properties	Frequency of Properties	Examples of Value Expression
Learning Content	30	Get material
		Learn main concepts of marketing
Learning Process	10	To participate in group work
		Have enjoyable experience
Use/ Apply	9	Apply main concepts of marketing

From table 4, it is also clear that students, who express value as coming from using the course, mostly explain this value by focusing on content, rather than the process of learning or how the course can be used (e.g., applied).

Based on the content analysis of student expressions to the question “For this course to be valuable, what must occur,” this study analyzed 30 students and 64 expressions. The results demonstrated that among 30 subjects multiple value expressions were offered by each subject. Among the value expressions, most were matched to the four literature-directed types of value; however, only two types of value noted in the literature – in use and redemption – were accounted for by the responses. In use value was expressed with the greatest frequency, thereby suggesting that students perceive of value, at the course level, in terms of the utility experienced in the course. Upon closer inspection, in-use value expressions divide among 3 general themes – content, learning environment and application. Among these themes, the most frequently occurring was content, thereby suggesting

that online students mostly describe a valuable learning experience in terms of course content.

Discussion and Implication of Findings

The purpose of this section is to discuss the results of each research question in light of the existing literature on perceived value. In closing, this section will culminate with propositions for future study, and recommendations for researchers in the field.

This study is important for theoretical and practical reasons. From a theoretical perspective, studies on the existence and prevalence of types of value are sparse and limited to the conceptual work of Woodruff & Gardial (1998) and Zeithaml (1998) and Woodruff (1999). Though there appears to be agreement in the literature on the existence of four types of value – transaction, possession, in use and redemption – the literature is clear that value is highly dynamic, individualized and domain specific. Given the multiple domains in business industry, then, it's concerning that research into value types across industries is sparse. Among the numerous industrial domains, higher education in the past decade has developed into a fiercely competitive and dynamic environment due in part to the creation of online learning. Here too, it's surprising a search of academic databases appear to have no empirical articles on perceived value in the online domain. Thus, this study was intended to unearth a basic understanding of the types of value expressed by online students, at the course level. Specifically, this study explored five research questions and yielded several important findings.

First, the value expressions of online students can be grouped into the four commonly accepted types of value (Parasuraman and Grewal, 2000). This finding is important in building a theory on value perceptions because it suggests that the four commonly accepted types of value are sufficient for understanding the breadth and scope of perceived value, at the course level, in online learners. Therefore a proposition for future study is:

P₁: When asked, online learners, at the course level, will express desired value in terms of transaction value, possession value, in use value and redemption value.

Second, though there are four commonly accepted types of value in the literature, this study suggested that only two of them – in use value and redemption value – accounted for student expressions of value. The importance of in use value and redemption value was not surprising as Parasuraman and Grewal (2000) suggest that these types of value may dominate perceptions of value during later stages of product/service use. Since the course of focus in this study was several courses into the MBA program sequence, it's not surprising that in use and redemption value account for all of the value expressions (n=19). However, the absence of transaction value was surprising, particularly since the monetary theme inherent in transaction value (e.g., getting a good deal for the price) is sometimes anecdotally attributed, by institutions, as being important to students. Thus, a second proposition for future study is:

P₂: When asked, online learners, at the course level, are more likely to express desired value in terms of in use value and redemption value.

Third, among the two types of value accounted for by the expressions, in use value was the most frequently occurring and hence prevalent of the value types. Specifically, in-use value accounted for forty-nine of the sixty-four value expressions, thus rendering in use value as the central variable in this study. This finding is surprising because the Marketing Management course – the course of focus – is offered halfway through the MBA sequence of courses. If Parasuraman and Grewal (2000) are correct that both in use value and redemption value predominate in later usage stages of a product or service, then it would seem reasonable to see redemption value appearing with greater frequency. However, it is important to recall that assignment of each expression to a value category was subjective and relied on interpretation of words. For example, an expression of “learn how to implement” was coded as “in use value,” suggesting that the student wanted to learn implementation during the course (the “in use” situation). However, another interpretation might have been to interpret “implement” as including a future state of existence (e.g., beyond the “in use” – the course- situation) as well, thus also making this value expression appropriate to “redemption value.” A third proposition for future study includes:

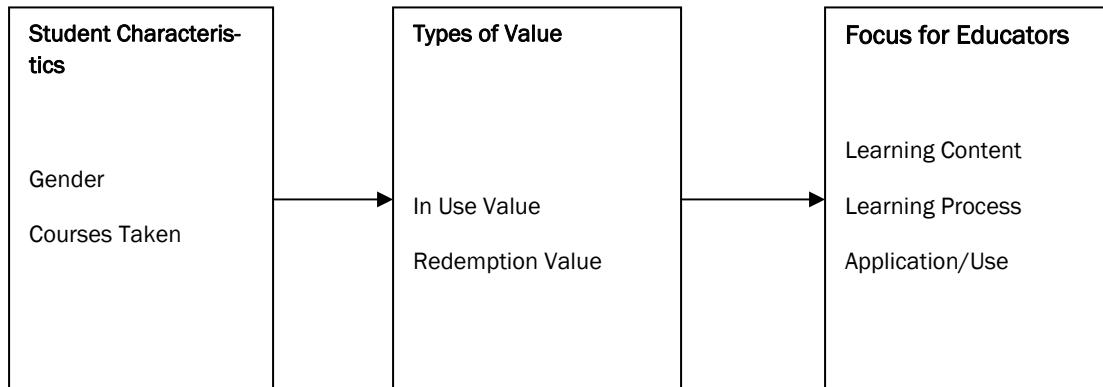
P₃: In use value is the most prevalent value type expressed by online students at the course level.

Lastly, the grounded theory approach to qualitative analysis urges researchers to deepen inquiry into variables of study to look for similar patterns in subject responses. In this study, the final research question was dedicated to understanding the properties of the central variable. Emerging as a result of this study, in use value was determined to be the central variable (the central phenomenon) by virtue of its prevalence in student responses. In a grounded theory analysis, the central phenomenon is important, because it becomes the basis for understanding relationships with other variables, and developing strategies for dealing with such relationships. As part of understanding the central variable in this study, student responses labeled as in use value (n=49) were content analyzed yielding the presence of three properties – content, learning environment and application. These three properties are not surprising, as they tend to be common elements found in the learning environment. However, it was surprising that content was more important than application, due to the high prevalence of adult learners in online programs. As important, scholars (Palloff & Pratt, 2003) note the importance of student socialization in the online environment. However, this property did not emerge as salient. As a fourth proposition for future study,

P₄: In use value is comprised of three dominant themes – content, learning process and application. Content expressions will be the most prevalent.

Given the results of this very basic study, it's possible to conceptualize a partial theory on perceived types of value at the course level as follows:

Figure 1: A Partial Framework on Perceived Value in Online Higher Education



Using the grounded theory philosophy found in qualitative analysis, the results of this study can be expanded upon and used to explore the framework above so as to build a comprehensive theory of perceived value of courses in online education in Marketing. Specifically, such studies can explore relationships between student characteristics and types of value so as to understand strategies needed to design and deliver desired value.

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Appendix A
Two Excel Worksheets

56	M	0	develop communications skills	IUV	Learning Content
9	M	4	get a better understanding of marketing	IUV	Learning Content
9	M	4	get a better understanding of business	IUV	Learning Content
7	M	1	learn market trends, customer behaviors, procedures	IUV	Learning Content
7	M	1	be able to address customer needs improve employer bottom line	RV	Use - Apply
7	M	1	Give open frequent communication	IUV	Learning Process
7	M	1	Wants spiritual and intellectual growth	IUV	Learning Process
21	M	2	involved in an engaging class	IUV	Learning Process
33	F	9	learn marketing's role in delivering value	IUV	Learning Content
33	F	9	learn decision making in marketing management	IUV	Learning Content
33	F	9	learn marketing management tools	IUV	Learning Content
33	F	9	organizing the marketing management functino	IUV	Learning Content
41	M	4	learn management of marketing as it relates to business today	IUV	Learning Content
8	M	6	learn strategic marketing	IUV	Learning Content
8	M	6	be able to apply to the real world	RV	Use - Apply
14	M	7	practically apply the information to occupation	IUV	Use - Apply
14	M	7	be able to better handle marketing scenarios	RV	Use - Apply
18	M	2	effectively apply marketing management to improve marketing of church	RV	Use - Apply
18	M	2	effectively apply MM to improve marketing of denomination	RV	Use - Apply
68	F	2	learn new concepts and strategies	IUV	Learning Content
68	F	2	be able to apply to today's environment	IUV	Use - Apply
66	F	0	learn modern techniques and ideas in MM	IUV	Learning Content
66	F	0	apply modern techniques and ideas in MM	IUV	Use - Apply
67	F	3	complete the course with knowledge and understanding of marketing	RV	Learning Content
67	F	3	learn information that is readily applicable	IUV	Use - Apply

Appendix B

Profile of and Attribution to the Independent Coders

In keeping with the guidance of qualitative researchers (Jones, 2006; Creswell, 2005; Miles & Huberman, 1994; Kas-sarjain, 1977) independent coders were selected for the laborious and detailed work of initial coding. Without their tireless ef-forts, this study would have not been possible. In this study the two coders were as follows:

Benny Hodges

Benny brings both academic and professional experience in business research to this effort. He is currently a graduate student at Averett University, where he has completed numerous courses including graduate level work in Marketing and Re-search Methods. In both courses, he has studied both perceived value and content analysis. While in the Averett program, he con-ducted a 10 week, empirical study on the relationship between workplace absenteeism and stress levels. His academic progress compliments his decade long career in health care, whereby he works daily with data extraction, manipulation and analysis. His attention to detail, and ability to work with abstract concepts made him a natural addition to the research team.

Gailen Miles

Like Benny, Gailen brings both academic and professional experience in business research to this effort. Gailen. Presi-dent and founder of MileStone Performance, Inc., Gailen is a Performance Consultant/Training Specialist who has been in the consulting, key-note, and seminar business since 1983. The focus of her work is leadership and cultural issues in the workplace. Enrolled in the MBA program at Averett University, she is familiar with the fields of perceived value and content analysis. While at Averett, she conducted a 10 week, empirical study on the differences in sources of motivation among different generational workers. Her wealth of knowledge from performance consulting and analytical skills made her a formidable addition to the re-search team.

Promoting the Biblical Worldview in an Online Graduate-Level Business Course at Liberty University

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Abstract

The purpose of this paper is to demonstrate how the biblical worldview can be promoted in an online course in the graduate-level Business program at a Christian university. Three inter-related sections are used to delineate the importance of promoting the biblical worldview at the institutional, division, and curricular levels. First, the purpose, educational philosophy, and aims of the university are presented. Second, an overview of the graduate curriculum in Business clearly demonstrates harmony with the institutional purpose, educational philosophy, and aims. Third, a description of how the worldview is promoted in one specific course, International Business, provides a clear example of how the Business curriculum is in alignment with the purpose, educational philosophy, and aims of this Christian university.

University Purpose, Educational Philosophy, and Aims

The purpose of Liberty University is to “develop Christ-centered men and women with the values, knowledge, and skills essential to impact tomorrow’s world. The mission is carried out for resident students through a rigorous academic program and structured social environment. It is carried out for external students in a comparable academic program but without the structure of the resident community” (Liberty University Graduate Catalog, 2007, p. 5). Its educational philosophy promotes the ideas that “education as the process of teaching and learning involves the whole person, developing the knowledge, values, and skills that enable the individual to change freely. Thus it occurs most effectively when both instructor and student are properly related to God and each other through Christ” (Liberty University Graduate Catalog, 2007, p. 5).

The University has published eleven fundamental Aims in support of its mission and educational philosophy (Liberty University Graduate Catalog, 2007, p. 5):

- “Contribute to a knowledge and understanding of other cultures and of international events.
- Promote an understanding of the Western tradition and the diverse elements of American cultural history, especially the importance of the individual in maintaining democratic and free market processes.
- Foster university level competencies in writing, speaking, reading, appreciation of the arts, analytical reasoning, computer literacy, and research.
- Enhance graduate level knowledge and skills, particularly in the areas of individual research and scholarship.
- Convey the different ways of acquiring knowledge in the humanities, social sciences, and natural sciences.
- Enable them to engage in a major field of study built on a solid foundation in the liberal arts.
- Explore the moral dimensions and ethical implications in the disciplines offered by the University.
- Assist in developing competence and determination

in their approach to their vocation, including encouragement in choosing and following their vocation as a calling to glorify God, fulfilling the Great Commission, and doing the will of God through all of life.

- Promote the synthesis of academic knowledge and Christian values in order that there might be a maturing of spiritual, intellectual, social and physical behavior.
- Cultivate a sensitivity to the needs of others and a commitment to the betterment of humanity.
- Encourage a commitment to the Christian life, one of active communication of the Christian faith, personal integrity, and social responsibility which, as it is lived out, leads people to Jesus Christ as the Lord of the universe and their own personal Savior.”

Graduate Business Programs

All Liberty University graduate-level instruction in Business is administered through the Division of Graduate Studies and Distance Learning. Three degree programs are offered exclusively via the online modality of instruction: Master of Science in Accounting (MSA), Master of Business Administration (MBA), and Master of Science in Management (MSM). “The Master of Science in Accounting is a 30-hour graduate program that will provide students with the opportunity to complete 21 hours of advanced study in the core accounting areas of: auditing, accounting information systems, cost accounting, CPA law, accounting ethics, financial accounting theory, and tax research. The Master of Science in Management is a 30-hour graduate program that will provide students with the opportunity for specialization in the most popular of all business fields. It will consist of nine core management courses and one elective” (Liberty University Graduate Catalog, 2007, p.93). “The Master of Business Administration provides master’s level training to prepare persons for business leadership. In addition to a strong core curriculum, students are now able to specialize in one of four key business areas: Accounting, Human Resource Management, International Management, and Leadership. Alternatively, a student may choose not to pursue a specialization. In accordance with the mission of Liberty University, the graduate faculty seeks to educate the whole person, developing the values, knowledge, and skills individuals need to impact their business world. The context for all instruction is the Christian worldview” (Liberty University Graduate Catalog, 2007, p.91).

Promoting the Biblical Worldview in an Online Course

BUSI 604 International Business (IB) is one of the core courses in both the MSM and MBA degrees. The major purpose of the course is to prepare students to compete successfully in the global economy. Global interdependence among nations of the world is a reality. Trade barriers between nations have fallen, and trades blocs are rapidly forming as world leaders realize that there is more to be gained by collaborating with each other than by remaining economically isolated. Multinational corporations are playing a major role in this accelerating regional and global economic integration. The management of a company having international operations differs in many important ways from that of a company whose operations are confined to one nation. A major emphasis of this course is to demonstrate how management activities in a global enterprise differ from those in a purely domestic firm. Thus, it is imperative that business

school graduates have keen awareness of how global firms operate and what might be the managerial tasks in such enterprises.

It is interesting to note that the first published Aim of Liberty University is to “contribute to a knowledge and understanding of other cultures and of international events.” Thus, IB provides the essential element of mission centrality for the MSM and MBA degree curricula. IB offers additional mission centrality to the curriculum as it engenders implementation of the following university aims: (Aim 4) enhance graduate level knowledge and skills, particularly in the areas of individual research and scholarship; (Aim 8) assist in developing competence and determination in their approach to their vocation, including encouragement in choosing and following their vocation as a calling to glorify God, fulfilling the Great Commission, and doing the will of God through all of life; (Aim 9) promote the synthesis of academic knowledge and Christian values in order that there might be a maturing of spiritual, intellectual, social and physical behavior; and (Aim 11) encourage a commitment to the Christian life, one of active communication of the Christian faith, personal integrity, and social responsibility, which, as it is lived out, leads people to Jesus Christ as the Lord of the universe and their own personal Savior.

Online courses offered through the Division of Graduate Studies and Distance Learning have been designed to be completed in an asynchronous format over an 8-week term of instruction. Three challenges regarding biblical worldview confront faculty teaching these courses. First, the intensity of this compressed format, i.e., covering the traditional 16 weeks of graduate-level academic content in 8 weeks, proves challenging to university professors in terms of integrating the biblical worldview into their courses. The second instructional challenge is to promote that worldview consistently across Business disciplines. The third challenge involves the inconsistent levels of biblical knowledge that students bring to the course. Some students are well-versed in such knowledge while others have little or no knowledge of the Scriptures.

The author of this paper initially designed and developed BUSI 604, International Business (IB), as a video course in 2000. The course was redesigned into the current online format in 2003, as the MBA program was the first fully online academic offering of the university. Promoting the biblical worldview has been an instructional priority over the years, and the author has incorporated a means to accomplish this priority that meets each of the three challenges. The following sections provide specific details regarding the course objectives and structure, and how the worldview is promoted throughout the course.

Course Objectives and Structure

The measurable objectives of the course require student competency in the functional areas of Global Business; thus upon successful completion of the course the student will be able to:

- Summarize the concept of globalization as it applies to contemporary businesses.
- Justify the importance of culture to managers within the international business setting.
- Critique the major aspects regarding the political and economic environments of international trade.
- Compare and contrast the various theories of international trade and investment.
- Analyze the relationship between global financial markets and monetary systems.
- Appraise differing regional economic integration agreements.
- Evaluate the various methods of global market entry.
- Outline the operations management processes neces-

sary for success in the global business setting.

Attainment of online course learning objectives are assessed using weekly Discussion Forum questions and postings designed to assess the higher-level critical thinking skills such as analysis, synthesis, and evaluation and a Global Business Cultural Analysis research paper designed to demonstrate (1) skill in conducting academically rigorous research and (2) quality of formal writing at the graduate-level.

Biblical Worldview Discussion Forums

The biblical worldview is promoted in the weekly Discussion Forums. Each Discussion Forum has a two-week duration of time; thus four biblical worldview Discussion Forums are required:

- Biblical Worldview – provides a common definition and understanding of the biblical-based worldview.
- Business Worldview – provides an overview of the Christian worldview as applied to business in general.
- Global Business Worldview – provides access to a scholarly online journal that integrates biblical worldview with the Business worldviews.
- Global Business as Missions – provides evidence to support the concept of global business as missions.

The actual Discussion Forum instructional postings are listed in the Appendix.

Conclusion

The purpose of this paper was to demonstrate how the biblical worldview can be promoted in an online course in the graduate-level Business program at Liberty University. Three inter-related sections were used to delineate the importance of promoting the biblical worldview at the institutional, division, and curricular levels. First, the purpose, educational philosophy, and aims of Liberty University were presented. Second, an overview of the graduate curriculum in Business clearly demonstrated harmony with the institutional purpose, educational philosophy, and aims. Third, a description of how the biblical worldview was promoted in the specific course, BUSI 604, International Business, provided a clear example of how the Graduate Studies and Distance Learning Business curriculum is in alignment with the purpose, educational philosophy, and aims of Liberty University.

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Appendix

DISCUSSION FORUM ONE: The Biblical Worldview

<http://www.christianworldview.net/>

One of the most satisfying aspects of working with LU residential students is the opportunity to help them explore the biblical worldview. By the time they come into my senior-level courses, they have had over 18 hours of bible coursework, thus it is easy to integrate the biblical worldview with the academic content of my course.

However, I have found that most LU online graduate students, while believing in Christ, have had no systematic exposure to the biblical worldview. Thus, the purpose of this DB Biblical Integration is to provide you a resource that can be

explored to help you grow and refine a systematic biblical worldview.

After reviewing the website, please feel free to share any thoughts regarding how the biblical worldview. Thanks, and God Bless!

DISCUSSION FORUM TWO: The Business Worldview

<http://www.christianitytoday.com/workplace/articles/whatbusinessworldview.html>

Now that we have established the importance of a systematic Biblical Worldview, we turn our attention to applying the Biblical Worldview to Business. The website is an excellent resource, and I look forward to your comments and thoughts regarding the Biblical Business Worldview. Thanks, and God Bless!

DISCUSSION FORUM THREE: The Global Business Christian Worldview

<http://www.regent.edu/acad/global/publications/rgbr/home.shtml>

Understanding the integration of the Biblical and Business worldviews leads us to the next step in our systematic exploration: how does this relate to global business? Many resources exist that deal with this topic. The link provides access to an online scholarly journal that deals with this further integration process.

As usual, I look forward to reading your comments regarding Global Business from a Christian Worldview. Thanks, and God Bless!

DISCUSSION FORUM FOUR: Global Business as Missions

<http://www.businessasmissionnetwork.com/>

In our final discussion regarding the integration of the Biblical Worldview with Global Business, I want to share a website that provides resources regarding the concept of business as missions. The site promotes news, tools, and resources to turn good business into great ministry.

As usual, I look forward to reading your comments regarding integrating Global Business to missions. Thanks, and God Bless!

On-line Retail Sales Taxation: Is the Streamlined Sales Tax Project Needed?

by

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While Federal taxes are required to be filed by most businesses located within the United States, state and local sales taxes are only collected within the jurisdiction of the company's physical location. State and local governments often lose tax revenue when consumers shop outside of their state and local jurisdictions. This paper will explore the current taxation collection methods for retail sales made through the Internet and future trends toward changing those methods with the Streamlined Sales Tax Project.

Introduction

"In 1888, Richard Sears first used a printed mailer to advertise watches and jewelry" (Sears Brands, LLC, 2008, p. 1). This classic mailer may have been one of first incidents which tested the difficulties of taxing retail sales which crossed state and local lines. A few catalog sales mailed through the U.S. Postal System may not have attracted much notice from lawmakers, but the current growing Internet retail sales figures are hard to ignore.

Sears Brands, LLC (2008) no longer publishes its famous Big Book catalog, but has moved into the "electronic age by offering Sears Direct services. This gives the customer the opportunity to order items through the Shop at Home catalog concept featuring an on-line Wish Book, and an on-line site for Craftsman tools and parts" (p.1). Sears Brands, LLC has joined other on-line retailers to fuel an explosion of profits from the sale of on-line retail goods. According to the Internal Revenue Service's *Retail Industry ATG* (2005), the year 2004 saw "a dramatic increase in online retail sales increasing to nearly \$69 billion" (p.1). The Internal Revenue Service (IRS) publication *Retail Industry ATG* (2005) also comments on the rapid rate of growth of on-line retail sales.

According to the IRS (2005), "The Internet is changing the way that many retailers conduct their business" (p. 1). The IRS (2005) adds that "even small businesses are increasingly utilizing the Internet to conduct business transactions. This increase in rate of electronic business promises to be faster than any other technological innovation to date and its implications far more profound" (p.1).

Current Federal, State, and Local Tax Requirements

Retail sellers are responsible for filing Federal taxes regardless of the physical location of the company within the U.S. Most sellers must file a Form 1040, Schedule C, Schedule SE, and 1040-ES to report income. Companies with employees may need to file additional forms including W-2 and W-3 for Social Security and Medicare tax withholding, and

Form 940 for Federal Unemployment tax. In addition, the company must file forms and pay taxes based on company type such as Form 1065 for a Partnership, or Form 1120 for S-Corporation and Corporate taxes (IRS, 2008, p. 1).

Taxes will also be owed for the state and local jurisdiction of the physical location of the company or seller, but according to Ballard and Lee (2007), "Currently, state and local governments cannot require an online firm to collect sales taxes or use taxes, unless the firm has a physical presence (nexus) in the taxing jurisdiction" (p. 711). As an example, a company whose warehouse and main office resides in Lynchburg, Virginia would be required to pay Federal taxes, Virginia State taxes, Bedford County taxes, and Lynchburg City taxes as applicable, but would not be required to pay or collect sales and use taxes for counties and cities in Hawaii, even if online sales to residents of Hawaii occur.

Effect of Current Taxation on Sales

The temptation of consumers is to cross state and local taxing zones into a jurisdiction which has lower taxes to make purchases, either by driving across state lines or shopping online. A ten dollar online purchase with free shipping is less expensive than making the same purchase locally at a price of ten dollars plus sales tax. A savings of a few pennies may not be significant to consumers, but larger purchases may cause sales taxes to be a significant factor in choosing a seller. Ballard and Lee (2007) report, "We also find that Internet purchases are significantly more likely for consumers who face higher sales-tax rates, all else equal," and their results indicate that "that consumers may use the Internet to avoid sales taxation, because of a high sales-tax rate in their jurisdiction" (p. 711).

The loss of sales taxes can be a significant revenue loss to a state, county, or city government. States such as Tennessee that have little or no state income tax but a heavy sales tax are especially vulnerable to a loss of tax revenue from Internet sales. According to the Tennessee Department of Revenue (2008), "The individual income tax is imposed only on individuals and other entities receiving interest from bonds and notes and dividends from stock," yet the Tennessee State Sales Tax "unless specifically exempted, remains at 7%" (p. 1).

Future Trends in Internet Revenue Taxation

To "protect local merchants who must collect sales tax from unfair competition from out-of-state sellers who do not collect Tennessee's sales tax," Tennessee enacted a use tax (Tennessee Department of Revenue, 2008, p. 1). According to the Tennessee Department of Revenue (2008), a use tax "taxes the use of property brought into the state untaxed when purchased" (p.1). The Tennessee Department of Revenue use tax is similar to a sales tax, but differs in the method of sending the tax to the Tennessee Department of Revenue. Sales tax is collected by the seller from the consumer and sent to the government, but use taxes are generally sent directly from the consumer to the government. According to the Tennessee Department of Revenue (2008), "Even if a seller does not collect Tennessee sales tax from you, when you ask a dealer to deliver an item to you in Tennessee, you are responsible for paying use tax at the same rate as sales tax" (p. 1).

A problem with use taxes, such as the tax in Tennessee, is that the consumer must voluntarily report a taxable purchase at a later date instead of having the tax collected by the seller at the time of purchase. The Tennessee Department of Revenue (2008) notes that "if the out-of-state business does not have nexus in Tennessee, the business is not required to collect Tennessee taxes," but that "some businesses located in other states voluntarily register to collect Tennessee sales or use tax to eliminate the customers' obligation to file a consumer use tax return" (p. 1).

Cornia, Sjoquist, and Walters (2004) comment that "Because of the difficulty of collecting the use tax from the consumer, states have made various (unsuccessful) attempts to require remote vendors to collect sales tax" (p. 1). It would be advantageous for states with use taxes to have sellers collect the taxes at the time of purchase on behalf of the state and local governments, but with "almost 7,600 different tax jurisdictions across the country" (Sparks, McCoskey, & Alvis, 2004, p. 109), each having potentially different rules for taxation, it is unreasonable to expect companies to voluntarily collect out-of-state sales and use taxes since this would "require business to file thousands of sales and use tax returns each month" (Sparks et al., p. 109). In addition to various tax rates, Ballard and Lee (2007) note that "There is wide variation among the states in the definition of which goods and services are subject to the retail sales tax" (p. 711).

In an attempt to reconcile the divergence of tax laws across the country, "several states are engaged in an effort, known as the Streamlined Sales Tax Project (SSTP), to simplify their sales and use tax systems" (Cornia, Sjoquist, & Walters, 2004, p. 1). Redpath, Redpath, and Ryan (2007) explain that the SSTP would require "states to simplify their tax administrations. The requirement for state level administrations means that retailers would only need to submit one return to a central location instead of being forced to file a return for each taxing jurisdiction" (p. 239). The simplification would result in states with use taxes agreeing upon common methods and rates of taxation. This could potentially remove some of the opposition to the seller collection of use taxes by reducing the number of tax returns required of sellers during the reporting and collecting of use taxes.

Sparks, McCoskey, and Alvis (2004) comment that an advantage of the SSTP is the hope "that Congress will require the remote sellers to collect and remit the tax to them" (p. 109). Sellers are reluctant to voluntarily collect sales and use taxes without Congressional intervention since, according to Redpath, Redpath, and Ryan (2007), "Online retailers who do not want the burden of collecting a tax from which they derive no benefit" (p. 239), even if the tax forms are streamlined. Sparks, McCoskey, and Alvis (2004) note that "if the Streamlined Project goes into effect, companies will still have to spend money on agents or software to do all the calculations. These costs could get expensive, and there is no guarantee that states will come through and pay for some or any of the costs" (p. 109).

Conclusion

The SSTP would transfer the burden of collecting taxes from the state and local governments to the sellers. While this is an attractive alternative to the state and local governments, it is an unprofitable burden for sellers who must, even with an agreement among various jurisdictions to streamline the taxation methods, spend resources on changing their business

processes to include the collection of the taxes.

A mechanism for collecting sales taxes for online sales already exists in the form of use taxes, which do not need Congressional intervention. In states such as Tennessee, a use tax provides the means for taxes to be collected and remitted to the state and local governments for out-of-state retail purchases, but as Sparks, McCoskey, and Alvis (2004) note, "The compliance rate is low" (p. 109). The Tennessee Department of Revenue pleads with consumers, saying, "We urge you to voluntarily report your tax liability" by filing a very short SLS 452 Form, which is only seven lines long (p. 1). Consumers may claim ignorance of the use tax law, but unlike Federal taxes, they can not claim that the tax reporting is too complicated or difficult. With sufficient publicity of the Tennessee use tax law, the only valid reason that may remain for a consumer not to file is simply a lack of morality and integrity.

While the efforts of the SSTP may eventually force compliance through a nationally Streamlined Sales and Use Tax Agreement (SSUTA), this would be an unnecessary step if consumers obeyed the new and existing use tax laws. *The Holy Bible* admonishes that Christians should "Render therefore to all their due: taxes to whom taxes are due" (Romans 13:7, NKJV). It is the conclusion of this paper that there would not be a need for Congressional intervention to force sellers to collect sales and use taxes on behalf of consumers if the majority of consumers followed their moral and "legal obligation to file and pay use tax on the merchandise" (Tennessee Department of Revenue, 2008, p. 1).

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Business Intelligence:

**Mining the business environment
for strategy critical information.**

by

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Abstract

In this paper the author presents a comprehensive two-part model for systematically gathering and evaluating information from the business environment with the purpose of informing strategy formulation. The critical evaluation discusses a broad range of elements including environmental scanning, the impact of individuals and organizations on data gathering, the impact of bounded rationality on perception, a revitalized SWOT analysis, and the co-creation of value. By synthesizing this wide range of theoretical elements, the author is able to provide a more complete view of the critical process of developing the business intelligence necessary for the development of effective business strategy.

Introduction

Developing effective strategy is critical to helping organizations adapt to the changing business environment. Simply put, in order to maintain their organic growth organizations must continue to offer differentiated products and services that sustain the loyalty of their existing customers while adding new customers. For many organizations the challenge is not determining what action to take; rather the challenge is gaining the business intelligence necessary to determine where action is needed. While many existing models address individual aspects of the process of gaining this critical business intelligence, what is really needed is a more comprehensive model that can guide organizations through the entire process.

In order to develop such a model, the discussion will begin with an evaluation of relevant environmental scanning strategies as well as factors that impact accurate perception of the environment. Integrating this information, the author will synthesize a model for effective environmental scanning. With this foundation established, the discussion will proceed with an evaluation of methods available for evaluating and prioritizing the environmental information gathered, followed by the integration and synthesis of a model to accomplish this critical task. Combined, this new models can help organizations focus on critical strategy elements that can improve their ability to compete effectively while optimizing the customer value versus cost differential. The discussion will conclude with a summary of relevant findings and conclusions regarding the environmental scanning, its impact on the formulation of strategy, and its ability to create customer value.

Corporate Strategy and Environmental Scanning

Cook (1975) posits that the purpose of strategy is to fully apply the resources and competencies of the organization to the task of taking advantage of opportunities while reducing the impact of threats. Mintzberg (1994) further clarifies that effective strategy is critical in helping organizations differentiate their products and sustain customer loyalty. Strategy formulation then must begin with identifying an organizational need arising from an internal or external factor that is changing the nature of the organization's position in the environment or the nature of the environment itself (Mason, Harris, & McLoughlin, 1971). In this sense, strategy formulation relies on the gathering, evaluation, and prioritization of relevant environmental factors, and environmental scanning can provide an effective mechanism for accomplishing these critical tasks (Aguilar, 1967).

Environmental Scanning

Aguilar (1967) defines environmental scanning as a process that identifies relevant information about an organization's business environment that management can use to determine an appropriate future course of action. Given the critical need for this knowledge, it is concerning that environmental scanning is typically conducted on an ad hoc basis by middle and top level managers rather than being a formally assigned task (Hambrick, 1981a). Since strategy can only be formulated to face known objectives, organizations lacking this knowledge will have difficulty in adopting a proactive posture in response to environmental change (Hambrick). Lauzen (1995) supports this view in explaining that formalizing an environmental scanning process is a rational response for an organization working to effectively respond to changing environmental forces. By definition then, an ad hoc process for environmental scanning can result in missing or incomplete critical information, reducing the effectiveness of strategy formulation.

Scanning Strategies

Fahey and King (1977) present three scanning strategies that describe to what extent organizations formalize the process including the irregular, regular, continuous strategies. In their irregular strategy, the search for information is ad hoc and is conducted by various staff agencies with the scope focused on specific events. The search for information is likely to be retrospective and prompted by a crisis creating a reactive posture, and the timeframe for the impact of the decision is current or near term (Fahey & King). In their regular strategy on the other hand, the search for information is scheduled periodically and conducted by various staff agencies with the scope focused on selected events. The search for information is likely to be current and retrospective and prompted by a decision or issue creating a proactive posture, and the timeframe for the impact of the decision is near term (Fahey & King). Finally, in their continuous strategy, the search for information is structured using data collection and processing systems and is conducted by an environmental scanning unit with the scope focused on a broad range of environmental systems. The search for information is likely to be prospective and prompted by a planning process creating a proactive posture, and the timeframe for the impact of the decision is long term (Fahey & King).

While Fahey and King (1977) present their strategies as discrete and independent, it can be useful to look at them as a continuum, allowing an organization to implement an envi-

ronmental scanning strategy that is appropriate to their organization. While an ad hoc strategy is not desirable in any case, implementing a continuous scanning strategy as presented might be outside of the financial means of a small company. The core element in the development of a scanning strategy is moving from a reactive posture to a proactive one (Fahey & King). With this in mind, organizations can set their minimum goal as the establishment of a regular strategy and adopt as many of the elements of the continuous strategy as practical in order to ensure a proactive posture with a long term goal of a formalized process based upon a continuous scanning strategy. A formalized process however is not sufficient; organizations must also recognize the impact of individual and organizational characteristics on environmental scanning.

Scanning and Individual Characteristics

Even with a scanning process and a team in place there is still the possibility for inaccuracy through bias and perception. Hambrick and Mason (1984) demonstrate this by illustrating the process of strategic choice under the conditions of bounded rationality, which is a decision-making concept that assumes a limited rational consideration of all relevant information. Based upon their sociological work on organizations, Simon (1957) as well as March and Simon (1958) posit that the degree to which decision-making can be rational is limited, or bounded, since decision makers never have access to all the information they need, all of their alternatives, or all of the consequences of any one decision. Additionally, individuals are inherently limited in their ability to process large amounts of information in a purely rational way, and the result is a decision-making model of rationality bounded by such limitations (March & Simon; Simon).

With this foundation, Hambrick and Mason (1984) present a model that acknowledges a sequential filtering of environmental information. The initial filter is the leader's cognitive base and values, next is the leader's limited field of vision or capacity followed by the leader's selective perception of events, and finally is the leader's interpretation of events (Hambrick & Mason). Hambrick and Mason explain that this systematic filtering process results in the leader's unique perception of the environment which can then be used in conjunction with their values in making strategic choice.

This model of strategic choice points out the importance of recognizing individual bias and perception and can be used in two ways when establishing an environmental scanning team. First, the organization can acknowledge that individual bias and perception are a part of human nature and assign multiple individuals on the team to scan the same environmental sectors. Second, the organization can provide training and feedback to its leaders to help reduce individual bias and improve perception. Both of these steps can help the environmental scanning team develop a more accurate view of critical environmental factors.

Scanning and Organizational and Group Characteristics

Shank, Zeithaml, Blackburn, and Boynton (1988) synthesize the work of several researchers in analyzing the impact of organizational structure and groups on the accuracy of perception. The authors first examine organizations through the lenses of formalization, centralization, and complexity (Shank et al.). Second, the authors examine groups through the lenses of communication density, communication openness, member diversity, and member tenure.

Formalization in the organization is characterized by the degree to which rules and policies affect information gathering and flow, thereby constraining the information individual leaders take into account (Shank et al., 1988). Centralization on the other hand is characterized by the degree to which decision making is limited to senior management, limiting flow of relevant information from lower levels within the organization and exaggerating the impact of the individual bias of the senior management team (Shank et al.). Finally, complexity in the organization is characterized by the degree of differentiation horizontally and vertically which removes lower levels of management from the process and limits the flow of relevant information to the senior management team. Based upon the evaluation of these organizational characteristics, Shank et al. conclude that the accuracy of individual perception is negatively related to organizational formalization, centralization, and complexity.

Communication density between group members relates to the number of links between members and the amount of communication activity, and increasing communication density will improve the sharing of ideas, information, and perspectives (Shank et al., 1988). Communication openness between members on the other hand relates to the group norms concerning discussion including how much, how many participate, how open the members are to challenge, and how much they need consensus (Shank et al.). By increasing communication openness through open debate, group members are more likely to gain insight into alternative opinions and ideas. Based upon the evaluation of these group characteristics, Shank et al. conclude that the accuracy of individual perception is positively related to communication density and openness.

Diversity in the functional area of responsibility and industry experience of group members will result in more diverse information being available however, increasing diversity beyond a point will begin to limit information flow due to an inability to reach consensus (Shank et al., 1988). Tenure of the members of the group can also impact accuracy. In a team that has worked together for a short period of time, much effort will still be directed towards the establishment of group process and roles, reducing information flow (Shank et al.). Over time the group begins to work together more effectively and information flow improves eventually though groups can develop patterns of behavior that are detrimental to the group process and limit information flow. Based upon the evaluation of these group characteristics, Shank et al. conclude that there is a curvilinear relationship in the form of an inverted U between the accuracy of individual perception and the diversity of functional area, diversity of industry experience, and tenure of group members.

The conclusions provided by Shank et al. (1988) give critical insight into the impact of organizational and group characteristics on the accuracy of environmental perceptions. Organizations will need to perform critical reflection to evaluate how their organization and group characteristics will impact perception and provide training and feedback to mitigate this effect. This analysis provides further support for the development of a formal environment scanning process with carefully selected guidelines for diverse and multi-level membership, membership turn-over, and established goals and objectives for the scanning team.

Scanning and Functional Specialization

Studies into environmental scanning have also shown a relationship between an individual's functional area and their scanning activity (Hambrick, 1981b). In his innovative study, Hambrick separated the business environment and the organization into complementary sectors including output functions or entrepreneurial processes in the organization such as marketing and product/service development, throughput functions or the conversion of input to output such as accounting, engineering, or operations, and administrative functions such as human resources and legal. Hambrick was able to show a strong relationship between leaders in throughput functions with scanning in the throughput sector, and leaders in output functions with scanning in the output sector. What this study highlighted is the tendency of leaders to perform environmental scanning in the sector most closely related to their functional area. In this context, specialization of scanning can have several implications on the selection of members for the environmental scanning team. First, leaders must be selected from all functional areas within the organization, and second, the team and each member must receive guidance on what sectors to scan in order to ensure complete coverage.

Scanning and Business Strategy

Hagen and Amin (1995) found that overall business strategy can impact scanning when looking at the two dominant business strategies of cost leadership and differentiation. In this study, environmental scanning activities were divided into two categories including the search for opportunities such as acquisition, investment, and markets, and customer attitudes, and the search for threats such as competitors, regulatory changes, and competitor's policies and tactics (Hagen & Amin). The results showed a strong correlation between the low cost leadership strategy and the search for opportunities and a strong correlation between the differentiation strategy and the search for threats (Hagen & Amin). Further, the authors found that both types of organizations showed correlation with the threat components of competitors and regulatory changes. This study reinforces the notion of an environmental scanning team working with an established set of environmental sectors to scan, thereby acknowledging the tendency of an organization to limit scanning based upon business strategy.

A Model for Effective Environmental Scanning

The preceding evaluation showed that scanning is largely a result of individual effort, subject to the perception filters of the individuals involved and their ability or desire to dispense the knowledge within the organization (Hambrick, 1981b; Hambrick & Mason, 1984; Shank et al., 1988). Also, individuals were likely to scan based upon their functional area which further biased the type of information sought, resulting in an incomplete picture of the environment (Hambrick). Scanning is also impacted by the overall business strategy of the organization as well as a range of organizational and group characteristics. The organization can slant the gathering of knowledge to match their business strategy and impact the dissemination of knowledge based upon the freedom of interdepartmental communication (Hagen & Amin, 1995; Shank et al.). At the same time, individuals within the organization can impact the amount of environmental scanning, the dissemination of knowledge, and the relevance and completeness of the information

(Shank et al.). In this context, the effectiveness of environmental scanning can be greatly improved by formalizing the activity as part of the organizational process and culture, ensuring that proper resources are applied, trained, and importantly that results are expected.

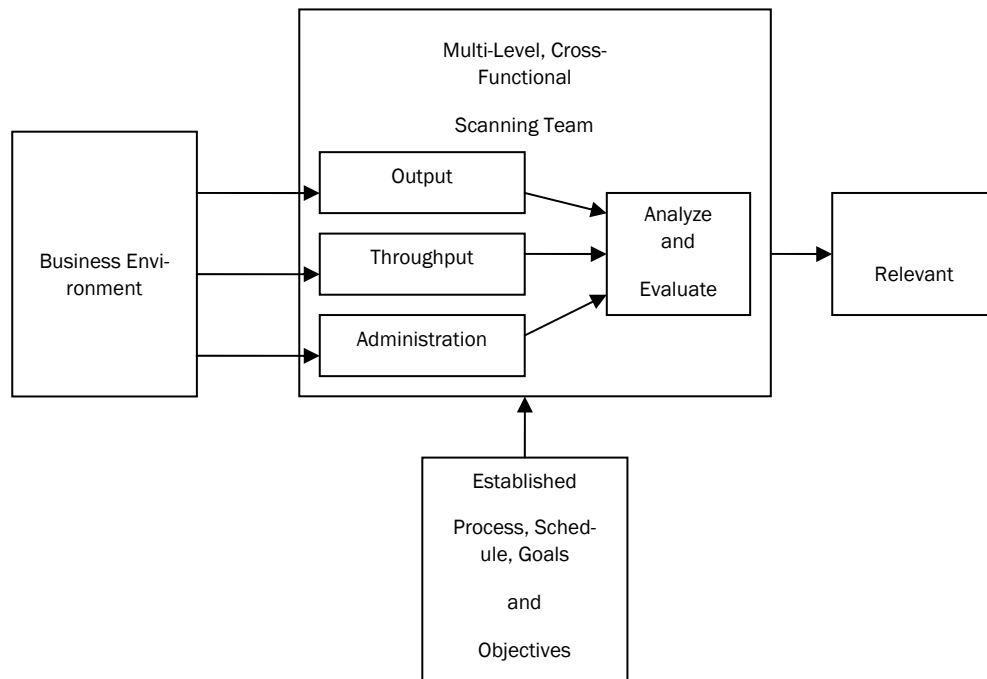


Figure 1. A model for effective environmental scanning.

By integrating the preceding evaluation of environmental scanning strategies and theory, a model for effective scanning can be synthesized that leverages advantages and mitigates disadvantages identified. Through this model, shown in figure 1 above, information is gathered, analyzed, and evaluated from diverse areas within the business environment. Scanning is accomplished by a multi-level and cross-functional scanning team using established processes, goals and objectives. The overall goal of the team is to provide the organization with relevant knowledge about the business environment, effectively overcoming the obstacles to effective scanning discovered during the evaluation. In this sense, through more complete and relevant information, the organization will be able to better align their strategy with the environment and improve performance. What this model is lacking however is a process for evaluating and prioritizing the knowledge gathered.

Evaluating and Prioritizing Environmental Information

Strategy is driven by an organizational need, and Mason et al. (1971) characterize this driving force as management aspirations which are based upon a difference between a desired state and the actual state found in the business environment. This view of strategy formulation relies on gathering and evaluating internal and external factors using a process such as environmental scanning, but also a comparative analysis of the information gathered. It is this comparative analysis that provides the starting point for strategic formulation by focusing the management aspiration (Mason et al.).

Analyzing Internal and External Factors

One tool for the analysis of internal factors, or strengths and weakness, and external factors, or opportunities and threats, originated in the 1950s at Harvard Business School as a method for investigating organizational strategy

in relation to its environment (Panagiotou, 2003). This analysis tool, called SWOT, has been used extensively in business strategy planning; however, as Panagiotou points out, the open and unstructured nature of early SWOT analysis methods do not provide a structure that helps determine how and where to search.

Panagiotou (2003) addresses this missing structure in his framework for SWOT analysis called Telescopic Observations. The name forms an innovative mnemonic based upon the initial capital letters in the words that refer to twenty two internal and external factors relevant to formulating business strategy as shown in figure 2 below. By evaluating each of these factors and describing how they translate into the internal categories of strengths and weaknesses, and the external categories of opportunities and threats, a leader is able to develop a structured picture of the overall business environment. From this, the leader can identify possible strategies to allow strengths to overcome weaknesses, capitalize on opportunities, and overcome threats (Panagiotou).

Telescopic	Observations
Technological advancements	Organizational core competencies
Economic considerations	Buyers
Legal and regulatory requirements	Suppliers
Ecological and environmental issues	Electronic commerce
Sociological issues	Resource audit
Competition	Value chain
Organizational culture	Alliances

Figure 2. Telescopic observations mnemonic proposed by Panagiotou (2003, p. 9).

Through this type of SWOT analysis process, leaders are able to identify critical gaps or opportunities in their internal and external environment and develop strategies to mitigate the gaps and take advantage of the opportunities. Further, through the structure provided by the use of scanning sectors critical information is less likely to be missed. However, what this effective process is still not able to do is help the leader evaluate the gap or opportunity in measurable terms in order to prioritize their action.

Evaluating and Prioritizing the Gap or Opportunity

Valentin (2001) provides a mechanism for evaluating gaps and opportunities in his resource view of organizations where the unique bundle of resources that make up an organization determines which external events are opportunities and which are threats. He goes on to clarify that relative advantages and disadvantages in resources can be viewed as strengths and weaknesses that enable cost and differentiation advantages or disadvantages respectively. Importantly, in an effort to quantify the effect of the internal or external factor, Valentin focuses on the development of customer value with the understanding that the maximum potential gross profit from any product is determined by the difference between customer value and cost.

This concept can be illustrated by reviewing a critical example of strategic focus losing sight of customer value. Early in the twentieth century, many of the largest steam locomotive manufacturers had defined their future as being dominant suppliers in this market, focusing only on increasing their price competitiveness (Tilles, 1963). By focusing only on increasing their price competitiveness they missed General Motors' development of diesel-electric propulsion with greatly enhanced performance, an important technological change that reduced the customer value of their product effectively to zero. As Tilles explains, through this myopic focus the steam locomotive manufacturers failed to maintain customer value, quickly ending their dominance of the locomotive market.

Determining customer value can be challenging, and Prahalad and Ramaswamy (2004b) provide critical insight with their concept of co-creation of value and shared destiny through discovery. Recognizing increased competition, increased difficulty in differentiating products and services, and a highly informed customer base, co-creation of value

engages the customer in meeting their own needs through increasing customer dialogue, organizational transparency, access to information, and collaborative risk-benefit analysis (Prahalad & Ramaswamy). In this context, while the organization cannot force a customer to take part in co-creation, they can actively enable and encourage it through their product and service strategy as well as their organizational design.

Through co-creation, in sharp contrast to the traditional method of developing and placing products into the market, the customer takes an active part in deciding what best meets their current needs and keeps the organization abreast of their future needs as well as their opinions on current products and services (Prahalad & Ramaswamy, 2004b). Importantly, this process of discovery creates a deeper bond between customer and organization as the point of value creation shifts away from inside the organization to the customer-organization interface, thereby creating a sense of shared destiny (Prahalad & Ramaswamy, 2004a). It is perhaps this high level of customer engagement through shared discovery and sense of shared destiny that provides the organization with the true value of co-creation through a higher level of customer loyalty and product differentiation.

A Model for Evaluating and Prioritizing Environmental Information

By integrating the work of Panagiotou (2003), Valentin (2001), as well as Prahalad and Ramaswamy (2004a), a model for evaluating and prioritizing information obtained through environmental scanning can be synthesized as shown in figure 3 below. The strength of the SWOT analysis framework as augmented by Panagiotou (2003) lies in the process that formalizes the identification of relevant internal and external factors that identify growth opportunities and performance gaps. While the factors identified in his method might not be relevant to all environments and all organizations, they can be used by leaders as a starting point in developing their own list of relevant factors that are specific to their organization. The work of Valentin as well as Prahalad and Ramaswamy (2004a) combine to provide a method for evaluating and prioritizing opportunities and gaps by quantifying it in terms of the customer value versus cost difference equation, with customer value collaboratively determined through co-creation.

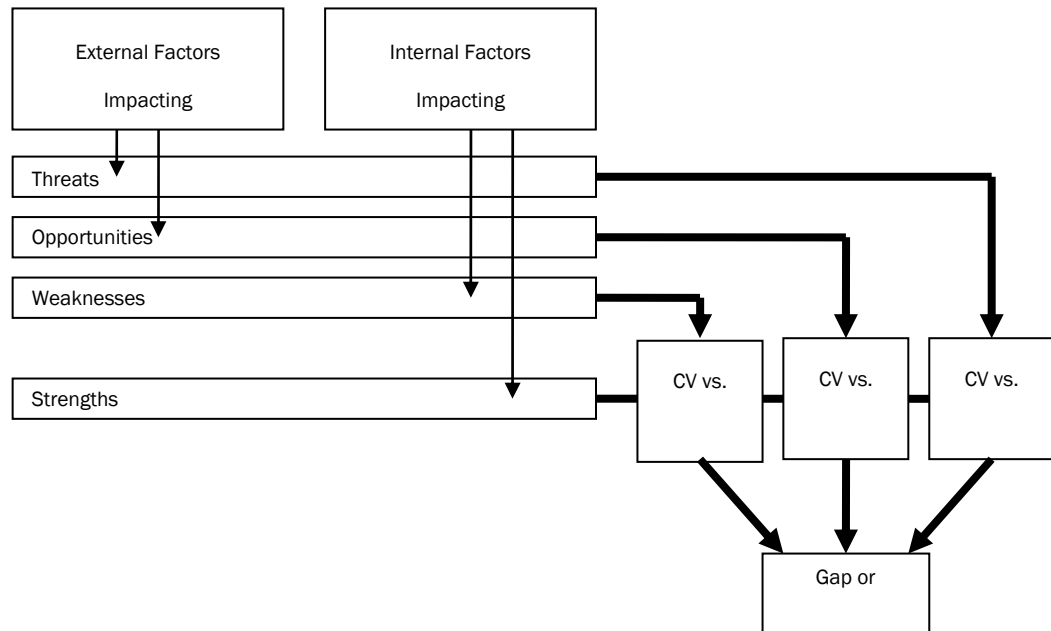


Figure 3. A Model for evaluating and prioritizing environmental information.

In this model, once internal and external factors that have the potential to impact customer value (CV) versus cost differential are identified through the use of the environmental scanning model previously presented, they are evaluated to determine if they are internal strengths and weaknesses or external opportunities and threats. Strengths can be leveraged against weaknesses, opportunities, and threats to see if a performance gap or growth opportunity exists. These critical gaps and opportunities can then be used to develop objectives for strategy formulation. Once performance gaps and growth opportunities are identified, organizations can then decide to take a defensive or an offensive posture to improve the customer value cost differential, with the magnitude of change in differential providing the means to prioritize activity. In this context, defensive postures will evaluate weaknesses in existing products and services by examining advances in technology or the ease of imitation or substitution which could reduce the customer value to cost difference and impact the organization's competitive position (Thompson, Strickland, & Gamble, 2005). Offensive postures on the other hand will evaluate new market opportunities where a new or enhanced products or services can create a customer value that exceeds cost, or evaluate a poaching opportunity that capitalizes on an incumbent's weaknesses (Thompson et al.).

Conclusion

In this discussion, the author examined and supported the critical nature of environmental scanning to the process of strategy formulation (Aguilar, 1967), including the pivotal role that strategy formulation plays in helping organizations differentiate their services and sustain customer loyalty (Mintzberg, 1994) as well as how strategy can enable co-creation of value with the customer (Prahalad & Ramaswamy, 2004a). The discussion began with an evaluation of relevant environmental scanning strategies as well as factors that impact accurate perception of the environment, followed by an evaluation of methods available for evaluating and prioritizing the environmental information gathered.

The evaluation highlighted the need for organizations to adopt a formalized process for environmental scanning and evaluation of the business environment. An effective environmental scanning capable of defining business objectives will be facilitated by a well trained team with established membership guidelines, clearly stated goals and objectives, and an effective means of evaluating and prioritizing relevant information. By integrating the scanning strategies and theory evaluated, the author synthesized a two-part model for accomplishing the critical tasks of environmental scanning as well as evaluation and prioritization. When effectively implemented, this comprehensive model can help organizations focus on critical strategy elements in the business environment. It is this critical business intelligence that will improve their ability to compete effectively through the development of effective strategy. Simply put, business leaders must embrace the notion that it is easier to hit the bulls-eye if you know what the target looks like.

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Leadership, Trust, and Financial Accounting

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&

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Abstract

The proper leadership is important for any business to become truly successful. Leadership is not easily attained, nor is leadership maintained without difficulty. Not everyone is a successful leader. What determines a successful leader may be different depending on the type of business, the industry in which the business operates, or even the financial condition of the business. There are some characteristics of a leader that tend to be more essential in the development of a successful business than other characteristics. One of those characteristics is trust. This paper will discuss what a leader is, what makes a leader successful, how the characteristic of trust is essential for that success, and how leadership and trust are important in relation to financial accounting.

Analysis

There are numerous definitions for a leader, as each person defines certain characteristics to be more important than others. Not only are characteristics important in defining a leader, but the specific behavior of a leader is also important.

In his bestseller, Stephen Covey (1989) listed seven habits that highly effective people employ. These habits are utilized by those who appear to be highly successful in both their personal life as well as their professional life. The habits mentioned by Covey include being proactive, beginning with an end in mind, putting first things first, thinking win/win, seeking first to understand and then to be understood, seeking to synergize, and finally sharpening the saw. While attempting to conquer these habits may produce a person who is more effective in business dealings, it does not, unfortunately, guarantee that the person who utilizes these habits will be a successful and effective leader.

Since the seven habits are not a guarantee to success, they must not be the only characteristics of successful leaders. Therefore, there must be other characteristics that are common among those who are successful. Collins (2001) wrote that those leaders who were in charge of extremely successful organizations all had the same characteristics. According to Collins, a successful leader "builds enduring greatness through a paradoxical blend of personal humility and professional will" (p.20). Achieving this effectiveness is what Collins calls a level five leader. Furthermore, the level five leader places the interest and goals of the corporation first, as compared to the leader's personal interests and goals (Collins).

Both of these authors describe characteristics of successful leaders, but the actual definition of a leader is still lacking. In order to provide a proper definition of a leader, one must examine successful leaders as Covey and Collins did. Historically speaking, one of the most successful leaders has been Jesus Christ. He is one of the few persons in history whose influence is still present today.

What made Jesus' influence so prominent may assist in providing the definition of a leader. Jesus led primarily through example. He came from humble beginnings, from a town that was not well thought of, and from parents who were not wealthy. Throughout his ministry, Jesus spoke in a variety of parables to express his ideas and thoughts in a manner which on one level could be understood by the common person, yet on a different level could potentially mean something much more to those who choose to accept Jesus' teachings.

Jesus was also wise. His adversaries, the Pharisees in particular, would attempt to trick him on various legal and religious issues, especially when large crowds had gathered around Jesus to hear his teachings. Clearly understanding that the Pharisees' strategy was to entrap him and deceive his followers, Jesus was able to answer their questions in a manner which chastised the Pharisees for their implications, cunningly explained the true meaning of the law, and in a manner with which the Pharisees could not make a rebuttal without contradicting themselves (Matthew, NIV). It appears, therefore, that a successful leader also has the ability to control and influence any situation to their point of view, effectively communicate their ideas and beliefs, as well as having the charisma or influence to draw people to themselves.

Most importantly, Jesus led his followers by first being a servant. During those times it was customary for the lowliest of slaves to wash their master and his guests' feet. As described in John 13, Jesus' disciples were gathering for the Passover Feast when he began washing the disciple's feet. The simple act of washing portrayed the humility and servanthood with which the disciples should lead the growing number of followers.

There are other leaders in history that have had a significant impact, some positive others negative.

Hitler was a leader and so was Jim Jones. Jesus of Nazareth, Martin Luther King, Jr., Winston Churchill, and John F. Kennedy all were leaders. While their value systems and management abilities were very different, each had followers. (Maxwell, 1993, p.1)

While one may disagree with their tactics, philosophies, or methods, one cannot dispute the influence each of these leaders had on those around them and the influence on those who followed after them.

Perhaps the best definition of a leader would then be a combination of each of the previously mentioned characteristics. A truly effective and efficient leader is one who has the ability to achieve greatness through humility and communication by first being a servant who is charismatic and understanding of those around them, and has the ability to influence others posthumously.

Literature Review

Leadership & Trust

There are a variety of leadership roles; however most people probably think of a corporation's upper management when considering possible examples of leadership. Those in upper management of a corporation appear to be those individuals with the greatest amount of influence (Farrell, Flood, Curtain, Hannigan, Dawson, & West, 2005), giving the perception that they are leaders. Many of the financial scandals that have occurred within the last decade have caused concern as to whether those in leadership could be trusted.

The characteristic of trust is one that is important to both external and internal customers. If a person in a leadership position is not trusted, their ability to lead is severely diminished. The hindrance may be so great that the corporation suffers financially for the lack of trust in its leadership.

Trust is comprised of three attributes: "ability, benevolence, and integrity" (Farrell et al., 2005, p. 23). These attributes describe the characteristic of trust and the necessity of trust when discussing the topic of leadership. Thus, according to Farrell et al., trust is the ability to have confidence in the leader's skills, expectancy that the leader will perform the required duties in a manner that is ethical and appropriate, and anticipation that those actions will be performed with perceived principles that are above social norms.

Leadership without trust is not effective. True leaders have established trust with their peers, clients, and subordinates. Understanding what comprises trust may not be quite as easy as gaining trust. Trust must be earned from the leader rather than demanded. In order for trust to be gained, the leader must be credible, treat people with respect, be optimistic, be open and honest, be supportive, and most importantly be flexible (Estep, 2005).

By taking an interest in those associates who are employed within a corporation, a leader should strive to encourage and push the workers to become better (Mills, 2005) at not only their jobs but their personal lives as well. Together, the leader will build a system of trust between all members of the organization by encouraging teamwork rather than individual esteem and success. Focusing on the bigger picture rather than personal gain, and becoming flexible to the changing needs of the corporation will allow the leader to gain the trust of others and encourage growth among the individuals and the corporation as a whole (Mills).

Before a leader can successfully aid his or her associates to become better, the leader has to show the associates that they are cared about personally. When a corporation's atmosphere is not conducive to an exciting work environment, the morale and consequently the corporation may suffer. This may be the leader's fault as much as the associates. A true leader will strive to find a way to restore the excitement, encourage the associates, and build the proper attitude. The associates must realize that their job is one part of an internal service mechanism that enables others in the organization to serve external customer. Therefore, the associate must see that there is a meaning to his or her job that is bigger than just the routine tasks performed each day.

According to John Garner (as cited in Lundin, Paul & Christensen, 1996),

Meaning is not something you stumble across, like the answer to a riddle or the prize in a treasure hunt. Meaning is something you build into your life. You build it out of your own past, out of your affections and loyalties, out of the experience of humankind as it is passed on to you, out of your own talent and understanding, out of the things you believe in, out of the things and people you love, out of the values for which you are willing to sacrifice something. The ingredients are there. You are the only one who can put them together into that pattern that will be your life. Let it be a life that has dignity and meaning for you. If it does, then the particular balance of success or failure is of less account. (pp. 104 – 105)

Consequently, instilling into the minds of one's associates that there is a meaningful purpose to their position will allow not only them, but the leader as well, to experience a rewarding and enriching work atmosphere. This type of atmosphere will further allow the leader to gain the trust and respect of the associates that is needed in order to be truly effective.

Leaders must also be adaptable to change. Change in the corporate world is inevitable. Those not in an executive position must rely upon the leadership of those in charge to assist them through the changes. Oftentimes the changes are for the betterment of the corporation; however there are times when change is not preferential. A true leader appears to have the fluidic ability to anticipate the changes that are coming, adapt to those changes, improve upon the changes, and then enjoy the benefits gained from the change (Johnson, 2002).

By setting an example as it relates to change, a leader's associates are better able to adapt to those changes. Further, the leader in essence is able to lead laterally. Lateral leading, in essence, is the concept by which lines of power are eliminated and rather than working individually, the leader and the associates strive to accomplish a task together as each member of the team is able to trust each other and the decisions that will be made (Kühl, Schnelle, & Tillman, 2005).

It is important for leaders at all levels to maintain a policy of open communication in order to continuously foster trust among co-workers.

Project managers, coordinators, team leaders and facilitators must all practice lateral leadership. They must produce cooperation among employees who stem from different areas of a firm and are generally only cooperating on a temporary basis. While they have a certain mandate to initiate and sustain cooperation, they have only anemic resources at their disposal to exert control over the employees. (Kühl et al., 2005, p. 179)

Without an open communication policy the trust the leader once had from the associates may begin to deteriorate. Once distrust is created, the leader may become ineffective and inefficient.

Similar to Covey's (1989) habit of seeking first to understand those around you, the *New Zealand Management* (2005) journal expressed in an editorial the importance of understanding particularly in a global environment. "You can't lead thousands of people in companies or countries unless you have a knowledge and understanding of the world that is commensurate with the power you have" (Try a little trust, 2005, p. 6). A leader must have this understanding and effectively communicate with both the internal and external customers. Through understanding the desires and needs of all customers, a leader is better able to gain the trust of those customers enabling the corporation to succeed financially.

Once the leader has gained the trust of the associates, it is essential for the leader to be of service to the associates. By staying one step ahead of any problems that may be encountered the leader will be able to allow the associates to learn and grow. Within the learning process mistakes will be made, but it is important for the leader to head off any failures (O'Malley, 2005). Mistakes are often the best educator, so it is important for the leader to assist in the learning process rather than condemning the mistake so harshly that the associate can no longer trust the leader. "Failure is the opportunity to begin again more intelligently" (Maxwell, 1993, p. 117). When the leader takes care of the internal customer, the internal customer will in turn take care of the external customer. "People will follow because of who you are and what you represent" (Maxwell, p. 12).

All of these attributes and characteristics lead to servant-leadership. The servant-leader is a person who first serves the associates and then leads those associates to greatness (Spears & Lawrence, 2004). Personalities may play a major role in determining whether one will become a leader as not everyone is willing to be a servant first. Differences in one's personality versus the desire to lead has become part of the debate among scholars and practitioners as to whether leaders are born with the gift of leadership or whether they may achieve leadership skills through hard work. While it is beyond the scope of this article, the answer to this question may lie in examining those from the past who were considered great. If those persons in history did not exist would someone else have easily been able to step up in their place and lead their respective groups with as much ease? If so, then anyone may learn the skills necessary to lead. If not, then true leaders are born with the necessary qualities, but must refine their skills through experience and mentorship that will make them effective leaders.

Financial Accounting

Financial accounting appears to be significantly influenced by leadership as evidenced in the demise of Enron and financial scandals such as Tyco and WorldCom. In each case of scandal, the downfall or setback of the company tended to be a direct result of the company's leadership team (i.e., the ones responsible for the scandal). In Enron, the accountants in upper management were able to create other companies in which significant financial infor-

mation was not recorded on Enron's financial books, but rather on a subsidiary's financial books through special purpose entity companies.

The special purpose entity companies were legal, yet the extent to which Enron used them caused the financial information to be misleading. While the original idea may have come from their auditing company, Arthur Andersen, Enron executives used the apparent loophole in an attempt to deceive investors of the actual financial statement position. Eventually, both Enron and Arthur Andersen were dissolved.

A few of Tyco's executives received loans in excess of \$170 million dollars without prior approval or notice to shareholders. "For the most part these loans were taken with low or no interest. Many of them were offset with bonuses without an open approval" (National Legal News, 2005).

Finally, WorldCom was also investigated as there were over \$9 billion in accounting errors by upper management. While WorldCom did not face the same consequences of Enron, managers were either indicted or convicted and financial difficulties have had to be overcome.

As a result of either poor leadership or lack of leadership traits in companies, Congress passed the Sarbanes-Oxley Act in an attempt to not only regulate the financial community, but also place restrictions on a company's leaders. Greed can be debilitating in a company. Consequently, it is important for those in leadership positions to display characteristics such as trust. "Sarbanes-Oxley set strict rules requiring verifying, documenting, and reporting internal financial information, and it imposes personal liability on senior executives who sign the corporate tax returns (generally the CEO and CFO)" (Buyer, 2005, p. 17).

The Sarbanes-Oxley Act was implemented in stages so as not to cause too big of a burden on companies. Many of the requirements within the Sarbanes-Oxley Act however were already required. Apparently, many companies did not comply with the previous year's requirements as compliance would place an undue burden on the company. As a result, the government allowed the gradual introduction of the major concepts of the Sarbanes-Oxley Act in an attempt to have each company become compliant.

As with any piece of legislation, there were risks involved with the implementation of the Sarbanes-Oxley Act.

Once identified, risks should be assessed by consequence and likelihood, before the impact of control measures. Similar to the risk identification process, the framework suggests ranking exposures according to how seriously they would impact the disclosure objective and how likely their occurrence would be without the presences of controls. (McCuaig, 2005, p. 69)

Specifically, Sarbanes-Oxley places an emphasis on the auditors to better ensure that the financial statements are accurate.

[SOX] changed the rules, and also changed what

we need to look at. There is a tendency to try to [structure] development experiences as we are doing the work, and coach people along; I'm evaluating them in my head as we go. It's a little like refueling the plane in mid-air. (Marshall, 2005, p. 28)

Auditors in particular are faced with the increased emphasis on the accuracy of financial statements.

Specifically, SOA [SOX] sections 202, 301, and 407 require the following: each audit committee member must be independent, as defined in the act; at least one member of the audit committee must be a "financial expert" as defined by the SEC; the audit committee is directly responsible for the appointment, compensation, and oversight of the auditor, who in turn reports directly to the audit committee; all auditing services and most nonauditing services must be preapproved by the audit committee; the audit committee has the authority to engage independent counsel and other advisors as necessary to carry out its duties; and the audit committee must establish procedures for the receipt, retention, treatment, and confidential handling of complaints regarding accounting and auditing related matters. (Pandit et al., 2005, p. 42)

Conclusion

Leadership is not something that is gained automatically. A person in a leadership role must demonstrate certain traits and characteristics in order to find success. While effective leaders often have similar personality or character traits, one of the most important traits is that of trust.

Trust is an essential component to developing a successful, efficient, and effective leader; however trust is not easily attained. Trust cannot be demanded, but rather must be earned. Like most persons, associates "are more likely to place their trust in contacts of a more personal nature than business, government, the media, CEOs and heads of state" (Trust Barometer, 2005, p. 4). Therefore, it is imperative that leaders develop a communication link with their associates and take the time to understand the person as an individual and how that individual may contribute to the team.

Empowering associates to do their job will not only allow the associates to build a sense of trust for the leader, but the associate will also take ownership of their duties, thereby fully committing to the tasks assigned as well as becoming loyal to the leader and the corporation (Trust Barometer, 2005).

Leaders may often be looked upon as sages. They anticipate change, are easily adaptable to change, and have the skills necessary to motivate and empower associates to become better both personally and corporately. Lao Tsu (1972) once wrote, "The sage is guided by what he feels and not by what he sees. He lets go of that and chooses this" (p. 14). Leadership begins with oneself. After improving upon

the necessary skills, one is better able to develop the trust that is required in order to be truly successful.

Financial accounting is influenced by the leaders. It is important for those leaders to be ethical in their practice of accounting and not manipulate the numbers for their benefit. As evidenced by recent scandals, the actions of those managers in positions of power over the financial statements can not only hurt themselves, but an entire company.

Those in power should continue to maintain a high degree of integrity. As a result, employees may see their leaders as acting in the best interest of the company and may not attempt to be deceitful. When companies are able to employ leaders with integrity, the financial statements may be relied upon more favorably than those financial statements that come from companies with known managers who commit unethical acts.

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Derailed Executives and Prevention Strategies

By

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Abstract

The purpose of this paper is to discuss the concept of derailed executives and provide strategies to prevent derailment. Five interconnected derailment themes are identified: (1) impaired interpersonal skills, (2) poor organizational leadership, (3) inability to adapt to changing organizational situations, (4) failure to build and lead a team, and (5) being too ambitious. The most typical combination of characteristics found in a derailed executive is the person who is highly independent, low in affiliation needs, and who is an intellectually bright problem solver; but with poor interpersonal and team-building skills. However, derailment is not inevitable. Contrary to the promise underlying the Peter Principle a leader must continue to learn and develop new skills. Six suggestions are proposed to help one avoid the derailment pattern. The paper concludes with a biblical application of the concept to the Old Testament Kings of Judah.

Introduction

This is an election year for the President of the United States. During such a time we are drawn to think about leadership qualities, and the various media campaigns and news programs present a nearly constant barrage of information citing the candidates' qualifications, accomplishments, and reflections on their character.

History is replete with profiles of admired men and women like George Washington, Franklin D. and Eleanor Roosevelt, Ronald Reagan, Winston Churchill, Margaret Thatcher, Indira Gandhi, Nelson Mandela, and a myriad of notables too long to list. These persons are acknowledged for their know-how, drive, courage, and character, because they stepped forward during times of challenge to advocate in behalf of their nations. We long to see persons like this assume rightful places of leadership in today's world at a time when public heroes are in short supply. Regrettably, The Gallup Organization's annual survey on the honesty and ethical standards of various professions rates business executives and congressional leaders so low that only advertisers, car salesmen, and lobbyists rate lower (The Gallup Organization, 2008). However, there are more commendable leaders in business than dishonorable ones; most corporate and government managers do their jobs each day responsibly and ethically without fanfare, but we see the failures on the television news programs or front pages of the newspapers.

There is a stark contrast between the self-sacrificing leaders who are remembered for their world-changing contributions and the names of corporate titans like Kenneth Lay (Enron), Dennis Kozlowski (Tyco), and Bernard Ebbers (WorldCom), each of whom represents a dark side of leadership that afflicts some in positions of authority. These individuals raided their company's financial reserves, robbed their employees of their retirement monies, and cheated stockholders of their investments. Their names are synonymous with corporate greed, corruption, and deceptive business practices. Of course they're the rare unethical extreme, but inadequate leaders of lesser magnitude occur in every organization.

Business researchers often print articles that chronicle the career path of senior managers from their original starting job in lower-level positions to the point where they arrive in the executive suite (Bray & Howard, 1983). Books like *Good to Great* (Collins, 2001) profile executives who lead their organizations to great performance. These are worthy and edifying studies, but it is also instructive to evaluate the demise of senior executives.

This recognition-to-ruin progression has been studied by industrial-organizational psychologists and business school scholars. The phrase "*derailed executive*" is used to describe managers who reached a certain level of achievement but then became demoted or dismissed. They may also reach a plateau but fail to rise to higher positions of leadership or influence. These executives got derailed below the level of achievement that was anticipated for them.

This paper will extract the five most common themes about derailed executives from studies by Ames and Flynn (2007), Bentz (1985), Dotlich and Cairo (2003), Finkelstein (2003), Hogan and Hogan (2001), Leap (2008), Leslie and Van Velsor (1996), Lombardo and Eichinger (1989), McCall and Lombardo (1983), and Slocum, Ragan, and Casey (2002). Each of these works focused on derailed executives, and while each author arrived at a few unique findings, their studies also corroborated common denominators with other related studies.

What Got You Here Won't Take You There

Studies by McCall (1998) and Leslie and Van Velsor (1996) conformed that men and women who gain executive positions worked hard to achieve their successes; many have uncanny brilliance in specific knowledge areas and talents that enabled extraordinary performance. The top six sources for executive success according to these studies include 1) intelligence, 2) consistent performance track record, 3) charm or relational skills, 4) ability to grow the organization, 5) ambition and commitment to do whatever it takes to succeed in the organization, and 6) ability to communicate ideas clearly and persuade others to embrace their ideas.

Bentz (1985) conducted the first analyses of executive derailment. His studies at Sears in the 1950s and 1960s revealed that bright, self-confident, and self-disciplined persons failed because the skills that enabled them to gain a senior management position were not sufficient to maintain that momentum if traits and other factors ceased the career progression and caused a derailment.

Five Common Themes of Derailed Senior Managers

A derailment may emerge from a person's personality trait or behavioral habit that interferes with a leader's ability to sustain performance in his or her job at optimal levels. This paper will address the main five derailment themes: 1) impaired interpersonal skills, 2) poor organizational leadership, 3) inability to adapt to changing organizational situations, 4) failure to build and lead a team, and 5) being too ambitious.

All people demonstrate lower performance in some aspect of their responsibilities and even personality idiosyncrasies from time-to-time (Kets de Vries & Miller, 1985). Therefore, in this section where five derailment themes are described, one should recognize that it is the high degree or intensity of the negative behavior, the length of time the person has been exhibiting the behavior, and the frequency of the behavior that is displayed that ultimately derails an executive.

It is simplistic to conclude derailed senior managers are victims of the "Peter Principle." This theory, proposed in a popular book in the late 1960s (Peter & Hull, 1969), stated that employees within an organization will advance to their highest level of competence, and those who continue to receive promotions will ultimately be raised to levels of their incompetence. The matter of executive derailment is the result of not merely reaching an ability plateau without the skill to go higher, but of longstanding underlying flaws that were finally evidenced because of the demands of upper level leadership. It is typically the stress level in senior management positions that prompt the expression of latent flaws.

The derailed senior managers didn't begin the behaviors that ultimately got them dismissed or demoted when they got to the executive level; they exhibited this behavior for much of their lives in one context or another to a degree that obstructed other interpersonal and professional successes they would otherwise have achieved. An

observation that surfaces in coaching sessions with executives who are on the road to derailment indicates that they have rarely received sufficient feedback about their deficiencies. As a senior manager rises in the organizational hierarchy there are fewer persons who are bold enough to provide the kind of constructive insights that are needed to make personal course corrections.

Those persons who are on the road to derailment often aren't aware of how serious their behavior is and the negative impact it makes on the company's employees or productivity. In some cases the executive is unconscious of their behavior and the "blind spot" prevents them from seeing the situation as it really is. As Hogan and Hogan (2001) pointed out, "People notice these tendencies only after extended exposure to the person, and the tendencies are typically noticed first by subordinates—because bad managers let down their guard around their staff" (p. 50). Yet it is highly unlikely that a subordinate will give their manager feedback, but they certainly talk to their family, friends, and co-workers about their "toxic boss."

Flaw 1: Impaired Interpersonal Skills

This category is closely connected with several other derailment themes and may even underlie some of them, but researchers supported that impaired interpersonal skills deserve separate consideration (Ames & Flynn, 2007; Bentz, 1985; Dotlich & Cairo, 2003; Finkelstein, 2003; Hogan & Hogan, 2001; Leap, 2008; Leslie & Van Velsor, 1996; Lombardo & Eichinger, 1989; McCall & Lombardo, 1983; Slocum, Ragan, & Casey, 2002).

An organization is a social structure in which the participants perform a worthwhile purpose collectively on behalf of serving the needs of its customers. Therefore, since the main working component of an organization is people and all organizations must have leaders to oversee the general fulfillment of its reason for existence and provide a coordinating function, it is imperative for an effective leader to have interpersonal skills. Yet Hogan (1994) pointed out that 60 percent to 75 percent of employees report that the worst aspect of their job is their immediate supervisor. A leader who cannot get along with other leaders or his or her own direct-reports will eventually be less productive.

Katz (1955, 1974) and Scullen, Mount, and Judge (2003) proposed three clusters of managerial skills: technical skill, human skill, and conceptual skill. Katz (1955) concluded,

At lower levels [of managerial positions], the major need is for technical and human skills. At higher levels, the administrator's effectiveness depends largely on human and conceptual skills. At the top, conceptual skill becomes the most important of all for successful administration. (p. 42)

Following this line of reasoning, the skills that enabled the rising manager to succeed at supervisory and management levels earlier in their career, if not continually developed, would not be sufficient for acceptable levels of performance at the executive level.

Impaired interpersonal skills may be reflected in a wide range of deficiencies that include poor communication skills, not knowing how to build a network of contacts, insensitivity to others, arrogance (they're right and everybody else is wrong), aloofness and isolating oneself from getting close to others, authoritarianism, manipulation, possessing a critical nature, being demanding and emotionally volatile with displays of temper tantrums and unpredictable mood swings, and conflict with a direct manager and other people.

Ames and Flynn (2007) recently discovered a curvilinear relationship between leadership and assertiveness. They concluded assertiveness benefits the leader up to a point, but beyond that suggest the leader's authoritarian personality traits produce declining results. The over-use of qualities which are partially responsible for success could become the basis for derailment too.

Schmidt and Hunter (1998) reported a correlation

.58 between general mental ability of upper management leaders and their job performance. However, if 34 percent of the variance is accounted for by general mental ability, 66 percent remains to be accounted for by other factors like various personality traits, motivation, and experience. This is precisely the point made by Goleman (1998), who cited the five factors of emotional intelligence as: self-awareness, self-regulation, motivation, empathy, and social skills. Eicher (2003) proposed, "Current research has shown an employee's emotional intelligence competence is twice as important as technical or pure cognitive intelligence" (p. 104). The purpose of this paper is not to debate this point, but rather to point out that it takes much more than general mental ability to become a successful executive.

Pronounced personality disorder

Bentz (1985) and Hogan and Hogan (2001) in their studies of derailed executives distinguished poor "people skills" from an overriding personality defect. Kets de Vries and Miller (1985) stated, "In studying leaders, we soon recognized that one critical component of their orientation is the quality and intensity of their narcissistic development" (p. 586). Of the 10 personality disorders categorized in the DSM-IV (PA, 1994), narcissistic personality disorder (Nar) is mentioned more than the others in the business literature that rarely makes comments about psychopathology (Kets de Vries & Miller, 1985; Post, 1986; Sankowsky, 1995).

The narcissistic leader may reveal their personality defects with such behaviors as having grandiose goals, demanding perfection and being overly-critical of people who fall short, excessively self-promoting, poor impulse control, defensive, intimidating (bullying style), lack of empathy, dominant and controlling, and chronically distrustful of others.

Flaw 2: Poor organizational Leadership Performance

Leadership may be defined as "the ability to transform vision into reality by influencing others to achieve worthwhile objectives" (Dudleston, 2005). The conclusion is that the derailed executive at some point ceased accomplishing the goals most needed by the organization; he or she neglected to produce the results required of the department or work group through direct-reports.

The derailed senior manager likely lost sight of the supervisory fundamentals on the climb up the corporate ladder. Henri Fayol originally published *Administration Industrielle et Generale in French (1916)*, and an English version appeared in the United States in 1949. His list of competencies became popularly known as the "five functions of management" and have been taught as such in business schools ever since. The five skills are Planning, Organizing, Staffing, Directing, and Controlling.

The list of skill deficiencies of a derailed senior manager could be as long as the number of skills it takes to lead an organization, but a few representative items will serve as examples: poor decision-making skills or being indecisive, not solving problems, inability to determine priorities, lack of judgment, not catching on quickly enough to a new functional specialty that was placed under his or her authority, failure to implement or follow-through on plans, maintaining a narrow functional orientation, and failure to pursue opportunities to broaden the ability to oversee a range of varied departments.

Michael Eisner, CEO of Disney from 1984 to 2005, was asked to step down before his contract ended. In 2004 he was accused of micromanagement, refusing to establish a clear leadership succession plan (i.e., hoping to secure his future), and steering the company away from the core business units that made Disney successful. Conger and Nadler (2004) determined that "Poor succession management is a major contributor to chief executive officer failure" (p. 50). While their observation was specifically directed at the top leadership position, the recommendation to prepare others who can carry on one's responsibilities is an important component of leadership. The account of Eisner reinforces that executive derailment can even

occur to leaders who make legendary contributions at one point in their career, but who forget “the basics” on their climb to the top of the organizational hierarchy.

Flaw 3: Inability to Adapt to Changing Organizational Situations

This factor was identified by the Leslie and Van Velsor research (1996) as “The most frequently cited reason for derailment among North American executives” (p. 6). Scientists in the early 1990s believed that known information doubled every seven or eight years. However, a study conducted at University of California at Berkeley (Petranek, 2003) concluded the stockpile of information doubles every two years. Can there be any doubt that leaders running today’s organizations must adapt quickly and with astute insight to the accelerating changes taking place economically, politically, and globally?

Some of the characteristics of executives who have low adaptability skills are that they aren’t transitioning to more complex roles or thinking strategically about the direction their department or the organization should take to move into the future, but they are rigid or resistant to change, failing to adapt to strategies the organization must face to meet market demands or business needs, are risk avoidant or not taking calculated risks, and reactive rather than proactive inactions that would lead to the organization’s improvement and growth.

Like the dinosaurs that became extinct, failure to adapt leads to extinction. Those who fail to plan for a successful future may not have one in the organization, and being able and willing to change with the times is a vital executive characteristic.

Flaw 4: Failure to Build and Lead a Team

“A team is a group of people with commitment to a common purpose; who collaborate with their complementary competencies to complete a task” (Dudleston, 2004). Much of the work done in organizations is done with teams or groups of persons. Therefore, the leader who doesn’t know how to build synergy among members of his workgroup and doesn’t practice teambuilding skills may eventually get derailed. Goleman (1998) cited a comment by John Seely Brown, chief scientist at Xerox Corporation, “the crucial nature of social coordination is perhaps nowhere more evident than in today’s scientific enterprises, where cutting-edge knowledge grows through orchestrated, collaborative efforts” (p. 202).

Bentz (1985) revealed “being unable to build a team” as one of the seven characteristics of the derailed executive from his data. Some of the behaviors that may indicate an inability to build and lead a team are failure to select or hire staff effectively, blend direct-reports into a cohesive work unit, develop subordinates, get the most out of their people, understand group processes, delegate, and manage appropriately instead of micro-managing people rather than leveraging group processes.

Flaw 5: Too Ambitious

Being too ambitious is a prime example of a strength that when over-extended becomes a weakness. Perhaps many corporate cultures promote a contradiction. They reward ambition, but at the same time fail to help executives on their climb up the corporate ladder to temper this drive when it becomes destructive. The viewpoint that condones playing corporate politics and a worldview that endorses a “winning at all costs” philosophy is not considering the deleterious effects of such thinking.

It seems that this kind of thinking may even be encouraged at a young age. The child’s game King of the Mountain has as its primary objective the elevation of oneself by keeping others down. This takes ambition. By itself, ambition seems like an admirable trait; it may even be vital to corporate success. However, it seems contradictory on the one hand to speak of healthy interpersonal skills, collaboration, and teamwork, and on the other hand to suggest that stepping on other people to gain personal promotion is the way to executive status. The research on successful leaders (Collins, 2001) indicates that it is possible

to be ambitious without resorting to stepping other people along the way, and that keeping one’s drive in check is part of the balance that wise executives achieve in their leadership practices.

Derailment Process: A Summary

Senior managers who derailed got caught up in a fairly predictable pattern and didn’t remedy the situation soon enough. They are individuals who experienced early career success due to identifiable strengths that masked significant latent weaknesses. Extraordinary job abilities or interpersonal skills over-shadowed deficiencies for a period. By the time they’d been promoted up through the organizational hierarchy to a senior level position, the over-extension of the strengths that got them elevated became noteworthy weaknesses and there was no complementary balance with a technical or interpersonal skills (whichever was lacking). Yet they stepped into roles that eventually exposed their weaknesses beyond their ability to compensate effectively for the deficiencies. Further, the environment in which they were required to function in an executive role had either changed beyond their ability to adapt to it or the skills needed to grow the organization required a composite of competencies beyond what they possessed.

The most typical combination of characteristics found in a derailed executive is the person who is highly independent, low in affiliation needs, and is an intellectually bright problem solver but with poor interpersonal and teambuilding skills (Lombardo & Eichinger, 1989).

Derailment Prevention Strategies

Derailment is not inevitable. Contrary to the premise underlying the Peter Principle (Peter & Hull, 1969) a leader must continue to learn and develop new skills. This section is written to the reader, as though he or she is in an executive or management position or is setting sights on attaining this goal. The suggestions are proposed to help one avoid the derailment pattern.

1. Pursue executive coaching and regular assessment of your approach to solving business problems. Because senior managers rarely receive candid feedback about the personal deficiencies that could obstruct their career success and progress, they should engage the services of an executive coach. All executive coaches are not equally qualified, so the manager should seek local referrals from the International Coach Federation or Society for Human Resource Management. Use the same method to find a coach you would evaluate the services of a physician; they should have sufficient business experience to coach a senior manager and you should feel comfortable talking with them.

The goal of coaching to prevent derailment is not to change the executive’s personality; making wholesale changes is neither warranted nor possible. Instead, the objective is to make a person aware of their thought processes so conscious decisions can be made to select more effective behaviors. Hopefully, the level of intelligence and determination that enable the executive to achieve career success can be applied to choosing more constructive alternative actions.

2. Request candid on-going feedback from your direct-manager. The annual performance review is not frequent enough or intended to gain insight if a senior manager desires to remedy personal deficiencies. Therefore, scheduled on-on-one conferences with your manager at least once a month with a goal-oriented approach will help focus attention on behavior change; and let your manager know you are committed to making a positive impact on the organization. However you gain insight, whether from your direct manager or an executive coach, be honest with yourself. Don’t lapse into denial when a weakness has been identified. Chances are other persons who know you well have identified this trait already and are hoping you’ll do something about it.

3. Impaired Interpersonal Skills. Identify the

negative aspects of an over-extended strength. If you are assertive, reflect on how your behavior may destroy interpersonal relationships when you are overly assertive. If you have a tendency to be reserved or introverted, identify the ways this behavior could obstruct relationships when you withdraw from people. One of the most common problems with which a coach or counselor deals is inadequate interpersonal skills. Such a professional can help you work on your communication and conflict resolution skills.

4. Poor organizational leadership performance. Regardless of how educated one is or how long they've been in leadership positions, keeping up with changes, and being a "life time learner" is vital in a fast-changing world. Don't rest on your laurels and the successes of the past. If you intend on continuing to make contributions in your organization, be proactive in gaining the insights and skills needed to be a top performer. If you continue to grow professionally, you will adapt to changing organizational situations.

5. Failure to build and lead a team. Get training or coaching on how to utilize group processes to get the most effective performance from your workgroup. Perhaps watching an athletic coach in the midst of a game is not an accurate perception of true team leadership in organizations. In football, the coach often calls the plays from the sidelines, sends them in to the quarterback, who conveys the play for his teammates to implement. But in an organizational team, the leader may facilitate the planning process while the teammates offer suggestions about the approach that works best and they discuss how the plan may be implemented. Therefore, an effective team leader will appreciate and practice the principles of group process and how to facilitate synergy among the team members.

6. Too ambitious. Few leaders "fell" into their role, most pursued leadership opportunities. It would not be completely appropriate to criticize ambition in a paper on derailed leaders, except to point out that somewhere along the career journey derailed executives lost sight of the fact that they were trading off important elements of healthy leadership for the authority and recognition such a position gains. Collaborative interpersonal relationships at work and in one's personal life, and possibly a healthy lifestyle may have been sacrificed in the tenacious pursuit of goals. Therefore, take stock of all aspects of your life (i.e., emotional, physical, social, spiritual) and seek a balanced life; put professional ambition in perspective with other rewards of life.

The effective executive is a continually growing individual, personally and professionally. They channel their talents, use their personality, and direct their motivations in order to achieve worthwhile goals continually—and in so doing, avoid derailment.

Biblical Application

As previously stated, there is a stark contrast between the self-sacrificing leaders who are remembered for their world-changing contributions and the names of corporate titans like Kenneth Lay (Enron), Dennis Kozlowski (Tyco), and Bernard Ebbers (WorldCom) who represent a dark side of leadership that afflicts some in positions of authority. This is not new to human history. The historical episodes of the Kings of Judah, as related in the Old Testament, provide proof of this contrast through the ages, even among God's Chosen People. The phrase "derailed executive" was used to describe the managers who reached a certain level of achievement but then became demoted or dismissed. Likewise, a number of Israel's Kings became "derailed."

In the Old Testament, each king's reign was judged (evaluated) on the basis of doing right or doing evil in God's eyes. Some began to do right, but later did evil—thus were judged as doing evil in God's eyes. Saul, the first king, did evil in God's eyes, thus became "derailed" in a sense. He did a number of things right, but he did not do the right thing: obey and love God with his entire being. His successor, David, did right and was judged as being an example to follow. His reign was not perfect, he made mistakes, but he was judged as going right in the eyes of God.

He did the right thing by obeying and loving God with all his might. Solomon, David's successor, began to do right in the eyes of God, but later did evil. At the outset of his reign, he was described as the wisest person who ever lived. Yet towards the end of his reign he forgot that God was his enabler, and began to disobey and his love for God waned. Thus, his reign ended with "derailment." The direct consequence of Solomon's "derailment" was the tragic separation of God's people into two nations: Judah and Israel (Northern Kingdom). All twenty of the Kings of Israel (925-721 B.C.) did evil in the sight of God. Twenty kings reigned over Judah after King Solomon's death from 925-526 B.C., yet only six did right in the eyes of the Lord, two did right in their youth but evil in their old age, and the remaining twelve did evil. In essence, fourteen of the 20 Kings of Judah became derailed. Table 1 summarizes the results of the Kings of Judah. Table 1 summarizes the results of the Kings of Judah.

TABLE 1

Kings of Judah

Did Right	Did Right When Young; Evil When Old	Did Evil
Asa	Joash	Rehoboam
Jehosaphat	Amaziah	Abijam
Uzziah		Jehoram
Jotham		Ahaziah
Hezekiah		Athalia
Josiah		Ahaz
		Manasseh
		Amon
		Jehoahaz
		Jehoiakim
		Jehoiachin
		Zedekiah

The top six sources for executive success according to the studies discussed in this paper were 1) intelligence, 2) consistent performance track record, 3) charm or relational skills, 4) ability to grow the organization, 5) ambition and commitment to do whatever it takes to succeed in the organization, and 6) ability to communicate ideas clearly and persuade others to embrace their ideas.

It has been said that managers do things right while leaders do the right things. Thus a study of the accounts of the kings in the Bible's books of Samuel, Kings, and Chronicles reveals God's expectations for leaders. We would like to add another aspect, one which redefines the essence of success. Success in leadership is typically defined in terms of one achieving one's goals. In the biblical sense, success can be defined as achieving the goals God has set.

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Electronic Textbooks: An Empirical Study of Adoption Potential

by

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Abstract

Mounting conflict brews between collegiate textbook publishers and their end users, college students. Currently, issuing a new textbook edition every 2-3 years provides the only primary revenue source for publishers and authors while escalating prices have spawned alternative outlets of new and used textbooks for students seeking lower prices. A popular publisher solution focuses on electronic textbooks; however, will college students adopt that technology? Research in this study of almost 800 Liberty University residential students reveals a strong reluctance to embrace e-books, and provides insightful rationale for such avoidance behavior.

Introduction

The college textbook publishers and their consumers are engaged in an epic clash between intrinsic goals that appears to have no solution in sight. On the one hand, publishers require ongoing revenues to continue publishing their products, and yet, they only receive revenues when they issue a new textbook or a revision to an existing textbook. Once that product sells through the original retail outlet, typically campus bookstores or designated distributors like MBS Direct, future sales occur in the reseller market similar to stock market trading in the financial sector. This revenue requirement results in publishers and authors making cosmetic alterations to the previous textbook edition every 2-3 years and raising the prices to offset the loss of income from the growing used textbook market.

"Textbook prices have skyrocketed at four times the rate of inflation over the last decade" (Murphy & Zomer, 2007, p. 1. While many factors affect textbook pricing, the increasing costs associated with developing products requested by instructors to accompany textbooks, such as CDROMs, test databanks, video case studies, workbooks, and other supplements increase the cost of the textbooks 10 to 50 percent (Casey, 2007. Yet, Jeff Neel, a sales manager for McGraw-Hill Companies, Inc., stated that publishers are not profitable despite the high textbook prices (Michigan, 2007. Industry revenues over the past five years increased only 13.5% (3.4% annually) primarily due to the abandonment by end users from traditional college campus bookstores seeking lower prices on alternative internet resources. This factor alone contributed to the industry's recent responses of issuing newer editions on an average of every 3.5 years in an effort to restore slumping revenue streams (Casey, 2007.

Online alternative sources such as Amazon.com, Half.com (managed by eBay), and even fellow students have created a growing marketplace for used textbook

sales. Another major cause for students bypassing the campus bookstore is the low amount of money they receive when they sell their used textbook back to the same bookstore where they purchased it months earlier. These students complain about the differential between the price they receive for a returned textbook and the price their fellow students will pay for that same textbook. They also complain about the long lines when buying and selling their textbooks through the bookstore. Students prefer ordering online and having the textbooks delivered to their mailing address, and then returning the textbook after the school term via the mail service to the online textbook seller in order to receive a cash rebate or credit towards another textbook.

Various collegiate administrations have taken their own steps to solve the crisis by purchasing the textbooks and offering them to students on a rental basis. Approximately 20 U.S. colleges or universities currently use a textbook rental program, some for more than a century. The California Student Public Interest Research Group (CALPIRG) reported that textbook rental systems benefit students, colleges, and college bookstores by lowering book charges from \$775-\$875 to \$130-\$240 annually. The report also states that, if more colleges and universities develop similar rental programs for their students, they would pressure publishers to change their pricing practices (Service, 2007. In some universities, professors no longer require textbooks for their classes.

Political pressure also is developing from constituents complaining of the high prices associated with textbooks. In 2004, the United States Congress introduced a bill that addresses the pricing practices of publishers after the U.S. House of Representatives conducted hearings on college textbook pricing. In addition, Governor Arnold Schwarzenegger signed a California law challenging textbook publishers to rethink their pricing policies. The Government Accountability Office launched an investigation of college textbook prices. The publishers are facing intense public scrutiny, and are under tremendous pressure to provide affordable textbooks to lower and middle-income students (Carbaugh & Ghosh, 2005, p. 95.

The American culture's demand for skilled professionals directly relates to the growing demand for higher education. College enrollment hit a record level of 17.5 million in the fall 2005 term. College enrollment projections reveal an expected increase of 13 percent between 2006 and 2015. With these target market growth projections, future revenue opportunities abound for the textbook publishers who connect with this market socially and partner with them for their personal achievements (Sciences, 2006.

The combination of a huge population of students seeking high technological solutions for their textbook content at lower costs offered through suppliers directly, should lead one to conclude that electronic books (or e-books) provide the perfect solution. However, the perception of many students who responded to this study's survey indicates that they do not believe they learn as well with digital text than with traditional print medium. They cite distract-

tions readily available on their computer, eye fatigue sometimes leading to headaches from too much time in front of a digital monitor, and the inability to highlight text and write notes in the margins as examples of their resistance to adopting the electronic book format. The research results further suggest that major improvements must occur in current formats and features that overcome several strong objections (refer to Table 4 below).

Method

Participants or subject

The entire residential student body of Liberty University received an email in November 2007 through the university system inviting them to participate in the online confidential survey available through a direct link to an off-site server maintained by Qualtrics, Inc. The potential universe of respondents equals 10,400 students. The total number who did respond totaled 785 students, a 7.5% response rate, that provides a sufficient base for statistical analysis purposes. One advantage in using Liberty University students revolves around the geographical dispersion since the Liberty student body comes from every state of the United States and many foreign countries. In this sample, 502 unique zip codes were recorded and 254 unique regions (as represented by the first three digits of the zip code).

Ninety-one percent of the respondents were undergraduate students with the nine percent graduate students participating in the few residential graduate degree programs. Sixty-seven percent of the participants were females; 33% were males. Fifty-five percent of the respondents were upperclassmen with an additional 9% graduate-level students. Over one-third (37%) of the respondents have participated in both residential and distance learning class formats; the other 63% participate only in classes held on campus. The top major fields of study included: Business (13%); Theology (11%); Communications (10%); Medical Sciences (10%); Science (10%); Education (9%); Psychology (9%). Of all respondents, 69% claimed they paid for their own textbooks.

Apparatus

The survey consisted of 24 questions (refer to Appendix A below). Students accessed the survey through a web link provided in their email invitation to participate in the study. The survey resided on a separate web host site operated by Qualtrics, an independent company. The estimated time to complete the survey was 5-7 minutes. Most questions were multiple choice radio buttons with two forced ranking questions (#14 & #22 in Appendix A below), and some narrative questions, usually providing additional choices when answering the prior question with the "Other" option. Question #24, the final survey question, prompted the respondents to state reasons for their choice of "yes,"

"no," or "maybe" in willingness to purchase electronic books.

Procedure

The invitation to participate in the study assured potential respondents that their responses would remain confidential. To that end, the survey program assigned a random identification number to each respondent. The survey was available for ten days in mid-November 2007 prior to the students' Thanksgiving break. Respondents could ignore any question although they answered most of them. The demographic questions provided the dependent variables with the options selected by the respondents providing the independent variables in the study.

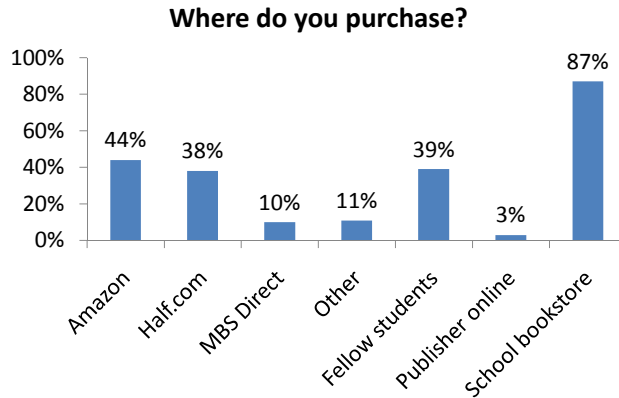
On the primary question concerning adoption potential for electronic books, respondents read a brief overview of the concept including key advantages and disadvantages of the e-book format (refer to Question #23 in Appendix A below). In addition to the tabulated results for Question #23 (Yes, No, or Maybe), specific rationale for that selection appeared in Question #24. The narrative responses were translated into a set of key categories (i.e., cost, technology limitations, prefer traditional books, etc.). Quantification of those categories provided the results described in this research paper (refer to Table 4 below).

The question for preferences on textbook format required the respondents to force rank their choices between: (1) print – new; (2) print – used; (3) electronic download to their hard drives; (4) electronic access online; or (5) audio downloads to iPod/MP3 players. After compiling the weighted values for each option in Question #22, the results were tabulated, and are summarized in the next section. This question offers insights into student proclivity to adopt electronic delivery systems over the traditional print media.

Result

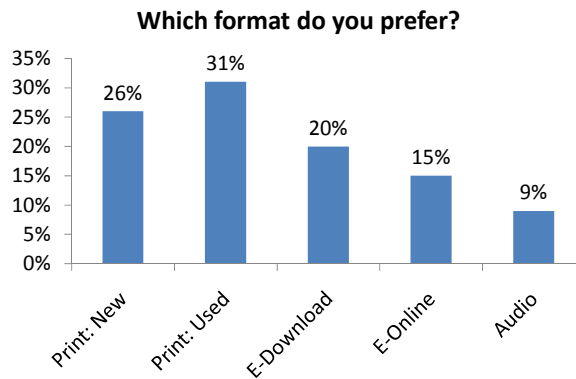
Tables and Figure

Figure 1: Percentage of respondents who have purchased from selected textbook suppliers



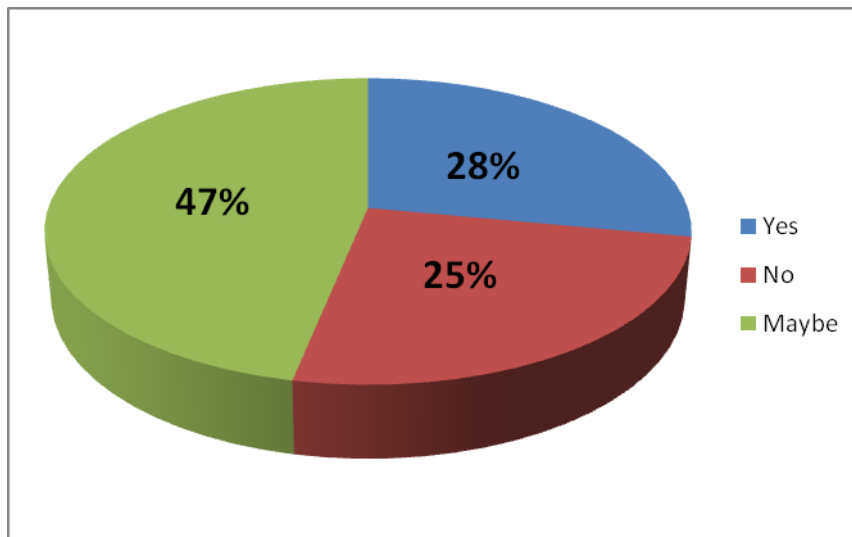
The data contained within Figure 1 above reveals the propensity of the respondents to purchase at least once within the established traditional supply chain provided from the textbook manufacturers and their retail outlets represented by the bookstore for residential courses and MBS Direct for the DLP courses. Respondents could select all sources they have used in the past to purchase their textbooks. Amazon, Half.com, and fellow students represent alternative sources to purchase textbooks and usually represent the desire on the part of students to pay less than the traditional outlets, even used book prices found in both the bookstore and MBS Direct. Detailed analyses of the results in Figure 1 appear in the *Statistical Presentation* section below.

Figure 2: Ranking by respondents on preferences of textbook content delivery systems



Currently, as illustrated in Figure 2 above, most respondents prefer their textbooks in print format (57%) versus electronic format (35%) with only 9% preferring an audio book format. Within the print format, used books prevailed over new books by five percentage points while the same five-percentage point spread exists between the two electronic forms with the download option preferred over the internet access option.

Figure 3: Percentage of student respondents who would consider purchasing electronic books



As illustrated in Figure 3 above, using the raw statistical data, 28% of the respondents stated they would consider using electronic books in the future while 25% declared they would not convert willingly to that format. Of the remaining 47% who stated “maybe” they would adopt e-book format, 75 respondents’ comments about e-books primarily were favorably inclined to try the new format while 137 “maybe” respondents cited mostly negative comments about the proposed e-book format leaving 144 “maybe” respondents with no clear positive or negative bias in their comments. Factoring in these additional skewed results based upon the narrative comments, the adjusted tally reveals 38% “Yes” respondents, 43% “No” respondents and 19% true “neutral” respondents (illustrated in Figure 4 below).

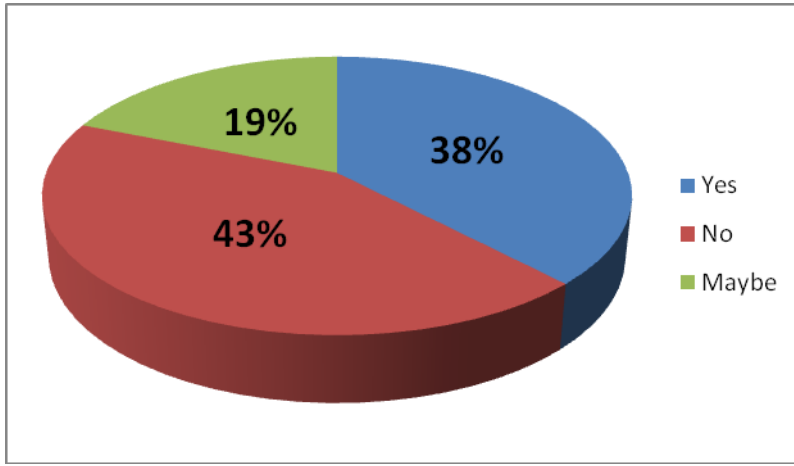


Figure 4: Adjusted proclivity to e-books adoption based upon respondent comments' bias

Table 1: Tendency for females to resell while males keep textbooks after term ends

Crosstab					
		Gender			
			Male	Female	Total
Sell or Keep	Sell textbook	Count	29	85	114
		% within Sell or Keep	25.4%	74.6%	100.0%
		% within Gender	11.1%	16.3%	14.5%
		% of Total	3.7%	10.8%	14.5%
	Keep textbook	Count	47	36	83
		% within Sell or Keep	56.6%	43.4%	100.0%
		% within Gender	17.9%	6.9%	10.6%
		% of Total	6.0%	4.6%	10.6%
	Sell some; Keep some	Count	186	402	588
		% within Sell or Keep	31.6%	68.4%	100.0%
		% within Gender	71.0%	76.9%	74.9%
		% of Total	23.7%	51.2%	74.9%
	Total	Count	262	523	785
		% within Sell or Keep	33.4%	66.6%	100.0%
		% within Gender	100.0%	100.0%	100.0%
		% of Total	33.4%	66.6%	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.212 ^a	2	.000
Likelihood Ratio	22.983	2	.000
N of Valid Cases	785		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 61.80.

b. Normal population distribution equals 69% Me; 31% Others pay for textbooks

Table 2: Males more apt to adopt e-book format than females

Crosstab					
		Gender			
			Male	Female	Total
Ebooks purchase?	Yes	Count	107	116	223
		% within Ebooks purchase?	48.0%	52.0%	100.0%
		% within Gender	40.8%	22.2%	28.4%
		% of Total	13.6%	14.8%	28.4%
	No	Count	55	143	198
		% within Ebooks purchase?	27.8%	72.2%	100.0%
		% within Gender	21.0%	27.3%	25.2%
		% of Total	7.0%	18.2%	25.2%
	Maybe	Count	100	264	364
		% within Ebooks purchase?	27.5%	72.5%	100.0%
		% within Gender	38.2%	50.5%	46.4%
		% of Total	12.7%	33.6%	46.4%
	Total	Count	262	523	785
		% within Ebooks purchase?	33.4%	66.6%	100.0%
		% within Gender	100.0%	100.0%	100.0%
		% of Total	33.4%	66.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.212 ^a	2	.000
Likelihood Ratio	22.983	2	.000
N of Valid Cases	785		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 66.08.

b. b. Normal population distribution equals 33% male; 67% female

Crosstab					
			Who Pays?		
			Me	Others	Total
Ebooks purchase?	Yes	Count	171	52	223
		% within Ebooks purchase?	76.7%	23.3%	100.0%
		% within Who Pays?	31.7%	21.2%	28.4%
		% of Total	21.8%	6.6%	28.4%
	No	Count	133	65	198
		% within Ebooks purchase?	67.2%	32.8%	100.0%
		% within Who Pays?	24.6%	26.5%	25.2%
		% of Total	16.9%	8.3%	25.2%
	Maybe	Count	236	128	364
		% within Ebooks purchase?	64.8%	35.2%	100.0%
		% within Who Pays?	43.7%	52.2%	46.4%
		% of Total	30.1%	16.3%	46.4%
	Total	Count	540	245	785
		% within Ebooks purchase?	68.8%	31.2%	100.0%
		% within Who Pays?	100.0%	100.0%	100.0%
		% of Total	68.8%	31.2%	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.362 ^a	2	.009
Likelihood Ratio	9.662	2	.008
N of Valid Cases	785		

- a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 61.80.
- b. Normal population distribution equals 69% Me; 31% Others pay for textbooks

Table 4: Category totals for narrative comments provided by respondents on e-book adoption

Categories	Ebook Positive		Ebook Negative		Total Comments	
	Qty	%	Qty	%	Qty	%
Convenience	95	23.8%	77	10.7%	172	15.3%
Environmentally friendly	7	1.8%	9	1.2%	16	1.4%
Highlighting/notes feature	1	0.3%	116	16.1%	117	10.4%
Keeper value	6	1.5%	24	3.3%	30	2.7%
Learning aid	0	0.0%	55	7.6%	55	4.9%
Less bulk/weight to carry	30	7.5%	0	0.0%	30	2.7%
No waiting in lines/hassle	7	1.8%	0	0.0%	7	0.6%
Personal preference	8	2.0%	130	18.0%	138	12.3%
Price	176	44.0%	2	0.3%	178	15.9%
Professor issues	0	0.0%	11	1.5%	11	1.0%
Resale value	16	4.0%	84	11.6%	100	8.9%
Screen/monitor issues	0	0.0%	110	15.2%	110	9.8%
Search engine capability	52	13.0%	0	0.0%	52	4.6%
Technology issues	2	0.5%	100	13.9%	102	9.1%
Other	0	0.0%	4	0.6%	4	0.4%
Total	400	100.0%	722	100.0%	1,122	100.0%

Within the sample illustrated in Figure 1 above, 87% of the students have purchased from the bookstore that sells publishers' products. The bookstore offers new or used condition textbooks. The data suggest that no significant pattern exists with who pays for the books, gender, or residential only versus a combination of residential and distance learning students. College status also followed the normal distribution with a slight increase in the freshman class at 22% of those who purchased from the bookstore where they constitute 19.5% of the sample mix.

MBS Direct is the official provider of textbooks for distance learning students, similar to the role performed by the bookstore for residential students. The one significant result from the data for MBS Direct was that 84% of the combination residential/DLP students had purchased from MBS Direct while only 8% of residential only students had purchased from the company. This data support the concept that DLP students order through the official textbook distributor in the same way as residential students order through the bookstore.

Amazon and Half.com provided two examples in the survey of online companies in direct competition with the publisher's official sales channel, the campus bookstore, where students can purchase new or used textbooks at discount rates compared with the bookstore prices. Both examples revealed similar demographical patterns. When survey respondents stated that they paid for their own textbooks, they selected Amazon and Half.com more than their counterparts who stated that others pay for their textbooks. Seventy-five percent of those who pay for their own textbooks purchased from Amazon and 76% from Half.com when they constitute only 69% of the sample. Those students with "others" purchasing their textbooks have used Amazon 25% and Half.com 24% when they constitute 31% of the sample.

Those students who participate in distance learning classes in addition to residential courses, selected Amazon and Half.com more than purely residential students. The combination students represent 37% of the sample population but 45% have used Amazon and 46% have used Half.com. Residential only students represent 62% of the sample population, however, only 53% used Amazon and 52% used Half.com. Gender did not factor into Half.com as a significant pattern, but more males have used Amazon than females with males representing 33% of the sample but 38% having purchased from Amazon. Females represent 67% of the sample but only 62% of the females purchased from Amazon. Class status followed normal distribution patterns with a slight elevation in the upperclassmen over the freshmen and sophomores. The same patterns appeared for purchasing from other students with the stronger tendency to use bypass companies like Amazon and Half.com occurring with those who pay for

textbooks themselves, those who take a combination of residential and DLP classes, and upperclassmen. No significant gender bias existed.

In the area of selling or keeping the textbooks at the end of the course, this survey attempted to establish the residual value that a textbook might have in the minds of the students and whether or not that would influence their decision of where to buy their books. No significant patterns emerged in who pays for the books, class status, or residential versus a combination of residential and DLP students. However, females tend to sell their books while males tend to keep their books (refer to Table 1 above). Females represented 67% of the sample population; however, 75% of those who stated they sold their books at the end of the term were females. On the other hand, males represented 33% of the sample and yet 57% of those who kept their textbooks were males.

In determining the key question of the survey, whether or not the students would consider purchasing an electronic book format, no significant patterns emerged for those residential only students versus combination residential and DLP students, or for college status levels. Males were more likely to try the new format than females when 48% of those students who answered "yes" on the question were males though they only represented 33% of the sample; 52% of the respondents who answered "yes" were females but they constitute 67% of the sample. Females replied "no" (72%) or "maybe" (73%) while their male counterparts represented 28% and 27% respectively of those responses (refer to Table 2 above).

Using "who pays for textbooks" criteria, a strong correlation exists between those who pay for their own books and the willingness to try the lower priced e-books solution (refer to Table 3 above). Those who pay for the books themselves represent 69% of the sample and 77% of those who responded "yes" while those students who have others to pay for the books represent 31% of the sample population and 23% of those who responded "yes" to the question. Those who answered "no" to adopting the e-book format followed their normal distribution curve while those who answered "maybe" came more from the student group where others pay for the textbooks.

Respondents had the opportunity to write narrative comments on why they selected "yes," "no," or "maybe" in willingness to adopt the electronic book format. Most of the respondents chose to write a comment. Seventy-eight percent of those who responded "yes" wrote a comment; 89% of those who responded "no" commented; and 79% of those who responded "maybe" provided comments. Each statement within a comprehensive narrative, received an assignment into a category. This resulted in some respondents having multiple statements, covering both positive and negative aspects.

In Table 4 above, all statements' major categories are listed and quantities for each of the categories tabulated under appropriate columns whether they represented a positive or negative statement for electronic format. Some respondents viewed the e-book format as more convenient while other respondents viewed the printed textbook as more convenient. In Table 4, those who considered the print textbooks more convenient are represented under the "ebook negative" column while those who considered the electronic format more convenient are counted under the "ebook positive" column. Though a small portion of the overall sample, those represented under the negative column for "environmental friendly" stated that they would not save any trees with the e-books because they would print out most of the book anyway.

Highlights from the data provided in Table 4 indicate that the positive features for willingness to adopt electronic textbooks comprise the lower price, providing a convenient method for storing the content over carrying many heavy print versions, and possessing the ability for rapid search functions to aid study habits. The primary obstacles that electronic textbooks must hurdle, in order to invite more acceptance of the application, include (1) overcoming traditional preferences of printed materials; (2) providing a means to highlight text and provide marginal notations to aid study habits; (3) reducing or eliminating physical maladies associated with long-term exposure to monitor viewing; and (4) overcoming technological concerns about hard drive crashes, battery loss, connectivity to the network, etc. One complaint not feasible for electronic systems to deliver for the students involves the lack of resale capability. However, with lower prices, students eventually would drop this concern, especially if the retail price for the e-book was lower than the net price after rebate offered by the bookstores.

Discussion

Limitations of the Study

Mostly undergraduate students participated in this research. Including graduate students as more of the sample might alter the results in a significant way. Limiting the student population to those enrolled at Liberty University might bias results because of local conditions and processes associated with Liberty and its campus bookstore outlet since a significant amount of dissatisfaction revolved around long lines and "hassles" associated with the buying and selling process here. However, reducing those frustrations would actually benefit the traditional printed format over the electronic format. Further research should investigate the body of knowledge from the medical profession on the physical abnormalities caused by extended exposure to video monitors.

Conclusions

The continuing spiral of escalating textbook prices cannot continue indefinitely and should experience a signifi-

cant paradigm shift soon given the pressures that are mounting against maintaining the status quo. The fact that publishers are exploring alternative delivery methods in an effort to lower costs for students suggests that they understand the realities facing them. What is the optimum solution to this dilemma? It may not include offering electronic textbooks given the results from this study's research.

In order to alleviate some of the major concerns stated by these students, the e-books format must adapt to common features offered by the print books such as ability to highlight, ownership of the content without removing it after the course term ends. The scientific community must determine how to minimize, if not alleviate, the physical reactions such as headaches, eyestrain, etc., in order to convince students to adopt that technology medium. E-book pricing should aim for the same approximate level as the net price achieved by purchasing a new or used textbook less the rebate allowed by the bookstore in a repurchase transaction.

The future technology of e-books should provide larger screens requiring less scrolling function to view the content and yet provide sufficient portability to replace carrying many bulky print textbooks. The more that the new technology can recreate the same "feel" as the traditional print textbook, the quicker and more extensive the adoption by this generation of college students will occur.

A Christian Perspective

The most surprising result from this study centers around the complaints of the predominantly Generation Y survey participants concerning the fatigue and headaches they experience already in their young lives from overexposure to viewing computer screens. This generation has embraced technology as none before, and their complaints raise the question of reaching possible saturation levels accumulated over years of playing games, watching programs and communicating through digital monitors. Rarely, if ever, does one hear of fatigue or health-related issues occurring from overexposure to the viewing of a sunset over the mountains, or gazing upon flowers blooming in the spring, or marveling at God's majestic splendor arrayed throughout His creation.

Technology advancements create awe and wonder among modern man, but at what price? The psalmist declared, "I will meditate on your majestic, glorious splendor and your wonderful miracles" (Psalm 145:5, NLT). The prophet further proclaimed, "There will be an abundance of flowers and singing and joy! The deserts will become as green as the mountains of Lebanon, as lovely as Mount Carmel's pastures and the Plain of Sharon. There the Lord will display his glory, the splendor of our God. With this news, strengthen those who have tired hands, and encourage those who have weak knees" (Isaiah 35:2-3, NLT). One

lesson learned from this study should serve as a reminder to “think about things that are pure and lovely and admirable. Think about things that are excellent and worthy of praise” (Philippians 4:8, NLT). Life may become more pleasant and rewarding then.

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Afterword

By

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Liberty University's School of Business invites comment on any of these articles, and we look forward to publishing reader response. Additionally, we invite any readers to submit thoughtful articles for possible future publication. Articles should be scholarly and written in APA style, approximately 15-25 pages double spaced and worthy of publication in a peer-reviewed journal. Articles may be sent electronically to bkbell@liberty.edu or in hard copy to the following address:

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