

**Journal of  
Leadership, Accountability and Ethics**

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# Journal of Leadership, Accountability and Ethics

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# This Issue

<b>Social Media Tools for Leaders and Managers</b> .....	<b>11</b>
Maryann G. Billington, Peter J. Billington	

*Arguments about the value of social media are generationally divided – younger workers use and value social media like blogs, Twitter, LinkedIn, and Facebook. Older workers see it as privacy intrusion and a waste of time. Do educators acknowledge social media as a trend, technology, or business tool that is useful to leaders? Companies have Facebook sites and market brands while collecting information from customers. External social media sites are visible to competitors and resulted in a cottage industry for web analytics. Are organizations utilizing social media internally for management? While difficult to observe behind firewalls, social media tools are used for internal communications, news, learning, knowledge sharing, projects, and collaboration through “the cloud.” This paper addresses social media and related strategies for business leaders.*

<b>Crisis Center at the Crossroads: Which Road Leads to Continued Service Delivery Success?</b> .....	<b>20</b>
Amy V. Beekman, Anne E. Arthur, Cory D. Lawson	

*Since 1972, The Crisis Center of Tampa Bay has been very successful in bringing help, hope, and healing to people facing serious life challenges. The Crisis Center has delivered their many services through a mix of government funding, corporate and private donations, and earned income strategies. Despite this success, funding is decreasing while demand for services continues to increase. With demand in 2011 projected to exceed the 175,000 people served in 2010, The Crisis Center of Tampa Bay must evaluate alternatives including pursuing funding to expand services to underserved populations, expanding earned income strategies and implementing cost reductions.*

<b>Investigating the Outcome Performance of a WISE Delivering Employability Programmes to the Unemployed</b> .....	<b>40</b>
Richard Hazenberg, Fred Seddon, Simon Denny	

*A General Self-Efficacy (GSE) scale is used to measure the ‘outcome’ performance of a WISE that delivers three Employment Enhancement Programmes (EEPs) to unemployed individuals; namely unemployed young people aged 16-24 years (NEETs); unemployed university graduates and unemployed executives over the age of 40 years. The GSE scales were administered to the participants on each programme both before commencement on the programme (Time 1) and following completion of the programme (Time 2). Analysis of the data revealed that the programmes had a positive effect on participant GSE for the NEETs and graduates, but not for the unemployed executives.*

**Ethical Decision-Making: Group Diversity Holds the Key** ..... 51

Sandra W. DeGrassi, Whitney Botsford Morgan,  
Sarah Singletary Walker, Yingchun (Irene) Wang, Isaac Sabat

*Both researchers and practitioners have a growing interest in ethical decision-making in the workplace. While ethics has been explored at the individual (e.g., cognitive moral development, moral identity) and organizational level (e.g., ethical culture, corporate social responsibility), few studies have examined ethical decision-making at the group level. The current study examined the extent to which ethical group decision-making varied as a function of racial diversity and time. Using experimental methods, results reveal that heterogeneous groups were more likely to make ethical decisions than homogenous groups. Practical implications and future research directions are discussed.*

**Ethics and Leadership** ..... 66

Cammi L. Derr

*Ethics and leadership can be an important contribution to an organization and society. Without ethics in leadership, organizations may take on a role that could negatively impact the entire world. Ethics can be used to provide organizational leaders with guidelines to aid them in their career roles as to promote them as a good role model to the employees that serve under them. Several ethical theories and principles exist that can be used as tools or guides for ethical leaders, however, not every theory is good for every situation. People have personal moral standards and values that drive their decisions.*

**Yours, Mine or Ours: Can We Fix Copyright Protection in the United States?** ..... 72

Kevin P. Pauli, Tammy Y. Arthur

*This article examines the history of copyright law in the United States and its implications for intellectual property. Copyright law is traced from the Statute of Anne through the Digital Millennium Copyright Act. Copyright protection originally provided a balance between encouragement and reward to stimulate creation and the expansion of the shared pool of common knowledge. The rights and protections of authors and creators have continually increased, generally to the benefit of multinational intermediaries and the detriment of the common social good. Recommendations include return of control to authors, shortening the term of copyright protection, and provide more direct reward.*

**Bracing for the Millennial Workforce: Looking for Ways to Inspire Generation Y** ..... 81

Svetlana Holt, Joan Marques, Danielle Way

*The 75 million members of the extremely child-centric Millennial generation are known for their distinctive traits, such as a preference for personal attention and high esteem of their abilities. As new entrants to the world of work, this team-oriented, technology-savvy, idealistic generation is awaiting the inspiration, leadership, and motivation we owe them. Ensuring a rewarding outcome in guiding this hyper-connective, creative cohort is a challenge we cannot escape. Through semi-structured interviews, this qualitative inquiry explores the values and communication styles of Generation Y and discusses the opportunities lying within revealing and nurturing their resources through the principles of transformational leadership.*

**The Educated Worker: An Empirical Investigation of Expectations of Leadership..... 94**  
Mark T. Green, Phyllis Duncan, Charles Salter, Esther Chavez

*Meta-analytic studies have found that men and women are different in areas such as how they approach morality, forgiveness and leadership. Similarly, meta-analyses have found that increased education is related to increased self-esteem, job attitudes and social capital. In this study, 577 working adults from the state of Texas completed the Project Globe Leadership Questionnaire. This study found that both gender and education were related to the intensity with which participants believed particular leadership characteristics contributed to and inhibited outstanding leadership. Formal education was related to stronger ratings of the importance of leadership behaviors.*

**Impact of Clear and Compelling Vision on Workers' Commitment in Nigerian  
Organizations: An Examination of Workplace Spirituality ..... 113**  
Augustine Ahiauzu, Soye Peniel Asawo

*This study examines the relationship between vision as an element in the emerging theme of 'workplace spirituality', and 'workers' commitment' in Nigeria. In this cross-sectional survey, the data generated from 235 respondents was analyzed and hypotheses were tested using Regression Analysis. The results of the study show that there is a positive and significant association between 'hope' and the measures of workers' commitment, namely: affective, normative and continuance commitment. The study found that when workers have a clear and compelling vision, it leads to high workers' affective and normative commitment, as well as low workers' continuance commitment.*





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- Provide an additional outlet for scholars and experts to contribute their ongoing work in the area of management, leadership and ethics

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Include a title page with manuscript which includes the full names, affiliations, address, phone, fax, and e-mail addresses of all authors and identifies one person as the Primary Contact. Put the submission date on the bottom of the title page. On a separate sheet, include the title and

an abstract of 100 words or less. Do not include authors' names on this sheet. A final page, "About the authors," should include a brief biographical sketch of 100 words or less on each author. Include current place of employment and degrees held.

References must be written in APA style. It is the responsibility of the author(s) to ensure that the paper is thoroughly and accurately reviewed for spelling, grammar and referencing.

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## **Social Media Tools for Leaders and Managers**

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*Arguments about the value of social media are generationally divided – younger workers use and value social media like blogs, Twitter, LinkedIn, and Facebook. Older workers see it as privacy intrusion and a waste of time. Do educators acknowledge social media as a trend, technology, or business tool that is useful to leaders? Companies have Facebook sites and market brands while collecting information from customers. External social media sites are visible to competitors and resulted in a cottage industry for web analytics. Are organizations utilizing social media internally for management? While difficult to observe behind firewalls, social media tools are used for internal communications, news, learning, knowledge sharing, projects, and collaboration through “the cloud.” This paper addresses social media and related strategies for business leaders.*

### **INTRODUCTION: WHY SOCIAL MEDIA AND NETWORK OPTIONS**

The assumption of the authors is that social media and networks provide powerful systems for businesses to learn and use productively. As the abstract suggests, one can make arguments that support or challenge these technologies as a viable for businesses. Based on the pervasive use and prevailing impact social media have on society, our position is that it is essential for leaders to integrate these technologies and seek the best way to use social media and networks to the advantage of the business and for him/herself, personally.

Why adopt social media and networks? We will examine predominant reasons: viral growth, connectivity, ease of use, anonymity, global reach community, relevance, and a “smart” trend. The viral growth of usage requires everyone who wants to compete in the business environment of today to understand and utilize social technologies. “The numbers speak for themselves,” according to Media Advantage (2011, p2), as shown in Table 1:

Instant connectivity to the world at large is another compelling consequence. Immediate transmission of news in the making has provided justification for even slow adopters to join in – just to keep up on daily events. The authors, for example, were skiing in the mountains of Colorado when the earthquake struck and resulting tsunami that occurred in Japan on March 11, 2011 was predicted to travel across the Pacific to reach the Hawaiian Islands. We were amazed at how we could track the impending impact second by second, live, via Twitter accounts. We knew long before the newsfeed that the tsunami was much less significant in Hawaii than forecast. The aftermath in Japan was reported via tweets as well.

**TABLE 1**  
**SOCIAL MEDIA USAGE**

<b>Facebook</b>	<b>Twitter</b>	<b>LinkedIn</b>
>500 million users	Awareness – 87%	75 million users
50% of users log in daily	51% of users follow companies, brands or products	Members are in 200 countries
Average user connects to 80 community, group, or event pages	Companion media to other channels such as Facebook and TV	Members from all Fortune 500 companies
Source: Facebook	Source: Social Media Today	Source: LinkedIn

“A powerful 8.9 magnitude earthquake struck the coast of Japan on Friday, causing widespread power outages, fires and a severe tsunami that was reported to be up to 10 meters high in places. It was the seventh most powerful earthquake in recorded history. The reaction on Twitter, quickly becoming the go-to service in emergencies, was immediate and intense. Less than an hour after the quake, with the country’s phone system knocked out, the number of tweets coming from Tokyo were topping 1,200 per minute, according to Tweet-o-Meter.” (Taylor, 2011)

One other story: as a consultant to a company on leadership development, one of this paper’s authors had invited a panel of bloggers to meet with leaders of a food company. During the discussion about *why* it is important to actively follow blogs and actually sponsor them, a senior leader jumped up in the middle of the session, phone in hand. She announced that there was a “twitter campaign” against one of their products and she had to depart immediately to investigate and respond immediately. “Facebook 50 is packed with food companies ... Pizza Hut...hired a twintern.” (Matlin, 2009) Like it or not, news travels faster than anyone ever dreamed possible. Leaders who do not see to “get connected” may render their businesses defenseless and become relics of the past.

Rapid adoption of social media usage has been enabled by its ease of use. Social media should be “a process that lets you exploit the power of the Internet in 15 minutes a day or less!” (Lemaire, 2012) Simple set up, login, entry, and distribution of messages provided every *single* person access to the world at large. Social media has even defied the predications that the older population was technology-adverse.

It’s easy to assume social media are the domain of the young and frenetic. To assume the “silver surfer” or the silver haired 55+ demographic is rather technologically disconnected. That assumption would be wrong. Marketers would do well to take a second look at this market and it is growing. In Atlantic Canada and northeastern USA, based on research by Crouch (2011), the average age of a Facebook user is 53. In England we see a similar trend.

Clearly, easy access has resulted in chaos and sometimes major communication blunders; however, the focus for business is shifting from prevention to the most effective way to utilize this instant communication. With broadening security layers and increasing caution among users, perhaps the ease of use may be compromised. However, nothing so far has deterred expanding use and the resulting need for businesses to determine the best way to use and monitor social media and networks.

The bane and beauty of social media is the anonymity it can offer. With the popularity of privacy and the ability in social technology to hide your real identity, it is very easy to comment radically, critically, and unsubstantiated. The problem is that business cannot stop or change this practice; instead, we must learn to manage the communication impact regardless of anonymity. The good news is that “the nastiness of anonymous comments is dwindling. Regardless, more and more traditional media sites are moving to the moderated or full disclosure approaches.” (Falls, 2011)

Leaders are reminded that they naturally exist in a “global business,” whether or not they intentionally target customers or suppliers outside of their physical geography. As *The World Is Flat* author (Friedman, 2005) informed readers, the commercial playing field has been globally leveled and

disrupted as a result of the internet and, increasingly, social media tools. What businesses are learning to do is to leverage the social media and networks for global reach to track, communicate, buy and sell.

Contrary to some assertions that social media isolates people since you can communicate without ever coming face-to-face with another human being, the authors' perspective is that social media actually aids the formation of communities. Without the discomfort of personal interactions and bias or filters we administer in face-to-face interactions, social media provides the opportunity for people to form connections intellectually and based on common interests and points of view. It also permits access to others who share a perspective around the globe, not just "down the street." The potential to leverage these communities for all kinds of reasons has been discovered by some businesses and leaders. As social media becomes even more refined (for example, Google Plus' ability to form circles), the formation of communities in the "global electronic landscape" (Rubin and Rubin, 2007) promises some new ways to mobilize customers and employees.

Tapping the social media trend can help with relevance at all levels. Whether you are seeking popular opinions, trends, or insights, you can capture information with immediacy. The delay and filters of standard press have really rendered print as irrelevant. For business, this relevance is essential:

"... the power of social media as both a breakthrough source of consumer data and a way of enabling more relevant experiences with consumers. ... In an age of information over-load and unlimited choices, any marketer worth their salt knows that brand engagement is driven by providing precisely relevant experiences that attract and hold the attention of each consumer. Consumer relevance cannot be episodic. Maintaining relevance continuously as consumers move seamlessly from one interaction point to the next is a new demand of the digital age. The imperative for consumer relevance requires a brand to harness deep contextual knowledge about each consumer and apply it intelligently to create persuasive experiences at every touch point. This ability to be "relevant at scale", will determine which brands win and which brands get lost in the war for consumer attention." (Breed, 2012)

Lastly, it is just plain "smart" to be engaged in something as significant as the social media trend. It has been a game-changing time. While we always value classic business and leaders for the sake of history, the profitable, great places to work and productive workplaces are the trend-setters. The reasons above and more, such as speed and "green," move social media to the strategic circle. Let's look at the top 25 companies that use social media as testimony to the "smartness" of a social media strategy (Clancy 2012): 1.SAP, 2.Google, 3.Pemex, 4.Royal Bank of Scotland, 5.Microsoft, 6.Supervalu, 7.Kimberly-Clark, 8.Jacobs Engineering Group, 9.Tesco, 10.Omnicom Group, 11.Office Depot, 12.Flextronics, 13.Xerox, 14.Manpower, 15.Computer Sciences, 16.Cisco Systems, 17.DISH Network, 18.Costco Wholesale, 19.Dell, 20.Constellation Energy, 21.IBM, 22.Home Depot, 23.Avon Products, 24.BP, and 25.Devon.

## **SOCIAL MEDIA AND NETWORK OPTIONS: WHAT THEY ARE**

The social media and network tools are many and options continue to expand. Most familiar and used include: wikis (like Wikipedia), blogs, YouTube, Delicious, RSS, website input, Four-Square and Yelp. Social networks include Facebook, Twitter, LinkedIn, Google+, Skype, Face Time, You Tube. Understanding of the technology begins with a look at its evolution.

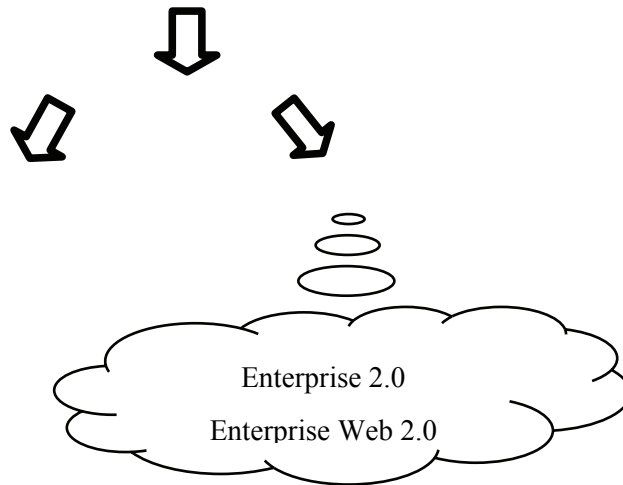
Web 1.0 was first experienced in 1993 and allowed for hyperlinks between web pages. This was the dominating feature until 2001. Other features and limitations included static brochure-ware types of applications, few dynamic abilities, very little context, no interactivity, and no leverage of intelligence from user interactions.

Web 1.5 emerged around 1995 as companies first capitalized dramatically on the commerce capabilities of the internet. Electronic commerce was introduced by eBay and Amazon in their first generation releases. (Wikipedia, 2010)

Web 2.0 is characterized as the "move from personal websites to blogs and blog site aggregation, from publishing to participation, from web content as the outcome of large up-front investment to an ongoing and interactive process, and from content management systems to links based on tagging

(folksonomy).” (Flew, 2008, p. 19) Web 2.0 is associated with Javascript, Blogger, Wikipedia, Digg (user generated content), searching, interactivity, speed, rich multimedia, Google, YouTube, Facebook, and 2<sup>nd</sup> generation Amazon. (Frappaolo and Keldsen, 2008) Even further development has differentiated between consumer and enterprise use, thus paving the way for targeted business applications, as shown in Figure 1.

**FIGURE 1  
EVOLUTION OF THE WEB**



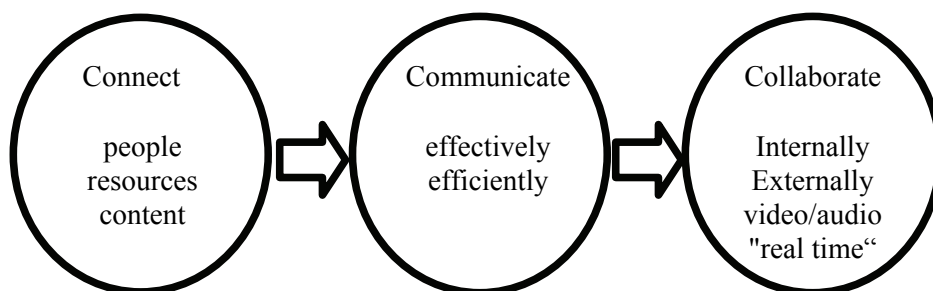
Enterprise 2.0 is defined as “a system of web-based technologies that provide rapid and agile collaboration, information sharing, emergence and integration capabilities in the extended enterprise.” (Wikipedia, 2011) It is sometimes called enterprise social software (Wikipedia, 2008). Emergence is the ability to detect and leverage the collective wisdom of the community.

At the Technet Summit in November 2006, Reed Hastings, founder and CEO of Netflix, stated a simple formula for defining the phases of the Web (Hastings, 2006):

“Web 1.0 was dial-up, 50K average bandwidth, Web 2.0 is an average 1 megabit of bandwidth, Web 3.0 will be 10 megabits of bandwidth all the time, which will be the full video Web, and that will feel like Web 3.0.”

Cisco’s take on the evolution of the web is displayed simply in Figure 2 (Krishna and Bouchard, 2009).

**FIGURE 2  
CISCO’S VIEW OF THE EVOLUTION OF THE WEB**



The next horizon is Web 3.0 best anticipated by futurist John Smart, who sees personalization and the semantic web (Smart, 2007):

“Web 3.0 [is] the first-generation Metaverse (convergence of the virtual and physical world), a web development layer that includes TV-quality open video, 3D simulations, augmented reality, human-constructed semantic standards, and pervasive broadband, wireless, and sensors. Web 3.0's early geosocial (Foursquare, etc.) and augmented reality (Layar, etc.) webs are an extension of Web 2.0's participatory technologies and social networks into 3D space.”

## STRATEGIES FOR SOCIAL MEDIA AND NETWORKS FOR LEADERS AND MANAGERS

Leaders are aggressively addressing the linkages that make sense for their businesses. With the capabilities that are available with enterprise social networking, organizations can devise a social strategy to reach out to four key stakeholder groups: internal (employees), external (customers and suppliers), governing (board, regulators, and shareholders); public (influencers, industry, and public). These stakeholders are creating demand for use of social media for the following:

- Marketing: promote, sell, campaign, viral release
- Communications: information, knowledge, news, announcements
- Public Relations: quick release, public influence, offset, response
- Disaster Control: rapid, comprehensive reach (Japanese Nuclear Disaster)
- Operations: trouble shooting, radiological reviews, diagnoses (Antarctica)
- Knowledge and research: ideas, market research, open source

“Without question, social media has become a “disruptive” technology. Its power to influence and change how people think and interact, how companies operate and even which governments survive has been demonstrated repeatedly.” (Tapscott, 2011, p. 2) The five principles outlined by this author include: collaboration, openness and transparency, knowledge sharing, interdependence, and integrity. These require a leadership agility that raises the bar for most organizations. Just focusing on the customer, the personalization of the enterprise is a push for consumerization and the following evolution:

**TABLE 2**  
**ENTERPRISE CONSUMERIZATION**

<b>Consumer &amp; Public</b>	→	<b>Personalization</b>
WordPress	→	Blogs
Twitter	→	Microblogs
Reviews, Comments	→	Discussion forums
Wikipedia	→	Company Wikis
Flickr, YouTube, Google	→	Document sharing
LinkedIn, Facebook	→	Relationship maps

In order to support corporate social technology initiatives, leaders become more effective endorsing these decisions if they *personally* adopt the technology. No longer for their children, their administrative assistant, or the younger generation, social technology can become their personal tool as well as a key

part of business strategy. Working with progressive businesses, the authors have found that adoption by leaders can support social media adoption for the following use:

- Expertise location
  - Employee directories
  - Recruiting & training
- Corporate wikis
  - Subject matter expertise
  - Exchange of ideas
- Employee blogging
  - Communications
  - Marketing and company news
- Internal community exchange
  - Topics of interest
  - Chat
- Idea generation (ideation)
  - Brainstorming
  - Creativity
- Project collaboration
  - Virtual work
  - Streamline and productivity
- Bookmarking or tagging
  - Research
  - Tracking and sharing

“Social networks satisfy employees' needs to feel connected. More companies are getting over their fears of social technology and are embracing ... networking tools to help employees connect and collaborate.” (Eberle, 2011) Organizations that seek to attract a bright and capable workforce will also plan to engage them actively by using social technology. “Business leaders recognize that engagement is the best way to glean value from the knowledge exchanged in social media – and not by seeking to control social media with traditional knowledge management [KM] techniques.” (Bradley and McDonald, 2011) Operational efficiency and global connectivity through improved communications and interactions will improve with a cross-enterprise use of social media. The compelling reasons to connect with employees are continually reinforced through company findings like (Ladika, 2010):

- Cisco: “Over 50% of employees admit to ignoring policies that prohibit social media in the workplace.”
- Sabre: “The line was disappearing between personal and business connectivity, so developed cube-less.”
- Towers Watson: “Millennial generation is horrified at how unconnected people are in organizations.” (36% of the U.S. labor force in less than 5 years.)

As cited earlier in this article, there are tradeoffs with the active adoption of social strategies. Personally and organizationally, social media needs to be managed thoughtfully. Based on the authors' perspectives, thoughtful use includes these in Table 3.



**TABLE 3**  
**SOCIAL MEDIA USE CONSIDERATIONS**

ADVANTAGES	CAUTIONS
Connects people quickly Monitors the environment Gathers data Short and sweet Younger generation expects it Fast, efficient, cheap (maybe)	Threatens privacy Consumes time Depersonalizes New language, short – not meaningful Quality of content New, fear of change

Every day, we find new ways to leverage the capabilities created by Enterprise 2.0 social technology and tools. Smarter selling, venture capitalization (Kickstarter, Indiegogo), fund raising, brainstorming, and problem solving become fueled by access to a global population. Smart phones, tablets and iPads in the hands of most people 7x24 provide an accessibility that offers huge potential for leaders and businesses. Experiment with MS SharePoint, IBM Lotus Connections, Yammer, Moxie, Clearvale and more. Think about Charlene Li’s ideas expressed in her latest book (Li, 2010) about open leadership which reflects the social transformation of the workplace. “... the social transformer strategy can have the largest impact on an enterprise, affecting everything from R&D and operations to channel partners and customers.” (Wilson et al., 2011)

The parting thought for this paper is to ask leaders and teachers associated with business to actively become a social media star in order to lead a strategy that is of value to individual leaders and businesses. “Act like a student – seek reverse mentoring by a younger generation star if you are challenged, push your teams to understand the business use of their social tools, look for partnerships, develop and implement a social media policy, and proceed carefully” (Thomas, 2012) but aggressively. In the author’s experience coaching leaders to embrace social technology, the simple tasks include be open, try and try again, and stay in touch with employees or students, or children who demonstrate the agility and imagination in the world of social technology.

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## **Crisis Center at the Crossroads: Which Road Leads to Continued Service Delivery Success?**

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*Since 1972, The Crisis Center of Tampa Bay has been very successful in bringing help, hope, and healing to people facing serious life challenges. The Crisis Center has delivered their many services through a mix of government funding, corporate and private donations, and earned income strategies. Despite this success, funding is decreasing while demand for services continues to increase. With demand in 2011 projected to exceed the 175,000 people served in 2010, The Crisis Center of Tampa Bay must evaluate alternatives including pursuing funding to expand services to underserved populations, expanding earned income strategies and implementing cost reductions.*

### **INTRODUCTION**

David Broughton has some serious thinking to do about the strategic future of the Crisis Center of Tampa Bay (CCTB). As President and CEO, he is proud of the achievements of a center that excels in bringing help, hope, and healing to people facing serious life challenges. Founded in 1972 by a group of volunteers and concerned citizens in Hillsborough County, Florida, the CCTB began as a suicide and crisis hotline. The CCTB is a private nonprofit organization, and considered the first stop for trauma counseling services in Tampa Bay. The CCTB offers a one-stop location with complete trauma services (Client Services, 2011). By offering a diverse range of services, the CCTB can assist any client with any crisis they are experiencing. The one-stop shop differentiation strategy enables the CCTB to act like “The Solution Center” for its clients.

Due to the downturn in the economy and funding shortfalls, the CCTB currently faces a significant challenge in providing its trauma counseling programs within its Client Services division to all those in need within the Tampa Bay community. Over the last several years, more people have reached out to the CCTB for assistance. In 2006 and 2007, over 90,000 clients were served by the CCTB with the demand almost doubling to 175,000 clients in 2010. This increase is due in part from individuals who have experienced job losses and a direct correlation between the impact this issue has on both mental health and personal financial pressures. To escalate the problem, funding from sources such as Hillsborough

County government and granting organizations continues to decline. The CCTB has seen government grants decline by 11 percent from 2008 to 2010, which is the equivalent of over \$369,000 (Rivero, 2011).

To offset these financial challenges, the CCTB has become more efficient in using its resources to decrease costs, thereby increasing its profits by 30 percent. Additionally, the CCTB has increased its fundraising efforts by its development department and has seen an increase in medical emergency calls serviced by TransCare Medical Transportation Services, the CCTB's social enterprise business. Unfortunately, these extra resources will not sustain the organization in the long run and alternative sources of income are necessary (Braughton, 2011).

In addition to declining grant revenue, another key challenge facing the CCTB is a lack of awareness within the community. Overall, the Crisis Center has not effectively communicated to the community its complete list of trauma counseling services available. The CCTB is mainly known for services focused on suicide prevention and sexual assault and abuse. However, the organization also provides trauma counseling services for domestic violence, financial distress, substance abuse, and emotional or situational problems. Additionally, the CCTB offers educational programs and workshops that focus on emotional wellness, which can be customized for organizations, employee groups, volunteers and professionals. According to President and CEO, David Braughton, the CCTB staff and volunteers believe, "If it is a problem for you, it is a problem for us" (Braughton, 2011). As a result of the CCTB's low level of awareness, the organization is currently struggling to create a unique brand identity.

## **THE CRISIS CENTER OF TAMPA BAY**

### **Company Background**

The CCTB primarily operates within Hillsborough County, Florida, but has partnerships with other counseling centers and nonprofits to offer services throughout Tampa Bay. The organization currently has strategic alliances with the Family Justice Center, which is in partnership with the Children's Board, as well as the Drug Abuse and Comprehensive Coordinating Office (DACCOC). The Crisis Center of Tampa Bay's mission statement is as follows: "The CCTB brings help, hope, and healing to people facing serious life challenges or trauma resulting from sexual assault or abuse, domestic violence, financial distress, substance abuse, medical emergency, suicidal thoughts, emotional or situational problems" (Who We Are - Mission, 2011). The CCTB fulfills this mission with two main divisions: Client Services and TransCare Medical Transportation Services (Who We Are, 2011).

### *Client Services*

The CCTB offers many valuable programs to over 150,000 people in the community. These programs include:

- 2-1-1 Crisis Hotline, Suicide Prevention Services- provides free crisis counseling over the phone and via the web, available 24 hours a day, 365 days a year
- Sexual Assault Services- offers forensic medical exams, support services, and follow-up needs for victims of sexual battery
- Trauma Recovery Services - provides counseling services and support for those who have been the victim of assault, battery, sexual abuse or other traumatic events
- Family Stabilization- features a variety of intervention and case management services to assist families and individuals dealing with acute financial and emotional crises
- Telephone Reassurance- offers telephone calls to homebound elderly and adults with disabilities who live alone and those who have no available support system, to ensure their safety, well-being, and provide reassurance
- Free STD/HIV Testing - free and confidential STD/HIV and pregnancy tests are offered every Thursday at select times with no appointment needed, provided through a partnership with Tampa Hillsborough Action Plan (THAP)

- Travelers Aid – services for transportation assistance and crisis intervention services for families and individuals either stranded or disconnected from their support system
- Professional workshop programs related to various trauma counseling issues- CCTB is a provider of approximately thirteen Continuing Education Workshop programs, which have been offered on a limited basis to members of the Florida Bar Association to satisfy Continuing Legal Education (CLE) requirements of certified attorneys in the state of Florida, as well as the Florida Board of Clinical Social Work, Marriage and Family Therapy and Mental Health Counseling organizations (Mueller, Education & Outreach).

#### *TransCare Medical Transportation Services*

This division of the CCTB is a social enterprise, and provides financial revenue to support to the organization's Client Services programs. TransCare provides primary 9-1-1 Basic Life Support (BLS) services in the City of Tampa and secondary BLS services in Hillsborough County. TransCare also provides countywide transports to and from all area hospitals, nursing homes, state psychiatric facilities, hospice facilities; as well as stretcher services, and stand-by service for special events in Hillsborough County (TransCare, 2011). The TransCare division is strictly limited to operating within Hillsborough County due to the county's 9-1-1 system being divided into two areas: the county and the city. Although the majority of TransCare's presence is in the city of Tampa, it also provides back-up ambulance services to all of Hillsborough County (Braughton, 2011).

To expand services and generate additional revenue, TransCare is interested in obtaining Advanced Life Support (ALS) certification. However, obtaining ALS certification will not be easy due to political and monetary restraints. Because TransCare is a service provided through the nonprofit Crisis Center of Tampa Bay, it faces regulatory issues in pursuing certification. Currently, two for-profit companies provide ALS services within Hillsborough County and TransCare would need to receive support from these companies for certification approval. Additionally, ALS certification has significant costs associated, which may be prohibitive.

The CCTB senior management is also considering using TransCare to generate other avenues for revenue growth, such as offering wheelchair and van service to counties outside of Hillsborough, as to not compete against Hillsborough Fire and Rescue, and Hillsborough Emergency Medical Technician (EMT) primary responders (Braughton, 2011). Although TransCare's service expansion could potentially generate additional revenue for Client Services, it is important to consider the downside of expansion; which includes additional expenses for hiring more staff and purchasing fuel at increasing prices to power TransCare's fleet of ambulances.

#### **Client Base**

The CCTB will never turn away anyone in need of their service. Its customers are males and females of any age and any ethnicity. However, the majority of CCTB clientele are single women in their 30s who have children. The CCTB has seen a growing number of elderly individuals in need of its services as the number of Americans who are 65 and over continue to increase. In addition, Hispanics are the fastest growing minority and also one of the least proactive in seeking assistance. As a result, the CCTB is targeting this group to provide a support system and allow this group to retain its anonymity when seeking assistance (Braughton, 2011). In addition to the Hispanic community, the CCTB would like to expand services offered in support of the Southeastern Asian Community (Indian, Pakistani, Sunni Muslim, Vietnamese, Laotian, Thai, etc.) by adding an additional location on North Florida Avenue to complement the center's headquarters located in North Tampa (Braughton, 2011).

#### **Human Resources and Governance**

All of the CCTB's programs and services are created and provided to clients by a talented human resource pool. The Crisis Center has approximately 200 paid employees. Of these employees, roughly 122 are full-time employees with the remainder being part-time. The largest body of employees resides in the TransCare division, which features 107 staff members including both full-time and part-time

employees. In addition, there are approximately 160 interns and volunteers. Overall, the CCTB staff size is 360 workers (Braughton, 2011).

The CCTB has been successful in attracting and retaining high-performing employees and minimizing employee turnover by putting applicants through pre-employment testing, as well as preliminary vocational evaluation. The testing helps to determine if an applicant will be able to handle the stress and emotional requirements the job entails. Employees are also successful because of the extensive on-the-job training the Crisis Center provides (Ho-Pehling, 2011).

The CCTB CEO, David Braughton, is a nonprofit executive with over 25 years of experience. Under his tutelage, Braughton has developed a senior staff of like-minded nonprofit professionals who have extensive experience working in their specific business discipline. The CCTB has been successful in attracting and retaining high-performing leaders by reaching out to the nonprofit community and networking (Braughton, 2011). An organizational chart is provided in Appendix A.

Similarly, the members of the CCTB Board of Directors are equally committed to the organization's mission, with members pledging time, money, and effort. Board members are tied to the organization in multiple ways including performance evaluation, subcommittee involvement, strategic oversight, and sustaining donations (Braughton, 2011). All Board of Directors with the CCTB are held accountable for their contributions to the organization and have their performance evaluated by the CEO. All board members participate in organizational subcommittees to strategically plan the future of the Crisis Center. Finally, 21 out of the 24 board members are CCTB sustainers, who provide a long term financial commitment to the organization.

## **Financials**

Nonprofit organizations such as the CCTB are exempt from corporate income tax but not from auditing. For this reason, all nonprofits must make the following three main financial statements: a statement of activities, a statement of financial position, and a statement of cash flows. The statement of activities, also known as the income statement, comprises a measurement of the company's financial performance over a certain period. The statement of financial position, commonly known as the balance sheet, provides an idea to investors about the amount the company owns and owes (assets & liabilities) and the amount invested by shareholders (equity). Lastly, the statement of cash flows shows the changes in operating, investing, and financing activities. Complete financials are provided in Appendices B-E.

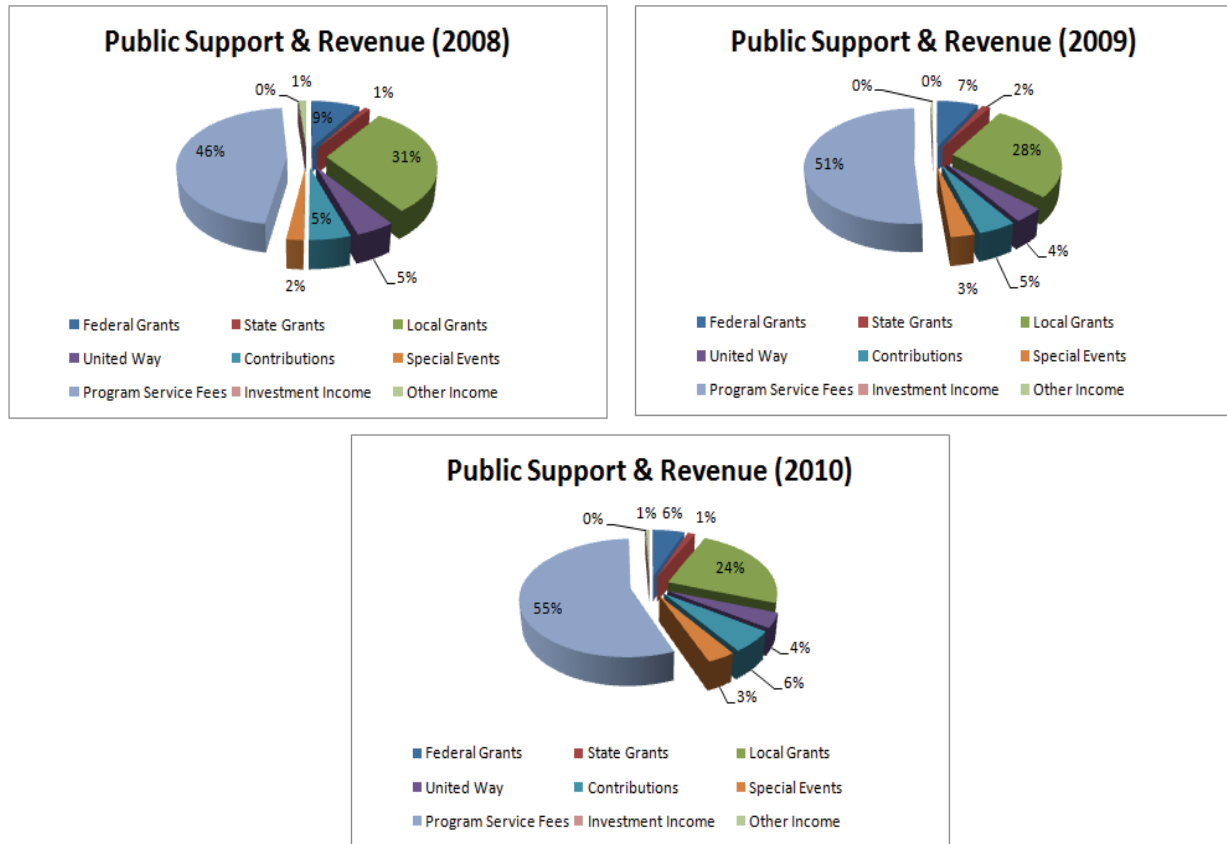
### *Statement of Financial Position*

The Crisis Center's total assets have been increasing for the past three years. In 2008, total assets were \$6,802,270, followed by \$7,826,808 in 2009 and \$8,453,670 in 2010. The 8 percent increase from 2009 to 2010 is due to increases in current assets to \$179,151; property and equipment (not accounting for depreciation) to \$270,761; pledges receivable to \$174,793; and investments to \$2,157. Pledge receivables are unconditional promises from donors to give. Investments consist of mutual funds which are held by a brokerage firm and have an investment portfolio fair value of approximately \$23,000. While assets increased 24.3 percent from 2008 to 2010, liabilities only increased 15.5 percent (Rivero, 2011).

### *Statement of Activities*

The CCTB has a variety of revenues to fund all the services it provides to the community, such as trauma counseling, sexual assault assistance, and suicide prevention. Exhibit 1 below provides an overview of all the sources of revenue for the past three years.

**EXHIBIT 1  
CCTB PUBLIC SUPPORT & REVENUE (2010, 2009, 2008)**



(Rivero, 2011)

As seen in Exhibit 1, total revenues from 2008 to 2010 have increased from \$7,919,345 to \$9,210,515. Revenues from 2009 to 2010 have increased from \$8,823,718 to \$9,210,515. This increase is mainly due to 4 percent generated from program service fees from TransCare Medical Transportation Services, the Crisis Center’s social enterprise endeavor. This division is very significant for the survival of the CCTB as it represents over half of the overall organization’s total revenues. The second largest source of revenue, approximately 25 percent, comes from local grants. However, local grants have experienced a reduction in funding from 2009 to 2010.

Expenses for the CCTB have remained approximately the same in terms of percentages over the period from 2008 to 2010. However, the expense amounts have increased from \$7,874,639 in 2008 to \$9,021,006 in 2010, which was necessary support to TransCare. Eighty-five percent, which is the total of the organization’s largest expenses for both years, is attributed to its program services, which include TransCare, sexual assault services, trauma counseling services, and suicide prevention services (Rivero, 2011).

*Statement of Cash Flows*

As seen in Exhibit 2 below, the statement of cash flows is segmented in three parts: Net Cash by Operating Activities, Net Cash by Investing Activities, and Net Cash by Financing Activities.



**EXHIBIT 2**  
**CCTB NET CASH (2010, 2009, 2008)**

	2010	2009	2008
<b>Net Cash by Operating Activities</b>	\$382,821	\$ 862,618	\$ 311,331
<b>Net Cash by Investing Activities</b>	\$ 270,836	\$ 465,863	\$ (140,701)
<b>Net Cash by Financing Activities</b>	\$ (216,350)	\$ 136,528	\$ (217,937)
<b>Cash &amp; Cash Equivalents (End of Year)</b>	\$ 1,539,266	\$ 1,643,631	\$ 1,110,348

(Rivero, 2011)

Net cash by operating activities is the cash generated from the company's operations. Net cash by investing activities is the cash generated from investments in the financial markets and investments in capital such as plant and equipment. Net cash by financing activities accounts for external activities such as proceeds and payments of notes payable and other kinds of payments. In 2008, the CCTB paid \$198,567 on notes payable and did not receive anything from notes payable. In 2009, the CCTB received \$325,747 from notes payable and paid almost \$200,000 in notes payable and lease obligations. In 2010, the CCTB paid slightly over \$200,000 on notes payable and did not receive any notes payments. Finally, cash and cash equivalents have remained over \$1.5 million for the past two years with a slight decrease of approximately \$100,000 in 2010 (Rivero, 2011).

## **THE SOCIAL ASSISTANCE INDUSTRY**

### **Industry Identification**

According to the North American Industry Classification System (NAICS), the Health Care and Social Assistance Industry is under the NAICS umbrella code of 62, which is defined as "establishments providing health care and social assistance for individuals, which are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. Within the overall 62 industry sector umbrella, the Social Assistance Industry (NAICS code 624) relates more closely with the Crisis Center of Tampa Bay's service delivery, which falls under NAICS code 624190 or the category of "Other Individual and Family Services." The U.S. Census Bureau defines the NAICS code 624190 as comprised of establishments primarily engaged in providing non-residential individual and family social assistance services (U.S. Census Bureau, 2010).

### **Market Size and Growth Rate**

According to the 2002 Economic Census, the Social Assistance Industry (NAICS 624) accounts for 20 percent or 152,391 of the total 704,526 establishments in the overall umbrella of the Healthcare and Social Assistance Industry (NAICS 62) in the U.S. (U.S. Census Bureau, 2002). The following table illustrates the significant growth in the United States within the Other Individual and Family Services sector (NAICS 624190) establishments and sales from 1997 to 2007, which has also caused an increase in the number of sales or receipts from \$20,436,000,000 in 2002 to \$26,400,000,000 in 2007 (U.S. Census Bureau, 2010).

**EXHIBIT 3**  
**OTHER INDIVIDUAL AND FAMILY SERVICES 1997-2007 IN THE UNITED STATES**

Year	1997 (\$'000s)	2002 (\$'000s)	2007 (\$'000s)	% Change
<b>Receipts</b>	11,806,000	20,436,000	26,400,000	29.2
<b>Payroll</b>	4,858,000	8,029,000	9,798,727	22.0
<b>Employees</b>	268,929	375,588	388,767	3.51
<b>Establishments</b>	20,537	24,943	27,281	9.4
<b># of Clients served</b>	D	D	D	D

D= Withheld to avoid disclosing of data of individual companies (U.S. Census Bureau, 2010)

Within Florida, the Other Individual and Family Services Industry has grown in 2007 to encompass \$1,065,319,000 in receipts of the aggregate \$4,008,195,000. The number of establishments account for 1,347 of the aggregate 6,570, with annual payroll and number of paid employees reaching \$371,070,000 of the aggregate \$1,554,048,000 and 14,317 of the aggregate 92,142, respectively (U.S. Census Bureau, 2010).

Within the Tampa-St. Petersburg-Clearwater, Florida Metropolitan Area, the Other Individual and Family Services Industry has grown in 2007 to encompass \$137,749,000 in receipts of the aggregate \$780,511,000. The number of establishments account for 189 of the aggregate 1138, with annual payroll and number of paid employees reaching \$57,720,000 of the aggregate \$286,601,000 and 2,114 of the aggregate 14,501, respectively (U.S. Census Bureau, 2010).

**Stage of Life Cycle & Scope of Rivalry**

The Social Assistance and Social Welfare Industry was founded in 1935 with the Social Security Act and has been thriving ever since with a significant increase in the awareness and need for the diverse and continually expanding services offered within this huge industry. While the number of establishments and competitors has increased significantly, the industry has transitioned from the growth to the maturity phase as the development in this industry is continuing to rise but at a decreasing rate. This decrease in growth is due to the fact that while awareness and demand for services have increased in part due to the soaring unemployment rates, each organization in this industry is now fighting for brand differentiation. This is proving to be difficult due to the cuts in government funding as a result of the budgetary crisis (Gale Group, 2010).

**Key Competitors in the Industry**

Key competitors within the Social Assistance Industry sector include, but are not limited to, establishments that offer abuse counseling, suicide prevention and 2-1-1 hotline response, family stabilization, and trauma counseling (GuideStar USA, 2010). While all nonprofits are competitors in a sense that they are all competing for the same donor funds, no other organization in the Tampa Bay area offers the range of services that The Crisis Center does. The closest competitor is DACCO (Drug Abuse Comprehensive Coordinating Office), a nonprofit agency established in 1973, which provides services to children, youth, adolescents, and adults, as well as to the co-occurring population (mental health / substance abuse) and the homeless community. DACCO's programs include recovery support services, community outreach, aftercare, and opiate maintenance programs. DACCO also provides housing support, via apartments owned by DACCO, which is offered to families based on availability (DACCO, 2010).

## **An Evolving Industry Landscape: Environmental Trends**

Several environmental trends or driving forces are creating opportunities and threats within the Social Assistance Industry sector.

### *Funding Streams*

Since 2009, the recession in the United States has left nearly 16 million Americans unemployed, with the official unemployment rate reaching over 10 percent and minorities being hit the hardest at close to 15 percent. The 2008 census data shows that while the total poverty rate has increased to 13 percent, child poverty has risen to an incredible 19 percent with projections for this figure to reach more than 24 percent by the end of 2011. The Social Assistance Industry has been negatively impacted by the increase in unemployment due to the increase in the demand for services such as financial counseling and basic needs (i.e. food pantries and shelter). Additionally, the industry has been negatively impacted by increasing budget cuts from Medicare and Medicaid (Alliance Trends, n.d.).

Governments rely on Social Assistance organizations to provide services to the community through low fees-for-service. However, a survey conducted by Bridgeland, McNaught, Reed, and Dunkelman showed that by 2008, 61 percent of 800 nationwide Social Assistance organizations experienced drastic budget cuts in government funding, which negatively impacts the industry due to its reliance on government funds. In addition, donations from large corporations decreased by as much as 30 percent between 2007 and 2008. From 2007 to present, the downturn in the economy has shrunk funding coming from the government, corporations, and individuals due to each of these entities experiencing economic crisis. The situation in the economy is affecting industry growth as the funds continue decreasing while demand for health and human services keeps increasing (Vaughan, 2010). For example, the CCTB has seen government grants decline by 11 percent from 2008 to 2010, which is the equivalent of over \$369,000 (Rivero, 2011).

Because nonprofits in the Social Assistance Industry can no longer afford to rely solely on Federal and State government support for a substantial portion of their revenues, these organizations have begun to seek alternative sources of revenue through fundraising, which may include donations, grants, and corporate sponsorships; other revenue sources; and earned income initiatives.

### *Fundraising*

Organizations in the Social Assistance Industry constantly look for alternative revenue to augment funding, which may include activities such as fundraising, event planning, public service and media relations networking, and publications. Additional avenues of fundraising, such as Web, print and radio, are being explored by other organizations, which are also considering the use of television for new donor acquisitions (NonProfit Times Weekly, 2008).

Another source of possible funding is through grants from philanthropic organizations and foundations. In addition, financial support can also be generated through private donors, corporate sponsors, and as a beneficiary in a will. For example, the CCTB utilizes the Benevon model to generate sustainable fundraising and create long-term donor relationships, in which donors become financial sustainers and commit financial support to the organization over the course of several years. The CCTB's fundraising model includes regularly scheduled "Every Second Counts" facility tours and its annual "Cup of Compassion" breakfast event to solicit financial support from donors. For Fiscal Year 2011, the Benevon fundraising model has been very successful for the CCTB in creating a sustaining donor list of more than sixty individuals and is on track to reach \$900,000 in funds raised, representing 10 percent of the organization's operating budget (Sustainer Society, 2011).

### *Other Revenue Sources*

In pursuit of other revenue sources, some Social Assistance Industry organizations bill government agencies and other nonprofit organizations via fees-for-service as well as receive government contracts to run social service programs, schools, and job-training programs for welfare recipients. Currently, the

CCTB earns revenue by charging Medicare and Medicaid for the various services provided to individuals. Additionally, the CCTB has partnered with a fellow nonprofit, DACCO, in a fee-based agreement to provide communication services using its emergency 2-1-1 Crisis Hotline (Braughton, 2011).

### *Earned Income Initiatives*

Faced with rising costs, more competition for fewer donations and grants, and increased rivalry from for-profit companies entering the Social Assistance sector, nonprofits are changing their approach with traditional funding sources to behave more like for-profit organizations and increase revenues through earned income initiatives. Leaders of nonprofit organizations are motivated to find commercial opportunities for their companies which deliver goods and services in ways that do not create dependency in their constituencies but create self-funding which leads to financial sustainability for the organization (Dees, 1998).

As previously discussed the CCTB has established a social enterprise, which is a business whose sole purpose is to provide revenue to support the organization's mission. The Crisis Center's medical transportation service, TransCare, helps the organization to remain competitive and supports the agency's client services by generating approximately \$5 million in revenue, which represents 5/9 of the CCTB's total revenue (Braughton, 2011).

### *A Changing Population*

The United States' population continues to become more ethnically diverse as it keeps growing. By 2006, minorities were estimated to be over 100 million people in the country, representing one third of the entire population, with Hispanics being the fastest growing group. According to government projections, U.S. minorities will be the majority by 2042 minorities (Tableman, 2000). According to the recently released census estimates, the minority population in the Tampa Bay area grew tremendously in the past decade, with Hispanics leading the way. Due to the large number of retirees in the region, the Tampa Bay area has historically had the lowest proportion of minorities of any region in Florida. However, Hispanics and other minority groups have become a larger share of the population, accounting for nearly a quarter of the overall population in Hillsborough County with the Hispanic population up more than 50 percent since the 2000 census (Wiatrowski, 2010).

This trend impacts the nonprofit industry as minorities are often miscounted in the census, which results in less federal funds for geographic areas of need. In addition, the demand for services and types of services needed will create disparities in the well-being and health status for minority groups. Responsiveness of nonprofits to language barriers and cultural practices, and their openness in the participation of minorities will affect the acceptability of services and community support. As a result of the increasing presence of minorities in United States, the social assistance industry will have to review all the functional aspects of their business model in order to understand better other cultures and therefore deal more efficiently with minorities (Tableman, 2000).

Another relevant population for the social assistance industry is the Baby Boomers. The number of Americans who are 65 and over continue to increase as the Baby Boomer generation continues to live longer. This trend affects the services needed, allocation of community resources, and the availability of volunteers. Life spans are increasing as individuals are becoming more health-conscious and taking better care of themselves. Seniors over 65 years old represent 35 million of the entire population of the U.S., which increases 12 percent annually (Tableman, 2000). Florida has more than 3.9 million persons who are age 65 and older, which represents the highest proportion of elders within the United States. By 2030, one in four Floridians will be over age 65 (Vogel, 2006). In Hillsborough County, there are over 178,350 seniors, which represent over 16 percent of the total population within the county (Hillsborough County Board of County Commissioners, 2011). This aging trend will continue to increase the care needs for seniors and decrease the availability of seniors willing to volunteer at social service organizations as this cadre prefers to stay in the workforce longer. Consequently, the industry will need to recruit younger volunteers (Tableman, 2000).

### *Governmental Oversight*

Due to the shortage of funds, government officials have had to become more involved in evaluating the performance of nonprofit organizations, which determines the extent in which government officials continue their support. As a result, nonprofit organizations must show proof of benefits they have provided to society through government funding. This implies that staff working for nonprofits must become experts in the fields of accounting, finance, and management to avoid any potential mistakes that would result in loss of funds (Tableman, 2000).

Another trend affecting the nonprofit industry is the legal restrictions that obstruct nonprofits from lobbying themselves. No single area of the nonprofit organization may carry out activities intending to influence decisions made by legislators and government officials. If an organization does, it would no longer qualify as a tax exempt 501(c)(3) charitable organization (Frumkin, 2000).

### *Delivering Services*

According to the U.S. Census Bureau, there were 46.3 million people in the United States without health insurance in 2008. This figure follows an eight-year trend of increasing participation in government run programs such as Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and health care for the military, and declining participation in private or employer-sponsored insurance programs. This lack of healthcare provision is one of the main trends affecting the industry (Jacobsen, 2010).

Another trend is volunteerism. In 2009, the national volunteer rate increased 26.8 percent with 63.4 million volunteers donating approximately 8.1 billion hours of service in communities across the country, despite the economic crisis. In the same period, approximately 3.3 million volunteers in Florida contributed 516 million hours of service. Although the volunteerism rate in Florida is increasing at approximately 1 percent each year for the past decade, it is still below the 4 percent national volunteering rate (Volunteering in America, n.d.). In fact, Florida ranks 46<sup>th</sup> in the country for average volunteer rates.

On a more positive note, demand for childcare after school hours is rising as a result of more parents working extras hours. This trend represents an opportunity for the social services industry to expand into new services in order to promote youth development (Tableman, 2000).

### *Technological Advances*

Technology innovations provide nonprofits with improved productivity, efficiency, performance, and speed as well as boundless opportunities for growth through new product development, automation, and enhancements (Brines, n.d.). For example, the CCTB is rather advanced in its use of technology as compared to other trauma and crisis organizations within the Social Assistance Industry. The CCTB uses a colposcope, which is a medical instrument with camera that is used in sexual assault cases to collect microscopic evidence, which can in turn be used in rape trial cases. This equipment is very expensive and is not easily affordable for nonprofit organizations but is on the cutting edge in trauma counseling (Braughton, 2011). The CCTB is light years ahead of its industry counterparts, but knows that there is still much more that can be done to implement technology to better serve its clients. Within the Social Assistance Industry, additional advancements in technology include computerization and the internet, telecommunications, and audio/visual technology.

Computerization and the internet have increased the sophistication of information technology and are indispensable to all nonprofits seeking to raise funds effectively. Without adequate computerization, it is clear that nonprofits including those in the Social Assistance industry will not remain competitive. Word processing, spreadsheets, database management, and the Internet offer access to a wide range of information available. Emails improve long distance communication with clients, donors, and volunteers. Websites inform the public about services available, organizational accomplishments, the fiscal responsibility of funds received, and provide a tool for recruiting volunteers and donors as well as offering training and educational seminars (Tableman, 2000). In addition, a majority of Social Assistance Industry organizations use prominent online social networking tools like Facebook and Twitter to

promote awareness, increase visibility, and connect with potential clients, supporters, and donors (The Chronicle of Philanthropy, 2008).

The Internet also provides an ideal platform to allow and to receive psychological support, especially because of its special characteristic: anonymity. One major concern that arises with the use of new computer and Internet innovations is security and confidentiality of data stored. However, with the use of data encryption, agencies can protect data resting in databases as well as data over the network. This security identifies the sensitivity of the data and the groups of users who can view that data, which is done via labels with firewalls that protect perimeter access and authentication as well as single sign-ons that validate authorized participants (Brines, n.d.). In addition, system delivery and integration is a concern for organizations. The CCTB uses virtual servers, which backs up all its systems, files, and case records in the event of a disaster and to ensure that service delivery is not interrupted. However, the CCTB has identified a deficiency due to its lack of computer system integration, and is currently taking steps to remedy this issue by weighing the costs and benefits associated with purchasing an electronic medical records system, which would enable a paperless environment (Ho-Pehling, 2011).

Telecommunications technologies have made possible the nearly instantaneous transmission and reception of large amounts of complex information over long distances, creating global markets for a wide range of products and services (Besanko, Dranove, Shanley, & Schaefer, 2010). The CCTB uses telecommunication technology to help those in crisis quickly. The phone system which supports the CCTB's 2-1-1 Crisis Hotline uses Voice over Internet Protocol (VoIP), which makes the organization one of the first nonprofit crisis lines to use this technology. VoIP is extremely costly and infrastructure efficient, which has significantly helped the CCTB to reduce its phone costs on a monthly basis (Braughton, 2011). A proposed way the CCTB can continue in increasing its telecommunications efficiency is through the proposed purchase of a new phone system, which uses an "Intelligent Queue," a technology that would prioritize calls to the 2-1-1 Crisis Hotline to better serve clients. In addition, all senior level personnel within the CCTB utilize Smartphones and/or tablets to communicate with all internal and external stakeholders to promote efficiencies within the organization due to the constant stream of connectivity (Harris, 2011).

Audio and visual technology can be described as aid, other than printed matter, that uses sight or sound to present information (Answers Corporation, 2011 ). The CCTB serves as another example of a nonprofit crisis center that uses audio and visual technology. The organization's 24-hour surveillance of the Sunshine Skyway Bridge allows the counseling team to dispatch emergency services when they see someone who is contemplating taking their own life. In 1999, the crisis phones were installed on the Sunshine Skyway Bridge over Tampa Bay, the third-ranked bridge in the country for suicides, to deter suicide attempts. Through this direct communications line to the bridge, the CCTB counseling team can intervene when they see individuals at the top of the bridge. In addition, The CCTB has teamed up with mobile phone carrier companies to receive tracking information from every caller by using the phone's internal GPS system. This allows the CCTB and emergency support personnel to know the exact location of their client in need (Ho-Pehling, 2011).

## **STRATEGIC ALTERNATIVES**

With increasing demand for services and decreasing funding support, David Braughton must identify some alternative strategic actions the organization can undertake to ensure sustainability. Should the Crisis Center build on its strengths to improve the depth of its reach to current clients *or* shore up weaknesses to expand into different target markets *or* pursue opportunities for growth *or* mitigate threats negatively affecting operations? Technology utilization, for example, is a strength but can the organization use technology to more effectively deliver services or improve its web site to increase donations? Is social media such as Facebook or Twitter an option? How do other nonprofit organizations utilize their web sites to drive donations?

Another alternative may be to expand awareness and reach new markets. As previously discussed, the Crisis Center of Tampa Bay suffers from low brand awareness and inconsistent brand perception among

its multiple audiences (Bright Monkey Marketing, 2011). How might the Crisis Center improve its visibility and increase the public's awareness of the range of services that the Crisis Center offers? What alternatives might have a broad reach but be economically feasible given the decreased funding streams? Can technology be used to help?

Although reaching a broad market to expand awareness is one avenue to pursue, perhaps it would be more economically efficient to select particular demographic markets in which to expand its awareness. Through his research, David knows that demographic groups like Hispanics, Southeast Asians, African Americans and seniors are growing in the Tampa Bay area. What are other marketing outlets for the Crisis Center to deliver its message? Which of these markets look most promising and how to best reach these markets?

Instead of tapping existing markets or expanding in to new markets, another opportunity may be for David to evaluate additional earned income alternatives. In addition to the TransCare Medical Transportation operations which could be expanded, the CCTB is a provider of approximately thirteen Continuing Education Workshop programs. These programs have been offered to members of the Florida Bar Association to satisfy Continuing Legal Education (CLE) requirements of certified attorneys in the state of Florida, as well as the Florida Board of Clinical Social Work, Marriage and Family Therapy and Mental Health Counseling organizations (Mueller, Education & Outreach). Perhaps these workshops could be extended to apply to other organizations that need continuing education or workshops to educate those in or affiliated with their organizations about various topics in which the Crisis Center has expertise. Some of these areas include suicide prevention, addressing sexual harassment, reducing domestic violence and/or child abuse, and improving professional ethics. In addition, human resource departments or universities in the area may be markets to deliver programs. The issue then becomes which organizations and what topics might these organizations be interested in? Further, how much could the Crisis Center charge for these programs and what would the profit margins look like in delivering these programs?

Related to this opportunity, the Crisis Center of Tampa Bay has access to approximately 200 Learning Management System (LMS) modules that discuss and provide thorough information about various topics, including (Mueller, Education & Outreach) Ethics, Abuse, Neglect and Exploitation, Medical Records, Sexual Harassment in the Workplace and Microsoft Office Tutorials. To date, the Crisis Center's LMS modules have not been utilized to their full capacity and there is an opportunity to sell access to these modules to organizations that do not want to offer workshops but that are required to have continuing education and certifications or could benefit from employee training. Examples of organizations might include Tampa area law firms and government agencies, as well as other crisis centers that may have a need for access to the Crisis Center of Tampa Bay's LMS modules.

Instead of or in addition to focusing on opportunities, the Crisis Center could also mitigate threats. The Crisis Center of Tampa Bay uses 75,000 gallons of diesel fuel every year. Diesel prices keep increasing as the barrel of oil continues to sky rocket above \$110 per barrel, which translates into the price of diesel being consistently above \$4 per gallon. This threatens the financial stability of the Crisis Center of Tampa Bay as it has to spend over \$300,000 ( $\$4 \text{ per gallon} * 75,000 \text{ gallons}$ ) in fuel for its TransCare ambulance service each year. In addition, combustion of diesel fuel produces enormous amounts of toxic air pollutants which contaminate the environment. The emissions of toxic substances as well as TransCare's high expense for fuel needs could be greatly reduced by switching its ambulances from a diesel fuel system to a biodiesel fuel system. Benefits of using biodiesel include: increasing mileage by 5 percent, using more environmentally friendly technology with 75 percent less emissions, systematic cleaning of fuel system, extending engine life, and quieting down the engine (Home Biodiesel Kits).

There are two different initiatives for switching fuel systems: 1) explore access to biodiesel distributors to decrease expenditures on fuel, and 2) explore options for biodiesel fuel conversion in-house. Although several biodiesel distributors are in the area, it is important to note that average price for biodiesel may be higher than standard diesel fuel prices. A second alternative is to explore options for in-house biodiesel fuel conversion. Ideally the plan would be to designate space on the existing property to

locate all the equipment necessary for the fabrication and storage of the biodiesel. Although no permits would be needed to build a facility as long as the biodiesel made is for self-consumption and no engine modifications would be needed for the current ambulances, CCTB needs to investigate what resources will be needed for biodiesel production. How much are processors and how many processors would be needed? In addition, a storage tank to hold the biodiesel would be needed but how big does it need to be and how much will it cost?

The most expensive component/ingredient to make biodiesel is the vegetable oil. A potential source may be used cooking oil from fast food restaurants. How much would it cost to purchase the oil? Could the CCTB take advantage of its “brand name” through umbrella branding and launch a major campaign to convince restaurants to donate used cooking oil? While many restaurants pay companies to pick up their used oil to dispose of it properly, other restaurants like McDonald’s recycle their oil and sell it for a very small fee.

## DECISION TIME

As a leader, David Baughton has much to consider. Which alternative or combination of alternatives should the CCTB consider? What are CCTB’s main strengths and weaknesses that might affect strategic alternative selection? Are these alternatives all mission consistent? Are they economically feasible given the financial position of the CCTB? Who would be in charge of implementing new programs or services? What resources would be needed for implementation?

Further, which opportunities represent an avenue to fund growth and better serve their clients? As a nonprofit, how appropriate is the use of a for profit strategy in a nonprofit organization? What are the benefits and difficulties of implementing such a strategy? They have already implemented one earned strategy, is another entrepreneurial activity advisable? What is social entrepreneurship? How is it different from entrepreneurship? If the social entrepreneurship opportunities are selected, which ones are most promising? Selling the LMS modules or offering continuing education workshops seems viable and somewhat safe although it might take significant human resources to launch. On the other hand, the biodiesel option is very different from their core business but may represent significant growth. Although this strategy can initially be a cost saving strategy, could the Crisis Center manufacture enough to sell?

These are all good questions that must be evaluated to go forward.

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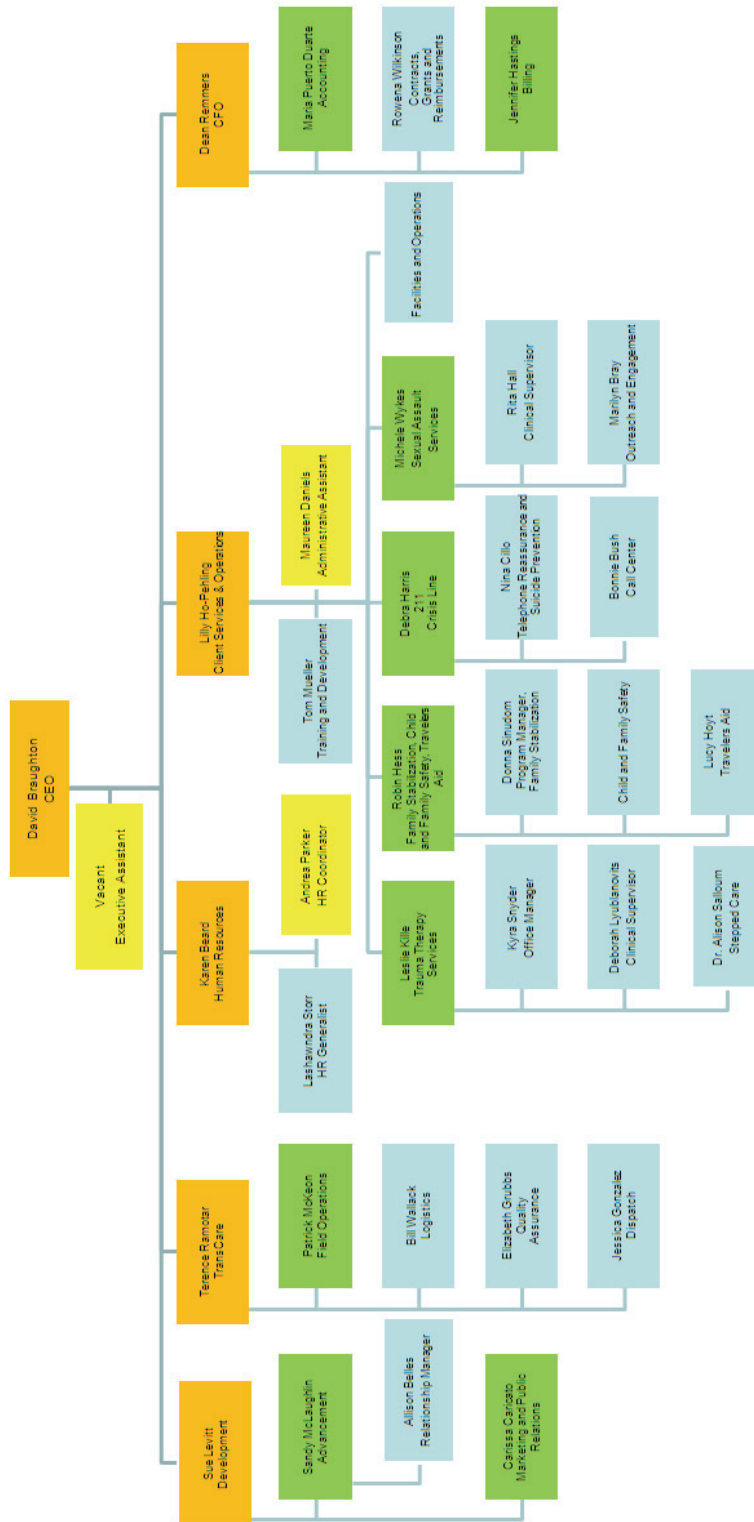
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# APPENDIX A CCTB ORGANIZATION CHART



**APPENDIX B**  
**CCTB STATEMENT OF FINANCIAL POSITION (FYE SEPTEMBER 30)**

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,539,266	\$ 1,643,631
Grants receivable	408,490	313,350
Program service fees receivable	915,620	659,568
Pledges receivable	149,180	256,621
Other receivables	1,000	8,967
Prepaid expenses	<u>53,857</u>	<u>6,125</u>
Total current assets	<u>3,067,413</u>	<u>2,888,262</u>
PROPERTY AND EQUIPMENT	5,021,818	4,751,057
Less accumulated depreciation	<u>2,418,905</u>	<u>2,046,246</u>
	<u>2,602,913</u>	<u>2,704,811</u>
PLEDGES RECEIVABLE	<u>341,628</u>	<u>166,835</u>
INVESTMENTS	<u>22,811</u>	<u>20,654</u>
 TOTAL ASSETS	 <u>\$ 6,034,765</u>	 <u>\$ 5,780,562</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 362,308	\$ 318,865
Accrued expenses	543,012	344,209
Deferred revenue	98,924	60,126
Current portion of notes payable	<u>134,400</u>	<u>234,821</u>
Total current liabilities	<u>1,138,644</u>	<u>958,021</u>
LONG-TERM LIABILITIES		
Notes payable, less current portion	<u>461,926</u>	<u>577,855</u>
COMMITMENTS	<u>-</u>	<u>-</u>
NET ASSETS		
Unrestricted	3,943,387	3,821,230
Temporarily restricted	<u>490,808</u>	<u>423,456</u>
	<u>4,434,195</u>	<u>4,244,686</u>
 TOTAL LIABILITIES AND ASSETS	 <u>\$ 6,034,765</u>	 <u>\$ 5,780,562</u>

**APPENDIX C**  
**CCTB STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Federal grants	\$ 515,514	\$ -	\$ 515,514
State grants	118,283	-	118,283
County and other local grants	2,196,385	-	2,196,385
United Way	371,345	-	371,345
Contributions	535,900	-	535,900
Special events, net	<u>42,998</u>	<u>277,681</u>	<u>320,679</u>
Total public Support	<u>3,780,425</u>	<u>277,681</u>	<u>4,058,106</u>
Other Revenue			
Program service fees	5,085,981	-	5,085,981
Interest and investment income	8,205	-	8,205
Other income	<u>58,223</u>	<u>-</u>	<u>58,223</u>
Total other income	<u>5,152,409</u>	<u>-</u>	<u>5,152,409</u>
Net assets released from restrictions	<u>210,329</u>	<u>(210,329)</u>	<u>-</u>
Total public support and other revenue	<u>9,143,163</u>	<u>67,352</u>	<u>9,210,515</u>
Expenses			
Program services	<u>7,625,085</u>	<u>-</u>	<u>7,625,085</u>
Supporting services			
Management and general	1,037,848	-	1,037,848
Development and marketing	<u>358,073</u>	<u>-</u>	<u>358,073</u>
Total supporting services	<u>1,395,921</u>	<u>-</u>	<u>1,395,921</u>
Total expenses	<u>9,021,006</u>	<u>-</u>	<u>9,021,006</u>
Change in net assets	122,157	67,352	189,509
Net assets at beginning of year	<u>3,821,230</u>	<u>423,456</u>	<u>4,244,686</u>
Net assets at end of year	<u>\$ 3,943,387</u>	<u>\$ 490,808</u>	<u>\$ 4,434,195</u>

**APPENDIX D**  
**CCTB STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Federal grants	\$ 647,871	\$ -	\$ 647,871
State grants	127,260	-	127,260
County and other local grants	2,483,028	-	2,483,028
United Way	343,096	-	343,096
Contributions	397,296	15,750	413,046
Special events, net	<u>339</u>	<u>262,621</u>	<u>262,960</u>
Total public Support	<u>3,998,890</u>	<u>278,371</u>	<u>4,277,261</u>
Other Revenue			
Program service fees	4,512,191	-	4,512,191
Interest and investment income	1,319	-	1,319
Other income	<u>32,947</u>	<u>-</u>	<u>32,947</u>
Total other income	<u>4,546,457</u>	<u>-</u>	<u>4,546,457</u>
Net assets released from restrictions	<u>208,905</u>	<u>(208,905)</u>	<u>-</u>
Total public support and other revenue	<u>8,754,252</u>	<u>69,466</u>	<u>8,823,718</u>
Expenses			
Program services	<u>7,011,416</u>	<u>-</u>	<u>7,011,416</u>
Supporting services			
Management and general	943,077	-	943,077
Development and marketing	<u>307,455</u>	<u>-</u>	<u>307,455</u>
Total supporting services	<u>1,250,522</u>	<u>-</u>	<u>1,250,522</u>
Total expenses	<u>8,261,938</u>	<u>-</u>	<u>8,261,938</u>
Change in net assets	492,314	69,466	561,780
Net assets at beginning of year	<u>3,328,916</u>	<u>353,990</u>	<u>3,682,906</u>
Net assets at end of year	<u>\$ 3,821,230</u>	<u>\$ 423,456</u>	<u>\$ 4,244,686</u>

**APPENDIX E**  
**CCTB STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30**

	<u>2010</u>	<u>2009</u>
Cash flows from operation activities		
Change in net assets	<u>\$ 189,509</u>	<u>\$ 561,780</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	372,734	320,867
(Increase) decrease in accounts receivable	(343,226)	11,941
Increase in pledge receivables	(67,352)	(69,466)
(Increase) decrease in prepaid expenses	(47,732)	25,748
Net unrealized (gain)/loss on investments	(2,157)	4,378
Increase in accounts payable and accrued expenses	242,247	34,343
Increase (decrease) in deferred revenues	<u>38,798</u>	<u>(26,973)</u>
Total adjustments	<u>193,312</u>	<u>300,838</u>
Net cash provided by operating activities	<u>382,821</u>	<u>862,618</u>
Cash flow from investing activities		
Sale of mutual funds	-	20,000
Purchase of equipment	<u>(270,836)</u>	<u>(485,863)</u>
Net cash used by investing activities	<u>(270,836)</u>	<u>(465,863)</u>
Cash flow from financing activities		
Proceeds from notes payable	-	325,747
Payments on notes payable	(216,350)	(182,620)
Payments on capital lease obligations	<u>-</u>	<u>(6,599)</u>
Net cash (used) provided by financing activities	<u>(216,350)</u>	<u>136,528</u>
Net (decrease) increase in cash and cash equivalents	(104,365)	533,283
Cash and cash equivalents at beginning of year	<u>1,643,631</u>	<u>1,110,348</u>
Cash and cash equivalents at end of year	<u>\$ 1,539,266</u>	<u>\$ 1,643,631</u>
Supplemental disclosure of cash flow information		
Cash paid during the year		
Interest	<u>\$ 45,931</u>	<u>\$ 47,022</u>

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## Investigating the *Outcome* Performance of a WISE Delivering Employability Programmes to the Unemployed

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*A General Self-Efficacy (GSE) scale is used to measure the 'outcome' performance of a WISE that delivers three Employment Enhancement Programmes (EEPs) to unemployed individuals; namely unemployed young people aged 16-24 years (NEETs); unemployed university graduates and unemployed executives over the age of 40 years. The GSE scales were administered to the participants on each programme both before commencement on the programme (Time 1) and following completion of the programme (Time 2). Analysis of the data revealed that the programmes had a positive effect on participant GSE for the NEETs and graduates, but not for the unemployed executives.*

### INTRODUCTION

Evaluating the benefits that work-integration social enterprises (WISE) have upon their beneficiaries has long been a research aim of the academic community and the suitability of different measures of performance has been debated. However, academic research that actually measures WISE performance and tests different research tools has been limited (Paton, 2003) and in its place have arisen more business-like evaluation tools that have been designed by practitioners with little or no basis in social science theory, for example, 'Balance' (Bull, 2007) and 'Prove and Improve' (New Economics Foundation, 2008). Securing robust, valid and reliable tools for the evaluation of WISEs can be problematic, depending upon whether the focus of the evaluation is on *output*, *outcome* or *impact* (McLoughlin et al., 2009). *Output* can be defined as the relationship between the number of unemployed individuals accessing the programme and the number who subsequently gain employment. However, if *output* is employed as a singular measure, the evaluation will not include important longer-term participant benefits, i.e. *outcome*. An *outcome* represents psychological benefits experienced by participants that will enhance their future employability. *Impact* is an even longer-term benefit and is the *impact* on society resulting from the reduction of unemployment, for example, reduced unemployment benefits, lower impact on the health service and higher income tax receipts. When focusing on *outcome* as a measure of performance, the researcher has to consider a suitable measure that is based in relevant social science theory. These outcomes should be derived from social science knowledge and theory



pertaining to the social problem in question (Chen and Rossi, 1980), in this case unemployment and should be accepted as relevant criteria by the WISE.

## LITERATURE REVIEW

Prior research into the psychological effects of unemployment in the social sciences has established the negative effects that unemployment has upon an individual's psychological state and well-being. Such negative effects consist of elevated levels of depression (Feather and O'Brien, 1986), lower self-esteem and confidence (Goldsmith *et al.*, 1997) and poorer psychological well-being (McKee-Ryan *et al.*, 2005). Research by Paul and Moser (2009) has shown that there are several moderators to be considered when examining the impact of unemployment, such as gender, the level of skill/education of the individual and the length of time that an individual spends unemployed. Thomsen (2009) showed that the longer an individual was unemployed, the more negative the effect of unemployment became on the individual, with the long-term unemployed (longer than one year) being over three times less likely to get a job. Equally, Colledge *et al.* (1978) showed that young people are particularly vulnerable to unemployment, especially those who are poorly educated, female or from an ethnic minority (Smith, 1975; Colledge *et al.*, 1978). However, whilst the above research outlines the psychological impact of unemployment and the various demographics that moderate its effects, the psychological constructs outlined are indicators of well-being rather than being predictors of behaviour. Therefore, a different approach is required to allow researchers to capture general improvement trends that will be predictive of reemployment chances. These relationships can be revealed through the application of robust, valid and reliable evaluation tools validated in prior research.

An individual's motivation, well-being and personal accomplishment are strongly associated with their efficacy beliefs, which influence their choices and resultant actions (Pajares, 1996). Individuals base their assessment of the achievability of specific goals in perceived self-efficacy related to past experience and anticipation of future obstacles (Gist and Mitchell, 1992). In the context of WISE performance, it is critical to address issues of self-efficacy because highly efficacious individuals will have more confidence in their abilities to succeed in gaining future employment (Lucas and Cooper, 2005). The Bandurian concept of self-efficacy is related to task-centeredness and is domain specific but other self-efficacy concepts are more general and relate to an individual's level of confidence in performing everyday tasks (Sherer *et al.*, 1982). General self-efficacy (GSE) has been shown to be a reliable predictor of performance in educational and vocational activities (Locke *et al.*, 1998).

Prior research provides evidence of predictive relationships between increased self-efficacy, job searching and job procurement (Creed *et al.*, 2001; Eden and Aviram, 1993; Meyers and Houssemand, 2010). According to Eden and Aviram (1993) there is a reciprocal relationship between GSE and employment status, which can lead to entrapment in a vicious cycle of job loss, reduced GSE, lack of job seeking effort and prolonged unemployment. Eden and Aviram (1993) propose that an intervention designed to boost self-efficacy can result in intensification of job search activities and subsequent reemployment. This relationship has also been shown to be relevant across a wide variety of unemployed individuals, ranging from unemployed graduates (Feather and Bond, 1983; Cassidy and Wright, 2008) through to unemployed young people aged 16-24 years who are not in employment, education or training (NEET) (Denny *et al.*, 2011).

Eden and Aviram (1993) examined the impact of training, specifically designed to boost general self-efficacy (GSE), on unemployed participants' job search activities and subsequent reemployment. Participants were 88 unemployed individuals from urban Tel Aviv, who responded to an invitation to take part in a reemployment workshop. The participants were randomly assigned to experimental (n=43) and control groups (n=45) with the experimental group only undertaking the intervention training. A 17 item GSE scale (Sherer *et al.*, 1982) was employed to measure GSE in both groups at two points in time. For the experimental group, questionnaires were completed prior to and after the intervention training. For the control group, questionnaires were completed at an interval of two months with no intervention training taking place during the two month period. After completing the first questionnaire, the control group were

informed that the course was full but that they could be included in future training programmes. Eden and Aviram (1993) reported that participants with higher levels of GSE, occurring naturally or resulting from the intervention, were more likely to become reemployed.

Creed, Bloxsome and Johnson (2001) conducted a study with 161 unemployed individuals, 109 allocated to an 'experimental' group and 53 to a 'control' group. Creed *et al.* (2001) reported immediate and long term increases in 'well-being' and 'confidence' for unemployed individuals after engaging in 'community-based occupational skills/personal development training courses' that ran for a period of 4-6 weeks. Employing the Rosenberg Self-esteem Scale (RSE) and the Job-procurement Self-efficacy Scale (JPSE) in a pre and post intervention study Creed *et al.* (2001) found increases in 'self-esteem' and 'job-search self-efficacy' when comparing experimental and control groups in a quasi-experimental intervention study. The training course intervention consisted of generic occupational skills training (e.g. computer and keyboard skills), specific occupational skills training (e.g. warehousing, retail), and preparation for interview (e.g. grooming and self-confidence). The relationships between the content of the training courses, the evaluation tools employed (RSE and JPSE) and the reported outcomes ('well-being' and 'confidence') appear somewhat tenuous and exemplify the need for provider and evaluator to agree common outcomes (Chen and Rossi, 1980).

Meyers and Houssemand (2010) and Wenzel (1993) also reported a relationship between higher levels of self-efficacy and job-procurement. Meyers and Houssemand (2010) employed the GSE scale (a modified version of Sherer *et al.*, 1982) in their research and reported that psychological dimensions, such as GSE, can predict successful job seeking outcomes but only for people who have difficulty finding employment. They speculated that higher GSE was more advantageous to those applicants who reached the interview stage than those at the beginning of the application process and that greater levels of persistence in job-seeking were displayed by participants with higher levels of GSE. Wenzel (1993) stressed the importance of 'locus of control', suggesting that individuals who believe outcomes are not under personal control may not engage in activities designed to improve self-efficacy. This means that perceived personal control maybe an antecedent to the development of self-efficacy (Wenzel, 1993).

Eden and Aviram (1993) also highlighted the importance of behavioural plasticity in the evaluation of work-integration programmes. Eden and Aviram (1993) reported that participants with low initial levels of GSE had statistically significant increases in GSE after training when compared with participants with high initial levels. Interpretation of this result indicated higher levels of behavioural plasticity in the participants who displayed lower initial levels of GSE. Behavioural plasticity refers to the tendency of individuals who display relatively low levels of the concept being measured prior to an intervention, scoring significantly higher levels of the same concept after the intervention, when compared to individuals who displayed high levels of the concept to begin with (Brockner, 1988). Later research (Creed, *et al.*, 2001) found that participants with lower initial self-esteem and job-search self-efficacy benefited more from the intervention training than their higher initial level counterparts.

## **THE CURRENT RESEARCH AND HYPOTHESES**

The prior research reviewed above suggests a relationship between unemployment and negative psychological effects, and that the impact of unemployment is moderated by demographic differences such as gender, age and time spent unemployed (Paul and Moser, 2009; Thomsen, 2009). Prior research also reports a relationship between enhanced employability and self-efficacy and that the relationship between the two concepts is reciprocal (Eden and Aviram, 1993). In addition, a substantial body of research advocates the use of general self-efficacy (GSE) as an appropriate tool to measure increased mastery in new situations (Eden, 1988; Eden and Kinnar, 1991; Sherer *et al.*, 1982). Based upon the research reviewed above, we propose that any evaluation of *outcome* of a programme designed to enhance an unemployed individual's employability, can be based on a measure of GSE. The current research investigated the application of a GSE scale, as a potential measure of the psychological benefits experienced by clients after engagement in employment enhancement programmes provided by a WISE located in the UK. The WISE involved in the research study, delivered separate employment

enhancement programmes to three groups of unemployed individuals based on age, prior education and employment experience. The sample consisted of three different groups: Group One comprised of NEETs; Group Two comprised of unemployed graduates/post-graduates and Group Three comprised of unemployed professionals over 40 years of age. The employment enhancement programmes delivered by the WISE were specifically designed to address the range of requirements of each of the three groups. The research tested the following hypotheses, which are based in the research reviewed above:

*Hypothesis 1: There will be a significant difference between the GSE levels of the 3 groups at T1.*

*Hypothesis 2: There will be a significant relationship between demographics and GSE levels at T1.*

*Hypothesis 3: Participants will display an increase in their levels of GSE from T1 to T2 across all three programmes.*

*Hypothesis 4: Participants with lower initial levels of GSE will display greater plasticity across all three programmes.*

## METHOD

### Design

The research utilised a quasi-experimental, longitudinal approach employing an intervention methodology to examine the relationship between the psychological effects of joblessness on the three client groups and the impact of their involvement in a work-integration programme.

### Sample

A total of 386 unemployed individuals completed a GSE questionnaire at T1 and of these 194 also completed a GSE questionnaire at T2. Analysis of the sample revealed four outliers and these were removed from the data set, leaving 382 and 190 participants at T1 and T2 respectively. A breakdown of the sample is provided below in Table 1.

**TABLE 1  
SAMPLE BREAKDOWN**

Group	Status	N (T1)	N (T2)	Male	Female	Age Range (yrs.)	Mean Age (yrs.)
1	NEETs	49	25	32	17	16-24	19.24
2	Graduates	211	106	125	86	20-40	24.68
3	Executives	122	59	86	36	40-64	49.16
<b>Total</b>		<b>382</b>	<b>190</b>	<b>243</b>	<b>139</b>	<b>16-64</b>	<b>31.84</b>

### Measures

All 382 participants completed a questionnaire at T1 and 190 participants completed a questionnaire at T2. The questionnaire employed at T1 and T2 was identical (except for biographical details which were

elicited at T1 only) and was designed to measure GSE. The GSE scale employed was Schwarzer and Jerusalem's (1995) GSE scale. Prior research has shown this to be a reliable measure of GSE with reported Cronbach's  $\alpha$  of between .75 and .91 (Scherbaum, 2006). Additionally, it has been used in research involving over a hundred thousand participants across 23 different countries (Schwarzer, 2012). The GSE scale used is freely available on the internet for use in research subject to the proper accreditation.

### Intervention

Although there were variations between the employability programmes, they all aimed to increase the employability of participants through confidence building classes, team-working exercises, as well as career counselling. In the case of the unemployed graduates and executives (Groups Two and Three), participation in a post-graduate qualification was also undertaken alongside a work-placement. All three interventions were delivered by a WISE based in the United Kingdom that had received funding from the European Social Fund to deliver the three work-integration programmes.

### Procedure

Upon arrival at the work-integration programmes (T1) the participants completed the questionnaire. Upon completion of the work-integration programme (T2) the participants were sent a web-link by email to an online version of the questionnaire, so that their Time 2 data could be collected.

### Analysis

All questionnaire data was inputted into SPSS version 17.0 and all analyses were conducted using this software. The data was checked for normality and found to be normally distributed. The relationships between demographic data and GSE were explored using descriptive statistics and one-way ANOVAs. Changes in participant self-efficacy between Time 1 and Time 2 were analysed using paired-sample t-tests.

## RESULTS

Cronbach's  $\alpha$  for the GSE scale used in the research were run for each group at T1 and T2. The GSE scale performed reliably, achieving Cronbach's  $\alpha$  ranging between .72 and .86 (T1) and .75 and .86 (T2), which is over the minimum limit of .70 required for psychological research (Kline, 1999).

*Hypothesis 1: There will be a significant difference between the GSE levels of the three groups at T1.*

One-way ANOVAs were employed to analyse the differences in GSE levels of participants from the three groups at T1. The results are displayed below in Table 2.

**TABLE 2**  
**PARTICIPANT DIFFERENCES IN GSE BY PROGRAMME AT T1**

Group	<i>N</i>	Mean GSE at T1 (%)	<i>F</i>
NEETs (G1)	49	73.47	
Graduates (G2)	211	81.47	27.35***
Executives (G3)	122	84.51	

NB. \* =  $p < .05$ , \*\* =  $p < .01$ , \*\*\* =  $p < .001$  and NS = non-significant.

The results showed a statistically significant difference ( $p < .001$ ) between the T1 GSE scores of the three groups, with the unemployed executives having the highest average GSE levels and the NEETs having the lowest. *Hypothesis 1 confirmed.*

*Hypothesis 2: There will be a significant relationship between demographics and GSE levels at T1.*

One-way ANOVAs were employed to analyse the relationship between age, gender, educational background and time spent unemployed with mean GSE scores at T1. There was no relationship found between genders or time spent unemployed and mean GSE levels across the entire sample. However, there was a statistically significant relationship ( $p < .001$ ) between age and GSE at T1, with unemployed individuals over the age of 25 years having higher initial average GSE levels than those individuals aged between 16-25 years (see Table 3), although over 25 years of age the differences in GSE were minimal. Additionally, there was a statistically significant relationship ( $p < .001$ ) found between highest educational achievement and GSE levels at T1, with GSE levels being positively related to increasing educational qualifications (see Table 4). *Hypothesis 2 partially confirmed.*

**TABLE 3**  
**EFFECT OF AGE ON GSE LEVELS AT T1**

Age Groupings	<i>N</i>	Mean GSE at T1 (%)	<i>F</i>
16-25 yrs.	210	79.30	
26-35 yrs.	41	84.21	
36-45 yrs.	46	84.24	7.57***
46-55 yrs.	60	84.71	
56-65 yrs.	23	84.67	

NB. \* =  $p < .05$ , \*\* =  $p < .01$ , \*\*\* =  $p < .001$  and NS = non-significant. (Two participants didn't specify age).

**TABLE 4**  
**EFFECT OF HIGHEST EDUCATIONAL ACHIEVEMENT ON GSE LEVELS AT T1**

Highest Educational Qualification	<i>N</i>	Mean GSE at T1 (%)	<i>F</i>
No Qualifications	14	74.29	
< 5 GCSEs or equivalent	16	72.03	
5+ GCSEs or equivalent	27	80.65	6.58***
A-Levels or equivalent	28	82.68	
Degree	196	82.07	
Masters	93	83.50	

NB. \* =  $p < .05$ , \*\* =  $p < .01$ , \*\*\* =  $p < .001$  and NS = non-significant. (Eight participants didn't specify highest educational achievement).

*Hypothesis 3: Participants will display an increase in their levels of GSE from T1 to T2 across all 3 programmes.*

Paired-sample t-tests were conducted for changes in GSE levels between T1 and T2 for each of the three groups (see Table 5). Results revealed a statistically significant increase ( $p < .01$ ) for both the unemployed graduates and the NEETs that completed their respective WISE programmes. The executives also showed an increase in GSE between T1 and T2 but this was non-significant. *Hypothesis three partially confirmed.*

**TABLE 5  
 PAIRED-SAMPLE T-TESTS FOR GSE CHANGE BETWEEN T1 AND T2**

Group	N	Intervention Phase	Mean GSE (%)	+/- (%)	SD (%)
NEETs (G1)	25	Time 1	74.20	+ 4.90**	8.09
		Time 2	79.10		8.66
Graduates (G2)	106	Time 1	82.22	+ 2.33**	8.57
		Time 2	84.55		8.29
Executives (G3)	59	Time 1	84.19	+ 2.04 (NS)	9.08
		Time 2	86.23		8.97

NB. \* =  $p < .05$ , \*\* =  $p < .01$ , \*\*\* =  $p < .001$  and NS = non-significant.

*Hypothesis 4: Participants with lower initial levels of GSE will display greater plasticity across all three programmes.*

In order to test for behavioural plasticity, the GSE scores for each group at T1 were dichotomised into two halves on the basis of a median split. The lower complement consisted of participants who scored lower than the median GSE value for each sample at T1, and the upper complement consisted of participants who were equal to or above the median. A paired-sample t-test was performed on each complement independently, to examine the effect of plasticity on each intervention's impact (see Table 6). The results revealed that behavioural plasticity had a highly statistically significant effect across the graduate and executive programmes ( $p < .001$ ) and a statistically significant effect ( $p < .05$ ) for the NEET programme. Interestingly, there was also a marked increase in the standard deviations between T1 and T2 for both complements, suggesting that even at complement level, the experience of participants going through the programme was not homogenous. *Hypothesis four confirmed.*

**TABLE 6**  
**PAIRED-SAMPLE T-TESTS FOR ALL GROUPS (LOWER COMPLEMENT)**

Group	N	Median GSE at T1 (%)	Intervention Phase	Mean GSE (%)	+/- (%)	SD (%)
<b>Lower Complement</b>						
NEETs (G1)	11	72.50	Time 1	67.05	+ 7.73*	3.84
			Time 2	74.77		7.62
Graduates (G2)	40	80.00	Time 1	73.44	+ 6.44***	4.22
			Time 2	79.88		7.80
Executives (G3)	30	85.00	Time 1	76.50	+ 5.33***	5.03
			Time 2	81.83		8.51
<b>Upper Complement</b>						
NEETs (G1)	14	72.50	Time 1	79.82	+ 2.68 (NS)	5.67
			Time 2	82.50		8.09
Graduates (G2)	66	80.00	Time 1	87.54	- 0.15 (NS)	5.64
			Time 2	87.39		7.28
Executives (G3)	29	85.00	Time 1	92.15	- 1.37 (NS)	3.94
			Time 2	90.78		7.04

NB. \* =  $p < .05$ , \*\* =  $p < .01$ , \*\*\* =  $p < .001$  and NS = non-significant.

## DISCUSSION

The overall results of the research support the conclusions reached by Denny *et al.* (2011) that GSE provides an effective and robust evaluation measure for *outcome* performance at WISEs. The research results also show the problematic nature of measuring *outcome* performance at a WISE or any work-integration organisation, due to the heterogeneous nature of different groups of unemployed people. Analysis of the GSE data collected at T1 showed a significant difference ( $p < .001$ ) in the GSE levels of the unemployed graduates, executives and NEETs that entered onto the WISE programme, with the NEET group having significantly lower GSE levels than the other two groups. The researchers propose that this was related to the lack of prior success that the NEETs had in their lives, compared to the unemployed graduates and in particular the unemployed executives. This lack of prior positive experience effects GSE levels and could possibly inhibit future positive action, which in this case relates to job-seeking activity (Gist and Mitchell, 1992; Pajares, 1992). Further research in this area would be needed to confirm such a finding and would need to focus upon participant job-search behaviour both prior to and after the intervention.

Surprisingly, no significant statistical relationship was found between the lengths of time spent unemployed and GSE levels at T1, or between GSE and gender. The research cannot therefore confirm the prior research conducted by Thomsen (2009). The results also revealed an interesting and statistically significant relationship ( $p < .001$ ) between age, educational achievement and GSE. This offers support to prior research by Smith (1975) and Colledge *et al.* (1978) that outlined the increased vulnerability of young people to the effects of unemployment, particularly those that are poorly educated. Analysis revealed that GSE increased with highest educational qualification and also with age. However, for age the results were interesting as the significant difference found in GSE scores was between the 16-25 years old group and the rest of the sample over 25 years of age. For the 26-65 years of age participants GSE remained stable. However, caution should be applied to these results before both a more in-depth

statistical analysis has been completed exploring the mediating relationships between education achievement, age and GSE. Additionally, the researchers intend to explore this finding through semi-structured interviews with a sample of participants from the study, in order to verify causality through a process of triangulation (McLeod, 1994). This is important as the relationship between educational achievement, age and GSE needs to be established; is it the mastery experiences that come with educational success and age that have increased graduate and executive GSE, or has the lack of success in education and employment for the NEETs left them more vulnerable to the effects of unemployment? Further research that is on-going will aim to answer this and establish causality.

In relation to the evaluation of the *outcome* benefits of the WISE intervention with the three groups of unemployed individuals, the data revealed a statistically significant increase in GSE for the NEET and unemployed graduate participants ( $p < .01$ ) but not for the unemployed executives. This confirmed prior research into the effects of work-integration and WISE interventions upon the GSE levels of programme participants (Eden and Aviram, 1993; Denny *et al.*, 2011 and 2011b). Additionally, the effect of behavioural plasticity (Brockner, 1988) was also found to be statistically significant for the NEET ( $p < .05$ ) and the unemployed graduate and executive ( $p < .001$ ) interventions, with only those participants from the lower complements showing increases in GSE between T1 and T2. This confirms prior research by Eden and Aviram (1993) and Creed *et al.* (2001) into the effects of plasticity in work-integration programmes. The results also highlight the potentially misleading results that can be gained from *overall* evaluations of the *outcome* benefits of WISE interventions. Indeed, for those participants from the upper complements the intervention had no effect upon GSE levels and in some cases even led to a small decrease in GSE. Finally, and in relation to this last point, the increase in standard-deviations between T1 and T2 at a complement level revealed that experiences were still heterogeneous.

## SUMMARY

The overall analysis of the results revealed the suitability of GSE as an evaluation measure for WISE intervention programmes and showed that the programmes in the current study had a statistically significant effect upon the overall GSE levels of the NEETs and unemployed graduates. Additionally, the effect of behavioural plasticity was also shown to be important in exploring the *outcome* benefits that the three different interventions, delivered by the WISE in the current study had upon the different groups of participants. There were also interesting relationships found between demographic features of the sample (highest educational achievement and age) and GSE levels at T1. These results suggest that the evaluation of the *outcome* benefits of work-integration programmes is complex and problematic, and that researchers need to consider the social science theory or theories pertaining to the field of unemployment and work-integration when designing their research evaluations (Chen and Rossi, 1980). The researchers intend to undertake further research and data analysis to explore these findings in more detail. This will include both in-depth statistical analyses to explore the relationship between age, highest educational achievement and GSE levels at T1 and semi-structured interviews with a sample of participants from the three programmes to explore their perceptions of the *outcome* benefits that they experienced from the interventions. This mixed-methods approach will allow the quantitative research findings to be supported by emergent themes from the qualitative interview data through a process of triangulation (McLeod, 1994).

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## **Ethical Decision-Making: Group Diversity Holds the Key**

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*Both researchers and practitioners have a growing interest in ethical decision-making in the workplace. While ethics has been explored at the individual (e.g., cognitive moral development, moral identity) and organizational level (e.g., ethical culture, corporate social responsibility), few studies have examined ethical decision-making at the group level. The current study examined the extent to which ethical group decision-making varied as a function of racial diversity and time. Using experimental methods, results reveal that heterogeneous groups were more likely to make ethical decisions than homogenous groups. Practical implications and future research directions are discussed.*

### **INTRODUCTION**

The first decade of the twenty-first century has brought a number of challenges and left lasting lessons regarding ethics and diversity for society to reflect upon and expand our breadth of knowledge. In an ever-evolving society, ethics has come to the forefront of a business world under siege by scandal and a lack of ethical behavior. The 21<sup>st</sup> Century has been fraught with CEO and corporate scandals (e.g., Enron, Tyco, Hewlett-Packard, World-Com). Unethical behaviors in the workplace range from ignoring company policies to breaking the law (Baehr, Jones, & Nerad, 1993), and employees are constantly faced with ethical choices resulting in ambiguous outcomes (Clegg, Kornberger, & Rhodes, 2007). Managers are forced to make difficult decisions daily that may be morally confusing; in other words, the “right thing to do” is not always evident (Lurie & Albin, 2007). For such reasons, the influence of ethics at work is a growing area of interest for management scholars and practitioners (Robin, Reidenbach, & Babin, 1997).

Along with the necessity for increased research into ethical decision-making, diversity has become an increasingly important topic for management scholars and practitioners. The workplace is becoming more diverse, and there are estimates that by 2050, racial and ethnic minorities will comprise approximately 48% of the United States workforce (up from 26% in 1995) (United States Department of Labor, 1999). Diversity is no longer an idealized notion, but a complex reality offering its own challenges to any modern business firm. As demographic trends change, and the United States becomes more diverse, the importance of research in this area is rising. Although there is a growing interest in this area, a review of the diversity literature finds little consistency regarding the antecedents or consequences of diversity (see Shore, Chung-Herrera, Dean, Ehrhart, Jung, Randel, & Singh, 2009). Both researchers and practitioners need to more fully understand the role of diversity in organizational outcomes.

This paper addresses these two major societal issues – (un)ethical behavior and increasing diversity – and proposes that group diversity may in fact be the key to ethical decision-making in the workplace. First, we address the ethical decision-making literature demonstrating the need for multiple perspectives when faced with an ethical dilemma. Second, we review the current diversity research, identifying both the positive and negative outcomes of increasing diversity. Third, we propose a model suggesting that group diversity leads to more ethical decision-making, and the strength of this relationship increases over time. Finally, we present findings from the current study testing our hypotheses, and discuss implications for future research and practice.

### **Ethical Decision-Making**

The role of ethical decision-making becomes increasingly important as individuals in contemporary organizations encounter a plethora of ethical challenges that require them to engage in decision-making processes. Employees faced with an ethical dilemma can often choose from a wide range of possible solutions (Lurie & Albin, 2007). According to Carlson, Kacmar, and Wadsworth (2002), “ethical decision-making is the process by which individuals use their moral base to determine whether an issue is right or wrong” (p. 16-17). Research on ethical decision-making argues that ethical/unethical behavior is actually an interaction of the person and the situation (Treviño, 1986), since ethical decision-making is influenced by both the individual and their environment.

In the modern workplace, social relationships affect ethical decision-making since cooperation and accountability among co-workers is essential (Beu & Buckley, 2004). Specifically, there has been a rise over the past 20 years in the number of organizations that divide their employees into work teams (Bhave, Kraimer, & Glomb, 2010). In fact, it is reported that 80% of Fortune 500 companies have at least half their workforce participating in team-based assignments (Purdum, 2005). As the use of teams in organizations has risen, so has researcher interest in the effectiveness of teams (Bell, 2007). Given the increase in team-based work, there is a shift from individual to group decision-making, and therefore growing rationale for exploring group ethical decision-making.

Although there has been some research on decision-making at the group level (albeit mixed findings), there has been very little research on *ethical* decision-making at the group level (see Treviño, Weaver, & Reynolds, 2006). This is an important area of research due to the fact that ethical/unethical choices can have serious, lasting consequences for society. Therefore, it is essential that researchers identify specific conditions that enhance group ethical decision-making. Rest (1979, 1986) argued that in order to integrate an ethical dimension into the decision-making process, an individual must proceed through four steps: ethical awareness, judgment, intention, and action. Ethical awareness (Step 1) is the recognition or identification of an ethical dilemma, and the understanding that it may affect others. Ethical judgment (Step 2) consists of developing and evaluating the alternatives and their consequences. Ethical intention (Step 3) is the intention to enact behavior based upon the assessment of what is the “right” choice. Ethical action (Step 4) is the execution of the behavior. In the current research, we apply Rest’s (1986) model to group decision-making processes and contend that heterogeneous (i.e., diverse) groups have the opportunity to influence ethical decision-making during the second step - ethical judgment. During the ethical judgment stage, individuals formulate and evaluate alternatives and their consequences. Key questions asked during this stage include: “is the probable decision fair or unfair?”, “would the decision

be acceptable to my family or friends?”, and “was the decision morally right or morally wrong?” (Lincoln & Holmes, 2010, p. 63).

We propose that homogenous groups likely possess shared attributes and experiences resulting in similar perspectives on ethical dilemmas. Given the shared backgrounds of homogeneous groups, they are likely to come to consensus quickly. In some dilemmas, homogenous groups may arrive at the “correct” ethical action. However, we contend that more often than not, the similarity in perspectives on a given dilemma will result in homogenous groups not selecting the “right” ethical action. Conversely, heterogeneous groups that bring varied attributes and personal experiences to the table will likely be able to share more information and develop new ideas that result in ethical action. Diverse (i.e., heterogeneous) teams are comprised of individuals with different experiences that impact their view on the decision-making task (Clark et al., 2000). Researchers have found that family, co-workers, and friends do influence “values-based” business leaders (Gingerich, 2010). Heterogeneous groups would likely come up with a variety of different answers to the question “would the decision be acceptable to my family or friends?” compared to homogeneous groups. Because each individual in the group has a unique family and friend base, the conversation in the ethical judgment stage will stimulate further debate and result in more varied approaches to engaging in ethical action. Thus, the uniqueness of the ideas in the heterogeneous group results in increased ethical decision-making. In the next section, we review the diversity literature and propose our hypotheses regarding diversity and ethical decision-making.

### **Key Outcomes of Diversity**

In an employment context, the term diversity refers to characteristics that a person possesses that lead to a perception that he or she is different from other individuals, and generally refers to members of underrepresented groups (Jackson, 1992). Over the past 40 years, research pertaining to diversity in the workplace has increased (see Goldman, Gutek, Stein, & Lewis, 2006). Federal, state, local, and municipal laws mandate that organizations recruit, select, and promote members of underrepresented groups at rates similar to that of majority group members and as a result, such legislation may be partially responsible for the increased attention to diversity management (Belton, Avery, & Jones, 1999). Though there is an abundance of research on diversity (e.g., Harrison, Price, Gavin, & Florey, 2002; Milliken & Martins, 1996; van Knippenberg, De Dreu, & Homan, 2004; Waldman & Avolio, 1986), there is a lack of consistency regarding the impact of diversity on individual and organizational outcomes. We will next discuss research on workplace diversity and specifically focus on the outcomes associated with diversity.

Previous research reveals mixed results of workforce diversity (i.e., bio-demographic) on important organizational outcomes (e.g., individual, team, and organizational performance; Delong, 2007; Harrison et al., 2002; Milliken & Martins, 1996; Pelled, Eisenhardt, Xin, 1999; van Knippenberg et al., 2004; Webber & Donahue, 2001). In fact, there are limited research findings that consistently demonstrate positive outcomes of a diverse workforce (i.e., demographic composition) and workplace (i.e., culture towards diversity; see Horowitz & Horowitz, 2007). At the organizational level, research suggests that organizational commitment to diversity positively impacts recruitment and retention efforts (DeLong, 2007). For instance, Avery (2003) found that presenting prospective employees with recruitment materials that portray a diversified workforce is attractive to both diverse and non-diverse individuals. Similarly, Pelled (1996) found evidence of decreased turnover in diverse organizations. Thus, valuing diversity positively impacts an organization’s “bottom-line” by attracting a large (and potentially higher performing) applicant pool, and reduces the costs associated with turnover. Furthermore, diversity has been linked to organizational performance (Richard, 2000; Simons, Pelled, & Smith, 1999). For instance, Wright, Ferris, Hiller, and Kroll (1995) found that being recognized for exemplary diversity initiatives was related to not only more positive perceptions from potential employees, but also to increased stock prices. In sum, results indicate that valuing diversity (i.e., through organizational initiatives, recruitment efforts, and recognition for exemplary diversity initiatives) yields positive results for organizations. In addition to increasing positive perceptions of the organization, diversity also has the potential to positively impact an organization’s bottom-line (i.e., stock prices).

## **Key Outcomes of Group Diversity**

Diversity also has been linked to a number of positive outcomes at the team level. For instance, previous research reveals that diverse work teams resulted in higher quality solutions, cooperative decision-making, and increased creativity and brainstorming compared to homogenous work groups (Cox, Lobel, & McLeod, 1991; McLeod & Lobel, 1992; McLeod et al., 1996; Watson, Kumar, & Michaelsen, 1993). Much of the research on diversity at the team level revealing positive outcomes focuses mostly on task-relevant forms of diversity (e.g., education, background, experience, training, skills) rather than demographic diversity (e.g., race, age, sex, religion; see Harrison, Price, & Bell, 1998; Horwitz & Horwitz, 2007; Milliken & Martins, 1996). More research is needed to understand the contexts under which demographic diversity is positively related to team performance.

Though there are studies that demonstrate the positive impacts of diversity, there are also studies that reveal negative outcomes associated with diversity. For instance, at the team level, diversity has been linked to increased turnover, and decreased satisfaction (Jackson, 1992; Wagner, Pfeffer, & O'Reilly, 1984). More recently, Joshi and Roh (2009) found that relations-oriented diversity (e.g., race, age, gender) had a negative effect on team performance. Many authors posit that such results are related to social categorization, stereotyping, and the discomfort associated with outgroup member affiliations. These findings are troubling given the organizational emphasis on diversity. However, recent research reveals contextual factors which attenuate the negative relation between diversity and team performance. For instance, Harrison et al. (2002) found that collaboration reduced the negative effects of diversity on subsequent performance. In addition, Kearney and Gebert (2009) found that diversity was negatively related to team performance but only in circumstances in which transformational leadership was low. Similarly, Kearney, Gebert, and Voelpel (2009) found that diversity yielded positive results when need for cognition was high. Likewise, Wegge, Roth, Neubach, Schmidt, and Kanfer (2008) revealed that diversity was important for team performance on complex decision-making tasks. These findings provide important information regarding the contexts in which diversity is most beneficial to team performance and reveal important information for practitioners to consider when assembling diverse teams. In sum, research on diversity reveals a complex picture regarding the relation between diversity and organizationally relevant outcomes.

Despite these mixed findings, creativity has typically been found to be a positive outcome of diversity (Ancona & Caldwell, 1992; Bantel & Jackson, 1989; De Dreu & West, 2001; Delong, 2007). Elsass and Graves (1997) posit that diverse individuals have different experiences, values, attitudes, opinions and perspectives which are likely to contribute to the unique solutions that these individuals may bring to the task at hand. As a result, groups will need to process all of the viewpoints when developing solutions which may lead to more innovative solutions.

Regarding ethics and diversity, there is a gap in literature in understanding the demographic background of people who frequently make ethical decisions. The majority of the research demonstrates no difference between males and females (Sikula & Costa, 1994), while some findings suggest that females are more ethically oriented than males (Valentine & Silver, 2001; Thorne, 1999). Researchers have similarly found no significant differences in moral reasoning based on age or ethnicity (Wilson, 1995). Some researchers have found evidence that individual differences such as personality do affect ethical reasoning (White, 1994). However, at the team level, we do not know anything about whether there is a "right" combination of individuals to make ethical decisions. Although we do not hypothesize that a certain type of person makes a more ethical decision, we do propose that diverse groups who bring their unique perspective to the table will arrive at more ethical decisions than non-diverse groups.

*Hypothesis 1: There is a positive relation between group diversity and ethical decision-making.*

## **Proposed Effect over Time**

Researchers have argued for the inclusion of *time* in management research (i.e., George & Jones, 2000), and group behavior is especially important to study longitudinally. As previous researchers have

found, groups enter different “stages” of development over time, beginning with forming, then storming, followed by norming, and eventually performing and adjourning (see Tuckman & Jensen, 1977). Diversity researchers have similarly noted that time spent together as a group is an important variable that deserves further exploration (Shore et al., 2009). For example, recent research by Horowitz and Horowitz (2007) suggests that the negative effects of diversity may change over time. Specifically, diversity had a negative effect on performance early on in the relationship that changed over time as group members became acquainted with one another. It appears that over time, diverse groups may overcome stereotypes and begin performing successfully. Thus, negative effects of diversity on outcomes such as performance may be a function of group development (i.e., time).

*Hypothesis 2: Time moderates the group diversity/ethical decision-making relationship such that heterogeneous groups make more ethical decisions than homogeneous groups over time.*

## **METHOD**

### **Participants**

Participants consisted of 495 undergraduate business students from an urban university in the Southern United States. The majority of students were female (57%), and the average age was 27 years old. Thirty-nine percent were Hispanic, 20% African American, 19% Caucasian, and 16% Asian. Forty-six percent worked full-time, and 27% worked part-time. Participants were formed into 119 groups (60 homogeneous and 59 heterogeneous).

### **Procedure**

Participants volunteered for this study in exchange for extra credit in their course. The study was conducted over a three-week period on students enrolled in introductory management courses. The study was conducted at the onset of the semester to ensure that students had limited opportunity to get to know and interact with their classmates. In week one of the study, those students who agreed to participate in the study completed an online survey with demographic information (e.g., gender, race, age, work experience). The researchers then created homogeneous and heterogeneous groups based upon the demographic information (i.e., race and ethnicity) provided by the participants in the online survey. In weeks two and three of the study, participants were divided into pre-assigned (homogeneous or heterogeneous) groups and given a handout that included an ethical business dilemma with four multiple-choice options (see Ashe, 2005 for scenarios). The groups were instructed to come to a consensus as to what they determined to be the “correct” ethical decision. The groups were also instructed to take as long as they needed to arrive at their decision. After deliberation, the groups submitted their decision on paper. The groups completed one ethical business dilemma per week for two consecutive weeks (Time 1 and Time 2).

### **Measures**

#### *Ethical Decision-Making*

Three ethical business dilemmas with four multiple choice decision selections were used in this study (Ashe, 2005). These dilemmas were selected because they are published dilemmas determined to be appropriate for undergraduate business students. Furthermore, each business dilemma provided a “correct” answer with accompanying justification. The three possible ethical business dilemma scenarios were randomly assigned over Time 1 and Time 2 to ensure that the scenario was not driving the effect. In order to review the full scenarios with multiple-choice decision options, please see Ashe (2005). If groups chose a correct answer, the dependent variable “ethical decision-making” was coded as 1. Otherwise, it was set to 0.

### *Group Diversity*

The diversity of the group was defined as either homogeneous or heterogeneous. Homogeneous groups were defined as groups of four individuals all comprised of the same race or ethnicity (Caucasian, Hispanic, Asian, or African American). Of the homogeneous groups, 31 were Hispanic, eleven were African American, nine were Caucasian, and nine were Asian. Heterogeneous groups were defined as groups of four individuals comprised of one person from each race or ethnicity (e.g., 1 Hispanic, 1 Caucasian, 1 African American, 1 Asian). In approximately 10% of the heterogeneous groups, there were two individuals from the same race or ethnicity, but for the purpose of this study, this was considered a heterogeneous group.

### *Time*

Groups completed ethical business dilemmas in different weeks of the study. If a dilemma was completed in week one of the study, the Time 1 dummy variable was coded as 1. If a dilemma was completed in week two, the Time 1 dummy variable was set to 0.

### *Control Variable*

We included the dummy variables of dilemma 1 and dilemma 2 to capture the effects of each dilemma. This is important because it statistically holds constant variance in whether groups have made an ethical choice that is due to the difficulties and characteristics of each dilemma. For example, we found that dilemma 1 is more difficult than both dilemma 2 and dilemma 3, with only 10.7% groups making the correct ethical decision for dilemma 1. By contrast, dilemma 2 and dilemma 3 are similar in terms of correct responses: 72.5% correct responses for dilemma 2 and 67.1% correct responses for dilemma 3. We also ran analyses controlling for different races of homogeneous groups, but none of the coefficients was significant, and the results were similar with the analysis that did not include race. Thus, we did not include race in the final results.

### *Data Analysis*

Hypotheses were tested using binomial logistic regression because the dependent variable “ethical decision-making” is binary. Individual effects from logistic regression can be interpreted through the odds ratio (OR), which is the increase or decrease in the odds of a group making an ethical decision in a given dilemma when the value of the predictor variable changes. We also report odds ratios to represent the effect of the predictors, with OR of 1.00 indicating no effect, and when OR is less than 1.00, we report the inverse to facilitate interpretation. Although we did not include it in the article, we also tested the hypotheses using an alternative method, probit regressions; the results were very similar and thus only the logistic regressions were presented.

Hypothesis 2 indicated a moderating effect, therefore we included an interaction term between the two variables, Group Diversity and Time 1, in logistic regression to test the hypothesis in the overall sample. In addition, we also ran logistic regressions for Time 1 and Time 2 respectively to investigate how diversity affects ethical decision-making in the two time periods differently.

## **RESULTS**

Means, standard deviations, and correlations are presented in Table 1. Logistic regressions do not account for multicollinearity. However, the largest bivariate correlation between the independent variables is  $r = -.59$  in magnitude which is below the .90 cutoff for multicollinearity suggested by Tabachnick and Fidell (2001), indicating that logistic regressions are an appropriate way to examine our dichotomous variables.

The results of the logistic regressions are presented in Table 2. The overall model for Time 1 and Time 2 is significant with,  $\chi^2 = 86.15$  ( $p < 0.001$ ), Cox and Snell  $R^2 = 31.0\%$ , and Nagelkerke  $R^2 = 41.1\%$ . The Hosmer and Lemeshow test was nonsignificant indicating that the model has good fit,  $\chi^2 = 8.04$  ( $p > 0.40$ ). Both of the hypothesized models revealed significant results, with  $\chi^2 = 56.82$  ( $p < 0.001$ ) for Time



1, and  $\chi^2 = 37.24$  ( $p < 0.001$ ) for Time 2. The Hosmer and Lemeshow tests the models indicate good fit, with Time result being  $\chi^2 = 3.28$  ( $p > 0.05$ ), and Time 2 being  $\chi^2 = .10$  ( $p > .99$ ). Furthermore, results reveal that the Time 2 model accounts for more variance in ethical decision-making than the Time 1 model (see Table 2 for complete results). Although it does not directly test *Hypothesis 2*, the fact that the Time 2 model accounts for more variability of the dependent variable is consistent with *Hypothesis 2*, which states that diverse groups perform better over time, and thus diversity explains more ethical decision-making over time.

*Hypothesis 1* predicts that diverse groups made more ethical decisions. Results reveal support for *Hypothesis 1*, ( $\beta = 1.16$ ;  $p < .05$ ). The odds of making ethical decisions by heterogeneous groups are 3 times that of the odds of making ethical decisions by homogeneous groups.

*Hypothesis 2* anticipates that the relation between diversity and ethical decision-making would be strengthened over time. The hypothesis is largely supported. Although the interaction term between diversity and Time 1 dummy variable is only marginally significant ( $\beta = -1.08$ ;  $p < .10$ ), the contrast between Time 1 and Time 2 results is large. Diversity is not related to ethical decision-making at Time 1 ( $\beta = .06$ ;  $p > .89$ ). By contrast, diverse groups made significantly more ethical decisions at Time 2 ( $\beta = 1.32$ ;  $p < .05$ ). The OR of diversity at Time 1 is 1.06, indicating not much difference between the odds of making ethical decisions between homogeneous groups and diverse groups. By contrast, the OR of diversity at Time 2 is 3.73, which suggests that heterogeneous groups increased the odds of making ethical decisions by more than 3 times that of homogeneous groups.

Figure 1 contains the percentage of ethical decisions made by both heterogeneous groups and homogeneous groups at Time 1 and Time 2. The pattern of results demonstrates that over time, heterogeneous groups more often selected the “correct” ethical decision than homogeneous groups (see Figure 1). Interestingly, at Time 2, homogeneous groups made more “incorrect” ethical decisions than at Time 1, and by contrast, the heterogeneous groups select more “correct” ethical choices over time.

## DISCUSSION

Results reveal that over time, heterogeneous groups make more ethical decisions than homogeneous groups. Thus, findings suggest that demographic diversity is an important consideration for group decision-making involving ethical issues. The current study extends research on diversity by revealing an additional contextual factor that attenuates the negative relation between demographic diversity and group performance. Specifically, individuals from various backgrounds bring unique perspectives, experiences, and information when considering ethical issues that may be otherwise absent in homogeneous groups. In addition, results support Horowitz and Horowitz (2007) by revealing increases in the performance of diverse groups over time. These results have important implications for researchers and practitioners, as discussed below.

### Practical Implications

Managers of today’s workforce are understandably concerned with the (un)ethical behavior of their employees. Ethical or unethical behavior can affect an organization’s bottom line, as companies that reflect moral principles and behaviors will have economic success (Beu & Buckley, 2004). Because culture shapes the behavior of organizational members, it is imperative that organizations form a culture that nurtures ethical decision-making (Sims, 1991). Researchers have found that attributes such as leadership, structure, and culture can influence ethical behavior of employees (Vance & Harris, 2011). The current research argues that one key to making more ethical decisions is to have a diverse group with different ideas, values, and beliefs. When managed well, these groups should be able to create a variety of alternatives and solutions to solving these ethical dilemmas.

Most companies have adopted formal ethics policies, however, the implementation and support of these policies vary to a great degree (Weaver, Treviño, & Cochran, 1999). It is important that managers take an active role regarding the ethical behavior of their employees (Velthouse & Kandogan, 2007). As we have argued, one way to better manage ethical decisions is to form heterogeneous groups of

individuals from different backgrounds and experiences. The result will likely be more ideas and viewpoints, which can lead to more ethical decision-making, and consequently more positive outcomes for organizations. The results of this study indicate yet another compelling reason to promote diversity within organizations.

### **Limitations and Future Research**

One of the major limitations of this study is that it was conducted in a laboratory setting. In the current research, participants belonged to teams that were created to illustrate important concepts in Organizational Behavior. Thus, it is unclear whether or not our findings would transfer to an actual work setting. Although our students were placed in a situation where they were likely not as motivated as individuals encountering a problem with serious organizational consequences, the results still reveal that over time, diverse (heterogeneous) groups made more ethical decisions than homogenous groups. As such, our study is an important first step in understanding the role of diverse work groups in solving ethical problems.

Another limitation of this study is that we did not directly measure communication and information sharing within the groups. Research suggests that in order to reach group consensus on ethical dilemmas, group members must be willing to share their differing values, beliefs and viewpoints with the group (White, 1994). We believe this is especially important for heterogeneous groups, since their values are likely to vary more than homogeneous group members' values. Diversity itself is not enough; individuals within the group must be willing to actively participate and cooperate with other group members in order to gain the most value from heterogeneous groups. Future research should code for such information. In addition, researchers might also consider offering rewards as an incentive to those groups that do share more information (money, class credit, etc.).

Given the rise in team-based work, more multi-level studies are needed in order to fully understand the impact of diversity on ethical decision-making. Future researchers should look at other individual as well as group level variables. For example, it would be interesting to examine certain deep level diversity variables (e.g., education, experience, skill), as opposed to only surface level variables (e.g., race/ethnicity). Researchers could also examine heterogeneous groups in terms of moral development (Kohlberg, 1969) or moral identity (Aquino & Reed, 2002) and compare them to homogenous groups at the same stage of moral development or a similar level of moral identity. Similar to the hypotheses we proposed for this study, we would expect there to be more discussion/unique ideas emerging from the heterogeneous groups than from the homogenous groups, thus resulting in more ethical decision-making.

Future research should also examine the types of leaders and organizational culture that would best facilitate an environment where both ethical decision-making and diversity are widely accepted and valued. For example, we think an inclusive culture with an ethical leader would create an environment that is more conducive for ethical decision-making in heterogeneous groups.

Finally, this study was conducted at one of the most diverse universities in the country. As a result, the participants in the study are accustomed to working in diverse groups and are likely to be comfortable working with diverse individuals. As research shows, over time, individuals in diverse groups can overcome stereotypes and differences (Harrison et al., 1998; 2002). An interesting follow-up study would be to conduct this study in an environment (lab or field) that lacks such diversity of members and culture. We predict that the results would differ such that those who are accustomed to a diverse climate can look past surface level differences such as race and ethnicity and start sharing their ideas more readily than those who are not used to a diverse climate.

### **Conclusion**

The finding that heterogeneous (diverse) groups appear to make more ethical decisions than homogenous groups over time is important. This is one of the first studies to address a major gap in the ethics literature, namely ethical decision-making at the group level (Treviño et al., 2006). Additionally, the current study answers the call for researchers to examine diversity at the group level and to explore more positive outcomes of organizational diversity (Shore et al., 2009).

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APPENDIX

**TABLE 1**  
**DESCRIPTIVE STATISTICS AND CORRELATIONS**

	Min	Max	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.
White													
1. Homogeneous Groups	0	1	.07	.26									
African American													
2. Homogeneous Groups	0	1	.09	.29	-.09								
Hispanic													
3. Homogeneous Groups	0	1	.25	.44	-.17**	-.19							
Asian													
4. Homogeneous Groups	0	1	.07	.26	-.08	-.09	-.17**						
5. Dilemma 1	0	1	.35	1.00	-.01	.04	.00	-.04					
6. Dilemma 2	0	1	.34	1.08	-.00	-.04	.02	.03	-.52**				
7. Dilemma 3	0	1	.31	.90	-.02	.00	-.02	.01	-.50**	-.48**			
8. Diversity	0	1	.50	.50	-.28	-.32	-.59**	-.29**	.02	-.01	-.00		
9. Time 1	0	1	.50	.50	.00	.00	.00	.00	-.03	.13	-.10	-.01	
10. Ethical Decision-Making	0	1	.49	.50	.06	-.08	-.05	-.06	-.56**	.32**	.24**	.10	.02

Notes: † p<.10, \* p<.05, \*\* p<.01; N=232

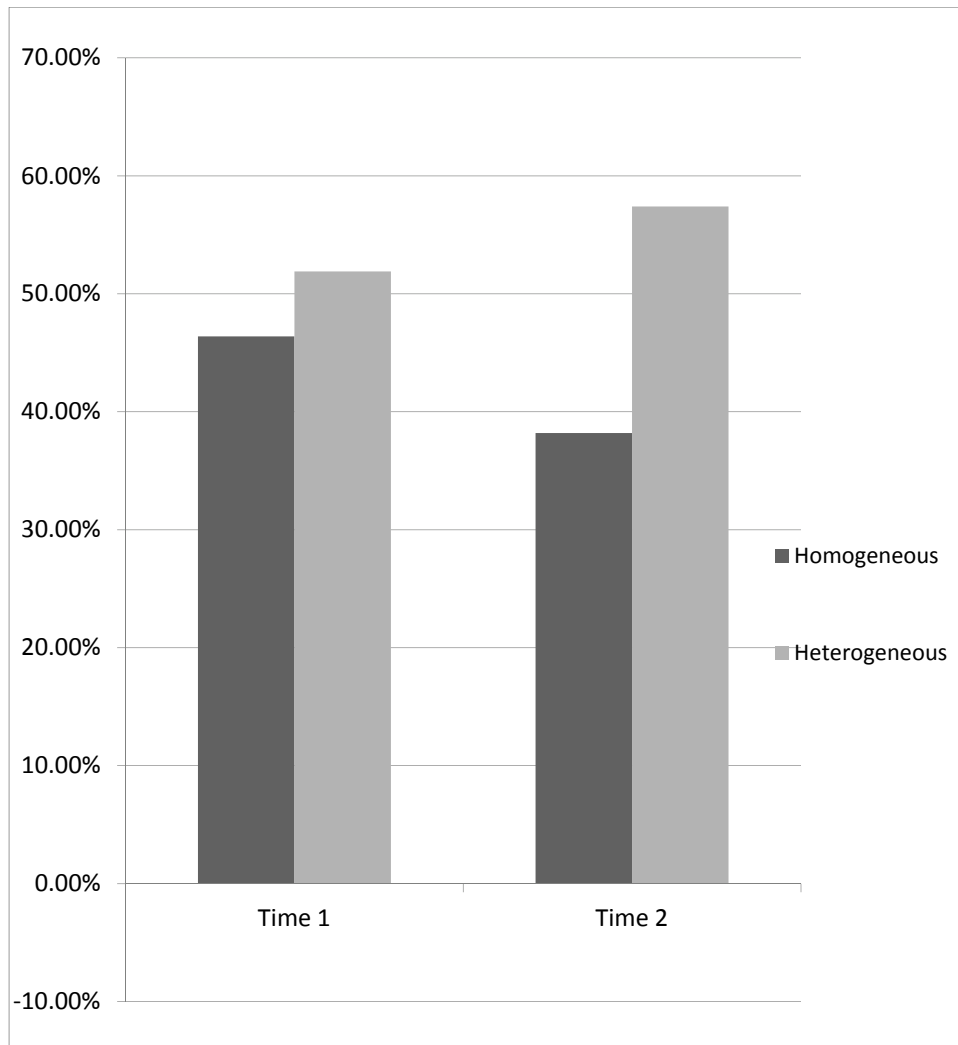
**TABLE 2**  
**REGRESSION FOR ETHICAL DECISION-MAKING**

Hypothesis	Variables	Time 1 and Time 2		Time 1		Time 2	
		$\beta$	OR	$\beta$	OR	$\beta$	OR
	Intercept	.21	1.23	1.20*	3.33	-.20	1.22
	Dilemma 1	-2.92**	20.00	-3.15**	23.26	-2.91**	18.52
	Dilemma 2	.21	1.24	-.70	2.00	1.37*	3.94
H 1	Diversity	1.16*	3.18	.06	1.06	1.32*	3.73
	Time 1	.49	1.63				
H 2	Diversity*Time1	-1.08 †	.34				
	<i>N</i>	232		121		116	
	Cox and Snell $R^2$	31.0%		27.5%		38.7%	
	Nagelkerke $R^2$	41.4%		36.6%		51.7%	
	Overall correct classifications	76.3%		75%		79.3%	

Notes: †  $p < .10$ , \*  $p < .05$ , \*\*  $p < .01$ ; Inverse ORs reported for negative variables.



**FIGURE 1**  
**PERCENTAGES OF CORRECT DECISIONS ON ETHICAL DILEMMA**



## **Ethics and Leadership**

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*Ethics and leadership can be an important contribution to an organization and society. Without ethics in leadership, organizations may take on a role that could negatively impact the entire world. Ethics can be used to provide organizational leaders with guidelines to aid them in their career roles as to promote them as a good role model to the employees that serve under them. Several ethical theories and principles exist that can be used as tools or guides for ethical leaders, however, not every theory is good for every situation. People have personal moral standards and values that drive their decisions.*

Ethics plays a large part in all aspects of life which means that it also plays a part in business and organizational attitudes. It doesn't always mean that the behavior that is displayed is ethical. Unethical behavior is just as common as ethical behavior. Many theories exist that attempt to explain the different behaviors and how they coexist in the organizational world. Leadership involves many challenges that prompt a leader to make choices that will affect many people within an organization. Based on these decisions, users may feel ethical or non-ethical implications that can cause organizational challenges to arise involving social issues outside of the company.

Altekruse, Engels, and Freeman (2004) stated that "ethics can be viewed as a way of understanding and examining the moral or the good life" (Altekruse, Engels, & Freeman, 2004, p. 164). Most people have a different definition for the term "ethics". Some people believe it is related to moral reasoning and is developed at a young age based on values taught to them. "Ethic" is defined as "the discipline dealing with what is good and bad and with moral duty and obligation" (Ethic, 2011). Maxwell wrote that ethics can be taught to others if the method of that instruction is tailored for those being taught (Maxwell, 2007). If a person understands his or herself, they can become more aware of their moral behavior which can in turn, make them more aware of the feelings of others when they are acting out their ethical values and principles (Kakabadse & Rozuel, 2010). Studies have shown that intelligence is a factor that affects ethical conduct and successful business, but the wisdom-related literature shows that virtue is also a requirement to prove that ethical businesses are more successful (McKenna, 2011). Once a person understands ethics, they have gained the wisdom of moral philosophy (Altekruse et al., 2004). An ethical compass is considered an outcome of a person with ethical values combining global and culture-free competence, and an effectiveness in integrity, honest, trustworthiness, and virtue commitment (Jones & Millar, 2010). This "compass" can allow a person to build a moral perspective which will give them the means to understand the problems to aid them in building a code of ethics. Some feel that a code of ethics can be used as an example guide to aid employees in some ethical situations they may face within an organization, though some researchers feel a code of ethics is not a useful tool because it does not include guidance in concrete situations (Altekruse et al., 2004).

Practicing professionals need a well-developed ethical theory defined to work as a guide to provide a framework to use for the acceptability of their actions and to evaluate their moral and ethical judgments. If these professionals have a good understanding of ethical theory, they will be able to build the system needed to make sound, justifiable, ethical decisions (Altekruse et al., 2004). Before an ethical theory can be useful, the theory has to be directed toward a common set of goals. The goals are also known as ethical principles which are used to achieve a successful ethical theory. Goals included are beneficence, least harm, and a respect for autonomy and justice (Rainbow, 2002). Ethical theories include consequentialism, deontology, utilitarianism, rights, justice, casuistry, and virtue (Altekruse et al., 2004).

The beneficence principle acts as an ethical theory guide to do what is good and this principle is mainly associated with utilitarianism (Rainbow, 2002). Utilitarianism is a goal-directed theory that “emphasizes happiness or the greatest good for the greatest number” and involves the ability to predict the consequences of an action (Altekruse et al., 2004, p. 167; Rainbow, 2002).

Deontological ethics are also considered as duty-based ethics. Morality is judged by studying actions instead of the actual outputs that come from those actions. This type of ethical theory displays that the ends will never be able to justify the means (Kay, 1997). Rainbow (2002) stated that a follower of this theory will never break his promises to a friend and always adheres to the law. Some see a flaw in this theory in that it does not provide guidance in complex conflicting situations where a person would have to decide to break rules he has set out for himself without considering the welfare of others (Rainbow, 2002).

Casuistry is an analysis of moral issues that uses reasoning to lead to the development of professional opinions about the severity of specific moral obligations based on the conditions and circumstances of the action. This theory uses a bottom-up approach by discovering the ethical decision based on the situation and uses comparisons of examples of similar ethical dilemmas and the outcomes (Altekruse et al., 2004; Rainbow, 2002). Some issues that can arise with this theory are that there may be an ethical dilemma that has no similar examples to use to base an ethical decision (Rainbow, 2002). The lack of no existing laws or rules to use as a guide to make a “right” decision could lead to the use of “justification” as adequate reasoning for beliefs or actions (Altekruse et al., 2004).

The virtue ethical theory judges a person based on his character. The person’s morals, reputation, and motivation are rated as ethical or unethical. This type of theory can result in lenient or harsh judgments depending on the person making the judgment and the behavior which is being judged. Some researchers feel that this theory does not take into account a change in a person’s moral character which can present a weakness in this theory because it does not consider or may miss small unethical changes for a long time (Rainbow, 2002).

Normative business ethics are affected with what people and organizations set out to do and were developed by moral philosophy professors who used their ethical knowledge and applied it to business. Behavior or empirical business ethics is focused on how business professionals behave and how business is actually conducted within a moral behavioral view (Alzola, 2010). Some characteristics of an ethical organization include trust, effective two-way communication, integrity, honor, fairness, respect, customer focus, and results-oriented, and risk-taking (Matthews).

Other principles and theories worth mention include the justice theory which refers to social contracts that states which people and societies can live together. These social contracts are created by the principles, rules and laws that people live by (Altekruse et al., 2004). The “least harm” principle is related to the decision of which is a better choice when neither choice is beneficial (Rainbow, 2002), and the last theory is consequentialism which identifies consequences as the determining factors if an act is right or wrong (Altekruse et al., 2004).

Ethical leadership is a style that strives to motivate ethical behavior in employees by the display of the thoughts, values, attitudes and good behavior of the leaders (Martinez, Ruiz, & Ruiz, 2011). In fact, people prefer a strong, ethical leader when selecting a potential leader (Maxwell, 2007). When a leader displays morally good behavior and is also a good person, many employees will strive to emulate this behavior which will contribute to an ethical organization and a respect by the community.

There are two leadership styles that involve many ethical theories. Transformational leadership influences followers through the sharing of a collective vision and by motivating them to look past their personal interests for team and organizational benefits. This process is based on a belief that people are obligated to help others with no expectation of personal gain and has been shown to promote a positive effect on the ethical organizational climate and promotes values such as honesty, loyalty, and fairness, while emphasizing the end values of justice, equality, and human rights (Groves & LaRocca, 2011). Transactional leaders influence followers by controlling their behaviors, rewarding the approved behaviors, and improve performance by correcting problems by using corrective actions (Groves & LaRocca, 2011).

If a high-level manager promotes ethics as an important part of his work and life as well as to the organization's operations, the ethical tone is set for the entire organization. Employee attitudes are influenced even more by the actions and attitudes of top-level executives than the lower-level supervisors. This may make the employees feel that ethics is important within the entire organization and not just within departments or groups within the organization (Martinez et al., 2011). A leader with high moral values, who chooses his inner circle, will most likely select those people to have good ethical and moral standards, and the leader who displays good ethical behavior will most likely influence his followers to behave in the same way. If they see them displaying a positive ethical image, any negative ethical influence at lower levels of management will be overcome because of the high regards employees put on upper management (Martinez et al., 2011). Maxwell notes in his *Law of Connection*, that employees will show a loyalty and strong work ethic when a connection between the employees and the leader has been formed (Maxwell, 2007, p. 122).

There are rewards for organizations that choose to operate ethically which improves the organization's reputation and employee morale. It may seem that job seekers are searching for jobs with high salaries and prestige, but another factor that draws them to specific employers is a positive employer image. The ethical conduct of an organization can be expressed by corporate social responsibility, corporate social performance, or corporate citizenship which means that those factors can affect the attractiveness of the organization (Strobel, Tumasjan, & Welpe, 2010). The Ethisphere Institute, located in New York City, comprises a list of the World's Most Ethical Companies every year. These organizations are not ranked, but are all equally winners. Of the 5000 companies that were nominated or nominated themselves, one hundred and forty-five were selected for 2012. The rating system is based on what is called the "Ethics Quotient" and derived from a survey comprised of multiple-choice questions in which the answers related to codes of ethics, litigation and regulatory history, innovation investment, corporate citizenship activities, and evaluation of nomination forms are verified. Many companies are beginning to realize that good ethics are good for business and work hard to be a part of this list, which grows in size every year. The recognition they receive can be used for employee recruitment, to attract new customers. Some companies who have made the list every year since its inception in 2007 include Aflac, Inc., American Express, General Electric, International Paper, PepsiCo, Starbucks, Target, Texas Instruments, UPS, Japanese company Kao Corporation, and Netherlands companies Rabobank and Royal Philips (Smith, 2012).

Many instances of unethical behavior can affect an organization in a bad way. Some research has found that a "combination of CEO narcissism, financial incentives, shareholder expectations, subordinate acquiescence, and CEO dishonesty can be understood as constituting drivers of financial accounting misreporting (Jones & Millar, 2010, p. 6)" and when the research is connected to globalization, studies suggest that the nature and impact of ethical leadership is dependent on the institutional setting and can be expected to change greatly by country and culture (Jones & Millar, 2010). Other research has shown that unethical leaders are "oppressive, abusive, manipulative, and calculatingly undermining" (Brown & Mitchell, 2010, p. 588). Occasionally their actions can even be thought of as intentional and are the cause of many legal actions brought against employers (Brown & Mitchell, 2010). Unethical behavior can also work against an organization and promote it in a negative way which can decrease the value of the organization. Recent reports of Wal-Mart's bribery scandals in Mexico and the lack of internal controls within Groupon which caused financial misreporting sent stocks for both companies falling and caused

harsh criticism against upper management for not taking measures to prevent those problems (Agrawal, 2012; Gustin, 2012).

Wal-Mart's recent ethical problems stem from exposure by a whistleblower of paying millions dollars in bribes to Mexican officials to quickly fund building sites shows a lack of ethics beginning at the executive level because they attempted to hide their knowledge in 2005. Accusations of violations of the U.S. Foreign Corrupt Practices Act (FCPA) are now pending. This law bans American organizations from offering bribes to foreign government officials to obtain special consideration. There is an exception to the law to offer payment to hurry government actions which is part of the controversy in this issue but what is at the heart of this is the actions that Wal-Mart took to hide this information in the first place. When an organization is participating in global development in a foreign country, many of the ethical practices in the U.S. are not the same in other countries and the leader has to decide what is the right thing to do (Sachdev, 2012) (D'Innocenzio, 2012). The question that comes to mind regarding this issue is did Wal-Mart knowingly pay bribes to hurry along the process to acquire building permits to gain a competitive advantage in Mexico when other competitors are following the rules?

Groupon allegedly hid information from the public regarding their accounting systems prior to their IPO offering, but they were not required to disclose the information in the IPO prospectus. The Sarbanes-Oxley Act which was passed in response to the Enron scandal, does not require a company to have internal systems and controls in place if they are not publicly traded yet and have only registered for IPOs. The Groupon executives knew of the internal controls issue because one section of the Sarbanes-Oxley Act requires evaluation of the effectiveness of their disclosure controls and procedures, but it does not require the reporting of any findings. The company will be required to comply in 2012 according the Act though. Groupon has cautioned that future unfavorable disclosures are still possible. There were a few people who predicted the problems with Groupon prior to the reports due to the high number of acquisitions and the fast growth Groupon experienced and even more signs of potential problems were exhibited in the financial reports. On the way are new laws that are reducing disclosure reporting even more. These issues affect all investors of new organizations that are going public because any issues such as this reduce the value of the organization causing the investor to lose money instead of gain money. In this situation, it seems that ethics could play a part in protecting the investors, but that was not a factor in Groupon's decisions and because the disclosures were not required, executives seemed favor the organization and the benefit to themselves over the investor (Weil, 2012).

Ethics plays a key role in our everyday lives. Not only do our decisions affect ourselves and others in our personal lives, but also in our careers. Just as people can be influenced by good behavior, they can also be influenced by bad behavior and when they see a leader behaving unethically, they may emulate the behavior. If the employees are treated badly, their work attitudes can be affected. The employees may even take on a retaliatory behavior. This can take a toll on the employees and it makes them have difficulty maintaining good behavior (Brown & Mitchell, 2010). Organizational ethics standards as well as leadership education would benefit a company by promoting a culture and environment that is seen by the public as a fair and equitable and could also build community respect and buy-in by showing the organization cares about the community it serves.

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## **Yours, Mine or Ours: Can We Fix Copyright Protection in the United States?**

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*This article examines the history of copyright law in the United States and its implications for intellectual property. Copyright law is traced from the Statute of Anne through the Digital Millennium Copyright Act. Copyright protection originally provided a balance between encouragement and reward to stimulate creation and the expansion of the shared pool of common knowledge. The rights and protections of authors and creators have continually increased, generally to the benefit of multinational intermediaries and the detriment of the common social good. Recommendations include return of control to authors, shortening the term of copyright protection, and provide more direct reward.*

### **INTRODUCTION**

To the disappointment of distributors the blockbuster movie “X-Men Origins: Wolverine” was released to theatres a month after an illegal copy was posted online (New York Times, 12 January 2010). Google attempted to capture libraries of “orphaned” books, regardless of authors’ desires (Kunstadt, 2010). The recording industry has seen global digital sales grow, but global revenue growth is declining and blames the illegal downloading of content for much of the decline (IFPI, 2010). Has copyright protection gone as far as it can go? Have we entered a new age of copyright protection or perhaps an “uncopyrightable” age? These are the issues facing the producers and developers of intellectual and creative media, as well as the various governments around the world. The rise of the Internet and digital media has once again allowed for the rapid and widespread distribution of information and ideas outside the controls of government, organisations, or publishers.

This paper has two specific focuses. First, this paper will attempt to place the copyright debate into a historical framework. An examination of the history of copyrights and the development of the laws within the United States of America will provide a perspective on copyrights that is bigger than the current battle over control. Second, this paper will attempt to provide some ideas about what can be done to manage the digital content future.

### **HISTORY OF COPYRIGHT**

The protection and control of information and “media” are not new, even though the United States is still young it inherited a rich legal tradition. The monasteries of the medieval church served as regulators of information and media through their control of writing, even though most of the information was



considered a common property (Merwe 1999). However, it was the creation and rise of the printing press in the sixteenth century which created the opportunity for mass dissemination of information and government's subsequent attempt to recapture the proverbial genie (Merwe, 1999).

The battle to protect and manage the relationship between the creation and duplication of documents first became an issue with the rise of the Stationers Company in England in the mid-sixteenth century (Feather, 1994). The Stationers Company controlled the right to publish books, initially classic texts, but gradually more current texts. Printers were required to obtain a license before printing a book. This control became a matter of law in 1662 when the Licensing Act was passed in England. This royal decree served to protect the printers' trade by allowing the Stationers Company exclusive control over the licensing of books. The decree also allowed the Stationers Company to legally seize and burn those books printed without permission. The Act also served a secondary purpose by ensuring the King control over what could be printed.

In 1694 after many years of debate and even heavy lobbying from people such as John Locke, the Stationers Company monopoly over the book licensing was repealed (Hesse 2002). This was a time of great debate in many areas of ownership and property and one of the ideas to arise was the notion of "intellectual property." This was grounded in the natural rights ideas of Locke and suggested that creators and authors should have ownership of their intellectual efforts and creations (Rose, 1993). The old system of control by distribution was gone and something new was needed to replace it. In response the Stationers Company and others began to argue that without some form of intellectual property enforcement protection, authors and creators would no longer commit the time and effort required to produce new ideas and knowledge.

In 1710 the Statute of Anne became the first modern copyright law in the world (Holderness 1998). It fixed into law for the first time the two ideas that still underlie even modern copyright legislation. First, the Statute recognised the author as the owner of the right to copy his/her work. This was clarified in later court decisions to be a right to control the content, style, timing, and even if a creation were to be published. The second idea introduced was the concept of term. Under the Statute of Anne the copyright holder was awarded control for 14 years, with the option of extending that protection for another 14 years. Later an English court while supporting the Statute stated that when considering copyright protections the rights of the copyright holder to compensation and control must be balanced with the right of society not to be deprived of the creative contribution (Hesse, 2002). This was also when the works of Shakespeare were finally set free to be performed and enjoyed by all, to the benefit of all.

In the emerging United States of America copyright was also an issue of concern. In 1787 the United States Constitution Article 1 Section 8 specifically provided Congress with the power to "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." It is clear that the framers had been influenced by the Statute of Anne as well as the concerns raised in subsequent court considerations (Hesse, 2002). Three things emerge from this brief statement. First, that protection is needed to promote the advancement of science and art. Second, the term of protection was to be limited to ensure that the benefit would eventually fall to society as a whole. Third, and perhaps most importantly, the power was placed with the authors, not with intermediaries like the Stationers Company (Hamilton, 2000). The founding fathers distrusted the power of the state and sought to avoid the restrictive power of state sanctioned monopolies, thus they limited the purpose, scope, and focus of government's power to regulate copyright.

The first copyright statute passed in 1790, regulated the "printing" and "vending" of works, but not derivative works, for an initial 14 years after registering the work, with the option of an additional 14 extension, for a maximum of 28 years of protection. By not protecting the derivative works the creators left works open to translation, adaptation, or even abridgement without the permission or compensation of the original author. Yet the initial impact of this copyright law was small and of the roughly 13,000 titles published fewer than 5% were actually copyrighted, leaving the balance in the "public domain" (Lessig, 2001). Public domain refers to the status of the work as available to anyone for any purpose and outside the control or commercial gain of the creator or other owner of the created work. This statute however did

not protect foreign copyrights, which were not protected until 1891, leading Lawrence Lessig to declare “[w]e were born a pirate nation” (Lessig 2001, pg. 1601).

The rules for the ownership of copyright were modified in 1909 with the passage of the Copyright Act of 1909 (Hesse, 2002). This act defined the rules and laws that would apply to “published” works, by anyone, not just works handled by publishers. Publication involved the public presentation of the works in a tangible medium. The Act also required that the works be identified with a notice of copyright or the familiar copyright symbol “©”. Unpublished works were protected under individual states’ laws by “common law copyrights.” If the correct publication and notification standards were followed then the owner of the copyright would be entitled to sole control and ownership of the copyrighted work for 28 years, with an extension option available to extend the coverage another 28 years (Labriola 2002, Martin, 2002). At the end of the copyright period or if the owner failed to follow the publication and notification provisions correctly, the work would enter the public domain. Once a work entered the public domain under the Act of 1909 it would never again be able to be copyright protected (Moore, 1999).

This early Act supported the original Constitutional intentions by protecting the commercial interests of the creators of intellectual property as well as providing a benefit to society at large by ensuring that works would one day enter the general shared knowledge of the country. Creators were allowed to derive value for their creations, providing incentives for the continued expenditure of intellectual effort and the general advancement of knowledge. At the same time the Act provided a benefit to the common social good, by ensuring that after a maximum of 56 years the exclusive monopoly on the dissemination and access to the knowledge would expire and the knowledge would become available for anyone to share. Thus both the creation incentive and common good were protected. Unfortunately information and information products were becoming more valuable and commercial interests feared losing control of their exclusive rights.

Beginning in the 1960’s Congress began to examine ways in which the rights and protections of copyright holders could be expanded. The global community, recognising the ease with which information could be spread, had continued to pass international agreements which attempted to strengthen the rights of intellectual property holders, but the United States was slow to join. It cannot be a coincidence that the United States Congress began to seriously take up these discussions at roughly the same time that the maximum 56 year copyright protections of the Act of 1909 approached expiration. These discussions were also taking place during a time of rapid growth in technology and innovations such as televisions, radios, photocopiers, popular music, and computers. Thus both the creators at the end of their copyright terms and the creators at the beginning of their copyright terms were combining in a coordinated effort to protect their information products. Congress struggled with these concerns until 1976.

In 1976 the rules for ownership of intellectual property in the United States changed dramatically with the passage of the Copyright Act of 1976. The Act, which became effective in 1978, changed the way that the United States handled copyrights (Moore, 1999). First, the Act defined copyrights as existing automatically. There was no longer a need to register the copyright, publish the work, or even place the copyright notice on the work to gain full copyright protection. Copyright protection was granted to “original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device” (17 USC 102(a)). This automatic copyright eliminated the common law copyright and covered all works that had been put into a “fixed” medium (Maury & Kleiner 2002). Fixed did not mean permanent or published. Thus all works were copyrighted unless specifically defined as public domain, a dramatic shift from the Act of 1909.

The second area in which the Act changed copyright law was in the term of the copyright. The Act of 1976 extended the life of a copyright to the life of the author plus 50 years, adding an extension to works already copyrighted under the previous legislation. In addition, each version of a work was now protected as a new work and thus gained the new time provisions for itself, regardless of the term on the original foundational work. So a work was now protected, without need for registration or renewal, for a period greater than the entire life of the author (Lessig, 2001). The term of a copyrighted work was later extended even further by the Sonny Bono Copyright Protection Act of 1998, a.k.a. “Mickey Mouse

Protection Act” (Lessig, 2001, pg.1065), to the life of the author plus 70 years or 95-125 years for works-for-hire or works published before 1978 and under active copyright protection (Maury & Kleiner, 2002).

The third fundamental changes contained in the Act of 1976 were the rights preserved for the copyright owner. Under the original Act of 1909 the purchaser of a copyrighted work gained control of all rights associated with the work, unless specifically noted otherwise. In the Act of 1976 the owners of the copyright had the exclusive rights to copy, distribute, perform, display, and/or broadcast the copyrighted work. Ownership of the copyrighted work did not convey any rights under the new Act other than the right to dispose of the copy through sale or other means, except for computer software and phonorecords which under a 1990 amendment could not be loaned, leased or rented for commercial gain. The new Act also required that all transfers of the owner’s exclusive rights must be in writing and signed, a further movement towards information products as quasi-real property.

An interesting twist in the Act was the inclusion of guidance on how to determine if a case was a “fair use.” Fair use was originally a court creation under previous copyright law, but was added specifically for the first time in the Act of 1976. Fair use is described in the Act of 1976 as a use, which while in conflict with the exclusive rights of the owners, was not considered a violation of the Act (Moore 1999). The Act however, failed to specifically define what a fair use was or was not, leaving it to future court action to refine and clearly define its exact meaning.

Following the introduction of the original Copyright Act of 1976 many amendments and court decisions changed the Act and its interpretation to fit various niches of the information production and transmission arena. Historical, factual, common information, literary devices, and government-developed works were added to public domain as items that could not be copyrighted (Moore 1999). Specific changes in response to developments in industries as diverse as satellite broadcasting and small bars and restaurants were also given special attention through amendments to the Act.

In 1998 Congress again changed the rules with the introduction of the Digital Millennium Copyright Act (DMCA) of 1998 (Heidmiller 2002). The Act was a response to the 1996 World Intellectual Property Organisation (WIPO) Copyright Treaty and WIPO Performances and Phonograms Treaty, and to the perceived threat to copyright holders of digital piracy. Specifically, the DMCA contains five titles. Of particular interest is Title 1, which specifically addressed several new violations of copyright protections.

Title 1 of the DMCA provides protection for the copyright holders from unauthorised circumvention of technological means used to protect copyrighted works (Heidmiller 2002). Title 1 further separates circumvention into two specific types of acts. The first is circumvention of *access* limiting technologies. These technologies limit the user’s access to the copyrighted content. The second is circumvention of *copy* limiting technologies. These technologies limit the user’s ability to copy the copyrighted material. Acts of the first type, circumvention of access control mechanisms, are strictly prohibited. While acts of the second type, circumvention of copy protection mechanisms, are not specifically prohibited due to the possibility of protected fair uses, which may arise from a need to copy the material.

The second part of Title 1 focuses on the means or tools used for circumvention. The creation or sale of devices or services, which are used to circumvent either type of copyright protection technology, were prohibited. Specifically, Title 1 prohibits devices or services, which fall into any of the following categories:

- They are primarily designed or produced to circumvent
- They have only limited commercially significant purpose or use other than to circumvent
- They are marketed for use in circumventing. (pub L No 105-304 112 Stat Oct 28, 1998)

These prohibitions apply even though some *uses* of circumvention technology could be considered fair use and allowed under the act of copy protection circumvention. The DMCA Title 1 does provide some limited exemptions from these provisions, but these are primarily educational, governmental, and research focused.

The final part of Title 1 deals with copyright management information (CMI). CMI is specific information about the work, copyright holder, author, or other aspects of the work. This section of Title 1 prohibits the falsification, removal or alteration of the CMI information.

In a 2001 challenge to the definition of free speech and fair use an independent magazine was permanently barred from publishing the code or even providing hypertext links to a program that could circumvent the copy protection on DVD movies (Heidmiller 2002). The magazine was not the creator of the code, nor had they been accused of copyright infringement. The ban was upheld on appeal by the US Second Circuit Court.

The evolution of copyright laws within the United States has taken a strong turn toward the rights of the owners over the common good and the rights of the users (Heidmiller 2002). The rise of large media corporations and information product producers has swung the balance out of equilibrium.

## **WHAT TO DO NOW**

How can the rights of the media and intellectual property producers and the rights of the public be rebalanced? The first aspect to recognise is that the situation is shockingly similar to the world as it was in the early sixteenth century. Then the rapid spread of the printing press had led to the rapid and uncontrolled distribution of what would eventually become intellectual property. People had access to information and the fear resided with those producing the works and the governments trying to control the information. Today we see that government is pushed by the information production controllers to once again reign-in this “chaos.”

The second aspect is that then, as now, there are no quick and easy answers. The Stationers Company began by dark alley strong-armed action to reign in the mass production through threat and intimidation, until they were legitimated by royal decree. The control was not to protect the material, but rather to ensure the livelihood of those printing the material. Today the battle is carried out in the law offices of media production companies around the world through threat and intimidation of their own consumers (Kravets 2009). Courts become the means by which the power and livelihood of these media giants is ensured (e.g., Google’s digital library and the American Publishers Association). At the same time the creators of the intellectual property are often fighting on the side of the masses as they try to have their creations seen, heard, read, and their claims protected (e.g., Recording Artists Coalition).

The third aspect is that the rights of the individual creator, and his/her exclusive right to assign those rights, must be balanced against the good of society as a whole. In the original Statute of Anne the term was set for a maximum of 28 years, this was extended to 56 years by the Copyright Act of 1909, and now can reach 125 years under the Copyright Act of 1976 (Waelde 2001). When does a work ever come back into the public domain? Society and its advancement are at the core of the original ideas of copyright and yet even as the technological rate of change increases and the life span of an innovation declines, the term of protection is increased. Who is to say that in 95 to 125 years as the protections given under the Act of 1976 approach expiration, there will not be another extension as there was when the protections of 1909 approached expiration in the 1960’s and 1970’s. Following the passage of the 1998 extension one Congresswoman suggested the protection should last forever, or at least forever minus one day (Lessig, 2001).

So what should be done? After examining the history of copyright and its growing market value in the current digital world several suggestions about what to do next are presented below.

### **Rethinking Intellectual Property**

The balance of social benefit and creation incentive has become unbalanced. Creators and authors create, then turn over the rights to a shrinking number of multinational publishers, managers, and developers for a mere pittance. Contracts are written transferring not only the rights to current work, but for the transfer of future works. These transfers are done before the true value of an author’s or creator’s work is even fully known. The proceeds and revenue generated by the works of intellectual property are gathered by middlemen and intermediaries. How does this encourage the future creative effort of the creators?

To rebalance this equation the ownership rights of the authors and creators must be more explicitly protected. The right to transfer must not only be required to be in writing, as under the current DMCA,

but rather specific to each work of creative endeavour, thereby more fully rewarding the exercise of creative effort and the advancement of art and science.

Authors must also be guaranteed the ultimate control of their creative works, even in situations where they produce work-for-hire. Only the rights to use or exploit their work for specific periods would be allowed. Any work created must be owned, not by middlemen, intermediaries, or other distributors, but by the author exclusively. The right to publish, distribute, or transmit would only be able to be granted for a specific term and a specific work, and would be ultimately controlled by the creator. No longer would writers or performers be faced with the situation of having their works, names, and reputations controlled by others or scanned, published or used without their permission.

### **Examine the Term of Copyright Protection**

Currently the term of copyright has grown to be the life of the author plus 70 years; this is a far cry from the 28 year maximum envisioned in the Statute of Anne. Why such a long term? Copyright has become more than a protection of the author or creator's work and an incentive for future development, it has instead become the foundation upon which inherited dynasties and corporate empires are built. This term must be changed.

The original intent of protection of the author and society must be rediscovered. To protect the author some term of protection is warranted. This allows the creator to be compensated and rewarded for adding to the sum of human knowledge and art. By extending the term beyond the life of the author society is forced to pay tribute not to the creator, but rather to heirs and holders of the work, people and institutions which may have had little or nothing to do with the creative endeavour. Therefore at a maximum the protection given to a work must end with the life of the creator. Any extension beyond this point benefits neither the social good nor the development of future creative efforts. This might be difficult when faced with the prospect of beloved characters entering the public domain, but this has happened before and we have grown to appreciate the wonders and creative engines they can become (e.g., Bram Stoker's "Dracula").

The term could also be much shorter than the creator's lifetime. As society grows and the rate of change continues to increase the need for faster access by general society to the creative contributions of authors and creators must be examined. Copyright protection of software code for 95 years makes little sense. It makes even less sense when one thinks about the advancement of overall society and the common good. Would society not be better served to set a term that is perhaps as short as 10 years from the date of publication? Professor Lessig has suggested a 5 year term with one 5 year extension for software and a 5 year term, renewable in 5 year increments up to 75 years, for other works (2001b). A 10 year term would allow the creator to gather proceeds on the original creation for the majority of its useful life, but would also serve as an incentive for the modification and refinement of the creation during that term, especially since updated works are already afforded a new copyright clock. Additionally, the recreation of the registration and renewal process would release the Internet world from the constant battle of content ownership and obsolescence which the current copyright system encourages. Regardless of the author's actions however the original idea and method would become available to the public as public domain while it could still be used to increase the general knowledge of society.

Regardless of the exact term chosen, it is clear the term must be shortened. The life of the author could be the extreme for items of artistic creation, with the shorter term reserved for technological or intellectual contributions. The exact divisions are beyond the scope of this paper, but the re-examination of the term is critical.

### **Rebalance Social and Creator Rights and Benefits**

The final suggestion as to the future of copyright protection requires that the economic conditions of copyright be rebalanced (DeGeorge 2001). While the need to reward creators and encourage advancement are both noble goals, they must be more accurately balanced in the future. As mentioned before, the shortening of the term of copyright protection begins this process, but it is by no means the end.

Authors and creators must have compensation tied to the created property. Just as the ownership rights of the author must be more strongly protected, so too must the economic incentive to the creators be more clearly tied to the work. Legal standards must define minimum percentages of gross value, which must be paid directly to the author. This direct payment ensures that the author is rewarded in direct proportion to the value of the work and that exploitive intermediaries cannot deprive the creator of direct proportional benefit from his/her work.

The rise of the Internet and digital media have made the cost of transmission and distribution very low, making the transfer of digital content both easy and inexpensive. The response from the media industry has been to increase legal efforts to protect the content, without consideration of the new economics of the digital world. The music industry, a protected intellectual property monopoly, has enjoyed decades of profitability, but consistently refused to adjust the price of products such as compact discs. The cost of production of digital media has benefited from the same cost savings, as those illegally trading the digital media on-line, but the cost of the product has not reflected the efficiency gains. The price of the product must be adjusted to reflect the free operation of the markets and not the tightly controlled cartel of media distributors. While the IFPI claims growth in digital “revenues” and declines in global “revenues”, they continually fail to discuss the cost structure changes that the same technology has allowed. Revenues might be down but the cost of production plummets through digital distribution, and the companies grow larger and remain profitable.

The legal juggernaut, unleashed by copyright conglomerates, must be targeted against commercial infringement and those who seek to profit from copyright violation and not those who do not seek commercial gain. Existing copyright law “provides that instrumentalities of infringement such as printing presses used to print infringing copies of books and labels, may be impounded and destroyed on court order” (Kunstadt 2010, pg. 29). So why are the servers and systems used for the profligate violation works not being destroyed?

Finally, the realm of public domain must be recreated and strengthened. The quality and quantity of intellectual property in the public domain is the true measure of its social good. The public domain serves as an open and available source of knowledge, which allows for people worldwide to gain and benefit from the work that has gone before. Exposure and access to a body of common knowledge, available with minimal cost or restriction, encourages the development of new and greater works. Digital media and the Internet have become the perfect vehicles for the easy and near-instantaneous sharing of information and knowledge, around the world. Why should other creative efforts be banned by the intellectual protectionism of Disney’s Mickey Mouse, when Disney itself has been among the leading exploiter of now public domain characters and stories (e.g., Quasimodo, Pocahontas, Snow White)? While the perverse argument that somehow prohibiting the use of existing works stimulates creativity through the elimination of the easy option of using previous works (Martin 2002) is specious at best.

Authors are recognised as the creators of this knowledge and are compensated for a reasonable term, but eventually it must move beyond them and be shared with all. The rise of western civilisation after the dark ages is firmly rooted in the rediscovery of the ideas and thoughts that those in an earlier age had created. Imagine the next enlightenment when the digital world provides access to the thoughts and ideas of all those who have expanded knowledge since the beginning of the 20th century.

## CONCLUSION

The rise of the rights of an author or creator to benefit from ownership and protection of his/her ideas has marked the rise of the Information Age and the growth of the United States. However, the terms of that protection have been extended, expanded, and the barriers to access expanded, but at what cost to society. This article has suggested ways in which the system can be recreated, based upon the original ideas and intentions of copyright protection. Today we stand at a crossroads. Will society continue to expand and entrench the intermediaries and interests who seek to increase restriction and control or will it take a step back and re-examine the foundational ideas and concepts upon which the rules of copyright were built.

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## **Bracing for the Millennial Workforce: Looking for Ways to Inspire Generation Y**

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*The 75 million members of the extremely child-centric Millennial generation are known for their distinctive traits, such as a preference for personal attention and high esteem of their abilities. As new entrants to the world of work, this team-oriented, technology-savvy, idealistic generation is awaiting the inspiration, leadership, and motivation we owe them. Ensuring a rewarding outcome in guiding this hyper-connective, creative cohort is a challenge we cannot escape. Through semi-structured interviews, this qualitative inquiry explores the values and communication styles of Generation Y and discusses the opportunities lying within revealing and nurturing their resources through the principles of transformational leadership.*

### **INTRODUCTION AND BACKGROUND**

Millennials are known for their different views on life compared to generations before them. This divergence transpired as a result of a blend of many factors, such as the accelerated speed of everything, the multiplicity of communication devices, increased traveling opportunities, and the greater amount of parental nurturing they received. Many of this generation's parents are affluent middle-agers who are now confronted with progenies who are drawn to the "softer" side of life: art, poetry, music, and the surreal world of games. When asking these youngsters why they are so strongly drawn to an unreal world in which they become a fictional character, they will explain that it enables them to live out their wildest dreams and achieve a high level of skills appreciated by their peers. While many of them excelled in high school and college, they don't seem attracted to the current structured world of work out there. Many of them seem to explore their options, waiting for the right moment or opportunity to come along, and not in a hurry to proactively chase it.

Yet, the time is nearing in which this 75-million strong generation will have to take its turn in the workforce. Born between 1977 and 1981, the Millennials are the product of a heavily child-centric upbringing in America. They, therefore, harbor some interesting traits: high self-esteem, self-centeredness, propensity to multitask and team orientation.

Given the changed needs of today's corporations and communities, the increased awareness about environmental and stakeholder care, and the increased global competition, there is tremendous need for workers who dare to think creatively and critically, and understand the need to resolve new problems in innovative ways. Given their affinity for electronic games, poetry, music and the arts, the Millennials could be a timely and much needed asset to the urges of the corporate world.

## **STATEMENT OF THE PROBLEM, SIGNIFICANCE, AND REVIEW OF RELEVANT LITERATURE**

Millennials have been often described as being diverse in opinions, fascinated by new technologies, and collaborative by nature. This group (also referred to as the NET Generation, or Generation M, Y, or Echo Boomers) are the children of Babyboomers (those born between 1946 and 1964) or of early-wave members of Generation X (born 1965–1982), and represent approximately one-third of the American population.

It could be argued, that socially, the Millennials are a more stable generation compared to their predecessors, while at the same time, during their formative years, there has been tremendous increase in the immigrant population, and therefore, more appreciation for diversity (Abrams, 2006; Buchanon, 2010). Also, Millennials have been raised with the optimism that all things are possible through collaboration and solidarity. The idiosyncratic traits of this generation are enduring, yet reflect somewhat of a detour from the more traditional behaviors of their predecessors.

Economically, they have also seen more stability than their predecessors. They have been engaged in various childhood activities such as sports and music lessons and academic daycare which have provided them with a different level of engagement. This engagement has spilled over into the classroom where Millennials have been taught to work in teams, and where the expectation for a heightened level of collaboration is present. Technologically, they are also the first truly digital generation who will not consider platforms such as Facebook, Twitter, or Youtube to be novel.

It is not atypical for a teenager to be working (successfully!) on a trigonometry problem while in front of a computer hooked up to at least three monitors, instantly messaging on her cell phone to several peers, playing an electronic game with yet another different group of friends, and watching a freshly downloaded episode of "Top Gear." For the Millennials multitasking and being social have always been a way of life. Not only are they interested in technology--they are experts in the field.

The technological environment is accepted as a norm by these digital natives. Staying connected has become a part of their culture and it is atypical for someone in this generational cohort to not have at least one electronic device that can be used as a communication tool throughout the day. An average college graduate has spent less than 5,000 hours of her life reading but over 10,000 hours playing video games and over about 20,000 hours watching TV and on average, Millennials spend more than \$100 a week on technology-oriented products and strongly influence more than 80 percent of all spending in their households (Erikson, 2008; Pensky, 2001). Unlike previous generations, who relied on emails and phone conversations, the Millennials need to be connected to their peers in real time. They are comfortable with virtual presence, and the digital mobile platform has become the primary medium of information exchange, making them more informed and curious, while the faster pace of information generation makes them seek instant gratification (Sweeney, 2006). Consequently, they tend to expect feedback immediately after finishing a designated task.

The Millennials grew up in a time of economic prosperity; they were socialized through "mommy and me" groups and played soccer from the age of three. They typically have strong bonds with their parents, especially their mothers, and they stay well connected even when they go away to school. Often indulged as a result of changing child-rearing practices, they are also the most protected generation in terms of government regulations on consumer safety. Since very early childhood, their lives were highly scheduled and secluded. They were expected to excel and are used to being consulted in the decision making process. Socially, Millennials had fewer siblings and with relatively stable divorce rates, got better parental attention. Their inclination toward drugs and sex has also stabilized--making them more

productive and less disillusioned in institutions (Abrams, 2006). They tend to be conventional, accepting of societal rules and expectations; they are team- and achievement oriented, with external locus of control—but often needing help determining reliable sources of information (Buchanon, 2010).

E-books have come to replace traditional books, and dictionaries are now replaced by websites such as Wikipedia and Google Scholar. Instant and up-to-date news is the expectation and opt-in communication is increasingly more desirable for this cohort. Through these electronic media, from early childhood, this generation has been thriving on instant and continuous feedback on their performance, and they display little tolerance when this feedback is delayed (Schrum and Levin, 2010). The Millennials can be behaviorally compared to the so-called Greatest generation, born between 1901 and 1924, or GI, or Civic Generation—in that they have strong feelings about civic order, traditional values, family centrism, and dependence on trustworthy institutions. While Baby boomers are known for their narcissism and focus on values, Generation X-ers, in contrast, are cynical and highly self-accountable. They successfully balance work and personal life and are technically adept, and while they are typically family oriented, diversity-aware, and achievement oriented, they have issues with long-term commitment (Sujanski, 2009). As the Baby boomers retire and Generation-Xers move into the upper tier of organizations, the Millennials are ranked in the lower and middle tiers of management, where their roles transform from learning organizational values to applying such values through corporate leadership. Contrary to popular beliefs, Millennials do not value social and altruistic rewards more than boomers or Generation X. Intrinsic rewards, such as interesting work and growth opportunities, still rank at the top of all work values for all generations.

Because the Millennials seem so strikingly similar to the famously capable GI generation, they are perhaps the ideal generation to inherit the chaos of the early years of the twenty-first century—to restore order and purpose, to stabilize the country, and to create a sense of belonging (Kotkin, 2010). “Which path the United States ultimately takes will be determined by the Millennial Generation’s willingness to engage in a vast civic endeavor to remake American and its institutions and the willingness of the rest of the country to follow its lead” (Winograd and Hais, 2011, p. 70), state the authors of *Millennial Momentum: How a New Generation is Remaking America*. They claim that the new generation is capable of leading America into the new “civic ethos” by bringing up compelling examples of their community service, social entrepreneurship, and volunteerism. The Millennials, according to these authors’ survey analyses, desire to collaboratively solve societal challenges while upholding the principles of transparency and fairness. Unlike the introverted Generation X-ers, the disillusioned and idealistic Baby boomers, and the pragmatic Silent Generation, the Millennials respond to fear and uncertainty by personal engagement in public service.

They understand that to transform the country they need to bind together through the latest technological innovations. The most culturally and ideologically diverse generation in the American history, they have come of age expecting to be heard and to make change, believing that every vote, and virtually every choice they make-matters. Realizing that the hope for change they had voted for during the 2008 elections was nearly destroyed by the financial crisis brought upon them by their own parents, Millennials realize events like this illustrate what happens when a privileged few are allowed to take what they can and leave the rest in the dust.

## **THE STUDY: METHODOLOGY**

In order to more closely examine the values and preferred communication styles of the millennial generation, a qualitative study was conducted, which involved randomly accessed convenience sample of 150 participants in Los Angeles metropolitan area. Data were collected anonymously using paper-and-pencil method. In order to encourage the richest possible variety of topics interpretations, participants were asked to answer the following two open-ended questions:

1. What drives you?
2. How do you connect?

The collected data were analyzed using the following techniques. The researchers went through each individual response, reading it and making in-depth notes to themselves. The coding began as goal-free. As an emerging process, being led by the data from one response to the next, this technique allowed the researchers to improvise on the early findings in the data and develop the codes, or what later transpired as the two themes for each question, reflexively.

The first step was to obtain a general sense of the information and reflect on its overall meaning. As a result of this process, the authors probed more deeply into the data, so as to be perspicuous of its complexity, in order to characterize it more precisely. The developing concepts based on the emerging codes and categories within each of the responses became the focus of further analysis. The researchers performed these tasks for several of the collected responses and clustered together similar topics, such as the “why”s and the “how”s of millennials’ motivation. They then took this list back to the original sources, abbreviated the topics as codes and marked the appropriate segments of the collected responses with the codes (such as “significant others”, “children”, “art”, “nature”, etc).

After comparing and analyzing the notes taken on the first few dozen of responses, the researchers agreed on the preliminary list of topics to be identified throughout the manuscripts. They then applied the codes to the manuscripts and ensured that the codes were not duplicated. Further coding proceeded as goal-directed, labeling the rest of the collected responses with the codes agreed upon.

Intra-rater reliability was established by each of the co-researchers through re-reading the available data multiple times and verifying her original coding, trying to be aware of their own biases. Each coder went back and forth between the data and the coding to understand the nuance of the language in each source. The authors believe that this constant assessment of data within each source, between the sources, between developing codes, and between the codes and the sources data, insured a reasonable level of intra-rater reliability.

Once inter-rater reliability was established through code/topic comparisons, the researchers proceeded with analytical coding, where themes were patterned into categories. The authors arrayed the codes by category to determine the properties and dimensions of each theme, searching for critical defining characteristics in each one. This approach was used until all excerpts were accounted for in the analyses, discarded as non-germane, or moved to another category where they were more congruent with the meaning under development. The themes were discerned through discussion between co-researchers. As the result of the process of data reduction, the researchers arrived at the following thematic divisions:

Question 1: What drives you?

- 1) Causes:
  - a) Challenge
  - b) Personal growth
  - c) Making a positive impact
  - d) Success
  - e) Financial stability
  - f) Ability to help
  - g) Change
  - h) Injustice
  - i) Spiritual faith
- 2) People:
  - a) Parents
  - b) Significant others
  - c) Children
  - d) People with sense of urgency
  - e) Positively intended people

Question 2: How do you connect?

- 1) “Philosophy”:
  - a) Being humble and respectful
  - b) Being able to feel what others feel

- c) Being open to experiences
- d) Being true to oneself
- e) Overcoming fear
- f) Building trust
- 2) "Mechanics":
  - a) Face-to-face time together
  - b) News and research
  - c) Social media
  - d) Art, music, nature, pets
  - e) Travel, adventures
  - f) Exploring commonalities in backgrounds
  - g) Joking and laughing
  - h) School and work

We acknowledge that the outcomes of this thematic analysis are open for scrutiny and opinion. However, we believe we have captured the common themes that ran throughout the collected responses about what motivates the millennial generation and about how they connect.

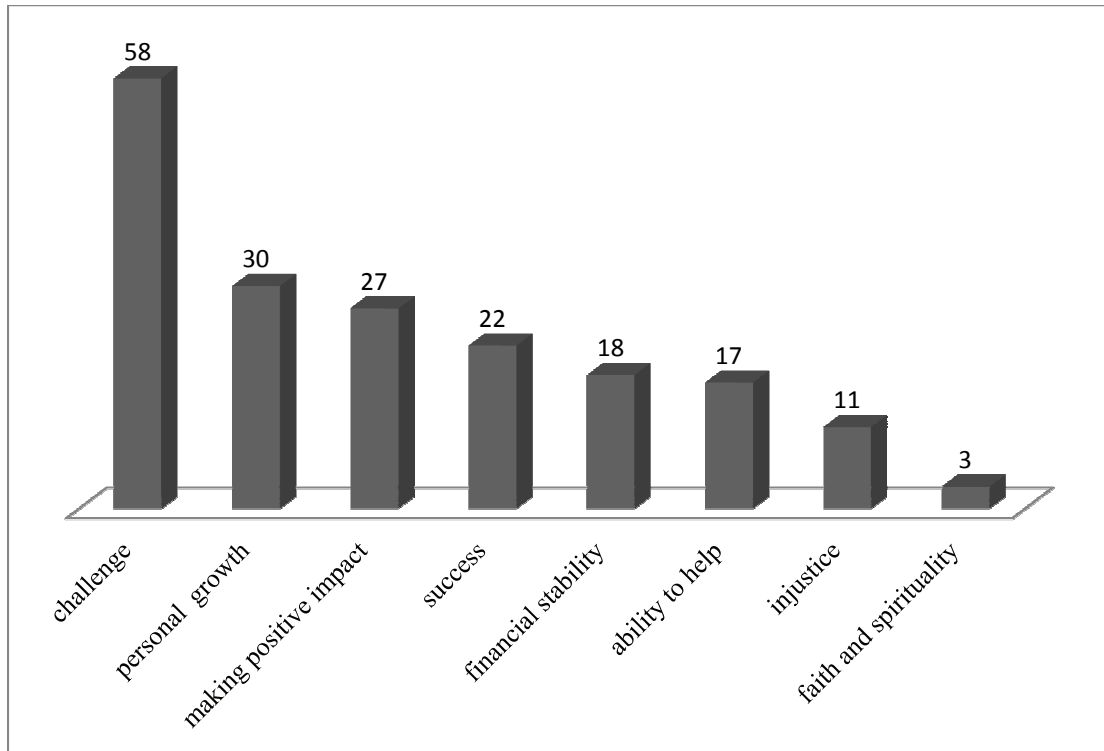
## STUDY RESULTS

Out of the originally collected 150 responses, 132 were deemed usable. Each participant referred to multiple causes and groups of people who motivate them, as well as to multiple ways by which he/she connects – which explains the sums of responses for each category exceeding 132.

**TABLE 1**  
**THE CAUSES BEHIND MILLENNIALS' DRIVE: NUMBER OF TIMES**  
**EACH FACTOR MENTIONED**

Challenge	58
Personal growth	30
Making a positive impact	27
Success	22
Financial stability	18
Ability to help	17
Change	17
Injustice	11
Faith and spirituality	3

**FIGURE 1  
THE CAUSES BEHIND MILLENNIALS' DRIVE**

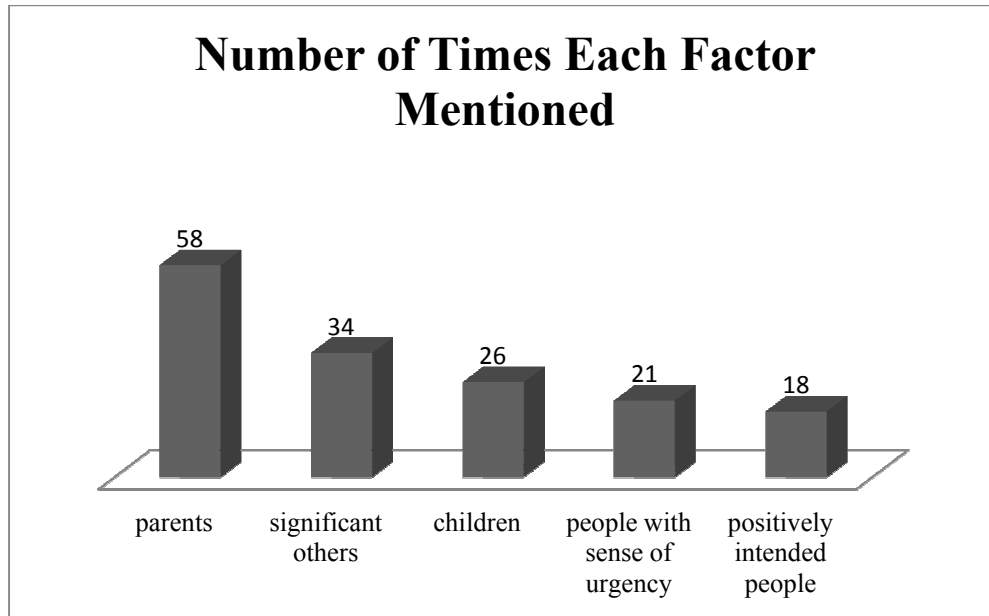


In reviewing the causes for their drive, it becomes obvious that an overwhelming majority of the participating Millennials are drawn toward challenge as a driving motive for performance, expressing it this in widely divergent wording, “wanting to prove themselves in their own eyes as well as the eyes of others”, “identifying a goal and then feeling determined to accomplish it”, “engaging in competition of some kind with others”, and “demonstrating that there are different ways of getting results”. The cluster “personal growth” was illustrated through “self as a driving motive”, “formulating a vision and setting out to make it happen”, “listening to the heart”, and “focusing on lasting happiness.” The cluster “making a positive impact” was represented by statements such as “wanting to bring a positive change in the world,” “sensing and playing into positive energy”, “striving to bring innovation where needed,” or simply, “bringing more love into the world.”

**TABLE 2  
THE PEOPLE BEHIND MILLENNIALS' DRIVE: NUMBER OF TIMES EACH FACTOR MENTIONED**

Parents	58
Significant others	34
People w/sense of urgency	26
Children	21
Positively intended people	18

**FIGURE 2  
THE PEOPLE BEHIND MILLENNIALS' DRIVE**



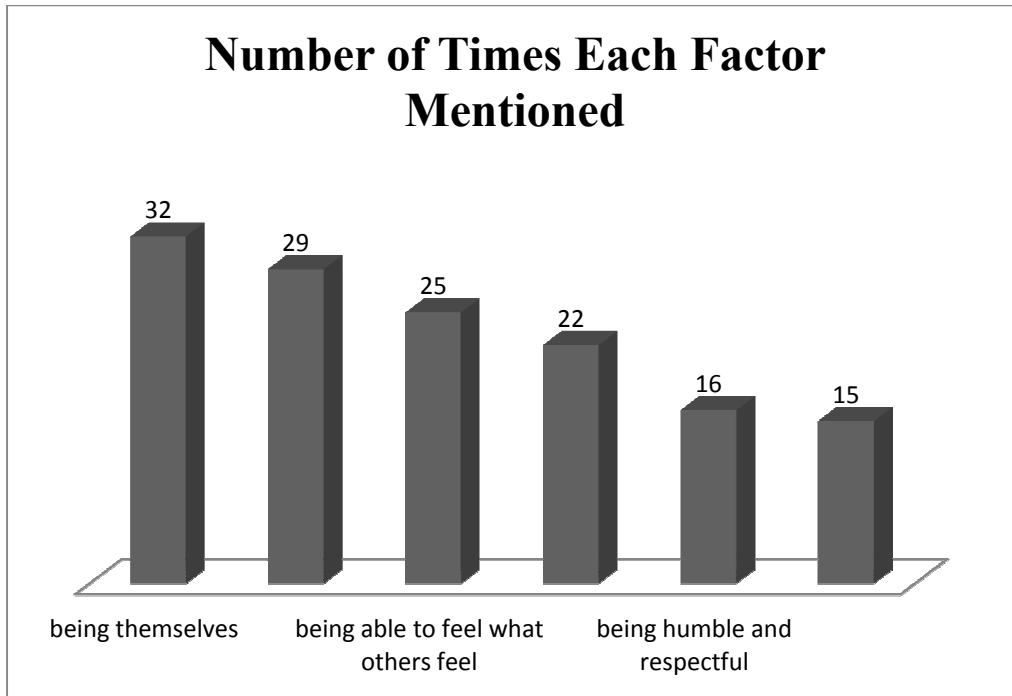
In alignment with the findings of our literature review, “parents” were mentioned in the overwhelming majority of the collected responses. The category “people with a sense of urgency” consisted of supervisors, business relatives, and others they looked up to for their career progress. The cluster “positively intended people” comprised friends, mentors, formal and self-identified teachers in different settings.

In response to Question 2, “How do you connect?”, the following findings are identified:

**TABLE 3  
“THE PHILOSOPHY” OF CONNECTING: NUMBER OF TIMES EACH FACTOR MENTIONED**

Being themselves	32
Being open to experiences	29
Being able to feel what others feel	25
Building trust	22
Being humble and respectful	16
Overcoming fear	15

**FIGURE 3**  
**THE PHILOSOPHY BEHIND MILLENNIALS' CONNECTING WITH OTHERS**



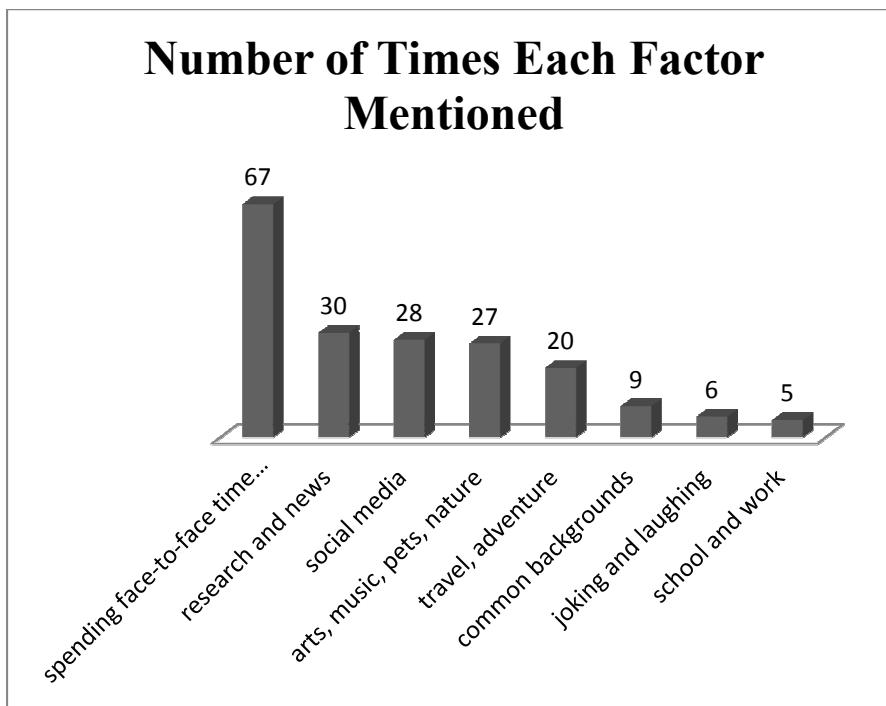
Respondents expressed the importance of not deviating from the purpose they set for themselves. They indicated opening one’s mind and overcoming fear of change as ways to connect with others. Participants also conveyed the values of compassion, and respect, through which they want to build trust.

**TABLE 4**  
**THE “MECHANICS” OF CONNECTING: NUMBER OF TIMES EACH FACTOR MENTIONED**

Spending face-to-face time together	67
Research and news	30
Social Media	28
Arts, music, pets, nature	27
Travel, adventure	10
Common backgrounds	9
Joking & laughing	6
School & work	5



**FIGURE 4**  
**HOW MILLENNIALS CONNECT**



The fact that there were such a high percentage of participants referring to multiple ways of face-to-face connecting led the researchers to believe that, in spite of their technological savvy, members of this generation don't differ much from their predecessors in means of connecting. Yet, one should also consider the second main cluster of themes, consisting of, a) "news and research", b) "Technology/social media", and c) "Arts, music, pets, nature" to detect that the gravitation of this group toward social media and the more ethereal areas of life is also highly important. If these three sub-clusters were grouped together, they would add up to 84, thus shifting to the most important way Millennials connect.

Overall, the result of this qualitative investigation is a positive finding, thereby confirming existing studies and literature. Nevertheless, these results should be treated with caution as the sample was limited geographically to the Los Angeles metropolitan area. Even though a larger sample from a greater geographical area would allow for stronger, better grounded, inferences in regards to what motivates the Millennials and how they form personal and professional bonds, the authors are comfortable in suggesting that transformational leadership style is likely to fit their needs and communication style most intuitively.

## **TRANSFORMATIONAL LEADERSHIP FOR THE MILLENNIALS**

Consideration should be given to the diversity of the generational cohorts working within organizations today. Some may argue that organizations cannot, and should not, apply the same style of leadership used on the previous generations, to motivate the Millennials. While the traditional leadership approaches such as developing a vision, and leading by example, have proven effective in most leadership situations, it could be argued that taking the energy to understand the unique circumstances and characteristics of the Millennials will promise to go a long way in moving organizations, and our country overall, forward. For the Millennials, even though they are the most educated and connected generation, perhaps their biggest strength lies in their diversity. Unlike previous generations, Millennials are well versed in seeking and gathering information from the media and in turn, using that information to increase

awareness, and when able- use that information to better society. Older generations tend to bypass, ignore, or are not even aware of the breath of media outlets available.

Although diverse and idiosyncratic in behavior, this generation has grown up with structure and supervision. With parents as role models, this generation will most likely respond to leaders who have honesty and integrity. Therefore, transformational leadership fits the needs of the Millennials situation most intuitively. Transformational leaders create synergies within organizations by working together with their followers to achieve organizational goals through creating a culture of meaning that boosts loyalty and nurtures collective potential (Kuhnet, 1994). Idealized influence, inspirational motivation, intellectual stimulation, and individualized attention are the four “I’s” of transformational leadership style. Transformational leaders motivate followers to do more by the following processes: (a) raise followers’ consciousness of goals and values, (b) transcend followers’ sense of self-interest, and (c) motivate followers’ higher-level needs (Bass, 1985, p. 20).

Influence encourages change to occur when leaders act as strong role models, with high standards of moral and ethical conduct, and in turn, the followers emulate those sets of values. Inspirational motivation works as leaders communicate their high expectations of those they oversee and effective leaders continuously reinforce their respect for those they lead by acknowledging their contributions to the growth process of their peers, and by thanking them, consistently, for doing quality work.

Intellectual stimulation is the third factor in the process of transformational leadership, and this construct entails encouragement to innovate and challenge one’s own beliefs, while engaging in creative problem solving (Bass and Riggio, 2006). It is important to note that creativity and innovation are not interchangeable, as creativity is the thought and innovation is the action involved in developing the thought and making it useful to oneself and to others. Within a stimulating and autonomous work environment, leaders must encourage all team participants to provide constructive feedback to each other and reflect on this feedback during debriefing and planning sessions. In doing so, the collaborative environment is strengthened by healthy critique.

Individually supporting, coaching, and mentoring younger generation into their professional lives through one-on-one advising, coaching, and mentoring is the centerpiece of the process of transformational leadership and thus the fourth and final construct in transformational leadership – individualized consideration. Individual consideration is intended to use the leader’s skill to provide a supportive climate, and to coach staff to be fully actualized. Indeed, breakthrough moments of truth, or windows of learning opportunity, are rare, precious, and unpredictable; they do not wait for the official office hours, as they are dependent upon being able to capitalize on those elusive Aha! moments. Millennials most intuitively appear to be a perfect fit for the transformational leadership model.

## **CONCLUSIONS AND RECOMMENDATIONS**

The tools needed to motivate the Millennial generation differ greatly from the tools used to motivate those from the Baby boomer generation. The latter were a part of the largest generation of active workers who self- identify their strengths as organizational memory, optimism, and willingness to work long hours. Boomers grew up in organizations with large corporate hierarchies rather than flat management structures and team-based job roles (Strauss and Howe, 1997). Growing up as a generation who are accustomed to being on a first name basis with their superiors and who are routinely encouraged to flex their autonomy skills, Millennials have drastically different expectations for their employment experiences. They seek challenges, yet work/life balance is of utmost importance to them (Twenge and Campbell, 2009).

The Millennials coming into organizations are not seeking a career experience—they are not interested in climbing the corporate ladder, pleasing the boss, and making more money. They are prepared to work just as hard as the older generations, but they will not respond productively when simply placed in a cubicle and expected to perform at a desk eight hours a day. Being well educated, highly skilled in technology and self-confident, this generation expects stimulation, collaboration and compensation. Work needs to be interesting to them, and managing them successfully means allowing them to work in

different ways (Buchanon, 2010; Gilbert, 2011). They will not automatically respect someone who is older or who holds a superior position—they will respect only those who show appreciation for them as well. Studies also show that Millennials are primed to do well by doing good: “Almost 70 percent say that giving back and being civically engaged are their highest priorities” (Buchanon, 2010, p. 169).

Company values and the idea of corporate and social responsibility (CSR) are increasingly more important to this generation and hiring the right talent is only part of the challenge organizations face today. How businesses create challenges and learning opportunities that motivate the Millennials to give of themselves to their potential is of the greatest importance, as this cohort places significant importance on not only recognizing current issues affecting the world today, but rather developing initiatives that directly assist in bettering those social problems.

Ideas and products offered by organizations need to be seen as solving important problems for people and organizations that are able to successfully portray this image and communicate effectively with this generation will be able to hold on to, and make the most of, the best new talent.

Research shows that performance management is one of the top motivational drivers for all generations currently in the workplace; however, Millennials tend to value timeliness, frequency, and clarity more than any other generation. According to Herzberg (1987), competency, choice, progress, and meaningfulness are the key elements that will determine an employees’ levels of motivation. Specifically, proper training, autonomy, relevance and overall meaning (virtue) are key factors that determine young employees’ decisions to become and ultimately stay or leave an organization. Other considerations include the following: family/work balance, job mobility, being part of a socially minded organization, flexible hours, and perceptions of fairness when comparing compensation packages with other companies’.

It has been said that people do not care about how much you know until they know how much you care, and this is no different for Millennials. The younger workers within this generation need to know that the boss, as well as the company, cares about them; they want stimulating work and they want to see the long-term value of the training they are now receiving. In essence, being able to link skill to relevance and organizational value is essential in gaining their loyalty.

Accordingly, the opportunity for organizations to turn the interest, skills and competencies into organizational strengths is evident. These interests will one day turn into innovations and if handled with care and consideration, organizations could successfully use these somewhat innate tools of the Millennials to gather information quickly and more efficiently. Managers need to look for opportunities for creative challenges, too: asking them about how problems can be solved will reveal more in-house talent (Skiba and Baron, 2006).

For the Millennials, tasks are better tackled when broken into components. Further, concise feedback is better received at short intervals. Also, immediate gratification is what motivates this generation, so frequent deadlines will create a sense of urgency. Clear explanation of expectations and sincere praise will often surpass money when attempting to motivate Millennial employees, as it creates a sense of value and community.

When considering performance management, as mentioned earlier, one must be mindful that Millennials are a digital generation that thrives on interaction and is used to continuous feedback. In the wake of proliferating web2.0 companies such as LinkedIn, Facebook, Glassdoor, WikiLeaks, and so on, which created a new forum of transparency assisting us in determining pay, skill, and position equity, they need frequent and timely feedback on their job performance and career development, so traditional semiannual reviews are insufficient. This feedback also needs to be framed and delivered in the format that they will be receptive to. They need check lists with specific suggestions on how exactly they can improve. This feedback should also be presented in a manner that is clear and specific and leaves no room for misunderstanding.

Equally important to praise and feedback is the Millennials’ desire to be creative. Having grown up in the environment where information is available almost instantly through Google, Wikipedia, and other sources, rather than finding answers to even the most complicated questions, this generation wants to get involved in considering solutions to new and complex issues that require creative problem-solving.

## FINAL THOUGHTS

The study findings and the discussion brought out some critical insights about Millennials to the forefront. When considering the areas of attention in guiding the Millennials toward preparing for the workforce and attaining desired results in our connection with this generation, it seems important to be aware that they are expected to be especially responsive to influence (role models): Millennials have a highly individualized view and carefully select their role models. These role models, who are usually people in their close proximity, can exert critical influence on their performance. Most importantly, perhaps, Millennials are also likely to respond positively when high expectations are communicated to them.

Individualized consideration, then, or quality mentoring, is critical for their development and retention. Millennials were raised to appreciate structure, direction, explanation, and engagement, so an effective mentoring strategy would need to involve all of these components. Having been mentored throughout their childhoods but in a participative manner, Millennials will respond to being lead, not managed. They will likely respond to managers who are seen as team leaders rather than domineering, micromanaging bosses. Millennials want leaders who are passionate, inventive, and entertaining and, in large, find attractive work environments to be filled with humor, silliness, and even a certain level of irreverence. They also need to know the reason behind the tasks that are assigned to them.

Millennials tend to examine leadership from a different lens than the generational cohorts that came before them. Their background of sheltered affluence and lifelong exposure to virtual reality have made them non-responsive to static instructions. Practical experience is valued over title and rank and their desire to take the wheel and learn by trial and error is what often leads the members of this generation down a road of discovery and learning. Working within a collaborative environment is also essential. Allowing for a reasonable level of autonomy and self-direction is healthy for Millennials, and in getting such autonomy, Millennials are likely to feel a certain freedom and thus be more creative in thought and innovative in action. This cohort's ability to uniquely understand and interact with one another via technological means and on a personal level makes them an attractive generation to work with. Their proficiency with technology, and their constant desire to be engaged with real-life issues that matter to them, influence their life decisions, experiences and even the material that they choose to study and apply. It is for all these reasons that we believe the path to fully realizing the Millennials' potential lies through applying the principles of transformational leadership, tapping into their hyper-connectivity and optimism, to engaging them in social entrepreneurship.

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## **The Educated Worker: An Empirical Investigation of Expectations of Leadership**

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*Meta-analytic studies have found that men and women are different in areas such as how they approach morality, forgiveness and leadership. Similarly, meta-analyses have found that increased education is related to increased self-esteem, job attitudes and social capital. In this study, 577 working adults from the state of Texas completed the Project Globe Leadership Questionnaire. This study found that both gender and education were related to the intensity with which participants believed particular leadership characteristics contributed to and inhibited outstanding leadership. Formal education was related to stronger ratings of the importance of leadership behaviors.*

### **INTRODUCTION**

When conducting research in the field of leadership many options exist. Some researchers, for example, perform focus group interviews or case studies. The information garnered in these types of studies is very rich. However, typically these types of studies are conducted with small samples, which limit the ability to generalize their results. Additionally, even with methods of triangulation, these types of studies tend to lack something equivalent to an alpha level for establishing significance. They are primarily very rich, but descriptive information.

The majority of quantitative leadership studies tend to use the survey method. Generally, these types of studies fall into one of three designs. In *Leader-Only* types of studies, researchers ask leaders to complete self-assessments of how they lead. Demographic comparisons are often made, such as self-assessed leadership styles of women versus men. Leaders might also take a second instrument such as a personality assessment to assess the relationship between the constructs measured. For example, a researcher might explore relationships between leaders' personality scores and self-assessed leadership scores.

Leader-Only types of studies suffer from the problem of leader self-perception. Any working adult has encountered at least one leader who was a megalomaniac. The followers of that particular leader believed she/he was a very poor leader. Yet, the leader's inflated sense of self would result in that leader completing a self-assessment that would indicate she/he was an extraordinary leader. To some degree, the law of large numbers eventually accounts for some of this self-assessment bias, but it will still be present in leader-only types of studies.

In an *Other-Than-Leader* type of study, some combination of stakeholders assesses how the leader leads. Often these raters are the leader's followers, but they can also be peers, the leader's own boss or some other stakeholder group. This type of assessment provides a more realistic assessment of how the leader actually leads than does a leader-only study. One challenge to an other-than-leader study, however, is co-variation. While not absolute, in a large percentage of these types of studies follower independent variables such as age, experience and education often co-vary with the leader.

For example, a 60 year old leader who holds a masters degree and has been leading for 20 years "typically" is at an elevated level of an organization, compared to a leader who is 22, holds a bachelors degree and who is in her/his first year as a leader. More times than not, the followers who work directly for the 20 year veteran are also likely to have many years of leadership experience, advanced education and so forth. Conversely, the followers of the younger, new leader, more than likely hold educational credentials of college or less and have more than likely had limited leadership experiences themselves. These co-variations between leader and follower demographics can be, to some degree, controlled for statistically, but a large number of other-than-leader types of studies do not report the results of the many spurious follower variables that might influence ratings of the leader.

A third type of study is often called *Implicit Leadership*. In this type of study, no "actual" leader is rated. Rather, the concept of desired or outstanding *leadership* is measured. In these types of studies, participants complete a survey concerning their prototypes of what constitutes outstanding leadership. There may be a second instrument, such as personality, as well, in order to look at associations between the second construct and participants' implicit views or what constitutes outstanding leadership, or the leadership scores obtained may be analyzed for participant demographics.

To date, the largest study of implicit leadership was the Globe Research Project (House, 2004). This study surveyed over 17,000 participants worldwide about what contributed to the participants' concepts of outstanding leadership. The 17,000 participants were from 62 countries/societies.

The primary focus of the Globe study was to analyze how cultural preferences predicted leadership preferences. While the study added significantly to the body of literature related to implicit leadership, the study did not report how participants' gender and education moderated their views of leadership.

### **The Impact of Education**

Adults develop and grow through a wide range of activities. Most of these influences are informal and difficult to codify empirically. Adults are influenced through things such as life experiences, faith activities, self-help books and the media they watch. Because these influences are so unique to each individual, broad measures such as age, work experience or various socio-economic indicators are often used in research in order to capture the effects of some of these influences.

One variable that is regularly used is formal education. One advantage of using formal education as a predictor variable is that accredited education within a country tends to be somewhat similar from person to person. Certainly, the experiences vary by university and major, but generally, a bachelor's degree represents a common duration and level of rigor across individuals. The same holds true for a masters, doctorate and so forth.

Education as a predictor variable has been studied to the point that many meta-analyses exist. A sampling of recent meta-analytic studies, for example, shows that education predicts job attitudes, entrepreneurial success, self-esteem, social capital, and receiving mentorship. Ng (2010), in a meta-analysis of 800 articles, found that education level was a positive predictor of job attitudes. Huang (2009) synthesized 154 evaluations on social trust and 286 evaluations on social participation and found that education was positively correlated to individual social capital. Twenge and Campbell (2002), in a meta-

analysis of 446 samples representing 312,940 participants, found a positive relationship between education level and self-esteem. Hezlet (2003), in a study of 65 independent samples representing 17,087 participants, found that education level was positively associated with receiving mentorship. In a meta-analysis of 70 independent samples, representing 24,733 participants, Reeves et al (1997), found a relationship between entrepreneurial human capital investments, coded as education and/or experience and entrepreneurial success.

### **The Impact of Gender**

Gender has also been studied in a variety of academic areas. Meta-analytic studies have found that women score higher than men in areas such as behavioral self-esteem and moral– ethical self-esteem, care-orientation towards morality, forgiveness, collaborative computer-mediated communication, extraversion, anxiety, trust and nurturance. Men score higher than women in areas such as assertiveness, overall self-esteem, the self-esteem domains of physical appearance, athletic, personal, and self-satisfaction.

Gentile et al (2009), meta-analyzed 115 articles and dissertations representing 32,486 participants to explore gender differences in reported self-esteem. Males scored higher than females on the self-esteem domains of physical appearance, athletic, personal, and self-satisfaction. Females scored higher than males on the self-esteem domains of behavioral conduct and moral– ethical self-esteem. Major et al (1999) conducted a meta-analysis of 226 samples representing 82,569 participants to explore gender differences in reported self-esteem. The study found that males reported higher global self-esteem than female participants did.

Miller's (2008) meta-analysis of 53 empirical articles representing 15,731 participants found women were more forgiving than men across a variety of sample types, measures of forgiveness and in both US and non-US samples

Jaffee and Hyde (2000) performed a meta-analysis of 113 studies representing 5,783 male and 6,654 female participants. Women scored higher than men did on Care Orientation - characterized by a focus on maintaining relationships, responding to the needs of others, and a responsibility not to cause hurt. Men, on the other hand, scored higher than women did on Justice Orientation – characterized by principles of fairness and equity such as those assessed in conventional measures of moral reasoning.

Li's (2005) meta-analysis of 50 studies involving 63,889 users found that female users had a significantly higher frequency of collaborative instances using computer-mediated communication than males and females were more collaborative and personally oriented than males.

Feingold (1994) analyzed 68 studies representing 17,729 participants to compare differences in personality between men and women. Males were found to be more assertive and had slightly higher self-esteem than females. Females scored higher than males on extraversion, anxiety, trust and nurturance. The differences were consistent across ages, years of data collection, educational levels, and nations.

### **Purpose of the Study**

Although Project Globe was a landmark study, a variety of other variables besides culture undoubtedly contribute to the implicit prototypes of outstanding leadership that individuals hold. This study used the *Project Globe Research Survey* to assess 21 measures of leadership. Four demographic variables were then analyzed: participants' gender, years of formal education, age and years of management/leadership experience.

### **Leadership Findings from Project GLOBE**

The GLOBE Study measured leadership preferences in 62 societies worldwide. To simplify interpretation of global differences, the study created clusters of countries. The ten clusters created were Eastern Europe, Latin America, Latin Europe, Confucian Asia, Nordic Europe, Anglo, Sub-Saharan Africa, Southern Asia, Germanic Europe, and the Middle East. Table 1 provides the mean scores for each global cluster for each of the second-order dimensions of leadership.



**TABLE 1**  
**LEADERSHIP PREFERENCES FOR 10 GLOBAL CLUSTERS**

Societal Cluster	CLT Leadership Dimensions					
	CV	TO	P	HO	A	SP
Eastern Europe	5.74	5.88	5.08	4.76	<b><u>4.20</u></b>	3.67
Latin America	5.99	<b><u>5.96</u></b>	5.42	4.85	3.51	3.62
Latin Europe	5.78	5.73	5.37	4.45	3.66	3.19
Confucian Asia	5.63	5.61	4.99	5.04	4.04	3.72
Nordic Europe	5.93	5.77	5.75	<b><u>4.42</u></b>	3.94	<b><u>2.72</u></b>
Anglo	<b><u>6.05</u></b>	5.74	5.73	5.08	3.82	3.08
Sub-Saharan	5.79	5.70	5.31	5.16	<b><u>3.63</u></b>	3.55
Southern Asia	5.97	5.86	5.06	<b><u>5.38</u></b>	3.99	3.83
Germanic Europe	5.93	5.62	<b><u>5.86</u></b>	4.71	4.16	3.03
Middle East	<b><u>5.35</u></b>	<b><u>5.47</u></b>	<b><u>4.97</u></b>	4.80	3.68	<b><u>3.79</u></b>

*Note.* CV – Charismatic/Value-Based, TO - Team Oriented, P – Participative, HO – Humane-Oriented, A – Autonomous SP – Self-Protective. Items shown underlined and in bold are highest and lowest societal preferences for that dimension of leadership.

In interpreting the scores, it is important to understand that participants responded to 112 leadership behaviors on a Likert scale that ranged from one to seven. A rating of “one” was actually a very strong, negative rating, indicating that the respondent believed that that leadership behavior greatly inhibits a person from being an outstanding leader. A rating of “seven,” on the other end of the Likert scale, represented a belief that that leadership behavior greatly contributes to a person being an outstanding leader. Scoring options of “two” or “six” represented somewhat inhibiting or somewhat contributing to outstanding leadership. Scoring options of “three” or “five” represented slightly inhibiting or slightly contributing to outstanding leadership. The middle Likert choice, 4, represents that that behavior has no impact on a person being an outstanding leader.

For leadership, mean scores above 4.5, the terms “contribute to” or “preferred” are an acceptable interpretation, and for mean scores below 3.5, the phrases “inhibited” or “tolerate” are an acceptable interpretation. Using this lexicon, generally, both first and second order leader behaviors related to being charismatic, team-oriented, humane-oriented, and participative were believed to contribute to being an outstanding leader, with some societies holding stronger opinions about the degree to which these behaviors contributed to outstanding leadership than other societies. Autonomous and self-protective leadership, on the other hand, generally fell in the range from having no impact to inhibiting outstanding leadership, with some societies holding stronger opinions on the degree to which these behaviors were a liability or inhibitor.

Table 1, for example, illustrates that globally, self-protective leader behaviors were believed to inhibit a person from being an outstanding leader. Nordic Europe’s mean of 2.72 indicates that that societal cluster believed self-protective leader behaviors somewhat inhibit outstanding leadership. Conversely, the Middle East’s mean of 3.79 indicates that that societal cluster bordered on believing self-protective behavior has no impact on being an outstanding leader. Since neither societal cluster actually embraced self-protective leadership, in this example an accurate interpretation is that Nordic Europeans held stronger beliefs that self-protective leadership inhibited outstanding leadership than did the Middle East societal cluster. It would be incorrect to conclude that the Middle East societal cluster ( $M = 3.79$ )

“preferred” self-protective leadership more than the Nordic cluster ( $M = 2.72$ ). A better interpretation would either be that the Nordic cluster believes self-protective leadership inhibits outstanding leadership more than the Middle East cluster, or that the Middle East cluster is willing to tolerate self-protective leadership more than the Nordic culture.

Table 1 indicates that the Anglo societal cluster, which includes the United States, had among the highest global means for charismatic/value-based, participative, and humane-oriented leadership, but among the lowest means for self-protective, indicating that status conscious, face saving, and self-centered attributes strongly inhibit effective leadership.

### **Education and Leadership**

A limited number of studies have reported relationships between education and leadership. Generally, these studies indicate that as education increases, effective leadership behaviors also increase. Kearney and Gerbert (2008), for example, found that team leaders in a multi-national pharmaceutical company who had obtained a Masters degree were rated higher on emphasizing team performance, than those with a bachelors or less. Xirasagar (2006) found that physician leaders who also held an MBA were rated higher on transformational leadership than those without an MBA. Turner (2002) found an inverse relationship between education and transactional leadership. Stout-Stewart (2005) found a positive relationship between education and all five Exemplary Leadership Practices measured on the *Leadership Practices Inventory*. Reeves et al (1997) found that substance abuse counselor supervisors who held graduate credentials reported using more interpersonally-sensitive and less task-oriented behaviors than supervisors who held a bachelors degree.

### **Gender and Leadership**

In the seminal meta-analysis of gender and leadership, Eagly, Johannesen-Schmidt and van Engen (2003) meta-analyzed 45 studies which compared men and woman on measures of transformational, transactional, and laissez-faire (passive-avoidant) leadership styles. The studies were conducted with people occupying leadership roles who were rated by their subordinates, peers, and superiors using the *Multifactor Leadership Questionnaire*. The results of the meta-analysis revealed that female leaders were more transformational and scored higher on the subscales of charisma, idealized influence, inspirational motivation, intellectual stimulation, and individual consideration than their male counterparts. Female leaders also scored higher than males on the first subscale of transactional leadership, contingent reward. Male leaders scored higher on the subscales of management by exception active and management by exception passive. The study also found that women surpassed men in areas of leadership styles that were positively related to effectiveness while men’s leadership styles had a negative relationship to follower effectiveness.

### **Age and Leadership**

While there are many studies that report leadership style and age, the vast majority of those studies are leader self-assessment studies in which leaders report how they believe they lead, rather than studies in which followers actually rate their leaders. Several, large sample studies, however, in which the leadership ratings are those of the followers do exist. The overall findings of this body of literature seem almost stereotypical. Older leaders tend to be rated higher on dimensions of leadership such as being calm, conservative, considerate, cooperative and deferent to authority. Younger leaders tend to be rated higher on being energetic, exciting and friendly, but tend to emphasize short-term results, have a production focus, and are somewhat self-focused.

In one of the largest studies performed, Sessa et al (2007) analyzed 79,866 direct report ratings of leaders using the *Leadership Effectiveness Analysis* instrument. Participants came from more than 6,000 North American companies in 23 industries across 48 states. Older leaders were rated as more calm and as using a more considered approach that draws on the skills and abilities of others. Younger leaders were rated as more energetic. They were also seen as focused on attaining short-term results and were more self-centered.

Kabacoff and Stoffey (2001) administered the *Leadership Effectiveness Analysis* to 640 managers in the 25 – 35 year range and 640 managers in the 45 – 55 year range. Each manager underwent 360-degree evaluations from followers, peers and supervisors. Participants were from 282 North American companies. Older managers were rated higher on leadership that emphasized being conservative, practicing restraint, cooperation and deference to authority. Younger leaders were rated higher on strategic thinking, excitement, having a tactical, management focus and emphasizing production.

In a study of 285 team members and 21 team supervisors in the pharmaceutical industry Kearney (2008) found that the relationship between transformational leadership and team performance was positive when the leader was older than the other team members, but non-significant when the leader's age was closer to the mean age of the team members

Barbuto et al (2007) used the *Multifactor Leadership Questionnaire* with 234 followers of 56 leaders from a variety of organizations. The 46+ age group was rated the highest for transformational leadership including the subscales of idealized influence, intellectual stimulation, individualized consideration, and effectiveness. The lowest ratings were given to the 36–45 age groups for intellectual stimulation and individualized consideration.

Gilbert (1990) asked 1,634 employees to rate their immediate supervisors on 12 dimensions of leadership. Significance for leader age was only found on four of the 12 dimensions. Older leaders tended to delegate more effectively than younger leaders, while younger leaders were rated higher in the leadership dimensions of being a calming influence, being friendly and enjoyable.

### **Experience and Leadership**

The literature on experience is mixed. Several studies have found no relationship between leadership experience and ratings of leadership. Laurent (2007), for example, in a study of 238 athletic training leaders, found no relationship between years of leadership experience and any of the five measures of the *Leadership Practices Inventory*. Corona (2010) found no relationship between years of professional experience, and emotional intelligence among a population of 103 individuals from a national Hispanic American business organization. In a study of 870 elementary school principals Eren (2011) found no relationship between the experience of the principals and their technological leadership behaviors. Juras (2008) analyzed differences in financial performance of top performing and worst performing bank holding companies as a result of a series of board of directors' characteristics. No differences were found in the companies' Return on Assets or Return on Equity as a result of the average tenure of the board of directors of the companies.

Other studies have found limited relationships between experience and leadership. In a meta-analysis of 64 independent samples representing 10,884 leader-member dyads, Sin (2009) found that the length of the leader-follower relationship was positively related to LMX loyalty, but unrelated to LMX affect, contribution and professionalism. In a study of 3,900 teachers from 81 schools, Williams (2009) found that the tenure of the principal was unrelated to student achievement, negatively related to the number of disciplinary incidents on campus and positively related to campus culture. Ejaz (2009), in a study of 93 respondents from the Pakistani banking system, found that experience was positively related to the leadership dimensions of developing others, developing self, supporting team, pursuit of excellence and accountability but was not related to the leader's ability to identify follower pain, business acumen, commitment or interpersonal skills.

### **Participants**

The participants in this study consisted of 692 working adults from the state of Texas. The sample ranged in age from 20 to 82 with a mean age of 41.30 years. There were 56 participants who self-identified their ethnicity as Asian, 66 as African-American, 264 as White and 242 as Hispanic. There were 218 males and 474 females who reported their gender. Education was collected as years of formal education. Years of formal education ranged from 10 years (approximately sophomore in High School) to 22 (PhD, MD and other doctoral credentials). The mean number of years of formal education was 16.8 years (slightly more than four years of college).

Years of work experience ranged from only 1 year to 51 with a mean of 19.77 years. Years of management experience ranged from 0 years to 39 with a mean of 6.71 years.

### **Instrument**

The instrument used was the *Project Globe Leadership Questionnaire*. This instrument has been used by over 20,000 participants worldwide. To develop the instrument, two empirical pilot studies were conducted in 28 countries to assess the psychometric properties. In the first pilot study, the survey was distributed in 28 countries to people who had full-time working experience as a white-collar employee or manager. Exploratory factor analysis, aggregation analysis, reliability analysis, and intra-class correlations were then conducted on the results of the surveys. A second pilot study was conducted in 15 countries that did not participate in the first pilot study in order to replicate the scales in a different sample. The results confirmed the findings from the first pilot study and verified through aggregation tests their target level of analysis.

The instrument consists of 112 questions. For each question, the participant is asked to rate to what degree that behavior or characteristic inhibits or contributes to outstanding leadership. The rating scale ranges from one to seven. The instrument measures 21 first-order dimensions of leadership that can comprise six second-order dimensions. The 21 first-order dimensions are: *Administratively Competent, Autocratic, Autonomous, Charismatic I: Visionary, Charismatic II: Inspirational, Charismatic III: Self-Sacrifice: Risk Taker, Self-Sacrificial, Convincing, Conflict Inducer, Decisive, Diplomatic, Face Saver, Humane Orientation, Integrity, Malevolent, Modesty, Participative, Performance Oriented. Procedural, Self-Centered, Status Conscious, Team I: Collaborative Team Orientation and Team II: Team Integrator..* Definitions of each measure are provided in Appendix A

### **METHOD**

Multiple Analysis of Co-Variance (MANCOVA) is a statistical technique for comparing differences in multiple dependent variables simultaneously. In this study, a MANCOVA was run for the categorical independent variable of gender and three co-variants of years of formal education, age and years of management/leadership experience. The 21 measures of leadership were the dependent variables.

### **Results**

Table 2 shows the means for the 21 measures of leadership. Using the language of the *Project Globe Questionnaire*, 10 aspects were, on average, considered to somewhat contribute to outstanding leadership. Six characteristics were deemed to slightly contribute to outstanding leadership. Four characteristics were considered to have no impact, and four were considered to inhibit outstanding leadership.

**TABLE 2**  
**CHARACTERISTICS THAT CONTRIBUTE TO OR INHIBIT OUTSTANDING LEADERSHIP**

Characteristic	Mean	SD
<b>Contributes Somewhat</b>		
Integrity	6.28	1.14
Performance Oriented	6.07	1.13
Charismatic I: Visionary	6.07	1.05
Administratively Competent:	5.90	1.12
Charismatic/Value-Based	5.84	1.01
Team-Oriented	5.84	0.83
Team II: Team Integrator	5.82	0.93
Decisive	5.78	1.09
Charismatic II: Inspirational	5.76	0.93
Participative	5.68	1.13
<b>Contributes Slightly</b>		
Humane-Oriented	5.48	1.26
Modesty	5.46	1.11
Diplomatic	5.43	0.94
Charismatic III: Self-Sacrifice	5.06	1.13
Team I: Collaborative Team Orientation	4.74	0.86
Autonomous	4.66	1.14
<b>Has No Impact</b>		
Procedural	4.46	0.98
Status Conscious	4.16	1.60
Self Protective	3.68	0.73
Conflict Inducer	3.57	1.09
<b>Slightly Inhibits</b>		
Face Saver	2.95	1.16
<b>Somewhat Inhibits</b>		
Autocratic	2.20	1.12
Self Centered	2.15	1.03
Malevolent	1.68	0.93

### **Multiple Analysis of Co-Variance Results**

In order to analyze the relationships between the four independent variables and the 21 measures of leadership, a 4-Way Multiple Analysis of Co-Variance was run. Using the Wilks' Lambda test, significance was found for all three variables: gender, education, and age.

**TABLE 3**  
**RESULTS OF A 4-WAY MULTIPLE ANALYSIS OF COVARIANCE**

Variable	Wilks' Lambda	F	Sig.
Gender	.91	2.48	.00
Education	.88	3.42	.00
Age	.93	2.09	.00
Leadership Experience	.97	0.79	.78

**Results for Gender**

Because gender was significant in the MANCOVA, 21 separate univariate tests were run with gender as the independent variable and each of the leadership characteristics as dependent variables. Gender differences existed for eight of the 21 dimensions of leadership at  $p < .05$ . The overall image that emerged was that women held stronger opinions about the benefits of five aspects of leadership generally considered to contribute to outstanding leadership: integrity, visionary charisma, participative, humane-oriented and diplomatic. Women also held stronger opinions about the liabilities of three aspects generally considered to inhibit outstanding leadership: conflict inducer, autocratic and malevolent.

**TABLE 4**  
**SIGNIFICANT RESULTS FOR GENDER**

Dependent Variable	Type III Sum of Squares	F	Sig.	Mean for Males	Mean for Females
Females Believed These Characteristics Contributed to Outstanding Leadership More Than Did Males					
Integrity	5.64	4.96	.03	6.18	6.33
Charismatic I: Visionary	3.80	4.10	.04	6.00	6.11
Participative	8.58	6.92	.01	5.48	5.75
Humane-Oriented	9.15	6.45	.01	5.37	5.53
Diplomatic	6.25	7.75	.01	5.31	5.49
Females Believed These Characteristics Inhibited Outstanding Leadership More Than Did Males					
Conflict Inducer	8.28	6.91	.01	3.75	3.48
Autocratic	12.96	10.58	.00	2.39	2.11
Malevolent	8.34	11.57	.00	1.79	1.59

*Note.* Only significant differences are shown.

### Results for Years of Formal Education

Eighteen of the 21 measures of leadership were related to years of formal education. For each of these measures, the relationship reported is a partial correlation after controlling for the impacts of gender, age and leadership experience. The general pattern that emerged was that formal education tended to accentuate the importance of those aspects of leadership considered to either contribute to or inhibit outstanding leadership. Formal education was unrelated to the ratings of leadership that respondents generally believed had no or only a slight impact on outstanding leadership such as being procedural, status conscious or a conflict inducer.

This lack of significance for those aspects of leadership that tend to have only moderate influence negates an initial interpretation that those with more education simply have stronger opinions when completing the instrument used. If that were the case, significant correlations should have been found on almost all of the 21 dimensions of leadership. Instead, formal education was related to stronger ratings of the importance of leadership behaviors such as integrity, charisma, performance and team orientation, modesty, humane-oriented and diplomacy. Formal education was also related to stronger ratings of the degree to which self-protective, face-saving, autocratic, self-centered and malevolent behaviors inhibit outstanding leadership.

**TABLE 5**  
**SIGNIFICANT RESULTS FOR YEARS OF FORMAL EDUCATION**

Dependent Variable	Type III Sum of Squares	F	Sig.	Mean	Partial Correlation
The More Years of Formal Education, The More Participants Believed These Characteristics Contributed to Outstanding Leadership					
Integrity	17.07	14.99	.00	6.27	.15
Performance Oriented	31.58	28.36	.00	6.06	.21
Charismatic I: Visionary	25.50	27.51	.00	6.06	.21
Administratively Competent:	4.57	3.94	.05	5.89	.08
Team II: Team Integrator	7.10	9.82	.00	5.81	.12
Decisive	9.21	9.49	.00	5.77	.12
Charismatic II: Inspirational	10.98	15.08	.00	5.76	.15
Participative	14.98	12.07	.00	5.67	.14
Humane-Oriented	25.76	18.17	.00	5.48	.17
Modesty	10.96	9.84	.00	5.45	.12
Diplomatic	4.93	6.11	.01	5.43	.10
Charismatic III: Self-Sacrifice	11.60	10.28	.00	5.06	.13
Team I: Collaborative Team Orientation	4.22	6.69	.01	4.74	.10
Humane-Oriented	25.76	18.17	.00	5.48	.17

The More Years of Formal Education,  
The More Participants Believed These Characteristics  
Inhibited Outstanding Leadership

Face Saver	6.40	4.74	.03	2.94	-.09
Autocratic	16.80	13.72	.00	2.20	-.15
Self Centered	22.26	22.19	.00	2.14	-.19
Malevolent	12.50	17.33	.00	1.68	-.17

*Note.* Only significant differences are shown. Partial correlations shown are after controlling for gender, age and leadership experience.

**Result for Age**

Age was only related to four of the 21 dimensions of leadership. After controlling for the effects of gender, education and leadership experience, the finding was that the older the participant, the more she/he believed integrity contributed to outstanding leadership and the more being autocratic, face-saving and status Conscious inhibited outstanding leadership.

**TABLE 6  
SIGNIFICANT RESULTS FOR AGE**

Dependent Variable	Type III Sum of Squares	F	Sig.	Mean	Partial Correlation
The More Years of Formal Education, The More Participants Believed Integrity Contributed to Outstanding Leadership					
Integrity	4.77	4.19	.04	6.27	.08

The More Years of Formal Education, The More Participants Believed These Characteristics Inhibited Outstanding Leadership					
Autocratic	8.54	6.97	.008	2.20	-.11
Self Centered	5.54	5.52	.019	2.15	-.10
Face Saver	5.18	3.83	.051	2.95	-.08

*Note.* Only significant differences are shown. Partial correlations shown are after controlling for gender, education and leadership experience.



## DISCUSSION

Though all four independent variables of work experience, age, formal education and gender were found to have significant effects on leadership preferences, two variables, gender and years of formal education stood out. Table 6 highlights consistencies between gender findings in this study and previous meta-analytic studies for gender. Meta-analyses have found that women are more transformational, forgiving, caring, nurturing, and trusting than men. These overall meta-analytic findings align well with the results of this study that found that women held stronger opinions than men about the benefits of integrity, team-oriented, participative, humane-oriented and diplomatic leadership. Women also held stronger opinions than men about the liabilities of four aspects generally considered to inhibit outstanding leadership conflict inducer, self protective, autocratic and malevolent leadership.

**TABLE 7**  
**GENDER META-ANALYTIC CONSISTENCIES WITH THIS STUDY**

Meta-Analytic Areas in Which Women Score Higher	Areas Related to this Study in Which Women Scored Higher	Areas Related to this Study in Which Women Scored Lower
Transformational Leadership	Integrity, Humane-Oriented , Participative, Team-Oriented	Self-Protective, Autocratic. Conflict Inducer, Malevolent
Moral Self-Esteem	Integrity	Malevolent
Forgiveness	Humane-Oriented	Malevolent
Caring	Humane-Oriented	Conflict Inducer, Malevolent
Trust	Integrity	Conflict Inducer
Nurturance	Diplomatic, Participative, Team-Oriented	Malevolent, Self Protective,

Table 8 highlights consistencies between education findings in this study and previous meta-analytic studies. Because a meta-analytic study specifically analyzing education and leadership does not exist, a second section of Table 7 includes findings from the individual education and leadership studies available.

Meta-analyses have found that increased levels of education are related to increased self-esteem, positive job attitudes, entrepreneurial success, social capital and receiving mentorship. These meta-analytic findings align well with the results of this study, which found that education was positively related to the desire for leadership integrity, charisma, team and performance orientation. This study also found that education was related to the belief that increased face saving, self-protective, self-centered, autocratic and malevolent behaviors inhibited successful leadership.

**TABLE 8**  
**EDUCATION META-ANALYTIC CONSISTENCIES WITH THIS STUDY**

Meta-Analytic Areas Related to Higher Education Levels	Areas in this Study Positively Related to Education Levels	Areas in this Study Negatively Related to Education Levels
Self-Esteem	Integrity, Charisma	Face Saver, Self-Protective, Self-Centered, Malevolent
Job Attitudes Entrepreneurial Success	Performance Orientation Charisma, Performance Orientation	Self Centered
Social Capital	Charisma, Team Orientation	Autocratic, Face Saver
Receiving Mentorship		Self Centered
Leadership Studies Related to Higher Education Levels	Areas in this Study Positively Related to Education Levels	Areas in this Study Negatively Related to Education Levels
Transformational	Integrity, Charisma, Team Orientation	Malevolent, Autocratic
Inter-Personal		Self-Protective, Self-Centered, Malevolent
Team-Oriented	Team Orientation	Self-Protective, Self-Centered, Malevolent

## CONCLUSION

Studies have found that men and women are different in areas such as how they approach morality, forgiveness and leadership. This study found that they are also different in the intensity with which they believe particular leadership characteristics contribute to and inhibit outstanding leadership. Similarly, studies have found that increased education is related to increased self-esteem, job attitudes and social capital. This study found that education is also related to the intensity with which participants believe particular leadership characteristics contribute to and inhibit outstanding leadership.

For both variables, the most striking result was that women and respondents who were more educated rated positive aspects of leadership higher than men and less educated respondents. Women and respondents who were more educated also rated negative aspects of leadership lower than men and less educated respondents. These results on women concur with the findings of Salter, Green, Duncan, Berre, and Torti (2010) who found that women had a significantly stronger reaction to transformational

leadership language and a significantly stronger negative reaction to passive leadership language than men.

The question then presents itself, why do women show a more significant reaction to positive aspects of leadership behavior or communication and more negative Hall's (1984) meta-analysis found women to be more in tune to others' non-verbal communications. The same study found that women were able to more readily show their own emotions and attitudes through non-verbal communications than men. Hyde and Linn (1988) found that women were far more productive in their utilization of speech than men, as women speak almost twice the number of words in a day than men.

Eagley and Crowley (1986) found that women aided others from a nurturing or caring perspective, while men helped others in need from a heroic or chivalrous motive. These findings seem to indicate that women are far more concerned with communication of all kinds than men. So now a second question presents itself, why are women more concerned with the positive aspects and negative aspects of leader behavior or communication than men.

Shirao, Okamoto, Okada, Ueda, and Yamawaki (2005) found that women's brains, specifically their bilateral caudate nuclei and left thalamus, were more highly activated when unpleasant words or negative interpersonal non-verbal facial expressions were used in interrelationships than men. These researchers indicate that the over activation of these physical systems has negative consequences on the health of an individual. Schwartz and Begley (2002) suggests that the prefrontal cortex, the part of the brain which acts a governor over emotional reactions, is more fully developed in women at an earlier age than men. This finding suggests women's threshold of emotion required to elicit a negative response has to be greater than the threshold experienced by men. It is intuitive then to believe that positive and negative aspects of leadership resulting in positive or negative communications is of more concern to women than men, because their limbic systems are more positively affected or negatively affected than men.

While there appears to be no direct research connection with the finding that more educated individuals react more strongly to positive and negative aspects of leadership than those less educated, Furnham, Monsen, & Ahmetoglu, (2009) did find a relationship between Costa & McCrae's (1992) Big 5 Personality traits and academic performance. These results suggest the more an individual possesses the Big 5 Personality traits, the better their academic performance. Goleman, Boyatis, & McKee (2002) in their discussion on emotional intelligence suggest that the more an individual possesses the Big 5 Personality traits, the more likely they are to engage in the behaviors associated with emotional intelligence. Generally, the better one's academic performance the more they are encouraged to further their education, and as the Big 5 traits suggest improved academic performance and a related affinity for emotional intelligence, then one can intuitive make the connection between, level of education and a heightened reaction to the positive and negative aspects of leadership as found in this study.

While cause and effect cannot be established in this non-experimental design, these finding allude to the observation that women seem to be better at recognizing positive and negative aspects of leadership than men. It also alludes to the observation that all forms of education seem to increase attitudes about positive and negative leadership characteristics.

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## APPENDIX A

Aspects of leadership measured by the Project Globe Leadership Questionnaire

1. *Administratively Competent*: Orderly, Administratively Skilled, Organized, Good Administrator
  2. *Autocratic*: Autocratic, Dictatorial, Bossy, Elitist
  3. *Autonomous*: Individualistic, Independent, Autonomous, Unique
  4. *Charismatic I: Visionary*: Foresight, Prepared, Anticipatory, Plans Ahead
  5. *Charismatic II: Inspirational*: Enthusiastic, Positive, Morale Booster, Motive Arouser
  6. *Charismatic III: Self-Sacrifice*: Risk Taker, Self-Sacrificial, Convincing
  7. *Conflict Inducer*: Normative, Secretive, Intragroup Competitor
  8. *Decisive*: Willful, Decisive, Logical, Intuitive
  9. *Diplomatic*: Diplomatic, Worldly, Win-Win Problem Solver, Effective Bargainer
  10. *Face Saver*: Indirect, Avoids Negatives, Evasive
  11. *Humane Orientation*: Generous, Compassionate
  12. *Integrity*: Honest, Sincere, Just, Trustworthy
  13. *Malevolent*: Hostile, Dishonest, Vindictive, Irritable
  14. *Modesty*: Modest, Self-Effacing, Patient
  15. *Participative*: Does not Delegate, Does Not Micromanage, Egalitarian, Group Oriented
  16. *Performance Oriented*: Improvement-Oriented, Excellence-Oriented, Performance-Oriented
  17. *Procedural*: Ritualistic, Formal, Habitual, Procedural
  18. *Self-Centered*: Self-Centered, Nonparticipative, Loner, Asocial
  19. *Status Conscious*: Status-Conscious, Class-Conscious
  20. *Team I: Collaborative Team Orientation*: Group-Oriented, Collaborative, Loyal, Consultative
  21. *Team II: Team Integrator*: Communicative, Team Builder, Informed, Integrator
- (House et al., 2004, p. 131).



# **Impact of Clear and Compelling Vision on Workers' Commitment in Nigerian Organizations: An Examination of Workplace Spirituality**

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*This study examines the relationship between vision as an element in the emerging theme of 'workplace spirituality', and 'workers' commitment' in Nigeria. In this cross-sectional survey, the data generated from 235 respondents was analyzed and hypotheses were tested using Regression Analysis. The results of the study show that there is a positive and significant association between 'hope' and the measures of workers' commitment, namely: affective, normative and continuance commitment. The study found that when workers have a clear and compelling vision, it leads to high workers' affective and normative commitment, as well as low workers' continuance commitment.*

## **INTRODUCTION**

The prime importance of Workers' commitment to managers and researchers has been highlighted in recent studies (Suliman and Iles, 2000). Gbadamosi (2003 p.274) affirms the stance that workers' commitment is now a central theme in management discourse and argues that "organizational commitment continues to be a topical issue in management research and continues to engage the attention of practicing managers". As a consequence business operators are increasingly acknowledging workers' commitment as an important factor in the attainment of organizational goals. Rego and Cunha (2007 p. 4) arguing in this direction, posit that "in the management discourse, commitment is a central variable, given that more committed people tend to devote higher efforts to work, thus contributing to organizational performance". Kinjerski and Skrypnek (2006) corroborate this view as they iterate that in order for organizations to be successful, employees need to be committed to, and be passionate about their work. Accordingly, Ahiauzu and Soye (2009 p.106) posit that "recognizing the sources of organizational commitment has therefore become an increasingly significant priority for organizations". The point to the position of Overberghe *et al* (2003) that confirm that over thirty years of research has been done to investigate how commitment influences organizational life – a position, which is corroborated by Liu (2000, p.1) who argues that "organizational commitment (OC) has been seen as one of the most important variables in the study of management and organizational behavior in the last three decades". Buttressing their argument, Ahiauzu and Asawo (2009) further refer to Karim and Noor (2006, p.1) who acknowledge that "the topic of organizational commitment has been the subject of much theoretical and empirical effort

in the field of organizational behavior, human resource management and industrial/organizational psychology”.

While the importance of workers’ commitment is established, there is the need to identify the factors that influence workers’ commitment in order for organizations to make the most of their workers. As a result, there is now an increasing necessitate for the emergence of a theory that encapsulates the full panoply of contributive forces, which give rise to workers’ commitment. Ahiauzu and Asawo (2009 pp.106-107) thus capture the position of several scholars (Yang *et al*, 2004; Overberghe *et al*, 2003; Noordin and Zainuddin, 2001), who in x-raying the research literature on organizational commitment, identify the incompleteness of assumptions about the sources of workers’ commitment. A vivid example of the proponents of this assumption is Oliveira (2002, p.17) who argues that “little attention has been paid in the literature to the investigation of spirituality as a cultural phenomenon that might influence organizational behavior and induce organizational change”. Thus, “while research that examines the relationship between organizational processes and commitment is well developed (Kwon, 2002), there is a dearth of theory to elucidate the impact of the critical facets of workplace spirituality on workers behavior” (Ahiauzu and Asawo 2009 p.107). Fry and Matherly (2006) identifies ‘vision’ as one of these critical facets of the contributive forces of worker’s commitment. This study, which focuses on the impact of a clear and compelling vision on workers’ commitment, is premised on the position of Campbell (2007) that organizational members, being humans, apart from their physical component, are made-up of spirituality, cognition and emotion; none of which should be ignored in organizational studies. The study focuses on Nigerian work organizations because at present, there is no evidence that the impact of the critical facets of workplace spirituality on workers’ commitment has been sufficiently examined empirically even though there is evidence of low level of workers’ commitment in the country as pointed out by Aluko, 2004. We have therefore, in this study, examined the nature of ‘vision’, as a spiritual component of man, and its impact on workers’ commitment in the Nigerian manufacturing industry.

## LITERATURE REVIEW

### Vision

Traditional leadership theories and the later theory of transactional leadership are based on self-interested exchange of the leaders and followers. The underlying philosophy of these earlier theories was that of economic exchange. Describing the philosophy of economics and economic sociology, Light (2007, p.3) argues that “people are said to always expend their valued scarce resources – time, skill, energy, money, and other resources – to gain income, wealth, or other rewards such as pleasure or prestige which they regard as worth as much as or more than what they expend”. However, the more recent theories like transformational and servant leadership theories appeal to followers beyond their self interest and this appeal is driven by vision.

Vision is a multidimensional construct (Dvir *et al*, 2004) and Selznick (1984) defines it as “sensitivity to changes in an organization’s environment, together with an accurate perception of the direction in which the organization must move” (Rollinson *et al*, 1998 p.365). It is “the capacity to relate a compelling image of a desired state of affairs” (Bennis and Nanus, 1985 p. 33). It has thus been argued (Patterson, 2003, 18) that vision enables the leader to look forward and see the employees as viable and worthy persons, and to believe in the future state for each individual, seeking to assist each one in reaching that state. In essence, vision enables organizational members share a common future, which they look forward to with great expectation. Vision which is a broad appeal to stakeholders, defines the destination, reflects high ideals, encourages hope/faith and establishes a standard of excellence (Fry, 2003).

An ideal and unique vision communicates standards of excellence and a clear choice of positive values as well as inspires pride in organizational members (Bateman and Snell, 1999). Dvir *et al* (2004) argue that Vision provides an interpretive frame of shared meaning for the organization members and its articulation presents goals in terms of the values they represent, which may be difficult to justify on pragmatic or narrowly rational grounds, but rather represent transcendental or trans-rational ideals. Their argument is premised on Bennis and Nanus’ (1997), view that by focusing attention on a meaningful

vision, the leader operates on the emotional and spiritual resources of the organization, rather than on its physical resources. Thus vision breeds hope in organizational members and stimulates workers' commitment.

### **Workers' Commitment**

Several authors have attempted to define commitment. Gbadamosi (2003) for instance looks at commitment as identification, involvement and loyalty to ones organization, as well as a feeling of obligation to stay with ones organization. Similarly, Armstrong (2003) is of the view that commitment is about identification with the goals and values of the organization which manifests as a craving to belong to the organization and the associated readiness to display effort on its behalf. In this study, we have adopted the concise definition of workers' commitment given by Meyer *et al* (1993 p. 539) in which commitment is viewed as "a psychological state that (a) characterizes the employee's relationship with the organization, and (b) has implications for the decision to continue or discontinue membership in the organization". According to Gbadamosi (2003), this view of commitment, which determines the likelihood that an organizational member will leave does not only propose a definition of commitment, but also its measurement. Workers' commitment is operationalized in Meyer *et al* (1993) as a three-component model and is thus a multi-dimensional construct consisting of three distinct forms of commitment (Ashman, 2007). According to this model, the three distinct forms of workers' commitment are affective, continuance and normative commitment (Ashman, 2007; Yousef, 2002). Allen and Meyer (1990) explain the three forms of commitment by positing that:

Affective commitment refers to identification with, involvement in and emotional attachment to the organization... Normative commitment refers to commitment based on sense of obligation to the organization... On the other hand, continuance commitment refers to commitment based on employees' recognition of the cost associated with leaving the organization (Yousef, 2002 p. 252).

Affective commitment, which is also referred to as attitudinal commitment (Ahiazu, 2005; Iverson and Buttigieg, 1998) is a psychological attachment to the organization (Coleman *et al*, 1999) and it indicates the comparative potency of an employee's identification with the organization, such that the employee is willing to remain with the organization because he or she wants to do so. Employees with normative commitment on the other hand, feel a persuasive sense of obligation such that their willingness to stay with the organization is because they feel they ought to do so. Employees with continuance commitment or calculative commitment (Ahiazu, 2005; Iverson and Buttigieg, 1998) count the cost of leaving an organization and base their judgment on whether to stay or live on the outcome of the cost benefit analysis. "Therefore employees with strong continuance commitment remain with the organization, because they have to do so, either because of low perceived alternatives or because of personnel sacrifice associated with leaving the organization" (Yousef, 2002 p. 252).

### **Nexus of Vision and Workers' Commitment**

A cardinal purpose of spiritual leadership is to create vision among organizational members (Malone and Fry, 2003) that reflect high ideals and clarify the destination of the organization to its members. Thus envisioning, which engages the total human sensory system has become a core human resource competence that is important for the identification and clarification of the future direction of organizations. We argue that as workers experience personal purpose and meaning at work, they tend to be more emotionally attached to their organization. Spiritual leadership entails creating a vision wherein leaders and followers experience a sense of calling as their life is made to have meaning and challenged to make a difference (Fry and Whittington, 2005). Fairholm (1996, p.14) argues that "spiritual leaders exhibit a sustained ability to build consensus and lead democratically within the framework of a common vision". This creates a sense of value congruence that fastens organizational members together such that they are bound by their own actions.

Empirical evidence (Kinjerski and Skrypnek, 2006) shows that a shared vision, which clarifies and aligns personal and organizational values, is associated with increased employee commitment to the organization. Similarly, Dvir *et al* (2004) confirm that vision is a potentially powerful tool for creating high levels of emotional attachment in workers towards their organization. Kriger and Seng (2005, p. 793) therefore hypothesize that a vision, which “is defined as a long-term future image of what the business organization can be” and shared between leaders and other organizational members has a direct effect on the level of subordinate commitment. A high sense of vision will therefore increase the workers’ sense of identity, strengthen their belief in the social exchange relationship, and increase their perceived cost of leaving, thereby ensuring increased organizational commitment. We therefore hypothesize that:

*H<sub>1</sub>: There is a significant and positive association between Vision and Workers’ Affective Commitment.*

*H<sub>2</sub>: There is a significant and positive association between Vision and Workers’ Continuance Commitment.*

*H<sub>3</sub>: There is a significant and positive association between Vision and Workers’ Normative Commitment.*

## **THE EMPIRICAL STUDY**

### **Method**

This study, which generated data from a population of 1,500 middle and senior level organizational members of manufacturing firms listed in the 2007 updated directory of the Port Harcourt zone of the Manufacturers Association of Nigeria (MAN) was conducted in a non-contrived setting as cross-sectional survey. Adopting the Krejcie and Morgan (1970) table (Sarantakos, 2005 p.173; Sekaran 2003 p.293-294), the corresponding sample size for the study was 306 and with a 76.8% response rate attained, 235 copies of the questionnaire were returned and used for analysis in this study that was built around the purpose of hypotheses testing. The study units for data generation were individual organizational members and the micro-level of analysis was adopted. We adopted the concurrent methodological paradigm triangulation approach by combining both the Nomothetic and Ideographic methods of data collection and analysis. Consequently, we administered both the questionnaire and conducted indepth interviews in the data generation process. The study relied on extant literature for the survey instruments used to measure the study variables. Thus the instruments were adapted from earlier studies conducted by Meyer and Allen, 1993 and Fry *et al*, 2005. Specifically, data on vision were obtained using the Spiritual Leadership Theory (SLT) Survey Instrument (Fry *et al*, 2005). This survey instrument, which had been pre-tested in other studies (Fry *et al*, 2005) had five questions on vision. Similarly, data on the three measures of workers’ commitment were obtained using the revised Organizational Commitment Questionnaire (OCQ) developed by Allen *et al* (1993). This instrument, which is one of the leading instruments for empirical research on organizational commitment (Pittinsky and Shih, 2005) had been pre-tested in several studies (Overberghe *et al*, 2003, Noordin and Zainuddin, 2001; Iverson and Butigieg, 1998). It is an 18-item series that has six questions on each of affective, continuance and normative commitment. The OCQ instrument is a self-scoring questionnaire (Brown, 2003 p.41). Responses to each of the items in the research instrument were rated using a 5-point Likert scale. Model Fit of the data, was confirmed through the use of Structural Equation Modeling (SEM) with LISREL 8.63, and the following indices were obtained: RMSEA= 0.13, Chi-Square= 839.24, df= 235, Chi-square Ratio= 3.57, NNFI= 0.83 and CFI= 0.85, IFI 0.85. For test of reliability of the scale the following Cronbach’s alpha coefficients were obtained: vision (.81), Affective Commitment (.77), Continuance Commitment (.71), and Normative Commitment (.73). Going by Nunnaly’s (1978) model, the reliability level of the study scale is confirmed to be acceptable. We also generated data on a number of individual difference elements to investigate possible patterns and their influences on the study. The demographic section of the instrument thus had questions on respondents’ educational qualification, gender, tenure and status in organization, and religion.

## Data Analyses and Results

Analysis was done at two levels, viz. the primary and secondary levels. While frequencies and descriptives were used in our primary analysis, which focused on the study demographics and univariate analysis respectively, inferential statistics was applied at the secondary level of analysis. At the primary level, the results show that 51 persons representing 21.7% of the respondents have obtained the minimum required qualification of the West African Examination Council (WAEC) certificate or its equivalent. The majority of respondents (135 or 57.4%) have gone further to acquire a university degree while 49 persons or 20.9% of the respondents have a minimum of a second degree. Also, 193 of the 235 respondents are males indicating that the male population makes up 82.1% of participants in this study. Only 42 persons or 17.9 percent are females. 91 (38.7%) of the respondents were at the senior organizational level, while 144 (61.3%) were at the middle level. 155 respondents or 66.0%, have spent between one and nine years on their jobs while those who have spent between ten and nineteen years are 70 (29.8%). Only 10 persons or 4.3% of respondents have spent at least 20 years in their present employment. We also had 225 (95.7%) Christians, 2 (0.9%) Muslims and 8 (3.4%) affiliated to other religious groups. The results of univariate analysis are shown in Table 1. The mean scores (x) obtained for the study variables are: Vision (3.88), Affective Commitment (3.30), Continuance Commitment (2.91), and Normative Commitment (3.12).

**TABLE 1**  
**DESCRIPTIVE STATISTICS OF STUDY VARIABLES**

	N	Mean	Std. Dev.	Skewness	
	Statistics	Statistics	Statistics	Statistics	Std. Error
Vision	235	3.8817	.74038	-.743	.159
Affective Commitment	235	3.3014	.74171	-.296	.159
Continuance Commitment	235	2.9191	.67099	.248	.159
Normative Commitment	235	3.1291	.71653	-.417	.159
Valid N (listwise)	235				

At our secondary level of analysis, inferential statistics such as Pearson r correlation coefficients and Regression coefficients including the p-values, were calculated for purposes of testing the research hypotheses. Correlation analyses using the Pearson r correlation were interpreted based on Guilford's (1956) scale given in Irving (2005, p.16). The correlation coefficients (r), which were all significant at the 0.01 level (1-tailed) and coefficient of determination ( $r^2$ ) are shown in tables 2, 3 and 4. The coefficient (r) for hypothesis 1 is 0.423; that for hypothesis 2 is 0.229; while that of hypothesis 3 is 0.440. Basing our decision on Kerlinger and Lee's (2000) benchmark as reported in Irving (2005, p.16) we thus accept  $H_1$ ,  $H_2$  and  $H_3$  that there is a significantly positive association between vision and workers' affective, continuance and normative commitment.

**TABLE 2**  
**ASSOCIATION BETWEEN VISION AND WORKERS' AFFECTIVE COMMITMENT**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.175	.67365

a. Predictors: (Constant), Vision

**TABLE 3**  
**ASSOCIATION BETWEEN VISION AND WORKERS' CONTINUANCE COMMITMENT**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.229 <sup>a</sup>	.052	.048	.65461

a. Predictors: (Constant), Vision

**TABLE 4**  
**ASSOCIATION BETWEEN VISION AND WORKERS' NORMATIVE COMMITMENT**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 <sup>a</sup>	.193	.190	.64492

a. Predictors: (Constant), Vision

From the results obtained, the correlation coefficients show that there is a significant and positive relationship between the spiritual leadership dimension of vision and all the three commitment measures namely: affective commitment, continuance commitment and normative commitment. The results in table 2 show that there is a statistically significant and positive relationship between vision and affective commitment ( $r = 0.423$ ,  $p = 0.000 < 0.01$ ). The correlation coefficient represents a moderate correlation indicating substantial relationship. Specifically, the results ( $R^2 = 0.17$ ;  $p < 0.01$ ) suggest that an increase in the level of vision by one unit reflects a 0.17 unit increase in workers' affective commitment. In other words vision accounts for a 17% increase in workers' affective commitment. It therefore implies that the clearer and more compelling the vision of the organization is to organizational members, the more they are likely to be psychologically attached to the organization. In other words workers that are made to appreciate the organization's journey and why the organization is taking the path it is taking are likely to substantially identify with, and exhibit high involvement in the organization. This happens because such workers are better placed to build up a clear and compelling picture of what the organization stands for and does.

From table 3, vision also positively and significantly co-varies with continuance commitment ( $r = 0.229$ ,  $p = 0.000 < 0.01$ ), but to a minimal extent. The results represent a low correlation indicating a definite but small relationship. Specifically, the results ( $R^2 = 0.05$ ;  $p < 0.01$ ) suggest that an increase in the level of vision by one unit reflects a marginal 0.05 unit increase in workers' continuance commitment. In other words vision accounts for only a paltry 5% increase in workers' continuance commitment. Thus, although the extent of clarity and the compelling nature of vision is a factor in workers' decision either to quit their jobs or not, it is not the major determining factor. As workers do a calculation of the cost associated with leaving their organization for other jobs, the nature of the shared vision in their organization barely comes to bear on their decision, and even when it does it is only to a small extent. From the outcome of the survey, it is obvious that there are considerations other than vision that influence continuance commitment. This suggests that as workers align to the vision of the organization it only minimally affects their thinking that they have to stay with the organization.

Finally, vision positively co-varies with normative commitment ( $r = 0.440$ ,  $p = 0.000 < 0.01$ ). This result in table 4 represents a moderate correlation indicating substantial relationship. Specifically, the results ( $R^2 = 0.19$ ;  $p < 0.01$ ) suggest that an increase in the level of vision by one unit reflects a 0.19 unit increase in workers' normative commitment. In other words vision accounts for a 19% increase in workers' normative commitment. This implies that clear and compelling vision creates a sense of obligation in workers, which ensures that they remain loyal to their organization. In other words as

workers align their personal vision to that of the organization, they generate a substantial feeling that they ought to remain with their current employer. As workers understand and share in the long term aspirations of the organization they also share in the aspirations of fellow workers. This causes them to owe allegiance not only to the organization but also to colleagues, which create a sense of obligation that binds organizational members. The results of our QSR Nvivo-based analysis of qualitative data obtained through the in-depth personal interviews, which was issue focused were consistent with the foregoing quantitative results.

## FINDINGS AND DISCUSSION

From the foregoing we find in this study that, (1) As organizational members in the Nigerian manufacturing industry understand, believe and align themselves to the vision of their organization, they substantially identify with, get involved in, and get emotionally attached to the organization; (2) In the Nigerian manufacturing industry, organizational members' commitment based on their recognition of the cost associated with leaving the organization is only minimally influenced by their understanding, belief and alignment to the vision of their organization; and (3) As organizational members in the Nigerian manufacturing industry understand, believe and align themselves to the vision of their organization, they substantially develop a sense of obligation towards the organization.

The univariate analysis shows that the Nigerian manufacturing industry is vastly characterized by a clear and compelling vision that inspires the best performance of organizational members. Fairholm (1996, p.14) argues that "spiritual leaders exhibit a sustained ability to build consensus and lead democratically within the framework of a common vision". Drawing from this view, our finding suggest that within the Nigerian manufacturing industry, clear and compelling vision creates a democratic atmosphere, which drives organizational members to work harmoniously towards the achievement of set targets. We reiterate that a fundamental rationale for the practice of spiritual leadership is to create vision among organizational members (Malone and Fry, 2003) that mirror high ideals and illuminate the long term objectives of the organization to its members. Within the industry therefore, vision seems to create a sense of corporate value system that knits organizational members together, such that they are held accountable by their own actions.

As organizational vision becomes clearer and acceptable to organizational members, their consciousness is raised to pursue higher ideals for the long term benefit of the organization. This happens because corporate vision becomes so real and motivating, such that individual vision and corporate vision become seamlessly aligned; in which case the pursuance of corporate vision results in the attainment of individual vision. This is important for forward looking organizations because according to Lucas (1998) "a vision is necessary to trace a company's future" (Quesada and Gazo, 2007 p.8). It is therefore imperative for any organization that wishes to gain a competitive edge over rival organizations in the ever increasing competitive market to ride on the wings of a clear and compelling corporate vision. Indeed it will appear that the manufacturing industry is increasingly appreciating this core human resource competence, which is why organizational members feel increasingly attached to their organization.

A number of organizational members view work as a path to self discovery, meaning and purpose in life. It is therefore perceptible that organizational members' alignment to the vision of their organization as found in this study gives them the opportunity to contribute to a higher purpose, which makes them feel useful. People do not normally like to be ignored or made to feel unimportant or unwanted. Thus those who view work as a path to self discovery get an added impetus from a compelling vision to strive to give their best for the good of the organization. Giacalone *et al* (2004 p.524) while advancing the argument that calling and membership are important features that underscore the inevitability of spiritual wellbeing to organizational advancement, argue that spiritual leadership is the "intrinsically motivating force that enables people to feel alive, energized, and connected with their work". Thus, from the study it appears that clear and compelling vision enhances capacity of, and instigates towering passion in organizational members, to drive their organizations to success despite daunting challenges posed by the

external environment. As it is, organizational members now appear to have higher levels of motivation, which cause them to tap from their inner strength to contribute to organizational goal attainment.

It can therefore be argued that as organizational members in the Nigerian manufacturing industry understand, believe and align themselves to the vision of their organization, they substantially identify with, get involved in, and get emotionally attached to the organization. As we have shown, empirical evidence (Kinjerski and Skrypnik, 2006) give us an idea that a shared vision, which clarifies and aligns personal and organizational values, is associated with increased employee commitment to the organization. It is in this regard that Dvir *et al* (2004) affirm that vision is a potentially influential tool for generating towering levels of emotional affection in workers towards their organization. Thus as the alignment to corporate vision increase workers' emotional attachment to the organization, it causes them to "want to stay" with the organization (Brown, 2003).

A high sense of vision, as we have found in this study does not only bring about higher levels of emotional attachment to the organization but also appear to increase workers' sense of identity and strengthen their belief in the social exchange relationship. Consequently, we have found that as organizational members of the Nigerian manufacturing industry understand, believe and align themselves to the vision of their organization, they substantially develop a sense of obligation and loyalty towards the organization. The social exchange relationship implies that as the organization invests resources for the personal development of organizational members it tends to increasingly engenders them to the organization and make them feel that they "ought to stay" with the organization. Confirming the positive association between workers' normative commitment and the psychological contract, Rego and Cunha (2007, p.13) argue that "normative commitment develops when people internalize the organization's norms through socialization, receive benefits that induce them to feel the need to reciprocate and/or to accept the terms of the psychological contract". As we find in the case of the manufacturing organization, when organizational members share the corporate vision and thus 'internalize the organization's norms' through huge investments in training and development and other activities that enhance individual development and interpersonal bonding, they are 'induced to feel the need to reciprocate'.

Consequently, the only exception of the three measures of commitment that does not share similar strong association with vision is continuance commitment. We have found that in the Nigerian manufacturing industry, organizational members' commitment based on their recognition of the cost associated with leaving the organization is only minimally influenced by their understanding, belief and alignment to the vision of their organization. This finding is consistent with other empirical findings (Rego and Cunha, 2007; Rego *et al*, 2006; Fry, 2003; Giacalone and Jurkiewicz, 2003). Jex *et al* (2003, p.173) argue that "continuance commitment reflects feeling of attachment toward the organization based on an employee's 'sunk costs' that have accumulated over the years". Advancing this argument, Sinclair *et al* (2005, p.10) iterates that the 'sunk costs,' which affect continuance commitment include "levels of financial (e.g., pension benefits accrued) and non-financial investments (e.g., seniority), as well as the availability of alternative jobs (Meyer & Allen, 1997)". Thus we argue that there are likely to be instrumental motives that impact workers' continuance commitment in the Nigerian manufacturing industry.

## CONCLUSIONS AND IMPLICATIONS

Having examined the relationship between vision and workers' commitment, we conclude that, (1) As organizations in the Nigerian manufacturing industry develop a clear and compelling vision, workers' affective commitment is significantly increased; (2) As organizations in the Nigerian manufacturing industry develop a clear and compelling vision, workers' normative commitment is significantly increased; and (3) Workers' continuance commitment does not increase proportionately to the degree to which organizations in the Nigerian manufacturing industry develop a clear and compelling vision. We thus argue that although a clear and compelling vision only contributes minimally towards workers' continuance commitment, it contributes substantially towards the high level of workers' affective and normative commitment. Thus vision, which is one important leadership action that is shown in literature



that significantly impact on workers' commitment (Brown, 2003) is confirmed in this study to be of great significance for organizations in the manufacturing industry in their bid to maintain their knowledge workers. This implies that organizations that want to remain competitive and stay in business should pay particular attention to their vision statement. Organizations must now ask themselves why they are in business and ensure that the vision is not only clearly stated, but also emotionally and intellectually stimulating.

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