Proceedings of the Academy of International Business

U.S. Midwest Chapter 2019 Conference

Volume XXXIII

Editors

Alex Polacco
St. Cloud State University, St Cloud, MN

Christopher Zeimnowicz
The University of North Carolina at Pembroke

The Annual Meeting of the Academy of International Business
U.S. Midwest Chapter

held in conjunction with the

MBAA International Annual Meetings in Chicago, Illinois
U.S.A.

March 27-29, 2019

A Welcome Note from the President of AIB-Midwest

Greetings and welcome to the 2019 Academy of International Business – U.S. Midwest Chapter (aib-midwest.org) conference, held in collaboration with MBAA International (mbaainternational.org) and other business organizations at the Palmer House Hilton in Chicago. AIB-Midwest is an organization that fosters research and education in the field of international business. Our chapter's mission is to encourage and assist research activities that advance international business knowledge, increase the availability of teaching materials, and facilitate information and ideas exchange among educators and between international business and academic fields. The specific mission of our meetings is to provide participants with the opportunity to present their research and other contributory works in a collegial setting, obtain constructive feedback, advance research toward submission for publication and interact with world-class scholars, panelists and keynote speakers. The conference provides opportunities for junior and senior scholars, and for students and business practitioners, to exchange ideas and share developments in international business research, teaching, and practice. The program during the conference in Chicago is designed to provide you with a rewarding experience in an environment supportive of dialogue, interchange of ideas, and friendly companionship.

The conference proceedings contain full papers or abstracts of the works that were accepted for the meeting. These contributions represent research and analyses of some of the challenges and emerging phenomena in the global business environment. Hopefully, they will serve as a valuable source for your further research. Additionally, I hope that you will find this edition of the conference proceedings informative, useful, and thought provoking.

With deep gratitude and sincerity, I thank you, all conference participants, and the AIB-Midwest officers especially, for your salutary support and contributions to the AIB-Midwest chapter. Over the past few years, AIB-Midwest has experienced much accomplishment and success at our annual conferences in Chicago. These achievements are not possible without your involvement and backing. Thank you! Thanks also to all of our authors, reviewers, panelists, speakers, keynote presenters, and other conference participants and attendees, without whom this event would not take place. Our faithful, diligent, and capable AIB-Midwest officers are most deserving of recognition for their active participation and enthusiastic help. Once again, thank you for your work and participation at this year's conference and I encourage your continued scholarly contributions to our annual forums for many years to come!

David J. Boggs

March 2019

ACKNOWLEDGEMENT FROM THE EDITORS

Dear AIB members and other readers,

These are the proceedings of the 2019 annual meeting and conference of the Academy of International Business - U.S. Midwest Chapter, held in conjunction with the MBAA conference at the Palmer House, Hilton Hotel, in Chicago, IL, on March 27 -29, 2019.

Our mission is: To promote the teaching and research of all areas of international business, within the framework of the worldwide AIB: and to act as a forum for the development and exchange of views on issues in international business, mainly by means of the AIB-U.S. MIDWEST Annual Conference in conjunction with the MBAA International Conference.

Various papers, abstracts, panel discussions, and workshops presented at the conference are wholly or partially published herein, along with their authors, presenters, and session-chairs. If you want further information on any of the articles, you may contact the author(s) directly.

Alex Polacco

Dear Colleagues and Friends,

The vision of the Academy of International Business (AIB) Midwest Region Chapter is to provide a forum and serve as a catalyst for initiating and continuing dialogues about teaching and research projects. The objective of the annual meetings is to bring together attendees from academic institutions (large and small, public and private, domestic and foreign), as well as representatives from governmental agencies, non-profit institutions, and the business community.

The articles in this thirty-third annual edition of the annual meetings of the AIB-Midwest Chapter represent a wide array of challenging topics and issues in international business. They should serve as a source for further study and interaction.

This compilation also represents the participation of numerous individuals. The authors, peer reviewers, presenters, session chairs, paper discussants, and panelists, as well as the officers of the AIB-Midwest Chapter, have donated their time and energy. Active involvement in this scholarly endeavor enhances the meetings of the AIB-Midwest Chapter as a forum where academicians and business professionals share their research findings and experiences in a collegial and supportive environment.

Christopher Ziemnowicz

Proceedings of the AIB-Midwest 2019 Conference Volume XXXIII

Cultural Intelligence: Cross-Cultural Case Examination and Analysis

Daniel Marcotte, Bryant University
Elzotbek Rustambekov**,** Bryant University
Joseph Trendowski, Valparaiso University

Student paper presented by Joseph Trendowski on Wednesday, March 27, 2019, in the Crystal Room at 1:30-2:45 pm.
Theme: Culture and Human Resources. Session Chair: Anand Pore, University of Houston-Downtown.

Abstract

Globalization requires collaboration, partnerships, alliances, trade agreements, and business conduct across both borders and cultures. Growth in international business necessitates corporations and employees to be culturally intelligent. Cultural intelligence has proved to be an instrumental skill that will be a major determinant in the success of cross-cultural collaborations. We examine cross-cultural situations of financial and social problems caused by a lack of cultural intelligence and compare them to situations of effective collaborations. We conclude with practical suggestions to implement cultural intelligence.

The Impact of Over-Tourism on Greece's Economy, Politics, and Social Life

Laura Sieberlich, North Central College
Samantha Sowa, North Central College
Hollis Sepp, North Central College

Abstract

This paper explores the socio-political and economic issues of excessive tourism in Greece. We explore how over tourism has not only shifted the economic makeup of Greece, but the world's as well. Over tourism has shifted employment and economic priorities in Greece. We explore the role that climate change will play in affecting the environment, and get an understanding of how over tourism can rapidly increase its negative effects. We also explore over-tourism's impact on taxes, regulations, and the role of China on Greek tourism.

The Impact of Over-Tourism on Greece's Economy, Politics, and Social Life

Over the last few years, Greece has become one of the most popular tourist destinations in the world. From its ancient history to the breathtaking landscapes, it is not surprising that many take their vacations throughout Greece. What tourists and vacationers do not see, however, is that the nation is beginning to recover from a massive financial crisis, and that the birthplace of democracy also has its own political struggles, with multiple parties voicing their stances and opinions. With a damaged economy and a history of an unstable government, so many tourists coming to the country may just be the next hurdle for Greece to overcome.

With growing travel and tourism to Greece, many spend their holiday in a country that appears to be put together on the outside, but is still struggling internally. Tourism has become important to the Greeks since it is a good source of revenue for the economy and brings jobs for the unemployed. Additionally, tourism allows those who are non-Greek to see and experience the ancient history of a country once so strong and powerful, creating a desire for the country to succeed once again, despite their current struggles. The Greek locals have said that more and more tourists come to Greece every year, with 2018 bringing in over 32 million. This country with only eleven million must find a way to manage a crowd almost triple the size. Greek politicians are tasked with managing these numbers, trying to balance the potential revenue with the potential costs of overcrowding.

The occurrence when there are too many visitors within a particular area has been described as 'over tourism', which is a new trend that can be seen throughout Europe, and the rest of the world as well. Greece has been hit hard with over tourism, with many coming to see famous sites, art, history, and nature. Tour guides and locals alike have said that during peak season, it is difficult to enjoy Greece and all that it has to offer, indicating that actions need to be taken to address this trend. While in some aspects of the country, this growth in tourism is welcome, in others, it is detrimental. Therefore, necessary action varies depending on which disciplines this topic is analyzed through. To

gain a full understanding of the effects occurring, one can analyze the impacts and reactions to the over tourism in Greece economically, socially, and politically.

<div align="center">**Over Tourism and the Economy of Greece**</div>

The economy of Greece has been globally headlined many times since its financial crisis of 2007. On August 20, 2018, Greece received their last loan payment from the European Union bailout program and now has a debt close to 180 percent of their Gross Domestic Product (Council on Foreign Relations, 2018). The 2017 GDP for Greece reached 200.29 billion US dollars, which was an increase from 2016's GDP of 192.69 billion dollars ("Greece GDP", 2018). Of that $200.29 billion, $39.7 billion, or 19.7 percent, was from the total contribution of travel and tourism in Greece, and that contribution is only expected to increase in the future ("Travel & Tourism Economic Impact 2018 Greece", 2018).

Tourism in Greece has increased over the last few years, with 2018 forecasted to bring 32 million foreign tourists, a record high for the country and the largest increase in visitors over the last decade in all of Europe (Smith, 2018). With an increase in tourism, there are also more jobs directly and indirectly related to tourism that are available for the people of Greece. Greece ranks high above the European Union and world's averages in travel and tourism's contribution to GDP, employment, total capital investment, and visitor exports, as well as in the long-term growth rankings in those sectors ("Travel & Tourism Economic Impact 2018 Greece", 2018). In this recent phenomenon of over tourism, there have been both positive and negative impacts on the economy of the country as a whole, but overall, tourism has economically helped the country that has been struggling with a financial crisis for the last decade.

Impact of Over Tourism on Greece's GDP

The Gross Domestic Product is a strong indicator of the strength of an overall economy. It bodes well for Greece that their GDP has been increasing over the last few years, with the growing number of foreign tourists visiting Greece being an additional contribution to their GDP. As tourism in Greece is expected to increase over the next few years, the GDP of Greece will also increase, due to the significant total contribution that travel and tourism have on the Greek economy.

The travel and tourism sector of the economy has both direct and indirect contributions to the GDP. For Greece, $16.2 billion of their GDP, or 8.0 percent, was directly related to travel and tourism. This contribution to the GDP is expected to rise by 5.6 percent in 2018 ("Travel & Tourism Economic Impact 2018 Greece", 2018). Over tourism has not only shifted the economic makeup of Greece but the world's as well. To compare this to the global average, Greece receives less monetarily, as the world average direct contribution to GDP from travel and tourism is $21.5 billion, which grew 4.6 percent from the previous year, but in terms of relative size of economy, Greece receives far more than the global average at 8.0 percent versus 3.2 percent, respectively ("Travel & Tourism Economic Impact 2018 Greece", 2018).

Despite a smaller economy, a larger fraction of the economic activity in Greece is directly derived from travel and tourism, which will likely continue to increase with time. The total contribution of travel and tourism on the economy, which is made up of both the direct and indirect contributions, has a very significant impact on the GDP. While the impact of tourism typically focuses on its direct contributions, like in the hospitality industry, there are many indirect

contributions made through this industry as well, such as through the farming industry as it increases demand for their goods.

In 2017, the relative total contribution for travel and tourism was 10.4 percent of the global economy, whereas, for Greece, the relative total contribution was 19.7 percent ("Travel & Tourism Economic Impact 2018 Greece", 2018). Nearly one-fifth of Greece's economy consists of contributions from tourism, compared to a little over one-tenth of the world's economy. Tourism is, clearly, very critical to the economic make up of Greece, especially in terms of GDP.

A further breakdown of what the contributions from travel and tourism to the GDP and economy of Greece offer an insight as to what a greater influx of tourists from the over tourism phenomena can do to the country. For example, 93.8 percent of the travel and tourism's contribution to Greece's GDP is due to leisure travel spending, whereas only 6.2 percent is related to business travel spending ("Travel & Tourism Economic Impact 2018 Greece", 2018). With over tourism, which consists of tourists who come for leisure, the overall percentage for those who travel and spend on leisure will only increase, as the health of the world's economies improves. Moreover, 64.5 percent of Greece's travel and tourism's contribution to GDP was from foreign visitor spending, while 35.5 percent was from domestic spending ("Travel & Tourism Economic Impact 2018 Greece", 2018).

The majority of the GDP's portion from travel and tourism comes from foreign spending, and as more foreigners come to Greece, the foreign visitors' contribution percentage to GDP will only increase. An indicator of this increase is the fact that more airlines are offering direct flights to Greece, and many cruise lines in the Mediterranean stop in Greek ports. However, it is also important to note that domestic spending accounts for more than a third of that make-up as well. This spending indicates that there is some financial security for Greeks to take part in spending on travel and tourism within their own country.

Tourism has a significant impact on the Greek economy, and with over tourism, the impact will only continue to increase. There are many people financially and economically involved in the tourist sector, which creates a higher demand for involvement within the industry. For example, governments receive tax revenue from tourists and businesses profit from those who travel abroad (Jet, 2018). And with the aftermath of the financial crisis looming throughout Greece, "Tourism has helped prop up a nation battling bankruptcy and a quarter of residents need the industry to make a living," (Smith, 2018, para. 3). Over tourism has not only impacted the gross domestic product portion of the economy but the employment crisis in Greece as well.

Impact of Over Tourism on Greece's Employment

The financial crisis of Greece not only hurt the GDP of Greece, but it also damaged employment opportunities for many Greeks and created a great unemployment crisis in the nation. The employment in Greece is still not stable as only 54.8 percent of the working age population is employed, and 34.1 percent of those who are employed are self-employed (OECD, 2018). As more and more tourists come to Greece though, and as the GDP continues to grow, there becomes a greater need and desire for the Greeks to become involved and employed in tourism. Through the growing travel and tourism sector, the employment crisis in Greece is minimized due to Greeks obtaining jobs in the tourism industry.

Tourism has had a significant impact on employment in Greece, and now with the over tourism phenomenon, even more individuals are getting jobs in the tourism industry. According to the *Travel & Tourism Economic Impact 2018 Greece* report, 12.2 percent of the total employment of Greece, or 459,000 jobs, were directly related to travel and tourism in 2017 (2018, p. 1). Tourism clearly plays a large role in the employment of the Greek people. Comparatively, only 3.8 percent of those employed around the world have a job related to travel and tourism (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 8). Greece has over three times as great of a percentage involved in tourism. With over tourism becoming more prevalent, not only in Greece, but worldwide, there is a high likelihood that the percentage of individuals with professions in tourism will continue to increase. With such a high employment percentages associated with the travel and tourism industry, the Greeks are dependent on success within the industry to benefit themselves and the country as a whole.

Employment related to tourism is very common, especially in Greece where 3 in every 25 people are directly involved, but the total contribution that travel and tourism have on the employment of Greece is far more significant. In 2017, 24.8 percent of total employment in Greece was both directly and indirectly supported by the travel and tourism industry (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 1). This means that nearly every one in four individuals employed in Greece work in an area related to travel and tourism. With a quarter of the population dependent on foreigners spending their vacations in Greece, it is not surprising that the over tourism phenomenon has reached Greece. There are many reasons this trend has occurred, such as due to the many advertisements that are seen to visit their country, like commercials for "Visit Santorini," and cruise lines offering stops at multiple Greek ports.

Comparing to worldwide employment, tourism currently accounts for one in ten jobs throughout the world (Associated Press, 2017). One in ten individuals around the world employed in travel and tourism is still significant, but the world's dependence on travel and tourism is not as great as the Greeks'. As over tourism continues to grow and affect more places, it will naturally follow that more and more individuals will become involved and employed in travel and tourism around the world, and especially in Greece.

Tourism and travel are very important to the economic health of Greece. In terms of employment, Greece's proportion of workers directly related to travel and tourism is ranked 20th out of 185 countries worldwide, and their total contribution of workers related to travel and tourism is ranked 26th (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 8). These rankings may continue to climb higher as it is predicted that more individuals will become involved with travel and tourism within Greece. Greeks welcome this trend as growth in employment due to tourism "is vital to the country's recovery process," (Prakash, 2017, para. 7). As Greece continues to repair itself from their financial burdens, employment and expansion in the travel and tourism industry will continue to play a large role in aiding the country to regain its financial freedom.

Changes and Forecasts in Greece's Economy due to Over Tourism

Travel and tourism in Greece has changed from how it looked a decade ago, and will continue to change into the future. Tourism figures and statistics of tourism support the premise that over tourism exists and may continue to exist if travel to Greece remains popular. Looking back, it can be seen exactly how much travel and tourism has changed the Greek economy, and what the

forecasts predict will happen over the next decade.

For Greece, travel and tourism is continuously becoming a more predominant sector of the economy, thereby making it a large contributor to the country's GDP. The total contribution from travel and tourism to the GDP has been increasing since 2012 (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 1), and as stated by Greek Travel Pages of International Publications Ltd., "tourism is evolving into one of the Greek economy's leading drivers, estimated at accounting for 22.7 percent or almost one-fourth of the country's GDP by 2028," (2018, para. 1). The increases in the total contribution to Greece's GDP from travel and tourism, as well as the predicted continuance of these increases support the importance of promoting tourism within a country that is still recovering from a financial crisis.

Greece is not the only country that has seen increases in the total contributions to GDP from travel and tourism. In fact, many countries have experienced such increases, and the European Union as a whole has been greatly impacted. In 2003, travel and tourism accounted for 5.0 percent of the European Union's GDP (Andriotis, 2004, p. 277), while in 2017, this number rose to make up 10.3 percent of the European Union's GDP (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 8). In fourteen years, the total contribution from travel and tourism to the GDP of the European Union doubled, and is expected to continue to increase as well. With over tourism becoming a more prevalent occurrence in Greece and the rest of Europe, the total contribution for their respective GDPs is forecast to increase by 3.7 percent per annum for Greece and 2.0 percent per annum for the European Union (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 10), illustrating that tourism is an increasingly important economic sector, especially in terms of GDP growth.

Additionally, forecasting of tourism is not only important for GDP, but also for the employment of Greeks in the industry as well. According to the "Economic Outlook" for Greece published by FocusEconomics, the unemployment rates within Greece still remain fairly high at 21.5 percent in 2017, but have been continuously decreasing over the last 5 years (2018). Since employment in tourism is becoming increasingly dominant within Greece, and around the world, the unemployment rate is continuously decreasing due to more and more jobs available within travel and tourism. Over the last decade, one in five jobs created have been in the travel and tourism sector worldwide (*Travel & Tourism Economic Impact 2018 Greece,* 2018). Aligning with this trend, over time, an increasing number of Greeks have become involved in travel and tourism.

In 2003, one in every 5.9 jobs was either directly or indirectly related to tourism in Greece (Andriotis, 2004, p. 277-8), whereas now, nearly every one in four jobs are related to tourism (*Travel & Tourism Economic Impact 2018 Greece,* 2018, p. 1). In these fourteen years, the tourism industry has hired more individuals and offered more jobs, and the employment within this sector is only expected to increase. As discussed in the report done by the World Tourism and Travel Council, "by 2028, Travel & Tourism will account for 592,000 jobs directly, an increase of 2.1 percent pa over the next ten years," (*Travel & Tourism Economic Impact 2018 Greece,* 2018, pg. 4). With this outlook for obtaining a job in travel and tourism within Greece, and based off the forecasts, it is nearly certain that over tourism will help grow the economy of Greece, and further assist the nation in solving their financial crisis.

Travel and tourism, as well as the recent over tourism trend specifically, have had a large impact on the economy of Greece, a country that is currently recovering from its financial crisis.

Tourism helps grow the nation's gross domestic product, as well as provides employment opportunities for a country that has a large unemployment crisis. As long as Greece remains a popular tourist and vacation destination, the country can help relieve some of the financial burdens that they have incurred. However, with this benefit comes a new set of burdens on the social life in Greece.

Over Tourism and the Social Issues of Greece

While growth in tourism is welcomed from an economic standpoint, socially, this trend can cause many negative effects. As there is an increase in the number in tourists, there comes an increase in the unrest among the locals that have been affected by the whole industry. Furthermore, although the travel and tourism industry have helped the country bypass certain economic catastrophe, natural catastrophe may be posing a new threat with these trends. Over tourism means that there are too many people in one place, and overcrowding of a popular destination is what makes tourism unappealing to both tourists and locals. In addition, it puts a heavy strain on the environment of these destinations. The strain on resources comes with many consequences that affect not only tourists, but the locals, specifically through the effects on the environment and infrastructure.

Impact of Over Tourism on Greece's Environment

A country's culture can often be embedded in the country's terrain. Just as people can shape the land, the land shapes the people, who contribute to the overall culture. This effect is especially true in Greece, from their winery and vineyards to olive tree groves, to fisheries and aquaculture, and to their many archaeological sites. All these components of Greece's culture can be vastly altered as their environment changes, and climate change is the element that will most drastically influence these changes. Therefore, it is important for Greeks to acknowledge the role that climate change will play in impacting the environment, as well as understanding how over tourism can rapidly increase the negative effects seen by it.

To begin, looking at how climate change impacts tourism, the ever-present issue could actually be beneficial to those involved in tourism as it could alter the popular seasons to travel in Greece. For example, changes in climate could affect the popular seasons for tourism in the country. This change could actually be beneficial for Greece, as they see major spikes during their summer season, and by leveling out this spike, Greece could be better equipped to handle these numbers of tourists. Spreading out the time frame of tourist visits would lead Greece to see greater revenue throughout the year rather than having it concentrated in that one season. However, if the loss in demand during the warmer seasons is not made up during the shoulder seasons, then Greece will face great economic loss in their tourism sector (Centre for Climate Adaptation, n.d.).

The increase in temperature, which is bound to happen with climate change, is also detrimental to the landscape because it indirectly alters entire ecosystems. These alterations lead to many other problems like coastal erosion, increased forest fires, water shortages, and altered agricultural production (Centre for Climate Adaptation, n.d.). All of these consequences can affect the food and drink that is served at restaurants. For example, wine vineyards and olive tree groves will be affected, and the quality and quantity of the seafood

will be changed as well. A major attraction of Greece is their local cuisine, and diminishing its quality could lead to less people wanting to come to Greece. In addition, one of the biggest attractions to tourists in Greece's is ancient archaeological sites, which could also face damage from indirect consequences of climate change, like acid precipitation. Furthermore, any sites located near large bodies of water could be damaged from coastal erosion and inundation.

In hopes for countermeasures against climate change, environmental policies will arise with the aim to cut down on greenhouse gas emissions. Cutting down on greenhouse gas emissions would be policies not only directed at environmental issues, but also at the tourism industry. These measures will most likely effect the transportation industry. Transportation costs will likely be increased, and this will greatly affect how tourists will travel, possibly to the point of tourists limiting their travels to minimize their own costs.

Along with the landscape being endangered, the species of the land are also being endangered. As the oceans are being littered with trash, the delicate and uniquely diverse habitats of these sea creatures are being disrupted by climate change and pollution. According to WWF Hellas the impacts are already evident, as 60 percent of fish species in the Greek seas are affected, and, according to UN data, some 300,000 tons of plastic end up in the Mediterranean Sea each year (GCT Team, 2018). If better care and treatment are not initiated, then the biodiversity may suffer from permanent loss of several different species and the beaches may become unsuitable for enjoyment. A major contributor to this pollution is the millions of tourists visiting Greece each year. However, these species and beaches are big attractors to tourists, and both tourists and locals alike would be saddened to see these consequences fulfilled.

Back on land, donkeys are being overworked due to over tourism in Greece and it is to the point of being considered as animal cruelty. These donkeys struggle to walk normally under the weight of tourist's loads for incredibly long periods of times, sometimes in the most brutal of heat, and with this poor treatment the donkeys have been known to show signs of aggression (Scottie, 2018). Thankfully, the abuse for these helpless animals has not gone completely unchecked as there has been a charity established for the donkeys and policies are being placed to protect them from working twelve hour shifts and to ensure that they are being well hydrated during these long shifts, especially on days when the temperature goes over 85 degrees Fahrenheit. Although the donkeys may seem like more trouble than they are worth, as they could be replaced with a different mode of transportation, that would take away from the islands' tradition.

With such a large influx of people coming to visit Greece, comes much strain on the local resources resulting in diminished landscape aesthetics, and increased litter and pollution (GCT Team, 2018). If over tourism is not addressed, then the beautiful destinations will face severe environmental damage and the cities will ultimately become rundown.

Impact of Over Tourism on Greece's Infrastructure

Damage to picturesque scenery and pollution to crystal clear waters are not the only things that Greece needs to worry about, as a severely strained infrastructure also poses as a threat to the well-being of the country. Crucial parts to infrastructure, including airports, sea ports, road networks, water supplies and sewage systems, and energy grids, are all at risk with over tourism. Tourists produce more garbage than average, which puts great strain on waste management systems. Their additional power consumption makes the electrical grids vulnerable to being overloaded as well as mass power outages. Furthermore, tourists use a lot more water than the locals do, which places a

great amount of strain on water supply and public sewage systems.

Greece is in the process of building one of their biggest desalination plants in history, but Nikos Zoros, Santorini's mayor, fears that the plant will still not be enough to handle the anticipated record breaking floods of tourists (Smith, 2018). These problems will only worsen as more tourists arrive, and if left unattended, the people will not be able to meet the demands of the hordes of travelers and will inevitably be unable to maintain the quality of services. The travel industry of these destinations need to develop a more sustainable path in order continue and expand, because the number of tourists are expanding whether they are prepared or not.

It can be seen elsewhere in the world that when an island or a city's infrastructure takes on too much stress, then the entire location may have to close its doors to tourists as they overhaul the damage that has been done. On April 26, 2018, Boracay, an island in the Philippines, closed itself from tourists for six months to repair the island's overtaxed infrastructure (Smith, 2018). Around the world, entire islands have been known to shut out tourists to overhaul overtaxed infrastructures. When looking in-depth at the issue of over tourism, it becomes clear that the issue itself is not necessarily with tourists, but rather with the number of tourists that inundate certain areas at peak times of the year, leading to the pressures that can be seen in the infrastructure of the country.

All these issues that arise with over tourism can actually harm the tourism industry as they lower the quality of tourists' experiences and the overall appeal of the country. While too many tourists at once is an issue, that does not mean Greece wants to drive away tourists. Rather, as mentioned earlier, the tourism and travel industry brings the economy a great deal of profit on a large scale, seen in the country's GDP, and on a smaller scale, seen in the local businesses. Therefore, Greece needs to find a way to lower these environmental impacts, while maintaining the positive economic impacts.

Impact of Over Tourism on Greece's Locals

Despite businesses reaping many benefits because of tourism, there are still businesses that have seen a downside from it. While people travel abroad for vacations to possibly escape their responsibilities back home and to let go and have fun, this should not mean that it is okay to disregard all responsibilities and basic human decency. However, often-times vacationers do not show this basic respect. For example, "Hotel owners in Malia, northeastern Crete, said recently that they were not accepting some 10,000 bookings from the UK in an effort to repair a tainted reputation due to the thousands of mostly British tourists who flock to island bars and clubs every summer and drink till they drop," (GTP Editing Team, 2018, para. 8). While many businesses earn a great profit because of tourism, if the tourists are conducting themselves poorly, then some serious reputational and physical damage occurs to the businesses involved in tourism and travel. When these types of damage occur, the businesses cannot keep reeling in a large profit like they once did, due to the expenses for repair.

Aside from unruly behaviors, local residents are feeling alienated in their own home. Locals are faced with quandaries in their hometown, when for every one of the natives there are three foreigners (Smith, 2018). For some this is unsettling, not knowing the majority of those within one's own community. For others, this constant flow of foreigners is quite obnoxious. With so many people in one place at times, the tourists become a great deal of an inconvenience to the locals. Travel Weekly editor in chief Arnie Weissmann states, "It takes

me longer to do everything, and it's in my face all the time. I have to leave 10 minutes earlier to get to an appointment. I'm not seeing a benefit, only a downside from tourism. Nationalism may be a piece of it, but for many residents of popular places, tourism is just annoying," (Weissmann, 2018, para 58).

To further add to residential annoyance, tourists are getting high priority over long-term local tenants. "At the prospect of making an added 50 or 60 euros a day, property owners are preferring to lease to tourists instead of long-term tenants as more and more are joining sharing economy platforms such as Airbnb and Home Away" (GTP Editing Team, 2018, para. 4). Telegraph Travel's Greece expert, Jane Foster noted that "In Athens, in the student Exarhia neighborhood where I used to live, rent prices for small apartments have increased as many owners now choose to rent by the day (through Airbnb) to tourists rather than by the month to students. That's a massive problem for locals," (Foster, 2018, para 14). This new development in leasing reveals that property owners are hiking up their prices since they are in such high demand and tourists are willing to pay, but it ultimately turns away any locals who could have used that opportunity. Growing frustration with tourists can be seen elsewhere in the world, and the locals are being more and more bold with their discontent. For instance, back in July 2017, anti-tourism protesters made an assault on an open-top tour bus in Barcelona, by slashing its tires and defacing it with graffiti (Smith 2018). While Greece has not faced such disturbing protests against tourism, there is still a strong anti-tourist sentiment growing among the residents, and if their issues are not addressed, then the issue and their protests are bound to escalate.

As the local anti-tourist sentiment grows, the people of Greece are looking for some serious answers to their grievances and are taking to their public officials for solutions. Politicians recognize this and are having to create policies to address over tourism, and many politicians are being elected based on what agenda they have to help solve the issue of over tourism.

Over Tourism and the Politics of Greece

Over tourism can be seen to have both positive and negative influences on a country, and it can fall on politicians to manage these areas. The tourism industry has proved so crucial for the recovery of Greece from their economic crisis, but over tourism poses new threats to the country. Therefore, it is essential that politicians continue to grow this industry through their policies, but also to ensure that the growth is manageable through regulations. Furthermore, policies should be used to enhance the positive effects of tourism, creating revenue for Greece when possible, without harming the tourism industry by turning too many potential travelers away with higher costs. Finding this balance has caused much disagreement between the people who rely on the tourism industry for their livelihood and the politicians. In addition to their policies and regulations, the management of their international relations is central to the Greek government when evaluating their trends in tourism.

Tax Policies

Trying to take advantage of this trend of over tourism, there have been several controversial decisions made by the Greek government in regard to taxes they are implementing. One example included raising the value-added tax, or VAT. The raising of this tax occurred in 2016, increasing it from 13 to 24 percent (Regula, 2018). The value-added tax is commonly seen throughout the European Union, being applied to most goods and services. The purpose of the Greeks raising this tax stems from pressure from the EU, as they must take measures to generate revenue to meet fiscal

targets set by their lenders (Georgiopoulos, 2016).

While Greece's large tourism industry greatly increases the revenue that will be generated from this tax, people were, and still are, concerned about the negative effect the tax can have on this industry. The Confederation of Congress stated, "the impact of the higher tax on tourism, the economy's bright spot during a deep recession, risks giving away competitive advantages" (Georgiopoulos, 2016, para. 7). Greece relies on tourism, and they are able to draw so many people not only with their rich history and beautiful destinations, but also with their low prices. Increasing prices to tourists could influence them to travel to different locations, where they would not face the same level of tax. However, looking at the trends in tourism from 2016 to 2017 that Greece experienced, the tax clearly did not inhibit this industry's growth. With that being said, this tax is still seen as a potential threat to tourism, especially as more policies and regulations are put into place.

An additional tax policy from Greek politicians that created controversy occurred in 2018, when Greece levied a stayover tax, which is an additional charge to hotel guests for the daily use of their rooms. The price of this tax varies by how many stars the hotel has, ranging from fifty cents to four euros. This tax also applies to those who stay in a hotel for only half a day, and to those who use online platforms to rent a room ("'Stayover Tax' Charged to Short-day Hotel Stays in Greece," 2018). The purpose of introducing this tax was to aid in the economic recovery of Greece, targeting one of its most powerful industries. The government estimated that the stayover tax would bring in additional eighty million euro throughout the year ("How Will Greece's 'Stayover Tax' Affect Tourists and Its Hospitality Industry," 2018).

Those working within the hospitality industry were less than thrilled with this decision, believing it would hurt Greece rather than help it. Concerns about this policy focus around this tax causing a loss of business. A stayover tax can act as a deterrent to potential tourists, leading them to choose a different destination. If there is not an increase in price for the guest of a hotel, the owner will be forced to absorb the cost, with either situation creating negative results for the hotel industry (TNH Staff, 2018). When the business must absorb the cost of a tax, they will cut costs in other areas, which may mean lower quality service to their guests. Furthermore, the hospitality industry is concerned that this tax will limit their growth. The Hellenic Federation of Hoteliers expressed this fear, stating that the tax will hinder development of the industry, especially considering the lower prices already offered at hotels as they stray from peak summer months ("How Will Greece's 'Stayover Tax' Affect Tourists and Its Hospitality Industry," 2018). As such a crucial part of Greece's economic recovery, it is feared that hindering the growth of the hotel industry could severely limit the growth of the economy overall.

Although there are many that feel the stayover tax will threaten the tourism industry, it was levied due to the incredible growth the industry has been seeing in recent years. Other countries within Europe have similar taxes, and continue to have success with their tourism. In fact, it is important to note that due to their already low prices, Greece will continue to offer lower prices than competitors, even with the additional costs ("How Will Greece's 'Stayover Tax' Affect Tourists and Its Hospitality Industry," 2018). While the tax may have a negative short-run effect as tourists and hotels adjust, long-term it is not anticipated that the tax will actually hurt the hotel industry. Rather,

with the growth in tourism, comes the opportunity for this new stream of revenue that the country desperately needs.

Regulations

While the Greek government is trying to make the most of the trends of over tourism through taxes, they also recognize the potential problems these trends can have. For example, with the influx of tourists that come to Greece, specifically in the summertime, it hinders their ability to make necessary infrastructure developments, in addition to the many social issues that can arise. Recognizing these negative impacts of over tourism, regulations have been put in place, or will be put in place, with the intent to lower or limit the number of tourists coming into the country.

Tourists

One regulation beginning in 2019 will be restricting the number of tourists that can travel to Santorini. Santorini is the most visited island in Greece, seeing nearly two million travelers alone in 2018 (Prakash, 2018). While this island is an attraction to many people from all over the world, being able to sustain the number of tourists coming in is simply not feasible. This concern is evident from Santorini's mayor stating, "the electricity grid and water supply are at their limit. Garbage has doubled in five years. If we don't control the crowds, it will backfire" (GCT, 2018). Due to the strain the number of tourists have been putting on the island, the mayor, Nikolaos Zorzos, is capping the number of tourists that can arrive by cruise per day in 2019. While in 2018, there were days when 18,000 tourists would arrive by a cruise-ship, in 2019 there will be a limit of 8,000 per day (Prakash, 2018). As the island is home to only 15,000 people, this limit will help manage the overcrowding that tourism can cause. It will also allow the city to address its ecological and infrastructural needs.

However, this regulation did not come without backlash. Many cruise lines and business owners are upset about the regulation and what it could mean for their economic situations. They feel that the burden should be on the government to accommodate the crowds, rather than put on their businesses (GCT, 2018). Many people are concerned that this limitation will also lower demand for the area, driving away more business than the restriction would alone. Furthermore, others believe that to truly address the problems that over tourism are bringing to the island, the government needs to address more areas than the cruise lines. George Andritasakis, a senior travel agent states, "if the local government wants to take action, they should also target ferries and airline arrivals as well" (Pike, 2018, para. 8). With this suggestion, he is noting that the real cause of ecological issues stems from tourists who have longer vacations, rather than those who are there shortly with a cruise line. Therefore, a greater impact would be made if they limited different areas of tourist arrivals.

Overall, Santorini has been overflowing with tourists in recent years, and while the economy welcomes the business, the government officials must consider the impact that these tourists are having on the island overall. To be able to sustain their city, they must find ways to address the number of tourists coming in. While the restriction on the number of arrivals from cruise lines is not welcomed by all, it is a step the local government feels it must take to preserve the island and continue being a sought-after vacation destination.

Restaurants

Another regulation from the Greek government that impacts tourism less directly comes in

the form of limiting the olive oil and wine that restaurants are allowed to serve. Since January 1, 2018 restaurants had specific instructions of what type of olive oil they could be putting on their tables. "A new law in Greece has mandated that the olive oil on restaurant tables be served in sealed, non-refillable or disposable, properly labeled bottles instead of the refillable glass containers commonly used in the past," (Radinovsky, 2018, para. 1). The olive oil industry believes that this measure will be beneficial for them, as it will gain them greater international recognition. As tourists from around the world travel to Greece, they will be able to experience the pure olive oil that the country is known for (Radinovsky, 2018). Seeing the commercially labeled bottle can increase business for the brands that the restaurants put out.

While this regulation may benefit the olive oil industry, there are those concerned about the impact this will have on the tourist industry. Previously, restaurants were able to put their own olive oils out on the table. However, with this regulation, "not only will [it] raise the cost of serving a meal (since oil is consumed in large quantities) but it also reduces the attraction of a local tavern which can proudly present local produce" (Pine, 2017, para. 4). By forcing restaurants to use commercially branded olive oil in their restaurants, they are also forcing restaurants to raise their prices to cover the additional costs they will be incurring. A major attraction of Greece is the low prices they offer, so by raising the prices of meals, some are worried that they will be deterring visitors, especially from their regular markets in Europe (Pine, 2017). Furthermore, they lose the ability to say that they are using local olive oil, which some argue will take away the charm of the restaurants in Greece, again making it a less popular tourist destination. With this situation, restaurants have stopped putting out olive oil, only serving it to guests upon request. In addition, further concern is sparked as officials discuss taking similar measures with the wine that restaurants are able to serve.

As government officials in Greece are putting measures in place, many feel they are attacking the only positive area of their economy. Some regulations being put in place may indirectly be driving away tourists through hiking the prices of a visit. Others are limiting the number of tourists that are even able to visit the country. The government must take certain steps to ensure that they are able to continue welcoming so many tourists in the future. In order to sustain their country, some Greeks are recognizing that they cannot continue having the high number of tourists that they have been seeing in recent years, but others are afraid that they will lose their only source of income.

International Relations

Political leaders in Greece have responded to trends in tourism with the policies and regulations they have been putting in place, but also in the way they have been managing their international relations. International relations focus on the relationships between countries. A country's policies and economy can be greatly affected by their international relations with other countries ("What is International Relations?," n.d.). Therefore, positive relationships have been crucial for Greece overcoming their economic crisis. To expand, countries' political leaders have a great ability to shape the public's opinion of another country (Murison, 2016). Regarding Greece, the relationship that they have with other countries can impact their tourism industry since the perception they have of Greece will impact the people's desire to travel there. Because of the

importance of tourism to their economy, Greece focuses on their relationships with specific countries that they believe will be beneficial to this industry. With the over tourism they are seeing though, political leaders need to balance maintaining their relations with other countries with addressing their own needs, to create a growth that is sustainable.

United States

The relationship that Greece has with the United States can be crucial, "as it is the world's second biggest [market] in terms of tourism spending, accounting for $121.5 billion last year" ("The Americans are Coming," 2017). In 2017, 900,000 Americans visited Greece as tourists, which is a low number compared to their 27.4 million oversea tourists they had experienced in the same year ("The Americans are Coming," 2017) (Smith, n.d.). This number, paired with the size of the market, indicates a potential growth opportunity.

With this opportunity in mind, Greece has been managing their relationships carefully with the United States since the election of Donald Trump as president in 2016. While this election has stirred great controversy, and many have strong feelings for or against Trump, Greek politicians recognized benefits that can stem from his presidency. To begin, Trump has stated plans to create stronger ties with Greece, and to boost their economy. In addition, "his plans to keep China, Germany, and Mexico at bay may in the end be good news for Greek tourism" ("Trump & Tourism: The Impact on Greece," 2017, para. 2). Through Trump's plans for policies and relations with other countries, Greece can indirectly benefit. Looking even further, Trump has planned policies around Russia and Syria that could make the Eastern Mediterranean a more attractive place to travel, and with the current strength of the US economy paired with his economic plans for growth, more individuals in America would have the ability to spend money on travelling abroad ("Trump & Tourism: The Impact on Greece," 2017).

These plans and policies provide the advantages the Greece needs to capitalize on the opportunity for growth with regards to American tourism. By working with Donald Trump, Greek politicians can encourage him to carry out these policies he has been describing that would work in their favor. An example of this occurred in December 2018, when the U.S-Greece Strategic Dialogue took place (Toperich, 2018). This meeting further strengthened the bilateral cooperation between these two countries. However, as Greeks are seeking to grow this relationship that would have positive impacts on their tourism industry, they also must understand the implications that this growth can have. They are expanding a market that is already seeing exponential growth, but it is also the only market that is thriving in their economy. Therefore, the leaders must properly address the issues over tourism can cause, while also taking advantage of these opportunities.

China

China is another country that provides opportunity to Greece in regards to increasing tourism, directly impacting their economy. China has the largest market for tourism in the world ("The Americans are Coming," 2017). Similar to the United States, roughly only 170,000 Chinese visited Greece in 2017 (Xinhau, 2017). This number showed growth, up ten to fifteen percent from the previous year, but more growth could ensue depending on how the Greeks are willing to work with the Chinese (Xinhau, 2018). Tapping into this market could be crucial to Greece as they continue to rely on their tourism industry in the future. The Chinese market is of particular interest to Greece because they see more Chinese tourists in their off-season, shown by a taxi-driver stating,

"'You know why we like the Chinese? They don't come in July and August like the others do, so they give us business all year round,'" (Clarke, 2018, para. 8). This spread in tourism throughout the year is central in their pursuit of addressing over tourism in summer months. Furthermore, Chinese tourists have a reputation of being high spenders, averaging spending 5,679 euros per trip (Clarke, 2018). These aspects of the Chinese market make it imperative that Greece continues to develop a strong relationship with China for the sake of their own growth.

Greece is not the only side that benefits from a relationship with China though. The location of Greece also provides a great opportunity for China regarding their trade with the rest of Europe. Greece recognizes the potential they have to offer to China, with the speaker of Greek parliament saying, "'We believe we are a bridge between Europe and China for the economy as well as for culture,'" (Clarke, 2018, para. 15). This bridge will be important to China as they continue to grow their economy, and acknowledging the roles that the Greeks can have can lead to a mutually beneficial relationship between these two countries. One can already see how they work together, with Greek shipping carrying sixty percent of all Chinese goods, as well as the establishment of head ports the Chinese have made in Greece (Clarke, 2018).

As important as their business is to the Chinese, the number one reason they travel to Greece is for tourism (Xinhua, 2017). This relationship represents a balance to each country, with each having something to offer the other. Therefore, their politicians need to continue meeting and working together to enhance their connectivity even further. An example of how they are building this relationship can be seen in how Greeks are trying to make the visa process easier for Chinese nationals (Smith, 2018). If this process is made easier, it would benefit the Chinese by making it simpler for them to come to Greece as tourist, as well as clearly benefit the tourism industry in Greece.

Regarding over tourism, Greece needs to be cautious in their pursuit of tourists, as bringing in too many at once can devastating to their infrastructure and environment. For example, Greek politicians still need to be exercising caution to over tourism that could occur from this relationship with China as they plan to have a cruise terminal in Piraeus. Citizens have been voicing their concerns, saying, "We need real tourists who stay in our hotels and eat in our tavernas,'' (Clarke, 2018, para. 27). These concerns stem from the negative impacts that tourists who come on a cruise can bring, without bringing much economic benefit. However, China is still a wise market to tap into because they do travel in Greece's off-season, creating more revenue year-round, and representing a more sustainable tourism industry. In fact, a direct flight from Beijing has recently started up, which allows for more Chinese tourists to visit, and "Greek authorities are seeking to make the visa process easier for Chinese nationals and to further boost connectivity between the two countries," (Smith, 2018, para. 12). Therefore, Greece needs to maintain and direct these relations in a way that is positive for them because they are bringing in more tourists to help the economy.

Overall, looking at these two relationships, one can see how important it is for Greece to be strategic in their international relations. While they need to cultivate these relationships because their economy rests so heavily on the tourism industry, they also need

to recognize the costs of continuing to rely on this industry as it grows. Therefore, Greece needs to address these countries in such a way that leads them to being viewed with favor, so they do not lose business in the future, but also manage the relations in a way that provides them with sustainable growth, rather than overgrowth that leads to depletion of their resources.

Discussion

Compiling together the impact that over tourism has on the economy, social life, and politics of Greece, one can see the complexity of addressing this trend. Greeks have relied on the tourism industry as they have worked out of their economic crisis. It has created the jobs the country needed, as well as been a constant source of revenue, becoming a pillar of the Greek economy. Therefore, limiting or hindering the growth of tourism sparks controversy throughout the country. However, it is also clear to many that over tourism is a trend that needs to be addressed. While the growth of the tourism industry is welcomed from an economic standpoint, socially, Greece cannot continue to support it. For example, the infrastructure of Greece cannot be maintained with the influx of tourists they have been seeing, especially during their peak seasons. Further concern stems from the pollution and litter that tourists bring with them, causing one to question how long the country can truly endure the high number of tourists they have been seeing. These negative effects on society illustrate that the exponential growth Greece has seen in tourism is simply not sustainable.

Understanding these economic and social impacts, the subsequent steps taken in addressing over tourism need to attempt to maximize the positive economic effects, while also minimizing the negative social effects. This balance is the challenge that politicians face in creating policies and regulations, and managing their international relations. Multiple solutions to the problems of over tourism must be considered to find the best answer to alleviating the negative consequences of over tourism, while still maintaining what can be considered the one bright spot in the country's economy. Creating sustainable growth in this industry will be the key to Greece's success in handling this issue.

Solutions

Over tourism impacts not only the Greek citizens, but also the tourists who are travelling in the country. While the people of Greece can suffer from a depletion of resources, lack of maintained infrastructure, and a less clean environment, tourists are also experiencing these negative impacts. Furthermore, overcrowding is a negative effect that impacts all people in the country, whether it is tourists trying to visit a popular site, or citizens trying to go through their daily activities. Therefore, addressing these and other issues that stem from over tourism can make Greece a more appealing place to both live and visit. It is important to understand that in finding ways to resolve the issues caused by over tourism, both Greeks and tourists can play a pivotal role. In order to lessen some of the problems that are encountered with over tourism, the Greeks can impose certain solutions to minimize the impact of over tourism, and the tourists themselves can also plan their itineraries more appropriately to help the country and improve their tourist experience.

One solution the Greeks are attempting is limiting the actual number of tourists who can visit within certain areas of the country. As previously discussed, a policy has recently gone into effect for Santorini where the number of tourists who come via cruise ships will be limited to 8,000 per day (Prakash, 2018) in order to preserve the infrastructure and relieve some of the stress on the locals. The politicians of Greece are targeting cruise voyagers specifically, but if problems from over

tourism are not corrected by this act, then there are other areas of transport that Greece can limit as well. Airline carriers can limit the number of flights to Greece, as well as lessen the number of passengers on those flights by taking smaller aircrafts. Flights can also be priced higher to deter some tourists from traveling (Sheivachman, 2017). These solutions of limiting the number of tourists focus mainly on reducing the negative impacts of over tourism. By capping the number of tourists that come into the country, Greece is limiting the amount of people who can have a negative impact on their ecological system, as well as lowering the strain on their infrastructure. While the country may be sacrificing some revenue with these limitations, the benefits to the preservation of their country outweigh the costs of losing these tourists.

Another potential solution to address the over tourism wave that has hit Greece is to encourage foreigners to visit during other times of the year besides peak season. The issue that arises from over tourism is not simply just the number of tourists, it is the heavy concentration of them during peak times. Therefore, one of the more viable methods to combat over tourism is to make the low seasons more appealing so that these record-breaking number of tourists would be spread out throughout the entire year rather than just the summer. For example, in hopes to assuage over tourism, popular destinations like Santorini have made their hotels open during the off-season (Smith, 2018). Greece does not want to turn away tourists, since the tourism and travel industry is such an important economic opportunity to them and contributes directly to the country's growth, but spreading out the time frame when the tourists visit leads to a more sustainable tourism industry. In addition, spreading out the staggering number of tourists that only come during the summer throughout the entire year allows for a more consistent revenue stream, which is more beneficial to the Greek economy. Tourists play a role in this decision by deciding to plan their trips during the off-season. While they may not experience as warm of weather, tourists who come to Greece in the off-season discover that there are many perks. For example, with less tourists around, there are greater photo opportunities, more chances to interact with the locals, and a better taste of authentic Greek culture. They can also take advantage of the opportunities Greek's promote for the off-season, such as skiing. By providing a more appealing off-season, the Greeks have less tourists to manage at once and less pressure during the summer months, while the tourists who decide to take advantage of the off-season may have a better experience without such massive crowds of people.

Lastly, a viable solution that both Greeks and tourists can work on to minimize the harm that over tourism creates within the country is customizing their itineraries. The vast majority of tourists want to visit Athens and Santorini in Greece because these are the places which are constantly advertised. To alter this trend, Greeks can reduce the advertising for those areas that will always be filled with tourists, and instead market lesser-known destinations within the country to once again spread out the tourists (Sheivachman, 2017). By geographically spreading out the tourists, there will not be large concentrations of them within a few certain areas. Advertising and informing tourists that there are other wonderful places to visit and sites to see within the country can help the over-tourism problem, without losing any tourists. Tourists can also take part in this solution by planning their itinerary to visit and see places that are less popular, but still just as beautiful. Spending time on a trip in a lesser known area can help local economies, as well as assist in creating a more sustainable flow of tourists in the more highly visited areas.

There are many options that Greece can consider to help minimize the negative

impact that over tourism is bringing to the country, while maintaining the positive economic impacts of a growing tourism industry. While the harms of over tourism might not be felt right away, and are still well contained, Greece needs to address the issues they are already seeing, and be proactive with the ones they are able to anticipate.

Conclusion

Overall, travel and tourism to Greece is a trend that is anticipated to continue growing in the future. Greece has much to offer its visitors in terms of a rich history, beautiful landscapes, and a unique culture that people wish to fully experience. Greece welcomes this growing number of tourists, as they recognize the opportunity tourism offers economically. As a major contributing factor to their GDP, as well as a source of many jobs, Greek citizens appreciate the revenue the tourism industry creates for them. However, there are major costs associated with the benefits of this tourism.

Over tourism puts strain on their infrastructure, and many people visiting creates more pollution and a faster depletion of resources. Additionally, overcrowding of tourists can make it harder for visitors to enjoys famous sites, and can create hostility with the locals. Politically, Greece has responded to these trends in tourism, taking advantage of the economic benefit that can ensue, as well as taking precautions through regulations to ensure that their growth is sustainable. Furthermore, they manage their international relations strategically, such as with the United States and China, so that they are able to keep potential markets open while also managing the number of tourists that are coming in.

To fully address the issues of over tourism, Greece has to consider many options, remembering that addressing over tourism should mean maximizing their potential economic benefit while minimizing the potential negative social impacts of the trend. In addition to the steps that the government has already taken to limit tourist arrivals in certain areas, Greece should also be working with tourists to encourage more visitors to travel to the lesser-known areas of the country or to visit during the off-season. These strategies allow Greece to maintain their tourism industry, but in a way that is much more sustainable for them as a country in economic, social, and political aspects.

References

Andriotis, K. (2004). European Union Influence Overtourism employment. Tourism, 52(3), 277-284. Retrieved December 28, 2018, from https://www.researchgate.net/publication/287844250 European_Union_influence_over_tourism_employment.

Associated Press. (2017, November 15). Managing Overtourism an Increasing Feature of Global Travel. Retrieved December 21, 2018, from https://www.thenationalherald.com/181747/managing-overtourism-increasing-feature-global- travel/

Clarke, H. (2018, June 25). Will Greece be China's bridge to the rest of Europe? Retrieved from https://www.scmp.com/news/world/europe/article/2152365/tourism-and-trading-links-soar-will-greece-become-bridge-between

Council on Foreign Relations. (2018). Greece's Debt Crisis Timeline. Retrieved December 26, 2018, from https://www.cfr.org/timeline/greeces-debt-crisis-timeline

FocusEconomics. (2018, December 20). Greece Economy - GDP, Inflation, CPI and Interest Rate. Retrieved December 26, 2018, from https://www.focus-economics.com/countries/greece

GCT. (2018, September 06). Santorini set to limit tourism in 2019. Retrieved from https://greekcitytimes.com/2018/09/06/santorini-set-to-limit-tourism-in-2019/

GCT Team. (2018, June 11). Over tourism and pollution real threats for Greece. Retrieved from https://greekcitytimes.com/2018/06/11/over-tourism-and-pollution-real-threats-for-greece/

Georgiopoulos, G. (2016, May 24). Greece's VAT tax hike is counterproductive - trade association. Retrieved from https://uk.reuters.com/article/uk-greece-economy-tax/greeces-vat-tax-hike-is-counterproductive-trade-association-idUKKCN0YF1DN

Greece GDP. (2018). Retrieved December 26, 2018, from https://tradingeconomics.com/greece/gdp

GTP Editing Team. (2017, January 24). Trump & Tourism: The Impact on Greece. Retrieved from https://news.gtp.gr/2017/01/23/trump-tourism-impact-on-greece/

GTP Editing Team. (2018, April 12). WTTC: Greek Tourism Key Economic Driver in 2017, Set for Growth in 2018. Retrieved December 21, 2018, from https://news.gtp.gr/2018/04/12/wttc-greek-tourism-key-economic-driver-2017-set-for-growth-2018/

GTP Editing Team. (2018, September 12). Too Many Tourists Causing Disruption, Europeans Getting Fed Up.Retrieved from https://news.gtp.gr/2017/08/11/many-tourists-causing-disruption-europeans-getting-fed/

GTP Editing Team. (2018, September 07). 'Stayover Tax' Charged to Short-day Hotel Stays in Greece. Retrieved from https://news.gtp.gr/2018/03/30/stayover-tax-charged-short-day-hotel-stays-greece/

Jet, J. (2018, August 20). How is Overtourism Impacting Travel To Popular Destinations? Retrieved December 21, 2018, from https://www.forbes.com/sites/johnnyjet/2018/08/20/how-is-overtourism-impacting-travel-to-popular-destinations/#469ddd5435b8

Murison, M. (2016, April 09). Why Tourism and Politics Go Hand in Hand. Retrieved from https://travelshift.com/tourism-politics-go-hand-in-hand/

OECD. (2018). Greece - OECD Data. Retrieved December 26, 2018, from https://data.oecd.org/greece.htm#profile-economy

Pike, J. (2018, September 10). Greece Travel Experts React to Proposed Cap on Cruisers to Santorini. Retrieved from https://www.travelpulse.com/news/destinations/greece-travel-experts-react-to-proposed-cap-on-cruisers-to-santorini.html

Pine, R. (2017, September 19). Government price-hiking policies strangling Greek tourism. Retrieved from https://www.irishtimes.com/news/world/europe/government-price-hiking-policies-strangling-greek-tourism-1.3225763

Prakash, A. (2017, September 01). Santorini's tourism numbers are growing, but is that actually a good thing? Retrieved December 21, 2018, from https://www.news.com.au/travel/world- travel/europe/santorinis-tourism-

numbers-are-growing-but-is-that-actually-a-good-thing/news-
story/058a52d0a38409f370af652ed37150b9

Radinovsky, L. (2018, January 21). Greek Olive Oil on Greek Restaurant Tables: New Regulation.
Retrieved from http://www.greekliquidgold.com/index.php/en/news/296-greek-olive-oil-on-
greek-restaurant-tables-new-regulation

Regula, D. (2018, August 10). What to Know About the VAT Tax in Greece. Retrieved from
https://www.tripsavvy.com/vat-tax-in-greece-1525168

Report: How will Greece's "stayover tax" affect tourists and its hospitality industry. (2018, April 05).
Retrieved from https://www.tornosnews.gr/en/tourism-businesses/hotels/30877-report-how-
will-Greece's-"stayover-tax"-affect-tourists-and-its-hospitality-industry.html

Sheivachman, A. (2017, October 24). Proposing Solutions to Overtourism in Popular Destinations:
A Skift Framework. Retrieved from https://skift.com/2017/10/23/proposing-solutions-to-
overtourism-in- popular-destinations-a-skift-framework/

Smith, H. (2018, June 03). Greece tourism at record high amid alarm over environmental cost.
Retrieved January 10, 2019, from https://www.theguardian.com/world/2018/jun/03/greece-
tourism-at-record-high-amid-alarm-over-environmental-cost

Smith, O. (2018, June 04). Is Greece on the brink of an overtourism crisis? Retrieved December 21,
2018, from https://www.telegraph.co.uk/travel/destinations/europe/greece/articles/greece-
overtourism-santorini/

Smith, O. (2018, June 06). Overwhelmed: Greece the latest country to be overrun by tourists.
Retrieved from http://www.traveller.com.au/greece-tourism-numbers-europes-latest-
victim- of-overtourism- h110v6

TNH Staff. (2018, January 11). Hotel Industry Says Tourist Stayover Tax Will Hurt Greece.
Retrieved from https://www.thenationalherald.com/187148/hotel-industry-says-tourist-
stayover-tax-will-hurt-greece/

Toperich, S. (2018, November 08). First US-Greece strategic dialogue will mark new chapter in
recovery story. Retrieved from https://thehill.com/opinion/international/415650-first-us-
Greece-strategic-dialogue-will-mark-new-chapter-in-recovery

Travel & Tourism Economic Impact 2018 Greece (Rep.). (2018, March). Retrieved December 21,
2018, from World Travel and Tourism Council website: https://www.wttc.org/-
/media/files/reports/economic-impact-research/countries-2018/greece2018.pdf

Weissmann, A. (2018, July 03). OVERTOURISM ROUNDTABLE. Retrieved from
https://www.travelweekly.com/Travel-News/Government/Overtourism-Roundtable

What is International Relations? (n.d.). Retrieved from
https://www.internationalrelationsedu.org/what-is-international-relations/

Xinhua. (2017, July 7). Greece expects 30 million visitors in 2017, Chinese tourist arrivals on rise.
Retrieved from http://www.chinadaily.com.cn/business/2017-07/07/content_30030094.html

Combining Formal and Informal Learning to Engage Students in International Business

Virginie Khare, Eckerd College
Rubina Malik, Morehouse College

Presented by Virginie Khare and Rubina Malik on Wednesday, March 27, 2019, in the Crystal Room at 1:30-2:45 pm.

Theme: Culture and Human Resources. Session Chair: Anand Pore, University of Houston-Downtown

Abstract

Research shows that adults learn both formally and informally. Only 70% of what is actually learned comes from a formalized environment. Formal learning consists of the traditional forms of institutionally sponsored, classroom-based, often highly structured teaching and training. Combining formal and informal learning will lead to experiential learning and increase student engagement. This study offers how-to strategies and faculty integration ideas on effective and innovative combination of formal and informal learning in the International Business classroom.

Introduction

Research reflects that adults learn both formally and informally. Grounded in everyday learning, informal learning, experiential learning and action science are considered to be "partnering concepts" (Bennett, 2012, p. 24), with experiential learning providing the conceptual framework for informal learning. Experiential learning theory suggests a profoundly distinct view on the learning process and it blends "experience, perception, cognition and behavior" (Kolb, 1984, p. 21). What becomes central to experiential learning is "reflection (intention) on an experience from multiple perspectives while integrating the learning" (Bennett, 2012, p.25). Kolb defined the experiential learning process as "the process whereby knowledge is created through the transformation of experience. Knowledge results from the combination of grasping and transforming experience" (Kolb, 1984, pp. 25, 41). Therefore, combining formal and informal learning will lead to experiential learning and increase student engagement.

This study offers how-to strategies and faculty integration ideas on effective and innovative combination of formal and informal learning in the International Business classroom. Topics include study abroad programs, hands-on classroom experiences, use of online cultural tools, and working with ELS services. For each of these activities, pedagogies that combine both formal and informal learning are discussed, as well as the increased student engagement.

Students might agree that their learning is either formal or informal, depending on the intention, awareness, and direction (Marsick, Watkins, Callahan, & Volpe, 2010).). There is a large body of research that discusses formal learning as it relates to adult learning. Formal learning consists of the traditional forms of institutionally sponsored, classroom-based, often highly structured teaching and training. Although formalized classroom training is a common form of training and learning to aid and to gain expertise, it has been demonstrated that only 70% of what is actually learned comes from a formalized environment (Marsick & Watkins, 1990). Informal learning is based on the idea that learning is by chance: one's learning is "organized around real-life experience" (Marsick & Watkins, 1990, p. 55) and is "experienced-based, non-routine and often tacit" (Marsick & Watkins, 1990, p. 15). Informal learning can be deliberately encouraged, but it can

still take place in an environment not highly conductive to learning; in short, informal learning takes place outside the classroom. Combining in-class and outside-class experiences supports the teaching and integration of IB coursework and competencies.

References

Bennett, E. (2012). A four-part model of informal learning: Extending Schugurensky's conceptual model. *Proceedings of the 53rd Annual Adult Education Research Conference*, 24-31. Retrieved from http://www.adulterc.org/Proceedings/2012/papers/bennett.pdf.

Kolb, D. A. (1984). Experiential learning: *Experience as the source of learning and development*. Englewood Cliffs, NJ: Prentice-Hall.

Marsick, V. J., & Watkins, K. E. (1990). *Informal and incidental learning in the workplace*. New York,   NY: Routledge.

Marsick, V., Watkins, K., Callahan, M., & Volpe, M. (2010). Informal and incidental learning in the workplace. In M. Smith & N. DeFrates-Densch (Eds.), *Handbook of research on adult learning and development* (pp. 570-600). New York, NY: Routledge/Taylor & Francis Group.

Cultural Values and their Effects on Cognitive Processes when Responding to Verbal and Numeric Rating Scales

Yaron Joseph Zoller, Lakeland University
Michael Bendixen, Nova Southeastern University
Maria Petrescu, Nova Southeastern University
Bruce Lilyea, Nova Southeastern University

Presented by Yaron Zoller on Wednesday, March 27, 2019, in the Cresthill Room at 1:30-2:45 pm. Theme: Culture and Human Resources. Chair: Kingshuk Mukherjee, St John's University

ABSTRACT

Cognitive processes used when responding to rating scales are affected by cross-cultural factors. Using a mixed-method research design, this study investigated 92 subjects from four cultural groups (Israelis, Romanians, Americans, and Latinos) to analyze the cultural effects on the thought processes used by the subjects when performing verbal (ordinal) and numeric (interval) scales. Clustering yielded four response types used – Extremes, Midpoint, Range, and Refiners – with no demographic differences, but with differences in the cognitive processes used. Specifically, Refiners and Midpoint groups were more likely to adjust answers before responding. Besides, demographic variables (i.e., gender, age, and educational level) rather than underlying culture played a key role in the thought process used by subjects in responding to scales and affected scale preference, response style, and cognitive processes. To yield valid survey results, researchers should focus on cultural values rather than cultural practices. Theoretical and practical implications are discussed.

Introduction

While it is well known that one's culture of origin affects how comparative scaling techniques are used (Balabanis, Mueller, & Melewar, 2002; Bhalla & Lin, 1987; Dadzie, Johnston, Yoo, & Brashear, 2002; Leung & Bond, 1989; Malhotra, Agarwal, & Peterson, 1996; Ronen & Shenkar, 1985), much less is understood about the cognitive processes involved. Cognitive frameworks that subjects use to respond to scales depend on their values, norms, and attitudes (Bendixen & Yurova, 2012) and affect their perceptual process, which may be shaped by their cultural environment. Nisbett and Miyamoto (2005) added that "the cultural environment, both social and physical, shapes perceptual processes" (p. 472). Tourangeau, Rips, and Rasinski (2000) stated that it is likely that "respondents use whatever existing evaluations, vague impressions, general values, or specific beliefs come to mind when they construct their answers" (p. 229). Identifying cognitive differences in responding to rating scales and how they are affected by culture can help companies recruit better, maintain quality employees, and train global leaders.

Since the early 1980s, a paradigm shift in the field of survey methodology has taken place (Tourangeau, 2003). This change from a statistical model investigating the effects of survey errors to a scientific paradigm examining the causes of these errors was made possible by advances in cognitive psychology, computer analysis, and an increase in concerns about sources of error. The discipline known as the Cognitive Aspects of Survey Methodology (CASM) shows that cognitive processes are not independent of content. Culture affects cognition and how one sorts, learns, infers,

remembers, reasons, perceives, and analyzes information (Morris & Peng, 1994; Nisbett & Masuda, 2003; Nisbett & Norenzayan, 2002; Winerman, 2006). The primary objective of this study was to investigate cultural effects on cognitive processes used by respondents when performing selected verbal (ordinal) and numeric (interval) comparative scaling tasks.

Literature Review

Cognition, culture, response style and biases, and selection of rating scale may all be critical components in analyzing the cognitive processes used by participants when answering a questionnaire. According to the research field of CASM, a respondent's cognition affects his/her response to a survey question. Cross-cultural studies have demonstrated systematic and persistent cognitive differences between cultures, especially when comparing between Westerners and East Asians (Schwarz, Oyserman, & Peytcheva, 2010). Such cognitive differences between cultures establish differences in attention patterns, perception, categorization, use of logic and dialectics, judgment, and memory. Differences between East Asians and Westerners are present in scene viewing patterns when looking at objects (Chua, Boland, & Nisbett, 2005), attentional patterns and focus when looking at images (Masuda & Nisbett, 2001), and attributions for social and physical events (Lee, Hallahan, & Herzog, 1996; Morris & Peng, 1994). These differences also refer to effects of talking while solving complex logic problems (Kim, 2002), approaches to handling conflicts and contradictory information (Peng & Nisbeth, 1999), and recalls of autobiographical memory (Han, Leichtman, & Wang, 1998; Wang & Ross, 2007). Studies also found differences in cognition and response style between Central and East Europeans and Westerners, and even among Western European countries (Van Herk, Poortinga & Verhallen, 2004; Varnum, Grossmann, Katunar, Nisbett, & Kitayama, 2008).

When responding to questionnaires, individuals are often influenced by content-irrelevant factors such as the rating scale used or personal response styles, which may make responses biased and the validity of the findings contaminated (Baumgartner & Steenkamp, 2001; Diamantopoulos, Reynolds, & Simintiras, 2006). Response styles, also known as stylistic responding, are tendencies to answer systematically on a basis other than actual content, such as with extreme responding or middle-responding (Baumgartner & Steenkamp, 2001). Response bias is defined as "a systematic tendency to respond to a range of questionnaire items on some basis other than the specific item content" (Paulhus, 1991, p. 17). These biases can inflate or deflate respondents' scores and affect conclusions about the links between scores that are critical for multivariate analysis. Biases can also significantly increase the difficulty to reach conclusions based on true scores (Diamantopoulos et al., 2006; Fairchild, 2012; Hult et al., 2008; van de Vijver & Leung, 1997).

Baumgartner and Steenkamp (2001) discussed seven response styles that may generate response bias regardless of content: (1) acquiescence - tendency to agree (yea-saying); (2) disacquiescence - tendency to disagree (nay-saying); (3) net acquiescence - net summary of acquiescence and disacquiescence styles, also known as directional bias; (4) extreme - tendency to prefer extreme responses; (5) response range – tendency to use a narrow or wide range of response categories around the mean response; (6) midpoint responding - tendency to use the middle-scale points; and (7) noncontingent - tendency to respond carelessly and randomly without purpose, usually due to lack of motivation.

Response biases have been found to differ across national cultures (Diamantopoulos et al.,

2006) and between languages (Harzing, 2006). Responding to scaling tasks may also depend on methodological factors and the data type used. Podsakoff, MacKenzie, and Podsakoff (2012) found that in social studies, 18% to 32% of the total variance is due to methodological factors. Using the wrong scale may lead to mismeasurement of constructs and inappropriate conclusions about the nature of relationships between constructs (Podsakoff, MacKenzie, Podsakoff, & Lee, 2003). To deal with method biases that generate measurement error, researchers can design better procedural controls before data collection or statistically control for the effects post-collection of data. The challenge, however, is in recognizing the source of the measurement error and selecting an appropriate rating scale as well as consider cross-cultural aspects. When evaluating ordinal and interval scales, one cannot treat ordinal data as interval and perform arithmetic operations on that data (Bendixen & Sandler, 1995; Bendixen & Yurova, 2012). Ordinal data has been converted into interval data by using rescaling with Correspondence Analysis (CA) in the fields of marketing (Bendixen, 1996; Bendixen & Sandler, 1995; Carroll, Green, & Schaffer, 1986; Hoffman & Franke, 1986; Torres & Greenacre, 2002), economics (Dębkowska, 2014), and research methods (Bendixen & Sandler, 1995; Fairchild, 2012; Greenacre & Hastie, 1987). Bendixen and Yurova (2012) suggested the use of the $\Delta\chi2$ (delta Chi-Square) method before rescaling with CA. Other rescaling techniques have been in use since 1941 (for a discussion on this, see Bendixen & Yurova, 2012).

Tourangeau et al. (2000) suggested a psychological perspective theory for the cognitive process employed by subjects when responding to survey questions. According to this theory, four steps take place from being exposed to a question until providing an answer: (1) comprehension; (2) retrieval; (3) judgment; and (4) response. During the first step, a respondent initially attends to the question and its instructions and attempts to give it meaning. Next, during the retrieval stage, a respondent selects a response strategy by recalling memories. During the third step, the respondent combines or supplements the responses. Finally, during the final step, the respondent reacts to the question by mapping the answer to the appropriate scale and editing it for consistency and acceptability.

The purpose of this study is to investigate cultural effects on cognitive processes used by respondents when performing selected verbal (ordinal) and numeric (interval) comparative scaling tasks. Moreover, this study looks at the cognitive steps respondents follow when responding to survey questions and the effects of culture and demographic variables on those steps. Five research questions are examined: (Q1) Are the cognitive steps that respondents follow when performing scaling tasks affected by culture? (Q2): Is there a cognitive difference in the way in which different cultures use verbal (ordinal) versus numeric (interval) rating scales? (Q3): When a difference in scores occurs between cultural groups, what part of the difference is attributed to the different cognitive frameworks used by respondents and what part is attributed to their values and beliefs? (Q4): How do demographic variables such as age, gender, and education affect the cognitive thought process of respondents when performing verbal (ordinal) and numeric (interval) scaling tasks? (Q5): At what steps in the cognitive thought process does culture have an effect?

Methodology

Population and Sampling Method

This study used a sequential explanatory strategy of mixed-method research design that included quantitative followed by qualitative measurements. 92 subjects (n=92) from four cultural

groups (Israelis, Romanians, Americans, and Latinos) in one industry (software) were used for the quantitative part of the study. Subjects were from multiple software companies, ranging from a company dedicated to building websites and running social media campaigns online to companies dedicated to the creation of online search engines. All data collection was performed in English. 62% of all participants (57/92) were employees of one multi-national software company, which is the former employer of one of the researchers. This software company is in the medical device field.

All participants who completed the quantitative survey were asked to participate in the qualitative phase. Out of them, 36 subjects (39%) agreed and completed the qualitative part of the study. During qualitative sessions with participants, the researchers used semi-structured interviews with open-ended questions that were intended to "unlock" the cognitive process respondents followed. Before starting the process of data collection using the study sample, a pilot study was conducted using four subjects (n=4), a subject from each of the cultural group studied. Its purpose was evaluating the use of scales, practicing probing during interviews, and assessing the ability to extract information about the cognitive processes used in responding to rating scales. Data collected from these four subjects were not used in the overall study.

Methods of Analysis

With the quantitative data, demographic variables (i.e., gender, age, and educational level) were analyzed with $\Delta\chi2$ method (delta Chi-Square), correspondence analysis, and rescaling. The analysis used Microsoft Excel (2016) and XLSTAT software. Microsoft Excel was also used to process the standardization procedures. With the qualitative data, NVivo11 software for qualitative analysis was used to identify key themes from the data and use clustering to identify response style groups. When response style groups were identified, Kruskal-Wallis tests were used to analyze cultural differences between the groups, as well as Dunn's procedure.

Quantitative Instruments Used

The quantitative step was administered through Qualtrics and included four sections: Scale I (numeric) and Scale II (verbal) based on the Need for Cognition (NFC) scale (Cacioppo & Petty, 1982; Cacioppo, Petty, & Kao, 1984), Scale III of Schwartz Value System (SVS) based on Schwartz (1992, 1997), and a demographic questionnaire. The order in which these questionnaires were administered was alternated to avoid order effects.

Scales I & II - Need for Cognition (NFC)

The two comparative techniques utilized in the study were verbal and numeric scales based on the Need for Cognition (NFC) scale (Cacioppo & Petty, 1982; Cacioppo, et al., 1984). NFC scales were used as a tool to extract cognitive information about responding and comparing scales. The version of the scale used in this study of 18 items is a short version of a 34-item scale originally developed by Cacioppo and Petty (1982). The scale is independent of whether individuals try to paint themselves in a good light (Cacioppo & Petty, 1982). By using similar items between the numeric and verbal scales, we could evaluate whether the choice of scale (i.e., ordinal vs. interval) affected the responses. The values used were:

- *Verbal (Ordinal) Scale* – Using a five-level categorical scale with values of one (extremely uncharacteristic), two (somewhat uncharacteristic), three (uncertain), four (somewhat characteristic), and five (extremely characteristic).

- *Numeric (Interval) Scale* – Using 10-point numeric rating scale from values of 1 (extremely uncharacteristic) to 10 (extremely characteristic).

The NFC scale is gender neutral and does not display significant differences between item mean scores of males and females (Cacioppo, Petty, Feinstein, & Jarvis, 1996; Gülgöz, 2001; Sadowski, 1993). NFC has good convergent and discriminant validity (Cacioppo et al., 1996), and high internal consistency and substantial validity (Cacioppo et al., 1984; Sadowski & Gülgöz, 1992). NFC's Theta coefficient, which is a maximized Cronbach alpha coefficient, is high with a value of 0.90 (Cacioppo et al., 1984). Reported Cronbach alpha level for the scale is typically ≥ 0.85. Support for the cross-cultural validity of the NFC scale and the need for cognition construct were reported by Pieters, Verplanken, and Modde (1987) by using a Dutch version of the scale and by Gülgöz (2001) who used a Turkish version of the scale.

Scale III - Schwartz Value System (SVS)

When analyzing cultural differences, our study used cultural dimensions offered by Schwartz (1992, 1997). The 21-item SVS scale used in this study was created in 2004-5 as a short version of Schwartz's 56-item survey from the World Value Survey (WVS). The items are measured on a 6-point scale, from 1 (very much like me) to 6 (not like me at all). The use of the SVS scale has been used by hundreds of studies in over 82 countries demonstrating the distinct ten values in at least 90% of the samples (Schwartz, 2012).

Details of Semi-Structured Interview

After the completion of the questionnaires, around half of the subjects agreed to continue to the qualitative phase of the study and received information about the two NFC scales from the researchers by email before the interview, so they can use it during the interview. Semi-structured Cognitive Interviews (CI) were conducted within 48 hours from the quantitative part of the study, and preceded with a short introductory setup section, in which the researchers explained that there are no answers that are considered right or wrong and that the research focuses on the thought process. The interviews included three parts: open-ended questions to "unlock" cognitive processes ("Please describe the thought process that you used when using Scale I or Scale II"), and the projective techniques of sentence completion and word associations. Examples for sentence completions included: "My thoughts when I responded to using the rating scales were…"; "The difference in thoughts I had when responding to Scale-I versus Scale-II were...", etc. Word associations questions included "What words come to your mind when you describe the process you used with Scale I or Scale II". Jobe and Mingry (1989) describe two fundamental techniques to CI that this study used in the interviewing process: probes, which are follow-up questions designed to reveal response strategies, and memory cues, which are intended to aid respondents' recall. All interviews were performed online using free video conferencing technologies. The interviews were recorded (audio only) using a tape recorder and were transcribed verbatim.

Analysis and Presentation of Findings

Total Sample

92 participants completed the quantitative version of the study (67 Males, 25 Females). The participants in our study included: 26 Romanians, 24 Israelis, 20 Americans, and 22 Latinos. At the time of the study, all Romanians and Americans lived and worked in the US, 6 out of 22 of Latinos

lived in their own countries while the rest in the US, and all Israelis lived in Israel except one (in US). The average length of time participants lived in their home country varied significantly from as little as one year up to 63 years. The average tenure in home country was 30.62 years (SD = 11.17). The number of years in a host country had a similar range (from one year to 63 years) with an average of 23.70 years (SD = 14.70). The Latin group included participants born in multiple countries including Peru, Venezuela, Brazil, Colombia, Cuba, Ecuador, and Costa Rica.

To analyze the numeric and verbal scales of NFC, delta Chi-Square procedure (Bendixen & Yurova, 2012) was utilized and indicated that there was a need to combine rows for the numeric scale. Thus, our 10-row contingency table for the numeric scale was reduced to six rows (i, ii-iii, iv, v-vi, vii-viii, and ix-x). Arch effects for the CA solutions of both scales, also commonly known as the horseshoe, were obtained using adjusted residuals from association coefficients (Figure 1).

Figure 1. *Horseshoe Effect – Verbal and Numeric Scales*
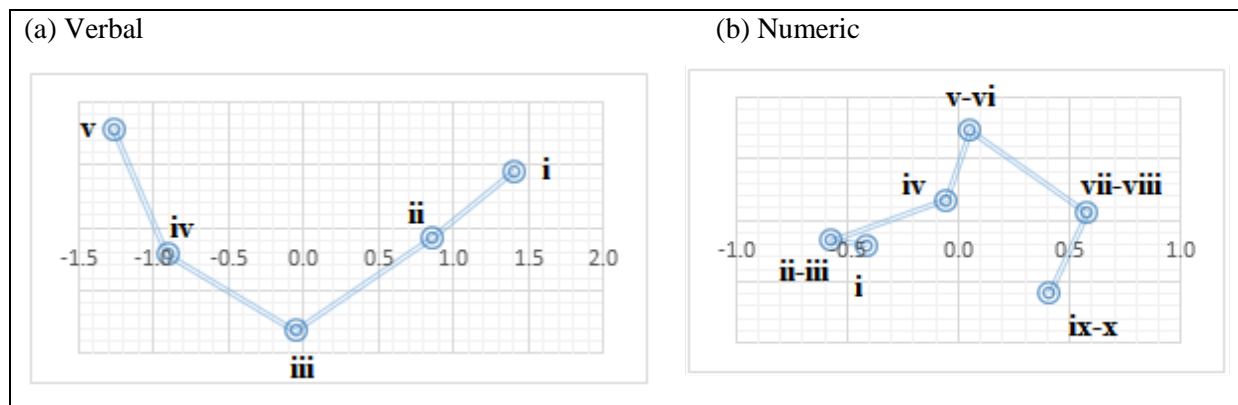
Using contingency tables for culture, Chi-Square analysis for independence between the rows and columns of cultural data was conducted and then analyzed with Correspondence Analysis (CA). As recommended by Bendixen and Yurova (2012), we used $\Delta\chi2$ method (delta Chi-Square) before rescaling with CA. Results for the scales are displayed in Table 1. Findings indicated cultural response styles for some of the studied cultural groups (Romanians, Israelis, and Latinos). Romanians were less likely to select extreme values and more likely to select small values. Israelis were likely to avoid mid-point values and select low values. Latinos were likely to avoid extreme values and displayed mid-point responding response style. Americans, however, were the only cultural group to have different preferences depending on the scale used. While Americans showed extreme response style and were likely to avoid the midpoint values on the verbal scale, they had no preference for values on the numeric scale.

See Table 1 at the end of this paper

To analyze age, a contingency table with four age groups was analyzed using Chi-Square analysis for independence between the rows and columns of the data. Fisher's exact test (Fisher, 1922) was used to identify significance difference at the level of alpha = 0.05. For both the verbal and numeric scales, there were significant differences between the age groups in their response the NFC scale items, as displayed in Table 2. Specifically, the youngest age groups of people aged 28-

33 were significantly less likely to use middle options and more likely to use extremes.

See Table 2 at the end of this paper

A similar process of analysis was used for education with contingency tables, Chi-Square analysis, and CA using three educational groups. The findings demonstrated significant differences between educational groups in their response to the NFC scale items, as displayed in Table 3. Specifically, the middle educational groups of subjects with bachelor's degrees were significantly more likely to use midpoints and to avoid extreme values. The most educated group (with graduate degrees) was significantly more likely to use the extreme options.

See Table 3 at the end of this paper

The quantitative analysis found significant differences between age groups and educational groups in their response to the NFC scale items. Taken together, the demographic variables of age and educational level played a key role in the thought process used by subjects in responding to scales.

Interviewed Sample

Thirty-six of the total participants in the study (39% of the total participants) completed a followed-up interview (22 males, 14 females). The participants in the qualitative portion of the survey included 8-10 subjects per cultural group. At the time of the study, all Romanians and Americans lived and worked in the US, all Israelis lived and worked in Israel, and two of the eight Latinos lived and worked in their home countries (and the rest in the US). The average age of participants in the qualitative step was 39.42 (SD = 8.13). The oldest participant was 64 years old and youngest was 28. The average length of time participants lived in their home country varied significantly from as little as one year up to 63 years. The average tenure in home country was 30.27 years (SD = 12.47). The number of years in a host country had a similar range (from one year to 63 years) with an average of 24.36 years (SD = 15.00).

The demographic variable of gender was analyzed for the qualitative sample (n=36) and showed differences in the preference of scales. Romanian men predominately preferred the numeric scale and Latin females preferred the verbal scale. However, the Israeli cultural group showed no scale preference and American women preferred the numeric scale while men the verbal scale.

An analysis of scale choice per cultural group was conducted next. All cultural groups other than the American group showed preference to the numeric scale. Most Americans preferred the verbal scale which may be partially explained by the educational system in the US which supports the use of multiple-choice questions and typically avoids numeric gradings.

To determine the cognitive steps that respondents followed when performing scaling tasks and whether these are affected by culture, the researchers evaluated both the numeric and verbal scales using the 36 interviews. A total of 11 processes were identified, as listed in Table 4.

It was interesting to find that many of the processes used in the verbal and numeric scales were identical, as displayed in Table 4. Specifically, the verbal and numeric scales shared eight of the eleven cognitive processes of responding. In both scales, the most common technique used by participants was the *Outside In* cognitive process and the second most common was the *EMF* (Extreme-Midpoint-Final). However, some differences in the cognitive processes used per scale were observed. For instance, one process used in the numeric scale was not used in the verbal scale (*4B*) and two new processes named *E1-E2-S1-S2-F* and *SEF* (Somewhat-Extreme-Final) were present only in the numeric scale and not on the verbal scale. Also, females were most likely to use the *Outside In* process (57% compared to 41% males). While men are more likely to evaluate the scale from the inside out, women are more likely to evaluate the scale from the outside in.

When evaluating the qualitative data, two reviewers identified four main categories (i.e., groups) of response styles emerged, where subjects focused their responses either on the extremes, midpoints, a range of possible options, or consider all the possibilities before responding. These groups were named as 'Extremes,' 'Midpoints,' 'Range,' and 'Refine,' respectively. Three of these four categories identified are discussed by Baumgartner and Steenkamp (2001) using the following definitions (p. 145): Extremes (ERS) – endorse the most extreme response categories regardless of content; Midpoints (MRP) – use the middle scale group regardless of content; Range (RR) – use a narrow or wide range of response categories around the primary response. The fourth category, 'Refine,' included evaluating all options before selecting a response. Although this response style may have parallels with the Non-contingent (NCR) style discussed by Baumgartner et al. (2001), it was quite different in the sense that subjects evaluated all options and did not select carelessly or randomly as with the NCR style.

Evaluating these response forms per cultural groups showed that when considering the mode of the scores (i.e., most common responses), the researchers remained with these two categories of response styles: Romanians and Latinos were grouped in the 'Range' class while Israelis and Americans were grouped in the 'Extremes.' Table 5 lists the identified groups and their attributions.

To analyze cultural differences among groups, mean scores for the 10 SVS Schwartz values (Schwartz, Verkasalo, Antonovsky, & Sagiv, 1997) were used to run Kruskal-Wallis (1952) tests. Differences were identified only in one of the ten Schwartz's SVS values, regarding Tradition. However, when Dunn's procedure (1964) was applied, no differences between the cultural groups could be found for this value. Kruskal-Wallis tests were also conducted for the four cultural groups (Americans, Romania, Latinos, and Israelis). The differences were minimal and included only two of the ten cultural values: Specifically, the values of Benevolence and Power. Again, when Dunn's procedure was applied, no differences between the groups for these two values were found. It is

apparent from these findings that the distinctions between groups are not driven by values, but rather by demographic variables (age, education, and gender).

Cognitive Steps when Responding to Survey Question

When evaluating the psychological perspective theory proposed by Tourangeau et al. (2000), the researchers found evidence to the usage of all four steps: Comprehension, Retrieval, Judgment, and Response in all cultural and clustering groups. During the third step of judgment, some participants used their sense to adjust their response to fit their cultural practices and values. In this step, a respondent combines or supplements the responses which may involve applying cultural practices, values, and expectations that may require adjusting the response to fit the cultural environment in which the scaling occurs. Refiners and Midpoint respondents, however, were more likely to adjust their responses in the third step of judgment than extreme or range respondents.

Although most participants followed the cognitive process proposed by the psychological perspective theory by Tourangeau et al. (2000), the effect of culture was mainly concealed, that is participants did not identify effects of their background and values or beliefs on their responses to the scales. Specifically, 11 of 36 of participants responded that their experience and values had no effect on the answer, and 9 of 36 of members indicated no effect on their beliefs.

Conclusions and Implications

Conclusions

Using a mixed-method methodology, the quantitative and qualitative supplemented each other by answering both whether culture has effects on cognitive processes used by respondents (from quantitative) and how culture affects the cognitive processes used by respondents (from qualitative). Beyond the traditional aspect of culture, other factors such as a person's age, educational background, and gender play a fundamental role in determining responses to scales. In other words, what makes people from different cultures respond differently to survey scales is not their assigned culture as indicated by their place of birth, language, or preferences, but rather the values they share. Also, demographic variables such as age, gender, as well as primary and secondary education when they learned how to think are important. This disconnect between cultural practices (how things are) and societal values (how things should be) was also identified by GLOBE (House, Hanges, Javidan, Dorfman, & Gupta, 2004). We found support for values that are related to demographic variables, while cultural practices did not affect survey responses.

This study had five research questions. The first was whether the cognitive steps that respondents followed when performing scaling tasks are affected by culture. We showed that this is indeed the case, at least with three of the four studied cultural groups (Romanians, Israelis, and Latinos). Response styles were retained by these cultural groups independently of the scale used (Van Herk et al., 2004; Varnum et al., 2008). A second research question evaluated differences in how certain cultures use verbal (ordinal) versus numeric (interval) rating scales, a proposition suggested by Bendixen and Yurova (2012). These were confirmed in our qualitative study as there were differences in preference of scales among cultural groups. While Romanians, Israelis, and Latinos preferred the numeric scale, Americans showed preference to the verbal scale which can be partially explained by the educational system in the US, with its verbal grading and multiple-choice questions. For the third research question, the researchers found that cultural background affects

preference to select response styles. Specifically, Americans were more likely to choose extreme responses while Latinos preferred midpoints. A fourth research question investigated how demographic variables such as gender, age, and education affected the cognitive thought process of respondents when performing verbal (ordinal) and numeric (interval) scaling tasks. As expected, we found that demographic variables of age and education affected the response style of participants. In addition, while males preferred Inside-Out cognitive process, females preferred Outside-In process. A fifth and final research question evaluated responses of participants against the psychological perspective theory proposed by Tourangeau et al. (2000). All cultural groups used the four steps (as suggested by Schwarz et al., 2010): comprehension, retrieval, judgment, and response. However, out of the four response style groups identified, Refiners and Midpoint were more likely to adjust their responses per cultural norms in the third step of Retrieval in comparison to members of the Extreme and Range groups.

Implications for Management

It was important to the researchers to answer a call made by Park and Huang (2010) to expand our knowledge of cross-culture studies beyond the "Eastern versus Western" focus of most of the research in the discipline of Cognitive Aspects of Survey Methodology (CASM). By using participants from four distinct cultural groups (US, Israel, Latin America, and Romania), this study expands cross-cultural knowledge of cognitive processes used by people in Europe, Latin America, and the Middle East. Furthermore, the study demonstrates multiple ways in which culture of origin affects subjects when responding to numeric and verbal scales, from scale preference and likelihood to use midpoint or extreme values, through generated sentiments and cognitive processes used.

By integrating quantitative and qualitative data, this study has implications for multiple disciplines including management, marketing, finance, organizational behavior, sociology, psychology, and more. The findings of this research can help in developing training programs for global managers that reduce the effects of own culture and assimilate to the culture in which they operate. Moreover, a subject from a country can be primed before taking a survey to reduce his/her cultural bias. As suggested by Nisbett and Miyamoto (2005), a possible training opportunity for managers of individual cultures is to be taught to think differently per cultural context.

This study is beneficial for future management and organizational behavior studies. According to Terrell and Rosenbusch (2013), in a world that is increasingly becoming more integrated and global, there is a need to develop leaders who have global competencies. The importance for leaders and managers to understand cultures and different environments and to become better global leaders is critical.

Future Research

Further research into the cognitive processes of respondents using rating scales should be completed, and additional scales and cultural groups should be studied. Preferably, future research should attempt to explain not just existing differences between cultural groups, but also the related causes. Research efforts should also be made to further investigate the relationships between culture and demographic variables in other industries to expand our understanding of the balance between culture, demographics and life experiences and generalize those concepts to additional fields and industries. If culture is not what drives the cognitive process behind responding to scales, what does? The researchers found age, education, and gender play a role. Researchers should look at additional

variables and moderators in the relationship between cultural values and behavior.

Limitations

This study was conducted with several limitations. First, while there is no concrete evidence that participants in the study represent their countries, the notion that they all work in the same industry and 62% of them were employees of one multi-national software company, make this representation plausible. To reduce the effects of potential assimilation of subjects from Romania and Latin America to American cultural norms, the research used data from subjects that were educated, including primary school and high school in their home countries. Second, this study used only two rating scales (1-10 interval scale and five-value ordinal scale). Third, both scales studied were based on one NFC scale (Cacioppo & Petty, 1982), which meant the same 18 statements were shown to participants twice during the surveys and thus it is possible that the quality of responses by respondents in the second iteration was compromised. To reduce this effect, the researchers administered half of the surveys with the verbal scale first and half of them with the numeric scale first. Fourth, this study used one industry (software). Fifth, because all participants used the rating scales in English, language may be a limitation because English is not the mother tongue of all participants. However, as the language of software development in the industry is English, this limitation is minimal. Sixth, the sample size used for the qualitative data was limited and included 8-10 participants per cultural group. Finally, lumping participants from Latin America into one cultural group is a limitation of this study because there are some cultural differences between nations in Latin America.

References

Balabanis, G., Mueller, R., & Melewar, T. C. (2002). The human values' lenses of country of origin images. *International Marketing Review, 19*(6), 582-610. doi:10.1108/02651330210451935

Baumgartner, H., & Steenkamp, J. B. E. M. (2001). Response styles in marketing research: A cross-national investigation. *Journal of Marketing Research (JMR), 38*(2), 143-156. doi:10.1509/jmkr.38.2.143.18840

Bendixen, M. T. (1996). A practical guide to the use of correspondence analysis in marketing research. *Marketing Research On-Line, 1*, 16-38.

Bendixen, M. T., & Sandler, M. (1995). Converting verbal scales to interval scales using correspondence analysis. *Management Dynamics: Contemporary Research, 4*(1), 31-49.

Bendixen, M., & Yurova, Y. (2012). How respondents use verbal and numeric rating scales. *International Journal of Market Research, 54*(2), 261-282. doi:10.2501/ijmr-54-2-261-282

Bhalla, G., & Lin, L. Y. S. (1987). Cross-cultural marketing research: A discussion of equivalence issues and measurement strategies. *Psychology & Marketing, 4*(4), 275-285.

Cacioppo, J. T., & Petty, R. E. (1982). The need for cognition. *Journal of Personality and Social Psychology, 42*(1), 116-131. doi:10.1037/0022-3514.42.1.116

Cacioppo, J. T., Petty, R. E., Feinstein, J., A., & Jarvis, W. B. G. (1996). Dispositional differences in cognitive motivation: The life and times of individuals varying in need for cognition. *Psychological Bulletin, 119*(2), 197-253. doi:10.1037/0033-2909.119.2.197

Cacioppo, J. T., Petty, R. E., & Kao, C. F. (1984). The efficient assessment of need for cognition. *Journal of Personality Assessment, 48*(3), 306-307. doi:10.1207/s15327752jpa4803_13

Carroll, J. D., Green, P. E., & Schaffer, C. M. (1986). Interpoint distance comparisons in correspondence analysis. *Journal of Marketing Research, 23*(3), 271-280. doi:10.2307/3151485

Chua, H. F., Boland, J. E., & Nisbett, R. E. (2005). Cultural variation in eye movements during scene   perception. *Proceedings of the National Academy of Sciences of the United States of America,102*(35), 12629-12633. doi:10.1073/pnas.0506162102

Dadzie, K. Q., Johnston, W. J., Yoo, B., & Brashear, T. G. (2002). Measurement equivalence and applicability of core marketing concepts across Nigerian, Kenyan, Japanese and US firms.   *Journal of Business & Industrial Marketing, 17*(6), 430-455. doi:10.1108/08858620210442802

Dębkowska, K. (2014). Application of correspondence analysis to the identification of the determinants of the economic condition of the e-services sector enterprises in Podlaskie region *Economics and   Management*., *6*(1), 38-51. doi:10.12846/j.em.2014.01.02

Diamantopoulos, A., Reynolds, N. L., & Simintiras, A. C. (2006). The impact of response styles on the stability of cross-national comparisons. *Journal of Business Research, 59*(8), 925-935. doi:10.1016/j.jbusres.2006.03.001

Dunn, O. J. (1964). Multiple comparisons using rank sums. *Technometrics, 6*(3), 241–252. doi:10.2307/1266041

Fairchild, C. M. (2012). *The cross-cultural effects of rescaling verbal and numeric rating scales using correspondence analysis.* (D.B.A. 3539358), Nova Southeastern University, Davie, Florida. Retrieved from ProQuest Dissertations & Theses (PQDT) database.

Fisher, R. A. (1922). On the interpretation of $\chi 2$ from contingency tables, and the calculation of P. *Journal of the Royal Statistical Society, 85*(1), 87-94. doi:10.2307/2340521

Greenacre, M. J., & Hastie, T. (1987). The geometric interpretation of correspondence analysis. *Journal of the American Statistical Association, 82*(398), 437-447. doi:10.2307/2289445

Gülgöz, S. (2001). Need for cognition and cognitive performance from a cross-cultural perspective: Examples of academic success and solving anagrams. *Journal of Psychology, 135*(1), 100-112. doi:10.1080/00223980109603683

Han, J. J., Leichtman, M. D., & Wang, Q. (1998). Autobiographical memory in Korean, Chinese, and American children. *34*(4), 701-713. doi:10.1037/0012-1649.34.4.701

Podsakoff, A. W. (2006). Response styles in cross-national survey research: A 26-country study. *International Journal of Cross Cultural Management, 6*(2). doi:10.1177/1470595806066332

Hoffman, D. L., & Franke, G. R. (1986). Correspondence analysis: Graphical representation of categorical data in marketing research. *Journal of Marketing Research (JMR), 23*(3), 213-227. doi:10.2307/3151480

House, R. J., Hanges, P.J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies*. Thousand Oaks, CA: Sage Publications.

Hult, G. T. M., Ketchen, D. J., Griffith, D. A., Finnegan, C. A., Gonzalez-Padron, T., Harmancioglu, N., Huang, Y., Talay, M. B., & Cavusgil, S. T. (2008). Data equivalence in cross-cultural international business research: assessment and guidelines. *Journal of International Business Studies, 39*(6), 1027-1044. doi:10.1057/palgrave.jibs.8400396

Jobe, J. B., & Mingry, D. J. (1989). Cognitive research improves questionnaires. *American Journal of Public Health*, 79, 1053-1055. doi:10.2105/AJPH.79.8.1053

Kim, H. S. (2002). We talk, therefore we think? A cultural analysis of the effect of talking on thinking. *Journal of Personality and Social Psychology, 83*(4), 828-842. doi:10.1037//0022-3514.83.4.82

Kruskal, W. H., & Wallis, W. A. (1952). Use of ranks in one-criterion variance analysis. *Journal of American Statistical Association, 47*(260), 583–621.

Lee, F., Hallahan, M., & Herzog, T. (1996). Explaining real-life events: How culture and domain shape   attributions. *Personality and Social Psychology Bulletin, 22* (7), 732-741. doi:10.1177/0146167296227007

Leung, K., & Bond, M. H. (1989). On the empirical identification of dimensions for cross-cultural comparisons. *Journal of Cross-Cultural Psychology, 20*(2), 133-151. doi:10.1177/0022022189202002

Malhotra, N. K., Agarwal, J., & Peterson, M. (1996). Methodological issues in cross-cultural marketing research: A state-of-the-art review. *International Marketing Review, 13*(5), 7-43. doi:10.1108/02651339610131379

Masuda, T., & Nisbett, R. E. (2001). Attending holistically versus analytically: Comparing the context sensitivity of Japanese and Americans. *Journal of Personality and Social Psychology, 81*(5), 922- 934. doi:10.1037/0022-3514.81.5.922

Morris, M. W., & Peng, K. (1994). Culture and cause: American and Chinese attributions for social and physical events. *Journal of Personality and Social Psychology, 67*(6), 949-971. doi:10.1037/0022- 3514.67.6.949

Nisbett, R. E., & Masuda, T. (2003). Culture and point of view. *Proceedings of the National Academy of Sciences of the United States of America, 100*(19), 11163-11170. doi:10.1073/pnas.1934527100

Nisbett, R. E., & Miyamoto, Y. (2005). The influence of culture: Holistic versus analytic perception. *Trends in Cognitive Sciences, 9*(10), 467-473. doi:10.1016/j.tics.2005.08.004

Nisbett, R. E., & Norenzayan, A. (2002). Culture and cognition. In H. Pashler & D. Medin (Eds.), *Stevens' Handbook of Experimental Psychology* (3rd ed., Vol. 2 - Memory and Cognitive Processes, pp. 561-598). Hoboken, NJ: John Wiley & Sons. doi:10.1002/0471214426

Oyserman, D., & Sorensen, N. (2009). Understanding cultural syndrome effects on what and how wethink: A situated cognition model. In R. Wyer, Y. Hong, & C. Chiu (Eds.),

Understanding culture: Theory, research, and application (pp. 25-52). New York, NY: Psychology Press.

Park, D. C., & Huang, C. M. (2010). Culture wires the brain: A cognitive neuroscience perspective *Perspectives on Psychological Science, 5*(4), 391-400. doi:10.1177/1745691610374591

Paulhus, D. L. (1991). Measurement and control of response bias. In J. P. Robinson, Shaver, P. R., & Wrightsman, L. S (Ed.), *Measures of personality and social psychological attitudes* (pp. 17-59). San Diego, CA: Academic Press.

Peng, K., & Nisbett, R. E. (1999). Culture, dialectics, and reasoning about contradiction. *American Psychologist, 54*(9), 741-754. doi:10.1037/0003-066X.54.9.741

Pieters, R. G. M., Verplanken, B., & Modde, J. M. (1987). Neiging tot Nadenken: Samenhang met beredeneerd gedrag (The tendency towards reflection: Connection with reasoned behaviour). *Nederlands Tijdschift voor de Psychologie, 42*(2), 62-70.

Podsakoff, P. M., MacKenzie, S. B., Jeong-Yeon, L., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology, 88*(5), 879-903. doi:10.1037/0021-9010.88.5.879

Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2012). Sources of method bias in social science research and recommendations on how to control it. *Annual Review of Psychology, 63*, 539-569. doi:10.1146/annurev-psych-120710-100452

Podsakoff, P. M., MacKenzie, S. B., Podsakoff, N. P., & Lee, J. Y. (2003). The mismeasure of man(agement) and its implications for leadership research. *The Leadership Quarterly, 14*(6), 615-656. doi:10.1016/j.leaqua.2003.08.002

Ronen, S., & Shenkar, O. (1985). Clustering countries on attitudinal dimensions: A review and synthesis. *The Academy of Management Review, 10*(3), 435-454. doi:10.5465/AMR.1985.4278955

Sadowski, C. J. (1993). An examination of the short need for cognition scale. *The Journal of Psychology, 217*(4), 451-454. doi:10.1080/00223980.1993.9915581

Sadowski, C. J., & Gülgöz, S. (1992). Internal consistency and test-retest reliability of the need for cognition scale. *Perception and Motor Skills, 74*(2), 610. doi:10.2466/pms.1992.74.2.610

Schwarz, N., Oyserman, D., & Peytcheva, E. (2010). Cognition, communication, and culture: Implications for the survey response process. In J. A. Harkness, M. Braun, B. Edwards, T. P. Johnson, L. Lyberg, P. Mohler, B. E. Pennell, & T. W. Smith (Eds.), *Survey methods in multinational, multiregional, and multicultural contexts* (pp. 177-190). Hoboken, NJ: John Wiley & Sons.

Schwartz, S. H. (1992). Universals in the content of values: Theoretical advances in empirical tests in 20 countries. In A. Zanna (Ed.), *Advances in Experimental Social Psychology* (Vol. 25, pp. 1-65). Orlando, FL: Academic Press.

Schwartz, S. H. (1997). Values and culture. In D. Mundro, J. F. Schumaker, & S. C. Carr (Ed.), *Motivations and Culture* (pp. 69-84). London, UK: Routledge.

Schwartz, S. H. (2012). An overview of the Schwartz theory of basic values. *Online Readings in Psychology and Culture, 2*(1), 1-20. doi:10.9707/2307-0919.1116

Schwartz, S. H., Verkasalo, M., Antonovsky, A., & Sagiv, L. (1997). Value priorities and social desirability: Much substance, some style. *British Journal of Social Psychology, 36*(1), 3-18. doi:10.1111/j.2044-8309.1997.tb01115.x

Terrell, R. S., & Rosenbusch, K. (2013). How global leaders develop. *Journal of Management Development, 32*(10), 1056-1079. doi:10.1108/JMD-01-2012-0008

Torres, A., & Greenacre, M. J. (2002). Dual scaling and correspondence analysis of preferences, paired   comparisons and ratings. *International Journal of Research in Marketing, 19*(4), 401-405. doi:10.1016/S0167-8116(02)00101-5

Tourangeau, R. (2003). Cognitive aspects of survey measurement and mismeasurement. *International   Journal of Public Opinion Research, 15*(1), 3-7. doi:10.1093/ijpor/15.1.3

Tourangeau, R., Rips, L. J., & Rasinski, K. (2000). *The psychology of survey response*. Cambridge University Press.

Van Herk, H., Poortinga, Y. H., & Verhallen, T. M. M. (2004). Response styles in rating scales: Evidence of Method Bias in Data from Six EU Countries. *Journal of Cross-Cultural Psychology*, *35*(3), 346-360, doi:10.1177/0022022104264126

van de Vijver, F., & Leung, K. (1997). *Methods and data analysis for cross-cultural research*. Thousand Oaks, CA: Sage Publications.

Varnum, M. E. W., Grossmann, I., Katunar, D., Nisbett, R. E., & Kitayama, S. (2008). Holism in a European cultural context: Differences in cognitive style between central and east Europeans and westerners. *Journal of Cognition & Culture, 8*(3/4), 321-333. doi:10.1163/156853708X358209

Wang, Q., & Ross, M. (2007). Culture and memory. In K. H. & D. Cohen (Eds.), *Handbook of Cultural Psychology* (pp. 645-667). New York, NY: Guilford Publications.

Winerman, L. (2006). The culture-cognition connection. *Monitor on Psychology, 37*(2), 64.

Table 1 - *Calculation of Chi-Square Statistics per Cultural Group*

(a) Verbal Scale

	i	ii	iii	iv	v
Romania	**14.1%***	**28.0%***	16.7%	28.4%	12.8%
Israel	18.8%	**27.3%***	13.2%	26.6%	14.1%
US	**23.6%***	**18.1%***	**10.3%***	25.0%	**23.1%***
Latin	15.9%	**19.9%***	**21.0%***	30.3%	12.9%
Total	19.3%	22.1%	14.9%	27.4%	16.4%

(b) Numeric Scale

	i	ii-iii	iv	v-vi	vii-viii	ix-x
Romania	10.5%	**25.2%***	5.6%	16.6%	25.2%	16.9%
Israel	13.4%	**26.2%***	6.3%	14.6%	27.8%	**11.8%***
US	15.6%	18.6%	7.2%	16.4%	25.0%	17.2%
Latin	13.6%	**14.6%***	8.1%	**22.2%***	25.0%	16.4%
Total	14.1%	20.0%	7.2%	17.7%	26.0%	15.0%

Values displayed in **bold** are significant at the level alpha=0.05
Roman numerals indicate the columns of the frequency table that were combined.

Table 2 - *Calculation of Chi-Square Statistics by Age Group*

(a) Verbal Scale

Age Group	i	ii	iii	iv	v
1 (28-33)	21.2	**20.1***	**9.8***	29.1	**19.8***
2 (34-37)	16.2	22.7	17.6	29.1	14.4
3 (38-41)	15.6	27.5	**21.2***	26.5	**9.3***
4 (42-64)	18.4	24.7	13.1	26.0	17.8
Total	17.8	23.7	15.4	27.7	15.4

(b) Numeric Scale

Age Group	i	ii-iii	iv	v-vi	vii-viii	ix-x
1 (28-33)	22.1	16.4	7.6	**14.3***	23.1	16.4
2 (34-37)	21.3	**15.4***	5.5	**21.5***	22.6	13.6
3 (38-41)	**12.0***	**23.3***	6.9	**23.3***	24.3	**10.2***
4 (42-64)	19.3	**23.0***	4.8	**13.6***	23.9	15.5
Total	18.9	19.4	6.1	18.1	23.4	14.0

Values displayed in **bold** are significant at the level alpha=0.05
Roman numerals indicate the columns of the frequency table that were combined.

Table 3 - *Calculation of Chi-Square Statistics by Education*

(a) Verbal Scale

Educational Group	i	ii	iii	iv	v
1 - No degree	20.0	**17.8***	14.4	32.2	15.6
2 – Bachelor's Degree	**14.1***	**32.5***	15.7	24.2	13.5
3 - Graduate Degree	**19.4***	**25.0***	13.0	26.9	15.6
Total	16.8	28.1	14.5	26.1	14.5

(b) Numeric Scale

Educational Group	i	ii-iii	iv	v-vi	vii-viii	ix-x
1 - No degree	22.2	21.6	3.6	14.4	23.7	14.4
2 – Bachelor's Degree	**15.5***	19.9	7.2	**20.2***	24.8	**12.3***
3 - Graduate Degree	**21.8***	18.2	5.6	16.8	21.8	15.8
Total	18.9	19.4	6.1	18.1	23.4	14.0

Values displayed in **bold** are significant at the level alpha=0.05
Roman numerals indicate the columns of the frequency table that were combined.

Table 4 - *Cognitive Processes used in Responding to the Numeric Scale*

#	Process Name	Explanation*	Scale/s
1	*Outside In*	Start with the extreme values in the scale as starting point anchors. Then, move towards the middle values while the midpoint value is the final value to evaluate.	Both
2	*EMF (Extreme-Midpoint-Final)*	Start from the two extreme values in the scale. Then, evaluate the midpoint value, and finally – locate a value between the midpoint and the extremes.	Both
3	*Inside Out*	Start from the midpoint value and then go value by value towards one of the extreme values.	Both
4	*MEF (Midpoint-Extreme-Final)*	Start from the midpoint value. Then, evaluate the two extreme values in the scale. Finally, locate a value between the midpoint and the extremes.	Both
5	*One Step*	Memorize what each value means and select a value in one step without moving between options.	Both
6	*Eliminate Extremes*	First eliminate the extreme values as valid options and then select a value from the remaining options.	Both
7	*Right to Left (R to L)*	Start from the highest (extreme) value and move down values until the minimum (extreme) value.	Both
8	*Left to Right (L to R)*	Start from the minimum (extreme) value and move up values until the maximum (extreme) value.	Both
9	*4B (Four Blocks)*	Consider four blocks of values to choose from (1, 10, 5, & 7).	Numeric
10	*E1-E2-S1-S2-F*	Move from one extreme to the other. Next, move to non-extreme values and finish at the midpoint.	Verbal
11	*SEF (Somewhat-Extreme-Final)*	Start from non-extreme values (Somewhat Characteristic or Somewhat Uncharacteristic). Then, evaluate the Extreme values and finish at the midpoint value.	Verbal

*Explanations were constructed based on the 36 interviews.

Table 5 - *Identified Groups*

Group	Description
Extreme	Individuals from all cultural groups and an even number of males and females. Most subjects in this group were highly educated (half of them had a graduate degree) and were typically young at ages 28-37. Subjects in this group identified ethnically with the American culture more than other groups, which resulted in their use of extreme values, which is typical behavior for American subjects, as reported before. Most of the members of the extreme group (58%) preferred the numeric scale over the verbal one.
Midpoint	Individuals from Romania, America, and Latin America but no Israelis. They were mostly males (83%). The majority of the members (66%) preferred the numeric scale over the verbal one.
Range	Included mainly Latinos (56%) and no Americans. The ratio between the number of males and females was two to one. All members of this group had at least a bachelor's degree. 44% of the individuals in this group recognized in existence of repetitions in the scales. Unlike the extreme and midpoint group, the Range group preferred the verbal scale over the numeric one.
Refine	Mainly Israeli and Romanians. Members of this group were the least likely to identify repetition in statements between scales and were the only group that showed no preference to the verbal or numeric scale. By evaluating all options before selecting a response, these individuals made sure they choose an option that would fit their cultural norms.

Implementation of Self-Management Principles to International Business Education: A Case Study

Clark Johnson, St Louis University
Elli Brunts, St Louis University
Maia Delkamiller, St Louis University
Ali Kazmi, St Louis University
Tatiana Kobasa, St Louis University
Megan Nixon, St Louis University
Lucas Parmley, St Louis University
Simaran Shah, St Louis University
Sean Wisbey, St Louis University
Xiyin Yao, St Louis University

Abstract

Self-management is the concept of decentralizing authority in a formal and systematic way throughout an organization. In this paper, we focus on applying self-management principles in international business (IB) education. We examine the possibility of implementing self-management principles in the IB classroom. We present the results of a case study of how self-management principles were selectively implemented in a recent IB course, along with the results of a collective auto-phenomenography. Finally, we discuss the findings of this study and outline implications for future work in the study of self-management in the IB classroom.

Keywords: self-management, autonomy, self-determination theory, international business education

Millennials Willingness to Consume Foreign Music Contents Online: Application of the Stimulus Organism Response Theory

Wooyang Kim, Minnesota State University, Moorhead
Hyun Sang An, Minnesota State University, Moorhead

A thesis project paper presented by Wooyang Kim and Hyun Sang An on Wednesday, March 27, 2019, in the Cresthill Room at 1:30-2:45 pm. Theme: Culture and Human Resources. Chair: Kingshuk Mukherjee, St John's University

ABSTRACT

The study examines millennials' consumption behavior of foreign contemporary music in the digital music streaming service in the United States. For explaining millennials' multicultural perspective of consumption behavior, this study developed a behavioral model by applying Stimulus-Organism-Response theory to articulate the procedural components of multicultural consumer behavior. Our hypothetical model demonstrated that a robust explanation of millennials' multicultural consumption behavior. The results suggest that S-O-R theory accounts for both external stimuli (i.e., market environment and manageably controllable information) enhance their organismic process (i.e., emotional states rather than cognitive states) to consume foreign contemporary music contents online in social media. Moreover, when millennials emotional states are pleased, this organismic behavior positively activates the behavioral intentions the actual consumption behavior (trials and purchase of foreign music streaming service) and the post-consumption behavior (eWOM).

Keywords: foreign music content, millennials, online music steaming service, stimulus-organism-response theory, willingness to consume

Creating a Pragmatic and Legitimate IB Curriculum: The Case of the GMMs Pedagogical Tool

Basil Janavaras, Minnesota State University – Mankato
Kingshuk Mukherjee, St John's University
Suresh George, Coventry University
Christos Zoumpos, Coventry University

Presented by Kingshuk Mukherjee on Wednesday, March 27, 2019, in the Cresthill Room at 1:30-2:45 pm. Theme: Culture and Human Resources. Chair: Kingshuk Mukherjee, St John's University

This presentation revisits the need for faculty to create International Business (IB) courses driven by a pedagogical approach that embeds legitimacy within a pragmatic perspective. Contemporary IB pedagogy has been criticized (Pettigrew & Starkey, 2016; Schworm et al., 2017) as becoming distant from the reality of the global business environment, it serves. The institutional environment in which courses are nurtured has also been criticized (Bennis & O'Toole, 2005) for moving away from pragmatic teaching and the provision of realistic evidence-based pedagogy.

International business pedagogy is expected to include a transformative process using curriculum and research to influence and positively change its stakeholders, (Bartell, 2003). A possible avenue of enforcing rigor and legitimacy is to examine pragmatic teaching; in which stakeholders including instructors, academics, students and the wider society can participate in co-create knowledge useful to the development of the respective individual.

Pragmatism as a school of thought has moved from the transactional realism of John Dewey into experiential learning, by which the various stakeholders can measure and manage the changing context of the real business world. We propose that IB practitioners need to embed pragmatism as a mechanism to understand the relationship between academic theory and the context in which this theory underpins strategic choices made by firms and the managers of these firms. Drawing on a review of literature that recognizes the need for IB pedagogy to transform the learning experience, we introduce how an online software tool, the Global Marketing Management System online (GMMSO4) can help practitioners in creating a practical and pragmatic awareness of the global business environment. The GMMSO4 pedagogical approach can provide instructors with the ability to include realism in their core teaching experience.

Our experience has demonstrated that IB courses can integrate theory and practice based on ethical, realistic and evidence-based management concepts within a pragmatic global business environment. The use of the GMMSO4 teaching software can help in embedding pragmatic legitimacy and critical decision-making skills for students and also help the institution seamlessly embed vocational education in a theoretical framework (Zagrebina et al. 2015). It can also support the management of the challenges of the profession in adopting innovative online exponential tools (Mateo et al. 2015) by demonstrating its simplified learning experience which leads to maintaining a legitimacy for the institution in an increasingly crowded market environment.

Some of the key topics to be addressed will include:
- A review of contemporary literature around the role of pragmatism in teaching international business.

- Embedding pragmatism and its associated ideological strands in a tool for developing and maintaining a legitimate IB curriculum.
- Linkages between building managerial competencies and practical business strategies.
- Using the online tool as a mean of engaging a multicultural student population.
- Showcasing how the use of this online tool has increased student satisfaction and decision-making skills across several experiential IB teaching courses in some of the most innovative universities.

We hope that this presentation can provide an impetus for the use and defense of allied technological tools.

<u>References</u>

Bartell, M. (2003). Internationalization of universities: A university culture-based framework. Higher education, 45(1), 43-70.

Bennis, W., & O'Toole, J. (2005). How business schools lost their way. Harvard Business Review, 83(5), 96-104.

Mateo, J., S, M., Nez, Del Rey, D. P., Rez, Herná, . . . Oz. (2010). Student motivation and cross-curricular development through e-learning applied to cooperation doi:10.1109/EDUCON.2010.5492481

Pettigrew, A., & Starkey, K. (2016). From the Guest Editors: The legitimacy and impact of business schools—key issues and a research agenda.

Schworm, S. K., Cadin, L., Carbone, V., Festing, M., Leon, E., & Muratbekova-Touron, M. (2017). The impact of international business education on career success—Evidence from Europe. European Management Journal, 35(4), 493-504.

Zagrebina, E. I., Sharafetdinova, Z. G., lushchik, I. V., Konyushenko, S. M., Ermoshina, N. V., Kosyakova, E. Y., & Ashrafullina, G. S. (2015). The electronic learning system as a means of forming professional competencies among university students. Journal of Sustainable Development, 8(3), 178-184. doi:10.5539/jsd.v8n3p178

Made in China

Peter Geib, Minnesota State University Moorhead
Lucie Pfaff, College of Mount Saint Vincent

Presented by Peter Geib on Wednesday, March 27, 2019, in the Crystal Room at 3:00-4:15 pm. Theme: Emerging Markets. Chair: Man Zhang, Bowling Green State University

ABSTRACT

In 2015, China revealed its latest industrial policy, a program called "Made in China 2025." Ten industrial sectors were selected to be at the heart of the plan, among them new-energy vehicles, industrial robots, mobile-phone chips, and others. The initiative is the government's drive to develop and acquire its own technology and promote its own companies to rival the West's. To reach these goals, China needs to develop regions for innovation and entrepreneurship similar to Silicon Valley. Shanghai and Shenzhen, e.g., are in the forefront of this effort.

Key Words: China, industrial policy, innovation, high-tech hubs.

INTRODUCTION: A NEW INDUSTRIAL POLICY

China is unique in the breadth of its industrial policy. For years the government concentrated on modernizing traditional industries such as shipbuilding and petrochemical production. In 2010 seven new strategic industries, from alternative energy to biotechnology, became targets. In 2015, China revealed its latest policy, a program called "Made in China 2025." The initiative specifies ten sectors which will be at the heart of the plan. Highlighted are sectors such as new-energy vehicles, high-tech ship components, new and renewable- energy equipment, high performance medical devices, industrial robots, large tractors and harvesters, mobile-phone chips, and wide-body aircraft *(The Economist,* 2017, September 23, 65-66).

"Made in China 2025" is part of the Xi government's drive to develop or acquire its own technology and promote its own companies to rival the West' s. Singled out are industries of the future ranging from robotics, electric cars, to Artificial lntelligence (AI). President Xi told the Party Congress that "China will support state capital in becoming stronger, doing better, and growing bigger, turn Chinese enterprises into world-class, globally competitive firms (Lindblad, 2017)."

The program directs cities and companies to shift out of low-cost, labor-intensive manufacturing and into higher value-added production. State planners want companies to become globally competitive not only in established industries such as autos, but also dominate in new areas such as drones and AI (Roberts, 2017).

The new industrial policy set forth is aimed at raising productivity in every part of the Chinese economy. The policy is geared toward every part of production, including improving the quality of human talent, how capital is used, and how technology is developed (Roberts, 2017).

The implementation of Beijing's blueprint and delivering on the goals falls largely to provinces and cities across the country. Cities like Guangzhou and Shenzhen with their important manufacturing base will play important roles in carrying out the plan. The effort also includes state-owned enterprises

(SOEs). President Xi wants state-owned companies to become bigger and stronger. To upgrade SOEs, one suggestion is to enter into ventures with private companies, so they can tap into their technical know-how (Roberts, 2017), not unlike the long-standing official Chinese policy to seek transfer of foreign technology, to establish domestic companies and eventually displace foreign competitors.

The plan does not stop with local guidelines. Officials have established "state-guided funds" to finance the industries included in the "Made in China" program. Furthermore, the government has laid out local-content targets for the various "Made in China" sectors. Part of the plan features market - share targets, both at home and abroad. The "abroad" clearly indicates that this is not a purely domestic exercise *(The Economist,* 2017, September 23, 65-66).

The purpose of this article is to explain how China is in the process of applying a strategy of innovation to create an intersection of disciplines, domains, and diversities that result in the creation of regions of innovation and entrepreneurship. This is based in part on a recent decline in services (interviews).

The idea behind this article is when there is a connection of human intellectual values that collectively come together a region for innovation and entrepreneurship can occur. It is our intention to outline and present an understanding how this phenomenon has appeared in the past in a number of cities and regions and how it can be applied in the present.

METHODOLOGY

This paper employs a research methodology that applies to business and economic growth in the United States from 1980 to the present with business and economic growth in China during the same period. The paper also provides a view point on the author's experience and information gathered from interviews from Chinese business professionals. A significant portion of this research is based on conversations with more than 350 key influencers in Shanghai, Beijing, Hong Kong, Singapore and Washington, D.C. over a period of 29 years beginning in 1988 and most recently in the summer of 2018. A significant effort has also been made to examine traditional data and documents from a variety of sources when and where they were available.

One author most recently did research in Shanghai in the summer of 2018 as well as teaching at Shanghai Finance University in 2013 and 2014. In the summer of 2018 one author spent time in Shanghai and Hong Kong researching our topic. Another author spent a week in San Francisco and in Boulder Colorado accessing data on the management of innovation. The emphasis of the research was to find the latest trends in globalization strategies with a particular emphasis on cultural change as it relates to innovation. It is important to note that many of the professionals and experts in China wish to have their comments kept confidential. Therefore, we choose to respect their request of confidentiality in all cases. We have referenced and documented dates where they are public.

The methodology for this study where it involves interviews can be described as a focus on the policy views of key stakeholders and influencers. In general, the interviews were conducted with professionals from such organizations as the Economist Group in Hong Kong, Shanghai, and London, the old Bear Sterns Investment firm, Goldman Sachs, Chase Investment Bank, U.S. Chamber of Commerce, and Boston Consulting Group in at least two locations, Microsoft, and a host of other public and private professionals. The interview format did not include a formal survey but did include structured questions.

The analysis of transformational leadership and policy for China stems from the long established scholarly efforts regarding the planning of change. These efforts include the works of Peter Drucker, Warren Bennis, Rosabeth Moss Kanter, John Kotter, Peter Senge, Clayton Christianson, and others. The authors draw on examples of transformational leadership from the lives of Steve Jobs, Thomas Edison, Henry Ford, and Walt Disney. Regarding China, the authors draw on a variety of scholars as far back as John King Fairbank and as contemporary as Nick Lardy at the Peterson Institute and scholars at the Brookings Institute.

INNOVATION AND ENTREPRENEURSHIP IS ALL ABOUT CULTURE

Our focus in this paper is to tell a story that presents the secret of success needed to understand and create a world-class region for innovation and entrepreneurship. We also believe that culture is the driving force that explains the world's most creative places. Creativity doesn't happen "in here" or "out there", creativity is something that happens in-between. Creativity and innovation are relationships that occur at the intersections of person and place.

A number of important authors provide context. Alfred Kroeber, in 1944, wrote in Configurations of Culture Growth, that culture not genetics explained the creation of the cities such as Athens, Florence, and today's Silicon Valley. In 2016, Eric Weiner reiterated Kroeber's message that culture is the driving force in nurturing creativity. Weiner argues that the world's most creative places were the result of a special type of culture. Thomas Kuhn pointed out in his famous book, The Structure of Scientific Revolutions, that new paradigms have been the result of the intersection of person and place where the inventors were men who were very young or very new to the field whose paradigm they changed. Frans Johansson writing in his breakthrough book, The Medici Effect, demonstrated how innovative ideas occur when concepts from one field or domain intersect with a concept or ideal from a different field or domain. In 1994, AnnaLee Saxenian revealed in Regional Advantage that innovation is almost always a social interaction endeavor requiring the observation, communication, or collaboration with others. In 2000, Martin Kinney, through the Stanford University Press, published Understanding the Silicon Valley. In the same year, the Stanford University Press also released, The Silicon Valley Edge, a Habitat for Innovation and Entrepreneurship (Miller, Lee, Hancock & Rowen, 2000).

We believe Shanghai and Shenzhen are like Silicon Valley was twenty years ago and have been on the "Edge" in igniting a similar burst of creativity and innovation and are now beginning a new chapter of high tech manufacturing. The key question that we are attempting to answer is, "Can great innovative breakthroughs such as those of Silicon Valley be explained by the intersections and connections of differing disciplines, domains and diversities?" We believe the answer is yes, and in this article we have three objectives:

1. The first is to explain the elements that make up innovation.

2. The second is to explain how the different elements interact and how they connect to generate a culture of innovation and entrepreneurship.

3. Finally, the third objective is to define the challenges facing China when implementing a strategy of innovation and the difficulties of sustaining a culture of innovation (Geib & Swenson, 2017).

The Role of Innovation

There are two types of strategies for economic growth. The first strategy is directional innovation. Directional innovation is incremental and improves a product in predictable steps. The automobile is an example of a product that has been improved year after year. Invention is much harder and more expensive than improvement. The goal of directional innovation is to improve efficiency and profits by making improvements in design and manufacturing (Geib & Swenson, 2017).

The second strategy is intersectional innovation and results in what Thomas Kuhn identified as a fundamental change, the basic concept and practices of a discipline (Kuhn, 1996) (Geib & Swenson, 2017).

Intersections, the Connections for Innovations

Steve Jobs was an entrepreneur who used intersectional innovations to "ding the universe." Jobs was quoted to say, "I think artistry is in having an insight into what one sees around them. Generally putting things together in a way no one else has before and finding a way to express that to other people who don't have that insight." Dr. Land at Polaroid said, "I want to stand at the intersection of art and science," and I've never forgotten that. I think that's possible, and I think that a lot of people have tried" (Beahm, 2011 P. 54-56) (Geib & Swenson, 2017).

The story of the iPod demonstrates the power of the intersection. Steve Jobs had a special passion for music. When Jobs saw the success of iTunes, the next step for Apple was to invent a portable music player. Jobs was aware of the impact of the free music sharing services provided by Napster.

Jobs used Napster as his first intersection. Then for his second intersection Jobs used the Sony Walkman (Geib & Swenson, 2017). Sony had pioneered portable music with the Walkman and had created a market for people who enjoyed listening to music on a portable music device. Steve Jobs saw the intersection between the Sony Walkman and Apple's Macintosh computer. The end result was the creation of the iPod (Geib & Swenson, 2014 p. 37).

Sony Walkman

iPod

Macintosh Computer
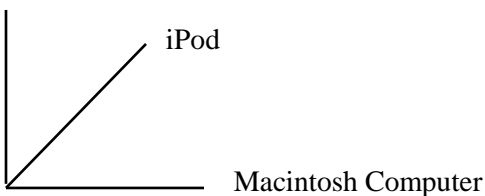
Characteristics of Intersectional Innovations

Intersectional innovations are the evolutionary forces that move the world forward. In summary, intersectional innovations share the following characteristics. They increase the connectivity of people and things, lead to recombinant innovation, create exponential growth, open up new fields, develop communities of collaborators, provide a base for directional innovations, and "ding" the Universe (Geib & Swenson, 2017).

Forces Behind the Rise of Innovative Intersections

There are three distinct forces that are driving the rise of intersectional innovation. The first force is the movement of people. In the United States the percentage of foreign-born people has risen to a level

not seen since the 1930's. This force has led to a major increase in cultural intersections and a flood of groundbreaking ideas that have led to the success in business and the arts (Johansson, 2006).

The second force is the rise of technology. A massive burst of technological innovation is radically reshaping the world. Using the power of intersectional innovation there is a great opportunity to develop new business models, new technologies, and new policies. The third force is computation.

The critical question is, "Why is the creation of intersections so successful at producing innovations?" Dean Simonton, a psychologist at the University of California, puts it simply by saying the quantity of ideas leads to quality of ideas. The intersection provides a method for creating a random combination of concepts. The more random the number of ideas the higher the probability that something new will be found (Simon, 1999)

AN INDUSTRIAL REVOLUTION? ECONOMIC FREEDOM AND OPPORTUNITY

As we explain in previous sections, opportunity and freedom are major factors in innovative growth. China experienced two dimensions of opportunity; policy change and the expanding impact of globalization.

Policy

Policy is always important. The full force of Deng's market reforms hit China in the mid 1980's. The focus was on economic freedom. This attracted huge investment and entrepreneurial skills from home and abroad. Moreover, Beijing specifically encouraged China start up efforts and began to develop supportive infrastructure that had characterized the special economic zones as well as entrepreneurial centers in the major universities. With a huge Beijing focus the Shanghai suburb of Pudong became the new financial center of mainland China (interviews).

Globalization

Opportunity was pursued in another sense. By the mid 1980's the environment of post-World War II globalization was advancing full force. The Chinese leadership clearly saw this as an opportunity. They invited foreign direct investment. Foreign direct investment became one of the primary incentives for export manufacturing which became the basis of China's stunning ten percent plus annual growth rate for thirty years (interviews). Indeed globalization has been a huge opportunity for China.

Risk and Entrepreneurial Leadership

Shanghai and Shenzhen have long been a huge source of leadership talent in business, economics, and politics. The entire history of Shanghai is a history of business leadership. Moreover, many of the Beijing political elite got their start in Shanghai. It is clear that whatever success Shanghai leadership has experienced they have earned it (interviews).

From the beginning of the 1978 reforms the Chinese leadership has sought to further the entrepreneurial spirit. This has meant fostering and supporting the core value of risk. This is difficult in China with its conservative savings oriented culture (interviews).

Environment and Diversity

The globalization environment contributed huge diversity to Shanghai and Shenzhen inspiring collaboration, cross-cultural communication, and innovation. Always a leader in business and economics Shanghai has become more so. Described by some as a business and financial city-state China seeks to

turn Shanghai into a global financial center like New York, London, and Tokyo. It is well on the way (interviews).

Shanghai and Shenzhen have been attracting the best business and financial talent for decades. First, they have become a magnet for the world's multinationals. Foreign business came to Shanghai to play to the potential of the vast internal market even if profit was not immediately possible (interviews). Goals converged, China wanted hard currency and technology (interviews). A good example is General Motors which formed a joint venture with Shanghai Motor Works to build among other things the Shanghai Buick (interviews). General Motors did not make a profit for years but now the Shanghai Buick is one of the best selling cars in China. Another example is SAIC and Volkswagen (interviews).

Diversity has made it all possible. Now China is seeking top notch world-wide talent for high technology manufacturers (interviews).

Artificial Intelligence (AI)

On July 20, China's State Council issued a "Next Generation Artificial Intelligence Development Plan." The goal is to become the "premier global AI innovator center" by 2030 (Campbell, 2018). China already rivals the world's leading developed nations by spending 2.1 percent of its $11.2 trillion GDP on research and development (Campbell, 2018).

To understand why China is so well placed, one has to consider inputs needed for AI. The two most basic ingredients needed, computing power and capital, China has in abundance. Chinese firms, from giants such as Alibaba and Tencent to startups such as CIB Fin Tech and uCloud, are building data centers as fast as they can *(The Economist,* 2017, July 15). Two other resources, research talent and strong math skills, fit well with the country's tradition in language and translation research. Most big universities have launched AI programs. According to some estimates, China has more than two-fifth of the world's trained AI scientists *(The Economist,* 2017, July 15). In addition, the sheer size of data available from the public for processing gives China another advantage. Add to this the number of internet users, estimated at 730 million, and almost all of them go on line from smart phones. That gives local firms such as Alibaba, Baidu and Tencent the opportunity to come up with the best-in-class AI systems for everything from facial recognition to messaging bots.

What seems to be a great contradiction is the fact that the country has the world's most severe restrictions on Internet freedom. Still, business thrives inside the firewall's confines and on its overseer's terms *(The Economist,* 2017, July 15).

Robotics and Semiconductors

The "Made in China" initiative also extends to robotics and semiconductors. China aims to become competitive in both areas. In robotics, e.g., the government wants to boost total domestic production to more than 50 percent of sales by 2020. To reach that goal, Beijing is offering subsidies, low interest loans, tax waivers and rent-free land to the producers of robots as well as to businesses that buy them (Martin, 2017). Chinese companies such as E-Deodar Robot Equipment, Siasun Robot & Automation, and Anhui Effort Intelligent Equipment aspire to become multinationals, challenging Swiss and Japanese companies for leadership (Martin, 2017).

Under the "Made in China 2025" program, the government has earmarked $150 billion to be spent over 10 years on the semiconductor industry. With this Beijing is redoubling the effort to build

China's own semiconductor industry. At this point, the country manufactures only 16.2 percent of the industry's global sales revenue (Martin, 2017). Besides assisting the chipmakers with subsidies, the government mandates for domestic companies to buy only from local suppliers and requires American companies to transfer technology to China in return for access to its market.

Private Firms and State-Owned Enterprises

The home of many of the innovating companies can be found in Shenzhen. Located in the Pearl River Delta, it is the hub, e.g., for robotics and genomics. It is home to Huawai and Tencent. Although the area accounts for less than 1 percent of China's territory and 5 percent of its population, it generates more than a tenth of its GDP and a quarter of its exports (The Economist, 2017, April 8). And what is more, this region's economy is made up almost entirely of private-sector firms. These private firms, from small startups to giants like Huawai, are at the forefront of the new technologies.

Contrasted to that are the state-owned enterprises and Beijing's plan for the SOEs within the "Made in China 2025" initiative. In 2013, President Xi declared that SOEs should continue to play a dominant role in the economy. He wants state firms to be better run, to serve the party by helping it to manage the economy at home and carry China's flag into foreign territory (The Economist, 2017, July 22). The government has pushed for the creation of bigger "national champions" under its control. One of the strategies is to merge competing SOEs. Thus, mergers of ports, railway-equipment makers and shipping companies have taken place. A combination in the chemical industry is planned. These deals are intended to foster national champions. Of the more than 150,000 SOEs in operation, two-thirds are owned by local governments and the rest are under central control. Provincial governments have published plans to push funds into areas such as biotechnology and cloud computing. Strengthening the SOEs is consistent with Mr. Xi's belief in tighter state control. He seems to be reversing the state's retreat from the economy (The Economist, 2017, July 22).

In the past, mostly serving the domestic market, SOEs are now prodded to enter foreign markets. Industries from construction to steel to railways are looking abroad under Mr. Xi's "One Belt, One Road" strategy. It is the core of his foreign policy. Foreign expansion is an explicit part of their mandate. Before this, the manufacturers leading China's export assault in global markets were private (The Economist, 2017, July 22). Now China is beefing up the SOEs and driving them into new territory.

China will succeed in building a powerful technology industry that will rival the United States. The reason can be found on the fourth floor of a nondescript factory in a city once famous for cheap manufacturing and prostitution. The factory floor, in the southern Chinese city of Dongguan, once employed what one employee called a "magnificent sea of people." Rising labor costs and a new generation with little interest in toiling in factories forced a new tack. Now the sea of people is being replaced by a whirring array of boxy machines, each performing work it used to take 15 people 26 steps to finish. The factory suggests that Beijing's vision of "Made in China 2025" – the ambitious state-driven plan to retool China's industries to compete in areas like automation, microchips and self-driving cars – is not being pushed just by the Communist Party's top leaders. Instead, the drive is also coming from the bottom up: from the businesses and cities across China that know they must modernize or perish.

But "Made in China 2025" is also being propelled by businesses like Dongguan Mentech Optical & Magnetic Company, the owners of the factory, who are worried about labor costs and their own futures. It comes from local governments looking for ways to stay relevant. It comes from a growing network of private-sector entrepreneurs, academics and local politicians who are increasingly working together to

overhaul China's factories and its future. Other cities – Suzhou, Wenzhou, Xuzhou and the industrial areas around Shanghai are just a few examples – have also drummed up their own automation plans.

The modernization may not happen in 2025. In fact, it may be long after that. But China will get there, mostly because it has to. "If Made in China 2025 were a car, the engine has started and it's definitely moving along," said Zhang Guojun, director of Guangdong Intelligent Robotics Institute in Dongguan, one of several city-supported local research centers helping the factories upgrade. The city was automating well before "Made in China 2025" came out in 2015, he said, "but the policy provided us a clear direction."

A city of eight million people in the Pearl River Delta, Dongguan long relied on making and exporting shoes, toys and electronic parts to the United States and Europe. In many ways, it looks like the factory-dominated China of popular imagination, with whole parts of the city pervaded by rows of rectangular factory buildings, one after another.

Then the 2008 financial crisis hit. Orders dried up. Dongguan became known as "China's capital of prostitution" until a government crackdown cleaned it up. Not only did the financial crisis threaten Dongguan's future, but also the prosperity in other parts of China.

The average worker's income rose fourfold over the past decade. Fewer young people wanted to work on dull and stressful assembly lines, preferring service jobs – like waiting tables and delivering e-commerce packages - that let them interact with people or move around. Some factories moved to lower-cost countries or shut down for good (Li Yuan, 2018). Dongguan's companies and government had to do something. They committed to modernizing. Before "Made in China 2025" became policy, Dongguan kicked off a "replacing humans with machines initiative" and funded it with about $30 million a year. It later channeled more money into other automation initiatives. Companies that could prove they had a worthy research project or were willing to invest in industrial robots, software or advanced machinery could win subsidies and tax breaks. The government picked up 1O percent to 20 percent of the tab. Smartphone, furniture, machinery and even cake companies won support, official documents show (Li Yuan, 2018).

Mentech, the telecom equipment supplier, once had hundreds of workers winding, packaging and testing magnetic wires that were thinner than hair, all by hand. Even today, the company is desperate for workers. On the side of one factory building it lists the on-the-job benefits it offers: monthly wages with overtime of up to about $1,100, air-conditioned dormitories, free Wi-Fi and even a birthday present.

"Love your employees," reads a banner, "and they will love you back 100 times." But labor costs and a lack of hands were holding it back. During the Lunar New Year holiday, when most of China shuts down and goes home, some 500 Mentech executives, engineers and administrative staff had to work three-hour shifts after their normal workday to keep the factory running, said Zhang Xiaodong, a research and development manager (Li Yuan, 2018). Mentech asked Mr. Zhang and others to figure out how to automate the factory. They spent two years working late into the night. Machines needed tweaking. Components needed to be redesigned so that machines could make them. Several projects failed. "Not every problem has a solution," Mr. Zhang said. "We know that smart manufacturing is the future. But getting there isn't easy." Today, a factory floor that once needed over 300 workers now needs 100. More than half of the factory has been automated. The workers clustered around the machines will probably be replaced by machines themselves in a year

or two. To help, the Dongguan government provided $1.5 million in subsidies. It is also luring start-ups and helping scientists open research centers to provide more know-how. Founded by Forest Tian, a former venture capitalist, Precision Intelligent Technology is one of a number of tech start-ups the Dongguan government has wooed to help its industries (Li Yuan, 2018).

One start-up aiding Mentech is Dongguan Precision Intelligent Technology, which will provide a good chunk of the machinery the company needs to automate fully. Because the equipment will be Chinese-made, it will be cheaper than purchases of automation systems from Japan or the United States.

The Dongguan government has taken other steps to ensure these centers of innovation help local manufacturers. For example, it formed about 30 research institutes in partnership with major Chinese universities. Once the initial money was given, Dongguan officials told the institutes they had to figure out how to make money on their own (Li Yuan, 2018). The institutes teamed up with companies like Guangdong Janus Intelligent Group Corporation, a once-dowdy cellphone parts maker facing the familiar problem of high labor costs. Experts in the field became recurring visitors to its factory. "We call it 18 Buddhas coming to Dongguan," said Huang He, the head of Janus's smart-factory business, alluding to the followers of the original Buddha. At a Janus factory, rows of automated machine tools work with robotic arms and green conveyor belts in a space nearly the size of a football field. The robotic arms feed metal blocks to the machines, which then punch, grind and wash them. The housings for phones and tablets come out. The factory requires 16 workers on a shift, instead of 103 before it was automated. The robotic arms are made in China. No doubt many Chinese companies will fail in their effort to upgrade. Made in China 2025's other goals, such as building up world-class microchip industries or self-driving cars, remain out of sight for now.

Yet when it comes to manufacturing, Dongguan suggests "Made in China 2025" will succeed partly because the effort is bigger than Beijing. Chinese companies and local government officials are determined to climb the value chain so they will not fall into obsolescence (Li Yuan, 2018).

AI And Semiconductors

A priority for the Chinese government is to compete with Silicon Valley. The City of Nanjing is on the front line of the government's effort. For example, the start-up AInnovation will be able to expand faster due to government subsidies than it could on its own. A veteran of IBM runs AInnovation and is working with companies in retail, manufacturing, and finance to boost operations using artificial intelligence. Assistance is not only coming from government, but also a flood of venture capital has helped create billion-dollar start-ups in China at a pace almost the same as Silicon Valley. As Nanjing is spending billions of dollars to move into the latest industries, other cities are doing the same.

Beijing is building a technology center with $2.1 billion allocated just for AI research. There are more than a hundred tech zones all over the country with similar facilities in order to build up those industries seen as a national priority. Active in the government's "Made in China 2025" program, cities, municipalities, and provinces, with the support of the government, offer subsidized rent, tax-free status, and rebates to cover worker salaries.

Other examples of supporting tech industries is to develop a semiconductor industry. It is one of Beijing's priorities. In the Nanjing area Unisoc, a chip design subsidiary of Tsinghua Unigroup Ltd., has set up a research lab to work on semiconductor technologies. When it comes to chips, China sees itself vulnerable, because so far the country has not been able to produce competitive products (Elstrom, P., Yuan Gao, and Xiaoqing Pi, 2018, July 16, Front- Line City, *Bloomberg Businessweek*, 28-31).

CONCLUSION

China is well known as a great manufacturing center, but in fact it is primarily an assembly plant. Its main success comes from being a high technology assembly plant where it assembles parts and components from a wide variety of products that come from the advanced industrial centers such as Japan, South Korea, Taiwan, Singapore, Europe and the United States.

Now China has the opportunity and the challenge for change that is needed. The greatest challenge is to innovate. In the Innovator's Dilemma, Harvard professor Clayton Christensen wrote that great companies fail not because they want to avoid disruptive change but they fail because they are not willing to move into new markets that may undermine their traditional practices and reduce their present profits and their short-term growth (Christensen, 1997).

"Made in China 2025" is China's new policy initiative aimed at avoiding such a failure. From central government to provinces and local governments the initiative is to innovate, develop the latest technologies, and build the infrastructure to reach these goals. With financial support from government and venture capital funds, private entrepreneurs as well as state-owned enterprises (SOEs) are assisted in developing new technologies, become world-class enterprises, and move aggressively abroad.

To achieve such goals and build high-tech centers equaling Silicon Valley, technology hubs like Shanghai and Shenzhen are leading the effort. It is impressive what has been achieved already. But only the future can tell whether or not these successes can be sustained in an economy that is state and party controlled.

REFERENCES

Beahm, George, editor, I Steve, B2 Books, Agate Publishing, Chicago, 2011.

Brynjolfsson, Erik and McAfee,(2014). The Second Machine Age, W.W. Norton & Co., New York, p. 4043,   .

Campbell, C. (2018, January 29). Baidu's Brain. *Time*, 42-45.

Chong, Moon, Lee, Miller, F. William, Marguerite, Gong, Hancock, and Henry S. Rowen, editors, The Silicon Edge, A Habitat for Innovation and Entrepreneurship, Stanford University Press, Stanford, CA, 2000.

Christensen, M. Clayton, The Innovators Dilemma, Harper Business, New York, 1997.

Geib, Peter & Swenson, James, China: The Leadership Challenge of Continuous Innovation, Lambert Academic Publishers, Saarbruken, Germany, 2014.

Geib, Peter & Swenson, James. The Shanghai Edge. *Advances in Management*, vol. 10 (9), September 2017.

Johansson, Frans, The Medici Effect, Harvard Business School Press, 2006.

Kinney, Martin, editor, Understanding Silicon Valley, The Anatomy of an Entrepreneurial Region, Stanford University Press, Stanford, CA, 2000.

Kroeber, A.L., Configurations of Culture Growth, Berkeley: University of California Press, 1944.

Kuhn, Thomas, S., The Structure of Scientific Revolutions, 3rd ed., Chicago, Il. University of Chicago Press, 1996.

Lindblad, C., ed. (2017, October 30). The Coming Bipolar Economy. *Bloomberg Businessweek*, 39-41.

Ma, J., Stringer, D., et al., (2018, February 12), Electric Battery Makers Should Fear This Factory, *Bloomberg Businessweek*, 19-20.

Martin, P., Zahi, K. and Bochove, D. (2017, October 16). Is Xi a Threat to Foreign Businesses in China? *Bloomberg Businessweek*, 34-36.

Roberts, D., McKenzie, T., et al. (2017, November 27). How Guangzhou Does "Made in China." *Bloomberg Businessweek*, 39-41.

Ruck, Carl A.P. & Staples, Danny, The World of Classical Myth, Carolina Academic Press, Ch. ix, Theseus: Making the New Athens, pp. 203-22, 1994.

Saxenian, AnnaLee, Regional Advantage, Culture and Competition in Silicon Valley and Route 128, Harvard University Press, Cambridge, MA, 1996.

Simon, Dean K., Origins of Genius, New York, Oxford University Press, 1999.

The Economist. (2017, April 8). Jewel in the crown. Special Report on Pearl River Delta, 3-12.

The Economist. (2017, July 15). The algorithm kingdom, 53-54.

The Economist. (2017, July 22). Reinstatement, 55-57.

The Economist. (2017, September 9). Charge of the battery brigade, 65-66.

The Economist. (2017, September 23). Biting the bullet, 65-66, The next wave, 20-22.

Weiner, Eric, The Geography of Genius, Simon & Schuster, New York, 2016.

Worland, J., (2018, January 29), China Takes the Pole Position in the Electric Car Race, *Time*, 22.

Interviews
Many of our observations are based on twenty-five years of confidential interviews as described in detail in the methodology section at the beginning of the paper.

Past and Future of the ASEAN Member's Trade Partnership with the U.S. and China

M. Anaam Hashmi, Minnesota State University Mankato

Abstract

The ASEAN trade alliance was founded in 1967 by five Southeast Asian countries to facilitate trade in the region. It is a ten member alliance now, representing 630 million people. The ASEAN member countries have been engaged in international trade with the United States, Japan, and the European Union. However, China has recently become a dominant player in the region. Chinese enterprises are competing well with the U.S. corporations in all the ASEAN member countries. Lately, all member countries have generated a trade deficit with China, suggesting that they cannot leverage their export industries and are losing their competitiveness to Chinese counterparts. Most of the member countries are enjoying trade surplus with the United States. The future of the ASEAN -China partnership depends on the Chinese government's strategic goals, success of the ASEAN-China Free Trade Area (ACFTA), and the United States' trade policies including participation in the Trans-Pacific Partnership (TPP).
Keywords: ASEAN, China, Geopolitics, Trade bloc, Trade relationship, USA

Workshop.   **Theme: A piece of the puzzle – Online Reflection Tools.**

Katharine A. Bohley, University of Indianapolis
Gaoming Zhang, University of Indianapolis

Conducted by Katharine Bohley and Gaoming Zhang on Wednesday, March 27, 2019, in the Cresthill Room at 3:00-4:15 pm. Chair: Katharine A. Bohley, University of Indianapolis

A New Investment Mecca: North Korea for Global Enterprises

Sang T. Choe, University of Southern Indiana
Glenn A. Pitman, SUNY–Binghamton

ABSTRACT

North Korea is moving in the right direction, from the closed market system advocating the self-sufficiency policy for the last seven decades to an open-capitalistic retail, Jangmadang markets in the retail industry. The experience of the failed Communist market doctrines seemed to have led at least tacitly, to approving the evolutionary process of the new emerging Jangmadang markets that have been growing rapidly and spreading around the country. The Jangmadang retail-evolution that germinated in the 1990s is now one of the major channels of distribution and has become a critical value chain that can move the hungry North Korean consumers out of poverty as it also can lead the country's economy to potential prosperity as their Southern families (South Korea) had achieved decades ago. Two market structures; one prior to and another since the 1990s are presented and discussed.

Key Words: North Korea, Retailing, Jangmadang, Channels of Distribution

Restructuring of General Motors in Global Market: The Case of GM South Korea

Won Yong Kim, Augsburg University
Sadie Paulsen, Augsburg University

Presented by Won Yong Kim on Thursday, March 28, 2019, in the Crystal Room at 9:15-10:30 pm. Theme: Emerging Markets. Chair: Howook Shin, Bowling Green State University

Abstract

We focused our research on GM South Korea and how it makes decisions to restructure financially and operationally based on its relation to other global subsidiaries and to South Korean economy. We define different types of restructuring in a company and how they would apply to our specific case. Then, we examined the circumstances around General Motors' entrance of Korean market through the purchase of Daewoo Motors. We also analyzed the effects of bankruptcy on the Korean subsidiary in the financial crisis of 2008, rumor circulation in the business world, and the response of the car manufacturer to mass-scale worker strikes and union protests in years to come. By looking at these changes, we can pinpoint when operational restructuring, such as selling subsidiary companies in time of crisis, would be used in addition to financial restructuring, such as offering workers redundancy packages during the shutdown of one of the production plants. Furthermore, we look at General Motors' restructuring plans in specific countries to compare global restructuring to domestic. By exploring the subjects, we can also apply GM's case to other businesses to better understand how global strategy of Multinational companies affect each international subsidiaries.

Strategic Tourism Development and Economic Diversification: The Case of Saudi Arabia's Riviera of the Middle East

David Boggs, Eastern Illinois University
Nurul Islam, Eastern Illinois University

Presented by David Boggs and Nurul Islam on Thursday, March 28, 2019, in the Crystal Room at 9:15-10:30 pm. Theme: Emerging Markets. Chair: Howook Shin, Bowling Green State University

Abstract

Economic diversification is considered essential for building sustainable economic growth. This paper examines the strategic economic development activities being taken by Saudi Arabia to develop its tourism sector. Existing and past tourist activities in Saudi Arabia have served religious tourists primarily, while other Middle Eastern countries, such as Egypt, Israel and the United Arab Emirates have developed more coastal, beach and leisure tourism. Saudi Arabia wishes to diversify its economy, which has in recent decades depended heavily on oil exportation, the Amaala project, also called the 'Riviera of the Middle East' is one of the strategic developments currently being undertaken. Using resource-based and Blue-Ocean perspectives, this paper investigates the prospects of Saudi Arabia's strategic tourism development to diversify its economy sustainably. The paper contributes to an understanding of critical success factors for strategic tourism development and highlights that tourism does not necessarily produce win-lose competition, as many tourists like to visit different destinations rather than visit one destination repeatedly.

Keywords: Strategic tourism development, Saudi Arabia, economic diversification

The Relationship between Power Distance and Disruptive Innovation and its Implications

David Boggs, Eastern Illinois University
Ran Ahn, Eastern Illinois University

Presented by David Boggs on Thursday, March 28, 2019, in the Crystal Room at 9:15-10:30 pm. Theme: Emerging Markets. Chair: Howook Shin, Bowling Green State University

Abstract

This paper examines the relationship between a category of innovation-disruptive innovation - and the national culture construct power distance. Consistent with scholars that have proposed a negative relationship between power distance and innovation, this paper proposes that there is a negative relationship between power distance and the narrower category of innovation-disruptive innovation. Arguments are presented for such a relationship based on reasoning and previous research on national culture and innovation. Additionally, questions that remain unanswered in terms of the proposed relationship between disruptive innovation and power distance are examined, and implications of the paper for managers and international business scholars are discussed along with suggestions for future research.

Keywords: Power distance, national culture, disruptive innovation

Crossing Cultures: Guides and Models for Development, Selection and Application

Robert Service, Samford University
Clifton Eason, Samford University
David Sonius, Flint CPS Links
Kavore Kariuki, KGroup Consultants
Joseph Worcester, Silk Road Global Study Programs LLC.

Abstract

*Approach all new situations and communications with others, especially those unlike you, with **informed caring, cautious curiosity**. Judge not as right or wrong; think instead that it is possibly "just different."*

We begin this research with trepidation, yet the opening statements are valuable initial guides for anyone desiring to succeed crossing cultures. Because of the existing depth of research and pronouncements about succeeding across cultures, we must demonstrate that the content of this manuscript is worth your time. First, despite many calls for it, we note that there has been little action toward an all-inclusive manuscript that is practical, empirically verified, and provides guidelines for becoming and remaining "strategically culturally adaptive" (Bell et. Al., 2018; Powell, 2017). As Gregersen (2016) notes, "In any case, the key to success is having a systematic way of assessing the cross-cultural aptitudes of people you many want to send abroad" (p. 150). "As a result, those companies are poised to capture tomorrow's global market opportunities" (Black & Gregersen, 2016, p. 153). Further, a tremendous number of articles and books related to applying and teaching into the future stress managing or leading globalization (Blinder, 2018; Bogers, et al, 2018; Chadha, 2018; Drucker, all dates; Felsenthal & Pine, 2018; Freidman, all dates; Priem, 2018; and many others). To meet these strong calls to work, learn, and innovate across cultures, the goal must be to move from the mass of unrelated assertions to the weaving of co-created, manageable models that are useful in learning, teaching, and practice.

Key Words: crossing cultures; cultural adaptation; cultural innovation; cultural intelligence; thinking clearly; leadership; global leadership

Introduction

Whereas previous generations have focused on addressing weakness, the focus in the 21st century has been on strengths (Buckingham & Clifton, 2001). Additionally, we often talk about emotional intelligence and an emphasis on eliminating biases while providing a consistent message across cultures. Indeed, leaders and managers need to be able to cross multiple cultures and provide consistent, objective goals and accountability (Bell et al., 2018; Powell, 2017).

Accordingly, our guiding Global Leadership Quotient Model (GLQ) has proven to be vastly useful in classes and in selecting and preparing for cross-cultural experiences. Further, the GLQ

provides a good base for ongoing evaluation and improvement (Service, Loudon, & Kariuki, 2014; Service & Reburn 2014). GLQ aims to help people continuously improve in becoming and remaining culturally adaptive as they work, manage, lead, and enjoy across many norms and rules.

The Literature

One cannot explore this topic without noting that there is much in the composite extant literature that could be used to advance thinking in culturally adaptive behaviors. As such, we must narrow our focus in this research. That said, we assure readers that we have included as much as feasible, and our coverage has left few stones unturned. All too much of what we see in so many areas of social science academic research is too narrow or so academically slanted that it is unusable for a practitioner. Meanwhile, the popular press and instructive literature can be so broad and delineate so many rules that it becomes of little use. We intend to fill this gap with a model that incorporates an appropriate amount of detail while recognizing that it must be simple enough to be practical. We start with the case for a cultural imperative of adaptability. There is no single "best way," and there is no perfect model. However, the GLQ presented here is useful for evaluation and improvement.

Initial cross-cultural experiences teach more about one's own cultures than about new or others' cultures. Those that have not crossed cultures simply cannot know, with proper context, what entails their own culture. We start with a few simple points. First, cultural norms for words, thoughts, actions, and thought vary and occur at many levels – from locally at home to globally abroad. The units of analysis include corporations, tribal units, cities/villages, and more. Second, in an ordinary day, one may cross cultures several times doing business. For example, in a single day, a salesperson may communicate with a NASCAR lover in Alabama, a boutique dress shop owner in Eastport, Maine, human rights advocate in San Francisco, and a Texas cowboy. And these same lables could have been applied in any of the other locales (e.g., a cowboy in Maine). Diversity is the norm, and these examples are just for the Unites States.

Many other countries and even cities are too large and diverse to have a single culture. Third, to learn more about one's own culture, that person must experience another culture. Fourth, cultural norms are generally not good or bad; they are just different. Fifth, it is difficult to lead under diverse norms without totally avoiding your principles. Sixth, even those unavoidable and necessary standbys of truth and trust can be different according to where you are, who you are, and who *they* are. Finally, we concur with Trompenaars and Hampden-Turner (2012) that ethnic differences within societies, such as "South African and, to a lesser degree, the US can be as big as international difference" (p. 341). This speaks to the importance of understanding the implications of crossing cultures regardless of whether or not one plans to go abroad.

There is so much in the extant literature that could be of help when one crosses cultures in a high stakes business context. If one is in that high stakes situation, such literature can be a valuable tool. But we suggest strongly several readings (their key points are included in this manuscript) and encourage spending considerable time reviewing some general works that we have curated and condensed: 1) Dobelli's (2013) book on thinking clearly; 2) Elmer's (2002) book that stresses "just different" thinking; 3) Haidt's (2012) book on why good people think differently; 4) Mendenhall et al.'s (2008) review of global leadership research; 5) Brooks (2011), Chopra and Mlodinow (2011), Hall (2011), Pinker (add dates), Sternberg (add dates), or even Frankl's *Man's Search for Meaning* (2006 edition of 1946 classic) demonstrate what it means to be human and exhibit wisdom regardless of

culture; 6) Service and Arnott's (2006) work on the $LQ^©$; 7) Trompenaars and Hampden-Turner (2012) bringing it together with examples that provide understanding over categorization; 8) *HBR's 10 Must Reads: On Managing Across Cultures* (2016); and 9) our derived Global Leadership Quotient (GLQ) Models for measuring and improving cross-cultural intellect. We contend that our research gives readers a more comprehensive and logical approach to measuring and improving one's self and others as they cross cultures.

1.1 Thinking clearly—a guide

Here we are fortunate to have found Dobelli's (2013) *The Art of Thinking Clearly* – an easy read with 99 chapters of three pages each that describe the more common cognitive biases. Cognitive bias #1 manifests itself when we make up our minds quickly and seek only confirming evidence. This and many other preferences guide all our thinking preferences (predispositions) that are used in our considerations of arguments, frames of reference and mental models, to guide our views of others and cultures, and to direct our judgments and actions – thus helping us determine and justify our place in the world. Our cognitive biases often keep us in our known and unknown ignorance (unawareness). These mental favoritisms and misguided interpretations can keep us from innovating and creating new and different products, organizations, selves, or approaches. Dobelli aim is to help readers learn to recognize and evade the biggest errors we have in thinking in order to improve our personal and work lives as well as our organizations.

Table 1 has all 99 biases broken into three domains: cognitive biases, psychological biases, and math-arithmetic biases. Further, Table 2 has a partial list of the biases with brief descriptions. We encourage readers to reflect on what these mean at a personal level. The primary foundation for successfully crossing cultures is the elimination – or at least recognition – of the need to identify and control biases.

1.2   The Perceived Complexity of Mathematics

Fortunately, mathematics is a language without bias or cultural boundaries. Unfortunately, many westerners live in a world that accepts mathematical ignorance, leading us to being easily mislead. When mathematical ignorance is coupled with normal self-serving predispositions, the validity of empirical findings must be viewed with high levels of skepticism and a deep knowledge base. Supporting this supposition, a recent study recounted in the *Wall Street Journal* found that the findings in a majority of peer-reviewed scientific journal articles cannot be replicated. This is a major obstacle in being able to suggest that one's findings are highly generalizable and, therefore, practical to a large audience. When considering the question of there being no alternative explanations for a phenomenon, it becomes essentially impossible to "prove" anything from a scientific perspective. "The chief cause of irreproducibility may be that scientists, where wittingly or not, are fishing fake statistical significance out of noisy data" (p. A17). We note this often happening in studies that tout findings from small and/or convenience samples. Sadly and tellingly, "The social psychology that informs education policy could be entirely irreproducible" (Wood and Randall, 2018, p. A17). When we examine much of what social scientists study and produce in academically refereed empirical studies, there is little evidence that we have proven almost anything of use in managing and leading in the ever- evolving, globally competitive landscape. Too much of what we read and even teach "was true in a misleading sense only" (Blinder, 2018, p. A13)."

We see misleading statistics in economic reports and publicity. Corporate income tax "rates" in

America (prior to the Trump tax cuts of 2018) were the highest in the free world. While a fact, in reality, no organization in America pays that highest rate (Blinder, 2018). Notably it would take less than 1% of total corporate revenue in America to replace all of the corporate income tax actually collected annually in America ("IRS Data," 2013). Economists and statisticians often "prove" what they want to instead of providing clear views from multiple angles. The deranged gunman who targeting American Congressmen in June, 2017 railed that the top 1% for not paying their fair share. Yet the top 0.17% pay over 20% of income tax, the top 12% pay about 75%, and the bottom 66% ($50K income and less) pay 7.5% (Service & Reburn, 2016). These examples show the power of big data and analytics; we should follow the data – not our emotions.

Too often, we focus on independent or isolated events. False numerical comparisons and number bias are common. Small samples are used to make conclusions without reference to margin of error. And inadequate math skills are too often an excuse to defining the wrong issue or defining the right issue wrongly. There is no shortage of data; yet there is a profound lack of context and understanding. This leads to a sense of knowing when, in fact, ignorance abounds.

1.3   How can 'good' intelligent people think so differently?

We can all describe a "bad" manager – including the experiences of the authors (IS/IT, banking, academia, international production-distribution, healthcare, government—management and leadership). Haidt's *The Righteous Mind* (2012) describes clearly why good smart people can have such radically different dividing opinions on work, politics, and religion. Related to our current attempt to succeed in different cultures, Haidt reminds us of the importance of: 1) reciprocity; 2) thought experiments (pre-thinking how actions will play out); 3) thinking to learn (also Albrecht, 2003); 4) addressing conformational biases; 5) allowing for intuitions leading logic; 6) realizing and using innate understanding forms the first draft of life's beliefs and actions; 7) stressing the notion of shared intentionality; 8) development of wisdom from the knowledge that morality binds but also blinds; 9) realizing that evolution can be fast, as genes and cultures coevolve; 10) showing that innate does not mean unmalleable (rather, it means organized in advance of experience); 11) noting useful pronouncements in books, analogies, research – empirical or otherwise; and 12) admitting and using facts that "Markets Are Miraculous."

Understanding Haidt's first principle of moral psychology, "***Intuitions come first and strategic reasoning second***" (p. 82, bolding ours) is key in handling differences more effectively. A careful individual will see that much of the dichotomous thinking about selfish genes and economic self-interest logic versus societal collaborations and greater good sacrifices can be reconciled and better understood when one considers the benefits of reciprocity that cultural norms provide. Yes, innovations and collaborations follow self-interest (Colino, Benito- Osorio & Armengot, 2014; Collins, all dates). A "moral life is really about cooperation and alliances, rather than about power and domination. Dishonesty and hypocrisy of our moral reasoning is done to get people to like us and cooperate with us…" (p. 392). Morality is, in a large part, an evolved solution to the free rider problem" (p. 412). Societal norms have evolved to punish cheaters and provide pleasure in revenge. These points need to be considered in light of the strength of confirmation bias directing innate conclusions that precede unbiased logical reasoning.

The key point here is to not assume that those in other cultures are wrong and that we are right. We should recognize the "just different" of cultures and how understanding can enable us to remain

simultaneously open and cautious as we witness actions, read, or hear things we may have never considered. Yes, highly intelligent people do think differently about the same topics given the same facts. Study literature that helps orientate learners to biases, cultural norms, and why cultures think differently.

1.4   The Leadership Quotient (LQ©)

The next section is based largely on Service and Reburn's "Leadership for Innovation: Fundamentals of Human Influence" (2014) and Service and Arnott's (2006) LQ©. The research into developing this quotient for leadership started in the late 1990s as the authors attempted to find texts useful in self-assessment and improvement and that were useful as measurements for the teaching and development of leaders. Finding that there was no single unified model of leadership, Service and Arnott's book provided some 192 percepts divided by well-known and new quotients. Here, the current authors recount some of the LQ© development that has been well-vetted in at least 30 academically refereed articles, used in many consulting assignments, and with scores of students at the undergraduate and graduate level. LQ© is a sturdy bridge to the development of the GLQ, which is the LQ© for crossing cultures.

1.4.1   The Meat of LQ©

The LQ©, as depicted in the formula in Figure 1, came from over 1,100 respondents having an average of 15 years of working experience and 17 years of education). In addition, it borrows from the authors' over 50 years of combined personal experiences and observations, and thousands of published sources (Service & Arnott, 2006), and evolved over 10 years.

The leadership model development started with research in the areas of the IQ, EQ, and related psychological and instructive literature in an attempt to go beyond the "normal" business disciplines and continued onto numerous efforts and pretests to solidify the understanding of all aspects of leadership. The ensuing LQ© defines leadership as a measure of the precepts/components that are observably crucial when leadership occurs. In this leadership model, positive elements indicate effective or good leadership, and negative elements indicate the opposite. An important triangulation occurs when we witness an effective LQ© as a function of the interaction of: 1) Leader, 2) Followers, and 3) Environments (Situations) as shown in LQ©'s formula (and relationally) in Figure 1.

The Leadership Quotient directs one to realize the traits, abilities, and behaviors that they naturally have and do not have and how to adapt those to followers and environments. After identifying and honing those possibilities (maximizing strengths), figuring out a way around shortcomings (minimizing weaknesses) are keys. This is the application of the "max-min principle" (Service, 2012). This is not a simple on-time task and we are not offering a pseudoscientific pill to cure all leadership problems. "The more complex society gets; the more sophisticated leadership must become. Complexity means change, but specifically it means rapidly occurring, unpredictable, nonlinear change" (Fullan, 2001, p. ix). To the current authors, this sounds much like crossing cultures. The above quote does not mean there is a need to lead with complexity. Rather, successful leaders are ones that can interpret the difficult and complex and present them in a simplified and understandable way to followers. Leadership can be developed and honed appropriately using the 12 Quotients.

The current authors, as practicing managers, consultants, and professors see management as controlling, arranging, and doing things right. A leader sets visions and does the right things (inspired by Maas, 1998; and Service, all dates). "[L]eadership plays the prime role for the creation of excellence in an organization" (Kanji & Moura e Sa, 2001, p. 701). As one moves into the arena of global competition, a shift from managing for stability and control to leadership for speed, experimentation, flexibility, change, and innovativeness becomes critical (Service & Arnott, 2006). "Leadership is the art of accomplishing more than the science of management says is possible" (Colin Powell, quoted in Harari, 2002, p.13). "I know of no case study in history that describes an organization that has been managed out of a crisis. Every single one of them was led" (General G. J. Flynn in Sinek, 2017, p. xi). Leadership is human influence occurring as people do things together (Blanchard, 2007).

It requires: an understanding of self, others, and environments; learning to balance people, contexts, and tasks; commitment, fit, intellect, principles, desire, and more. A leader's goal should be to help others learn how to fit in yet stand out and make a difference through others. A truly self-perpetuating leader develops others as leaders first and foremost. The road to personal leadership improvement starts with desire and self-awareness, goes on to continuous commitment to development, and ends with practice: application by you and your followers (Yukl, 2013; Zecca et al., 2013).

1.4.2 *Leaders' characteristics and traits*

Referring to the applicability of *LQ*$^{©}$ as visualized in Figure 2, effective leadership and a satisfyingly successful life require a balanced fit among environments, behaviors, contexts, processes, contents, and needs (Christensen, Allworth, & Dillon, 2012; Service, all dates). The GLQ Worldview Strength and Weakness Guide (Figure 3) details the extended *LQ*$^{©}$ precepts one must evaluate against and train for to improve effectiveness in crossing cultures. Max-min principles can be employed to make the best use (maximize) of what you have and to render irrelevant (or minimize) weakness you cannot (or will not) change. Fit and balance are keys to most endeavors. "Do not separate yourself from the community" (Hillel, from Safire & Safir, 2000, p. 187). "Consider well who you are, what you do, whence you came, and whither you are to go" (English proverb, from Safire and Safir, 2000, p. 209). Learn from the people who not only challenge and conquer the context but who change it in fundamental ways (Bennis, 1989). "… leadership… is about getting alignment and it's about inspiring people to achieve" (Fullan, 2001, p.19). Well-developed systems and organized processes do not become effective until the right people are in the right places for execution of the processes noted here and elsewhere.

Great people need to have good processes to be successful. The balance is tough yet powerful when achieved through application of these principles: a) Adapt to followers. b) Fit with environments and tasks. c) Balance self, followers, and the environment. d) Create adaptable "fitability" with time, place, people, and things. e) *Fit in* before you *stand out.*

2   **Leadership across Cultures**

The first rule of leadership is to understand relationships – to understand the differing logics of achievements and ascriptions (McIntosh, 2011), which vary on a scale from being assigned/ascribed by birth or title to being completely earned. Refusal to send young women into new cultures or to use a surgeon of a different race can be the result of ascription. The opposing perspective would be to select the most proven, effective person without regard to ascribed categories. These decisions can be seen as

points along a continuum of doing the same versus doing something new or different (Trompenaars & Hampden-Turner's, *Riding the Waves of Culture*, 2012).

Waves brings cultural understanding together with applicable understanding emphasized over categorization. *Waves* notes that the key differences and biases that must be understood for crossing cultures successfully relate to a spiraling, looping continuum considering: 1) universal versus particular; 2) individual versus community; 3) neutral versus effective; 4) specific versus diffuse; 5) achievement versus ascription status; 6) internal versus external control; 7) times as past, present, and/or future (also Bhaskar-Shrinivas, et al., 2005); and 8) sequencing versus synchronicity. We add to this Hofsted's (2001) classic, *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations,* as a source that is most often quoted in academic research. For our purposes, Hofstede's five points relate to the eight points just mentioned from *Waves*. Adding Hofsted's five, we get: 9) power distance; 10) uncertainty avoidance; 11) individualism-collectivism; 12) masculinity-femininity; and 13) long term versus short term orientations.

Before we continue with the *Waves* points useful in building our model, we would like to weave in applicable concepts from Northouse's *Leadership: Theory and Practice* (2016). Northouse presents the following useful concepts: 14) traits; 15) skills; 16) behaviors; 17) situations; 18) path-goal; 19) leader-member exchange; 20) transformational styles; 21) authentic styles; 22) servant styles; 23) adaptive styles; 24) psychodynamic approaches-understand ourselves and our drivers; 25) leadership ethics; 26) teams; 27) gender; and, finally, 28) culture and leadership. When using any classifications, rules, guides, or categories, note that there are often unintended consequences (Conard, 2012).

Now we will add some words that require thought and differing approaches. Change and flexibility; learning; constituency focus; relationships; loyalty; commitment; strategic alignment; teamwork; task orientation; shareholder value; and professional development and structure— corporate, individual, or otherwise. Here we advise that famed author Peter F. Drucker should be a cornerstone for anyone interested in knowing more about these words and how they apply to management and leadership in general (Drucker, 1973, 1985a, 1985b). We then recommend Cohen's (2010) *Drucker on Leadership.*

Dilemmas arise from the difference in cultural diversity, though that variability is extremely valuable to organizations especially in innovating (Abernathy & Utterback, 1988). For example, as well as it works at times and as much as we teach it, paying for performance may fail in many cultures. The challenge is to find out where. However, this pay for superior performance is the *new* model in the U.S. healthcare system, codified with MACRA (Medicare Access and CHIP Reauthorization Act: HR 2, 114th Congress, 2015). A key is to remember that across the world, things are not valued the same, and all things are experienced differently according to overriding cultural differences (Service & Carson, 2013). Culture is different everywhere, and culture defines the preferences, norms, and ways people define, solve, and ignore problems and issues. Even within cultures there are professional, educational, farm, urban, and other subcultures (Arnott, 2000: Sarros, Cooper, & Santora, 2008). Context, context, context is the overriding idiom for crossing cultures, just as location, location, location is for real estate. There are alternate facts (Allison, 2013; Baumohl, 2005; Blair, 2010; Bush, 2010; Kennedy, 1987; and Rumsfeld, 2013). One must consider whose facts, where are they, why are they, and how they are being used to define the multiplicity of duplicitous "facts." People perceive phenomena in many differing orderly or less orderly ways, in sensible or nonsensical ways based on overarching culture.

Productive and informative cultural intelligence (CQ) researchers Early and Mosakowski (2016) rightly proclaim that "Rote learning about the beliefs, customs, and taboos of foreign cultures, the approach corporate training programs tend to favor, will never prepare a person for every situation that arises, not will it prevent terrible gaffes [p. 5]… Unlike other aspects of personality, cultural intelligence can be developed in psychologically healthy and professionally competent people… The individual examines his CQ strengths and weaknesses in order to establish a starting point for subsequent development efforts" (p. 13).

The GLQ provided in this manuscript provides the most comprehensive comparative tool currently available for CQ comparative and improvement purposes. Finally, these researchers warn against solely relying on "tech" for communication, pronouncing that in person face-to-face is still the richest form of communication. But in an ecommerce era, many leaders will cross cultures without even leaving home.

Our own cultures are like water to a fish, and we have to get out of the water before we miss it. The humanness of thought makes cultural variables and variations not normally distributed and requires that our GLQ be taken over spectrums – not as a dichotomy.

Generalizations and generations vary the strength, form and directionality of variables (Ang & Van Dyne, 2008). If problems and definitions vary by culture, one can expect solutions to vary, as well.

As we get deeper into *Waves*, we are weaving other research, observations, stories and examples. The current authors, having hired, fired, taught, and consulted with thousands over the years, see *Waves* as solidifying our belief that there is no "demonstrably fair and universal way of managing" (*Waves,* p. 55). This leads to the conclusion that the only real answers to the complex question of leading or managing across cultures are themselves questions. Furthermore, the "just different" scale of extremes on the 28 cultural dimensions listed earlier are not straight lines but more like corkscrew circles that spiral back into themselves. The old idea of right and wrong represented as being on the line or linear must be reconsidered (Csikszentmihalyi, 1990; Elmer, 2002). A continuum representation is better than a binary choice, but we suggest it actually it looks more like Figure 4, which simply loops back in on itself.

In Figure 4, we see key competencies, old or new, are not definite and complete. It is a challenge to reconcile dilemmas to a complementary degree that both sides can accept. This compromising will tie into our GLQ Model being presented here with the realization that answers depend on circumstances. Self-realization, reconciliation, and "universal otherhood" (*Waves,* p. 73) can be tough concepts to grasp. For example, when one of the authors was in Kenya, he felt better when he realized that the rules as he had known them about age, gender, social conation, professionalism, and more were treated there more like suggestions than rules (Service, Loudon & Kariuki, 2014; Stalk & Hout, 1990). And "African time" reverted back to the 2-year-old who easily understands now and not now with little concern for the concept of yesterday or tomorrow.

Another important work, Meyer's (2014) *The Culture Map: Breaking through the Invisible Boundaries of Global Business,* clearly explains the importance of understanding diverse styles of communication and leading in different cultures. *Culture Map* espouses that seven key aspects of cross-cultural leadership are useful as evaluative scales for guiding communication, evaluation, leading, decision-making, trust, disagreement, and scheduling. Meyers notes that cultures have commonalities in these areas, but existing differences require broadening understandings. For example, Chinese and

Japanese cultures have great similarity in their communication and leadership perspectives, but they are very different in decision-making. Therefore, Meyer encourages greater intentionality in seeking understanding of the corresponding cultures where one is seeking to work as an outsider (also see Meyer, 2017).

When comparing the U.S. and China, "high power distance" is a common challenge in cooperative situations. The *Culture Map* scale depicting attitudes towards authority puts China far on the hierarchical side compared to an egalitarian approach to leadership in U.S. An author of this current manuscript has viewed this dynamic causing tensions in higher education partnerships between China and the U.S. In one example, the president of the U.S. educational institution had a very egalitarian attitude toward leadership, which led to misunderstanding the importance of the primary leader in Chinese culture. The American university's president noted that "the provost is really in charge of most of the important decisions" and, therefore, the president decided to skip the meeting with the Chinese University. The international cooperation offices in China were very upset about this decision. Consequently, the Chinese university's president did not show up and nothing of significance resulted from the meeting.

As professionals, we all like plans or strategies and say "don't leave home without them," for your competitors and distractors have them. Strategy defines which choices you should make to reach desired and defined goal and objectives (Mintzberg et al., 2004). Useful and correct mutuality requires level playing fields, and nothing makes for a slanted table like one person with strategy and the other without. We see strategy books filled with differing labels for people professionals will encounter – from silly titles such as guided missiles to directors, reactors, defenders, analyzers, prospectors, and more (Bennis, all dates; Broom, Loudon, Service & Sonius, 2014; Porter 1980). Of course, you have to know the types of others and work toward understanding your own if you want to win in a new cultural arena.

What we have presented here is a guide for knowing biases, traits, skills—precepts—that can direct or misdirect thinking and impede or aid teaching and learning. Whether or not our GLQ is useful to you will be more about you than our model. "Banishing our conscious and unconscious biases and adopting a mindset of openness expands, enriches, and diversifies our point of view… Be adventurous, creative, and open-minded… Build open and honest relationships with communications" (Tjan, 2017, p. 74 and 75).

3   The GLQ Models

Using our extensive literature review and *LQ*©'s research (described more fully in Service & Carson, 2013), we see our GLQ Models (Figures 3 and 5) must revolve around **intentionality** (Glynn & Giorgi, 2013; Groves & Feyerherm, 2011). Vigilant attention and sustained effort to understand the precepts represented in our models will help interested individuals maximize strengths and minimize or deflect weaknesses, thereby moving one more step toward successful cross-cultures experiences.

Today's world of global business requires that companies must "innovate by learning from the world… transform[ing] individuals in ways that make them more valuable employees [p.

129]… [T]oday's leadership will not be sufficient for the future [p. 50]… The passion to make a difference and the willingness to allow others to participate in creating it is more likely to lead to leadership success than simply acquiring and checking off a list of skills" (Mendenhall et al., 2008, p.

62).

3.1 Cross-Cultural Leadership for the Rest of Us (Figures 3 and 5)

All principles and precepts are amalgamated or extrapolated into Figure 3, which is our comprehensive GLQ Worldview Strength and Weakness Guide that details the extended $LQ^{©}$ precepts derived in this research. Here one must evaluate against and or train for effectiveness in crossing cultures by understanding and evaluating all their capabilities and knowledge shown in the concepts depicted in Figure 3. Then to improve, one must use the max-min principles to maximize the best use of what one has and to minimize or render irrelevant weakness one cannot or will not change. In the Global Leadership Effectiveness Model depicted in Figure 5, we see the relationships and related precepts that you must master to become a well-rounded cross- cultural leader. This overriding final model (Figure 5) provides a comprehensive view of leading innovativeness in ever-changing global environs. Drucker said becoming a more effective leader for innovation is possible if it becomes a life-long self-development activity (Buford, 2014; Cohen, 2010). Drucker stressed the fact that people can learn to be more innovative and more effective leaders and concludes much of his writing by saying not only can we all improve, but that we must continue progressing in these areas if our society is to continue to progress. The learning never ends if cross-cultural intellect is the objective (Blasco, Feldt, & Jakobsen, 2012). Our models can jump start and bookend efforts toward measuring and improving cross-cultural capabilities—innovation exemplified in application.

The GLQ© model is the amalgamation of sweet-spots of leadership effectiveness as the "wisdom" to balance combinations and permutations of circumstances within characteristics and knowledge that provide a timely fit for the involved people in the proper manner. Focus must be on analyzing yourself, others, and situations and applying new-found knowledge to improve leadership effectiveness in the ever-more complex contexts of leading innovation.

3.2 How do we apply?

GLQ Model 5, and to a lesser extent Figure 3, show influences of worldviews and leadership concepts coming together to foster applying all parts of the other sub-models by using relevant earned and learned relational, management, and leadership wisdoms. "Wisdoms" can't be reduced to principles or secrets presented by the rich and famous (Gladwell, all dates). The GLQ provides a roadmap toward becoming a cross-cultural leader capable of understanding the wisdom sweet-spots of varied reflections, perspectives, and extro-and introspections.

"All generalizations are false—including this one" (Rumsfeld, 2013, p. xiii). That is, rules can never replace considered judgment nor can models replace base values. Situations and all those involved are at best slightly different. Recognizing the appropriate differences and applying all principles in a balanced way is cross-cultural wisdom. Contemplate another warning from Rumsfeld: "What should they know of England who only England know?" (citing Rudyard Kipling, p. 106). An inside-only view is seldom a fully intentionally useful reality.

Consider GLQ as a bridge to success in another culture that is supported by the solid "rest-of-us" leadership paradigm.

3.3 An important reminder warning for us and our readers about religion

When crossing-cultures for business reasons, do not "witness" with your words to others about your faith (Broom & Service, 2014). Your witness needs to be your actions and how you speak. Your actions speak louder than any words. Treat people with kindness, respect, and the utmost honesty, but hold off on the preaching until you are in a place of worship.

Conclusions

Though we present and espouse models and principles in this manuscript, we want to remind the reader that understanding must preclude labelling, and principles override models. Cultures are powerful and they feed or starve innovation, learning, and progress. However, cultures do evolve, and they can be directed. Cultures, be they broad societal norms, more local norms, or organizational-specific, need to be adhered to… to a degree. The key is to first know then do, and you will then become the leader you want and need to be in the cultures within which you must act (Service, Reburn, & Windham's, 2017 "Know Do Be" model is very useful here). Those complete cultural directions are beyond this manuscript and are for a future study. Our chief aim is to help readers fit into a culture before they stand out and attempt to direct any aspect of culture.

In the scope of this manuscript, the literature is clear on crossing-cultures requirements, and an incorporation of our models shows how to meet those needs to: 1) develop people with the right knowledge, skills, and abilities that are willing to work for success in global leadership (Earley, all dates); 2) Find people with the relatively rare and correct balance of knowledge, skills, and abilities required for crossing cultures (Caligiuri, 2006). 3) Use comprehensive interdisciplinary approaches to research in this area (Bate & Child, 1987). 4) Comprehend that global leadership occurs in a world of varied complexity, with interactive patterns among subunits of many varied constituents with pressures for stability and change (Crowne, 2013). 5) Measure for the development of the wisdom of leadership and culturally-appropriate actions requires a life-long commitment to searching and learning (Elmer, 2002). 6) Reassess your or your organization's competitive identity in this web of global relationships (Hofstede, 2001). 7) Understand foundational requirements for power, feelings, concerns, dependences, collaborations and competition, and team and individual efforts across cultures (Bhaskar- Shrinivas, Harrison, Shaffer & Luk, 2005; Lencioni, 2002; Mendenhall et al., 2008).

Effective **i**nfluence through leaders – global or otherwise – is characterized by ambiguously complex interrelated relationships, communications, values, missions, motivations, and visions (Gundling, 2003; Kupka & Cathro, 2007; Lee, 2005, 2007, 2009; Lee & Sukoco, 2008; Service & Arnott, 2006). This complexity shows when one views the varied constituents commanding attention with their all-too-often mutually exclusive desires (Furrer, Tjemkes, Aydinlik, & Adolfs, 2012; Takeuchi, 2010; Takeuchi, Seakhwa Yun, & Tesluk, 2002). It seems "unconscious processes are better when everything is ambiguous [p. 243]… [Acquire] a set of practical skills that enable [you] to anticipate change" (Brooks, 2011, p. 249).

Identify and modify your habits. Habits are always with us, and they are responsible for all failures and successes: Habits will make or break your attempts to be more effective at crossing cultures (Covey, 1998 (all Covey's works are good for preparing for cross cultural experiences); Dorner, 1996).

Without a doubt, every thinking human wants to feel appreciated and have something to build their lives around. Leaders and managers must give them those things regardless of cultures involved. Additionally, "What people want in leaders today, more than ever before, is integrity—walking their talk" (Blanchard in Despain & Converse, 2003, p. xvii; also see Shinn, 2011)." J. Dennis Hastert,

Speaker of the House (Despain & Converse, 2003: first unnumbered introductory page): "I have come to understand the truth behind the saying "leaders aren't born, they are made." Despain and Converse (2003) based their book on a lifetime of experiences, and they espoused that the key is values defined with shared beliefs coupled with standards for workplace behaviors. "Leadership is about others and not about self" (p. xxii). James Despain says, "I give people freedom to handle work their own way, I listen more than I talk, I work with every employee to create a development plan, and I say something positive to every employee in my group every day" (p. 148). Indeed, leaders and managers must move from a control-based leadership to a values-based leadership model, which is one that basically defines working across cultures effectively.

Leaders and managers need enough intellect to handle the tasks, but they also must motivate, guide, inspire, listen, know how to gain consensus, teach and learn, innovate, anticipate, and analyze regardless of setting or cultures of those they lead (Maxwell, all dates; Phan, 2011; Pink, 2009). Leaders must ultimately move and act to get others to do so. To do this requires much beyond talent and requires principles of discipline, endurance, love, and luck. The principles presented and tested here can lead one to a lifetime desire for the needed shift toward a more effective way of leveraging people for innovation (given the desire and effort) regardless of cultural norms or settings.

Shift from seeking confirming evidence to seeking disconfirming evidential views. We tend to accept 100 percent of confirming evidence and very little that goes against our beliefs. Successfully crossing cultures requires truth, image, clarity, intention, curiosity, flexibility, and innovation of self and related mindsets.

Humans are self-interested beings that are moral and cognitive. We have evolved to understand and use the mutual benefit of "honest" cooperation in our societal cultures (Pinker, 2011). Cultural differences exist on an honesty scale that is mostly determined by "*The Influentials*" within a society (Keller & Berry, 2003). Be one of those 10% identified Influentials guiding cultures to improve mutual outcomes in order to flourish in an ever- flattening global stage. In these arenas (familial, communal, global—personal and organizational) set your self-expectations at a level that are difficult to realize. Push yourself to succeed in new cultures.

References

Abernathy, W. J. and Utterback, J. M. (1988). Innovation over time and in historical context. In Tushman, M. L. and Moore, W. L. (Editors). *Readings in The Management of Innovation*, 2nd Edition: 25-36.

Albrecht, K. (2003). *The Power of Minds at Work*. New York: AMACOM.

Allison, J. A. (2013). *The Financial Crisis and the Free Market Cure*. New York: McGraw-Hill.

Ang, S., and Van Dyne, L. (2008). 'Conceptualization of cultural intelligence: Definition, distinctiveness, and nomological network', in S. Ang and L. Van Dyne (eds.) *Handbook on cultural intelligence: Theory, measurement and applications*. Armonk, NY: M.E. Sharpe, 3-15.

Ang, S., Van Dyne, L., Koh, C., Ng, K. Y., Templer, K. J., Tay, C., and Chandrasekar, N. A. (2007). 'Cultural Intelligence: Its Measurement and Effects on Cultural Judgment and Decision Making, Cultural Adaptation and Task Performance', *Management and Organization Review,* 3(3): 335–371.

Arnott, D. (2000). *Corporate Cults: The Insidious Lure of the All-Consuming Organization*. New York:

AMACOM.

Barney, J. (1986). Organizational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review*, 11(3): 656-665.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99-120.

Barney, J. (1995). Looking inside for competitive advantage. *Academy of Management Executive*, 9(4): 49-61.

Bate, P., and Child, J. (1987). 'Paradigms and understanding in comparative organizational research', in J. Child, and P. Bate (eds.) *Organization of Innovation East-West Perspective*, New York: Walter de Gruyter, 19-49.

Baumohl B. (2005*). The Secrets of Economic Indicators*. Upper Saddle River, NJ: Wharton School Publishing.

Bell, R. G., Filatotchev, I., Kruse, R. and Hitt, M. M. (2018, editors). Opportunities and Challenges for Advancing Strategic Management Education. *Academy of Management Learning and Education*, Special Edition "Peer Review Proof." PDF 21 pages.

Bennis, W. G. (1989). *On Becoming a Leader*. Reading. MA: Addison-Wesley Publishing Co. Bennis, W.G. and Nanus, G. (2003). *Strategies for Taking Charge*. New York: Harper Books. Bennis, W. G., Spreitzer, G. M., & Cummings, T. G. (2001). *The Future of Leadership.* San Francisco: Jossey-Bass.

Bennis, W. G. and Thomas, R. J. (2002). *Crucibles of Leadership*. Harvard Business Review, September, 80(9): 39-46.

Bhaskar-Shrinivas, P., Harrison, D., Shaffer, M., and Luk, D. M. (2005). 'Input-based and time- based models of international adjustment: Meta-analytic evidence and theoretical extensions', *Academy of Management Journal*, 48(2): 257-281.

Black, J. S. and Gregersen, H. B. (2016). The Right Way to Manage Expats. In *HBR's 10 Must Reads: On Managing Across Cultures.* (2016). Boston, MA: Harvard Business Review Press: 139-153.

Blair, T. (2010). *A Journey: My political Life*. New York: Alfred A. Knopf.

Blanchard, K. (2007). *Leading at a Higher Level*. New York: Prentice Hall.

Blinder, A. S. (2018). What They Don't Teach in Econ 101. *The Wall Street Journal,* April 18, A13. Bogers, M., Chesbrough, H., and Moedas, C. (2018). Open Innovation: Research, Practices, and Polices. *California Management Review,* 60(2) 5-16.

Bradberry, T. and Greaves, J. (2009). *Emotional Intelligence 2.0*. San Diego, CA: TalentSmart (a nice new version of putting EQ to work for you-a WSJ top ten best seller in 2014).

Brooks, D. (2011). *The social animal: The hidden sources of love, character, and achievement*. New York: Random House.

Broom, L. S. and Service, R.W. (2014). Religion or Psychology? Making the Case for Economic and Organizational Impact. Business Renaissance Quarterly, 9(1-2): 51-83.

Broom, L., Loudon, D. L., Service, R. W. Sonius D. (2014). Rapid Incremental Innovation Strategy: Sustainable Competitive Advantage. *International Journal of Engineering Research & Management* 1(6): 50-58.

Buckingham, M. and Clifton, D. O. (2001). *Now, Discover Your Strengths.* New York: The Free Press.

Buford, B. (2014). *Drucker & Me: What a Texas Entrepreneur Learned from the Father of Modern Management.* Brentwood, TN: Worthy Publishing.

Bush, G. W. (2010). *Decision Points*. New York: Crown.

Caligiuri, P.M. (2006). 'Developing global leaders', *Human Resource Management Review*,16: 219–228.

Chopra, D., and Mlodinow, L. (2011). *War of worldviews*. New York: Harmony Books. Christensen, C. M., Allworth, J and Dillon, K. (2012*). How Will You Measure Your Life?* New

York: Harper Business.

Cohen, W. A. (2010). *Drucker on Leadership: New Lessons from the Father of Modern Management.* San Francisco, CA: Jossey-Bass.

Colino, A., Benito-Osorio, D and Armengot, C.R. (2014). How much does innovation matter for economic growth? *Management Decision*, 52, 313-325.

Collins, J. (2001). *Good to Great: Why Some Companies Make the Leap to Greatness and Others Don't.*New York: HarperCollins.

Collins, J. (2003). 'The 10 Greatest CEOs of All Time', *Fortune*, July 21: 55-68.

Collins, J. C. and Hansen, M. T. (2011). *Great by Choice*. New York: Harper-Collins Publishers (the worst of Collins' work)!

Conard, E. (2012). *Unintended Consequences: Why Everything You've Been Told About The Economy is Wrong*. New York: Penguin.

Corbett, S. and Fikkert, B. (2012). *When Helping Hurts*. Chicago: Moody Publishers.

Covey, Sean. (1998). *The 7 Habits of Highly Effective Teens*. New York: Fireside [Studying this series for executive education, we recommend this book over most *7 Habits* renditions].

Covey, Stephen. (1990). *The Habits of Highly Effective People*. New York: Simon & Schuster. Covey, S. (1991). *Principle Centered Leadership*. New York: Summit Books.

Covey, S. (2004). *The 8th habit*. New York: Free Press.

Covey, S. with Merrill, R. (2006). *The Speed of Trust*: *The One Thing That Changes Everything*. New York: Free Press.

Csikszentmihalyi, M. (1990). Flow: *The Psychology of Experience*. New York: Harper Perennial. Despain, J. and Converse J. B. (2003). . . . *And Dignity for All.* Upper Saddle River, NJ: Prentice Hall.

Dobelli, R. (2013). *The Art of Thinking Clearly*. New York: HarperCollins. Translated by Nicky Griffin.

Dorner D. (1996 translation). *The Logic of Failure: Why Things Go Wrong and What We Can Do to Make Them Right,* New York: Henry Holt and Company, Translated from 1989 German Version.

Drucker, P. F. (1967). *The Effective Executive*. New York: Harper & Roe.

Drucker, PF. (1973). *Management: Tasks, Responsibilities*, Practices. New York: Harper & Roe. Drucker, P. F. (1985a). *Innovation and Entrepreneurship*. New York: Harper & Roe.

Drucker, P. F. (1985b). *The Discipline of Innovation in HBR's 10 Must Reads on Innovation*, 2013, Boston, MA; Harvard Business Review Press, 143-156.

Drucker, P. F. (1995). *Managing In a Time of Great Change*. New York: Truman Talley Books/ Dutton.

Drucker, P. F. (1996). The shape of things to come. *Leader to Leader,* Premier Issue: 12-18. Drucker, P. F. (1998). *Peter Drucker on the Profession of Management*. Boston, MA: Harvard Business Review.

Drucker, P. F. (1999). *Management Challenges for the 21st Century*. New York: Harper Business. Earley, P. C. and Ang, S. (2003). *Cultural Intelligence: Individual Interactions Across Cultures*. Stanford, CA: Stanford University Press.

Earley, P. C., Ang, S. and Tan, J-S. (2006). *CQ: Developing Cultural Intelligence at Work*. Stanford, CA: Stanford Business.

Early, P. C. and Mosakowski, E. (2016). Cultural Intelligence. In *HBR's 10 Must Reads: On Managing Across Cultures.* (2016). Boston, MA: Harvard Business Review Press: 1-16.

Earley, P. C. and Peterson, R. S. (2004). The Elusive Cultural Chameleon: Cultural Intelligence as a New Approach to Intercultural Training for the Global Manager. *Academy of Management Learning and Education*, 3(1), 100–115.

Elmer, D. (2002). *Cross-Cultural Connections: Stepping out and Fitting in Around the World*.

Downers Grove, IL: IVP Academics.

Felsenthal, E. and Pine, D. W. (editors). (2018). *The Science of Creativity*. *Time* Special Edition. New York: Time Inc. Books. A 2016 report by the World Economic Forum predicted that the top job skills in 2020 will be complex problem-solving and critical thinking across cultures (from p. 84- 85).

Frankl, V. E. (2006 edition). *Man's Search for Meaning*. (Originally published in 1946).Boston, MA: Beacon Press.

Friedman, T. L. (2005). *The world is flat: A brief history of the twenty-first century*. New York: Farrar, Straus and Giroux.

Friedman, T. L. (2008). *Hot, flat and crowded*. New York: Farrar, Straus and Giroux.

Friedman, T. L., and Mandelbaum, M. (2011). *That used to be us*. New York: Farrar, Straus and Giroux.

Fullan, M. (2001). *Leading in a Culture of Change*. San Francisco: Jossey-Bass.

Gladwell, M. (2002). *The Tipping Point: How little things make a big difference*. Boston: Little, Brown.

Gladwell, M. (2005). *Blink: The Power of Thinking Without Thinking*. New York: Little, Brown and Company.

Gladwell, M. (2008). *Outliers: The Story of Success*. New York: Little, Brown and Company.
Goleman, D. (1995). *Emotional Intelligence*. New York: Bantam Books.

Goleman, D. (2000). *Working with Emotional Intelligence*. New York: Bantam.

Goleman, D., Boyatzis, R., & McKee, A. (2001). 'Primal Leadership: The Hidden Driver of Great Performance', *Harvard Business Review*, December: 42-51.

Goleman, D., Boyatzis, R., and McKee, A. (2002). *Primal Leadership: Realizing the Power of Emotional Intelligence.* Boston: Harvard Business School.

Guilford, J. P. (1967). *The Nature of Human Intelligence*. New York: McGraw-Hill.

Guilford, J. P. (1986). *Creative Talents*. Buffalo, NY: Bearly Limited.

Haidt, J. (2012). *The Righteous Mind: Why Good People Are Divided by Politics and Religion.* New York: Vintage Books.

Hall, S. S. (2011). Wisdom: from philosophy to neuroscience. New York: Vintage. Harari, O. (2002). *The Leadership Secrets of Colin Powell*. New York: McGraw-Hill.

Harrison, D. A., Shaffer, M. A., and Bhaskar-Shrinivas, P. (2004). Going places: Roads more and less travelled in research on expatriate experiences. In J. J. Martocchio (Ed.), *Research in Personnel and Human Resources Management*, 23, 199-247.

HBR's 10 Must Reads on Innovation. (2013). Boston, MA; Harvard Business Review Press.

HBR's 10 Must Reads: On Managing Across Cultures. (2016). Boston, MA: Harvard Business Review Press.

Hersey, P. H., Blanchard, K. H. and Johnson, D. E. (2013). M*anagement of Organizational Behavior* (10th edition). Upper Saddle River, NJ: Prentice-Hall.

Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations.* Thousand Oaks, CA: Sage.

Hubbard, G. and Kane, T. (2013). *Balance: The Economics of Great Powers from Accient Rome to Modern America.* New York: Simon & Schuster.

Hunger, J. D. and Wheelen, T. L. (2011). *Essential of Strategic Management* (5th edition). Upper Saddle River NJ: Prentice Hall.

Isaacson, W. (2007). *Einstein: His Life and Universe*. New York: Simon & Schuster.

Isaacson, W. (2014). *The Innovators: How a group of hackers, geniuses, and geeks created the digital revolution.* New York: Simon & Schuster.

Keller, E. and Berry, J. (2003). *The Influentials.* New York: The Free Press.

Kennedy P. (1987). *The Rise and Fall of the Great Powers*, New York: Random House.

Khalfa, J. (editor). (1994). *What is Intelligence?* New York: Press Syndicate of the University of Cambridge.

Kim, Y. J. and Van Dyne, L. (2012). 'Cultural Intelligence and International Leadership Potential: The Importance of Contact for Members of the Majority', *Applied Psychology*,61 (2): 272– 294.

Lane, B. (2008). *Jacked Up.* New York: McGraw-Hill.

Leighton, W. A. and Lopez, E. L. (2013). *Madmen, Intellectuals, and Academic Scribblers: The Economic Engine of Political Change*. Stanford, CA: Stanford University Press.

Lencioni, P. (2002). *The Five Dysfunctions of a Team*. San Francisco: Jossey-Bass.

Lester, R. I. (2007). Review of: The Leadership Quotient: 12 Dimensions for Measuring and Improving Leadership by Bill Service and Dave Arnott. *Air & Space Power Journal,* XXXI(1): 112-113.

Levitt S. D. and Dubner S. J. (2005). *Freaknomics*, New York: William Morrow.

Levitt, S. D. and Dubner, S. J. (2009). *Super Freakonomics*, New York: William Morrow.

Maas, J. (1998). Winning'em Over: A new Model for Managing in the Age of Persuasion/Getting it Done: How to Lead When You're Not in Charge. *Sloan Management Review*, 40(1):103- 104.

Maxwell, J. C. (2000). *The 21 Most Powerful Minutes in a Leader's Day*. Nashville, TN: Thomas Nelson, Inc.

Maxwell, J. C. (2002). *Leadership 101: What Every Leader Needs To Know*. Nashville, TN: Thomas Nelson, Inc.

Maxwell, J. C. (2006). *The 360 Degree Leader*. Nashville, TN: Thomas Nelson.

McIntosh, F. (2011). *The Relational Leader: A Revolutionary Framework to Engage Your Team*. Boston MA: Course Technology.

Medicare Access and CHIP Reauthorization Act: HR 2, 114th Congress. (2015). Found September 3, 2018 at: https://www.congress.gov/bill/114th-congress/house-bill/2/text

Mendenhall, M. E., Osland, J. S., Bird, A., Oddou, G. R., and Maznevski, M. L. (2008*). Global leadership: Research, practice and development.* New York: Routledge. A new edition is forthcoming and we would suggest you find that.

Mettler, K. (2017). *Smartphones made his kids 'moody' and 'withdrawn.' Now he wants to ban them for preteens.* Washington Post.

Meyer, E. (2014). *The Culture Map: Breaking through the Invisible Boundaries of Global Business*. New York: Public Affairs.

Meyer, E. (2017). Being the Boss in Brussells, Boston, and Beijing. *Harvard Business Review*. July-August issues. Retrieved from https://hbr.org/2017/07/being-the-boss-in-brussels- boston-and-beijing?referral=00060

Mintzberg, H. (2004). *Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development*. San Francisco: BK Publishers.

Mintzberg, H. (2009). *Managing*. UK: Pearson Education.

Mintzberg, H. Ahlstrand, B. and Lampel, J. (2005). *Strategy bites back*. Upper Saddle River: Pearson Prentice Hall.

Murray, C. (2013). *Coming Apart: The State of White America, 1960-2010*. New York: Cox and Murray, Inc.

Northouse, P. G. (2016). *Leadership: Theory and Practice* (7th edition). Los Angles: Sage. Obama, B. (2004 edition of his 1995 book—includes his speech at the Democratic Convention). *Dreams from My Father: A Story of Race and Inheritance*. New York: Three Rivers Press.

Obama, B. (2006). *The Audacity of Hope*. New York: Crown Publishers.

Pink, D. H. (2009). *Drive: The Surprising Truth about What Motives Us*. New York: Penguin. Pinker, S. (1997). *How the Mind Works*. New York: W. W. Norton.

Pinker, S. (2002). *The Blank Slate: The modern denial of human nature*. New York: Viking. Pinker, S. (2011). *The Better Angles of Our Nature: Why violence has declined.* New

York: Penguin.

Porter, M. E. (1980). *Competitive Strategy*. New York: Collier Macmillan.

      Porter, M. E. (1985). *Competitive Advantage*. New York: Macmillan.

Porter, M. E. (1990). *The Competitive Advantage of Nations*. New York: Macmillan.

Potoker, E. S. (2011). *International human resource development: A leadership perspective.* London: Routledge. Pritchett, P. (1993). Culture Shift*. Dallas: Pritchett & Associates.

Powell, T. C. (2017). Strategy as Diligence: Putting Behavioral Strategy Into Practice. *California Management Review*, 59(3): 162-190.

Priem, R. L. (2018). Toward Becoming a complete Teacher of Strategic Management. *Academy of Management Learning and Education*, Special Edition "Peer Review Proof." PDF 37 pages.

Rumsfeld, D. (2013). *Rumsfeld's Rules*. New York: Broadside Books.

Saba, A. S. (2011). 'Roll the Dice: Are we gambling with global employee selection? A reassessment of competitive alternatives', proceedings of *The International Academy of Business and Public Administration Disciplines*, Memphis, TN:388.

Safire, W. & Safire, L. (2000). *Leadership*. New York: Galahad Books.

Sarros, J. C., Cooper, B. K. and Santora, J. C. (2008). Building a climate of innovation through transformational leadership and organizational culture. J*ournal of Leadership & Organizational Studies,* 15(2): 145-158.

Service, R. W. (2012). 'Leadership and Innovation across cultures: CIQ-Contextual Effectiveness as a Skill', *Southern Business Review*, 37(1): 19-50.

Service, B., and Arnott, D. (2006). *The leadership quotient: 12 dimensions for measuring and improving leadership*. New York: i Universe.

Service, R. W. and Carson, C.M. (2013). 'Cross-Cultural Leadership: A Roadmap for the Journey', *Academy of Contemporary Research Journal*, V(II): 29-40.

Service, R. W., Loudon, D. L. and Kariuki, K. (2014). Cross-Cultural Leadership: Recommendations for Kenya.*Journal of Social Economics Research* 1(4): 40-71. http://www.pakinsight.com/pdf-files/eco/35/JSER-2014-1(4)-40-71.pdf

Service, R. W. & Reburn, J. P. (2014). Leadership for Innovation: Fundamentals of Human Influence. *Journal of International Business Research and Practice, V(8):* 35-76.

      https://www.usi.edu/media/3651434/Leadership-for-Innovation.pdf

Service, R.W., & Reburn, J.P. (2016). Academic Publication and Issues of the Day: U.S. Income Tax Paradigm. *Archives of. Business Research*, 4(6), 178-208.

Service, R. W., Reburn, J. P. and Windham, J. R. (2017). The Character of Leadership: Is Leadership. *European Journal of Management™*, 17(2): 49-72. https://www.researchgate.net/publication/320217339_THE_CHARACTER_OF_LEADE RSHIP_IS_LEADERSHIP

Sinek, S. (2017). *Leaders Eat Last: Why Some Teams Pull Together and Others Don't.* New York: Penguin.

Smith, C. J. (2000). 'Developing The Global Leaders of Tomorrow', *Human Resource Management,* 39(2 & 3): 147-157.

Stalk, G. Jr. and Hout, T. M. (1990). *Competing Against Time*. New York: Macmillan.

Sternberg, R. J. (1985). *Beyond IQ: A Triarchic Theory of Human Intelligence*. New York: Cambridge University.

Sternberg, R. J. (1988). *The Triarchic Mind*. New York: Viking Penguin.

Sternberg, R. J. (1996). *Successful Intelligence: How Practical and Creative Intelligence Determine Success in Life*. New York: Simon & Schuster.

Sternberg. R. J. (2003). *Wisdom, Intelligence, and Creativity Synthesized*. New York: Cambridge University Press.

Sternberg, R. J. and Grigorenko, E. L. (2006). Cultural Intelligence and Successful Intelligence. *Group & Organization Management*, 31(1), 27-39.

Tjan, A. (2017). *Good People: The Only Leadership Decision That Really Matters*. New York: Portfolio.

Trompenaars, F. and Hampden-Turner, C. (2012). *Riding The Waves of Culture:* Tyson *Understanding Diversity in Global Business* (3rd edition). Boston, MA: Nicholas Brealey.

Wood, P. and Randall, D. (2018). How Bad Is the Government Science? *The Wall Street Journal*, April 17: A17.

Table 1: Normal Biases

(Modified directly from Dobelli's 99 cognitive biases, 2013)

Cognitive	Psychological	Math-arithmetic
1. Survivorship-be the example	1. Swimmer's body-born not made	1. Sunk cost-reevaluate base 0
2. Authority-not outside expertise	2. Clustering-look for patterns	2. Contrast-2 for one or 50%?
3. Story-is incomplete or slanted	3. Social proof-everyone does it	3. Regression to the mean
4. Hindsight-not 20-20	4. Reciprocity-seek equality	4. Neglect of probability
5. Outcomes-exception not rule	5. Confirmation-to support mind	5. Gambler's fallacy independent
6. Coincidence-they happen	6. Availability-easy to get	6. Exponential-grows so much more
7. Scarcity-not always of value	7. No-pain, no-gain	7. Averages can be skewed
8. Base rate neglect-hear the good	8. Story-want it to be true	8. Improve averages-extremes do
9. Anchor-to dates, times, places	9. Overconfidence-reasons?	9. Law of small numbers
10. Induction-may not continue	10. Chauffer knowledge-superficial	10. The implausible happens
11. Winners' circle-not always again	11. Illusion of control	11. Missing matters more than there
12. Fundamental attribution error	12. Super response to incentives	12. Forecast on straight lines
13. False causality	13. Paradox of too many choices	13. Cheery picking-what you want
14. Alternatives-no to path not taken	14. Liking & likability	14. Single variable causes
15. Forecast illusion	15. Endowment-clinging to things	15. Overlooks other angles
16. Alternative with less conditions	16. Coincidence-want it to be	16. House money-not mine
17. Framing-distorted	17. Group think	
18. Action preference	18. Lose aversion-over winning	
19. Self-serving selection Association- Pavlov's dog	19. Social loafing-catching	
20. Beginners luck	20. Halo effect-attractive	
21. Value the immediate	21. Hedonic treadmill-what you wish	
22. Decision fatigue-many choices	22. Self selection-why me	
23. Amount of information	23. Cognitive dissonance- retrospect	
24. Value new or different	24. Because-addicted to because	
25. Alternatives-create dichotomies	25. Contagion-it's associated with	
26. Primacy & recency effects	26. Motivation crowding-too many	
27. Domain-not between disciplines	27. Twaddle-jabber to	
28. Salience effect-noticeable, main,		
29. Illusion of attention		

30. **Hot air misrepresentation** 31. **Overthinking** 32. **Planning-take on too much** 33. **News allusion-may not be right** 34. **Falsification of history** 35. **Ambiguity aversion-may be** 36. **Take the default** 37. **Illusion of skill** 38. **Simple over complex**	disguise 28. **Effort-worked so hard, but .** 29. **Expectations-not real & fail** 30. **Exposing charlatan-astrology!** 31. **Volunteers' folly-takes job/pay** 32. **Puppets to emptions** 33. **Introspective-can be right or not** 34. **Inability to close doors** 35. **Sleeper effect-propaganda works** 36. **Social comparison-against betters** 37. **Not invented here** 38. **False consensus** 39. **In-out groups** 40. **Fear or regret** 41. **Procrastination** 42. **Envy** 43. **Personification-representative?** 44. **Opinion of persona-more than**	

Table 2: Truncated Biases with Descriptions
(Modified directly from Dobelli's 99 cognitive biases, 2013)

Bias	Short Description
Survivorship	Only see and hear about successes.
Swimmer's body illusion	They are made for it, not because of it.
Clustering illusion	Creating patterns out of randomness
Social Proof	Even if 50 million people say something foolish, it is still foolish.
Sunk cost	Evaluate higher because of what you have in it
Reciprocity	Don't accept free stuff when you think you are going to get asked for something.
Confirmation	We are great at assessing all information so that our prior conclusions remain.
Authority	Experts know little outside of their expertise and favor that.
Contrast	If you think it's a good deal - buy one get one absolutely free, really?
Availability	We tend to only use information or examples that are easy for us to get.
No pain, no gain	We almost killed ourselves so it must be good.
Story	We shape everything we tell-no one is a 100% objective-perspective.
Hindsight	It's easy to say why or what in retrospect.
Overconfidence	We tend to be more confident with limited information-ignorance and confidence!
Chauffer knowledge	Only having superficial knowledge of a topic.
Illusion of control	Lottery tickets – trying to control what we have no control over.
Incentive super-response	Unexpected over response to incentive.
Regression to the mean	All things tend to return to the average over time.
Outcome	The randomness of a random outcome is just random.
Paradox of choice	Too many choices confuse and make harder to decide.
Liking	Being likeable or liking something.
Endowment effect	Money is there so spend it.
Coincidence	Are rare.
Groupthink	We think differently in groups.
Neglect of probability	Probabilities count/understand real ones.
Scarcity	Just because it is rare, does not always mean value.
Base-rate neglect	See extremes not real rates.
Gambler's fallacy	No balancing effect in independent events.
Anchor	False or meaningless base used to evaluate from.
Induction	Inductive reasoning has limits too.
Lose aversion	Favor avoiding loss over possible gains.

Figure 1: Leadership Formula

LQ© = function of:
Leader's characteristics and
traits DQ + RQ + BQ + AQ +
Followers' perspectives of
leader CQ + PQ + EQ + IQ +
Environmental influences and
perspectives XQ + KQ + SQ + MQ
Key:

Abbreviation	Title	Characteristic
DQ:	*Desire Quotient*	Effort, persistence—willingness to do whatever it takes.
RQ:	*Reality Quotient:*	Correctly clarifying inclusiveness, objectives, forward-sightedness, etc. .
EQ:	*Emotional Quotient:*	Self-awareness, social awareness, empathy, exhibited mood, ability to control first impressions of self, and level of validity of assessment of self and others.
IQ:	*Intelligence Quotient:*	Read more about *LQ's* IQ replacement with an SQ.
CQ:	*Communications Quotient:*	Verbal, written, body language, dialect, clarity, command, presentation skills, and listening effectiveness. All of these aspects of communication must fit with the leader's followers and environment (Service, 2005a).
PQ:	*People Quotient*:	Ability to relate *with* people; includes relationships, social skills, poise and demeanor, teaming, networking, etc.
BQ:	*Behavioral Quotient:*	Exhibited external focus, ethics, values, direction, flexibility, savvy, social graces, timing, inspiration, leader behavior that appeals to the followers.
AQ:	*Appearance Quotient:*	Manifestation of correct level of confidence, appropriate dress, vitality, mannerisms, poise, etc. and environmental fit from perspective of followers.
XQ:	*eXperience Quotient*:	Accomplishments.
KQ:	*Knowledge Quotient:*	Leader's ability to learn, pay attention, recognize, imagine, and keep up to date on technologies and other useful knowledge.
SQ:	*Situational Quotient*:	Ability to interpret cues and develop appropriate strategies.
MQ:	*Management Quotient*:	General admin skills, systems and procedures, planning, organizing, controlling, manage (Lane, 2008; and Hersey, Blanchard and Johnson, 2013).

Figure 2: Leadership Success Triangle = LQ©

LEADER'S
Skills & **Traits**

Desire to become
Ability to interpret the future
Emotional Intelligence
Successful Intelligence

FISO-Fit in yet Stand Out

Relationships   *L*   ©   Fit

FOLLOWER'S (people)   "?balance"?   **ENVIRONMENTS** (tasks)
Perspectives   Context
Perceptions Link   " Fit"-ability of
Leader through relati   Leader through matching
ng
Your Appearance and Behavior;   *Your Knowledge of management of*
through
Comm1t11icatio11s and People skills.   *the situation a11d Experience*
                                            in leading

Figure 3: GLQ "Worldview" Strengths and Weaknesses Guide

I. Strengths – advantages, enablers in contextual adaptive development
A. Natural* - more uncontrollable 'good' traits-key abilities and attitudes
1. Flexible-openness: equifinality   2. Dispassionate
3. Flexible Gender & gender orientations 4. Internal locus of control
5. Ability under psychological hardiness 6. Attitudes & awareness-curiosity
7. Humility   8. Empathic listening
9. Time is theirs   10. Identificational-new as different
B. Nurtured - more controllable 'good' traits-key knowledge and skills
1. Known "open" mindsets   2. High social/cultural intellect
3. Weak ethnocentricity   4. Observant
5. Knowledge/skills-job/tasks   6. High EQ
7. Patience   8. Cultural sensitivity
9. Preparation   10. Integrity

II. Weaknesses – disadvantages, derailers to leadership development
A. Natural - more uncontrollable 'bad' traits-key self-centered
1. Strong national affiliation   2. Narcissistic
3. Change avoidance   4. Large power distance
5. Cognitive simplicity   6. Psychological immaturity
7. Fixed worldview   8. Blunt-dogmatic
9. Knows without study   10. Lacks moral compass-integrity
B. Nurtured - more controllable 'bad' traits-key avoidance
1. Disdaining other views   2. Confirming mindset
3. Learned behavior pervasiveness   4. Un-accepting of differences
5. Low EQ   6. Relationship challenged
7. Extractionist-to change worldview 8. Telling over discovering
9. Seeing as right or wrong   10. Timeframes vs. events

*Note:
We show as "Natural" traits or mindsets that are formed early and not likely to change. As we indicate throughout this manuscript, our genetic make-up does write the Chapter tiles and even sub-titles of our life stories, but they do not write the complete details of the stories of one's life. Emotional intellect, commonly referred to as EQ, is concept one should understand and practice before managing and leading whether crossing-cultures or not (Bradberry and Greaves, 2009; and the EQ 'guru,' Goleman, all dates).

Figure 4: Reality of Adaptation

old

new

different
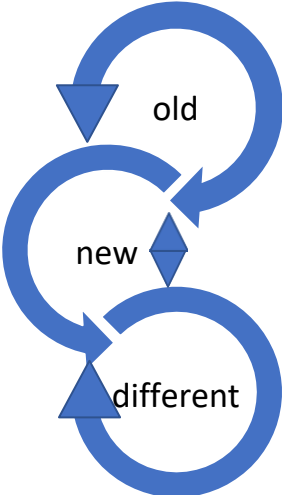
Figure 5: G*LQ*©'s Global Leadership Effectiveness Model

Individual Realism-personal & professional   Collective Realism-perspectives/practices

History/Philosophy/Psychology   *Sociology/Culture-co.org.-FISO*

Introspection   *Extrospective*

KSAs   *Reflection*   Might/Can   Management   *Perspective*   Leader-*LQ*©

Want   Ought   Relationship   Innovation

Wisdom

Multiplicity

Apply principles----------concepts and theories

Worldviews, precepts-ID;   then mind the gaps with *LQ*© & GLQ

Situations
Use

___Self/leader___   *applications*   ___Others/followers___

Wisdom to   Equifinality   Manage,Lead,Relate,Innovate

Balance & fit with what is appropriate-"it depends"

> **Sweet spots** are intersections that **satisfice** through **optimizing** differing perspectives in a
balanced and **appropriate** way that **fits** the **people** and **situations**: it depends!
> **The multiplicity of wisdom** is knowing variables of what *"it" depends* on and being able to **apply** "it."
> **Effectiveness** of personal, professional, emotional and intellectual cosmopolitanism, discipline
specific acumen and relational abilities merge to form GLQ **worldviews**.
> **GLQ** revolves around generalizeable reflective, relational, analytical, creative, applicable, worldly,
collaborative and action orientated **mindsets** (Service, 2011; and Mintzberg, 2004 & 2009).

Equifinality-indicates there are many ways to the same or equally good ends.

Success in global leadership requires **worldviews** that are useful across varied contexts.

The Case of the Plaza Marketing in Nigeria: the Impact Factor of the Retails Real Estate and the 2015 Global Retail Development Index

Louis Nzegwu, University of Wisconsin
Kennedy Ezenwafor, University of Wisconsin

Presented by Louis Nzegwu on Thursday, March 28, 2019, in the Cresthill Room at 9:15-10:30 pm. Theme: Emerging Markets. Chair: Christopher Ziemnowicz, University of North Carolina at Pembroke

Abstract

The paper analyzes the prevalence of the infrastructure of Plaza-type retailer markets in Nigeria. The trends of the retailer real estate show that in Nigeria, there are only 20 shopping malls with a total retail floor space of 350,000 sq. m, compared to other Sub-Saharan countries, such as South Africa with about 500 malls with aggregate retail floor space of 23,000,000 sq. m. In other words, the limited retail floor space of the formal shopping centers in Nigeria is reminiscent that indeed there is the prevalence of other retailer market infrastructures such as the plaza-types compared to the formal shopping malls. A country analysis of the 2015 global retail development index™ shows that although there is a high urgency to enter the Nigerian market, the country ranks poor on market attractiveness. The country's market is not saturated; it seems to have the characteristics of a high risk for conducting business.

Although the country's market is promising, the strategy for entry into the Nigerian market should be a thoughtful one, particularly of the structural retailer investments. Nigeria is a country with not a lot of high net worth individuals to suggest the investments in high impact formal shopping centers.

Key words: Retailer real estate, 2015 Global Retail Development Index™ (GRDI), Plaza, Shopping mall, High net worth Individuals (HNWI), Nigeria

Introduction

> *Sub-Saharan Africa (including Nigeria) will be the big story by 2040. It will be a bumpy road to get there, but it could emerge as one of the most attractive reasons for retail*
>
> A.T. Kearney (2015)[1]

In the African region, in Nigeria for example, Open markets and Bazaars are the earliest shopping centers that have developed into a shopping community of neighborhood shopping centers, the plazas, and today's sophisticated shopping malls, and the online shopping experience, with some of these, particularly the latter, well-designed and functioning, worldwide.[2] Despite the trend and the sophistication in the shopping experience, there seems to be the prevalence of the plaza-type shopping practice in

---

[1] See (Footnote 10) for reference

[2] Dogo, I. A. (2011). Proposed Shopping Mall Milenium City, Kaduna: Integrating shopping and Millennium facilities, Unpublished Thesis, Dept of Architecture, Ahmadu Bello University.

Nigeria. The story is not the same in the fast developed regions of the world that experience the prevalence of super shopping centers and standalone shopping units of luxury brand. Also, particularly in the commercial centers in Nigeria, plaza-type structures prevail on shopping streets on some major driveways; in Plaza-type structures, it is easy to find diverse businesses, offices, shops or a fragmented market.

It should be interesting to investigate the market reasoning of these plaza-type structures of fragmented markets in Nigeria. In other words, this paper investigates the prevalence and/or patronage of plaza-type markets in any commercial hub in Nigeria. Do these traditional retail outlets have any economic impact in the retail sector or are there any better alternatives that best suit the environs of the retail sector in Nigeria? The evidences from the retailer real estates in the country and the global retail development index should suggest the trend and the impact in Nigeria.

In the retail sector, the real estates of the retailer infrastructure have its global history. The Trajan's market, the world's oldest shopping center, in Rome, is attributed to have the first shopping mall or shopping center in the 10th century.[3] Other city centers such as Istanbul in Turkey have had the Grand Bazaar with high street shops - 58 streets and 4,000 shops - as far back as the 15th century. However, the first built standalone unit of the mall-type shopping complex consisting of 100 shops is traced back to St. Petersburg in Russia as far back as the 18th century. The retailer models in the 19th and the 20th century have enhanced the earlier models and improved the shopping experience. The arcade retail concept was popular in the 19th century, providing retail centers with walkways and weather protection loft and the connecting shops. These shops were popular in the 19th century in London, Milan, Paris, and the U.S. In The 20th century, the shopping experience in these malls was enhanced providing interconnected walkways, movie theaters, entertainment, and restaurants. In the highly urbanized countries, these shopping malls have influenced the city experience; the sub-ways, transport system, residence, and the offices have walkway connection to these shopping malls.

---

[3] https://en.wikipedia.org/wiki/Shopping_mall

Illegal Mining and Latin America's Transformation

Gladys Torres Baumgarten, Ramapo College of New Jersey

Abstract

This paper focuses on the issue of illegal mining in Latin America and the role that governments play in addressing – and also in facilitating it. The paper concentrates on Peru and Colombia, as these are two Latin American countries where illegal mining is of particular concern, given the industry's growth rate and scale. The drivers of the growth in illegal mining, the various stakeholders affected by this activity and the actions taken by governments in addressing it are identified. In the final section, the governments' management of this clandestine activity is compared to illegal mining activities in South Africa, a country with some parallels – and yet some marked distinctions - with regard to the management of the same problem.

Key Words
Illegal mining, emerging markets, stakeholders, institutional weakness, Latin America, South Africa

Tariff s in the Global Economy

Van Mobley, Concordia University Wisconsin

□

Abstract

"This paper sketches the history of tariffs in the American Economy and argues that American decision makers periodically change their minds regarding whether tariffs are useful to the American Republic or not. The decision concerning whether or not to utilize tariffs changes over time depending upon the internal and external interests, opportunities, and threats of the American Republic. American businesses have proven adept at generating profits in an environment that features rising tariffs, declining tariffs, and stable tariffs. No doubt they will continue to thrive in the future whether or not tariffs continue to rise."

Introduction

Donald Trump campaigned on transforming America's trade relationships with the rest of the world. Instead of denouncing tariffs as the economic equivalent of original sin, which was the habit of his post-Cold War predecessors, Trump proclaimed himself to be a "Tariff Man". He argued that the wholesale demolition of American tariff barriers in the post-World War II era in general, and the post-Cold War era in particular, had been a mistake, and that tariffs still had a role in the economic policy of the American state.

Since inaugurated the Trump Administration has deployed and continues to deploy tariffs as an integral part of its national economic policy. The changes introduced thus far have created consternation in some quarters but little effective domestic or foreign resistance. Indications are that this trend will continue and the end result will be the erection of long term tariff barriers which will separate (to varying degrees) the US economy from other global economies. Those businesses (both domestic, multinational, and international) that understand the emerging global dynamic, and respond appropriately to it, have an opportunity to prosper in the new environment. Those that do not will be less successful. This paper situates the transitional period we currently inhabit in an appropriate historical context and points to some (but by no means all) of the ways modern businesses may change and prosper in it.

Tariffs in Early American Economic History

Tariffs have a long history in the American economy. Alexander Hamilton, the first Secretary of the Treasury, identified them as an excellent tool to generate revenue for the Federal government and diversify the emerging American economy. To be sure, not everyone in the nineteenth century shared Hamilton's favorable view of tariffs. For example, representatives of Southern Agricultural interests had little interest in diversifying the American economy. They desired to sell their agricultural commodities on the global market at the best price possible, and purchase manufactured and luxury goods from abroad at prices cheaper than they could be generated by domestic producers. No wonder, then, that they preferred the "free trade" doctrines which were even then being developed by Britain's David Ricardo. They might grudgingly concede that the Federal Government needed some source of revenue, but they were unwilling to concede that tariffs were a good, much less the best possible, source of such revenue – particularly since any tariff would, besides raising revenue, also offer some measure of protection to

domestic producers, particularly domestic producers of manufactured goods.

With the conclusion of the Civil War and the ascendance of the GOP, which was unabashedly protectionist and exalted protectionist champions – like Henry Carey and Abraham Lincoln -- the debate over tariffs and the American economy changed. No longer did political antagonists argue about whether the government should use tariffs or not. Instead they argued over the appropriate level at which tariffs should be set. Should they be imposed at relatively lower levels that maximized federal revenue, or relatively higher levels that provided maximum protection for existing and/or nascent industries and sectors in the American Economy? The scene for these tumultuous tariff debates was of course the Legislative branch of the American Government -- for the Constitution gave the power to set tariff rates to the House and the Senate.

In the second half of the nineteenth century the US House and Senate generally tilted toward protection. So the tariff rates were normally set relatively high, even if by doing so the federal government left some potential revenue on the table, as it were. Three factors seem to account for this protectionist "tilt". First, the U.S. Government was quite small at the time and, except for during the Civil War, it didn't really need all that much revenue. So the constituency for using tariff rates to maximize federal revenue was small. Second, during the nineteenth century there was no central bank with the tools of monetary policy at its disposal to counteract economic downturns. So the government used tariff rates as a macroeconomic management tool and raised them in the face of recession in order to stimulate domestic production and growth. The government lowered tariffs (on those rare occasions when it did so) in the midst of prolonged booms, when it was perceived that the domestic economy needed little stimulation. Third, and most importantly, rare indeed was a Congressman or Senator who didn't have a favored industry (or industries) in his state or district and rare indeed was there ever a Congressman or Senator who didn't enjoy a bit of horse trading with his fellow elected representatives. It is no surprise that in the nineteenth century the national legislature was the scene of a great deal of logrolling over tariff rates. The best way for any particular representative to get them high for one of his favorite industries was to agree to raise them for some other congressman or Senator's favorite industries. Mutual back scratching is a powerful incentive in a national legislature. It encouraged nineteenth century Congresses to erect relatively high tariff rates all the way around the American economy.

Tariffs in the Twentieth Century

Now, we can denounce this nineteenth century system of relatively high tariffs and no central bank as barbaric and backwards all we like – but the truth of the matter is that it worked for the people of the time and certainly did not prevent, and might even have helped them obtain, GDP growth rates and business profits that were among the highest in the world. Why then, since it seemed to work, did the US abandon its pro-high tariff, protectionist bias?

Because things change. First of all, the American economy changed. It went from being a primarily agricultural economy with an underdeveloped manufacturing sector to being a fully developed, diverse economy with agricultural and manufacturing sectors capable of generating more product than could seemingly be disposed of domestically and a large financial services sector that was also eager to expand.   In the wake of this internal economic transformation a larger and larger percentage of the business interests involved in all American sectors looked to the federal government less and less to provide them protection. Instead they looked to the federal government to help provide them market access abroad that would provide opportunities to dispose of their surplus product and profit from foreign

expansion. Second, the political system changed as the Democratic Party, the traditional home of the "free trade" ideology, gradually recovered from the disrepute in which it languished after the Civil War and strong ideological champions of free trade – like Woodrow Wilson and Cordell Hull – pushed to the fore within it. Finally, the needs of the government changed. Instead of requiring little revenue for a small state, the expanding American government required a great deal of revenue for a multitude of the formerly nonexistent but now increasing domestic and overseas obligations which it took on as the twentieth century advanced.

The result of all this economic, ideological, political, and institutional change was the creation of the system that Trump is in the process of transforming. It featured internal instruments like income and payroll taxes to generate more revenue to pay for an expanded federal government. It included a powerful central bank which had an elastic currency at its disposal and could use its powers to manage the American economy through economic downturns (something Congress had formerly done with the tariffs) – while at the same time facilitating the overseas expansions of a global financial services sector that facilitated burgeoning global trade. And finally, it witnessed the shift of responsibility for managing the tariff system out of the Congress and into the Executive branch, which used its newfound authority to gradually remove (primarily but not exclusively for geopolitical reasons) the tariff barriers that separated the American economy initially from some, but later from more or less all, of the globe's other countries. The loss of revenue to the treasury from the elimination of tariffs seemed like an acceptable cost for the geopolitical benefit derived from allowing existing or potential allies access to America's large, stable, productive and diversified economy.

Tariffs for Today

There were always some voices raised against the expanding federal government of the twentieth century with its system of internal taxation, central banking, free trade, and global business integration. But as long as this system delivered GDP growth, business profits, and catapulted the US to the pinnacle of world power why would anyone change it? Like the protectionist system of the nineteenth century Americans embraced the twentieth century drift because it worked and helped them accomplish their objectives. But then as was the case before things changed. The federal government's obligations and revenues became steadily more imbalanced. Income inequalities emerged similar to the one's that emerged in the late nineteenth century under the old protectionist system – and therefore wide swathes of the electorate no longer enjoyed benefits from the system. Business profits stagnated or declined. And almost all American industries faced increasing competition from foreign businesses in foreign and domestic markets. No wonder, then, that while American businesses and workers still look to the American government to knock down foreign trade barriers and thereby provide them access to expanding markets they are increasingly looking for the American government to provide them protection as well.

And hence a new majority coalition is emerging within the American system. The emerging coalition sees tariffs, as wielded by the Executive branch, as a potentially useful tool. Of course, the American Republic contains a bundle of constituencies whose interests are not always entirely aligned. Thus it is no surprise that these different constituencies see the tariff as a useful tool for different reasons. Some might see it as a useful tool because it raises new revenue – new revenue which can provide reliable funding for current or existing programs, or tax cuts in other areas, or prevent the necessity of raising taxes on domestic labor, income, or capital. Some constituencies (particularly in the tech and agricultural sectors) see tariffs as a useful cudgel the USTR can use to prod other nations into adopting American

100

regulatory standards and codes or giving American producers access to formerly closed markets. Some constituencies (beginning with manufacturers and workers in the aluminum and steel sector but no doubt expanding in the future) see tariffs as a necessary instrument to "level the playing field" for them in their contest against foreign subsidized competition. And finally, the technocratic caucus, distressed over the fact that the monetary policy tools wielded by the Federal Reserve System seem increasingly antiquated and ineffective, and increasingly concerned over decreasing diversity within the American economy, may increasingly see the tariff as an interesting economic management tool. Thus, whereas tariffs were sacrificed on the altar of expediency in the twentieth century, and had no place in the system forged in that era, as the twenty first century dawns it is increasingly obvious that they are being resurrected to address current and future needs.

Tariffs for Tomorrow

Add it all up and an undeniable truth is revealed. Tariffs have recently gone up on a variety of imports because Americans perceive that they should go up. This trend will accelerate in the future. We will forget to ask ourselves the question "when will tariffs disappear?" and instead will ask "how high will they go and what will they cover"? No successful businessmen will assume that global tariffs are destined for extinction. Instead they will assume that they will rise. Where and how they will rise will of course shape decisions on where and how individual corporations produce and sell their products. While the past gives us an ambiguous answer concerning whether tariffs are good or bad for America, it unambiguously suggests that American businesses are capable of adapting – and even more quickly than one might imagine – to a rapidly changing environment. No doubt they will prosper in the future, whatever it holds.

Social Entrepreneurship in the Hospitality Industry among Select European Countries

Gaye Acikdilli, University of North Carolina-Pembroke

Presented by Gaye Acikdilli on Thursday, March 28, 2019, in the Cresthill Room at 9:15-10:30 pm. Theme: Emerging Markets. Chair: Christopher Ziemnowicz, University of North Carolina at Pembroke

Abstract

This paper discusses social entrepreneurship and provides examples from selected countries in hospitality industry. The growing interest and expansion of the social enterprise sector provides new business opportunities. These types of enterprises combine the profitable business model while also being committed to sustainability procedures and serving as good partners with their communities. Sustainable development is an approach that brings together economic, social, and environmental considerations to jointly reinforce each other, along with a strategy that serves current customers without endangering the ability of to meet the needs of future generations. As such, social enterprises bring together economic, social, and environmental considerations in ways that mutually reinforce each other.

The tourism and hospitality sectors are often connected to development, thus they are of major importance to many nations. These dynamics, plus an increasing number of new destinations around the world have turned tourism into an important force as well as an economic and social phenomenon. This presentation will review some of the approaches that are being taken in the hospitality sector and offers recommendations for innovation. It should be emphasized that every enterprise in the tourism sector has an important role in transforming the industry's business methods to be more responsible, as well as to incorporate effective sustainability principles and innovative solutions in all their operations. From a structural perspective, the hospitality industry encompasses a complex network of selling chains, transport patterns, attractions, accommodations, and technologies. The numerous activities conducted by tourism-related businesses also provide opportunities to align their strategies with those outlined in the "United Nations 2030 Agenda." The UN document represents the new global sustainable development framework and also sets a number of Sustainable Development Goals (SDGs). Hospitality enterprises can promote responsible practices that not only respect the natural, cultural, and social environments, but also foster sustainable development of their tourism destinations. For example, an increasing number of social enterprises have evolved in the tourism sector that focuses on responsible tourism by contributing to poverty alleviation and environmental protection while being financially self-sustaining.

Big Data: The Human Perspective and the Governance Imperative

Rafael Dan Schur, São Paulo School of Business Administration (FGV-SP), Brazil
Patrick Michel Finazzi Santos, São Paulo School of Business Administration (FGV-SP), Brazil

Abstract

Big Data is on the spotlight among management practices. This phenomenon is possible due the combination of an abundance of data, powerful computational infrastructure, and easy-to-use and sophisticated algorithms. The drivers of Big Data are the professionals who are capable of and motivated to making decisions based on advanced analytics. Driven by the powerful engines of machine learning and fueled by the huge volume of diversified data, Big Data will only be able to reach its value creation potential with adequate data governance mechanisms. Data governance sets forth the authority necessary to drive the company towards the expected business results.

Keywords: Big Data, Data Science, Data Governance, Advanced Analytics, Social Paradigms.

1. INTRODUCTION

Big Data, a term that includes several concepts that are becoming popular in today's corporate environment, such as machine learning, artificial intelligence, data science and advanced analytics, is becoming a management tool for tackling the most diverse business matters. Big Data is a powerful practice that may be a source of great economic and social value by bringing a new way of approaching business issues related to consumer experience, product and service innovation, process optimization and organizational performance. Insights obtained through advanced analytical modelling of structured and unstructured data will assist in answering questions that managers had not even considered before. However, the hype we are experiencing now is creating an unprecedented pressure on companies to adopt Big Data, without taking into account all aspects required for creating the expected value (Grover, Chiang, Liang & Zhang, 2018). There is broad range of disciplinary frameworks under Big Data and many of them place greater emphasis on technological aspects instead of on existing cultural, economic and political forces fundamental to management science and practice (Crawford, Gray & Miltner, 2014).

Data governance is a logical alternative necessary to the realization of the value created with the adoption of Big Data focusing on the search, usage, exchange and consumption of information in addition to the production of data. This new approach allows the coordination of interactions – inside and outside the company – that create meaning and allow managers and investors to make decisions (Kooper, Maes & Lindgreen, 2011). Information governance defines roles and responsibilities in the organization and establishes guidelines and standards that ensure that deterministic, descriptive, predictive and prescriptive models comply with the corporate strategy and data regulation. This is a contingent practice and each company should evaluate its implementation assessing its strategy, business diversification, organizational structure, culture, and decision-making style (Weber, Otto & Österle, 2009). Understanding the history of information and how management research focused this matter may help researchers identify governance formats that create greater value with Big Data, therefore avoiding a

purely technological discussion and approaching a core issue in business administration – the human imperative – that creates, handles and consumes information, giving it meaning and using this result to support the decision-making process.

The purpose of this article is to investigate the human imperative of Big Data, reviewing the theoretical constructs in social sciences that deal with information explicitly and identifying the need for a proper data governance practice to obtain the expected higher value creation with better information, as illustrated in Picture 1. In the first part of this text, we will briefly review how information fits into the business environment over time. In the second section, based on the analysis framework proposed by Burrell and Morgan (1979) regarding the Social Paradigms, we will review some propositions that present information explicitly in their theoretical construct. In the third part, we will introduce the concept of data governance and its relation to value creation. In the fourth and last section, we will summarize our findings and propose suggestions for future studies.

[Picture 1] see at the end of this paper

INFORMATION THROUGH HISTORY AND BUSINESS

Information follows humanity since the cognitive revolution that took place 70 thousand years ago, when fictional language first appeared. This phenomenon allowed the formation of culture and history, and evolved to become a means of communication about the world and humanity itself (Harari, 2015). Spoken communication, in turn, evolved to a written form – a definitive and permanent medium – side-by-side with the agricultural revolution, eight thousand years ago, when the need for records arose to help with the governance of a more complex agricultural society being supported by a new technology, the alphabet, which, albeit ordinary now, was disruptive then. This led to the organization of thought (Gleick, 2011). The term "data" comes from Latin and it originally meant something that "was given". As the use of this term advanced in Western culture, its meaning changed to acquire its modern meaning, at the end of the 18th Century, of being "that which is given prior to a proposition", and this definition is accepted as the basis for discussions in sciences in general. As from the 20th Century, data became part of the foundations of both the science and the business worlds, and materialized as objects representing relatively sparse facts that are manually collected and processed by human beings and only then are interpreted, becoming information (Puschmann & Burgess, 2014).

Several research lines in sciences revised their theories, including information as an important element in their theoretical constructions after the publication by Shannon, in the mid-20th Century, of a formal theory on communication (Shannon & Weaver, 1998). The theoretical formulations that followed attached great importance to the issue of meaning and opened up many opportunities for the discussion of information dissemination in a broad and comprehensive way, including all procedures through which one mind affects another, involving not only the spoken and written word, but also music, art and other human behaviors.

In addition to the original technical problem, focused only on the precise transmission of the symbols that comprise the communication, Weaver proposed the importance of the semantic problem, which pertains to the understanding of the symbols transmitted, and of the effectiveness problem, which observes how the message transmitted affects the behavior of agents (Shannon & Weaver, 1998). While the focus of the technical problem is the focus of the engineers, semantics and decision-making are inherently human issues and should be the focus of the social sciences. Information Theory (Pierce, 1961) was created to contribute to the solution of a wide range of problems and now has a crucial role in

cultural, economic and social life, having an impact on research related to language, human mind, and business administration (Logan, 2012).

Data is the glue that keeps the cohesion of a company's structure, flowing through its value chain from end to end, defining the boundaries of the corporation in the information exchange economy (Evans, 2013). The introduction of computers in the corporate environment in 1960, which led to the shift from paper to digital records and the adoption of new data processing tools, gave rise to what we now call Big Data, a phenomenon in constant evolution since its inception (Pushmann & Burgess, 2014). The combination of highly-connected and abundant digital data with cheaper and more powerful machines, easier to use and more sophisticated analytical models, and professionals better trained in several disciplines, such as statistics, administration and IT, and motivated to make decisions based on information, is having a huge impact on organizations. Information forms the basis of business management, from the publication of market reports and management dashboards up to the advanced analytical models known as artificial intelligence and machine learning. The usage of these tools seeks to create functional value by transforming data into knowledge that enables managers to make decisions that increase revenues, improve efficiency and reduce enterprise risk, having a positive impact on performance (Schur, 2018). In addition, the signaling of the capacity to innovate that lead companies to achieve long-term sustainable growth with the application of advanced analytics, the state-of-the-art when it comes to the current business landscape, has an impact on the symbolic value arising from the interactions between market agents. The herding effect leverages the reputation gains obtained by innovative companies that occurs with the adoption of a new technology. We should not ignore this symbolic value when reviewing the strategic implications of the adoption of data science in the business environment (Grover, Chiang, Liang & Zhang, 2018).

Data is becoming very popular in business organizations, and no longer play a secondary role to technological processes and systems. Reference to artificial intelligence and machine learning, two disciplines associated with the use of data sciences in the business world, in earnings release conference calls went from virtually zero until 2013 to almost 700 times in 2017, indicating the relevance of this subject for shareholders and managers (The Economist, 2018). Increasingly more areas of the modern company want to use data science to improve their decision-making. The use of Big Data is gaining momentum with companies, surpassing the risk management and technology departments, traditional users of these management tools. According to a recent study prepared by EY covering the period from 2015 to 2016, the adoption of analytical models experienced an average 19 percentage points growth among all business functions, as shown in Chart 1 (EY & Forbes Insights, 2017). In this context of greater usage of advanced analytics, it is incumbent upon academia to assist in the advancement of Big Data through a social perspective that combines with advances in information technology. The more managers understand what data they have and with which models they can handle it, the more we will find solutions to the old human questions that exists in business and society.

[Chart 1] see at the end of this paper

DATA THROUGH THE LENSES OF THE SOCIAL PARADIGMS

How did the different theories in the social sciences include information in their constructs? Our intention is to evaluate information according to the four social paradigms that serve as a meta-theoretical reference for the organizational theory (Burrell & Morgan, 1979). These four paradigms are the result of the combination of two dimensions: (i) the understanding of the observer of the analyzed entity

(ontology) and the relation of this entity with the observer themselves (epistemology), and (ii) the philosophical perception of the observer in relation to the nature of society.

In our case, the object of our analysis is information. Is information an independent entity, whose symbolic structure exists in an objective form or does it depend on the existence of the agent that creates and consumes these symbols, attaching meaning to them, therefore only existing in a subjective form? In the first case, we see man as a processor of information, whereas in the second case, man is a builder of symbols and information does not exist independently of himself (Vergara & Caldas, 2005). In the other dimension of analysis, we ask whether the use of information by society has as its purpose assisting in regulation, assuming it tends to be distributed on a balanced way among the agents or whether it is a domination discourse and, as a result, another element that causes conflict within society. We will use this framework to review the several social theories that use information as part of their theoretical construct and evaluate synthetically the differences between these propositions. The formalization of information as an entity that is included in the body of the social sciences resulted in the construction of several lines of theoretical research represented in Picture 2.

[Picture 2]

Initially, we will present the theories that understand information as an *objective* entity inserted in a regulated society establishing itself in the paradigm known as functionalism. Cybernetics was born in line with Information Theory (Shannon & Weaver, 1998) being defined by Wiener (1948) as the scientific study of control and communication in the animal and the machine. In Cybernetics, processes use information to convey codes through an artificial or organic mechanism. In the social sciences, data creates a set of possibilities processed by agents and result in the dynamics of organizations and society, being a decisive element in the preparation of its structures. In this context, organizations have their dynamics based on the effects triggered by the transmission of information. This approach progressed from simple mechanisms known as first-order systems to fourth-order systems, the so-called Adaptable Complex Systems, where the accumulation of information as knowledge enhances the effects of data on the expected output (Foster, 2005).

Information Economics theory proposes that information is a scarce commodity available in the market and that its distribution and usage affects the decisions of the agents. Financial decisions are contingent upon the uncertainty conditions that result from the limited existence of information. The larger the amount of information accessible in a given situation, the higher the level of certainty for making a decision. Agents seek to increase their level of certainty by structuring means of obtaining more information, including markets, agreements, and signalization and scrutiny processes (Bikhchandani, Hirshleifer, & Riley, 2013). Information, an economic good, has value related to its use and creates an additional return through the informed influence of the agents. Without the expectation of future profits, there would be fewer incentives to incur costs to obtain the information (Alchian & Demsetz, 2005). In a more comprehensive evaluation, economics is about information and the expectations it generates among individuals over time (Birchler & Butler, 2007).

Walter Buckley (1967) proposed the Morphogenetic Theory and established the difference between the natural and the social systems in which information is an element that contains meaning and not an entity that exists or flows from one place to another one, relativizing the classic definition of information proposed in Cybernetics (Burrell & Morgan, 1979). Information is an entity that is independent of the structure and is central for the cycle of knowledge accumulation, generating wealth in

post-industrial societies (Boisot & Canals, 2004). Intelligent agents convert data first into information and then into knowledge through a screening process directed by the ownership of previous knowledge, in a cycle of Social Learning that is the primary mission of the organizations, requiring an integrated approach in this metamorphosis (Boisot, 2004). Knowledge management – a finite resource in organizations – is one of the elements that leverages the growth of companies (Mellor, 2011).

Information Strategy understands information as a resource that has strategic importance by comprising an entrepreneurial action and discovery trigger that is contingent upon the knowledge accumulated by the enterprise (Strikwerda, 2011). The organizational structure is a framework that regulates the flow of information through its procedures and technological systems. Vertical channels convey information from the operating core to the strategic apex (managerial information) and vice-versa (commands and instructions), including the managerial line. Horizontal channels convey information between the technical staff and the managerial line. Complementing these formal channels, there is a network of informal information permeating the entire structure (Mintzberg, 1979).

In the next paragraphs, we will present the theories that attach a subjective value to information that is only meaningful due to its content, created in the moment communication takes place among agents. In the interpretive paradigm, in which information contributes to a regulated society, we found the Symbolic Interactionism, a sociological theory that addresses the way individuals create and maintain society through personal, repetitive and significant interactions. Symbolic Interactionism did not create a unique theoretical body, constituting a general guidance to understand the social phenomenon through the microanalysis of human issues (Burrell & Morgan, 1979). In this context, Blumer (1969) proposes that the understanding of society is a bottom-up construction, through micro processes that emerge during "face-to-face" meetings. Individuals are autonomous agents in the creation of the social environment and use language and its symbols when communicating with each other. As a result, there is a concern regarding the meaning (subjective) to the detriment of the structure (objective) of the information exchanges. Social agents constantly create and recreate meaning through interpretative processes during their social interactions (Carter & Fuller, 2015).

The Communicative Action Theory postulated by Jürgen Habermas (1984) proposes that society stems from communication acts in the radical humanistic paradigm. This communication is not mechanic, but comprehensive (Sfez, 2007). Information imposes domination incorporated into language, serving the interests of the agents who make use of the discourse. The structure of language, its nature and use provide the key to understand the basic mode of operation of several social formations. Communicative Action develops the concept of an ideal discourse situation in opposition to the communicative distortion, the former developing a genuine consensus whereas the latter imposes consensus due to the uneven distribution of power (Burrell & Morgan, 1979).

The functionalist approach seems to be the main paradigm for understanding information in the organizational theory. Pushmann and Burgess (2014) established two metaphors to explain the Big Data phenomenon, whether as a "force of nature to be controlled" similar to water, whether as a "fuel to be consumed" analogous to oil, characterizing data as a material object that should be used by society through adequate technology. Big Data becomes information through the means used to handle and processing data and requires human intervention for its management. In this context, information is an entity that requires governance such as culture, leadership and organizational structure to achieve the desired performance and create value for the business and the society.

THE DATA GOVERNANCE IMPERATIVE

The biggest challenge to establish Big Data in the corporate environment is how to cultivate human capital and the organizational culture that supports this effort along with the investments on information technology that allows collecting more data and applying advanced analytical models. People with solid understanding of the impact information has on business, those who produce, consume and make information-based decisions, working together and wielding all the firepower provided by data science, through data, algorithms and machines, are the ones changing the way companies are managed. This topic has been gaining special attention over the years, but still there is not a lot literature or business practices studying how companies optimize the value created through data governance (Kooper, Maes & Lindgreen, 2011; Otto, 2011).

It is through data governance, a term that is becoming popular to define a set of activities aimed to establishing a normative foundation to facilitate interaction between the data producers and consumers, who process information and try to give it meaning, that business will obtain economic value with Big Data. The relationship between producers and consumers depends on the quality, relevance and aggregation capability of the information by those in charge of the curatorship and of the modeling that allows supporting the decision-making process. Data governance is a management framework that optimizes the value of information for the enterprise, establishing processes, structures and teams with complementary abilities that manage data availability, usability, integrity and security (Grover, Chiang, Liang & Zhang, 2018).

Tackling the challenges that are in the foundation of the obstacles hindering companies from adopting Big Data is a complex task and should receive great attention from senior management. The allocation of responsibility for data governance to the IT areas, as it historically has already been responsible for technological applications that handle information, neglects the complexities involved in using information by the business areas consuming it. The data governance framework should allocate responsibilities that integrate the business areas with existing technologies and with future ones. There is no universal formulation for data governance, as the contingencies to which the organization is exposed, whether in relation to the external environment, whether in the connection with the existing internal organizational structure, affect the configuration of this new data organization (Weber, Otto & Österle, 2009). However, independently of the organizational format, the data governance practice, once formally set up, should define the company's strategy for the application of Big Data. The data governance organization should also be responsible for establishing the technological environment, implementing data standards and working the use cases for applying advanced analytics, as presented in Chart 2.

[Chart 2] see at the end of this paper

The application of the data governance practice also requires the understanding of the limitations that exist to achieve the expected results and the actions to overcome these difficulties. Data should be prepared to eliminate the issues of aggregating the different systems and business lines, allowing the generation of consistent cross analyses. Lack of data quality especially considering external and unstructured data used to build and train unsupervised machine learning algorithms can lead to worse decision-making by managers. The explosion of data also brings the curse of dimensionality in which complexity increases exponentially for each piece of data incorporated, making good algorithms with few variables become inefficient. The diversity of highly-specialized algorithms running within the business environment also creates difficulty for the integration between analytical models and those with the

existing business processes, causing impacts that are yet unknown by the managers (Domingos, 2015).

This data governance construct focuses on facilitating consumption of information and promoting the use of data across the entire corporation, setting up a unique semantics for the company and allowing data based decision-making. When we think about consumption, the governance construct should meet the needs of the several types of information consumers, from executives who want business intelligence dashboards with high level of aggregation to professionals who need highly granular information to crunch the data for extracting the insights that allow for different thinking. Data will also feed computers running AI algorithms, used for training the thousands of connections of a machine learning algorithm that eliminates human biases and allows the expansion of their statistical reality, helping managers in situations when traditional explanations are not adequate (Brynsolfsson & McAfee, 2017).

In a business world that adopts the strategy of information inclusion across all business functions to achieve a better result (Sanz Saiz, 2017), each consumer wants information formatted to their needs, in order to increase revenue, reduce costs, decrease processing times, expand client satisfaction, make fewer mistakes, negotiate better deals with suppliers, i.e., make increasingly better and increasingly faster decisions. It is in this context, in which data feed distinct consumers, that a data governance practice capable of collaborating with the organization and aware of the nuances of the current business, is responsible for helping Big Data fulfill its full value creation potential (McShea, Oakley, & Mazzei, 2016).

CONCLUSION

Value creation through Big Data is not a result only of the implementation of new technologies, which allow for the creation of increasingly more information, but it is dependent of the adoption of a new governance practice that facilitates the consumption of information and the decision-making process based on data. Historically, the functionalist approach seems to be the main paradigm for understanding information in organizational theory. In this context, information is an object that requires active management in line with other organizational variables, such as culture, leadership and structure, to achieve superior corporate performance and, as a result, create economic value with the adoption of Big Data practices.

Information is an additional entity in the business model and should be treated independently from what is conventionally called Information Systems, which deals with the technological aspects of the organization (Burke & Litwin, 1992). The modern functionalist lines starts to give importance to the humanistic aspects of information when they discuss content, learning and knowledge, among other issues, to solve the semantic and effectiveness issues proposed by Shannon and Weaver (1948) with the expectation of creating value through the informed influence of the agents in their decision-making. In this organizational context, the data governance structure should be concerned with the meaning, in addition to the classic concern with the data structure to allow the creation of value, whether by increasing the symbolic market value, whether by increasing the company's functional value.

The impact of the data governance structure has already shown its relevance in specific cases, such as in Faria, Maçada and Kumar (2017) or in Weber, Otto and Österle (2009). We hope we have contributed to show that Big Data has above all a human imperative that requires an appropriate governance practice. It is important to continue to investigate considering this human perspective, through research that is more comprehensive in terms of industries and countries. We also suggest complementing this investigation by adopting a more interpretive view of information, evaluating through qualitative

research methods the perception of different managers, producers and consumers responsible for data in the organizations of which are the significant contributions of Big Data in the corporate environment.

REFERENCES

Alchian, A. A. and Demsetz, H. (2005). 'Produção, custos de informação e organização econômica'. *RAE-Revista de Administração de Empresas*, *45*(3), 92-108.

Bikhchandani, S., Hirshleifer, J. and Riley, J. G. (2013). *The Analytics of Uncertatinty and* Information (2nd ed.), Cambridge University Press: New York.

Birchler, U. and Bütler, M. (2007). *Information Economics*, Routledge: New York.

Blumer, H. (1969). *Symbolic Interactionism: perspective and method*, University of California Press: Berkeley.

Boisot, M. (2004). 'Exploring the information space: a strategic perspective on information systems", *Internet Interdisciplinary Institute (Working Paper Series)*. Available from: <http://www.uoc.edu/in3/dt/20415/index.html>

Boisot, M. and Canals, A. (2004). 'Data, information and knowledge: have we got it right?'. *Journal of Evolutionary Economics*, *14*(1), 43-67.

Brynsolfsson E. and McAfee A. (2017, November). *O negócio da inteligência artificial*. Harvard Business Review (Brasil).

Burke, W. W. and Litwin, G. H. (1992). 'A causal model of organizational performance and change'. *Journal of Management, 18*(3), 523-545.

Burrel, G. and Morgan, G. (1979). *Sociological paradigms and organizational analysis: elements of the sociology of corporate life*, Heinemann Educational Books: London.

Carter, M. J. and Fuller, C. (2015). Symbolic interactionism. *Sociopedia.isa*, *1*, 1-17.

Crawford, K., Gray, M. L. and Miltner, K. (2014). 'Critiquing Big Data: politics, ethics, epistemology'. *International Journal of Communication, 8* (10), 1663–1672.

Domingos, P. (2015). *The Master Algorithm*, Basic Books: New York.

Evans, P. *Como os dados transformarão os negócios*. (2013). TED@BCG San Francisco. Available from: https://www.ted.com/talks/philip_evans_how_data_will_transform_business?language=pt-br&utm_campaign=tedspread&utm_medium=referral&utm_source=tedcomshare

EY & Forbes Insight (2017). '*Data & Advanced Analytics: high stakes, high rewards',* retrieved from Forbes website: https://www.forbes.com/forbesinsights/ey_data_analytics_2017/

Faria, F. D. A., Maçada, A. C. G. and Kumar, K. (2017). 'Modelo estrutural de governança da informação para bancos'. *RAE - Revista de Administração de Empresas*, *57*(1), 79-95.

Foster, J. (2005). 'From simplistic to complex systems in economics'. *Cambridge Journal of Economics*, *29*(6), 873-892.

Gleick, J. (2013). *A Informação: uma história, uma teoria, uma enxurrada*, Companhia das Letras: São Paulo.

Grover, V., Chiang, R. H., Liang, T. P. and Zhang, D. (2018). 'Creating Strategic Business Value from Big Data Analytics: A research framework'. *Journal of Management Information Systems, 35*(2), 388-423.

Habermas, J. (1984). *The Theory of Communicative Action* (vol. I), Beacon: Boston.

Harari, Y. N. (2015). *Uma breve história da Humanidade*, L&PM Editores: Porto Alegre.

Kooper, M. N., Maes, R. and Lindgreen, E.E.O.R. (2011). 'On the governance of information: Introducing a new concept of governance to support the management of information'. *International Journal of Information Management, 31*(3), 195-200.

Logan, R. K. (2012). *Que é Informação*, Editora PUC Rio: Rio de Janeiro.

McShea, C., Oakley D. and Mazzei, C. (2016, July). *How CEOs can keep their analytics programs from being a waste of time*. Harvard Business Review.

Mellor, R. (2011). *Knowledge Management and Information Systems: strategies for growing*

organizations, Palgrave Macmillan: New York.

Mintzberg, H. (1979). *The Structuring of Organizations*, Prentice-Hall: Upper Saddle River.

Otto, B. (2011, June). A morphology of the organisation of data governance. In *European Conference on Information Systems (ECIS)*. Association for Information Systems Electronic Library (AISeL).

Pierce, J. R. (1980). *An Introduction to Information Theory: symbols, signals and noise*, Dover: New York.

Puschmann, C. and Burgess, J. (2014). 'Metaphors of Big Data'. *International Journal of Communication, 8*(20), 1690-1709.

Sanz Saiz, B. (2017). '*EY global advisory analytics leader on bringing the data analytics engine up to speed',* retrieved from Forbes website: https://www.forbes.com/forbes-insights/our-work/ey-global-advisory-analytics-leader-on-bringing-the-data-analytics-engine-up-to-speed/

Schur, R. D. (2018, Março/Abril). 'A Emergência da Governança da Informação'. *GV-Executivo, 17*(2), 25-29.

Sfez, L. (2007). *A Comunicação*. São Paulo: Martins.

Shannon, C. E. and Weaver, W. (1998). *The Mathematical Theory of Communication*, University of Illinois Press: Chicago.

Strikwerda, J. (2011). '*Competing on Information: an exploration of concepts',* Nolan Norton Institute, retrieved from: https://pure.uva.nl/ws/files/15017878/SSRN_id1973575.pdf

The Economist. (2018, March). '*GrAIt Expectations: special report AI in business'*, retrieved from https://ukshop.economist.com/products/special-report-on-ai-in-business

Vergara, S. C. and Caldas, M. P. (2005). 'Paradigma interpretacionista: a busca da superação do objetivismo funcionalista nos anos 1980 e 1990'. *RAE - Revista de Administração de Empresas, 45*(4), 66-72.

Weber, K., Otto, B. and Österle, H. (2009). 'One size does not fit all: a contingency approach to data governance. *Journal of Data and Information Quality, 1*(1), article 4.

Wiener, N. (1948). 'Cybernetics'. *Scientific American, 179*(5), 14-19.

Picture 1 – Data governance and value creation as a human imperative
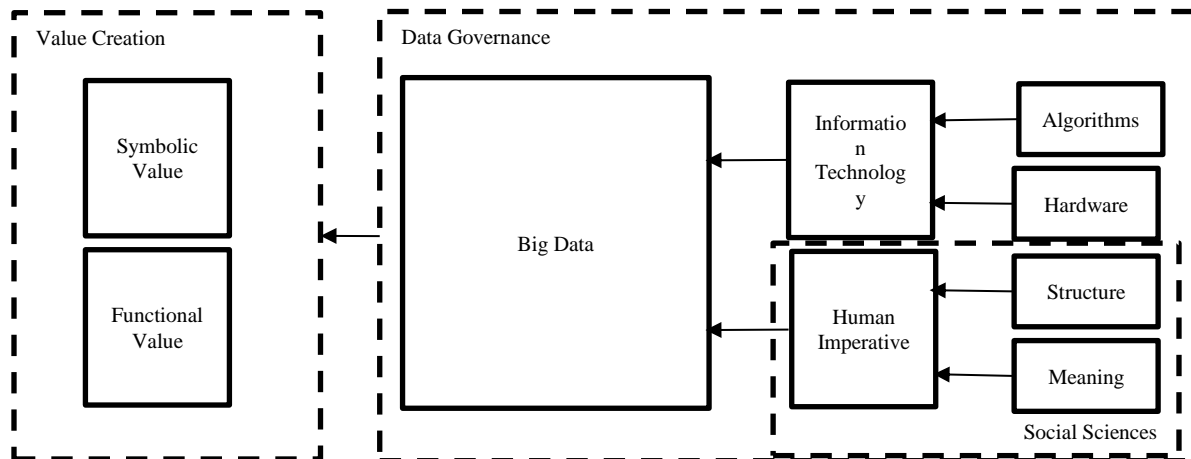
Chart 1 - Business areas increasing their proficiency in analytical prediction
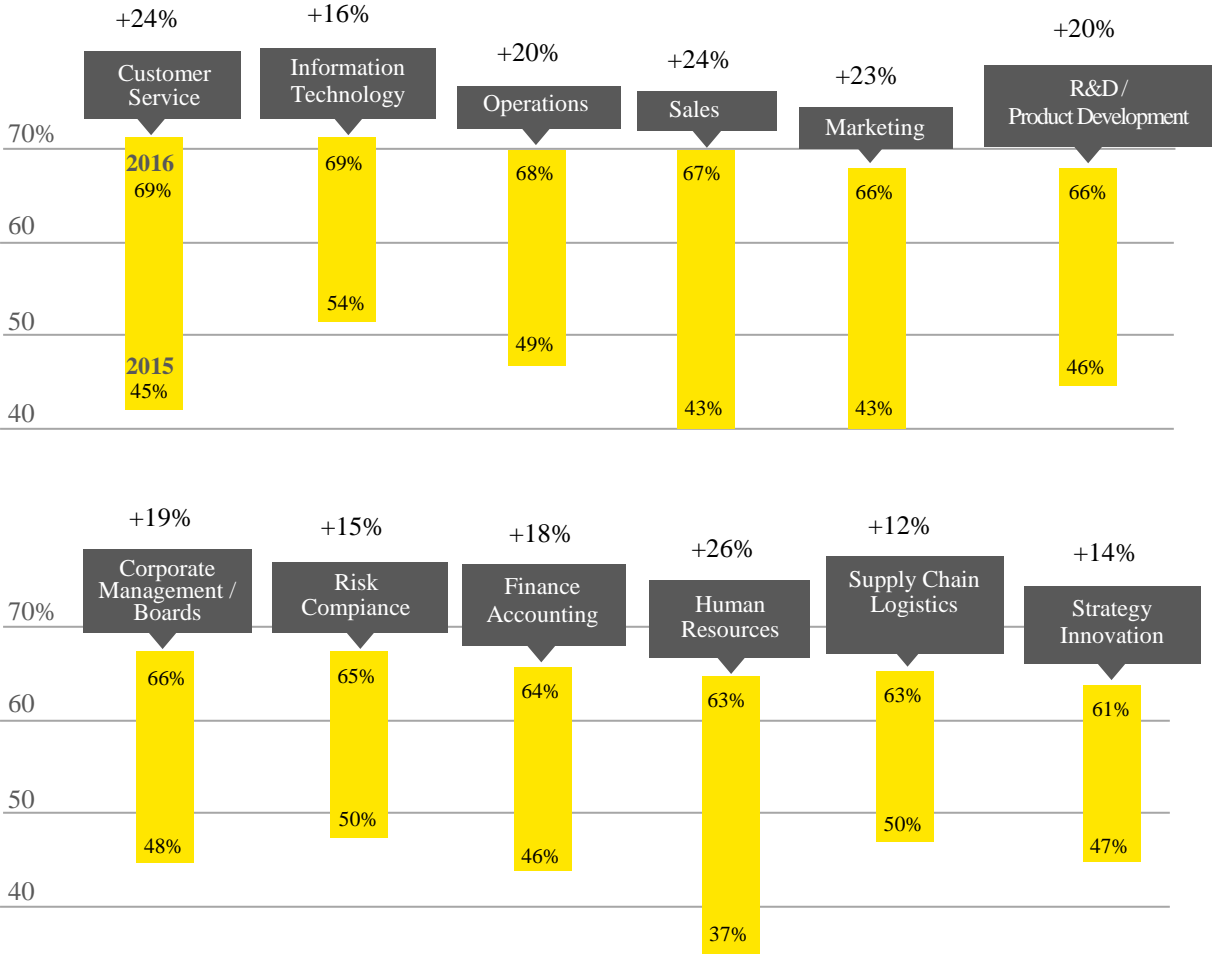
Source: Based on EY & Forbes Insight (2017).

Picture 2 – Information theoretical constructs and the social paradigms
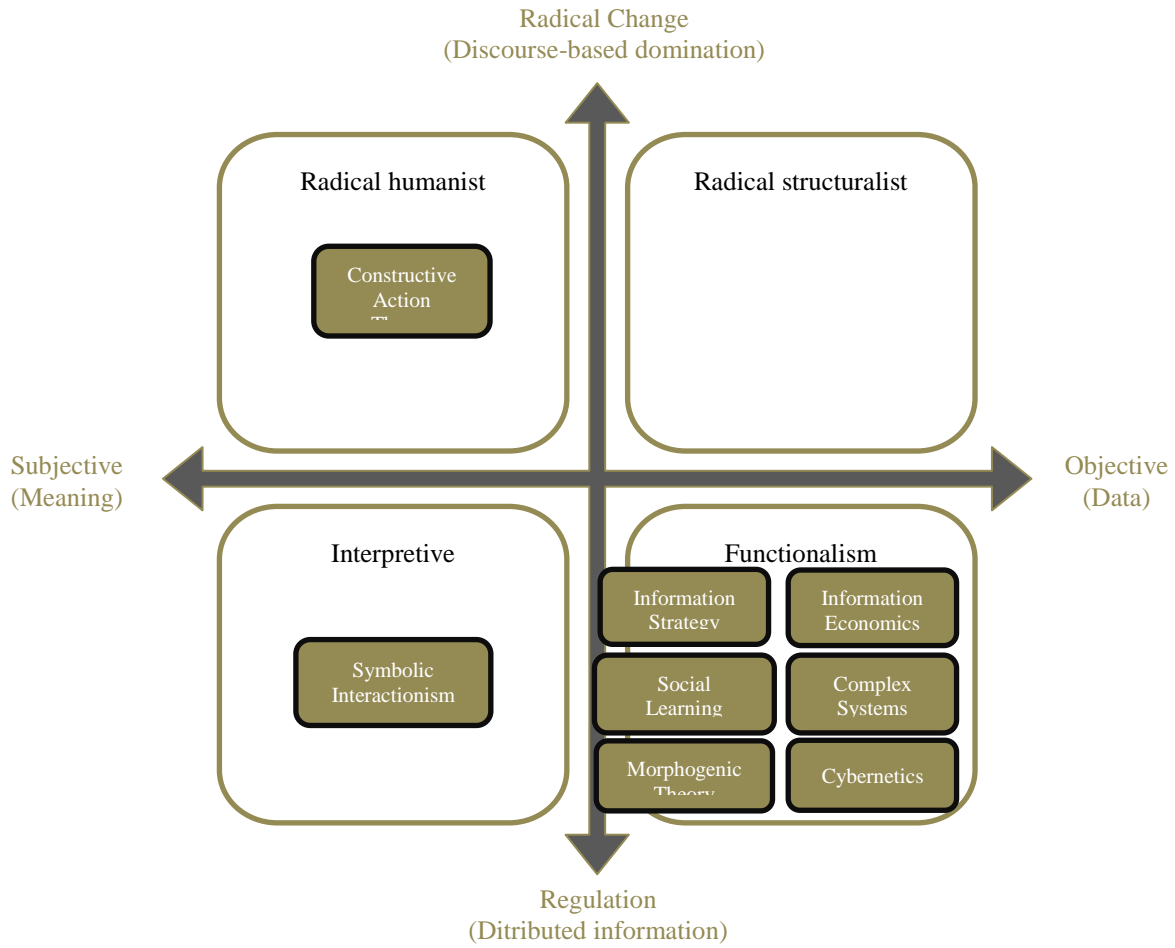
Source: Based on Burrel and Morgan (1979).

Chart 2 – Data governance responsibilities

	Technology (Selecting, implementing, managing common technology platform and tools)	Data (Implementing data governance/ standards used across the organization)	Advanced Analytics (Working on use cases that require skills not existing in the business)	Strategy (Setting up the overall firm-level data and analytics strategy and plan)
Brazil	62%	39%	42%	50%
Global	57%	44%	40%	39%
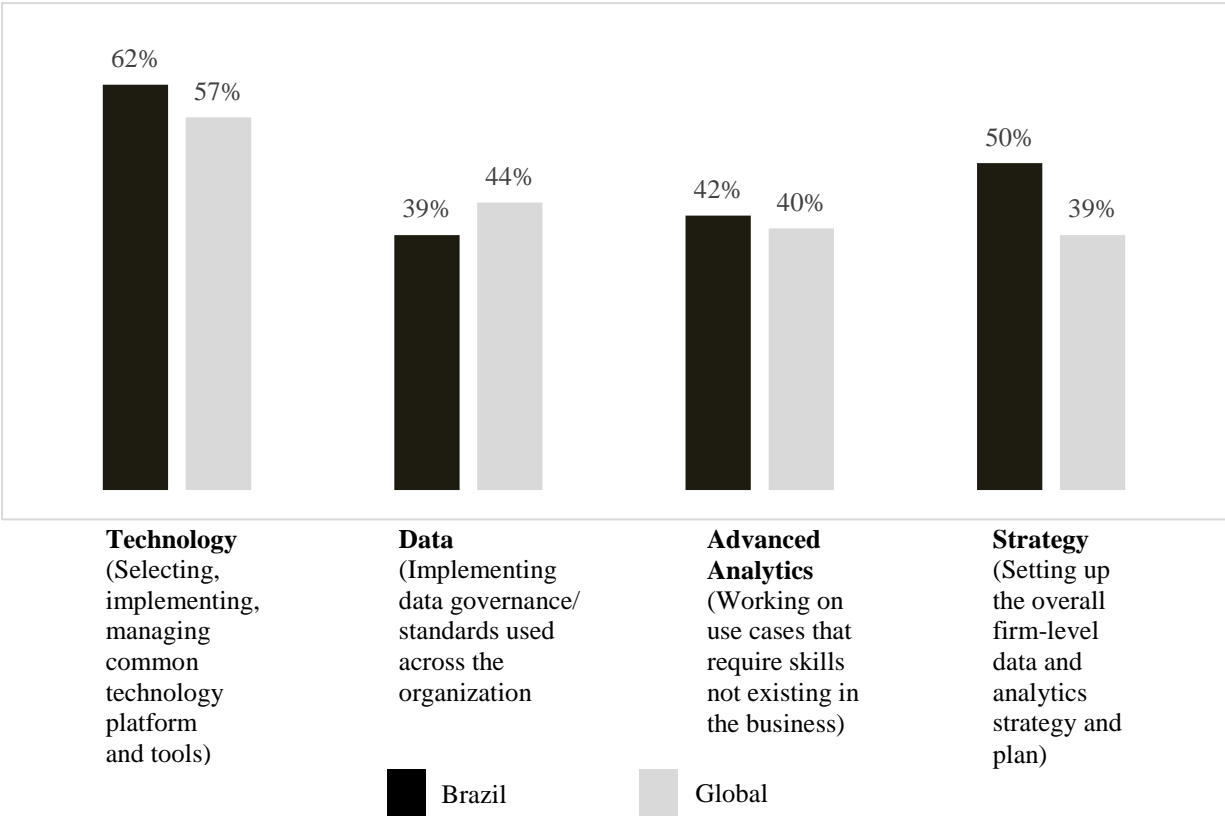
Source: Based on EY & Forbes Insight (2017).

Predicting Profitable Target Customers

Manojit Chattopadhyay, Indian Institute of Management

Presented by Manojit Chattopadhyay onThursday, March 28, 2019, in the Crystal Room at 10:45-12:00 pm. Theme: Innovation and Technology. Chair: Anand Pore, University of Houston – Downtown

ABSTRACT

Predicting the future profitability of a customer was previously difficult because in the majority of methods used, customers misclassified themselves to be highly profitable. In this work we applied a statistical clustering algorithm to find customer segments using Recentness, Frequency, and Monetary attributes calculated from a UK-based non-store online retail dataset. Predictive models are applied on each identified cluster to forecast whether each customer will purchase in the next six months or not. Identified cluster features and predictive measures are used to explore the top target customer cluster based on prediction and profit measures. This will help the business to understand effects on formulating inimitable marketing strategies from the identified clusters. Therefore, the business may effectively target the reliable and profitable customer cluster to use different marketing strategies for a specific segment.

Keywords: prediction, clustering, target customer, profitable, performance measure

A Multi-Criteria Decision-Making Approach for Portfolio Management

Rabin Jana, Indian Institute of Management

Presented by Rabin Jana onThursday, March 28, 2019, in the Crystal Room at 10:45-12:00 pm. Theme: Innovation and Technology. Chair: Anand Pore, University of Houston – Downtown

Abstract

Proper selection of a stock portfolio from the available investment securities is a challenging problem. The general belief is that the security markets are almost perfect pricing mechanism for corporations. The efficient market concept assumes that the stocks are appropriately priced if there is no ambiguity in available information. As the information about corporations is not precisely available, outperformance of a portfolio requires analytical and decision making skills to understand the tradeoff between risk and return at a given point of time and also requires continuous rebalancing of the portfolio.

In this paper, we propose a mathematical model for constructing an efficient stock portfolio with three objectives - maximization of annual return, minimization of portfolio's risk, and maximization of dividend. Since there are three objectives in the problem, we use a multi-criteria decision-making approach for finding the investment decision. The ideal and anti-ideal solutions corresponding to each objective are calculated separately. We then use the distance function approach to select the portfolio. It minimizes the objective formed by combining the ideal and anti-ideal solutions. A case example is presented to demonstrate the proposed method. We use Dow Jones Industrial Average data data for this purpose and compare the results with the goal programming approach for equal and unequal weights.

Keywords: Portfolio, Multi-criteria Decision Making, Distance Function.

Is Artificial Intelligence a Bane or a Boon for Managers?

Anand Pore, University of Houston
Kingshuk Mukherjee, Saint John's University
Etienne Musonera, Mercer University

Presented by Anand Pore onThursday, March 28, 2019, in the Crystal Room at 10:45-12:00 pm. Theme: Innovation and Technology. Chair: Anand Pore, University of Houston – Downtown

ABSTRACT

Artificial Intelligence (AI) and its effect on the workforce is a widely researched topic, but relatively little attention has been focused on AI and its effect on managers. On one hand AI could make managers redundant by taking over most of the activities performed by the managers and on the other hand AI could automate most of the routine tasks and administrative functions, hence freeing the manager's precious time to focus on activities that are essential for the growth of the organization. This paper explores the challenges and the opportunities presented by AI to managers at various levels of the organization.

Keywords: Artificial Intelligence, managers

Doomed from the Start: The Maghreb Union that Never Was!

Mourad Dakhli, Georgia State University
Marta S. White, Georgia State University

When in the late 1980s the five Maghreb states of Tunisia, Algeria, Morocco, Libya, and Mauritania launched the Maghreb Union in Marrakech, many were optimistic. It was thought that time has come to create a strong trade and economic regional integration block that would be a magnet for foreign direct invest, and intra-regional trade growth. Decades later, this ambitious plan remains dormant, with very little if any results in trade, investment or regional integration. So, why is it that European countries with their different histories, languages and cultures are able to forge a strong economic union, while the Maghreb countries, despite their striking similarities, are still unable to move forward? This case study traces the historical and political context of the Maghreb Union, and explores the differing paths and goals that define the political and economic realities of the five Maghreb countries. The case also identifies regional engagement opportunities for firms with a long-term perspective by outlining the Maghreb's promising investment potential, especially in the areas of infrastructure, health, tourism, and outsourcing that are present despite the slow progress in economic integration.

Ownership Structure and Earnings Manipulation in Emerging Markets

Adel Almasarwah, GUST University, Kuwait

Presented by Adel Almasarwah on Thursday, March 28, 2019, in the Cresthill Room at 10:45-12:00 pm. Theme: Emerging Markets. Chair: Louis Nzegwu, University of Wisconsin

Abstract

The present research explores the relationship between ownership concentration and discretionary accruals in specific regards industrial organisations located in Jordan. The most valuable and fundamental of ownerships types recognised as having an influence on functional decisions and accounting transactions are established, with the most powerful discretionary accrual framework identified in mind of distinguishing earnings management amongst industrial organisations in Jordan. In the completion of the quantitative analysis, a number of different models were used as measures of earnings management, including an amended Jones model (Dechow, Sloan & Sweeney, 1995) and the margin model introduced by Peasnell, Pope, and Young (2000), with such elements applied alongside ownership structure types.

This work establishes that, upon completing an analysis of the models highlighted above, that presented by Peasnell, Pope and Young (2000), Margin model can be considered more valuable when it comes to describing earnings management in the Jordanian context, specifically when contrasted alongside more widely adopted accruals models. The results may prove to be valuable to the senior management and investors of industrial organisations in Jordan, in addition to legislators operating in the country, notably in specific regards the decisions made in relation to how monitoring mechanism quality can be improved whilst also restricting earning management frequency. The approach and assessment carried out in this work in relation to standard accruals models could also provide a contribution to other scholars and academics in the arena of earnings management in emerging countries.

Keywords: *Discretionary Accrual, Jordanian Industrial Firms, Margin Model, Modified Jones Model, Ownership Structure, QDA.*

Cross-Cultural Organizational Learning via an Inter-Organizational Decision Support System

Hokey Min, Bowling Green State University

Presented by Hokey Min on Thursday, March 28, 2019, in the Cresthill Room at 10:45-12:00 pm. Theme: Emerging Markets. Chair: Louis Nzegwu, University of Wisconsin

Abstract

Today's global business environment is characterized by an unprecedented level of uncertainty, risk, and complexity. In this environment, the success of multinational strategic alliances often rests on the information sharing capabilities of trading partners in a global business network. Despite the growing importance of cross-organizational information sharing to global business success, a number of barriers still exist for such information sharing. Such barriers include a lack of trust between multinational partners, communication difficulties, cultural differences, and technical incompatibility. To facilitate inter-organizational collaboration and the subsequent organizational learning opportunities, multinational firms (MNFs) should nurture a corporate-culture that encourages the real-time exchanges of business intelligence about foreign markets and customer behaviors through a series of information and communication technology (ICT). One of the useful tools for creating such a culture is an inter-organizational decision support system (IODSS) that can coordinate and synchronize the flow of information across the global supply chain, while increasing business intelligence capabilities. As such, today's DSS should undergo dramatic metamorphoses on a global scale. This paper develops a basic architecture of IODSS, and then suggests practical guidelines for leveraging IODDS for cross-organizational learning among multinational trading partners.

Keywords: *inter-organizational decision support systems; organizational learning, cross-cultural studies, international business*

Identifying Attributes and Factors of Brand Image

Subrata Mitra, Indian Institute of Management Raipur

Presented by Subrata Mitra on Thursday, March 28, 2019, in the Cresthill Room at 10:45-12:00 pm. Theme: Emerging Markets. Chair: Louis Nzegwu, University of Wisconsin

Abstract

The purpose of this paper is to generate insights into the inter-dependence of brand characteristics in creating overall brand equity. The study is based on a data set of 136 brand characteristics measured for 700 top American national brands obtained from a survey of 4769 respondents as well as secondary sources (Lovett et al., 2014). This study proposes and tests an efficiency model composed of brand characteristics that contribute towards brand equity. The stochastic frontier approach method discussed in this paper can be used as an analytical framework where the concept of efficiency is brought into the picture in analyzing the relationship between a brand image with its associates.

Keywords: Brand Image; Brand Attributes; Stochastic Frontier Analysis.

Business luncheon presentation.
Keynote speaker Siva Yam. Chief Financial Officer and Operating Partner, Amicus Capital Partners, LLC, U.S.A

Theme: Effects of Tariffs on U.S. China trade.

Held in the Chrystal Room on Thursday March 28, 2019 at 12:15-1:30 pm.

Workshop. Paper Development workshop for those whose papers were selected for the PDW.

Conducted by Dan Li, L. Leslie Waters Chair and Professor of International Business at the Kelley Business School, Indiana University on Thursday, March 28, 2019, in the Cresthill Room at 1:30-2:45 pm. The following papers were presented and discussed during the workshop:

Cultural values and their effects on cognitive processes when responding to verbal and numeric scales. Presented by Yaron Zoller, Lakeland University. See 4th/5th item in the table of contents.

Millennials' willingness to consume foreign music contents online: Application of the stimulus-Organism-Response theory. Presented by Wooyang Kim, Minnesota State University, Moorheaad. Copy of abstract on the next page.

Implementation of self-management principles to international business education: A case study. Presented by Clark Johnson, St Louis University. Copy of abstract on the page after the next.

Panel on How to get Published.

Alex Polacco, JIBRP Editor
Christopher Ziemnowicz, JIBRP Co- Editor

Conducted on Thursday, March 28, 2019, in the Crystal Room at 3:00-4:15 pm.

Implementation of self-management principles to international business education: A case study.

Clark Johnson, St Louis University

Presented by **Clark Johnson** on Thursday March 28 in the Chrystal Room at 3:00-4:15 pm

Abstract

Self-management is the concept of decentralizing authority in a formal and systematic way throughout an organization. In this paper, we focus on applying self-management principles in international business (IB) education. We examine the possibility of implementing self-management principles in the IB classroom. We present the results of a case study of how self-management principles were selectively implemented in a recent IB course, along with the results of a collective autophenomenography. Finally, we discuss the findings of this study and outline implications for future work in the study of self- management in the IB classroom.

Keywords: self-management, autonomy, self-determination theory, international business education

Millennials' Willingness to Consume Foreign Music Contents Online: Application of the Stimulus-Organism-Response Theory

Wooyang Kim, Minnesota State University-Moorhead
Hyunsang An, Minnesota State University-Moorhead

Presented by Wooyang Kim on Thursday March 28 in the Chrystal Room at 3:00-4:15 pm

Abstract

The purpose of the study is to examine the consumption behavior of millennials from the multicultural perspectives of foreign contemporary music in the digitalized music streaming service in the U.S. market. To examine their consumption behavior of this online-based streaming service, we apply S-O-R theory to expound the procedural components of multicultural consumer behavior. Overall, the results showed that the proposed hypothetical model is parsimonious and robust, suggesting that S-O-R theory accounts for both external and internal factors of millennials' consumption behavior toward music streaming services for consuming the foreign contemporary music content in social media.

Panel Discussion - Theme: Women in IB.

Chair: Man Zhang, Bowling Green State University

Led by Man Zhang on Friday, March 29, 2019, in the Crystal Room at 9:30-10:45 pm.

Abstract

Women of the Academy of International Business's important work regarding gender, diversity and the support of female scholars beyond the annual AIB conference, and aims to further encourage this work at the regional conferences, as well we are responding to their call for more research in this important field.

As of the topics to be included on the panel, it can range from: research related to women and gender, and global issues surrounding women in business, including:

• the glass ceiling

• work-family balance

• discrimination

• women in business in adverse environments

• business women in politics, institutions

• challenges and opportunities faced by women in business

• women's economic empowerment in developing countries, etc

Cultural Differences in Women Managing Work-Life Balance

Lynn Kalnbach, College of St. Scholastica

Presented by Lynn Kalnbach on Friday March 29, 2019, in the Crystal Room at 9:30-10:45 pm

Cultural Diversity in the Indian Himalayas: Challenges and Opportunities

Deborah Pembleton, Saint John's University

Presented by Deborah Pembleton on Friday March 29, 2019, in the Crystal Room at 9:30-10:45 pm

What can Time-Use Surveys teach us about the "Glass Ceiling" and the Gender Wage Gap in the United States?

Sucharita Sinha Mukherjee, College of Saint Benedict/Saint John's University

Presented by Sucharita Mukherjee on Friday March 29, 2019, in the Crystal Room at 9:30-10:45 pm

Abstract

Gender inequality reflected both in terms of the gender wage gap as well as in the low levels of female labor force participation rates is debilitating for economic development. Despite improvements in educational achievements the gender wage gap persists in the US and labor force participation rates for females is declining. Clues can be found in examining the occupational choices in the labor market and engagement in non-labor market activities by females and males which point to solutions embedded in public policy.

Keywords: Gender wage gap, occupational segregation, time-use surveys.

Gender inequality is universal in the global context. While it is a worthwhile agenda to pursue the right of individuals to participate in the economy and gain access to power from an intrinsic moral and ethical perspective alone (Jaber, 2018), persistent gender inequality is also expensive and long- term constraining for economic development locally as well as globally. The McKinsey Global Institute (2015) notes that almost $12 trillion could be added to global income by achieving gender parity and The World Bank (2018) notes that around $23, 620 per person global wealth losses could be accounted for by the gender gap in earnings and much of these losses occur in OECD countries where human capital for females is high (World Bank, 2018). Continued focus on GDP growth, often bolstered by financial indicators like the stock indices serves to sway focus from developmental indicators like economic inequality in general, and, gender inequality in particular. But the mainstreaming of gender inequality is perhaps critical and especially relevant with reports suggesting the relatively superior performance of female CEOs in the Fortune 1000 relative to the S&P 500 companies led predominantly by males (Wechsler, 2015).

The annual "Glass-Ceiling Index" published by The Economist (2019) on the occasion of International Women's Day 2019 did not come with great news for the US which dropped in rank from 19 (within a group of 29) in 2017 to a rank of 20 in 2018 (Economist 2018; Economist 2019). The Economist's Glass Ceiling Index is based on country performances on ten indicators such as educational attainment, labor-market attachment, business school applications, pay and representation in senior jobs. Not surprisingly, at the top end of the index are northern European countries such as Sweden, Norway, Iceland and Finland, who have held their spots through the year.

Female Labor Supply in the United States

Of special concern in this paper are female labor force participation rates in the United States, which have plateaued out and have been declining much unlike the experience of any other developed industrialized country (Figure 1).
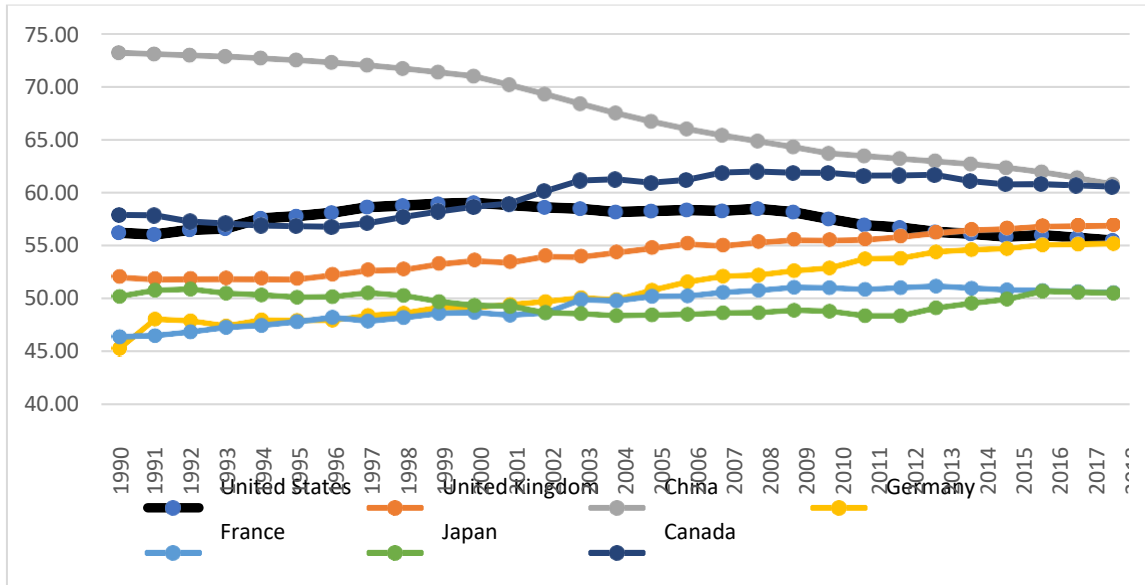
Source: World Development Indicators 2019

This trend seems particularly odd in contrast with the sharp increases in female education in the US especially at the tertiary level. As seen in the graph below, females have higher educational attainment at the tertiary levels including at the master's degree level (Figure 2).

Figure 2: Educational Attainment by Sex (% of Population 25+), United States, 2018
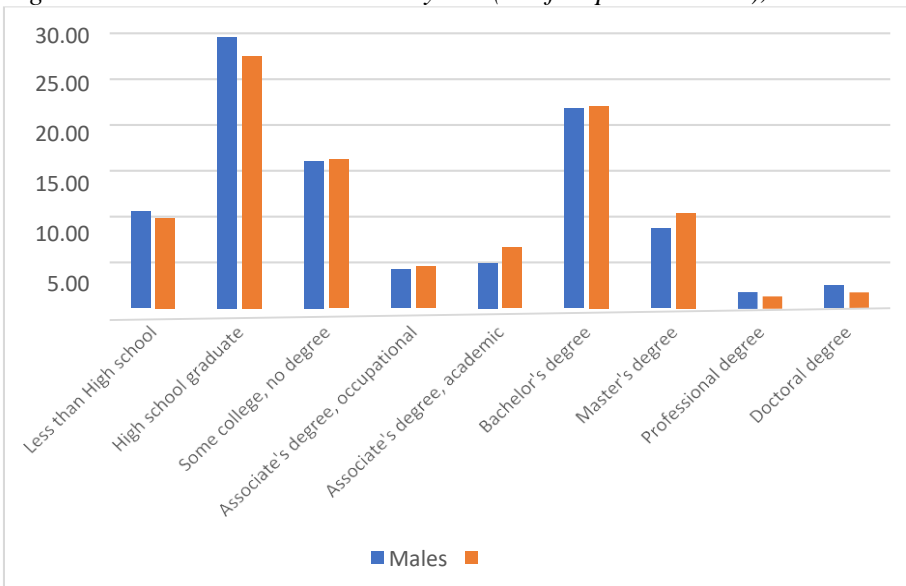
Source: U.S. Census Bureau, Current Population Survey, 2018

While human capital (Schultz, 1961) aka educational attainment has been proposed as a traditional explanation motivating economic growth via labor market participation, labor force participation rates for females is lower than that of males at each level of education (see Figure 3). While female labor force participation rates

131

increase with each level of education there is a 10 percent gap in the labor force participation rates of females and males with college degrees at the associate as well as the bachelor's level. Even at the level of advanced degrees above the bachelor's level including masters, professional and doctoral degrees there is a close to 5 percent gap in labor force participation rates between males and females. All of this suggests a substantial wastage of acquired skills in terms of labor market utilization.

Figure 3: Labor Force Participation Rates by Educational Level and Sex, 2018
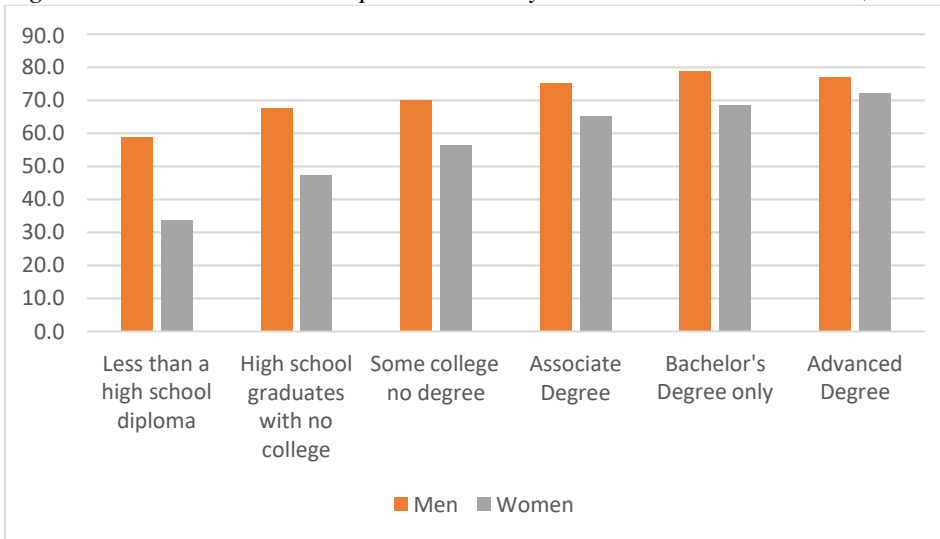
Source: US Current Population Survey, Bureau of Labor Statistics, 2018

The Gender Wage Gap
According the Economist (2019) women earn 18.2% less than men in the US. This average wage gap serves as an obvious disincentive for increasing labor market participation rate. Further, as seen in Table 1, while the gender wage gap declines with educational attainment it does not disappear.

Table 1: Median Hourly Earnings of Wage and Salary Workers by Education, 2017

Educational Attainment	Women's earnings as a percentage of men's
Less than a high school diploma	81.5
High school graduates, no college	78.8
Some college or associate degree	83.6
Bachelor's degree and higher	96.4

Source: Bureau of Labor Statistics, 2018.

While the existence of the gender wage gap seems rather baffling when seen in the context of female educational attainments and part of it undoubtedly reflects unexplained gender-based discrimination explanations of the gender wage gap as posited in recent research (Blau & Kahn 2016) suggests career "choices" and roles within occupations as stronger explanations. This indicates that notwithstanding educational choices women continue to be engaged in relatively low wage and typically stereotypical roles.

   Occupational segregation in the labor market Occupational data from the Current Population Survey 2018 (BLS 2019) shows a clear segregation of women and men in different sectors of the economy. Table 2 presents these percentages based on the CPS data from the BLS data for 2018 (2017 also presented as a reference point). Percentages of men and women engaged in different occupations have been computed based on the total numbers of men and women over the age of 16 engaged in all occupations as reported by the

Current Population Survey.

Expectedly women are more concentrated in white collar managerial and professional occupations followed by service occupations. However, what is more revealing perhaps is the vertical segregation *within* these broad occupational categories. In particular, within the broad category of management, professional, and related occupations category more men are engaged in management, business, and financial operations occupations while a larger percentage of women are engaged in professional and related occupations.

Table 2: Percentage of Men and Women Employed in Select Occupations

	Men		Women	
	2017	2018	2017	2018
Management, professional, and related occupations	36.23	36.62	43.67	44.00
Management, business, and financial operations occupations	48.18	47.76	35.56	35.42
Professional and related occupations	51.82	52.24	64.44	64.58
Service occupations	14.28	13.80	21.03	21.13
Sales and office occupations	15.94	15.73	28.63	27.99
Natural resources, construction, and maintenance occupations	16.55	16.60	1.00	1.02
Production, transportation, and material moving occupations	17.01	17.24	5.67	5.86

Source: Bureau of Labor Statistics, 2018.

Table 3 and 4 illustrate the sex segregation in the labor market more clearly. Table 3 illustrates occupational segregation within each broad category by showing the gender based vertical segregation within each occupational category i.e. of the men and women engaged in each category of occupations, Table 3 seeks to illustrate their roles. Relatively fewer women in business and financial operations occupations, even fewer in engineering occupations and more in educational ones immediately makes the sex segregation of the labor market clear. Table 4 summarizes the data further by describing the horizontal and vertical segregation of the labor market in terms of the percentage of females in different occupational categories and roles.

Table 3: Percentage of Men and Women in Occupational Roles Within Broad Occupational Categories, 2017, 2018.

	Men (16 years and older)	Women (16 years and older)

	2017	2018	2017	2018
Management, business, and financial operations occupations				
Management occupations	75.49	75.77	63.37	64.14
Business and financial operations occupations	24.51	24.23	36.63	35.86
Professional and related occupations				
Computer and mathematical occupations	23.41	24.10	6.06	6.32
Architecture and engineering occupations	17.68	17.35	2.57	2.49
Life, physical, and social science occupations	4.93	5.15	3.35	3.44
Community and social service occupations	5.84	5.68	8.61	8.59
Legal occupations	5.64	5.78	4.77	4.70
Education, training, and library occupations	16.27	15.77	33.24	32.84

Occupation				
Arts, design, entertainment, sports, and media occupations	11.28	11.31	7.52	7.57
Healthcare practitioners and technical occupations	14.95	14.86	33.88	34.04
Service occupations				
Healthcare support occupations	3.88	4.11	20.19	20.47
Protective service occupations	20.81	21.75	4.59	4.66
Food preparation and serving related occupations	33.04	32.02	29.51	29.57
Building and grounds cleaning and maintenance occupations	30.04	30.08	15.84	15.68
Personal care and service occupations	12.23	12.04	29.86	29.61
Sales and office occupations				
Sales and related occupations	62.01	61.49	37.73	38.17
Office and administrative support occupations	37.99	38.51	62.27	61.83
Natural resources, construction, and maintenance occupations				
Farming, fishing, and forestry occupations	6.73	6.18	38.61	36.64
Construction and extraction occupations	57.80	58.67	33.75	38.26
Installation, maintenance, and repair occupations	35.46	35.15	27.78	25.10
Production, transportation, and material moving occupations				
Production occupations	43.56	43.05	60.05	57.97
Transportation and material moving occupations	56.44	56.95	39.95	42.01

Source: Bureau of Labor Statistics, 2018.

Table 4: Percentage of Women in Different Occupations, 2018

Occupation/Sub Category	Percentage of Women
Management, professional, and related occupations	51.5
Management, business, and financial operations occupations	44.0
Chief executives	26.9
Public relations and fundraising managers	72.8
Human resources managers	77.9
Education administrators	66.9
Business and financial operations occupations	53.8
Human resources workers	70.7
Meeting, convention, and event planners	76.3
Fundraisers	69.3
Financial analysts	40.7
Professional and related occupations	56.8
Computer and mathematical occupations	25.6
Architecture and engineering occupations	15.9
Community and social service occupations	66.5
Legal occupations	51.6
Lawyers	37.4
Paralegals and legal assistants	86.4
Education, training, and library occupations	73.2
Postsecondary teachers	49.0
Preschool and kindergarten teachers	97.6
Elementary and middle school teachers	79.8
Secondary school teachers	58.0
Special education teachers	87.5
Healthcare practitioners and technical occupations	75.0
Dietitians and nutritionists	93.1
Pharmacists	63.4
Physicians and surgeons	40.3
Nurse practitioners	87.2
Service occupations	57.5
Healthcare support occupations	87.1
Protective service occupations	22.5
Chefs and head cooks	22.0
Waiters and waitresses	69.9
Food servers, nonrestaurant	70.2
Personal care and service occupations	76.9
Office and administrative support occupations	71.6
Transportation and material moving occupations	18.1

Source: Bureau of Labor Statistics, 2018.

Occupational decisions have direct ramifications in wages. According to the latest data on wages for different occupational categories from the Current Population Survey there were no more than a few occupations where women earned more than men. Almost all of those occupations were assistant type positions such as paralegals and legal assistants, clinical laboratory technologists and technicians or clerical positions such as receptionists and information clerks, reservation and transportation ticket agents, travel clerks and postal service clerks and general office clerks.

A snapshot of wage data from occupational categories (Table 5) shows sharp gender disparities in median weekly earnings in high paying occupations like CEOs where men vastly outnumber women to financial managers and educational administrators where there are more women workers. Gender wage gaps are relatively lower in computer and mathematical occupations which while high paying to either gender have fewer women are in these professions. They are much lower yet in occupations such as community and social service occupations where overall wages are lower. While occupations listed as educational have a higher than average gender wage gap, wage gaps are lower for teachers at lower levels where overall salaries are lower with the number of women falling, overall wages rising and the wage gap increasing for higher levels of education. The same trend is true for healthcare where the gender wage gap increases with salary increases from registered nurses to pharmacists to physicians and surgeons.

Table 5: Gender wage gap in median weekly earnings of full-time wage and salary workers, Selected Occupations, 2018

Occupations	Gender Wage Gap (Female median weekly wages as a percentage of male wages)
Chief executives	69.77
Financial managers	70.74
Education administrators	79.65
Computer and mathematical occupations	83.85
Community and social service occupations	90.04
Education, training, and library occupations	75.63
Postsecondary teachers	78.17
Elementary and middle school teachers	85.54
Secondary school teachers	89.07
Other teachers and instructors	76.71
Teacher assistants	94.18
Healthcare practitioners and technical occupations	77.95
Pharmacists	83.22
Physicians and surgeons	66.73
Registered nurses	90.95
Source: Bureau of Labor Statistics, 2018.	

Gender roles and "choices" in the labor market

Ending the discussion at this point would lead to the rather simplistic conclusion that declining female labor force participation rates reflect occupational *choices* made by women. While that being true on the surface does not make it clear as to whether those choices reflect empowerment or decisions made in the space of freedom. As long as one does not believe in the essentialist rhetoric of women being better at lower level positions and men in leadership roles it is worth probing deeper.

Three further pieces of information add to the puzzle somewhat. First, Table 6 which shows the gender wage gap by age across the last two years. Between the CPS 2017 and 2018 the overall gender wage gap slightly increased with female wages being 81% of their male counterparts. But it is important to note that females start out making around 91% of their male counterparts and over time their wages decline to 80% of males on an average. This suggests that the gender wage gap is sharper for relatively older women than their younger counterparts.

Table 6: Gender Wage Gap by Age

Age	2017	2018
Population 16 years and over	81.83	81.09
Population 16 to 24 years	91.22	90.78
Population 25 years and over	81.33	80.90

Source: Bureau of Labor Statistics, 2018.

Next, a deeper probe into the age specific work participation rates of men and women from the BLS data also shows interesting patterns. While female labor force participation rates mirror the male counterparts for all ages it is important to note that even as males and females start out similarly in the labor force the gap between their participation rates expands starting from the age of 25 and reaches the highest in the middle ages. The BLS further calculates that between 2006 and 2016 the decline of the female labor force has been the sharpest in the 16-19 age group, presumably to reflect education. All of this suggests a contraction in the female labor force in the prime earning age groups reflected and influenced by the relatively lower wages. Females withdraw from the labor force, do not get the benefit of experience which both adds to wages and the possibilities for promotion to higher levels within occupations.

Figure 4: Labor Force Participation Rates by Age and Sex, 2018
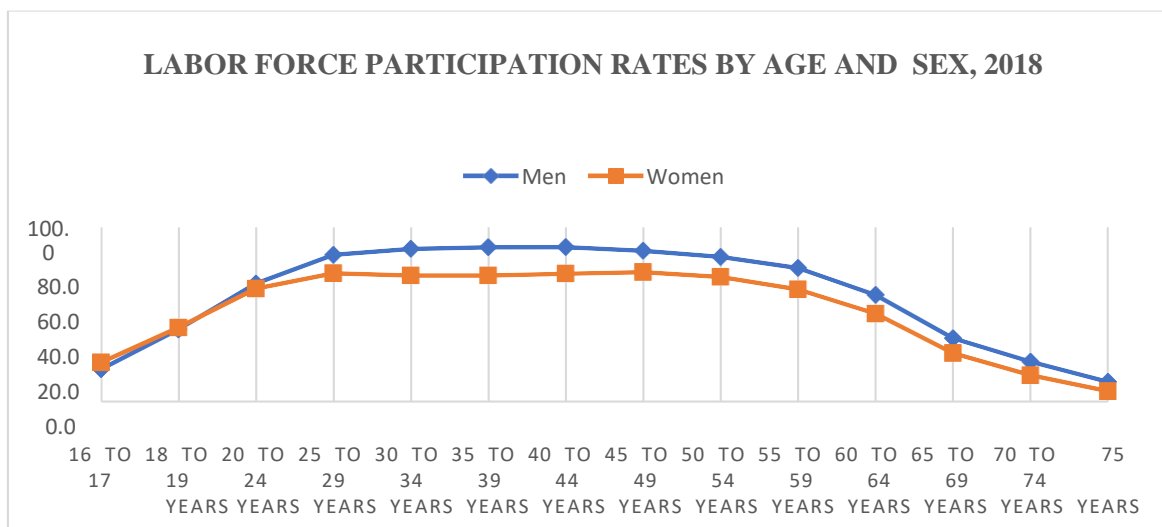
Source: Bureau of Labor Statistics, 2018.

Accordingly (Table 7), a surprising number of women work as part time workers and continue to be represented disproportionately higher among part time workers.

Table 7: Workers 16 years and over by Duration of Work and Sex, 2018

	Full Time Workers			Part Time Workers		
	Overall	35 Hours or More	1 to 34 Hours	Overall	Part time workers for economic reasons	Part time workers for non-economic reasons
Men	56.73	57.46	51.02	35.91	46.30	34.37
Women	43.27	42.54	48.98	64.09	53.70	65.63

Source: Bureau of Labor Statistics, 2018.

Of all full time and part time workers reported by the BLS, women workers are form a larger percentage of those engaged in part time work and especially those who report themselves as part time workers for non-economic reasons. It is also important to note that around 45% of women workers who report

138

themselves as working part time for non-economic reasons are in the prime working age group of 25 to 54 years. The corresponding percentage of men is 28%.

All of this suggests that labor market choices made by women largely reflect non-labor market time. This is also reflected in the occupational choices and not surprisingly in the occupational roles. Participation in relatively low paying jobs and roles results in a lifetime trajectory of low wages.

Patterns of Time Use and Labor Market Roles

The question possibly baffling much of the populace not sufficiently invested in gender is why such staggering gender gaps persist despite the plethora of progress in female education and the record number of women graduating from 4-year colleges and universities. The answer however remains deceptively simple and painfully obvious. Women as primary caregivers for households continue to be constrained by unpaid work within the household and including childcare. While the existence of the gender-based division of labor between paid and unpaid work may be quite universal (Table 8) the continued persistence of such gender roles suggests distinct policy implications.

According to the United Nations (UN Women 2018) women continue to do 2.6 times the unpaid care and domestic work that men do. While men participate slightly more in unpaid work in the US compared to OECD average and women participate slightly more in paid work, the gap is substantially inequitable compared to Sweden.

Table 8: Time Spent in Paid and Unpaid Work by Sex, Latest Year

	Time Spent in Unpaid Work (Minutes per day)		Time Spent in Paid Work (Minutes per day)		Time Spent Total (Minutes per day)	
	Men	Women	Men	Women	Men	Women
Sweden	145.9	289.1	236.2	166.8	382.1	455.9
United States	145.8	244.0	336.9	243.4	482.7	487.4
OECD Average	136.0	264.4	318.3	218.1	454.4	482.5
India	51.8	351.9	390.6	184.7	442.3	536.6

Source: OECD Stats

Table 9: Time Spent in primary activities by married mothers and fathers in fulltime work with own household children under 18, United States, Various Years

	2005-09		2007-11		2009-13		2011-15		2013-17	
	Mothers	Fathers	Mothers	Fathers	Mothers	Fathers	Mothers	Fathers	Mothers	Fathers
Sleeping	8.2	8.04	8.12	7.98	8.14	8	8.22	8.03	8.33	8.04
Household activities	2	1.35	1.95	1.34	1.91	1.3	1.87	1.29	1.87	1.35
Housework	0.87	0.27	0.82	0.26	0.78	0.25	0.74	0.27	0.73	0.28
Food preparation And cleanup	0.78	0.35	0.79	0.37	0.81	0.39	0.8	0.4	0.82	0.42
Lawn and garden care	0.08	0.23	0.07	0.23	0.06	0.23	0.06	0.24	0.06	0.24
Caring for and helping household members	1.26	0.86	1.29	0.88	1.36	0.9	1.36	0.92	1.38	0.95
Caring for and helping household children	1.24	0.83	1.28	0.86	1.35	0.88	1.35	0.89	1.36	0.92
Working	5.18	5.95	5.24	6.03	5.18	6.03	5.22	6.14	5.1	6.19
Leisure and sports	2.93	3.73	2.91	3.68	2.93	3.66	2.94	3.59	2.94	3.57
Watching television	1.52	2.16	1.53	2.15	1.5	2.09	1.48	2.04	1.5	2.03

Source: American Time Use Survey, BLS

Table 9 shows a snapshot of time use by married women and men engaged in full time work by the average hours per day spent on different activities from various years data collected by the American Time Use Survey (BLS, 2019). Looking at the most recent data from 2013-17 it is immediately apparent that even as parents are working full time, mothers' engagement in household activities, providing care for household members is substantially higher than fathers and while mothers spend slightly more time in sleep, fathers spend more time in working in paid work (labeled as working in the table) and also in activities labeled as leisure and sports including watching television.

What is important in this data are the patterns over time. For example, while time spent by mothers in sleep has increased by .13 hour over time and time spent in household activities has decreased from 2 to
1.87 hours, this has not been accompanied by increases in time spent on these activities by fathers. Time spent in caring for and helping household members including children has increased for both fathers and mothers but so has the difference in the time use by mothers and fathers on care. The difference in average hours worked on these activities per day has increased from .40hrs (2005-09) to .43hrs (2013-17). On the other hand, paid work time by mothers seems to have remained constant or even reduced slightly whereas that for fathers has increased.

All of this suggests that gender roles remain consistently and persistently rigid and traditional for women in the United States and indicates that women continue to be primary performers of unpaid work even as their human capital attainment has increased. It is not surprising that these roles are internalized while making life choices. The rigidities of gender roles are perhaps the most evident when looking at the patterns of time use of not employed married fathers and mothers (Table 10).

Table 10: Time Spent in primary activities by not employed married mothers and fathers with own household children under 18

	2013-17	
	Mothers	Fathers
Sleeping	8.98	9.18
Household activities	3.68	2.21
Housework	1.57	0.58
Food preparation and cleanup	1.7	0.71
Lawn and garden care	0.1	0.31
Caring for and helping household members	2.63	1.46
Caring for and helping household children	2.59	1.4
Working	0.03	0
Leisure and sports	3.89	6.44
Watching television	2.03	4.05

Source: American Time Use Survey, BLS

It is not surprising that with the disproportionate burden of unpaid work most women sort themselves into occupations and careers which require relatively less time, with draw from the workforce or work part time. Not the least of concerns also have to do with employer perceptions about the ability of women, the significantly less leisure time and intensive physical burdens taken on by women who continue to participate in paid work. The resultant "motherhood wage penalty" contrasts quite sharply with the raises many mid-career fathers are able to take advantage of (Krause & Reeves, 2018). Compared with single women without children the motherhood penalty is estimated to be about 5 percent of wages per child (Budig & England, 2001).

Strategies to Have More Women in the Labor Force:
Ideas to bump up female labor force participation rates especially for highly skilled workers is

140

an inevitable component for corporate and economic success. In the short term it requires support for childcare but more importantly needs legislative support and cultural change towards greater gender equality which would ensure economic participation commensurate with skills rather than gender.

Childcare - It is important to note that here the lack of public policy in the US stands in contrast to Asian countries like Japan and South Korea which fare poorly in terms of persistent glass ceilings for women.

The US is the only country in the list of 30 industrialized countries ranked by The Economist (2019) in terms of the glass ceiling index where there is no paid leave for mothers. The next lowest country in the list, Australia guarantees 7.6 weeks of paid maternity leave. While there are several rich industrialized countries including the US where paid leave for fathers is absent, in Japan men are eligible to get the equivalent of 30.4 weeks paid paternity leave.

The Family and Medical Leave Act (1993) entitling workers to up to 12 weeks of unpaid leave is only applicable to 58% of US workers. The law leaves out for example employees of small firms or workers who started their jobs less than a year before the birth of the child (IWPR, 2013). According to The Economist (2019) in the US net child-care costs are 33.2% of the average wage. Among the 30 industrialized countries ranked by The Economist according to this metric the US ranks 24th in comparison to South Korea which ranks lowest in the overall ranking of the glass ceiling index but where childcare costs are only 3% of the average wage. The IWPR (2013) points out the sharp increase in childcare costs in recent years in the US as being critical in reducing female participation in the workforce.

Will leadership make A difference? It seems that the persistence of the glass ceiling is perpetuated by the existing glass ceiling. Lack of women in leadership condones and perpetuates the traditional gender stereotypes and roles persisting in the United States. As leadership continues to be a male dominated area, gender inequality in the workplace also continues to be classified as a female problem. The importance of gender equality is continually dismissed by a mostly male group of leaders at the political as well as corporate levels.

A brief overview of the percentage of females in leadership positions in the corporate and political sphere points to both sticky progress and possibly indicates the causes of stalled progress. In terms of corporate leadership only 4.8% of CEOs of Fortune 500 companies were female in 2018 and as recently as 1995 there were no females on this list. The percentage of females on corporate boards has crawled from 9.6% in 1995 to 22.2% in 2017. Even in the academic sector where women are the majority only around 30% of University and College presidents were female (Pew Research Center 2019).

Political leadership by female leaders is growing in the US but is way behind parity by any metric. The share of women in the US Senate has increased from 2% in 1965 to 25% in 2019 and that in the House of Representatives from 2.3% in 1965 to 23.4% in 2019 and while females comprised 4.5% of state legislatures in 1971 that number grew to 28.6% in 2019 (Pew Research Center 2019). The US has never had a female head of government and only 18% of governors were female in 2019 increased from 2% in 1975 (Pew Research Center 2019). These numbers seem paltry given that adult women represent a slightly larger share of the population than adult men.

Countries with more women on corporate boards typically have mandated quotas. Examples are France and Italy, both of which had larger percentage of women directors of company boards (40.8% and 35.8% respectively) compared to the US (21.7%). 100% of companies in France and Italy also had three or more women on boards compared to 39.2% in the US. Countries with more female legislators also have formal or informal quotas in place. An efficiency argument is typically advanced against gender-based quotas in the US. To the extent that gender roles, gender expectations and the disproportionate share of unpaid housework and childcare on one gender are all inefficient norms

continuing to restrict the individual advancement of females in the private and public sectors of the economy, arguments against public policy to advance gender equality fall flat on their face.

Bibliography

Blau, F.D., & Kahn L. M. (2006). The U.S. Gender Pay Gap in the 1990s: Slowing Convergence. *ILR Review*, 60 (1): 45-66.

Blau, F.D., & Kahn L. M. (2016). The Gender Wage Gap: Extent, Trends and Explanations. *NBER Working Paper*, No. 21913.

Budig, M. and England P. (2001). The Wage Penalty for Motherhood. *American Sociological Review*, 66 (2): 204-225.

Bureau of Labor Statistics (2019). Labor Force Statistics from the Current Population Survey, 2018. Retrieved from https://www.bls.gov/cps/tables.htm.

Bureau of Labor Statistics (2019). American Time Use Survey. Retrieved from https://www.bls.gov/tus/. Bureau of Labor Statistics (2017). Civilian Labor force participation by age, sex, race and ethnicity.

Employment Projections Program, U.S. Bureau of Labor Statistics.

Bureau of Labor Statistics (2018). Highlights of Women's Earnings in 2017. Retrieved from https://www.bls.gov/opub/reports/womens-earnings/2017/home.htm.

Institute for Women's Policy Research (2013). Why 26% of U.S. Women Still Choose Not to Work. August 13. Retrieved from https://iwpr.org/why-26-of-u-s-women-still-choose-not-to-work-august-13- 2013/.

Jaber, M.A. (2018). Female labor force participation is about more than economics. Brookings. Edu. Retrieved from https://www.brookings.edu/blog/education-plus-development/2018/07/26/female-labor- force-participation-is-about-more-than-economics/

Krause E. and Reeves R.V. (2018). Happy Mother's Day! Here's the bill. Brookings.edu. Retrieved from https://www.brookings.edu/blog/social-mobility-memos/2018/05/11/happy-mothers-day-heres-the- bill/

Pew Research Center (2018). The Data on Women Leaders. Pew Research Center, September 13th. Retrieved from http://www.pewsocialtrends.org/fact-sheet/the-data-on-women-leaders/.

Schultz T. W. (1961). Investment in Human Capital. *The American Economic Review*, 51 (1): 1-17.

The Catalyst (2018). Quick Take: Women on Corporate Boards. Retrieved from https://www.catalyst.org/research/women-on-corporate-boards/#footnote17_6o03oe6

The Economist (2019). The glass-ceiling index. The latest data suggests progress for women at work has stalled. *The Economist, March 8, 2019*.

The Economist (2018). The glass-ceiling index. Progress has been slow but steady. The Economist, Feb 15th

The Organization for Economic Cooperation and Development (2019). Time Spent in Paid and Unpaid Work by Sex. Retrieved from https://stats.oecd.org/index.aspx?queryid=54757

The United States Census Bureau (2019). Educational Attainment in the US 2018. Retrieved from https://www.census.gov/data/tables/2018/demo/education-attainment/cps-detailed-tables.html

The World Bank (2018). Unrealized Potential: The High Cost of Gender Inequality in Earnings.

Retrieved from http://www.worldbank.org/en/topic/gender/publication/unrealized-potential-the-high-cost-of-

gender-inequality-in-earnings

The World Bank (2019). World Development Indicators. Retrieved from
https://databank.worldbank.org/data/reports.aspx?source=world-development-indicators

UN Women (2018). Turning Promises into Action: Gender Equality in the 2030 Agenda for
Sustainable Development. Retrieved from http://www.unwomen.org/en/digital-
library/publications/2018/2/gender- equality-in-the-2030-agenda-for-sustainable-development-
2018

Wechsler, P. (2015). Women-led companies perform three times better than the S&P 500.
Fortune.com. Retrieved from http://fortune.com/2015/03/03/women-led-companies-perform-
three-times-better-than- the-sp-500/.

Woetzel Jonathan, Madgavkar Anu, Ellingrud Kweilin, Eric Labaye et al (2015). The power of parity:
How advancing women's equality can add $12 trillion to growth. *McKinsey Global Institute,
2015*.

Retrieved from https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-
womens-equality-can-add-12-trillion-to-global-growth.

Cross-Cultural Management of the Classroom: Strategies for International Student Success

Joseph D. Trendowski, Valparaiso University
Elzotbek Rustambekov, Bryant University

Presented by Joseph Trendowski on Friday, March 29, 2019, in the Crystal Room at 11:00-12:15 pm. Theme: Pedagogy. Chair: Amit Mukherjee, Stockton University

Abstract

Cross-cultural theories are often utilized for discussing conducting business with someone from another culture. However, some of those findings could also be attributed to the classroom to make a more positive experience for those who may perceive a cultural difference. We examine cultural differences between US and China to determine an effective method of collaborative learning.

Key Words: Cross-cultural management, China, International,

Taking your students on virtual field trips: Utilizing VR in an International Business Course

Katharine Bohley Martin, University of Indianapolis

Presented by Katharine Bohley on Friday, March 29, 2019, in the Crystal Room at 11:00-12:15 pm. Theme: Pedagogy. Chair: Amit Mukherjee, Stockton University

Abstract

The professor will discuss how virtual reality videos and glasses were utilized in the classroom. The goal of the project was to provide virtual field trips for students. Feedback from the student who participated in the project will be provided. Lessons learned will also be discussed and recommendations for other future projects.

Enhancing the Transnational Study Abroad Experience

Colleen M. Boland, University of Wisconsin–Milwaukee
Brian E. Daugherty, University of Wisconsin–Milwaukee

Presented by Colleen Boland on Friday, March 29, 2019, in the Crystal Room at 11:00-12:15 pm. Theme: Pedagogy. Chair: Amit Mukherjee, Stockton University

Abstract

Responding to rising trends in transnational academic experiences, especially short-term programs involving millennials, and observations that there is a scarcity of studies assessing student outcomes in business programs, we document student perceptions of a substantially enhanced long-running transnational program between the business schools of a German and U.S. University. Students report an appreciation for skillsets acquired in managing cross-teamed projects spanning academic, cultural, and time zone differences. A literature review and our findings suggest these enhancements will benefit academics, students, and workforce employers in the ever-increasing global economy.

What Determine Students Success in a Business Statistics Course?

Lydia Gan, University of North Carolina at Pembroke
Zhixin Kang, University of North Carolina at Pembroke

Presented by Lydia Gan on Friday, March 29, 2019, in the Crystal Room at 11:00-12:15 pm. Theme: Pedagogy. Chair: Amit Mukherjee, Stockton University

Abstract

This study examines the multiple effects of demographic and institutional variables, including whether students have completed certain quantitative courses, on students' success in an intermediate level Business Statistics course. The sample size included 736 students who took an intermediate Business Statistics course from Fall of 2007 to Spring of 2016 at the University of North Carolina at Pembroke. The analysis was conducted through ordered logistic regression models to test the determining variables that will explain the performance of students in the course. Our results indicate that ethnicity, the number of times the course has been taken, the mode of instruction (online vs. traditional), students GPAs prior to taking the course, students' grades in courses such as Introductory Business Statistics, Introduction to Statistics (usually taken in Mathematics department or transferred in from other institutions), Calculus with Applications, Calculus I, were the statistically significant predictors of students performance in an intermediate Business Statistics course.

Keywords: Statistics performance, Mathematics prerequisites, statistics prerequisite, Calculus prerequisite, transfer students, ordered logistic regression.

Making Industry Self-Regulation Workable

Maria Lai-Ling Lam, Calvin College

ABSTRACT

The writer advocates the need for customers' protection and well-being in the digital networked medical devices industry through global industry self-regulation of cybersecurity. Small and medium-sized enterprises in Hong Kong need support from the local government and international organizations to adopt self-regulation. She describes the characteristics of medical devices industry, explains why there is no global medical devices industry self-regulation, advocates the need for strong regulation to support self-regulation in the area of cybersecurity, and recommends ten self-regulation strategies.

Keywords: self-regulation, U.S. medical device industry, cybersecurity, Hong Kong small and medium-sized enterprises.

INTRODUCTION

Digital networked medical devices can improve the quality of health care at a much lower cost but also can create cybersecurity and privacy risks (Dwoskin & Adam, 2017; Kalorama Information, 2017; The Economist, 2017). Medical device manufactures and stakeholders are called to take up shared responsibility to balance availability and security management in the medical device industry. The government can never regulate all unexpected behaviors and must rely on self-regulations among members in the global supply chain (Healey et al. 2015; Schwartz, 2016). The development of digital networked medical devices is faster than the introduction of regulations. Given the rapid development of technology in the medical devices industry and the pressing needs of cybersecurity management, the Food and Drug Administration (FDA) in the U.S.A always encourages manufacturers and stakeholders to treat cybersecurity as a shared responsibility. The FDA keeps on persuading the manufacturers of medical devices to identify, detect, and prevent the cybersecurity risk for the entire product life cycle (FDA Guidance 2016). Sadly, many big U.S. corporations will not initiate to pay for the cost of managing cybersecurity risk and can easily shift the cost to small and medium distributors outside USA (Lam & Wong, 2018).

Currently, there is no global industry self-regulation in the area of cybersecurity in the medical devices industry. Industry self-regulation is effective under four conditions: strong regulatory culture, good incentives for legal enforcement, sufficient state resources to influence the outcome of resources, and clear legal bases for task sharing (Schultz, 2017). Gunnigham and Rees (1997, p. 364) defined industry self-regulation as "a regulatory process whereby an industry-level (as opposed to a governmental or firm-level) organization sets rules and standards (codes of practices) relating to the conduct of firms in the industry."

Industry self-regulation also includes different degrees of government involvement. It can be a kind of regulation that combines polices and state regulations when it is fully or partially mandated by the government. One example is codes of conduct in various industries. Industry self-regulation allows experts to run their own business in innovative ways at much lower legal costs. The risks of voluntary self-regulation may undermine the legal legitimacy and circumvent the legal mechanism to protect basic health of human beings. Short and Toffel (2010, p. 361) suggest that "self-regulation can be a useful tool for leveraging the normative motivations of regulated organizations but that it cannot replace traditional deterrence-based enforcement."

After the recent "Wannacry" cyberattack, many medical devices manufacturers and distributors coming from countries with good rules of law may be committed to voluntary or mandated industry self-regulations in the area of cybersecurity (Doehmann, 2016; Dwoskin & Adam, 2017; Higgins, 2015). This study about self-regulation practices in Hong Kong can be applicable to other countries that have good rules of law. As the author sees it, there are two essential research questions: (1) What factors led these medical devices manufactures not to invest in global industry self-regulation in the area of cybersecurity? (2) Under what conditions will these manufacturers and small and medium-sized enterprises from Hong Kong develop their industry self-regulation in the area of cybersecurity? This paper proceeds with four sections. The first section describes the complexity of the medical device ecology and the second section describes the methodology. The third section answers the research questions and the fourth section describes the implications to manufactures and distributors in the era of digitized network medical devices.

THE COMPLEXITY OF THE MEDICAL DEVICES ECOLOGY

The medical device industry is highly regulated, concentrated, and diversified in terms of channel members' relationships. Thirty percent of multinational medical device firms control 70% of the global market share. The U.S. medical device market accounts for half the global market. There are more than 6500 medical device manufacturers in the U.S. and many are small and medium-sized enterprises (Trade Department, 2016). There are more than 500,000 medical devices in the industry. They are intrinsically diverse in their design, usage, implementation, and application. The product life cycle of each device can be significantly different from others. The industry is diversified and ranges from simple cotton to complicated implantable cardioverter defibrillators. FDA keeps on encouraging companies to be self-regulated for the greater common good. The entire medical device ecology is described by a key representative of FDA (Food and Drug Administration) as very complex, complicated, uncertain, intensive, diverse, and evolving rapidly (Schwartz, 2016).

According to the FDA guidelines, managing cybersecurity risks must start from the design process of medical devices and be implemented throughout the entire product life cycle. FDA Guidance (2014) defines cybersecurity as "the process of preventing unauthorized access, modification, misuse or denial of use, or the unauthorized use of information that is stored, accessed, or transferred from a medical device to an external recipient" (p. 3). When the FDA requested the U.S. manufactures to have pre-review processes in 2014 and then issued the post-review guidelines on Dec. 28, 2016 (FDA Guidance, 2016), it showed that the government could only persuade the manufacturers of medical devices to identify, detect, and prevent the cybersecurity risk for the entire product life cycle. FDA Guidance (2016) states, "Cybersecurity risk management is a shared responsibility among stakeholders including the medical device

manufacturer, the user, the Information Technology (IT) system integrator, Health IT developers, and an array of IT vendors that provide products that are not regulated by the FDA" (p. 6). Manufacturers are requested to initiate the design and collaborative process with many stakeholders. They must build security and balance the need for access control and credential management control in the equipment, systems, and networks even beginning with the first step of the design process. It means that the devices cannot be easily used by unauthorized users and can be accessed by health care providers at different locations.

Healey et al. (2015) recommended, "Manufacturers need to work with the security industry and regulators to develop a comprehensive risk model to follow during product innovation, design, and delivery" (p.13). They encouraged manufacturers to collaborate with FDA and many stakeholders such that the device will be a robust secure platform for additional technologies and services. According to an informative speech of Suzanne Schwartz, a key representative of FDA, she requested the need to develop a trusted environment for information sharing with a "whole of community" approach. Manufacturers need to treat cyber hygiene as paramount and adopt a vulnerability disclosure and coordinated policy to improve the security culture of the entire medical device ecology (Schwartz, 2016). She endeavors to persuade the manufacturers to be self-regulated for the greater common good. Unfortunately, the existing American legal system is not sufficiently prepared to prevent those cyberattacks on medical devices and hospital networks (Wellington, 2013).

However, many stakeholders are not capable of following the FDA's cybersecurity advice. Many lack confidence in the security of medical devices, even though they are designed and manufactured by them according to a recent survey done by Ponemon Institute (2017). The FDA cannot command the medical device manufacturers to follow the published Secure Development Life Cycle. Kobes (2014) finds that the accountability of the security of medical device manufactured or used is harmful to the public health. For example, manufacturers of medical devices know the design of the devices and are capable of upgrading the design. Unfortunately, they do not treat security as their first priority and also do not possess adequate knowledge concerning the users' software systems. On the other side, health care providers know the context in which the devices operate and the relationships of devices with patients. However, hospitals do not keep track a record of security, have limited knowledge of the cybersecurity threat, and even do not have much knowledge of proprietary technology. Software developers know the technology but do not understand health care systems and mainly focus on the speed of introducing a new technology.

The distributors and original equipment manufacturers [OEM] outside the U.S. just comply with the FDA requirements although these regulations are not the best mechanisms to prevent cyberattacks. The value of education and the actual impact of the medical devices on the health care settings can easily be ignored, in particular in those countries outside the U.S. (International Society for Pharmacoeconomics and Outcomes Research [ISPOR], 2016). World Health Organization [WHO] (2010) has persuaded the local government outside the U.S. to implement innovative public health policies to enable her people to access appropriate and safe medical devices. These devices work only if they are used properly by health care providers and users in particular health care delivery settings. The safety, efficacy, and effectiveness of the medical devices highly depend on the skills and expertise of the users. Thus, the global standards

also need to include the voices of users and the government outside the U.S.

METHODOLOGY

The author used induction methods to summarize the decades of their professional experience in the medical device industry and reviewed the literature related to the U.S. medical device industry, FDA cybersecurity guidelines, input from medical device manufacturers, industry associations and relevant consultant companies. During 2011 to 2018, she analyzed the reports of several U.S. medical device innovators and their activities in cybersecurity conferences. She also interviewed many manufacturers of medical devices and representatives in the medical trade shows and tours in China, Germany, Israel, Japan, Taiwan and U.S. She also interviewed the business executives and experts in the medical device industry in Hong Kong about their responses toward the 2017 European Union and FDA regulations on medical devices. She discussed her concerns with experts in the information technology conference in the U.S. in 2018.

During medical exhibitions, she asked different companies' representatives to explain the functions of many medical devices including medical beds, incubators, air mattresses, refrigerators, wheelchairs, recliners, and other medical devices. She asked how the electronic control panels and mobile apps provided safety to patients and health-care providers. She also asked whether these companies' products earned certificates from Europe and FDA approvals. No one mentioned how the design of these products was resilient to cybersecurity attacks. She also asked manufacturers whether they knew the progressive FDA pre-review and post-review guidelines. All manufacturers seemed not to know the stringent FDA requirements and did not intend to prepare to be proactive. The author also asked manufacturers and representatives in numerous medical exhibitions whether their organizations took steps to prevent cyberattacks. She also interviewed distributors and asked whether the manufacturers requested them to take up the responsibility of cybersecurity risk management. The answer was "no." Thus, the buyers, the suppliers, and distributors in the global supply chain were not well-prepared for the cybersecurity risk management and for long-term commitment on industrial self-regulation.

FINDINGS

Why is there no global medical devices industry self-regulation in the area of cybersecurity?

The key global manufacturers do not want to invest in weaker institutions such as small and medium enterprises in Hong Kong to function full-capacity and to be responsive to global industry self-regulations. Developing industry self-regulations in the area of cybersecurity is not their first priority or norms. Members in this medical devices' global supply chain are used to be short-term oriented. The norms of doing business in the medical devices industry is to pursue lower cost and shorter product life cycles. Many manufacturers do not treat cybersecurity as a sense of shared responsibility.

These are the comments from some manufacturers:

At this moment, we do not think about how to solve the problem of cyberattack because our team only focuses on the invention of new medical products. (case 1)

The manufacturers of medical devices products only need to learn how to fulfill the FDA and CE standards and to sell the product. We don't need to be concerned about cybersecurity. (case 2)

The responsibility of medical cybersecurity is not in the hands of the manufacturer of medical products. The software company or IT should be responsible. The IT company can improve the security in the cloud and firewall. (case 3)

Many American manufactures of medical devices do not have the culture of cyber-hygiene and knowledge about cybersecurity (Cooper, 2016; Fu, 2014). One distributor in the authors' study said, "doctors always ask us to provide new products." New products can increase the prestige of health-care providers and pride of users. However, these new products with updated software may be downgraded to adapt to a non-updated network system of a particular health care provider. The effectiveness of medical devices is bounded by the contextual environment in which the devices are used. The demand of new products from users and the supply of many new products from many start-up companies also lead many manufacturers to be more short-term focused and determine the product to be obsolete earlier.

One company in Hong Kong told the author that the medical devices industry was very price competitive and many small companies struggled to survive even without self-regulation. She said, "Any regulation or self-regulation only increases her company's cost." She could only see free-riders and unfair distribution of costs in the industry self-regulation when there is asymmetric distribution of power in this fragmented industry. The trust level in the U.S. and Hong Kong medical devices industry is very low. Any changing in the norms of doing business will only increase the cost of weaker parties in the global supply chain. For example, many small and medium distributors in Hong Kong have collected some evidence about cyber risks from their existing hospital users and will not lead the U.S. manufacturers to become aware of the problems of cyber vulnerability. Once they disclose this risk, they are asked to bear the cost of cyber-risk managements for these powerful U.S. organizations (Lam & Wong, 2018).

Gupta and Lad (1983) have proposed an economic, organizational, and political analysis of industry self-regulation. They proposed that the greater asymmetry in the distribution of power in the industry, the less the likelihood of industry self-regulation. They also proposed that the more fragmented an industry, the less the likelihood of industry self-regulation. These two propositions can be used to explain why there is no industry self-regulation in the area of cybersecurity requirements in the field of medical devices industry. Many companies are used to short-term focus and strengthen their own internal operations to be more efficient and responsive to rapid changes in the health market. They can use their own power to accomplish the tasks without the need of allocating their precious organization resources in the development of industry self-regulations.

Under what conditions will these manufacturers and small and medium-sized enterprises from Hong Kong develop their industry self-regulation?

When customers perceive higher risk or vulnerability in their digitized medical devices, they will demand more transparency and accountability from manufacturers, health care providers, government, and other distributors. Many educated customers will demand more stringent government regulations and assurance from the relevant industry. The self-regulated behavior at firm's level will reduce customers' perceived risk and improve customers' relationships with these firms. The author proposes self-regulation at firm levels among leaders in the global supply chain and small and medium enterprises in Hong Kong will enhance the use of digitized technology in

the medical devices industry due to the existence of rules of laws and norms that govern the self-regulated behavior among firms and high cost of violating the industrial norms. The self-regulation practices among firms will foster cooperative learning and mutual adaptations in a field with many emerging technologies that are not bounded by existing regulations. When there are transparency and accountability about the self-regulation practices, the self-regulation behavior at firm's level can strengthen the participants' competitiveness in the digitized network medical devices industry. Self-regulation as a competitive strategy is essential for companies which work in the regulatory culture that has early norms of respecting laws and has faith in legal certainty, state resources to influence outcome of resources, and clear legal basis and task sharing. Furthermore, good industry self-regulation will also "incorporate transparency, meaningful objectives and benchmarks, accountability and objective evaluation, and oversight" (Sharma et al. 2010: 240).

These are the ten recommended practices which ensure fairly distribution of costs and benefits among collaborators and make industry self-regulations workable:

1. The U.S. government, Hong Kong government, and international health organizations require the global manufacturers to monitor the performance of their smart products in the hands of health care providers and be willing to take predictive maintenance and the assessment of the vulnerability of the devices when they are installed in the system of health care providers (Kobes, 2014; Schwartz, 2016).

2. The key players such as key U.S. global manufacturers must be invited to take part in the process of developing industry standards in the area of cybersecurity for better customer welfare. These standards must be supported by scientific research data and credible sources. The standards will not allow harmful practices, have objective evaluation criteria and clear benchmarks, and can be applied in the global markets and supply chain. These global manufacturers should develop a positive attitude toward vulnerability disclosure by the third party. The exploitation of vulnerabilities of medical devices in a particular system and the impact on a patient's health are initiated to be addressed by self-regulated agreements among manufactures, designers, distributors, and health-care providers. Participants will maintain transparency, accountability, and learn how to develop norms of coordinated vulnerabilities. They are open to any vulnerability report from the community (Food and Drug Administration [FDA], 2016; Fu, 2014; Grimes, 2016; Krumholz and Waldstreicher, 2016; National Institute of Standards and Technology [NIST], 2017; Schwartz, 2016). The community scrutiny on the vulnerability of medical devices will achieve the accountability and objective evaluation objectives.

3. The global leaders in the medical devices industry should provide certifications and contracts for small and medium distributors in Hong Kong that fulfill the cyber-hygiene requirements that are attainable, affordable, and accreditable. These certificates will also increase these global leaders' brand equity and customers' protection. The certifications provide predefined benchmarks to ensure the success of self-regulations. These benchmarks are specific codes of acceptable behavior based on scientifically justified criteria.

4. The international health organizations such as World Health Organization (WHO) should advocate cybersecurity risk management as a shared responsibility among stakeholders,

including manufacturers, users, information technology vendors, distributors and health care delivery organizations. WHO should be invited to provide oversight for these industry self-regulations.

5. The Hong Kong government should help Hong Kong hospitals to understand how one medical device can still function but can be used to break down the users' operating system. For example, Class 1 products which are exempted from the FDA approval, can be the entry point of cyberattack (Wellington, 2014).

6. The Hong Kong government should co-regulate with the FDA, GDPR (General Data Protection Regulation and change their regulations in the medical devices industry to provide better public health.

7. The Hong Kong government will implement innovative public health policies to enable her people to access appropriate and safe medical devices (World Health Organization [WHO], 2010). Hong Kong government should set up policies to empower these small and medium-sized distributors to be aware of cybersecurity and privacy risks in the design process of the products and may learn from the best practices of other governments. For example, U.K. government has mandated that all public-sector contracts must be granted to enterprises with cyber security certifications and has driven some small and medium enterprises to be equipped with cyber security practices (European Union Agency For Network and Information Security [ENISA], 2016). The local government also needs to harmonize the regulations and addresses the inequality issue.

8. The Hong Kong government and Hong Kong medical devices industry should examine the codes of conduct of manufacturers from Europe and U.S. and ensure that the new self-regulations among collaborators are better than the prevailing codes of conduct in the industry. The new standards will embrace the cybersecurity of the entire smart product life-cycle process (FDA, 2016) and follow the GDPR (General Data Protection Regulation).

9. The Hong Kong medical devices distributors should document the effectiveness of these digitized medical devices and give feedback to the global manufacturers whether these devices are properly used by health care providers and users in particular health care delivery settings. The safety, efficacy, and effectiveness of the medical devices highly depend on the skills and expertise of the users. As the value of education and the actual impact of the medical devices on the health care settings can easily be ignored (International Society for Pharmacoeconomics and Outcomes Research [ISPOR], 2016), the assessment will create opportunities for Hong Kong health care providers and the Hospital authority.

10. The Hong Kong medical devices distributors should demonstrate sufficient knowledge of operating environments of local hospitals in Hong Kong and develop security compliance agreements with global manufacturers and users which are beyond the requirements by the Hospital Authority in Hong Kong.

IMPLICATIONS

Although the U.S. and European Union governments have regulatory authority, they cannot foresee the consequences of emerging technology. FDA requests American manufacturers to treat cyber hygiene as paramount and adopt a vulnerability disclosure and coordinated policy to

improve the security culture of the entire medical device ecology. The proposed industry self-regulation as a kind of risk management and competitive strategy in a market with strong government regulations and international supports may mobilize a few large manufacturers and selected distributors in Hong Kong or other counties with good rules of law to experiment different types of industry self-regulation in the area of cybersecurity with different degrees of government involvement. The early successors will use industry self-regulation to enhance their brand equity and improve their relationships with customers. The industry self-regulation will aim at transparency, meaningful objectives and benchmarks, accountability and objective evaluation, and oversight. The new industry standard will embrace the cybersecurity of the entire product life-cycle process and improve the health of all stakeholders.

ACKNOWLEDGEMENT

REFERENCES

Cooper, T. (2016). *Medical devices cybersecurity: From best practices to standard.* Retrieved from http://ceitcollaboration.org/docs/Cyber-Security-Part-II.pdf

Dwoskin, E. & Adam, K. (2017, May 14). More than 150 countries affected by massive cyberattack, Europol says. *The Washington Post.* Retrieved from https://www.washingtonpost.com/business/economy/more-than-150-countries-affected-by-massive-cyberattack-europol-says/2017/05/14/5091465e-3899-11e7-9e48-c4f199710b69_story.html?utm_term=.7cd4bbf6aa42

European Union Agency For Network and Information Security [ENISA] (2016). *Review of cyber hygiene practices*. Retrieved from https://www.enisa.europa.eu/publications/cyber-hygiene

Food and Drug Administration [FDA] Guidance (2014). *Content of premarket submissions for management of cybersecurity in medical devices*. Retrieved from https://www.fda.gov/downloads/MedicalDevices/DeviceRegulationandGuidance/GuidanceDocuments/UCM356190.pdf

Food and Drug Administration [FDA] (2015). What does it mean for FDA to "classify" a medical device? Retrieved from https://www.fda.gov/AboutFDA/Transparency/Basics/ucm194438.htm

Food and Drug Administration [FDA] Guidance (2016). *Postmarket management of cybersecurity in medical devices*. Retrieved from *https://www.fda.gov/downloads/MedicalDevices/DeviceRegulationandGuidance/GuidanceDocuments/UCM482022.pdf*

Fu, K. (2014, April 29). Medical devices cyber security: the first 164 years [Video file]. Retrieved from https://www.youtube.com/watch?v=QKgdvmomopw

Gupta, A. & Lad, L.J. (1983). Industry self-regulation: An economic, organizational, and political analysis. *Academy of Management Review, 8* (3), 416-425

Grimes, S. (2016). Best practices for medical device cybersecurity management. Retrieved from http://ceitcollaboration.org/docs/Cyber-Security-Part-II.pdf

Gunningham, N., Rees, J. (1997). Industry self-regulation: an institutional perspective. *Law & Policy*, 19 (4), 363-414.

Healey, J., Pollard, N., & Woods, B. (2015). *The healthcare internet of things: rewards and risks*. Washington D.C.: The Atlantic Council of the United States. Retrieved from http://www.atlanticcouncil.org/images/publications/ACUS_Intel_MedicalDevices.pdf

Higgins, K. (2015). Hospital medical devices used as weapons in cyberattacks. Retrieved from http://www.darkreading.com/vulnerabilities---threats/hospital-medical-devices-used-as-weapons-in-cyberattacks/d/d-id/1320751

International Society for Pharmacoeconomics and Outcomes Research [ISPOR] (2016). *Assessing the value of medical devices—Choosing the best path forward: Where do we go from here* [PowerPoint slides]. Retrieved from https://www.ispor.org/sigs/Assessing_Value_of_Medical_Devices_2016DC-IssueP.pdf

Kalorama Information (2017, January 3). Research firm announces top ten medical device trends to watch. *PR Newswire*. Retrieved from http://www.prnewswire.com/news-releases/research-firm-announces-top-ten-medical-device-trends-to-watch-2017-300384787.html

Kobes, S.D. (2014). Security implications of implantable medical devices. *Graduate These and Dissertations*. 13683. Retrieved from http://lib.dr.iastate.edu/etd/13683

Krumholz. H.M., & Waldstreicher, J. (2016). The Yale Open data Access Project: How Johnson & Johnson is leading the way on clinical data transparency. *The New England Journal of Medicine*, 375:403-405.

Kuchler, H. (2017, Aug. 2). Medical device makers wake up to cyber security threat. *Financial times*. Retrieved from https://www.ft.com/content/00989b9c-7634-11e7-90c0-90a9d1bc9691.

Lam, M. & Wong, K.W. (2018).) Embracing Cybersecurity Risk Management in the Industry of Medical Devices." In Brunet-Thornton, R and Martinez, F. (eds.). *Analyzing the Impacts of Industry 4.0 in Modern Business Environments.*

Loffler, M. & Tschiesner, A. (2013, June). The internet of things and the future of manufacturing. *McKinsey & Company Digital McKinsey*. Retrieved from http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/the-internet-of-things-and-the-future-of-manufacturing.

National Institute of Standards and Technology [NIST] (2106). *Framework for improving critical infrastructure cybersecurity*. Retrieved from https://www.nist.gov/sites/default/files/documents/cyberframework/Cybersecurity-Framework-for-FCSM-Jan-2016.pdf

Ponemon Institute (2017, Mau 27). Medical device security: An industry under attack and unprepared to defend. *Ponemon Institute Research Report*. Retrieved from https://www.synopsys.com/content/dam/synopsys/sig-assets/reports/medical-device-security-ponemon-synopsys.pdf

Romie, C. (2017). Small business cybersecurity: federal resources and coordination. *National*

Institute of Standards and Technology. Retrieved from https://www.nist.gov/speech-testimony/small-business-cybersecurity-federal-resources-and-coordination

Sadeghi, A., Wachsmann, C., & Waidner, M. (2015). Security and privacy challenges in industrial internet of things. In Proceedings of the 52nd Annual Design Automation Conference (DAC '15), Article no. 54. doi:10.1145/2744769.2747942

Schwartz, S. (2016, May 26). Medical devices and cybersecurity [Video file]. Retrieved from https://www.youtube.com/watch?v=d9RUHXWWiO8

Schultz, W. (2017, Sept. 27). *The Role of Codes of Conduct under the GDPR – Can Co-regulation do the Trick*. Presentation at the 6th Asian Privacy Scholars Network at Hong Kong University.

Sharma, L., Tret, S., Brownell, K. (2010). The food industry and self-regulation: standards to promote success and to avoid public health failures. *American Journal of Public Health, 100* (2), 240-246.

Short, J. and Toffel, M. (2010). Making self-regulation more than merely symbolic: the critical role of the legal environment. *Administrative Science Quarterly*, *55*, 361-396.

The Economist (2017, March 2). Wonder drug: A digital revolution in health care is speeding up. *The Economist*. Retrieved from https://www.economist.com/news/business/21717990-telemedicine-predictive-diagnostics-wearable-sensors-and-host-new-apps-will-transform-how

Trade Department (2016). Medical technology industry United States. *SelectUSA.gov Websites*. Retrieved Jan. 15, 2017, from https://www.selectusa.gov/medical-technology-industry-united-states)

Wellington, K.B. (2014). Cyberattacks on medical devices and hospital networks: legal gap and regulatory solutions. *Santa Clara High Technology Law Journal*, *30* (2), 139-198. Retrieved from http://digitalcommons.law.scu.edu/chtlj/vol30/iss2/1

World Health Organization [WHO] (n.d). Medical Devices. Retrieved Jan. 23, 2017, from http://www.who.int/medical_devices/definitions/en/

World Health Organization [WHO] (2010). *Barriers to innovation in the field of medical devices*. Retrieved Jan. 10, 2017, from http://apps.who.int/iris/bitstream/10665/70457/1/WHO_HSS_EHT_DIM_10.6_eng.pdf

What Determines Investment in Renewable Energy?

Evelina Mengova, Governors State University

Abstract

This study examines the multiple effects of demographic and institutional variables, including whether students have completed certain quantitative courses, on students' success in an intermediate level Business Statistics course. The sample size included 736 students who took an intermediate Business Statistics course from Fall of 2007 to Spring of 2016 at the University of North Carolina at Pembroke. The analysis was conducted through ordered logistic regression models to test the determining variables that will explain the performance of students in the course. Our results indicate that ethnicity, the number of times the course has been taken, the mode of instruction (online vs. traditional), students GPAs prior to taking the course, students' grades in courses such as Introductory Business Statistics, Introduction to Statistics (usually taken in Mathematics department or transferred in from other institutions), Calculus with Applications, Calculus I, were the statistically significant predictors of students performance in an intermediate Business Statistics course.

Keywords: Statistics performance, Mathematics prerequisites, statistics prerequisite, Calculus prerequisite, transfer students, ordered logistic regression.

Strategies in Higher Education

Robert Moussetis, North Central College
Thanos Karavokiris, Alliant University

Presented by   on Friday, March 29, 2019, in the Crystal Room at 1:45-3:00 pm.   Theme: Special Topics. Chair: Animesh Ghoshal, DePaul University

Abstract

 In light of the globalization of higher education, global institutions are increasingly becoming competitive, thus creating an environment of increased changeability and complexity. Higher education institutions have to engage in real time strategy to effectively anticipate changes and generate the internal resources to counter the environmental changes. The goal of this research is to attempt explore the strategic fit between external turbulence and internal capability and strategic orientation of a Higher Education Institutions. It will examine the alignment of environmental turbulence in the higher education space, the Orientation of the strategy and the responsiveness of the organizational capabilities of these colleges as a prerequisite for success.

Business Diplomacy Gone Rogue? Transnational Tobacco Companies and Illicit Trade in Tobacco Products

Amit Mukherjee, Stockton University

Presented by   on Friday, March 29, 2019, in the Crystal Room at 1:45-3:00 pm.   Theme: Special Topics. Chair: Animesh Ghoshal, DePaul University

Abstract

This article analyzes business diplomacy efforts of a powerful group of Transnational Tobacco Companies (TTCs) to secure their industry interests in the contested policy area of global tobacco control. Specifically, we study TTC efforts to influence World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) parties' deliberations to establish The Protocol to Eliminate Illicit Trade in Tobacco Products (ITP). Negotiated by the Parties to the WHO FCTC over several years, ITP entered into force in September 2018 with 41 Parties and 54 Signatories. All major TTCs publicly and unambiguously profess in their Codes of Conducts that they are against illicit trade in tobacco products. Did TTCs conduct business diplomacy on the issue of illicit trade in tobacco by adhering to their Codes of Business Conduct? Our research, based on documentary analysis of ITP deliberation reports, investigation of TTC supported pro-tobacco support groups, anti-Tobacco NGO activism, leaked TTC internal documents and INTERPOL publications, concludes that they did not. Rather, TTCs, unilaterally and collectively, worked to undermine the establishment of a robust ITP regime, favoring instead the status quo of condoning illicit trade forms like smuggling that enrich the TTCs and industry self-regulation on matters that harm their interests, like counterfeiting.

International Cross Pollination: Mahatma Gandhi's Non Violence movement's effect on Martin Luther King (MLK)

Kingshuk Mukherjee, Saint John's University
Anand Pore, University of Houston
Etienne Musonera, Mercer University

Presented by Kingshuk Mukherjee on Friday, March 29, 2019, in the Crystal Room at 1:45-3:00 pm. Theme: Special Topics. Chair: Animesh Ghoshal, DePaul University

Presentation Contents

1. Introduction
2. Richard Gregg: Power of Non Violence
3. What King Learned from Gandhi
4. Mohandas K Gandhi-Experiment with Truth
5. State of Minnesota: Non Violence Day Oct 2nd
6. Conclusion Q&A

The gift that keeps on giving: Corporate giving and excessive risk-taking

Colleen M. Boland, University of Wisconsin–Milwaukee
CorinnaEwelt-Knauer, Justus Liebig University Giessen
Julia Schneider, Justus Liebig University Giessen

Presented by Colleen Boland on Friday, March 29, 2019, in the Crystal Room at 1:45-3:00 pm. Theme: Special Topics. Chair: Animesh Ghoshal, DePaul University

Abstract

Misaligned incentive systems are often cited as a major driver when managers and employees take excessive risks. Recently, corporations have started to incorporate employees' prosocial preferences into their corporate social responsibility (CSR) initiatives, including making charitable donations. These donations are often based on the firm's overall performance. We examine the effect of these donations on employees' excessive risk-taking behavior inside the firm, a little studied effect. Specifically, we examine whether the presence and structure of corporate giving influences employees' excessive risk-taking. Contrary to widespread practice, our experimental evidence suggests that tying charitable giving to overall firm profits does not reduce excessive risk-taking behavior. However, our study indicates project-level giving could be an effective non-pecuniary incentive to curb excessive risk-taking for the long term, possibly with CSR benefits offsetting the costs.

Cross-Cultural Examination of Gender Imbalance in the STEM and Business Fields

Joseph Trendowski, Valparaiso University
Matthew R. Trendowski, University of Chicago
Thomas N. Trendowski, University of North Carolina Pembroke
Stephanie D. Trendowski, Valparaiso University

Presented by Joseph Trendowski on Friday, March 29, 2019, in the Cresthill Room at 1:45-3:00 pm. Theme: Special Topics. Chair: David Boggs, Eastern Illinois University.

Abstract

In many countries, males have held a disproportionate number of leadership roles in both the STEM fields as well as business. More recently, the representation of women in ranking roles in the laboratory and the boardroom are increasing in number. However, this trend is more pronounced in some countries, while other have seen significantly less change in composition. We compare evidence of increasing female representation in leadership roles in STEM and Business across countries and discuss the relevance that culture has in the ability for a female to attain a leadership role in these fields.

Uncertainty of British Retailers on the Cusp of Brexit

Stephanie D. Trendowski, Valparaiso University

Presented by Stephanie Trendowski on Friday, March 29, 2019, in the Cresthill Room at 1:45-3:00 pm. Theme: Special Topics. Chair: David Boggs, Eastern Illinois University.

Abstract

With the UK potentially leaving the European Union (EU), British retailers face market uncertainty. Although the impact of Brexit is currently moderate, the final decision may lead to greater economic impact. In a market where retailers have diminishing profit margins, we may see a large shift in the consumers behavior. This study examines the challenges that British retailers may face should Brexit be finalized. The study concludes with how the British retailers will assess the risks to adapt in preparation for future change.

Maritime Search and Rescue in the Bahamas: An Opportunity or Excessive Cost for the U.S. Coast Guard?

Erin Lindsay Palmer, Army–Baylor University
Fawn Helms, Army–Baylor University
Benjamin Fischl, Army–Baylor University
Cory Moore, Army–Baylor University
Bryan Spear, Army–Baylor University

Presented by Erin Lindsay Palmer on Friday, March 29, 2019, in the Crystal Room at 3:00-4:15 pm. Theme: Special Topics. Chair: Etienne Musonera, Mercer University

CASE STUDY

Abstract

The U.S. Coast Guard has enjoyed a generally positive working relationship with the government of the Bahamas for decades. As the primary responsible party for maritime search and rescue (SAR) within the Bahamian archipelagic zone per the Grey Agreement, the Coast Guard's 7th District frequently stretches its resources and capabilities far beyond U.S. borders. It oversees operations within a 1.7 million square mile area of responsibility (AOR), including Puerto Rico, Florida, Georgia, South Carolina, and 34 foreign territories throughout the Caribbean and Latin America. Despite routinely providing assistance to the other nations and territories that fall within its AOR, District 7 does not assume the burden of SAR responsibility for any other nation besides the Bahamas. Fiscal constraints necessitate that the opportunity cost of the SAR mission in the Bahamas be considered. The USCG has three primary courses of action available in this case: renegotiate the provisions of the Grey Agreement with the Bahamas, maintain the status quo, or seek to dissolve the agreement entirely.

Key Words
Maritime search and rescue, business ethics, international policy

Disclaimer: The views and information presented are those of the authors and do not represent the official position of the U.S. Army Medical Department Center and School, U.S Army Medicine, or the Departments of Army/Navy/Air Force/Marines/Coast Guard, Department of Defense, or U.S. Government.

Introduction

In December 1964, the U.S. Coast Guard and the Bahamian government exchanged a series of letters that became known as The Grey Agreement. The agreement stated that "*the principal burden of search and rescue work in the neighborhood of the Bahamas rests upon the United States Coast Guard*" (C. Eddy, personal communication, March 21, 2018). In essence, this gave the Royal Bahamas Defense Force (RBDF) the first right of refusal to conduct maritime search and rescue (SAR) within the Bahamian archipelagic zone. If RBDF did not choose to respond to the SAR incident, the U.S. Coast Guard would assume responsibility to do so as the SAR Mission Coordinator (SMC). An SMC is defined as "the official temporarily assigned to coordinate response to an actual or apparent distress situation" (IMO & ICAO, 2007, p. xxi). Fiscal constraints have led to re-consideration of the provisions of the Grey Agreement.

Between 2013 and 2017, the USCG executed over 600 SAR unit resource hours conducting 283 cases in the Bahamian archipelagic zone, expending over $9.2 million. By comparison, the USCG as a whole conducted 84,932 SAR cases during the same time period. In 2013, the USCG as a whole expended 53,911 resource hours during SAR cases, with 134 of those hours coming from SAR cases in the Bahamas (USCG Office of Search and Rescue, 2018). The Coast Guard's fiscal year 2017 total annual budget was $11.1 billion.

Table 1. USCG SAR Cases in Bahamian Territory, 2013-2017

FY	Number of cases	Total Resource Time (hours)	Resource Cost
2013	63	134	$1,759,341
2014	66	108	$1,686,544
2015	56	99	$1,386,321
2016	48	155	$2,359,169
2017	50	133	$2,017,872
Total	**283**	**629**	**$9,209,247**

(USCG Business Intelligence, 2018)

Some SAR cases conducted by the USCG in the vicinity of the Bahamas are not included in these numbers, though the incidents may have occurred on the border of Bahamian territory and subsequent searches and rescue activity occurred within Bahamian territory. These include major maritime disasters such as the sinking of *SS El Faro* during Hurricane Joaquin in 2015, the sinking of the 200-ft freighter *Minouche* in the same hurricane, and a major fire aboard the cruise ship *Grandeur of the Seas* in 2013.

The figures listed in Table 1 also do not include time spent by Coast Guard personnel planning or coordinating; the figures only consider time spent by resources actually underway or airborne executing the mission. Coordination of SAR in the Bahamian archipelagic zone represents a significant opportunity cost for watch standers in an extremely busy command center. Growing nationalist sentiments in the U.S. could bring negative publicity to this agreement.

This issue is important because a change to the status quo would have significant ramifications for how the USCG is staffed and resourced in District 7 (D7). It would also impact the large population of Americans and foreign nationals who routinely travel to and through the Bahamas by boat. Even beyond Bahamian territory, cruise ships and commercial vessels, which transit the region frequently, call upon the Coast Guard to conduct medical evacuations of passengers to hospitals in the Bahamas or Turks and Caicos. Forward deployed USCG helicopters in Andros Island and Great Inagua conduct these missions regularly. Without these services, the passengers and crew of ships transiting the area would be unable to reach a higher level of medical care for many more hours, if not days. Between 2013 and 2017, the USCG saved or assisted 2,424 people and prevented the loss of $12.4 million of property in Bahamian territory.

Background and History

The Grey Agreement took effect in 1964 and solidified U.S.-Bahamas maritime SAR cooperation. In 1982, Operation Bahamas Turks and Caicos (OPBAT) was established with the mission of combating narcotics trafficking in the Bahamas. OPBAT primarily brought together the U.S. Drug Enforcement Agency (DEA), the U.S. Coast Guard, and Bahamian law enforcement assets to combat rampant drug trafficking through the Bahamas and into Florida. In 1987, the USCG assumed responsibility for the OPBAT operations center in Nassau and took over air operations in

both Nassau and Freeport. In 1991, the USCG opened its forward operating base in Great Inagua and resourced it with two deployed helicopters (USCG Aviation Association, 2018). OPBAT continues to coordinate law enforcement and SAR on behalf of D7.

When the Bahamas chooses to conduct maritime SAR, the Royal Bahamas Defense Force (RBDF) typically responds by ship or boat, and the Royal Bahamas Police Force (RBPF) occasionally assists. The Bahamas Air Sea Rescue Association (BASRA), a non-profit volunteer organization, often lends assistance on an as-available basis. These organizations primarily use surface assets to respond to SAR and have very limited air resources. RBDF recently received a $232 million capital investment from the government, dubbed the Sandy Bottom Project, to improve their patrol capabilities and infrastructure throughout the archipelago (RBDF, 2018).

Issues

From a regulatory standpoint, there are two additional sources of authority to consider. First, the U.S.-Bahamas Comprehensive Maritime Agreement (CMA) was signed on June 29, 2004. The CMA primarily concerns law enforcement activities and includes provisions for combating drug trafficking, migrant interdiction, and fisheries incursions. Article 6, paragraph 3.b states the following regarding Coast Guard vessels or aircraft which enter Bahamian territory to investigate the presence of persons in areas not normally inhabited, or seeking to attract attention:

> *If U.S. Coast Guard vessels or aircraft enter Bahamian territory and find that the persons there are mariners in distress, U.S. Coast Guard officials may take action to ensure the safety of such persons and their property, including removing them to a safe location within The Bahamas or otherwise as may be agreed between Bahamian and U.S. law enforcement authorities* (U.S. Department of State, 2004).

Second, U.S. law as set forth in 14 U.S.C. §2, 88, and 141, requires the Coast Guard to "*develop, establish, maintain and operate SAR facilities and may render aid to distressed persons and protect and save property on and under the high seas and waters subject to the jurisdiction of the United States*" (CG SAR Addendum, 2013, PPO-2). The USCG is not required by U.S. law to conduct SAR in the Bahamas or operate facilities there. It only does so through the authority granted by the CMA and various other diplomatic arrangements, including the Grey Agreement.

Conclusion/Decision Point

The U.S. Coast Guard and U.S. State Department must decide if the political and humanitarian benefits gained from continuing with the status quo are greater than the cost of doing maritime SAR on behalf of the Bahamian government within their Search and Rescue Region (SRR).

References

International Maritime Organization & International Civil Aviation Organization. (2007). *International aeronautical and maritime search and rescue manual: Mission coordination* (2007 ed., Vol. II). Retrieved from http://www.bsmrcc.com/files/legal2.pdf

Royal Bahamas Defense Force. (2018). *The Sandy Bottom Project*. Retrieved from http://rbdf.gov.bs/sandy-bottom-project/

U.S. Coast Guard, Aviation Association. (2018). *Operation Bahamas Turks and Caicos: A cooperative drug interdiction operation initiated*. Retrieved from https://cgaviationhistory.org/1982-opbat-operation-bahamas-turks-and-caicos-a-cooperative-drug-interdiction-operation-initiated/

U.S. Coast Guard, Office of Search and Rescue. (2018). *Search and rescue summary statistics*

1964-2017. Retrieved from http://www.dco.uscg.mil/Portals/9/CG-5R/SARfactsInfo/SAR%20Sum%20Stats%2064-17.pdf?ver=2017-09-28-140138-700

U.S. Department of Homeland Security, U.S. Coast Guard. (2013). *U.S. Coast Guard Addendum to the United States National Search and Rescue Supplement (NSS) to the International Aeronautical and Maritime Search and Rescue Manual (IAMSAR)*. Retrieved from http://www.dco.uscg.mil/Portals/9/CG-5R/manuals/ COMDTINST%20M16130.2F.pdf

U.S. Department of State. (2004, June 29). *Agreement between the Government of the United States of America and the Government of the Commonwealth of the Bahamas concerning cooperation in maritime law enforcement*. Retrieved from https://www.state.gov/documents/organization/108940.pdf

TEACHING NOTE

Case Overview

The U.S. Coast Guard has enjoyed a generally positive working relationship with the government of the Bahamas for decades. As the primary responsible party for maritime search and rescue (SAR) within the Bahamian archipelagic zone per the Grey Agreement, the Coast Guard's 7th District frequently stretches its resources and capabilities far beyond U.S. borders. It oversees operations within a 1.7 million square mile area of responsibility (AOR), including Puerto Rico, Florida, Georgia, South Carolina, and 34 foreign territories throughout the Caribbean and Latin America. Despite routinely providing assistance to the other nations and territories that fall within its AOR, District 7 does not assume the burden of SAR responsibility for any other nation besides the Bahamas. After the 2017 trio of devastating hurricanes, during which they rescued more than 11,000 people, the Coast Guard faced a $914 million budget shortfall, not including the nearly $1 billion needed to repair damaged facilities hit by the storms. All of this came after the service was threatened with a $1.3 billion budget cut out of their less than $11 billion annual budget (Hicks, 2017; Lamothe, 2017). These fiscal constraints necessitate that the opportunity cost of the SAR mission in the Bahamas be considered. The USCG has three primary courses of action available in this case: renegotiate the provisions of the Grey Agreement with the Bahamas, maintain the status quo, or seek to dissolve the agreement entirely.

This case is most appropriate for courses in business ethics, public policy, international policy, and macroeconomics.

Research Methods

An individual consultant, Mr. Christopher Eddy, was interviewed for this project. Additional primary source information, including SAR case details, were obtained from the U.S. Coast Guard Business Intelligence (CGBI) application and one of the case authors. All other information was obtained from the secondary sources cited.

The consultant interviewed serves as the SAR Specialist at the U.S. Coast Guard's 7th District. He is a retired Coast Guard member with vast SAR experience. Relying on that experience, the consultant has served as a driving force behind U.S.-Bahamas maritime SAR coordination for years. In 2014, Mr. Eddy and one of the case authors visited OPBAT and RBDF facilities in the Bahamas to begin discussions regarding the issue at hand.

Learning Outcomes

In completing this assignment, students should be able to:
1. Evaluate the repercussions and benefits of international agreements on key stakeholders and pertinent government entities.
2. Identify the macro-political and macroeconomic implications of the Grey Agreement.
3. Explain how government entities can incorporate ethical considerations into their decision making.

Discussion Questions

(1) What are the implications of renegotiating, maintaining, or dissolving the Grey Agreement upon key stakeholders involved in SAR and law enforcement activities?

(2) If the Bahamas were to retaliate with economic sanctions against the U.S. due to disagreement over the Grey Agreement, what would be the political and economic implications?

(3) What are the ethical issues presented from the perspective of both countries regarding the current agreement?

Answers to Discussion Questions

1. What are the implications of renegotiating, maintaining, or dissolving the Grey Agreement upon key stakeholders involved in SAR and law enforcement activities?

Students will initially be drawn to the primary question of whether or not the Grey Agreement should be altered in any way. The easy answer to this question is to sustain the current agreement as it has been in place since 1964. Clearly, there are pros and cons to both sides of the argument, but students will need to dig deeper than the case to understand the implications of all courses of action. Students should be able to provide an answer similar to the following: although the Grey Agreement ensures maritime safety within the Bahamian Archipelagic Zone, it also offers strategic value for furthering bilateral cooperation on various law enforcement activities. These activities include counternarcotics efforts, migrant interdiction, and fisheries enforcement. The bilateral maritime law enforcement agreement between the U.S. and Bahamas, referred to as the Comprehensive Maritime Agreement (CMA), serves as the primary source of authority for the U.S. to conduct these activities within Bahamian territory.

The Grey Agreement can be viewed as a force multiplier to the CMA in that it allows the U.S. Coast Guard greater freedom to operate within Bahamian territory. The humanitarian mission of SAR may mitigate the potential for the Bahamian government to view the Coast Guard's presence there as an infringement upon their sovereignty and may help "win the hearts and minds" of the Bahamian people who regularly see Coast Guard assets in their country. Without this balance of humanitarian missions against law enforcement missions, the Bahamian government and people may be less receptive to the USCG's counternarcotics and migrant interdiction missions conducted within their territorial waters. The Bahamas is a natural conduit for drug traffickers and migrant voyages due to its proximity to the U.S. and its hundreds of uninhabited islands. Each year, hundreds of Haitian migrants are interdicted from grossly overloaded vessels ("sail freighters") by both the Coast Guard and RBDF. Due to the nature of these sail freighter voyages, migrant interdiction efforts can quickly shift from law enforcement to SAR. Thus, the costs incurred by providing SAR are outweighed by the strategic benefit of having additional resources required for law enforcement and building the relations to sustain such operations.

After analyzing the case, students will more than likely be split on focusing upon the costs

incurred conducting SAR operations or the global strategic value of the Bahamas. We hope that by constructing the case the way we did, one leads to the other. We place much focus on the costs that the U.S government is paying for conducting SAR activities. Yet, the real question we are asking is why? Why is the U.S spending this amount of money on SAR with what can be argued as a limited return on investment? When discussing strategic importance to the U.S, students may discuss Chinese containment, safety of U.S commercial ships, cruise lines, or vacationers, but most importantly, discussions should gravitate toward law enforcement within the Caribbean. Some students may see these not as current strategic importance, but as potential implications for a change. This outlook should still yield students processing through the strategic importance of the Grey Agreement.

Once arriving to the drug enforcement strategy, students should be asking the following questions: What type and amount of drugs are being trafficked through the Bahamas? What countries are these drugs coming from? What means are being used to transport the drugs? Are other countries in the region having similar problems? Has OPBAT been successful in its long standing counternarcotics strategy? What are the international implications of the international drug trade on U.S relations? Cocaine and marijuana are the primary drugs trafficked through the Bahamas. In 2015, OPBAT operations resulted in the seizure of 637 kilograms of cocaine and 26.6 metric tons of marijuana (U.S. Department of State, 2016). Although this may seem large, it is estimated that much more arrives on U.S soil. These drugs are primarily arriving from source countries in South America to include Colombia, Venezuela, and Panama. Drugs are transported via commercial and private aircraft, shipping containers, commercial and personal watercraft, and by "go fast" boats that may attempt to blend into commercial shipping lanes to minimize risk of detection. Many island nations in the Caribbean are being utilized as a transshipment point with the Bahamas accounting for its fair share. OPBAT has been successful in deterrence and counternarcotics operations, but with the U.S leading the world in cocaine consumption, there is no forecast of drug trafficking slowing down any time soon.

2. **If the Bahamas were to retaliate with economic sanctions against the U.S. due to disagreement over the Grey Agreement, what would be the political and economic implications?**

This is obviously a radical reaction, but one that must be understood and prepared for if any change to the Grey Agreement is recommended or instituted. Additionally, understanding these implications can help drive decision making when adjusting international agreements to include the Grey Agreement. As the last question focused on broader operational strategic implications, this question focuses more on the macroeconomic and geopolitical implications of a change to the agreement. There are multiple ways students can approach this question, whether focusing on exports/imports, U.S based industries, international commercial shipping, etc. Furthermore, discussion need to occur as to whether this is a realistic strategy for the Bahamian government. Who wins more in the relationship? Is there another country that can take over the U.S role? Students should be attempting to build the entire picture required to make a sound decision on the Grey Agreement matter.

Students will more than likely gravitate toward analyzing current trade relations between the Bahamas and the U.S. The U.S imports $523 million from the Bahamas while it exports over $3 billion. Thus, the Bahamas has a very large trade deficit with the U.S. Students will quickly realize the U.S has the advantage when analyzing only trade. This advantage comes from the Bahamas reliance on the U.S for 26% of their imports to include crude oil, its number one import. The top import origins for the Bahamas are the United States ($2.29B), China ($1.4B), Japan ($1.01B), Poland ($830M) and South Korea ($778M) (OEC, 2015). Yet, students could look at

170

this from two points of view: (1) the Bahamas reliance on U.S goods; or (2) U.S reliance on the Bahamas purchasing goods. This perspective becomes more complex when one looks from the perspective of international travel.

The Bahamian economy is reliant upon the multitude of cruise ships that land at its many ports. Just south of the Bahamian archipelago lies the Old Bahama Channel, a narrow shipping lane squeezed between Cuba and the Bahamas. The channel sees thousands of ships travel through each year, including many cruise ships destined for the southern United States. Ft. Lauderdale, Miami, Tampa, and Port Canaveral represent some of the most popular cruise ship launch points in the U.S., and most Caribbean cruises transit through or make port calls in the Bahamas. About 75% of the annual 6 million visitors to the Bahamas arrive by cruise ship (Peltier, 2018).

Royal Caribbean Cruise Lines, Norwegian Cruise Lines, and Carnival Cruise Lines are based out of Miami, Florida and transit through or visit the Bahamas on a majority of their cruises. Royal Caribbean had over $8.7 billion of revenue in 2017 (RCL, 2017), Norwegian had over $5.3 billion (NCHL, 2017), and Carnival had over $17.5 billion in revenue (CCL, 2017). The vast majority of these companies' ships are registered in the Bahamas, using it as a "flag of convenience" due to the lax shipping and labor regulations in the Bahamas. The country is the number one cruise ship registry in the world (Institute of Shipping Economics and Logistics, 2012). Needless to say, these are large corporations that could potentially take an irreversible cut to revenues if political tensions led to the imposition of customs and regulatory penalties for Bahamian-flagged cruise ships operating out of the U.S. Adding further complexity to the decision is the fact that many other commercial ships that travel to the U.S. are registered in the Bahamas. Thus, strategic importance does not only rest with the geographic location of the Bahamas, but also with their role in international commerce.

As of 2011, commercial ships carried 53% of U.S. imports and 38% of U.S. exports (by value) into or out of the country. In 2015, commercial vessels called upon U.S. ports over 82,000 times (U.S. DOT MARAD, 2016). Of note, only about 181 of those ships carrying more than 1,000 gross tons are actually registered in the U.S. because of the strict safety and environmental regulations imposed on U.S.-flagged vessels (Chambers & Liu, 2012). Students will need to understand the strategic importance of the Bahamas to both the commercial shipping and cruise ship industries. Additionally, there are many other companies that could potentially be impacted by an adjustment to the Grey Agreement. This is just one example of the research students will be required to do in order to find the second and third order effects of adjusting the agreement. Conversely, some students may find that risking these potential economic impacts are worth the long-term government costs incurred from the Grey Agreement. Others may argue that the Bahamas cannot afford to waver economic ties for the benefits of the Grey Agreement. Yet, other students may think more globally and weigh the foreign policy implications.

When analyzing the major trading partners with the Bahamas, students will quickly realize that China is a close second to the U.S in overall exports to the Bahamas. China primarily exports special purpose ships and refined petroleum to the Bahamas. The question for students is whether or not China could fill the gap if the Bahamas was to "relieve" the U.S from their duties? Yes, China could provide SAR assets, cruise ships to ports, and provide crude oil along with their refined petroleum. Is China willing to do so? Yes, but it would be speculated that China would want military bases within the region or other strategic benefits. This would strategically posture China very close to the U.S. Additionally, some students may argue that preventing such proximity is the primary strategy of the U.S through all ties with the Bahamas. Chinese bases this close to U.S territory will be unsatisfactory for U.S geopolitical posturing.

The Grey Agreement is far more than a SAR agreement dating back to 1964. Students will have to decide as to whether or not the agreement is the linchpin holding many other strategies together. This will rely upon a deeper understanding of international trade theory and international relations theory.

3. What are the ethical issues presented from the perspective of both countries regarding the current agreement?

Ethical questions are an integral part of international relations, and the dilemma in this case provides the opportunity for instructors to challenge students to think of ethical issues for both the United States and the Bahamas relating to the Grey Agreement. Arguably the most important question for instructors to highlight to their students is: What are the ethical implications of the United States Coast Guard changing an agreement with the knowledge that the Bahamas may not be able to fulfill SAR capabilities to an equal extent? The foundational issue of whether or not the Grey Agreement should be revised highlights an ethical dilemma. Instructors should choose a framework and highlight key definitions in order to use this case as a means of introducing international ethics. The Carnegie Council for Ethics in International Affairs provides a possible framework to approach this predicament.

Rosenthal (2018) presents three main dimensions in international ethics: actors, systems, and social arrangements. These dimensions in the case are important for students to understand because they help form the ethical foundation upon which the current issue is built. The first dimension, actors, refers to the key stakeholders in the case. Students should identify the following primary stakeholders for SAR: United States Coast Guard, Royal Bahamas Defense Force (RBDF), Royal Bahamas Police Force (RBPF), and Bahamas Air Sea Rescue Association (BASRA). The primary government actors in this case are the U.S. Federal Government (State Department) and the Bahamian Government. Other potential stakeholders for instructors to highlight to students would be recreational and commercial boaters transiting in and around the Bahamian archipelagic zone. Arguably the most important decision-making actors in this dilemma are the U.S. State Department and the government of the Bahamas.

For the systems dimension of international ethics, students should look at the systems and conditions that define the range of choices (Rosenthal, 2018). Another way to explain the defining systems is by asking the following question: What are the standards by which each actor lives? Once again, it would be helpful for instructors to separate actors into three categories: SAR entities, national governments, and civilian entities. In this case, each actor's systems should be considered as to how they impact decision making. For example, the U.S. State Department is motivated by a desire to maintain international influence and a foothold in the region. On the other side, the government of the Bahamas is motivated to balance their desire for sovereignty with their ability to shift responsibility and cost of conducting SAR to a foreign government.

For the third dimension of ethics, social arrangements, the key is to identify to students that actors will often have the opportunity to improve their situation (Rosenthal, 2018). Sometimes dilemmas are in unfavorable moments, where one can argue there is no optimal path. However, at this point, both the United States and the Bahamas have the opportunity to build an even better scenario that constitutes a new social arrangement. Arguably the most important social arrangement in the Grey Agreement is the Right of First Refusal. Most individuals think that the USCG freely operates in the region. Thus, if a SAR case in the Bahamas goes poorly, fingers sometimes are pointed toward the USCG, even though they may have never been given the green light to assist in the operation.

In addition to looking at Rosenthal's three dimensions, students should also learn about some of the basic theories in international ethics. Some potential topics for instructors to cover are realism, pluralism, rights and responsibilities, and fairness.

Although the framework from Carnegie Council for Ethics in International Affairs helps to highlight issues in the current agreement, it is only one way of looking at the case. Instructors may direct students towards other frameworks, but they must continue to emphasize that there are varying ethical issues faced by both the United States and the Bahamas in this case. Additionally, this answer provides only a few key definitions, and instructors can bring in other terms to help broaden knowledge for their students.

General Discussion

Possible Teaching Strategies:

1. In-class discussion: Students should be provided the case study with ample time to read and develop points of view. Before beginning discussion lay out any necessary ground rules for participation.

As discussion continues, possible questions to spur a different line of discussion are:

If the discussion has been one-sided: Now that we have seen it from the USCG point of view what about the viewpoint of the Bahamians? Or tourists/boaters? Discuss some benefits and disadvantages to these other perspectives in terms of varying courses of action.

As the students discuss the above perspectives ask questions that point out differences in opinions and dig deeper into the thought logic behind the perspectives of the students.

2. In class discussion via groups: Students can be assigned roles from within the case or other major stakeholders. Students will discuss issues, courses of action, etc. from the perspective of their assigned role. Students will be required to defend positions, create new options for a way ahead, and answer any pertinent questions. Again, be sure to lay out any ground rules for the discussion prior to commencing.

Similar questions can be asked as those above in terms of benefits, disadvantages, and requiring deeper level of understanding and discussion.

3. Written Assignment: Students may be required to read the case, complete their own research and literature review, and then provide a written response to the case. The final assignment should be well thought-out and include a viable solution or way-ahead as well as supporting material for that solution. Students may also be required to present their solution as part of the class time. This would provide students with practice public speaking, as well as developing a thorough written response.

Notes on Introduction of the Case:

This case outlines a complex situation that affects multiple stakeholders, specifically the United States Coast Guard and the Bahamian Government. The case content describes the opportunities and threats associated with the mission in this region and how it affects stakeholders. As you read the case, focus on all of the moving pieces that create the dynamic landscape that is the basis for this discussion.

Ensure the learning objectives/outcomes as outlined above are articulated to the class to guarantee students focus in on the main objectives of this learning opportunity, specifically, benefits and repercussions from different stakeholders, ethical considerations in this dilemma, and major macro-political and macroeconomic outcomes or issues.

Epilogue

In November 2016, the USCG and the Commonwealth of the Bahamas began developing a formal SAR agreement to replace the Grey Agreement, with the goal of finalizing it by the end of fiscal year 2018. As noted throughout this case, it is in the best interest of the United States and the Bahamas to continue a working relationship, fostering further cooperation and coordination for SAR operations. The proposed SAR agreement provides insight into the USCG's response to our case decision point: the status quo was no longer tenable, and an updated SAR agreement would benefit both parties. Based upon the draft agreement, the USCG will continue to remain a public figure known for assisting others in their time of need. However, under this new agreement, the Commonwealth of the Bahamas will take a more prominent role in the initial response to SAR requests. Through the expansion of the RBDF's current fleet via the Sandy Bottom Project and operation of their own Rescue Coordination Center (RCC), the Bahamian government is now poised to provide a greater presence within their Search and Rescue Region (SRR). The final product of these negotiations is yet to be determined, but the diplomacy and relationship building exhibited by the USCG and the Commonwealth of the Bahamas promises further progress and cooperation.

References

Carnival Corporation (CCL) (2017). Income Statement March, 26 2018. *Yahoo! Finance.* Retrieved from https://finance.yahoo.com/quote/CCL?p=CCL

Chambers, M., & Liu, M. (2012). *Maritime trade and transportation by the numbers*. Retrieved from the U.S. Department of Transportation, Bureau of Maritime Statistics website: https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/by_the_numbers/maritime_trade_and_transportation/index.html

Hicks, K. H. (2017, August 1). *U.S. Coast Guard priorities for the future: Maritime security dialogue with Admiral Paul Zunkunft*. Retrieved from the Center for Strategic and International Studies website: https://www.csis.org/analysis/us-coast-guard- priorities-future

Institute of Shipping Economics and Logistics. (2012). *Shipping statistics and market review, 8*(7), 1-10. Retreived from http://www.infoline.isl.org/index.php?module=Downloads &func=prep_hand_out&lid=792

Lamothe, D. (2017, November 17). Coast Guard says it's $900 million short after 'all-hands-on-deck' hurricane response. *The Washington Post*. Retrieved from https://www.washingtonpost.com/news/checkpoint/wp/2017/11/16/coast-guard-says-its-900-million-short-after-all-hands-on-deck-hurricane-response/?utm_term= .134b9d0c212b

Norwegian Cruise Line Holdings (NCLH) Ltd. (2017). Income Statement March, 26 2018. *Yahoo! Finance*. Retrieved from https://finance.yahoo.com/quote/NCLH/financials?p=NCLH

Peltier, D. (2018, January 24). The Bahamas has too many cruise ships and not enough hotel high rollers. *Skift*. Retrieved from https://skift.com/2018/01/24/the-bahamas- has-too-many-cruise-ships-and-not-enough-hotel-high-rollers/

Rosenthal, J. H. (n.d.). *Ethics and international affairs: A primer*. Retrieved March 28, 2018, from https://www.carnegiecouncil.org/education/001/ethics/eiaprimer

Royal Caribbean Cruises Ltd. (RCL). (2017). Income Statement March, 26 2018. *Yahoo! Finance*. Retrieved from https://finance.yahoo.com/quote/RCL/financials?p=RCL

The Observatory of Economic Complexity (OEC) (2015). [Graphic representation of economic trade relations]. *Bahamas*. Retrieved from https://atlas.media.mit.edu/en/profile/country/bhs/

U.S. Department of Transportation, Maritime Administration. (2016). *2015 Vessel calls in U.S. ports, selected terminals and lightering areas*. Retrieved from https://www.marad.dot.gov/wp-content/uploads/pdf/DS_VesselCalls_2015.pdf

FY17 USCG Cases in Bahamian Territory & Typical USCG Force Laydown in the Bahamas

Source: USCG Business Intelligence Application (2018); MISLE case numbers included.

Current Bahamas Search and Rescue Region (SRR)
Source: https://sarcontacts.info
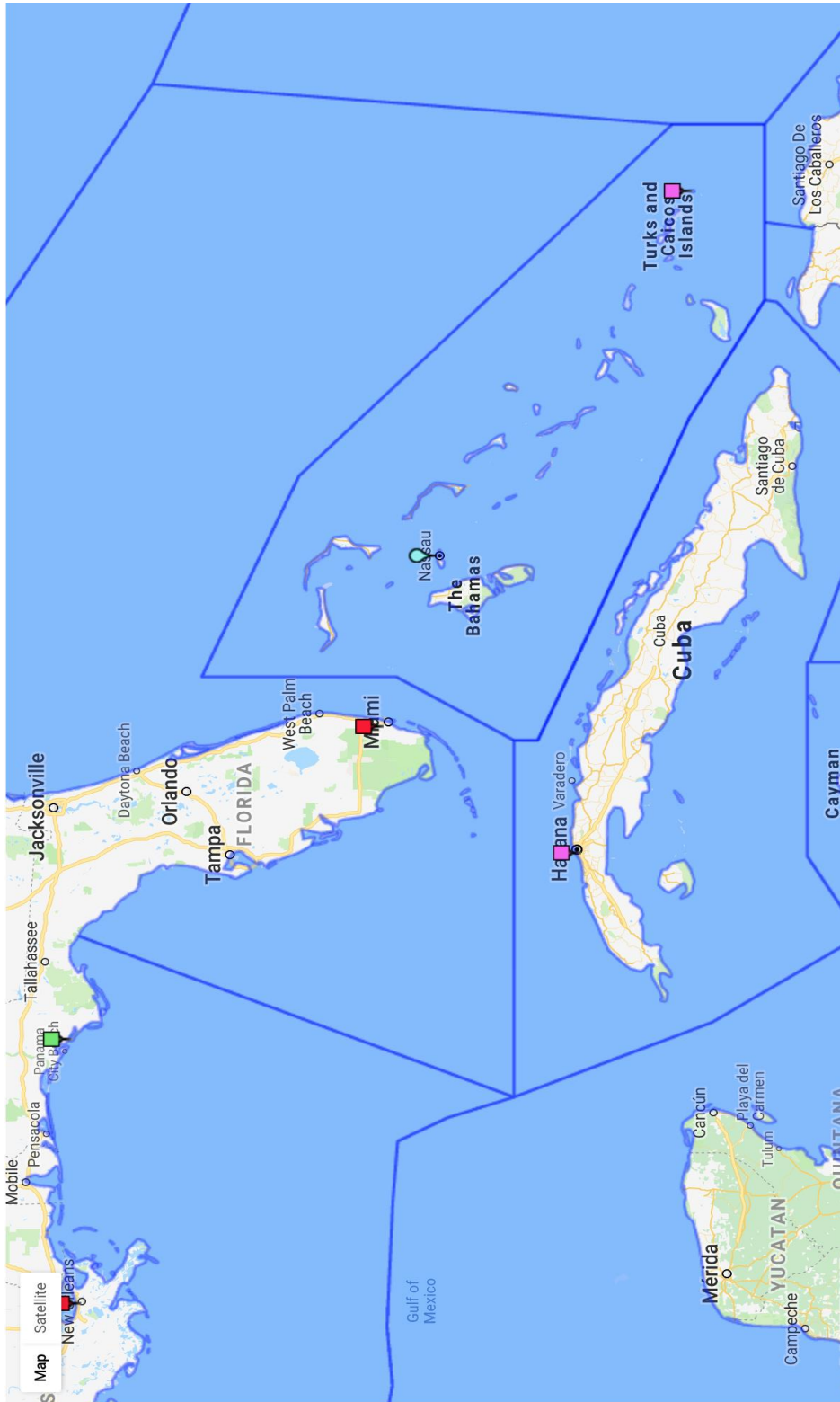
Study Abroad Service Learning Outcomes: The Case of Mercer on Mission in Rwanda

Etienne Musonera, Mercer University
Carol J. Cagle, Mercer University

Abstract

"Mercer on Mission is an international service-learning experience that provides students a unique opportunity to understand and engage a culture much different than their own. The programs are situated throughout the developing world, where the challenges of poverty, injustice and limited access to education and health care are enormous. Mercer on Mission teams consist of faculty members and students. These teams partner with local communities and service agencies to provide various forms of humanitarian aid and community development, including building houses, teaching school children, constructing bio-sand water filters, providing prosthetic legs to amputees, producing dramas and running medical clinics.

Introduction

Because of Mercer's strong commitment to service, the university pays for all international travel expenses, including air fare, food and lodging. Students consistently describe their Mercer on Mission experience as "life-changing" and "the best thing I have ever done," (http://mom.mercer.edu). Our mission was to Rwanda in East Africa and we led a group of students, mostly from the Stetson School of Business. All the students had substantial strengths in business disciplines and our courses for the mission were cross-listed as graduate and undergraduate courses. These were Marketing in Emerging Countries and Social Entrepreneurship.

Our project was unique in several ways. First, we were able to attract a substantial number of graduate students to participate. Second, we were able to combine graduate and undergraduate students in a way that allowed the graduates an opportunity to mentor the undergraduates. We brought intellectual capital in the form of ideas and concepts to our Rwandan partners. Our Rwandan partners were the leaders of the Association des Veuves du Genocide Agahozo (AVEGA). This non-profit organization was created in January 1995, by fifty widows who survived the genocide of 1994.

Our mission took the form of a two-way workshop. We spent many hours in a classroom setting and in breakout sessions of small groups educating the leadership of AVEGA in various areas of entrepreneurship with emphasis on marketing and financial skills. In turn, AVEGA's leadership spent many hours educating us on the magnitude of their organization and the needs of its members and the environment within which they operated.

The total number of people served directly would be around a hundred officers representing the five regional offices and the National Committee of AVEGA. It is much more difficult to know the number of people served indirectly. These officers intend to take what they learned back to their respective regions and pass it on to their membership. Our study reports on the most recent cohorts of Mercer University undergraduate and graduate business students between 2016 and 2018. This paper reports on the students learning outcomes achieved through this study abroad program. The impact of the project on our students was immeasurable and we have received thank you notes almost all of which included "life-changing", "eye-opening",

"experience of a life time", etc. These terms are repeated in the students' surveys and reflective papers regarding the mission.

Learning outcomes were more than we could have hoped for. Students learned through direct experience that the skills and knowledge they acquired in their business classes were worth a great deal more than a way to earn a pay check. They learned these skills could be applied in a way to help an organization, a community, a country. They learned the value of entrepreneurship tools in helping people achieve independence and self-respect. They learned that these skills are just as important to social organizations as they are to investor-owned businesses.

Glocalization Strategies in a Global Competitive Hospitality Industry - The Case of Airbnb

Etienne Musonera, Mercer University
Carol J. Cagle, Mercer University
Anand Pore, University of Houston
Kingshuk Mukherjee, Saint John's University

Presented by Etienne Musonera on Friday, March 29, 2019, in the Crystal Room at 3:00-4:15 pm. Theme: Special Topics. Chair: Etienne Musonera, Mercer University.

Abstract

Airbnb is an international home-sharing platform and has grown astronomically since its inception in 2008. Airbnb has hosts in more than 35,000 cities across the world, has expanded to nearly 200 countries boasting a robust 4 million properties available for rent. Guests using Airbnb were over 60 million in 2015 and its valuation is over $25.5 billion. Organizationally, the company is in a very secure situation. The three original co-founders remain the company's primary leaders and visionaries, but they are also willing to accept new ideas, help, and resources from outside sources. Financially, Airbnb has secured their position for the long-term by turning a profit for the first time in 2016. This trend of profitability has continued and is expected to turn into $8.5 billion in revenue by 2020.

Introduction

Despite recent concerns about hosts and guest's safety, Airbnb has managed to maintain their success through positive public outreach and focusing their business on customer service. They are rumored to go public during 2018, and once this is official and travelers/hosts can become stockholders, an economic upswing is likely. Airbnb is in a unique position when it comes to entering the market because they are not in need of capital contributions, so any and all market trades will just be an added bonus to their already stable financials. Airbnb utilizes a variety of traditional international marketing strategies and is constantly seeking new ways to draw in international travelers by thinking global and acting local.

This glocalization strategy has led to rapid growth and expansion in international markets, while investing in the localization of its brand and services. As Airbnb continues to grow globally, they seek new ways to attract potential guests and hosts alike. With creative marketing strategies and deliberate business execution, Airbnb will continue to be the most recognizable member of the sharing economy and distinguish itself as a trailblazer in the travel, hospitality and tourism industry.

This case analysis addresses marketing strategies in the hospitality service industry and we use Michael Porter's five forces to evaluate the attractiveness of this industry. We conducted situation and industry analyses and provided strategic alternatives. This report will also explore Airbnb's explosive growth within its current market share and the implications of that growth, including but not limited to: identifying and analyzing competitors, determining Airbnb's suppliers and buyers, analyzing supply and demand, and exploring Airbnb's organizational tactics and strategies in various markets across the world.

Key Words: Airbnb, International marketing strategies, glocalization, SWOT, case analysis, Michael's Porter five forces

Effective teaching in international business classroom

Angela McCaskill, West Virginia University Institute of Technology

Presented by Angela McCaskill on Friday, March 29, 2019, in the Crystal Room at 3:00-4:15 pm.
Theme: Special Topics. Chair: Etienne Musonera, Mercer University

Developing Information Literacy for Future Leaders: A Case of Integrating Infographics in an MBA International Business Course

Katharine Bohley Martin, University of Indianapolis
Gaoming Zhang, University of Indianapolis

Abstract

Opportunities are needed to develop visual literacy. In addition, more research is needed on how to effectively develop students' digital literacy to promote learning (Hattwig, Bussert, Medaille, & Burgess, 2013). Researchers point out that even for digital citizens, their participation in a highly visual culture (e.g., Instagrams, Pinterest, etc.) doesn't not necessarily lead to effective communication with visuals in an academic learning environment (Hattwig, 2013). In this research project, researchers created an infographnic assignment in an international business course to develop their visual literacy and evaluated the effect of this learning activity. In this project, an infographic assignment was designed to improve students' visual literacy. An infographic creates a visual narrative by using a data visualization (e.g., charts, tables, graphs, maps, dashboard, etc.) to illustrate information effectively and visually. While text may be included, inforgraphics are not text-based. In contrast, visuals are the primary format to present information. Commonly used online tools to create infographics are Piktochart, Infogr.am, and Easel.ly. In short, participants reported positive learning experience with exploring Easel.ly and creating an infographic. Both learning activities helped participants to think critically the features of digital literacy, including data visualization and a balance of text and image.

Attributes that Influence the Inclination to Become an Entrepreneur: A Case Study on Mexican Male Students

John E. Spillan, University of North Carolina at Pembroke
Mohammad Rahman, University of North Carolina at Pembroke
Alma Mintu-Wimsatt, Texas A&M Commerce
Carlos Ruiz, George Gwinnett College

Abstract

In this study, we surveyed Mexican male university students to examine their likelihood of becoming entrepreneurs. The Theory of Planned Behavior (TPB) provided the framework for understanding their entrepreneurial intentions/inclinations. We found that three factors could potentially influence future entrepreneurial intent: (1) students' confidence levels; (2) students' interests; and (3) exposure to peers with entrepreneurial background.

Key words: Entrepreneurship, Intentions, Determinants of entrepreneurship, Mexico

Introduction

Entrepreneurs deal with risk and uncertainty everyday with the intention of creating new opportunities in order to achieving the goal of generating profits. Entrepreneurs recognize and assemble resources needed to take advantage of these opportunities (Sandhu et al., 2010). In many cases, these new opportunities have led to the development of new businesses and/or enterprises (Low & MacMillian, 1988). As a result, entrepreneurship is widely recognized as a driver of social and economic development (Shapero, 1985) as well as employment and innovation growth (Rai, Prasad & Murthy, 2017).

Stemming from the growing popularity of entrepreneurship, there has been significant interest in understanding what factors cause an individual to lean towards becoming an entrepreneur. Learning what drives individuals to think about starting their own business has been of great interest to both academic researchers and entrepreneurs (Carey, Flanagan & Palmer, 2010).

Despite the fact that independent business owners *without* degrees outnumber those with higher education degrees, universities have become a prime source of entrepreneurs (CNBC, 2017). Universities provide students with the education, training, mentoring, incubator and connections for possible funding (Tice, 2011; Gasse &Tremblay, 2011).

Education in entrepreneurship provides knowledge, skills and motivation for [self] employment (Onu, 2013). Moreover, students have kept an open mind about future entrepreneurial possibilities of excitement, newness and never ending challenges (Bhat & Singh, 2018). Therefore, understanding students' motivations and/ or inclinations toward starting their own business has become an important topic among researchers.

Entrepreneurship in Mexico

The significance of entrepreneurship in developing countries cannot be overestimated. Small businesses have a significant impact on the early stages of development, as countries transition away from factory-driven to efficiency-driven and eventually, to innovation-driven economies (Global Entrepreneurship Monitor (GEM), 2012). This is because entrepreneurs possess critical employment skill sets such as risk-taking, communication, human relation and opportunity recognition that help stimulate growth and development of the private sector (Ojeaga & Okolocha, 2017).

Mexico is considered one of the most entrepreneurial countries in the world with roughly 25% of the Mexican workforce being self-employed compared to 11% in the USA (Van Auken et al., 2006). In fact, the Global Entrepreneurship Monitor ranks Mexico among the most entrepreneurial countries in a list of 41 countries (GEM, 2012). Family- owned businesses have a significant role in the private sector in Mexico and children of Mexican entrepreneurs show a preference for entrepreneurship as a career option (Van Auken et al., 2006).

However, despite the role that entrepreneurship plays in the Mexican economy, studies on the topic of entrepreneurship in Mexico are sporadic. Research that specifically addressed factors that influenced university students' inclinations to pursue entrepreneurship as a career path in Mexico were not found. As a result of this deficiency, we focused our research on Mexican university students.

Objectives of the Study

The purpose of our study is twofold. First, we provide a framework for analyzing Mexican students' intent to become entrepreneurs. In this study, we adapted Ajzen's (1991) Theory of Planned Behavior model. Second, based on our findings, we provide insights on the critical success factors (CSFs) relating to entrepreneurship that affect students' interest, desires and ambitions to pursue new ventures. Therefore, the aim of this study is to investigate Mexican male students' intentions of pursuing entrepreneurship as a career path.

The remainder of this paper consists of four sections. We begin with a discussion of the relevant literature regarding students' entrepreneurial intentions as well as internal factors associated with their predilections towards entrepreneurship. Next, we discuss the research methodology and then present our findings. Finally, we conclude with a discussion of our findings, managerial implications and research limitations.

Literature Review & Hypotheses Development

Entrepreneurship is an attitude that expresses an individual's inspiration and ability to detect opportunity and progress forward with it (Pretheba, 2014). Entrepreneurs fuel economic growth and development (Bhat & Singh, 2018).

Entrepreneurship, Economic Development and Intentions

Bakotic and Kruzic (2010) suggest that entrepreneurship is the engine for economic growth because it is the facilitating agent for the expansion and promotion of productive activities (Faria et al., 2010). According to Hamod (2010), entrepreneurship is one of the key factors that has contributed to the balanced and rapid growth in country's economy. As a result, it is

abundantly clear that entrepreneurs [and/or entrepreneurship] are critical to a country's economy by creating employment, increasing the quality of life and decreasing the incidents of poverty (Ojeaga & Okolocha, 2017). Entrepreneurship leads to the generation of income thereby raising the socio-economic levels of society (Uddin & Bose, 2012). Therefore, to help foster economic development, many governments today are mindful of the need to encourage entrepreneurship (Ojeada & Okolocha, 2017; Braunerhjelm et al., 2010).

To help understand an individual's decision to become an entrepreneur or an independent business owner, emphasis has been placed on intentions (Carey, Flanagan & Palmer, 2010). This is consistent with Bagozzi and Yi's (1989) research where they established that intentions are the single best predictor of actual behaviors. Indeed, intentions have been proven to be the best predictor of entrepreneurial behavior in numerous research studies conducted over the past decade (Krueger, Reilly & Carsrud 2000). These authors stressed that intentions are a better predictor than personality tests when it comes to entrepreneurship. Zellweger et al. (2008) noted that intentions are particularly important when dealing with succession in family-owned businesses.

Within the context of entrepreneurship, intention is a way of thinking that points a person's interest and action in the direction of self-employment as opposed to organizational employment (Rai, Prasad & Murthy, 2017). Entrepreneurship intention can be defined as the emerging conscious attitude(s) that a person has regarding the wish to start a new enterprise or create new core values in existing organizations (Krueger, Reilly & Carsrud, 2000).

Alternatively, entrepreneurial intentions can also denote action(s) that are produced based on an individual's attitudes that eventually produce results (Raguz & Matic, 2011). Entrepreneurial intentions are decided by certain traits such as high achievement, tolerance for ambiguity, willingness to take financial risk or internal locus of control (Rai, Prasad & Murthy, 2017). These ideas refer to a belief that the future is determined by one's own actions and pro-activeness (Krueger, Reilly & Carsrud, 1993). In effect, intentions are at the essence of entrepreneurship.

Almost anything an entrepreneur does is directly or indirectly linked to his/her intentions (Bhat & Singh, 2018). The manner in which an entrepreneur expresses or implements his/her intentions will determine success (Bhat & Singh, 2018). Most of all of the entrepreneurial motivating aspects relate to intentions. Intentions can be summed up as specific inclinations to perform an action or series of actions. It results from deliberate thinking that directs behavior (Rai, Prasad & Murthy, 2017).

Three intention models have been commonly used by researchers as the basis for explaining entrepreneurial attitudes and behaviors. The initial model was proposed by Shapero and Sokol (1982). According to Shapero and Sokol (1982), individuals experience some type of displacement event that directs his/her intentions toward becoming an entrepreneur. The second model was suggested by Bird (1988). Bird (1988) presented that rational/analytic thinking as well as intuitive holistic thinking drive the intent to become an entrepreneur. Third, Ajzen's (1991) Theory of Planned Behavior is perhaps one of the most popular frameworks used to investigate entrepreneurial intentions (Bhat & Singh, 2018).

Applying Azjen's (1991) model in the context of entrepreneurship, attitude towards entrepreneurship, subjective norms [stemming mostly from family and friends] and perceived

ability to control entrepreneurship behavior are variables that influence intentions and subsequently, entrepreneurship behaviors (Bhat & Singh, 2018).

Cultural Context of Entrepreneurship

Research indicates that entrepreneurial intentions are diverse in nature across cultures and different ethnicities (Uddin & Bose, 2012). The social and cultural contexts are important for understanding when, how, and why entrepreneurship happens and who becomes involved (Welter, 2011; Baughn & Neupert, 2003). For example, local traditions and norms, particularly in developing countries, determine gender roles within families that help explain why female entrepreneurs are prevalent in certain low-growth and low-income industries (Welter, 2011; Baughn & Neupert, 2003).

Entrepreneurship in Mexico. Sloka et al. (2014) conducted a study exploring the motivations to start a business in Latvia, Canada, USA and Mexico. Their findings suggest that in Mexico, there are four complex factors that influence entrepreneurship: income, independence, personal motivation, and family security. Moreover, Sloka et al. (2014) determined that the most important factors influencing entrepreneurial business success were the following: good client service, honesty reputation, charisma as well as friendliness with clients and good management abilities. Of lesser importance were previous entrepreneurship experience, geographical location, political support and interest (Sloka et al., 2014).

In another study, Radojevich-Kelly (2014) cited the North American Free Trade Agreement (NAFTA) as a driver for entrepreneurship in Mexico. However, due to the lack of entrepreneurship skills and education, many Mexican entrepreneurs have found themselves in a position of disadvantage compared to US and Canadian counterparts (Radojevich-Kelley, 2014). Kelesidou (2013) suggested that Mexicans must study entrepreneurship and become familiar with the different methods to fund start-ups in order to gain confidence and take advantage of the opportunities associated with NAFTA.

Radojevich-Kelley's (2014) study noted that the main motivations to start a business were financial independence, personal independence and realization of a dream. According to the participants of the study, financial independence (i.e., having discretionary income, supporting the family and achieving financial freedom) is the greatest benefit of being an entrepreneur. Personal independence (i.e., flexibility in working hours/days and not having a superior) is the second most important advantage of being an entrepreneur. The findings of Radojevich-Kelly's study (2014) also indicate that among the greatest challenges that entrepreneurs face when starting a business in Mexico are corruption, significant red-tape, government inefficiency, bureaucracy, bribery, poor capabilities to secure funding and poor government administration. These findings are consistent with the World Bank Mexico Country Profile Report (2010) which states that the top six constraints to starting a business in Mexico are access to funding, corruption/bribery, crime/theft/disorder, government regulation burdens/red tape, and problems or delays getting licenses and permits.

In addition to the challenges cited above, other obstacles that entrepreneurs face when starting a venture in Mexico are difficulty finding customers, competition, and finding a good location. However, despite the challenges associated with starting a business, 94% of the participants of the Radojevich-Kelly (2014) study indicated that owning a business is still highly

rewarding.

Role of Education in Entrepreneurship

In situations where local cultures may not necessarily be conducive to entrepreneurial conduct, the teaching of entrepreneurship as well as entrepreneurial values and attitudes may be particularly important. When local entrepreneurial talent, aptitudes and attitudes may be lacking, university training and education in entrepreneurship ought to be further examined (Steyaert, Hjorth & Gartner, 2011) with colleges and universities playing a major role. And, specifically for Mexico, the impact of university entrepreneurship programs on students cannot be under estimated Canton, 2014). Canton (2014) indicates that Mexican dynamic entrepreneurs particularly value the role that university entrepreneurship programs play on the development of skills such as risk management, working in teams, negotiation, and creativity.

"Students' motivation to open their own business" has been a natural object of academic interest in entrepreneurship research and education (Carey, Flanagan & Palmer, 2010). A more profound awareness for entrepreneurial attitudes and characteristics of university students will assist in estimating future entrepreneurial activity (Shock, Priew & McGee, 2003). It is within this premise that our current study was conceptualized. Our research goal was to explore the attributes and characteristics of Mexican male students' inclination to pursue entrepreneurship as a career.

Conceptual Framework

Knowing how entrepreneurial intentions shape a student's rationale to become an entrepreneur is fundamentally important for Mexico. Being aware of how an individual's intentions emerge and are acted upon can provide significant understanding into what set in motion a person's desire to become an entrepreneur (Rai, Prasad & Murthy, 2017). Knowing entrepreneurial intentions will help establish policies in the area of entrepreneurship development and restructuring education so that opportunities for students to actualize their intentions can be realized (Delmar & Davidson, 2000).

Intentions: The Theory of Planned Behavior offers a viable framework for understanding and predicting the entrepreneurial intentions is not only based on personal factors but also on social factors (Rai, Prasad & Murthy, 2017; Krueger, Reilly & Carsrud, 2000).

The behavioral intentions are determined by attitudes towards behavior, subjective beliefs and perceived behavioral control (Ajzen, 1991). Scholars have studied entrepreneurial intentions among university students in several countries, such as the United States, Australia, Austria and Germany, among others (Szerb & Inkeh, 2007). The results of these studies have indicated that situational variables such as one's environment, education, network, and subjective norms all determine the intentions of entrepreneurs (Uddin & Bose, 2012). Ajzen's (1991) research states that the social expectation and pressure from one's family, friends, peers and society, at large, are also major factors that have an impact on the intentions to perform or not perform a behavior. As such, the more intense the social expectation or pressure, the greater is the attraction towards establishing the new venture (Krueger & Carsrud, 1993; Zhao, Hills & Seibert, 2005). These findings have been reinforced by Usman, Rehman and Ahmed's (2010) study on entrepreneurial intentions, which found that innovative and family business experiences are related to entrepreneurial intentions.

Business Education. Entrepreneurship education has been recognized as one of the vital determinants that could influence students' career decisions (Kolvereid & Moen, 1997). In fact, Noel (2001) noted that when students study entrepreneurship, their intent to start a business compared to non-entrepreneurship students is significantly enhanced.

Entrepreneurship education has typically been concentrated in business (i.e., management field of study) and to a lesser extent, engineering (Costa, Soares & Bonfim, 2009). Business and economics majors have been suggested as two of the best majors to prepare students for becoming an entrepreneur (www.Brazencareerist.com, 2015). Students who have some basic understanding of entrepreneurship are better at identifying business opportunities. Their knowledge gives them the confidence and motivation to pursue new and existing paths towards entrepreneurship (Krueger & Brazeal, 1994). Based on this, we propose:

H1: Students who are business majors have a higher likelihood of becoming an entrepreneur.

Self Confidence. Inadequacy, lack of skills and fear of failure can negatively impact entrepreneurial attitudes (Szerb & Szabolcs, 2007). On the other hand, maturity and self-confidence have a positive impact on entrepreneurial attitudes (Nabi, Holden & Walmsley, 2010). An individual who desires to become an entrepreneur must have the self-confidence that it is possible to reach certain goals. There is a direct relationship between a potential entrepreneur's self-confidence and variables such as risk taking, and tolerance of ambiguity (Koh, 1996). As a result, we propose that:

H2: Self-confident students have a higher likelihood of becoming an entrepreneur.

Entrepreneurial Exposure in the Family. Earlier studies have revealed that family involvement in business development can have a positive influence on entrepreneurship. Research reveals that entrepreneurs are often brought up in families where their parents have been self-employed (Crant, 1996; Dyer, 1992, Roberts &Wainer, 1968). Kennedy (2003) indicates that family involvement in business has had a major influence on students in Hong Kong, Norway, Catalan and Singapore. Students who, at a young age, were associated to family business development were more inclined to have these experiences influence their entrepreneurial intentions. A family atmosphere in which the parents are the owners/operators offers a specific context in which career and entrepreneurship intentions are formed (Chua, Chrisman & Sharma, 1999).

Van Auken et al. (2006) conducted a study in which they compared the influence that role models have on entrepreneurial intentions on Mexican and US students. For both sample groups of students, they indicated that the most significant role model that influenced their decision to become entrepreneurs is the father. Therefore, family role models influence entrepreneurial attitudes.

H3: Exposure to family members who are entrepreneurs enhances the likelihood of becoming an entrepreneur.

Interest. Interest is a strong motivating factor to engage in specific behaviors (Hidi & Renninger, 2004). Within the context of entrepreneurial intent, students are interested in becoming entrepreneurs because they value control and the potential financial gain (Caird, 1991). Wright, Robbie and Ennew (1997) argue that a desire for wealth, autonomy and independence drives entrepreneurship. Opportunities to create and develop are desirable to students (Costa, Soares &

Bonfim, 2009). The prospect of financial gain is also appealing (Carter et al., 2002). Based on this, we suggest:

H4: Students with entrepreneurial interests have a higher likelihood of becoming an entrepreneur.

Exposure to Entrepreneuring Friends. Friends or peers can also shape a student's entrepreneurial intention. Their support and reassurance are crucial (Baughn et al., 2006; Davidson & Honig, 2003). Along with family, friends' participation to a student's thinking about entrepreneurship is important in determining and influencing the desirability for developing a particular business venture (Ismail et al., 2009). In other words, friends' involvement makes an entrepreneurial career both desirable and worthwhile. Because of this, we propose:

H5: Exposure to friends who are entrepreneurs enhances the likelihood of becoming an entrepreneur.

Methodology

Data Collection & Sample

This study uses the survey data conducted at The Universidad Autónoma de Yucatán (UADY). UADY is an autonomous public university in the Mexican state of Yucatán and its central campus is located in the state capital of Mérida. It is the largest tertiary educational institution in the state offering 41 different courses at the undergraduate or Bachelor's degrees and 26 postgraduate Master's degrees.

A Spanish language questionnaire was given to the students with proper instruction. The students were from different academic programs. A total of 110 completed surveys were obtained. Of the total respondents, 81 students were business majors and 29 were not. Fifty nine (59) had entrepreneurs in the family and 68 had entrepreneurs in their peer group. All the respondents were males.

Variable Definitions

For the purposes of this this study "Intent to become a future entrepreneur" (FENTP) was a dichotomous variable. If the respondent answered that he/she intended to become an entrepreneur, we assigned a value of 1. Other responses were assigned a value of 0.

The first independent variable was business major (BMAJOR) – students with business major. If the respondent was a business major, we assigned a value of 1. Otherwise, we assigned a value of 0. The second variable was related to confidence (CONFIDENCE).

Confidence was measured using a six-item 5-point Likert scale with "not confident" and "completely confident" as anchors. The third independent variable was on students whose family was involved in any entrepreneurial activity (ENTPFAM). This was also a dichotomous 'yes' or 'no' variable. The fourth independent variable was dichotomous variable that pertained to students whose friends were engaged in entrepreneurial activities (ENTPFRND). The fifth variable used was interest (INTEREST). Interest was a 6-item 5- point Likert scale "very low interest" and "very high interest" as anchors.

Results

We applied logit estimation to analyze and measure the entrepreneurial intention of

students. Logit estimation is the odds of some event happening, which is defined as ratio of the probability that the event will not occur. of probability that the event will not occur.

That is the odds of being FENTP, $E[Y_i] = Pr(Y_i = 1)$ is given by

$$Pr(Y_i = 1) = \frac{\exp\{\beta' X_i\}}{1 + \exp(\beta' X_i)} \qquad (1)$$

In the equation (1) X_i represents a Vector of attributes and K stands for Choices. $\square_1$ and $\square_k$ are vectors of interested parameters (Greene, 2003)

Of the 5 independent variables, likelihood of becoming a future entrepreneur was increased by CONFIDENCE (H2), ENTPFRND (H3) and INTEREST (H4). The likelihood of becoming an entrepreneur is increased by 71% if the student is confident; 63% is a friend is engaged in entrepreneurial activities and 53% is the student is interested.

Discussion and Conclusions

Ajzen's (1991) Theory of Planned Behavior (TPB) has provided a framework for understanding Mexican male students' intentions/inclinations to become entrepreneurs. The findings in our study present some interesting and contrary indications as they relate to students' probable entry into an entrepreneurship career.

The extant literature on "who becomes an entrepreneur" is somewhat vague. In very few instances does the literature specifically state that a person has to have specific backgrounds and/or skill sets to become an entrepreneur. In this study, our results indicate that majoring in business and having family members who are entrepreneurs did not have any bearing on a student's intent to become an entrepreneur in the future. These findings were surprising and counterintuitive especially when previous research has shown that children of Mexican entrepreneurs show a preference for entrepreneurship as a career option (Van Auken et al., 2006).

Factors pertaining to confidence, interest and friendship contributed to a student's intent to become an entrepreneur in the future. These findings are significant and provide a more insightful perspective on what factors might be more dominant in determining a student's inclination to become an entrepreneur.

From an education point of view, the findings underscore the importance of entrepreneurial training and programs provided by universities. Universities can serve as centers for delivering entrepreneurship education, offering practical as well as experiential learning that will prepare students for business development projects (GBSN, 2013).

Confidence is enhanced when universities equip their students with the know-how and skill set to tackle the challenges faced by entrepreneurs (Costa Soares & Bonfim, 2009). Likewise, the entrepreneurial orientation adopted by many universities can help foster student interest which in turn influences their attention, goals and levels of learning (Ojeaga & Okolocha, 2017).

When universities offer entrepreneurship-related courses, the chances of like-minded students to congregate and collaborate is high. When students are exposed to a peer group that shares their entrepreneurial mindset, it could greatly influence their intention (Ojeaga & Okolocha, 2017).

Limitations of the study

This study has two major limitations. First, the sample size is small and specific to one university. Second, and perhaps most important, the biggest limitation we encountered was that all the respondents were male. These limitations are critical to the generalizability of the study. In future, research on students' entrepreneurial intention needs to focus on a larger cross section of students from different geographic location and gender.

References

Acs, Z, and Szerb, L. (2007). Entrepreneurship, economic growth and public policy. *Small Business Economics*, 28 (2/3), 109-122.

Ajzen, I. (1991). The theory of planned behavior. *Organizational Behaviour and Human and Decision Processes*, 50(2), 179-211.

Bagozzi, R. and Yi, Y. (1989). The degree of intention formation as a moderator of the attitude-behavior relationship, *Social Psychology Quarterly*, 52(4), 266-267.

Bakotic, D. and Kruzic, D. (2010). Students' perceptions and intentions towards entrepreneurship: The empirical findings from Croatia. The Business Review 4(2), 209- 215.

Baughn. C. C and Neupert, K. E. (2003). culture and national conditions facilitating entrepreneurial start-ups. *Journal of International Entrepreneurship,* 1(3), 313-330.

Baughn, C. C., Cao, J. S. R., Le, L. L. M., Lim, V. A., and Neupert, K.E. (2006). Normative, social and cognitive predictors of entrepreneurial interest in China, Vietnam and the Philippines. *Journal of Developmental Entrepreneurship*, 11(1), 57-77.

Bhat, I. and Singh, S. (2018). Analyzing the moderating effect of entrepreneurship education on the antecedents of entrepreneurial intention. *Journal of Entrepreneurship Education*, 21 (1), 1-10.

Bird, B. (1988). Implementing entrepreneurial Ideas: The case of intention. *Academy of Management Review*, 13(3), 442-453.

Braunerhjelm, P., Acs, Z., Audretsch, D. and Carlsson, B. (2010). The missing link: knowledge diffusion and entrepreneurship in endogenous growth. *Small Business Economics*, 34(2), 105-125.

Brazen (2015), http://www.brazencareerist.com/blog/2013/08/19/10-best-college-majors-for-entrepreneurs/accessed 8/4/15.

Caird, S. (1991). The enterprising risk and strategic decision making: It's a matter of perspective. *International Small Business Journal*, 9(4), 75-81.

Canton, G. (2014). El enfoque de competencias para formar emprendedores: Evaluación del modelo de la Universidad Autonoma de Yucatan, Mexico. *Tec Empresarial*, 8(2), 29-40.

Carey, A. T, Flanagan, D. J, and Palmer, T. B. (2010). Entrepreneurship: An examination of university student entrepreneurial intentions by type of venture. *Journal of Developmental*, 15(4), 503-517.

Carter, N., Gartner, W. Shaver, K. and Gatewood, E. (2002). The reasons of nascent

entrepreneurs. *Journal of Business Venturing*, 18, 13-39.

Chua, J. H, Chrisman, J. J., and Sharma, P (1999). Defining the family business by behavior.

Entrepreneurship Theory and Practice, 23(4), 19-39.

CNBC (2017). https://www.cnbc.com/2017/07/19/survey-shows-majority-of-business- owners-lack-college-degree.html)

Costa, F., Soares, A. and Bonfirm, D. (2009). Factors of influence on the entrepreneurial interest: An analysis with students of information technology related courses. *Journal of Information Systems and Technology Management*, 6(2), 227-246.

Crant, J. M. (1996). The pro personality scale as a predictor of entrepreneurial intensions.

Journal of Small Business Management, 34(3), 42-49.

Davidson, P. and Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18,301-331.

Delmar, F. and Davidson, P (2000). Where do they come from? Prevalence and characteristics of nascent entrepreneurs. *Entrepreneurship and Regional Development*, 12 (1), 1-23

Dyer, W. (1992). *The Entrepreneurial Experience*, San Francisco, Jossey-Bass

Faria, J., Cuestas, J., Mourelle, E. (2010). Entrepreneurship and unemployment: A nonlinear bidirectional causality*? Economic Modelling*, 27, 282-1291.

Gasse, Y. and Maripier, T. (2011). Entrepreneurial beliefs and intentions: A cross-cultural study of university students in seven countries. *International Journal of Business*, 16(4), 303- 314.

Global Entrepreneurship Monitor (2012). Global Entrepreneurship Report 2012. http://www.gemconsortium.org/docs/download/2409

Global Business School Network, (2013). Education, employment & entrepreneurships: A snapshot of the global jobs challenge. A report by the Global Business School Network, June, http://www.gbsnonline.org accessed on 10/08/14.

Hamod, D. (2010). Cultivating the entrepreneurial ecosystem in Saudi Arabia. *US-Arab Tradeline*, XVII (Spring), 1-3.

Hidi, S. and Renninger, K. (2006). The four-pahse model of interest development.

Educational Psychologist, (41(2), 111-127.9

Ismail, M, Khalid, S. A, Othman, M, Jusoff, K, Abdul Rahman, N, Mohammed, K. M. and Shekh, R. Z. (2009). Entrepreneurial intention among Malaysian undergraduates.

International Journal of Business and Management, 4, (10), 54-60.

Kelesidou, F. (2013). Innovative Mexican entrepreneurs to watch. *The Motley Fool*. Retrieved at http://www.fool.com/investing/general/2013/12/19/innovative- mexicanentrepreneurs-to-watch.aspx.

Kennedy, P. (2003). *A Guide to Econometrics*. Cambridge, MA: MIT Press.

Koh, H. (1996). Testing hypotheses of entrepreneurial characteristics: A study of Hong Kong

MBA students. *Journal of Managerial Psychology*, 11, (3), 12-25.

Kolvereid, L. and Moen. O. (1997). Entrepreneurship among business graduates: Does a major in entrepreneurship make a different? *Journal of European Industrial Training*, 21(4), 154-160.

Krueger, N. and Brazeal, D.V. (1994). Entrepreneurial potential and entrepreneurial intentions. *Entrepreneurship Theory and Practice*, 18, 91-104.

Krueger, N. and Carsrud, A. (1993). Entrepreneurial intentions: Applying the theory of planned behavior. *Entrepreneurship and Regional Development*, 5,315-330.

Krueger, N., Reilly, M.D., and Carsrud, A. L., (2000). Models of entrepreneurial intentions,

Journal of Business Venturing, 15 (5-6), 411-432.

Low, M. B and MacMillan, I. C (1988). Entrepreneurship: Past research and future challenges. *Journal of Management*, 14,139–161.

Mohammad I, Khalid, S. A, Othman, M., Jusoff, H. K, Rahman, N. A, Kassim, K. M, Zain,

R. S (2009). Entrepreneurial Intention among Malaysian Undergraduates. International Journal of Business and Management, 4(10), 54-60

Nabi, C., Holden, R. and Walmsby, A. (2010). From student to entrepreneur towards a model of graduate entrepreneur career making. *Journal of Education and Work*, 23(5), 389-415.

Noel, T.W. (2001). Effects of entrepreneurial education on student to open a business. *Frontiers of Entrepreneurship Research, Babson Conference Proceedings*. Babson College, www.babson.edu/entrep/fer.

Ojeaga, J. and Okolocha, C. (2017). Entrepreneurship education and business education students' interest for self-employment upon graduation from public universities in Edo State. *Nigerian Journal of Business*, 4 (2), 13-39.

Onu, , A. (2013). Stimulating entrepreneurship in education institutions in Nigeria. *European Scientific Journal*, 9 (25), 38-49.

Pratheesh, P. (2014). Predicting entrepreneurial intention among business and engineering students in Sri Lanka. *Ruhuna Journal of Management and Finance*, 1(1), 25-36

Radojevich-Kelly, N. (2014). Mexican small business owners and entrepreneurs: Who are they, what motivates them, and what challenges do they face? *The Journal of Business Leadership*, 194-217.

Raguz, I. and Matic, M. (2011). Student's perceptions and intentions towards entrepreneurship: The empirical findings from the University Of Dubrovnik-Croatia. *International Journal of Management Cases*,13(3), 38-49.

Rai, R., Prasad, A. and B. Murthy (2017). A review of intention models for predicting entrepreneurial behavior. *Journal of Entrepreneurial Education*, 20 (2), 1-9.

Roberts, E. B. and Wainer, H. A. (1968). New enterprise on Jte 128. *Science Journal*, 4 (12), 8-83.

Shapero, A. (1985). Why entrepreneurship? A worldwide perspective. *Journal of Small Business*

Management, 23 (4), 1-5.

Shapero, A & Sokol, L. (1982). The social dimension of entrepreneurship. In *Encyclopedia of Entrepreneurship*. Englewood Cliffs. 72-90.

Sloka, B., Kantane, I., Avotis, V. and Jermolajeva, E. (2014). Analysis of entrepreneur's motivation to start Business: Comparative studies in Latvia in comparison with Canada, USA and Mexico. *European Integration Studies*, 8,152-158.

Steyaert, C., Hjorth, D. and Gartner, W. B. (2011). Six memos for a curious and imaginative future scholarship in entrepreneurship studies. *Entrepreneurship & Regional Development*, 23(1-2), 1-7

Szerb, L, and Szabolcs I, (2007). Entrepreneurship education and entrepreneurial attitudes of hungarian students: an international comparison. *Fifth International Conference on Management, Enterprise and Benchmarking*, June 1-2, Budapest, Hungary.

Tice, C. (2011). Does college matter for entrepreneurs? *Entrepreneur,* September 11.

Uddin, R. and Bose, T. (2012). Determinants of entrepreneurial intension of business students in Bangladesh. *International Journal of Business and Management*, 7, (24), 128-137

Usman, A., Rehman, W. and Ahmed, N. (2010). Determinants of students' entrepreneurial career intentions: Evidence from business graduates. *European Journal of Social Science*, 15(2), 14-22.

Van Auken, H., Stephen, P., Fry, F., and Silva, J. (2006). Role model influences on entrepreneurial intentions: A comparison between USA and Mexico. Entrepreneurship Management, 2,325-336.

Welter, F. (2011). Contextualizing entrepreneurship-conceptual challenges and ways forward. *Entrepreneurship: Theory & Practice*, 35(1), 165-184.

World Bank Mexico Country Profile: Enterprise Survey (2010). The World Bank Group. Retrieved on February 17, 2016, at http://microdata.worldbank.org/index.php/catalog/870

Wright, M., Robbie, K. and Ennew, C. (1997). Serial entrepreneurs. *British Journal of Management*, 8, 251-268.

Zhao, H., Hills, G. and Seibert, S. (2005). The mediating role of self-efficacy in the development of entrepreneurial intentions. *Journal of Applied Psychology*, 90(6), 1265-1272.

Zellweger, T. and Nason, R. (2008). A stakeholder perspective on family firm performance,

Family Business Review, 21(3), 203–216.

Students' Perception of the Competitiveness of International Businesses Programs—Case Study of Mexico

Victor Bahhouth, University of North Carolina at Pembroke
John E. Spillan, University of North Carolina at Pembroke

Presented by John E. Spillan on Friday, March 29, 2019, in the Cresthill Room at 3:00-4:15 pm. Theme: International Business Cases. Chair: Duncan McCampbell, Metropolitan State University

ABSTRACT

Business Education plays a key role in the economic development of nations. A skilled work force increases business opportunities, allows societies to generate more jobs, and provides stable communities that are able to stand global challenges. With the change of international business climate, it is important for academicians and practitioners to understand the methods, techniques and activities that are being used to train the future business labor force. This study examines the environment, content, and delivery of business education in Mexico. Data was collected in Mexico and reflects the students' perspective on its international business curriculum.

Key Words: Mexico, economic development, business education, international business curriculum, economic and social benefits, developing nation

INTRODUCTION

Technological advances as they relate to lower trade barriers, human migration due to labor, and

other factors have accelerated the internationalization of world markets. These circumstances have created an environment where an internationally proficient populace is acknowledged as essential to a nation's affluence and competitiveness (Gonzalez, et al, 2011). In the global economy, the basis of a country's future growth and development will depend on how well informed and trained its workforce really is. Because of the remarkable advances in innovative ways of doing business using robotics, artificial intelligence and the Internet, businesses now require different skills and training than what was necessary a few years back. The rapid change in business environments worldwide is affecting trade and international business transactions critical to business success. As business environments change because of political and technological innovations, some jobs become obsolete. This requires change on two levels: businesses must change in order to remain competitive and ensure the readiness skills needed; and institutions of higher education must offer the education and training necessary for the transformations occurring in the international business world environments (Omura, 2018).

As knowledge becomes more important, so does higher education. Countries need to educate more of their young people. Essentially a college degree is now a key prerequisite for many skilled jobs since the quality of knowledge produced within higher education institutions and its availability to the wider economy is becoming increasingly critical to national competitiveness (Bacchus 1990). As such, the international business (IB) discipline has been presented a very complex world to train potential international managers and analysts. The IB curriculums have developed generally due to the fact that other disciplines have not been able to provide the knowledge necessary to prepare students for a complex world. Administrators and faculty members seek to review, analyze, and determine whether an IB curriculum provides students the readiness skills necessary to compete in the world markets (Eisenberg et al. 2013). One of the major requirements of all international business students is the need for cross-cultural competence. There is a critical need in IB curriculum for students to know and understand the role of a country's national culture in management and organizational dynamics (Eisenberg 2013).

As the external business environments continue to shift and present powerful forces for change, universities have acknowledged the need to produce globally competent students. University faculty have embraced the importance and value of an international curriculum (Gonzalez, 2011). Besides the economic and political needs for reforming business curriculum, the need to meet accreditation agency requirements have motivated curriculum changes. Many university business schools achieve their international business school goals by integrating content and specialized international business courses. Thus, curriculum reform is evolving to reflect the effects of globalization on higher education institutions, requiring the integration of international themes across business curriculums (Gonzalez, 2011).

University and business collaboration have become a top priority among higher education institutions. Cooperation in curriculum design takes into consideration the aim, programs and courses related to business and international content. Curriculum delivery incorporates a wide choice of teaching methodologies and approaches that produce competent human resources necessary for the goal attainment of businesses. Examples of such approaches are lectures, live projects, case studies, and group work among others (Plewa, et al, 2014).

Various approaches have been suggested for business engagement in curriculum design and delivery in order to meet the needs of surrounding businesses. Businesses can assume various

roles in curriculum design and delivery. For example, they can assist in not only the development of formal instruments that are implanted in institutional priorities, but also in the measurement systems, internships, and training programs (Plewa, et al, 2014).

As a result of such a rapidly changing business environment, workers have to acquire many more sophisticated skills than before, be flexible, and adapt fast to change. With the appropriate technology and higher education business curriculum that produces a more skillful workforce, emerging markets can experience rapid growth.

The main point is that there is a need to periodically redesign the international business curriculum in order to consider the needs of emerging markets. Students have to fully comprehend how social, ethical, ideological, economic, political and moral values interconnect to affect a nation's developmental and growth progress. Regrettably, according to Jin, Swinney, Cao, Muske, Nam, and Kang (2011), and Cant (2004), many universities invest little time in assessing and reconfiguring their curriculums to meet the changing needs of the global business environment.

The purpose of this paper is to shed a light on students' perception of the methods and techniques used in teaching international business to allow universities and professionals to align their strategies to gear students to become effective leaders in Mexico. The study addresses the following two research questions:

Research Question 1: What are the major factors that drive the Mexican students' perception about international business curriculum?

Research Question 2: Does gender play a significant role in shaping Mexican students' perception about international business curriculum?

As such, this paper seeks to find out which subjects are considered more important for international business/marketing majors and their preferred learning methods in these areas. An overview of the internationalization of business curriculums on one hand and Mexico's needs on the other hand is followed by general views on how well schools of business in Mexico align their strategies to incorporate international business in their curriculums. Student responses to survey questions are used to assess their perceptions of the international marketing and business curriculums employed at their respective universities. Furthermore, the types of courses, course delivery, gender, and level of study are analyzed. Finally, findings are presented with an emphasis on their implications on business schools to allow these schools to improve and develop sustained strategies.

LITERATURE REVIEW

The 1980s began the introduction of management education into Latin American universities. Over time, this effort in training its population in business and economics has contributed significantly to fostering the region's economic, commercial and industrial development (Theodore, 2010).

Latin America illustrates a region where the importance of international trade and globalization is growing strongly and steadily. Trade agreements are pervasive among Latin American countries. The North American Free Trade Agreement (NAFTA) now referred to as (USMCA) along with the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) and the Association Agreement reached between the European Union (EU) and Central America on May 18, 2010

(Mendoza 2014) all demonstrate the desire of countries to exchange goods and services over a broad spectrum. There is also the long-awaited Free Trade Area of the Americas (FTAA) that aims in the future to incorporate all of the Americas into a regional bloc organized along the lines of free trade. Latin American businesses are full-fledged participants in the globalization process. Companies competing in the region are responding to new technological trends.

Mexico is one of Latin America's more progressive countries politically and economically. Over the last decade, significant improvements have been made across the Mexican landscape. It has positioned itself as one of the promising leaders in national economic development. This has drawn attention from many around the world and has helped its foreign direct investment portfolio.

Mexico's Population and Economy:

Mexico is a country of contrasts located in North America with a North Pacific Ocean, Gulf of Mexico, and Caribbean Sea coastline. Along the coast and around the country's major cities, there is a thriving and growing economy. It has a population of approximately 124, 574,000 (Tissot, 2018) composed of 50.26% females and 49.74% males. Mexico's urban area with Mexico City's population of 8.9 million inhabitants and the metropolitan area of Mexico City with over 21 million people provide ample opportunities to transact all kinds of business activity. The metropolitan Mexico City business activity along with the trade between Mexico and the U.S. provide the major benefits for much more of the recent economic growth (World Bank, 2018). The poverty rate has dropped substantially during the last decade but remains stubbornly high (World Bank, 2018). Over 92% of the population speak Spanish as the primary language with other indigenous languages representing 7.3% of languages spoken.

The Mexican economy grew by an average of 2.03% in 2017 with a stable exchange rate and rising inflation to 6% in 2017. This growth was due partly to Mexico's international exports, which increased 5.7% in 2019 (Trading Economics, 2019). All of this economic success just reinforces the notion that implementing a curriculum based on material that trains students to be globally competent is the only way to maintain and sustain economic growth and development.

Mexico and Higher Education:

The 1980s began the introduction of management education into Latin American universities. Over time this effort in training its population in business and economics has contributed significantly to fostering the region's economic, commercial, and industrial development (Theodore, 2010).

Latin American universities adopt American style of business education (Elahee and Norbis 2009). Eighty-six percent of the universities in Latin America, excluding the Caribbean, have a study abroad program, and 90 percent of the faculty use cases in their teaching. Because Mexico has changed rapidly from a purely manufacturing type economy to incorporating services and from public to privately owned businesses, the international business curriculum at Mexico Europe International Business School has been revamped (Price, 2011). The new curriculum offers a greater focus on Mexico itself, improves the soft skills segment, encourages experiential learning, reinforces ethics and leadership skills and permits flexibility through elective courses.

Mexico is building an educational system that offers four million Mexican students and nine

thousand international students a chance to obtain a bachelor's degree and knowledge that will contribute to the future of Mexico. Mexico's higher education sector is made-up of a wide array of institutions. There are nine public federal universities which are responsible for teaching and doing research along with their extension programs. In addition, Mexico has public state universities with solidary support. These universities are required to provide higher education via teaching, innovation of knowledge and extension programs. Also, there are technical institutions and technological universities throughout the country. Finally, a group of polytechnic universities offer engineering degrees and undergraduate and post graduate studies at specialty, masters, and doctoral levels (Tissot, 2018).

OBJECTIVE AND HYPOTHESES

As an exploratory study, the purpose of this study is to investigate the international business curriculum of a Mexican university in order to understand the content and delivery of its undergraduate and graduate programs to students. Data for the study were collected in Mexico and reflect students' perspective on its international business curriculum. The aforementioned literature review outlines the key importance of international business subject in Mexico and the need to explore the way Mexican students perceive it.

Mexico's Need for Trained Marketers and Managers

Current data strongly suggests that Mexico is maintaining its growth rate at least in the short term. The Mexican people have large demands for goods and services. As their incomes have risen, their desire to shop and purchase items has also intensified. This set of circumstances offers great opportunities for marketing, management, supply chain management and other business professions. Therefore, marketing and management careers including the sales profession have become a major area of interest not only for the employers but also for the graduating students who could make a good living selling Mexican made goods both internationally and domestically. These careers also offer the chance to manage companies that offer foreign imported goods to the large Mexican population (Ortiz-Ospina et al, 2018).

Considering that Mexico continues to grow, the need for more business professionals will also grow. Fundamental to any business transaction in Mexico is culture. Mexican business people operate from very old traditions. For example, sales people visiting Mexico to sell products and services must attend banquets while they are trying to negotiate business transactions. Exposing students to international marketing and management training that emphasizes skills in culture and negotiation is critical to continued success in business development in Mexico (Ortiz-Ospina et al, 2018).

Constructing a curriculum that meets the students' and employers' needs requires a number of integral components. The curriculum needs to consider reality (Stenhouse 1975), encourage critical thinking by including critical thinking into all syllabi (Bisoux 2011; UNESCO report *Towards knowledge societies* 2005), prepare students to cope with risk and an unpredictable futures (Looney and Klenowski 2008), supply students with learning skills crucial for them to match business environment change (Hargreaves 2002; Broadfoot and Black 2004; Claxton 2005), offer students the knowledge needed to cope with economic growth (Storm and Feiock 1999; Thanki 1999), and consider the effects of social media, and the Internet (Collins 1996).

Including cultural diversity as a major component of the curriculum can help the students' and

employers' needs (Borsheim, Merritt, & Reed 2008). Accordingly, the curriculum ought to allow for specific skill development to be encouraged. These skills include cultural self-awareness, cultural consciousness, and ability to lead multicultural teams, negotiate across cultures, and develop a global mindset (Cant 2004). Hult International Business School, for example, depends on cultural diversity to attract students. Its academic centers in Shanghai, Dubai, London and San Francisco, require students from different countries to work in teams in a cross-cultural environment (Mangan 2011).

Approaches for including cultural diversity vary. Deck, Luthy and Schrader (2012) underscore the importance of incorporating travel into its international business program. As such, students acquire understanding about how employees in other cultures interact with each other and with their clients. Students who enroll in various interdisciplinary studies get exposed to an emerging economy, choose to study a problem, design a solution and travel to the country to execute their plan and present the solution to the representative of the organization (Phan 2011). A shift towards preparing students to meet employees' needs is required (Kaynak and Kucukemiroglu 1997). Turley and Shannon (1999) show that only 2.9 percent of a national sample of 832 marketing majors strongly agree that their school has prepared them for a potential career in international marketing. Consequently, the courses that focus on specialized fields, such as international accounting, global human resources and international economics should be offered (Cunningham 1995; Lundstrom, White and Schuster 1996; Radebaugh 1992/1993; Green and Scott 1996; Krivonos 1993; Sondak and Sondak 1992; Handley 1994; Stiglitz 1993).

The higher education internationalization literature focuses principally on the process and the results. It concentrates on the preparation of students to comprehend and be aware of cultures in an increasingly interdependent world. Some of the literature maintains that fewer than half of the students believe their curriculum is preparing them to work effectively overseas and that the content in the courses is demonstrated with examples from different cultures or countries (Zimitat 2005). Freshman students are considerably more positive than other students in their international orientation. Nevertheless, there is no significant difference between second- and third-year students. Freshman students, unlike second- and third-year students, reveal that they prefer more international content in courses. Approximately one third of the students throughout the entire continuum are undecided regarding the degree of variety in international courses and programs (Zimitat 2005). With these ideas in mind, we can posit that:

H1: There is a significant difference among business students' perceptions of international business curriculum.

Does Gender Matter in Curriculum Development?

A university business curriculum, which enhances creativity and development, together with advanced knowledge leads to economic growth. Present day university business curriculums are considered essential factors in the process of economic development (Fotea 2011). Business education at university level has both a short and a long-term effect on a country's economy (Fotea 2011). Formally educated workers affect both the supply and demand side of the economic development. Without a doubt, a multiplier effect energizes and sustains economic growth (Fotea 2011). The creation of human knowledge capital is the vehicle driving positive economic activity, which is directly dependent on education rather than gender activity and requires that both genders

participate for success to emerge.

Consequently, when preparing students for work in the international business sector, it is important to know what a male and female view is regarding the international business curriculum. This information will assist in designing a curriculum and can provide better alignment between the business environment needs and the students' desires and needs. It focuses on a win/win strategy for human capital and management talent development.

Because sex discrimination has been apparent in business management majors, it is sensible to question whether the basic factors just identified would vary by gender. Does a student's perception of a course material or discipline choice and ability to succeed in the discipline vary by gender (Hunt and Song 2013)?

A comprehensive curriculum that includes women is one which has been consciously designed to recognize and acknowledge the evidence that males and females are likely to bring different cultural attributes to their learning experience. Their individual attributes will be their interests, approaches to learning, and strengths in terms of assessment tasks. Learning theory indicates that all new knowledge must be connected to the old. It is very important that teaching and learning involve different elements of students' attributes that they bring to the class. If not, the results will not effectively train the students for success in their career. Students seem to gain from a flexible approach to teaching and learning. Both male and female students appear to be more motivated to learn and strive for successful outcomes (Mills, Ayre and Gill 2015). Based on the above information we can state that

H2: Gender plays a significant role in shaping Mexican students' perception about international business curriculums.

The following research methodology is used to analyze data and present the findings.

RESEARCH METHODOLOGY

Data Collection

This section highlights the data collection and research model used in the study. The data is a primary type collected by distributing a survey to 122 university students in Mexico. The survey highlights students' perception of international business in the following three areas: 1- international business profession (26 questions), 2- international business curriculum (14 questions), and 3- learning methodology (7 questions). In addition, the survey includes a section about demographic information of students.

The questions are set in a Likert scale format; 1 stands for strongly disagree; 2 stands for disagree; 3 stands for neutral/no opinion; 4 stands for agree, and 5 stands for strongly agree. In order to capture students' strong arguments, three was subtracted from all values to mitigate the effect of neutral responses.

Research Model

The research model consists of two parts: in the first part, one sample t tests and confidence intervals are used to test the significance of the statements. In order to capture students' strong arguments, a level of significance of 0.1% is used. Students' perception is tested in three areas: 1- international

business profession; 2- international business curriculum; and 3- learning methodology.

In the second part, Binary Logistic Regression Model (BLRM) is used to test if the gender plays a significant role in influencing students' perception. Logistic regression is superior to the linear regression model where normality assumptions of the independent variables are not met. It is simpler to read and to interpret because its values are bound to range between zero and one.

The procedure requires the identification of two groups (dependent variable). The first group is made of female students ($Y = 0$). The second group is made of male students ($Y = 1$). The independent variables are the three-perception statements, i.e. 1- international business profession, 2- international business curriculum, and 3- learning methodology. R^2_{Logit} is used to test the reliability of the logistic regression model.

$$R^2_{Logit} = 1 - (2LL_0 / 2LL_1)^{1/2}$$

R^2_{logit} is similar to the coefficient of determination R^2 in the multiple regressions. It has a value that ranges between 0 and 1. When R^2_{logit} approaches 0, the model is poor. When R^2_{logit} approaches 1, the model is a perfect predictor.

Data Analysis

In the first part of the study, students' perception is tested in the three areas. The first one is the international business profession area. Sixteen questions show extremely significant results (i.e. 0.1% level of significance) of which nine are strongly agree and seven are strongly disagree. Table 1 reflects the test statistics and confidence level results of the strongly agree statements. Statements that students strongly agreed to are 1- As the world is our major trading partner, we should learn how to market products/services globally (P117). 2- The use of indigenous cases, which deal with local company situations, will be an ideal method (P124). 3- Mexican companies, with their superior technological marketing, tend to dominate markets particularly in Central America (P110). 4- International marketing should be taught in the undergraduate level (P122). 5- In an international marketing course, a strong emphasis needs to be made on finance and banking issues (P123). 6- Given the opportunity, I would be interested in pursuing a career in international marketing (P114). 7- Based on my interest in international topics, I'd like to learn more about international marketing subjects (P112). 8- Most Mexican firms will be affected directly or indirectly by socio-economic, cultural and political developments in the international market scene; as a result, most managers will need an ability to understand and anticipate those effects (P108). 9- Mexico being a trading nation, every business student should know something about international marketing (P113).

Table 1: International Business Profession - Strongly Agree

	Alpha = 0.1%; Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	99.9% Confidence Interval of Difference	
					Lower	Upper
P117	3.862	121	.000	.426	.05	.80
P124	6.584	120	.000	.587	.29	.89
P110	9.802	121	.000	.738	.48	.99
P122	10.101	121	.000	.984	.66	1.31
P123	11.198	121	.000	.943	.66	1.23
P114	11.591	121	.000	1.139	.81	1.47
P112	15.256	121	.000	1.336	1.04	1.63
P108	16.151	121	.000	1.279	1.01	1.55
P113	26.197	121	.000	1.623	1.41	1.83

On the other hand, table 2 reflects strongly disagree statements results, which are 1- A firm located in an affluent market like Mexico can easily survive without any modifications (P109). 2- One does not need the knowledge of principles of marketing to lean international marketing (P121). 3- The concept of market segmentation does not apply in foreign markets (P101). 4- Normally, products proven successful in Mexico market can be marketed in foreign countries without any modification (P107). 5- In learning international marketing, cases on operations of multinational firms in overseas markets are sufficient (P120). 6- The only difference is in the application of concepts and techniques of domestic marketing (P119). 7- Consumers in developing countries have less sophisticated tastes and needs. Products, which do not sell well in Mexico, should be marketed in these countries (P118).

Table 2: International Business Profession - Strongly Disagree

	Alpha = 0.1%; Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	99.9% Confidence Interval of the Difference	
					Lower	Upper
P109	-12.568	121	.000	-1.008	-1.28	-.74
P121	-10.395	121	.000	-1.098	-1.45	-.74

	t	df	Sig. (2-tailed)	Mean Difference		
P101	-10.055	121	.000	-1.074	-1.43	-.71
P107	-6.787	121	.000	-.787	-1.18	-.40
P120	-6.078	120	.000	-.587	-.91	-.26
P119	-5.721	121	.000	-.557	-.89	-.23
P118	-4.226	121	.000	-.434	-.78	-.09

The results show that students are able to highlight correctly some of the key issues that are related to international business when they strongly agree with the following statements: 1- As the world is our major trading partner, we should learn how to market products/services globally. 2- Most Mexican businesses will be affected directly or indirectly by socio-economic, cultural and political developments in the international market scene. 3- Mexico being a trading nation, every business student should know the concepts of international marketing. 3- In addition, they correctly disagree on all key false international business issues. 1- A firm located in an affluent market like Mexico can easily survive without any modifications. 2- One does not need the knowledge of principles of marketing to learn international marketing. 3- The concept of market segmentation does not apply in foreign markets. 4- Normally, products proven successful in Mexico market can be marketed in foreign countries without any modification. 5- Domestic and international marketing are the same. The only difference is in the application of concepts and techniques of domestic marketing. 6- Consumers in developing countries have less sophisticated tastes and needs. Products, which do not sell well in Mexico, should be marketed in these countries).

Table 3 highlights the results of the second area, which is students' perception of the international business curriculum and its related subjects. One more time, students are able to highlight the key subjects where international business curriculum should be incorporated. Students strongly highlight the importance of the international business field of studies and the need to include it in the curriculum of the following subjects: 1- Consumer/Buyer Behavior (P201), 2- Market/Marketing Research (P202), 3- Advertising/Marketing Communication (P203), 4- Marketing Models and Quantitative Methods (P204), 5- Industrial Marketing (P205), 6- Marketing Planning (P206), 7- Pricing (P207), 8- Marketing Organization (P208), 9- Physical Distribution/Logistics/and Channels (P209), 10- Sales Management (P210), 11- Retailing (P211), 12- Comparative Marketing (P212), 13- Social/ Legal Aspects of Marketing (P213), and 14- Marketing Decision Making (P214) .

Table 3: International Business Curriculum - Strongly Agree

	Alpha = 0.1%; Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	99.9% Confidence Interval of the Difference	
					Lower	Upper
P201	18.402	121	.000	1.221	1.00	1.45
P202	21.893	121	.000	1.443	1.22	1.66

P203	20.567	121	.000	1.262	1.06	1.47
P204	15.696	121	.000	1.156	.91	1.40
P205	12.452	121	.000	.943	.69	1.20
P206	19.110	121	.000	1.377	1.13	1.62
P207	12.534	121	.000	1.074	.78	1.36
P208	18.242	121	.000	1.189	.97	1.41
P209	22.108	121	.000	1.459	1.24	1.68
P210	17.166	121	.000	1.287	1.03	1.54
P211	6.534	121	.000	.574	.28	.87
P212	11.936	120	.000	.975	.70	1.25
P213	16.080	121	.000	1.246	.98	1.51
P214	21.590	121	.000	1.418	1.20	1.64

Table 4 highlights the results of the third area, which is students' recommendation when asked about the ideal tools for learning international business. It shows that students are aware of the wide spectrum of educational tools that are used in developed countries when they strongly agree on the following learning tools and methods: 1- regular lectures (P301), 2- case methods (P302), 3- guest lectures (P303), 4- audio-visual presentations (P304), 5- role playing exercises (P305), 6- field work on a topic of interest (P306), and 7- group discussions (P307).

Table 4: Teaching Tools - Strongly Agree

	Alpha = 0.1%; Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	99.9% Confidence Interval of the Difference	
					Lower	Upper
P301	4.971	121	.000	.492	.16	.83
P302	16.758	121	.000	1.197	.96	1.44
P303	22.721	120	.000	1.554	1.32	1.78
P304	13.231	121	.000	1.131	.84	1.42
P305	18.971	121	.000	1.533	1.26	1.81
P306	18.868	121	.000	1.352	1.11	1.59

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
P307	14.230	121	.000			1.139	.87	1.41

In the second part of the study, the effect of gender is highlighted. Table 5 shows that a significant difference among gender exists in the following arguments: 1- The concept of market segmentation does not apply in foreign markets, and 2- the use of case methods as an international marketing learning tool.

Table 5: Factors Influenced by Gender

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
P101	.473	.193	6.000	1	.014	1.605	1.099	2.343
P302	.668	.265	6.374	1	.012	1.950	1.161	3.275

Table 6 shows that gender explains 13.70% (coefficient of determination) of the total variations of students' perception identified factors.

Table 6: Gender Coefficient of Determination

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	152.849	.048	.065
2	146.030	.102	.137

Table 7 shows that the gender's predictive power is 72%; i.e. it can classify correctly 72% of students' perception identified factors.

Table 7: Effect of the Gender – Relevant Factors

	Observed		Predicted		
			Gender		Percentage Correct
			1	2	
Step 1	Gender	1	9	38	19.1
		2	8	63	88.7
	Overall Percentage				61.0
Step 2	Gender	1	29	18	61.7
		2	15	56	78.9
	Overall Percentage				72.0

RESULTS AND DISCUSSION OF THE STUDY

The results confirm both research hypotheses. Mexican students have significantly expressed vivid opinions across the three broad survey categories. They have a clear idea about international business and its implications among global markets. Most of the respondents indicated an awareness of the fact that Mexican businesses will be directly or indirectly affected by socio-economic, cultural and political developments in international markets. As such, managers will have to have knowledge and training in order to understand and anticipate the consequences of their decisions. Based on the results, respondents are interested in studying international business and are well aware of the career opportunities that await those familiar with international business and trade.

With regard to an ideal international marketing and management curriculum, students indicate an interest in learning a wide variety of subjects that are related to international business. Special interest is also shown in marketing decision making as a useful subject when developing a curriculum.

Lastly, students show an interest in learning international business through the use of indigenous case analysis with local companies as learning techniques. Additionally, understanding of technological marketing is an important dimension in the curriculum development. Respondents from Mexico show a stronger preference for learning through group discussion and case methods (which has the highest scores), as opposed to traditional lectures (which has the lowest score). Interest in learning more through role-play exercises and field trips further strengthens the case for non-traditional learning methods.

CONCLUSIONS

Economic development depends on a variety of factors being in place. One of these factors is properly trained workforce or well-developed human capital skills. Enterprising and skilled workers are the engine that drives economic development. When there is wide availability of an educated and trained labor force, new business development will follow. Attention to workforce education is a key element in Mexico's economic strategy that can produce positive outcomes. As such, it is of no doubt that international business studies are in greater demand since the world economies are changing significantly. This study has provided an opportunity to pinpoint the need for Mexican schools of business to develop sustained strategies that allow them to adapt to the market needs; the development of international business curriculum deserves much more attention. Since Mexico is a developed but politically unstable country that is increasingly embracing globalization, much talent is needed by way of new graduates who are familiar with international business and related areas. This presents both a challenge and an opportunity for universities to develop courses and programs that equip graduates with these vital skills.

The students have made their views clear in this study. They are interested in learning more about international business in their curriculum. They are well aware of the trends in these areas and how they affect the relationship of their own nation with other developed countries. They are also aware of how important this subject matter is to their job prospects and future growth. In addition, the study provides input about the specific subjects that should be included in the different levels of interest within various areas. Furthermore, students have also indicated their preference to learn these subjects by way of non-traditional methods, which are spreading wide across all disciplines.

The study suggests a number of key steps for university faculty members and decision makers to follow. It sheds a light on these key issues from a macro perspective, which might be of great benefit for the higher education system as a whole. It would be worthwhile for business schools to rethink and perhaps

to pay more attention to build sustained strategies i.e. to adapt to the market challenges and revise their curricula at an early stage in the education cycle. This will allow them to stay current with the knowledge they provide to students and provide the market with the necessary talents and skills.

RECOMMENDATION FOR FUTURE RESEARCH

Since there are universities and schools of business around the world delivering international business curricula, it would be beneficial to explore their developed strategies in terms of content and delivery. Additionally, it would be of great interest to conduct comparative analyses between schools of business around the world to highlight the differences between their strategies. This would provide an opportunity for sharing information and strengthening international curricula across the globe.

LIMITATIONS

There are three practical problems associated with this study. These limitations are presented below:

1- The data is a primary type, taken from a survey, i.e., it is subject to sample collection and related errors.

2- The cost and time are the primary factors for using a sample of 330 only.

3- The external validity needs to be tested by using the model in other countries.

These limitations need to be kept in mind while reading this study.

REFERENCES

Akcam, B.K., Guler, A., Hekim, H. (2012, January). Freshman and sophomore business students' perception of global forces. *International Journal of Academic Research in Business and Social Sciences* 2(1), 364-383.

Bari, I. (2001). Globalization and global issues, *Economică*. Bucharest: Economica Publishing House.

Bacchus, K. (1990). Curriculum Development and Education in Developing Countries, Educational Review, 43(3), pp. 287-301.

Bisoux, T. (2011, Sept. Oct.). Re-envisioning the MBA. *BizEd*, 22-30.

Borsheim, C., Merritt, K., and Reed, D. (2008). Beyond technology for technology's sake: Advancing multiliteracies in the twenty-first century. *The Clearing House: A Journal of Educational Strategies, Issues and Ideas*, *82*(2), 87–90.

Broadfoot, P. and Black P. (2004). The first ten years of assessment in education. *Assessment in Education: Principles, Policy and Practice* 11(1), 7-26.

Cant, A.C. (2004). Internationalizing the business curriculum: Developing intercultural competence. *Journal of American Academy of Business*, 5(1/2), 177–182.

CIA (2015). https://www.cia.gov/library/publications/the-world-factbook/geos/pe.html

Claxton, G. (2005). Learning is learnable (and we ought to teach it). *Qualifications and Curriculum Authority.* Available online at; http://www.teachfind.com/qcda/think- piece-guy-claxton-learning-learn

Collins, M. (1996). What are they and what do they want? *Journal of Career Planning & Employment* 57, 41-56.

Cunningham, A. (1995, Summer). Developing marketing professionals: What can business schools learn? *Journal of Marketing Education*, 3-9.

Deck, A.B., Luthy, M.R., and Schrader, R.W. (2012, January). The on-campus international seminar vs. international travel: Changed perceptions. *Academy of Educational Leadership Journal*16 (1).

Elahee, M. and Norbis, M. (2009, October). Internationalizing business education in Latin America: Issues and challenges. *Journal of Teaching in International Business* 20(4), 312-329.

Eisenberg, Jacob, Hyun-Jung Lee, Franck Bruck, Barbara Bremmer, Marie Terese Claes, Jacek Mironski And Roger Bell (2013)," Can Business Schools Make Students Culturally Competent? Effects of Cross-Culture Management Courses on Cultural Intelligence" *Academy of Management Learning and Education,* Vol12, (4), pp 603-621.

Fotea, A. C. (2011). Regional economic impact of university, www.busedoctorale.ro/public/document/article/1345819905/_Article fotea-GEBA 2011.pdf

Green, D., and Scott, J. (1996). The status of international business-communication courses in schools accredited by the American Assembly of Collegiate Schools of Business. *Delta Pi Epsilon Journal, 38* (1), 43-62.

Gonzalez, Marvin E. Gioconda Quesads, James Muller and Rene D. Muller, (2011) Journal of International Education in Business, Vol. 4, No. 1, pp. 6-29.

Handley, L. (1994). Global economics: Curriculum concerns. *Social Studies and the Young Learner, 6* (4), 17-18.

Hunt, G. and Song, F. (2013) "Gender and specialty in Business Management Education", Canadian Journal of Higher Education, 43(1), pp. 129-145.

Jin, B., Swinney, J., Cao, H., Muske, G., Nam, J., and Kang, J.H. (2011, May). Doing business with Mexico: curriculum internationalization through an infusion method. *Innovations in Education and Teaching International* 48(2), 171–181.

Kaynak, E., and Kucukemiroglu, O. (1997). Program and curriculum development in international marketing in an emerging economy: Issues and strategies. *Journal of Teaching in International Business*, 9(1), 51-71.

Krivonos, P. (1993, November). Global perspectives and the organizational communications course. *Paper presented at the Annual Meeting of the Speech Communication Association, Miami Beach, FL, 18-21.*

Looney, A. and Klenowski, V. (2008, Sept.). Curriculum and assessment for the knowledge society: interrogating experiences in the Republic of Ireland and Queensland, Australia. *The Curriculum Journal* 19 (3), 177-192.

Lundstrom, W., White, D., and Schuster, P. (1996, Summer). Internationalizing the marketing curriculum: The professional marketer's perspective. *Journal of Marketing Education,* 5-16.

Mangan, K. (2011, April 15). A little-known business school sends its students around the world to learn

internationalizing management education: Human Resource Management. *Journal of Business Administration, 21* (1, 2), 237-249.

Mendoza, M.R. (2014). Free trades in South America: Trends, prospects, and challenges. Public policy and productive transformation series. CAF Publisher. McKinsey

Mills, Julie, Mary Ayre, and Judith Gill (2015). "Yes, I do belong':the women who stay in engineering, Engineering Studies, 5(3),https://www.tandfonline.com/doi/abs/10.1080/19378629.2013.855781, accessed on 4/2/2019. Report (2012). Research report: The state of human capital 2012 Fall Summit, www.conferenceboard.org

Mills, J.E., Ayre, W.E. and Gill, J. (2015) Perception and understanding of gender inclusive curriculum in engineering education, www.SEFI.be/wp- content/abstract/1010.pdf.

Negrut, V., Costache, M. Maftei, J., Coman, V., Matei, D. and Negrut, A. (2010, Jan. 1). The aspects of good governance in the context of globalization. *Annals of D.A.A.M. for 2010 Proceedings of the 21st International D.A.A.M. Symposium* 21(1), 1259-1260.

Mexico, World Bank (2018). https://www.worldbank.org/en/country/Mexico

Mexico-economic forecast summary (2015, June). OECD. http://www.oecd.org/eco/outlook/Mexico-economic-forecast-summary.htm

Olivos, M. and Talavera, J. (2006). "Mexico", Latin American Council of Management Schools, www.gfmeglobal.org/global_guide/pdf/173-176%20Mexico.pdf, Accessed 11/29/15.

Omura, Glenn (2018). As the nature of work changes, so does a business school curriculum, College News, Michigan State University, Broad College of Business,

   https://broad.msu.edu/news/areasofinterest/ accessed on 3/16/2019.

Ortiz-Ospina, Estaben, Diana Beltekian, and Max Roser (2018). "Trade and Globalization", Our World in Data, https://ourworldindata.org/trade-and-globalization.,accessed, 3/16/2019

Phan, P. (2011, Sept./ Oct.). Building the 21st century curriculum. *BizEd,* 38-45.

Plewa, Carolin, Victoria Galan-Muros, and Todd Davey (2014). "Engaging Business in Curriculum Design and Delivery: A higher Education Institutions Perspective", Higher Education, Springer Science & Business Media, Dordrecht

Price, L. (2011, Sept. /Oct.). The Mexico curriculum: Mexico Europe International Business School revises its program to keep up with a changing business world and growing competition in the field. *BizEd,* 46-47.

Radebaugh, L. (1992/1993). Internationalization of the accounting curriculum. *Journal of Business Administration*, *21* (1, 2), 167-190.

Sondak, E., and Sondak, N. (1992). Globalizing the introductory business combinations course. *Paper presented at the Annual Eastern Michigan University Conference on Language and Communication for World Business and the Professions, Ypsilanti, MI, March 25-28.*

Stenhouse, L. (1975). *An introduction to curriculum research and development*. London: Heinemann Educational.

Stiglitz, J. (1993). International perspectives in undergraduate education. *American Economic Review, 83* (2), 27-33.

Storm, R. and Feiock, R.C. (1999). State support for higher education and economic development. *State and Local Government Review* 3 (12), 97-105.

Suarez, F. P. (2012). Uncertain future. *ReVista Harvard Review of Latin America.*http://revista.drclas.harvard.edu/book/higher-education-Mexico-and- beyond, Accessed 11/29/15.

Thanki, R. (1999). How do we know the value of higher education to regional development? *Regional Studies*, *33*(1), 84-89.

Theodore, John D. (2010). "Management Education, A Key Element for the Development of Private Enterprises in Latin America: The Case of Ecuador", The International Business and Economics Research Journal, Vol.9 (2), pp. 69-76.

Tissot, Leonardo (2018). "Mexico Invests in New Models and Distance Learning to Reach Better Education Outcomes, http://elearnmagzaine.com/medico-invests-new-educational -models/ accessed on 3/16/2019

Trading Economics (2019). https://tradingeconomics.com/Mexico/exports, accessed on 3/16/2019

Turley, L.W. and Shannon, J. R. (1999). The international marketing curriculum: View from students. *Journal of Marketing Education, 21*(3), 175-180.

Zimitat, C. (2005). Students' perception of internationalization of the undergraduate curriculum. HERDSA, pp. 651-659.

Addressing Corruption Risk in Collectivist Cultures: Toward an Identity-Based Model of Multi-National Corporate Compliance

Duncan McCampbell, Metropolitan State University

Presented by Duncan McCampbell on Friday, March 29, 2019, in the Cresthill Room at 3:00-4:15 pm. Theme: International Business Cases. Chair: Duncan McCampbell, Metropolitan State University

Abstract

Western multi-national corporations (MNC's) are subject to laws prohibiting the bribing of foreign government officials. Recent prosecutorial trends and rising penalties confirm that the risks of a foreign corruption prosecution have never been higher. Given that many MNC's now center their growth strategies on emerging markets--where corruption risk is often high--the anti-bribery and corruption (ABC) methods employed by these companies come into greater focus. Mounting evidence suggests that the universalist, individualist themes underpinning many Western ABC compliance programs are of dubious value in majority collectivist settings, and can actually limit their ability to influence employee behavior. This paper conducts a review of literature and integration of theory across several relevant disciplines--law, management, business ethics, compliance and cultural psychology—to arrive at a proposal for finding a more effective approach to preventing corruption. The paper concludes by suggesting further research into the development of a new, identity-based approach to ABC compliance in collectivist settings.

Key Words
Multi-National Corporations, Corruption, Culture, Anti-Bribery, Compliance

Background

Corruption is broadly defined as "the misuse of public power for private gain." (Rose-Ackerman 1999). Corruption is a two-sided coin: the demand side is occupied by someone who solicits or receives a bribe—usually a government employee--while on the supply side, also known as the "active" side of corruption, there is someone who offers, authorizes or pays a bribe. (Low, Lamoree & Landon, 2015). Klitgaard's widely-cited formula explains the demand side of corruption: corruption equals monopoly plus discretion minus accountability (Klitgaard, 1988). According to this formula, corruption flourishes when (1) government officials hold a monopoly over a good or service, (2) have discretion over how that good or service can be allocated, and (3) oversight and accountabilities are absent (Klitgaard, 1988; Graycar & Sidebottom, 2012). This paper focuses on the supply side of corruption: the companies and individuals who pay bribes to foreign government officials.

Corruption has been found to be both the cause and the consequence of the erosion of trust in both other people and in government institutions. (Rose-Ackerman 1999). More than $1 trillion, or about 3% of the world gross domestic product (GDP) goes to paying bribes (Mazur and Aggarwal, 2015; World Bank, 2017). There is a virtual consensus among economists that corruption is economically inefficient and associated with negative over-all economic activity (Bose, 2010). Interestingly, corruption is both most common and least inefficient in autocracies, the point being that an autocrat is usually in the best position to deliver on the object of a corrupt payment (Alon, 2016). And while corruption stunts economic growth in all societies, it is most harmful in societies with weak governments transitioning

from autocracy toward democracy, sometimes called anocracies (Alon, 2016).

While it is impossible to determine the precise level of corruption, a 1997 World Bank estimate placed the total corruption involved in international trade at $80 billion per year (Walsh, 1998). A World Bank survey of 3600 firms in sixty-nine countries found that 40% of those businesses pay bribes. In industrial countries, 15% of businesses were found to pay bribes, but in the former Soviet Union, this figure jumped to over 60% (Omestad, 1998).

In 1999, Transparency International and Gallup International began looking deeper at the supply side of corruption. They asked 800 business executives in fourteen emerging market economies to rank the bribe-paying behavior or companies from the nineteen largest exporting countries. What resulted is the now famous Bribe Payers Index (BPI). Nowadays such countries as the Netherlands, Switzerland and Belgium are perceived to be home to the "cleanest" corporations, while Russian, Chinese, and Mexican companies come in on the opposite side of the bribe-paying spectrum. United States corporations usually rank in the middle of the pack of perceived bribe payers (Transparency International, 2011).

Wherever they are based, MNCs have been positively associated with an increase in corruption in developing economies. Because they often wield outsized market power, MNC's can create monopolies or oligopolies to drive the supply side of corruption, increasing opportunities for government officials to charge rents (i.e. collect bribes) for resources under their exclusive control (Zhu, 2017). When anti-competitive market concentration by a foreign MNC is combined with a high entry-cost market, such as auto manufacturing or pharmaceuticals, the field of competition is often distorted and opportunities for corruption increase. In China, for example, purely domestic auto marques struggle to compete with the likes of Volkswagen, Audi, GM and other foreign makers that can wield their superior brand equity, technology and marketing expertise in joint ventures with Chinese companies. In 2014, for example, over 12 million passenger cars were sold in China, with the top five makers (all joint ventures with foreign MNC's) accounting for 49% of market share. (China Association of Automobile Manufacturers, 2014). The enormous market leverage of the foreign MNC's has led to accusations of pricing misconduct and corrupt acts with government officials. The FAW/Volkswagen joint venture, for example, has been the subject of a Chinese government corruption investigation (Yu, 2014).

Anti-corruption enforcement—at an all-time high

Anti-corruption laws primarily target the supply side of corruption, the rationale being that corruption will be reduced if payers of bribes are constrained from paying bribes. (Beets, 2005, Berenbeim, 1999). The UK Bribery Act came into force in 2011 and only a handful of cases have been brought by the UK's Serious Fraud Office. The Bribery Act, like its American counterpart, the Foreign Corrupt Practices Act (FCPA), prohibits (i) "active bribery" i.e. giving or offering a bribe; (ii) "passive bribery" i.e. receiving or asking for a bribe; and (iii) bribing a foreign public official. But unlike the FCPA, it is not necessary to prove an intent to bribe under the Bribery Act. It also creates the "corporate offense" of failure of an organization to put in place "adequate procedures" to prevent a person associated with it from engaging in bribery (Norton Rose, 2017).

Like the UK Bribery Act, the FCPA, enacted in 1977, provides criminal penalties for bribing foreign government officials. The law's origins traced to foreign bribery scandals in the 1970s. The first involved Lockheed Corporation, which disclosed to regulators in 1971 that it paid multi-million dollar bribes to officials in several countries in order to secure government contracts. Lockheed's conduct embarrassed the U.S. as well as the countries whose officials received bribes, including Japan, Italy, and

the Netherlands (Yockey, 2011).

There are two main provisions of the FCPA: anti-bribery and record-keeping. The anti-bribery prohibition makes it illegal to give something of value to a foreign government official with the intent to receive a business advantage. The record-keeping clause requires companies which trade securities on U.S. equity markets to keep and disclose their payments and disbursements. Violation of the FCPA carries both civil and criminal penalties. Criminal violations are investigated and enforced by the U.S. Department of Justice (DOJ); the civil side by the Securities and Exchange Commission (SEC) (Hinchey, 2011). The evidence needed to advance an investigation is usually found in a company's financial records and filings (Yockey, 2011).

Prosecutors would have difficulty obtaining an FCPA conviction before a jury for a number of reasons, not the least of which being that the illegal conduct almost always occurs overseas and implicated foreign nationals or witnesses are unobtainable. But since most FCPA cases settle before trial, there is scant prior jurisprudence to guide and constrain what has become very expansive statutory interpretation by government investigators and prosecutors.

The FCPA got off to a sleepy start. In its first thirty years in force, federal authorities typically initiated just two or three FCPA cases a year, with fines or settlements seldom exceeding $1 m. (Westbrook, 2010). But prosecutions, fines and settlements have been rising steadily over the last decade, as government regulators focus on corporate accounting and governance practices post-Enron (Burr, 2016). The DOJ has confirmed that enforcing the FCPA is now its top priority--"second only to fighting terrorism" (Yockey, 2011).

The high-water mark for prosecutions and settlements occurred in 2016. According to the FCPA Blog, "27 companies paid about $2.48 billion to resolve FCPA cases, making 2016 the biggest enforcement year in FCPA history. Both the number of enforcement actions and the overall amounts paid to resolve them were records." (FCPA Blog, 2017) With over 200 open FCPA investigations, FCPA enforcement is "at an all-time high and likely to remain there" (Yockey, 2011).

The FCPA's provisions do not apply merely to U.S. domiciled companies. Since the essence of an FCPA violation is the falsification of financial filings, any company which trades its shares on a U.S. securities market regulated by the SEC is potentially liable. Indeed, seven out of the ten largest FCPA settlements noted above involved companies not headquartered in the U.S. In 2010, 90% of FCPA fines and penalties were paid by non-U.S. companies (Koehler, 2011).

The FCPA is not the only anti-corruption law bearing on the foreign conduct of Western MNC's. Prosecutions under local anti-corruption laws, often disproportionately enforced against foreign companies, are a major consideration for MNC's (Kaiman, 2013; Chow, 2014). Consider the record $489 million fine that the Chinese government imposed on British pharmaceutical giant GlaxoSmithKline (GSK) in 2014. The Chinese court found GSK and five of its executives guilty of engaging in the relatively widespread practice of bribing Chinese doctors and hospitals to purchase its products (Parry, 2014).

Why isn't cross-border corruption decreasing?

The FCPA is grounded in a criminal justice theory of deterrence which assumes that increasing the penalties associated with getting caught will act as a sufficient mechanism to deter individuals from acting corruptly. Typical examples include the introduction of stiffer sanctions, the establishment of new,

firmer laws and initiating institutional reforms (Graycar and Sidebottom 2012). Studies have concluded, however, that the FCPA, as a tool of deterrence, has not produced a demonstrable reduction in global bribery (Cragg and Woof, 2002).

So, despite record enforcement activity, there is no evidence that either actual or perceived levels of foreign corruption are decreasing among Western MNC's. Some commentators lay the blame squarely on the doorstep of the FCPA itself:

"The Foreign Corrupt Practices Act (FCPA) is a failed regulatory initiative in combating global commercial bribery. Hailed as a seminal event at its inception, the international organization now responsible for monitoring its effectiveness, the Organization for Economic Cooperation and Development (OECD), has repeatedly questioned its impact on the global business community" (Weismann, 2009).

Against a backdrop of failed deterrence, Western MNC's are wading deeper into the waters of corruption risk by shifting their growth focus away from regions characterized by relatively low economic growth and low corruption, such as Europe, to Asia, where business opportunities are more attractive and corruption is a much larger issue. In a poll conducted in 2015 by the U.S. Chamber of Commerce, 74 percent of 588 senior executives representing U.S. companies working in the Pacific Rim region said their company's level of trade and investment in the region has increased over the past two years, and 89 percent of respondents said they expect it to increase over the next five years. (U.S. Chamber of Commerce, 2015) The Asia Pacific region, while boasting the highest rate of economic growth in the world, remains mired in the bottom half of the Corruption Perceptions Index for 2016. Nineteen out of 30 countries in the region score 40 or less out of 100 (Transparency International, 2016). Accordingly, Asia is, and always has been, the top FCPA enforcement region. Over 100 FCPA investigations are underway in Asia--significantly more than any other region of the world (Sidley Austin, 2017).

Another reason for the stubborn persistence of corruption is that many Western MNC's operate overseas in heavily regulated industries--or in industries with predominantly government buyers--where corrupt business practices are almost cooked into their business models. For example, most global pharmaceutical companies, including Pfizer and GSK, have been heavily penalized for foreign corruption. These companies espouse high ethical standards and make solemn commitments to prevent bribery and corruption. Yet they and other companies in the pharmaceutical sector continue to experience violations and costly prosecutions (David-Barrett et al. 2017). Other Western-dominated industries with outsized FCPA risk and enforcement histories include power generation, defense, oil/gas services and construction equipment.

Current ABC approaches don't seem to be working

Social scientists have struggled to provide an adequate explanations for the stubborn persistence of corruption, despite the implementation of global anti-corruption compliance programs, or to explain why corporations "on the supply side of corruption invest significant resources to comply with anticorruption norms, yet constantly fail to achieve this goal" (Klinkhammer 2013). One study concluded that (1) in many places there is moral ambiguity about the prohibited conduct; (2) U.S. MNC's compete with non-U.S. companies which are not under similar strictures; and (3) companies have difficulty controlling employee behavior over geographically decentralized operations (Darrough, 2010).

ABC compliance has become a very lucrative line of business for lawyers, accountants, compliance professionals--and prosecutors, after they leave government (Yockey, 2011). Law firms housing former government prosecutors monitor enforcements closely and trumpet risks to their corporate clients. One can see why. Avon Products, for example, reported spending some $100 million in professional services associated with an FCPA prosecution (Koehler, 2011). An FCPA investigation of Wal-Mart's Mexico operation led the company to undertake a $30 million internal audit. Enormous sums are spent on internal investigations and anti-corruption programs in the mistaken belief that they will soften the blow of future settlements and penalties. There is no evidence, however, that such expenditures pay off in the event of an enforcement. Indeed, firms which self-disclose FCPA violations in the hope that it will reduce penalties have been disappointed with the results. One study showed firms which voluntarily disclosed their foreign bribes received on average almost double the penalties of firms that made no disclosure (Hinchey, 2011).

Distance and language both diminish and complicate foreign compliance initiatives. The effectiveness of corporate governance decreases in proportion to both organizational distances and external and internal regulatory presence. (Weissmann, 2009). The OECD found a palpable disconnect between anti-corruption plans conceived in the U.S. and the actual implementation of those plans in foreign venues where bribery is most likely to occur (OECD, 2002). Citing a survey conducted by Transparency International, the OECD study showed that companies generally performed less, not more, monitoring of their overseas operations than at home. It also found that a mere 52% of the respondents had multilingual versions of compliance plans available, and that only 19% rated their codes as ''extremely effective'' (OECD, 2002, p. 18).

Current approaches: rules-based and values-based ABC compliance

Fortune 1000 firms have adopted two predominant approaches to ethics and ABC compliance: a rules-based orientation, sometimes called a compliance orientation, and values-based orientation, sometimes known as integrity-based (Ferrell and Fraedrich 2011; Weaver, Treviño and Cochran, 1999). The former approach has been characterized as explicit; the latter as implicit (Brenner 1992). Most corporate ABC approaches in use today incorporate both explicit and implicit components.

A rules-based approach represents the first generation of ABC compliance. Typically conceived by lawyers, this approach focuses on law and legalities, appealing primarily to an employee's rational desire to know what is and isn't legal, and to use that knowledge to avoid sanction (Weaver & Treviño, 1999). The assumption underpinning the rules based approach is that employees, when weighing the potential costs and benefits of engaging in corruption, will make a *rational* choice to steer clear of corrupt business practices. Values-based compliance, on the other hand, seeks to manage employee behavior through appeals to the employee's *individual* value system. Arising out of the values based leadership movement of the 1990's, values-based compliance is built upon a foundation of shared moral principles and values.

Used effectively in the U.S., the values-based approach has one profound limitation when deployed globally by an MNC. The approach is created by people from the developed world and is often deployed across the enterprise on the false assumption that overseas employees and home office personnel share the same culture and values. The cultural disconnect comprises the essence of the issue discussed in this paper.

Despite recent—and very Western--impulses to discover a universal set of shared ethical beliefs across nations and cultures (see, Javidan et al. 2006), comparative ethicists are fairly unified in their view that ethical standards and behavior vary greatly across cultures (Schlegelmich and Robertson, 1995; Husted et al. 1996; Bigoness and Blakely, 1996).

Corruption provides a perfect illustration of the cultural disconnect. Many overseas employees don't know any other way of doing business, and thus don't necessarily *personally* see anything wrong with corrupt business practices. Thus, at least as regards corruption, there often no congruity between an MNC's global ABC policy and the business values of local employees. The disconnect highlights the most important reason for the persistence of foreign corruption in Western MNC's—and the theory put forth by this paper: efforts undertaken by companies to influence employee behavior in the places where corruption risk is highest aren't working *because they do not take into account local culture*.

Culture: the key to effective corruption prevention

Triandis defines culture as a shared pattern of categorizations, attitudes, beliefs, definitions, norms, values, and other elements of subjective culture (Triandis et al., 2001). Social psychologists have long understood that considerable differences exist among cultures which affect not only their beliefs about specific aspects of the world but also the nature of the ways by which they know the world (Nisbett, Peng, Choi & Norenzayan, 2001). The so-called Western and largely American view of the individual are understood to have profound shortcomings when applied in cross-cultural, primarily collectivist, settings (Weaver, 200, Husted & Allen, 2008).

Dutch social psychologist Geert Hofstede surveyed work-related values between 1967 and 1973 from some 117,000 IBM employees who worked in 40 different countries (Hofstede, 1980). His analysis yielded four statistically-independent dimensions which separated the cultures of the countries he studied. He labeled these "power distance', 'uncertainty avoidance', individualism', and 'masculinity'. Countries were ranked in a 0-100 scale on each of the four dimensions (Hofstede, 1980).

Power distance refers to the extent to which less powerful people are comfortable with or accepting of unequal status and power distribution in their respective organizations or societies. Uncertainty avoidance measures the extent to which the people of a given culture are sensitive to, or threatened by, uncertainty, ambiguity, or the lack of structure. Individualism, and its analogue collectivism, refer to the extent to which a society values individual identity, action and achievement, as opposed to that of the group or collective. The masculinity dimension, and its counterpart femininity, measure the extent to which a society values such "traditional" male characteristics as achievement, competitiveness, assertiveness, contrasted with such traditionally female characteristics as nurturing and placing relationships before material achievement (Hofstede, 1980).

In subsequent studies Hofstede offered up two additional cultural dimensions: long-term orientation (Hofstede, 1991) and indulgence (Hofstede et al. 2010). Long term-orientation, as contrasted with short-term orientation, refers to the relative patience with which members of a society are prepared to await achievement of certain desired ends. Indulgence, and its counterpart restraint, measure a society's tolerance for the gratification of natural human desires related to the enjoyment of life, as contrasted with controls on gratification, regulation of behavior with strictly policed norms (Hofstede, 2011).

Hofstede's individualism/collectivism dimension has been characterized as the most significant determinant of cultural difference across societies (Singelis, Triandis, Bhawuk, & Gelfand, 1995; Markus

& Kitayama, 1991; Zheng et al. 2013). Hofstede found that the U.S. was the world's most individualist culture, with several other northern and Western cultures not far behind. Collectivist eastern and Asian societies, such as Japan, Singapore and the Philippines, occupy the opposite end of the individualism/collectivism spectrum—as do many African and South American cultures (Hofstede, 1980).

The individualism/collectivism dimension has been found to be the primary reason for national differences in ethical practices. (Carroll and Gannon, 1997). Several studies have positively connected a society's collectivist cultural values with the existence of corruption (Hooper, 1995; Husted 1999, 2000; Seleim and Bontis, 2009; Réthi, 2012). For example, evidence has been found that companies in more collectivist societies perceive a higher degree of corruption in bank lending (Zheng et al., 2013). The results of one study suggest that collectivism promotes bribery by mitigating individuals' perceived personal responsibility for their actions (Mazar & Agarwal, 2011).

The main elements of individualism are independence and personal uniqueness, whereas the core elements of collectivism are duty to the in-group and the maintenance of harmony (Oyserman, Coon & Kemmelmeier, 2002). Trompenaars and Hampden-Turner devised a different set of dimensions during their extensive cross-cultural studies. These dimensions are universalism vs. particularism, individualism vs. communitarianism, achievement vs. ascription, neutral vs. affective, specific vs. diffuse, human nature relationship, human-time relationship (Trompenaars & Hampden-Turner, 1997).

The first two dimensions are particularly relevant to a study of cross-cultural ABC approaches because they highlight stark differences between Western and Eastern thought. Universalism/particularism defines how people judge the behaviors of their colleagues. People from universalistic cultures (primarily the developed West) focus more on rules, are more precise when defining contracts and tend to define global standards for company policies and human resources practices. Within more particularistic national cultures (primarily Eastern cultures), the focus is more on the relationships; contracts can be adapted to satisfy new requirements in specific situations and local variations of company and human resources policies are created to adapt to different requirements (Trompenaars & Hampden-Turner; 1997 Réthi, 2012).

The Individualism/Communitarianism dimension is similar to Hofstede's Individualism/Collectivism dimension and classifies countries according to the balance between individual and group interests. Generally, team members with individualist mind-sets are motivated by personal interests. Improvements to their groups are a means to achieve their own objectives. By contrast, the team members from communitarian cultures see improvements to individual capacities as benefitting group objectives and over-all group prosperity. (Trompenaars & Hampden-Turner; 1997 Réthi, 2012).

Individualism/collectivism, universalism and ABC compliance

Most corporate codes of ethics adopted by Western MNC's are steeped in the universalist ethical constructs of the individualist West--the notion that all people are unique, equal and that certain legal standards apply to all (Akbar and Vujic 2014). Employees are expected to adopt two vital—and for the those employees, often strange--streams of Western thought: that people, above all (1) are "independent, self-contained, autonomous entities who comprise a unique configuration of internal attributes (e.g., traits, abilities, motives, and values); and who (2) behave primarily as a consequence of these internal attributes" (Markus & Kitayama, 1991; Geertz, 1975; Sampson, 1988,1989; Shweder & LeVine, 1984).

Many employees--especially in Asia and many parts of Africa and Central and South America—will listen respectfully and wait for the Western lawyers to go home. Soon they'll be back to the cultural reality of corruption as a daily fact of life—simply another way to get something done.

It should come as no surprise, therefore, that the literature is replete with examples of Western MNC's failing to get local traction on their "global" codes of ethics. In one study the uniquely American penchant for legalism and universalism was a point of resistance when a company's codes of ethics was implemented in a Swedish subsidiary (Helin & Sandström, 2008). Even the relatively staid and structured field of accounting found serious problems arising in the application of international codes of ethics in foreign settings (Cohen, Pant, & Sharp, 1992). Among the foreign employees of a Western pharmaceutical company, codes of conduct were often seen as unrealistic policies issuing out of the head office, lacking buy-in with teams in the field (David-Barrett et al. 2017). The problem, according to these researchers, was not the resourcing, sophistication or corporate commitment to preventing corruption. What mattered, they concluded, was that "individuals operating in high-corruption contexts often fail to internalize the values set out in the codes of conduct and anti-bribery policies" (David-Barrett et al. at 338).

Crucially, when thinking in terms of ABC compliance programs which aspire to influence the beliefs and behavior of employees, individualists and collectivists arrive at their values, and even form their identities in very different ways. In collectivist cultures, values are formed (and, thus, presumably, ethical compliance is to be achieved) largely through the employee's interpersonal relationships, rather than through formal structures or universally applicable codes of conduct (Weaver, 2001).

> "To the Westerner, it makes sense to speak of a person as having attributes that are independent of circumstances or particular personal relations. This self—this bounded, impermeable free agent—can move from group to group and setting to setting without significant alteration. But for the Easterner (and for many other peoples to one degree or another), the person is connected, fluid and conditional."

> "[To the collectivist] the person always exists within settings—in particular situations where there are particular people with whom one has a relationship of a particular kind—and the notion that there can be attributes or actions that are not conditioned on social circumstances is foreign . . ." (Nisbett, 2010 at 50).

In the Western, individualist cultures in which most MNC compliance programs are firmly rooted, explicit ethics policies effectuate a cultural desire to have clearly defined rules (Scholtens and Dam, 2007). The policies assume the inherent separateness of people because the Western individualist aspires to become independent from others and to discover and express unique, personal attributes (Johnson, 1985; Marsella et al., 1985; J. G. Miller, 1988; Shweder & Bourne, 1984). "Achieving the cultural goal of independence requires construing oneself as an individual whose behavior is organized and made meaningful primarily by reference to one's own internal repertoire of thoughts, feelings, and action, rather than by reference to the thoughts, feelings, and actions of others" (Markus & Kitayama, 1991).

The object of corporate compliance is to move people to action around a set of values, and prevent actions that are inconsistent with those values. It has been said that ethics programs, as a component of a company's over-all compliance effort "attempt to bring some degree of order and predictability to employee behavior" (Weaver, Trevino & 1999). The employee with an individualistic

view of self is attracted to those values which allow expression of the actor's all-important self-defining, inner attributes (e.g., hardworking, caring, ethical). This is why values-based compliance programs are most effective in Western, individualistic cultures. The independent, individualistic self, unlike the collectivist self, is able to withstand social pressure and relies more on personal beliefs and values (Torelli, 2006). The values-based approach to compliance appeals to the employee's own values, but is, of course, limited by the degree to which the employee's values synch with the company's compliance values (Markus & Kitayama).

Collectivist cultures, on the other hand, value the maintenance of solidarity with in-groups: family, friends, work colleagues (Husted, 2000). The collectivist experiences self by and through interdependence, actually achieving *identity* as part of an encompassing social relationship. The collectivist's behavior is "determined, contingent on, and, to a large extent organized by what the actor perceives to be the thoughts, feelings, and actions of *others* in the relationship (Markus & Kitayama, 1991).

Proposition: could an identity-based approach to combating corruption in collectivist cultures be more effective?

Are current ABC compliance programs, rooted as they mainly are in Western, universalist, *individualist* notions of ethics and integrity, optimally effective at influencing employee behavior in majority collectivist cultures? Perhaps there is a better way to manage corruption risk in the very places where corruption is a common, accepted—if not strictly legal--business practice.

This paper proposes that an appeal based upon an employee's identity as a member of a collective will be more influential—and potentially more effective at moderating corrupt business practices--than either the rules-based or values-based approaches.
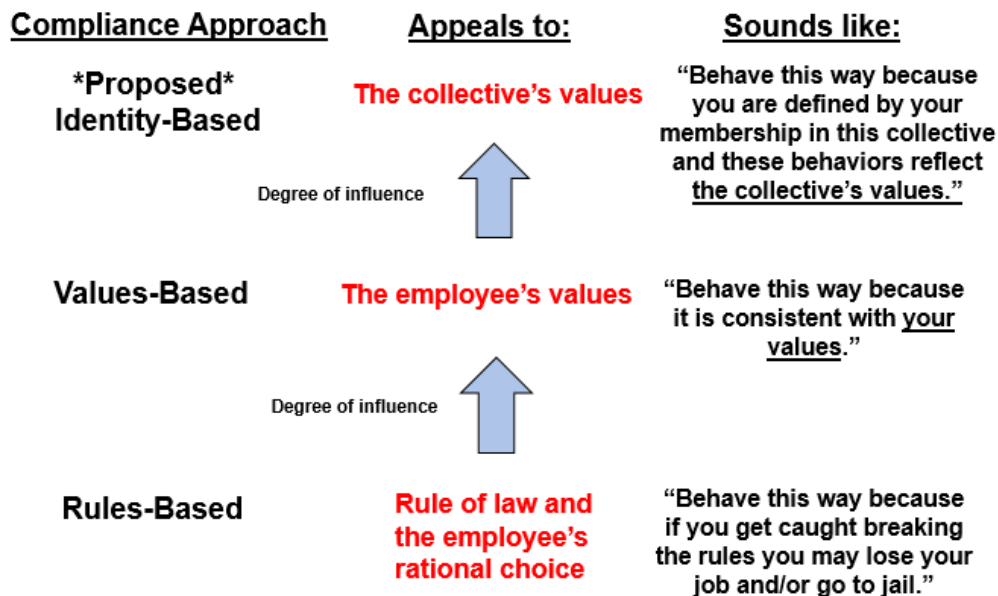

Figure 1. Proposal: relative degrees of influence of rules-based, values-based and identity-based compliance messaging to collectivist employees.

Misangyi et al were the first to hint at an identity-based approach to influencing the behavior of collectivists (Misangyi et al. 2008). According to these researchers, the primary means by which the organization can change is by articulating new, anti-corrupt collective identities (Misangyi, et al; 2008; Friedland & Alford, 1991).

In collectivist cultures, people define themselves—achieve their identities—in and through their membership in a group or collective, and their relationships with members of that group. They place great value on the welfare of the group and the maintenance of solidarity within that group (Oysermann et al., 2002 Triandis, 1995). Business practices, such as corruption, which are characterized as inconsistent with the welfare of the collective, are perceived negatively (Erez and Early, 1993).

Since a collectivist is dependent upon, and deeply influenced by, their in-group, communicating the anti-corruption values within the employee's "family" yields transformative results which might surprise a stubbornly self-contained Western individualist. By turning the ABC compliance messaging away from the narrow interests of the individual, and toward the employee's *identity* as a member of a collective, it is proposed that a more impactful result will obtain.

Further research

Further research may inquire into whether a company's compliance messaging is likely to produce the desired behaviors among collectivists. The process resulting in ethical or unethical behavior begins in what business ethicists describe as the moral domain--the subject's recognition that a particular issue implicates a moral choice (Husted & Allen, 2008; Brady and Hatch, 1992; Jones, 1991; Rest, 1986; Trevino, 1986). The moral domain is the place where the subject perceives a proposed set of choices as being subject to judgments of right and wrong, not merely a matter of preference or casual personal liking (Colby and Kohlberg, 1987).

Situations which people see as raising an ethical question vary widely across cultures (Haidt, Koller & Dias 1993). In more individualist cultures, organizational issues falling within the moral domain are those which are likely to affect the individual, such as company policies or practices impacting individual interests, rights or entitlements (Husted & Allen, 2008). As previously discussed, most Western ABC compliance programs display this individualist bias in their focus on an individual—in the individual rational choice they make to avoid sanction, or act in conformance with their own individual values.

In collectivist cultures, on the other hand, duty, hierarchy, and interdependency lie at the center of what is moral (Shweder, 1990). Issues directly affecting an employee's in-group or possibly disrupting harmonious relationships within the company are said to fall within the ethical domain (Nyaw & Ng, 1994).

Further research into the effectiveness of ABC compliance messaging to collectivist employees may apply Husted and Allen's modification to Trevino's model of ethical decision-making to determine whether desired compliance outcomes will likely result.
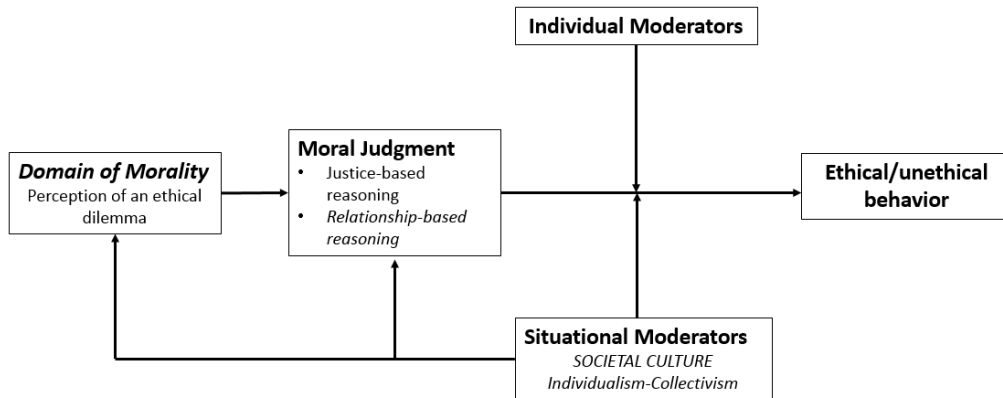
Figure 2. Husted & Allen's modification (in italics) of Trevino's model of ethical decision making. *Source:* Trevino (1986) and Husted & Allen (2008).

Husted and Allen chose to modify Trevino's ethical model with the individualism/collectivism dimension because, more than any other cultural dimension, "it affects ethical decision making, which concerns the way people resolve conflicts in human interests and optimize mutual benefits." (Husted & Allen at 294).

According to this model individualism/collectivism is a situational moderator impacting the Trevino model at two stages: where (1) a particular situation prompts the subject to perceive a moral dilemma—i.e. cross the ethical threshold into place where a moral value comes into play; and where (2) the subject attempts to resolve the dilemma by either (a) applying justice-based reasoning (the predominant construct for individualists) or (b) applying relationship-based reasoning (the predominant construct for collectivists).

The model suggests that a culturally effective ABC compliance approach for collectivists will (1) lead the employee into perceiving an ethical dilemma when confronted with an issue of corruption; and then; (2) prompt the employee to apply relationship-based reasoning (the stated values of the collective) to make the desired behavioral choice.

Conclusion

Western multi-national corporations seeking to mitigate their foreign corruption risk are well advised to investigate compliance approaches for their foreign employees which take into account local culture. The universalist, individualist themes underpinning many Western compliance programs likely limit their ability to influence employee behavior in majority collectivist cultural settings—the very places where corruption risk is highest. The fact that corruption prosecutions continue to grow in number and severity suggests that an opportunity exists to research the efficacy of existing ABC compliance approaches, and to contemplate new approaches—particularly for employees in majority collectivist cultures.

Bibliography

Ades, A., & Di Tella, R. (1999). Rents, competition, and corruption. *The American economic review*, *89*(4), 982-993.

H. Akbar, Y., & Vujić, V. (2014). Explaining corruption: The role of national culture and its implications for international management. *Cross Cultural Management*, *21*(2), 191-218.

Alon, I., Li, S., & Wu, J. (2016). Corruption, regime type, and economic growth.

David-Barrett, E., Yakis-Douglas, B., Moss-Cowan, A., & Nguyen, Y. (2017). A bitter pill? Institutional corruption and the challenge of antibribery compliance in the pharmaceutical sector. *Journal of Management Inquiry*, 1056492617696885.

Beets, S. D. (2005). Understanding the demand-side issues of international corruption. *Journal of Business Ethics*, *57*(1), 65-81.

Berenbeim, R. (1999). Ethics in the global workplace. *Vital speeches of the day*, *66*(5), 138.

Burr, M. T. (2006). Corporations caught in rising tide of FCPA enforcement: Disclosure uncertainties expose companies to litigation risks. *Corporate Legal Times*, 22-25.

Carroll, S. J., & Gannon, M. J. (1996). *Ethical dimensions of international management* (Vol. 4). SAGE publications.

China Association of Automobile Manufacturers, 2014 Sales Ranking of Top Ten Passenger Car Manufacturers. Available at: www.caam.org.cn/zhengche/20150116/1505144997.html. (Accessed 2 October, 2017).

Chow, D.C., 2014. WHY CHINA'S CRACKDOWN ON COMMERCIAL BRIBERY THREATENS US MULTINATIONAL COMPANIES DOING BUSINESS IN CHINA. *Arizona Journal of International & Comparative Law*, *31*(3).

Cohen, J. R., Pant, L. W., & Sharp, D. J. (1992). Cultural and socioeconomic constraints on international codes of ethics: Lessons from accounting. *Journal of Business Ethics*, *11*(9), 687-700.

Colby, A., & Kohlberg, L. (1987). *The Measurement of Moral Judgement: Volume 2, Standard Issue Scoring Manual* (Vol. 2). Cambridge university press.

Cragg, W., & Woof, W. (2002). The US Foreign Corrupt Practices Act: A Study of Its Effectiveness. *Business and Society Review*, *107*(1), 98-144.

Darrough, M. N. (2010). The FCPA and the OECD convention: Some lessons from the US experience. *Journal of Business Ethics*, *93*(2), 255-276.

David-Barrett, E., Yakis-Douglas, B., Moss-Cowan, A., & Nguyen, Y. (2017). A bitter pill? Institutional corruption and the challenge of antibribery compliance in the pharmaceutical sector. *Journal of Management Inquiry*, 1056492617696885.

Earley, P. C. (1993). East meets West meets Mideast: Further explorations of collectivistic and individualistic work groups. *Academy of management journal*, *36*(2), 319-348.

Earley, P. C. (1993). *Culture, self-identity, and work*. Oxford University Press on Demand.

FCPA Blog. Telia tops our new Top Ten list. Available at: http://www.fcpablog.com/blog/2017/9/22/telia-tops-our-new-top-ten-list-after-we-do-some-

math.html http://www.fcpablog.com/ (accessed 10 November, 2017).

Graycar, A., & Sidebottom, A. (2012). Corruption and control: a corruption reduction approach. *Journal of Financial Crime*, *19*(4), 384-399

Helin, S., & Sandström, J. (2008). Codes, ethics and cross-cultural differences: Stories from the implementation of a corporate code of ethics in a MNC subsidiary. *Journal of Business Ethics*, *82*(2), 281-291., J. (2008).

Hinchey, B. (2010). Punishing the penitent: Disproportionate fines in recent FCPA enforcements and suggested improvements.

Holtzblatt, M., & Tschakert, N. (2014). Baker Hughes: Greasing the wheels in Kazakhstan (FCPA violations and implementation of a corporate ethics and anti-corruption compliance program). *Journal of Accounting Education*, *32*(1), 36-60.

Kaiman, J. GSK Bribery Scandal: Beijing Tightens Grip on Multinationals in China, UK Guardian (July 15, 2013) http://www.theguardian.com/business/2013/jul/15/gsk-bribery-scandal-multinational-china.

Klinkhammer, J. (2013). On the dark side of the code: organizational challenges to an effective anti-corruption strategy. *Crime, law and social change*, *60*(2), 191-208.

Klitgaard, R. (1988). *Controlling corruption*. Univ of California Press.

Koehler, M. Big, Bold, and Bizarre: The Foreign Corrupt Practices Act Enters a New Era"(2011) 43. *U Tol L Rev*, *1*, 99-at.

Haidt, J., Koller, S. H., & Dias, M. G. (1993). Affect, culture, and morality, or is it wrong to eat your dog?. *Journal of personality and social psychology*, *65*(4), 613.

Hinchey, B. (2011). Punishing the penitent: Disproportionate fines in recent FCPA enforcements and suggested improvements. *Public Contract Law Journal*, 393-441.

Huang, Z. W., Liu, L., Zheng, W. W., Tan, X. Y., & Zhao, X. (2015). Walking the straight and narrow: the moderating effect of evaluation apprehension on the relationship between collectivism and corruption. *PloS one*, *10*(3), e0123859.

Husted, B. W., & Allen, D. B. (2008). Toward a model of cross-cultural business ethics: The impact of individualism and collectivism on the ethical decision-making process. *Journal of Business Ethics*, *82*(2), 293–305.

Low, L. (2015). The Demand Side of Transnational Bribery and Corruption: Why Leveling the Playing Field on the Supply Side Isn't Enough. *Fordham L. Rev.*, *84*, 563.

Markus, H. R., & Kitayama, S. (1991). Culture and the self: Implications for cognition, emotion, and motivation. *Psychological review*, *98*(2), 224.

Mazar, N., & Aggarwal, P. (2011). Greasing the palm: Can collectivism promote bribery?. *Psychological Science*, *22*(7), 843-848.

Misangyi, V. F., Weaver, G. R., & Elms, H. (2008). Ending corruption: The interplay among institutional logics, resources, and institutional entrepreneurs. *Academy of Management Review*, *33*(3), 750-770.

Morrison, Paul J. "An anti-corruption checkup: capability maturity models can help organizations assess the effectiveness of anti-corruption programs." *Internal Auditor*, June 2016.

Nisbett, R. (2010). *The Geography of Thought: How Asians and Westerners Think Differently... and*. Simon and Schuster.

Nisbett, R. E., Peng, K., Choi, I., & Norenzayan, A. (2001). Culture and systems of thought: holistic versus analytic cognition. *Psychological review*, *108*(2), 291.

Norton Rose Fulbright Differences between the UK Bribery Act and the US Foreign Corrupt Practices Act. Available at: www.nortonrosefulbright.com/knowledge/publications/52195/differences-between-the-uk-bribery-act-and-the-us-foreign-corrupt-practices-act (Accessed 10 November, 2017).

Nyaw, M. K., & Ng, I. (1994). A comparative analysis of ethical beliefs: A four country study. *Journal of Business Ethics*, *13*(7), 543-555.

Omestad, T. (1997). Bye-bye to bribes: The industrial world takes aim at official corruption. *US News and World Report*, *22*, 39-43.

Oyserman, D., Coon, H. M., & Kemmelmeier, M. (2002). Rethinking individualism and collectivism: evaluation of theoretical assumptions and meta-analyses.

Parry, J. (2014). GSK China gets record fine and top executives suspended sentences. *BMJ: British Medical Journal*, *349*.

Réthi, G. (2012). Cultural Perspectives of Corrupt Behaviour-Application of Trompenaars Model for Corruption. *Theory, Methodology, Practice*, *8*(1), 76.

Scholtens, B., & Dam, L. (2007). Cultural values and international differences in business ethics. *Journal of Business ethics*, *75*(3), 273-284.

Seleim, A., & Bontis, N. (2009). The relationship between culture and corruption: A cross-national study. *Journal of Intellectual Capital*, *10*(1), 165-184.

Shover, N., Hochstetler, A., & Alalehto, T. (2013). Choosing white-collar crime. *The Oxford handbook of criminological theory*, 475-493.

Shweder, R. A.: 1982, 'Beyond Self-Constructed Knowledge: The Study of Culture and Morality', Merrill-Palmer Quarterly 28(1), 41–69.

Sidley Austin: Anti-Corruption Efforts in the Asia Pacific. Available at: https://www.sidley.com/-/media/publications/ethisphere_global-feature.pdf (Accessed 10 November, 2017).

Singelis, T. M. (1994). The measurement of independent and interdependent self-construals. *Personality and social psychology bulletin*, *20*(5), 580-591.

Singelis, T. M., Triandis, H. C., Bhawuk, D. P., & Gelfand, M. J. (1995). Horizontal and vertical

dimensions of individualism and collectivism: A theoretical and measurement refinement. *Cross-cultural research*, *29*(3), 240-275.

Triandis, H. C., & Singelis, T. M. (1998). Training to recognize individual differences in collectivism and individualism within culture. *International Journal of Intercultural Relations*, *22*(1), 35-47.

Torelli, C. J. (2006). Individuality or conformity? The effect of independent and interdependent self-concepts on public judgments. *Journal of Consumer Psychology*, *16*(3), 240-248.

Transparency Int'l, *The Transparency International Bribe Payers Index,* https://www.transparency.org/bpi2011.

Walsh, J., *A World War on Bribery,* Time Magazine**,** June 22, 1998, at 16.

Weaver, G. R. (2001). Ethics programs in global businesses: Culture's role in managing ethics. *Journal of Business Ethics*, *30*(1), 3-15.

Weaver, G. R., & Treviño, L. K. (1999). Compliance and Values Oriented Ethics Programs: Influences on Employees' Attitudes and Behavior. *Business Ethics Quarterly*, *9*(2), 315-335.

Weaver, G. R., Trevino, L. K., & Cochran, P. L. (1999). Corporate ethics programs as control systems: Influences of executive commitment and environmental factors. *Academy of Management journal*, *42*(1), 41-57.

Weaver, G. R., Treviño, L. K., & Cochran, P. L. (1999). Corporate ethics practices in the mid-1990's: An empirical study of the Fortune 1000. *Journal of Business Ethics*, *18*(3), 283-294.

Weismann, M. F. (2009). The Foreign Corrupt Practices Act: The failure of the self-regulatory model of corporate governance in the global business environment. *Journal of Business Ethics*, *88*(4), 615-661.

Weismann, M. F., Buscaglia, C. A., & Peterson, J. (2014). The Foreign Corrupt Practices Act: Why It Fails to Deter Bribery as a Global Market Entry Strategy. *Journal of Business Ethics*, *123*(4), 591–619

Westbrook, A. D. (2011). Enthusiastic Enforcement, Informal Legislation: The Unruly Expansion of hte Foreign Corruption PRactices Act. *Georgia Law Review 45*

Yeganeh, H. (2014). Culture and corruption: A concurrent application of Hofstede's, Schwartz's and Inglehart's frameworks. *International Journal of Development Issues*, *13*(1), 2-24.

Yockey, J. W. (2011). Solicitation, Extortion, and the FCPA. *Notre Dame L. Rev.*, *87*, 781.

Yu, Rose "China Probes Executives at Volkswagen Joint Venture," Wall Street Journal, August 27, 2014.

Zheng, X., El Ghoul, S., Guedhami, O., & Kwok, C. C. (2013). Collectivism and corruption in bank lending. *Journal of International Business Studies*, *44*(4), 363-390.

Zhu, B. (2017). MNCs, rents, and corruption: evidence from China. *American Journal of Political Science*, *61*(1), 84-99.

Index, C. P. (2010). Transparency international. *URL: http://www. transparency. org/news/feature/cpi_2013_now_is_the_time_for_action*.

http://www.shearman.com/~/media/Files/NewsInsights/Publications/2015/01/Recent-Trends-and-Patterns-only-LT-010515.pdf

Supply Chain Management and the Sharing Economy: Part II

Alex Polacco, St Cloud State University

Presented by Alex Polacco on Friday, March 29, 2019, in the Cresthill Room at 3:00-4:15 pm. Theme: International Business Cases. Chair: Duncan McCampbell, Metropolitan State University

Abstract

In the *Sharing Economy* entrepreneurs have been reaping financial gains by sharing assets and communicating through mobile internet-enabled technology. Organizations (manufacturers, distributors, service providers) have been using *Supply Chain* strategies and practices, in the management of their resources and processes, to satisfy their customers' demands. The author argues that SCM practices can be used in enhancing sharing-economy businesses and vice versa. Focus on a narrow definition of the *Sharing Economy* restricts benefits in potential applications. In this paper, he explores the symbiotic merging and evolution of concepts, technology, and practices and the synergetic opportunities that exist in local and global social, economic, and environmental applications.

Keywords: Sharing Economy, Supply Chain Management (SCM), Enterprise Resource Planning (ERP), Collaborative Planning Forecasting and Replenishment (CPFR), Supplier Relationship Management (SRM), Customer Relationship Management (CRM)

THE JOURNAL OF INTERNATIONAL BUSINESS RESEARCH AND PRACTICE

The Journal of International Business Research and Practice (JIRBP) is a scholarly-refereed journal. The objectives of the JIRBR are to attract and publish theoretical, conceptual, and empirical manuscripts from both academics and professionals. The JIBRP promotes the advancement, theory, and practice of global business in contemporary research and teaching. The aims of the JIBRP include: (1) to disseminate knowledge, (2) provide a reference in this field, and (3) facilitate the communication between academics and research experts with business professionals and executives. The JIBRP is a publication of the U.S. Midwest Chapter of the Academy of International Business (AIB Midwest).

Papers are selected through a double-blind review process from papers actually presented at the Annual AIB Midwest conference held in conjunction with the MBAA-International meetings. Authors intending to submit their papers form publication consideration in the JIBRP will have an opportunity to revise their papers after the conference based on feedback and comments received during their presentation. Papers received will be subject to another review process and only papers accepted after this review process will be published in the JIBRP.

The sponsoring association assumes no responsibility for the views expressed by authors whose contributions appear in the JIBRP. This journal is published once a year.

Guidelines for intending authors are posted on the Internet at: http://www.aibmidwest.org

MBAA International
America's Best Conference Value!

2020 Conference Dates
March 25 through March 27, 2020

MBAA International is America's Best Conference Value. It's what a great conference ought to be - useful research, engaging relationships, and fun - lot's of fun.

With hundreds of your colleagues, cutting-edge education resource providers, practical topics such as How to Get Published, and amazing entertainment, all at an incredible price **and** an incredible hotel rate at the world class Palmer House Hilton, a world-wide destination hotel, it's easy to see why MBAA International **IS** America's Best Conference Value!

For 50+ years MBAA International, with 12 tacks covering every business discipline, has been the leader in high-value, interdisciplinary professional development.

Two free nights of entertainment (with beverages included) is icing on an already great cake!

Palmer House Hilton Hotel—World Class
In the heart of Chicago's Loop