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Omni Hotel
Corpus Christi, TX
February 14-17, 2018

From the *Proceedings* Editor

It is my pleasure to welcome you to the 42nd Small Business Institute® Annual Academic Conference in Corpus Christi, Texas.

Each year, we are lucky enough to receive a fantastic collection of submissions to the SBI Annual Conference. This year is no exception, as you will see in the *30 Competitive Papers and Abstracts*, *five Best Practices*, *five Workshops, three* newly added *Innovatove Education, Teaching, and Pedagogy* presentations, and *three Breakfast Roundtables* accepted into this year's conference. You, our members, are the reason the 2018 volume of the *Proceedings* is such a quality publication. The hard work and time you all put into your research and projects make all the difference for SBI and this conference. Please enjoy reading through the work included in this year's *Proceedings*.

The successful publication of the conference *Proceedings* happens only as the result of a tremendous effort on the part of many, whom I would like to acknowledge. To reiterate, the primary contribution made to the *Proceedings* comes from the rigor and thoughtfulness on the part of participating SBI researchers. Your hard work and diligence cannot be applauded enough, and is instrumental in the continued success of SBI. Secondly, I thank all of you who reviewed the many paper and project submissions, investing your time and effort to provide constructive feedback and thoughtful comments to help support the efforts of our members.

Finally, thank you to the SBI Board for the countless hours you all spend making our conference happen, and specifically for making the *Proceedings* successful. To Timothy Dunne, for his involvement coaching me through this process, and for quickly responding to help in any way he could – thank you. And to the rest of the Board for your continued support of this organization and for your friendship – thank you all!

All the best,

Whitney O. Peake

Whitney Peake
VP of Programs, Elect
Proceedings Editor

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COMPETITIVE PAPERS

Are Angel Investors Beginning to Look Like Venture Capitalists? Transition Complete

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ABSTRACT

In 2006, the author began to explore the growing sophistication of angel investors and their adoption of venture capitalist methodologies, including the use of complex investment agreements, and more specifically, the term sheet. In his subsequent research, the premise of greater sophistication and reliance on complex investment strategies was highlighted by increased reliance on the part of angel investors in applying a variety of complex pre-revenue venture valuation methodologies. And with the introduction, and now proliferation, of Simple Agreements for Future Equity (SAFE), the author has begun to question the existence of the casual angel investor. Has access to, and reliance upon the vast availability of investment vehicles eliminated the casual investor from the marketplace? And, is that a bad thing?

OVERVIEW

For our purpose, the casual angel investor ("CAI") is defined as an investor that historically invested on little more than a handshake and a notation on a cap table. Sometimes the investment is evidenced by a cancelled check, but if a "formal" contract was entered into, it contained only the invested amount and the corresponding ownership in the venture. Few, if any provisions beyond that were included. The investor participated at the earliest of stage and invested limited funds. In general, these agreements created little complexity and had little to no effect on subsequent financing rounds.

Johnson and Sohl (2012), in examining IPO literature, found that discussions focused on venture capitalists were abundant yet that same literature under represented the individual angel investor. This omission is particularly striking since the aggregate volume of angel investments is substantially larger than the size of formal venture capital investments. (Sahlman, 1990, Mason and Harrison, 2000, Sohl, 2003). As evidenced by the sheer volume, the importance of angel participation in the investment cycle is critical to sustainable entrepreneurial activity. (https://paulcollege.unh.edu/research/center-venture-research/cvr-analysis-reports)

Today's angel investor profiles reflect higher levels of education while many got their start as entrepreneurs in technology or other well-funded ventures. Arguably, these experiential attributes add to a greater individual understanding of the valuation process and directly contribute to increased angel sophistication. Several recent studies found that the level of angel sophistication has advanced greatly over the years. (Bell, 2014, Riding, 2008, Villalobos, 2007, Wiltbank, 2005, Payne, 2004/05) The angel investor today has greater focus on return on investment, investment timelines, dilution, and other assessment factors that were historically reserved for the venture capital community. (Bell, 2014)

Early research discussed the fact that angel investors had been not only hurt by the dot bust, but even when deals were "successful", the angels had been diluted by large, subsequent rounds of financing. (Bell, 2006) Conversely, Wilmerding (2005) believed that angels were being motivated to document investment activity to show different classes of issued stock. He stated that term sheets were being adopted by one angel, or several angels working together, to differentiate classes of stock, but then went so far as to assume that given the early stage of the company, the framework of the term sheet would likely be quite simple.

The Bell (2006) research went much further than Wilmerding (2005) had proposed. As a reaction to the negative dot bust investment outcomes, angel investors more broadly began to adopt term sheets as the basis for their investments. The move was an attempt on the part of angel investors to protect their early round investment from down rounds, and offering the angel rights of first refusal, redemption rights, liquidation preferences, and other provisions to insulate their investment from future dilution and other risk factors. Those term sheets began to take on the look and feel of venture capitalist investments.

That research also concluded that the provisions within those term sheets had begun to favor the angel investor, and at times, favored the angel even more strongly than the provisions provided by subsequent venture capital term sheets. As early as 2006, this research supported a drift in the way angels invested. With an increase in the complexity of the angel investor/entrepreneur investment agreements, the impact on the entrepreneur could be substantial and even harsh. And many times, the entrepreneur was unaware of the effects until specific provisions kicked-in, and the entrepreneur's position within the company was negatively impacted. (Bell, 2006)

Investment complexities went even further as Lipper observed,

> Despite standardization of much of the venture capital process, it remains fundamentally highly idiosyncratic, with each transaction reflecting the particular chemistry between entrepreneur and investor. Accordingly, there exists no such thing as the perfect model of legal documentation for the investment transaction. Each set of documents needs to be tailored to reflect the unique combination of styles and interests involved." (Lipper III, 1998, p.341)

Angel investors followed suit. A consequence of these more restrictive provisions was their unintended consequence of inhibiting future rounds of funding. To protect the angel investment, and by introducing complexity at the earliest investment stages, the investor has possibly put themselves, and the venture, in a difficult position to attract future capital rounds. Downstream investors now had to deal with restrictive provisions that impacted their investments. If those provisions were adequately offensive to the downstream investors, either the provisions would need to be negotiated out of the agreements, or the downstream investors would just walk away.

CONCLUSION

In setting the stage for greater angel investor sophistication, the natural evolution would seem to conclude that the lessons learned and with the resultant historical investment "challenges", investors in general moved to a much stronger and complex agreement even for early staged investments.

A preliminary examination of the literature has identified an onslaught of research examining angel investors. Though there seemed to be an ebb in angel investor research had occurred during the recent economic recession, more recently a proliferation of research has addressed a broad topical coverage of the subject. Many articles in top journals (Mason, C., Botelho, T., and Harrison, R., 2016, Collewaert, V. and Sapienza, H., (2016), Fili, 2014, Drover, Wood and Zacharakis, 2015, Collewaert and Sapienza, 2014, Bonnet and Wirtz, 2012, Argerich, Hormiga and Valls-Pasola, 2013, and so on) are reemerging on the topic and showing an ever closing of the sophistication gap between angel investors and venture capital. This is also demonstrated by newly minted dissertation research streams. (e.g., Botelho, 2017)

This is not to say that the resources available to the institutional investor do not far exceed those available to the lone angel, but it does demonstrate an increase in the complexity of the transaction between angel and founding entrepreneurs. With the introduction of SAFE agreements, the valuation can is kicked down the road, but additional provisions that are available in pre-drafted SAFE agreements and with the ability to customize content, a level of complexity well beyond the traditional investment savvy of CAI is becoming the norm.

The SAFE agreement was an attempt to simplify the earliest angel investments. (Bell, Dorsey, Hamm, 2016) Initially, this may have been accurate but through individual customization of the agreements and ease of access to "simplified" documents, early angel investments continue to add complexity to subsequent rounds financing. Is the investment community again embracing investment by investment documentation as suggested earlier by Lipper (1998)?

This paper and observations are NOT suggesting investors eliminate early investment protections. It is merely an initial discussion to point out to both the investor and the entrepreneur that provisions committed to early in the life of the venture have consequences.

GOING FORWARD

What impact does this level of complexity, introduced at the most basic startup stage, have on early stage funding? Does investment complexity eliminate the CAI from the mix? Has investment complexity established a standard or expectation in the mind of the founding entrepreneur(s)? What impact does increased complexity in early rounds have on subsequent funding rounds? Additional research and testing seem to be warranted.

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Learning From Others' Success Stories:
An Explanation of Motivators Using Social Cognitive Theory

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Abstract

We examine the conditions under which the number of success stories employees read improves or worsens their performance using social cognitive theory. We find that in simple tasks, the number of stories read had a positive impact on subsequent performance when the previous month's performance had been above average, a negative effect when the previous month's performance was average, and no difference in effect when the previous month's performance was below average. In complex tasks, there was a curvilinear effect of the number of stories read on the subsequent month's performance, such that performance improved when people read one or two success stories, but worsened when people read zero or three stories. These results help us understand how employees in small business environments can improve when success stories are more present or visible than failure stories, and also provide what may be the first explicit test of social cognitive theory's proposed learning motivators.

Key Words: Success Stories; Social Cognitive Theory; Vicarious Learning

Introduction

Employees often encounter stories about how their peers have performed, and sometimes learn how to improve their performance from these stories (e.g., Brown & Duguid, 1991; Weick & Roberts, 1993). Learning occurs when people respond differently to the same stimulus (Weick, 1991). In small organizations where there is likely to be less access to formal training, there is an on-going need to understand what activities employees learn from, (Saru, 2007; Schei & Nerbo, 2015).

Stories are accounts of interrelated events and actions in a temporal—and often causal—sequence (Barry & Elmes, 1997; Ricoeur, 1984), and they can lead to learning if they focus attention, convey principles or task strategies, and motivate people to try new strategies (Wood & Bandura, 1989). As entrepreneurship research has found stories influence external stakeholders (Roundy, 2014), we pursue this line of thinking with internal stakeholders. We examine the conditions under which the number of *success* stories that employees read will increase or decrease employees' subsequent performance in a small business firm. In addition to focusing on success, we also focus specifically on success stories, and examine when the number of success stories that employees encounter will influence their performance. We know of no studies that explicitly examine how the number of success stories influences increases or decreases performance, but studies have included the number of others' successes as cumulative variables or control variables. However, results from these studies are mixed, such that the number of others' successes may be positively related, negatively related, or even unrelated to subsequent performance, depending on the context (e.g., KC, Staats, & Gino, 2013; Madsen & Desai, 2010; Muehlfeld, Rao Sahib, & van Witteloostuijn, 2012). Research should account for these differing effects, and also for whether and how people actually heard the stories of these successes.

Theoretically, even small changes in the number of success stories an employee encounters could have a dramatic effect on learning. For example, a person who encounters one success story may believe that success is possible while a person who does not encounter any success stories may not believe (Weick, 2007). Similarly, employees who encounter only one success story may be inclined to satisfice by imitating the task strategies in that one story (see Cyert & March, 1963), while people who encounter two or three stories might be more inclined to explore new possibilities or even seek ongoing improvement, similar to those who try to come up with multiple task strategies (Seijts, Latham, Tasa, & Latham, 2004). This change, from not believing in possibility—to satisficing—to ongoing improvement, suggests that more success stories should lead to better learning. However, there are cases where more successes decreased learning effectiveness (e.g., Muehlfeld et al., 2012). Perhaps stories of others' successes are discouraging people in some situations or overload them with too much information.

We examine the conditions under which the number of success stories employees read will increase or decrease that employee's subsequent performance by applying social cognitive theory to order processing tasks in a small label manufacturing company. In doing so, we show that the number of success stories an employee encounters can increase or decrease employee performance depending on how complex the task is and on which motivators are driving an employee's efforts to learn. These findings provide some potential answers as to why scholars have found different results for the effect of the number of others' successes on one's own performance (e.g., KC et al., 2013; Madsen & Desai, 2010; Muehlfeld et al., 2012). The findings also provide what may be the first examination of vicarious learning in simple tasks. Further, we advance understanding of how social cognitive theory is a useful lens to explain when learning from others' success stories impacts employee performance.

We begin by providing a brief review of the explanation that social cognitive theory provides for how employees learn from others, and then develop specific hypotheses about the conditions under which the number of success stories and employee encounters is likely to increase or decrease subsequent performance. We then describe our research methods and report our results. We conclude by discussing the implications of these findings for theory and practice.

Learning From Others' Success Stories

Social cognitive theory describes how people learn through "mastery modeling," or from people who have displayed their skill through successful performance (Bandura, 1986). This kind of learning often occurs through observation. When it does, learning consists of four processes: choosing the models from which to learn, turning what is observed into rules and conceptions that can be retained and mentally simulated, figuring out courses of action that put these rules or conceptions into practice, and motivating oneself to actually perform these courses of action (Wood & Bandura, 1989). An alternative to learning through observation is to learn through stories. When people learn through stories, storytellers perform some of the four learning processes that learners might otherwise perform. High profile leaders and consultants frequently employ the art of story telling to provide lessons in an engaging manner. Stories can also impact learners' motivation because stories usually serve a persuasive function as well as informative function (e.g., Gergen, 1994; Törrönen, 2000).

Motivation to Learn

Social cognitive theory proposes that the motivation to actually try out others' task strategies can be direct, self-produced, or vicarious (Wood & Bandura, 1989). Direct motivation occurs when people believe that the benefits of succeeding are likely to exceed the costs of trying. Self-produced motivation comes from the personal standards people hold for themselves: they are not satisfied with themselves if they do not meet these personal standards. Vicarious motivation comes from seeing the benefits accrued by people who are similar to oneself. If models are not similar, then people are less likely to see the models' task strategies as applicable, to believe they have the skill set necessary to enact those strategies, or to find the benefits that the models receive to be appealing.

We propose that these three types of motivation will moderate the effect of the number of stories people encounter on their subsequent performance. As described above, stories tend to direct employee's attention and to suggest potential strategies that employees can use to do their work. However, stories will also motivate or fail to motivate people to try to apply the task strategies they find in stories, depending on whether the motivation is self-produced, direct, or vicarious. The standards of self-produced motivation are likely to be derived from one's own past performance. Direct motivation is likely to be derived from the costs and benefits that protagonists accrued in the stories told. And vicarious motivation is derived from the degree of similarity there is between an employee and the protagonists in the stories encountered.

Task Complexity

Different types of motivation are more likely to be relevant in some tasks than others. In particular, we propose that self-produced motivation is most likely to be relevant in simple tasks while direct and vicarious motivation are more likely to be relevant in complex tasks. In simple tasks, past performance is a good standard against which to judge one's future performance because the number of variables that influence performance as well as the interactions between these variables are few (Wood, 1986). This means that the same variables are likely to influence performance each iteration of the task. Therefore, employees should be able to use the same task strategies or minor changes in task strategies to achieve similar levels of performance in each iteration. This makes past performance a good standard against which to judge current performance, because learners can identify exactly how changes in tasks strategies led to changes in performance, while performance in a complex task may also be the result of the unique complexities of a given iteration of the task. In contrast, we would not expect direct or vicarious motivation to have as much impact in simple tasks. Costs and benefits are likely to be known and relatively constant across individuals performing the task, and benefits are likely to be low. Furthermore, because simple tasks are easier, similarity to protagonists should also be less important because almost anyone should be able to do them.

The value of the motivators of social cognitive theory for explaining learning should each be of opposite value when task complexity is high. Performance in complex tasks is influenced by many variables as well as interactions between variables, and different variables may be more important in one iteration of a task than in another. The strategies needed to achieve a given standard of performance in any given iteration of a task is much more uncertain. This enhanced difficulty suggests that people may need to expend greater effort to perform well, making them more interested to know how likely it is that the benefits of performing well will be worthwhile. Stories of success could enhance employees' perceptions that benefits are likely. Also, the uncertainty implied by complex tasks is likely to make employees more sensitive to how similar they are to the models from which they are learning, because people tend to engage in more social comparison when they are uncertain (e.g., Bandura & Jourden, 1991; Festinger, 1954). In contrast, even though employees are likely to care about aspiration levels, outperforming aspiration levels may not be as important to them because the complexity of the task makes it so employees do not have as much control over their performance, making them more likely to attribute performance losses to the intricacies of complex tasks rather than to a need to improve one's skills.

Past performance may be more relevant to simple tasks, while the benefits and costs portrayed in success stories and comparison with others may be more relevant to complex tasks, but relevance alone does not explain how these motivators moderate the effect of the number of stories encountered on changes in task performance. Therefore, we now develop hypotheses for how each of these variables moderate this effect in simple and in complex tasks.

Past Performance and Simple Tasks

Success stories explain the strategies people use to achieve high performance, and multiple success stories will either provide examples of more successful strategies, or reinforce the effectiveness of strategies from other stories. As described above, there are reasons why more strategies could be helpful or unhelpful for learning how to improve. Part of what determines this helpfulness is how motivated employees are to learn from these strategies. In simple tasks, an employee's self-produced motivation to learn is captured in past performance relative to aspirations.

Research suggests that past performance relative to aspiration levels significantly affects one's motivation to improve. For example, multiple studies show that people tend to revise their performance standards upward if their performance exceeds aspiration levels, or downward if it falls short (e.g., Ilies & Judge, 2005; Johnson, Turban, Pieper, & Ng, 1996; Tolli & Schmidt, 2008). In some tasks, revision may work differently, depending on whether people attribute results to internal or external factors, or how they performed relative to others. Even so, the most common pattern is that people tend to increase aspiration levels after exceeding standards and decrease them after failing to meet standards. Similarly, performance relative to aspirations also affects motivation in the form of how much effort people put into subsequent iterations of a task (e.g., Lockwood, Jordan, & Kunda, 2002; Louro, Pieters, & Zeelenberg, 2007) or how much self-efficacy they feel for a task (e.g., Bandura & Jourden, 1991; Ilies, Judge, & Wagner, 2010).

In organizational settings, aspiration levels are often heavily influenced by one's peers (e.g., Desai, 2015). Even if employees do not learn about their performance relative to peers through formal or informal channels, they are likely to seek performance feedback (e.g., Morrison, 1993). As a result, the average performance of employees doing the same work can be a powerful standard for motivating employees (e.g., Johnson et al., 1996; Mesch, Farh, & Podsakoff, 1994).

If people know that they are performing worse than their peers, then there are at least two ways in which this could affect their motivation to pay attention to and use ideas from stories about others' successes to try to improve their own performance. On one hand, failure is often a threatening experience for people (e.g., Cannon & Edmondson, 2001). As a result, if people read others' success stories after failure, they could feel threatened by them. In fact, the more stories a person encounters about others' successes, the more it may seem like their failure is unique and that everyone else is succeeding. On the other hand, people are particularly likely to try to learn from others when performance falls below the level to which they had aspired (Cyert & March, 1963). Because failure is undesirable, people often feel motivated to learn after failure because they do not want to fail again. Thus, if people feel like they are failing when they encounter others' success stories, they should be motivated to learn from those stories.

We can reconcile these observations by examining how far below average an employee's performance is. If employees' performance is only a little below average, then they may ignore ideas from others' success stories because they tell themselves that a little more effort or minor changes in strategy could be enough to raise performance above the average. However, if performance is far below average and stories imply that other people are succeeding, then the need to learn becomes more desperate: the prospect of ongoing failure or continued embarrassment is worse than the embarrassment of admitting a need to learn. Also, it is harder to rationalize that a little more effort or a minor change in strategy will improve performance sufficiently. More stories provide more strategies to try, and perhaps even some strategies that have been used more than once.

Recent performance above the average on simple tasks is unlikely to change the positive effect of reading more success stories on a person's subsequent performance. Success is associated with less motivation to learn because successful people do not perceive a need to learn (Cyert & March, 1963). Encountering stories of different ways to improve performance may make a person curious, but this curiosity is unlikely to be amplified by one's own recent experience. Thus, we do not expect performance above the average to moderate the relationship between the number of others' success stories encountered and subsequent performance.

> **Hypothesis 1.** In simple tasks, the lower recent performance is below average, the stronger the positive relationship between the number of others' success stories and subsequent performance will be.

Stories and Performance in Complex Tasks

In complex tasks, the impact of the number of stories that employees encounter on their subsequent performance should depend more on benefits relative to costs and on the similarity of an employee to the protagonist of the story. Complex tasks require more effort and ability to accomplish, and are likely to make people more sensitive to the question of whether the benefits are worth the cost (direct motivation to learn). Further, the task strategies needed to accomplish complex tasks require more skill than those needed to accomplish simple tasks, and if the person in a story has different skills or experience than the employee hearing or reading the story, then the employee hearing or reading the story may feel less motivated to apply the task strategies used in the story (vicarious motivation). Therefore, we propose hypotheses about how the number of stories—with their implied benefits and costs—and the similarity of a protagonist are likely to moderate the effect of the number of stories encountered on an employee's subsequent performance.

Success stories suggest that pursuing particular task strategies will be beneficial because they show that the strategies used have made others successful. Further, more success stories either reveal more strategies for obtaining success or reinforce the effectiveness of strategies that were used by more than one person. Also, by focusing on success stories, employees narrow the pool of possible strategies to those in which effectiveness has been achieved (Strang & Still, 2004). Thus, more success stories should increase an employee's motivation to try out the strategies described in success stories. In fact, researchers have operationalized learning goals as coming up with multiple strategies for accomplishing a task (e.g., Seijts et al., 2004), because different strategies enable people to respond differently to the same stimulus (Weick, 1991), and comparing strategies helps people to figure out which combination of strategies is most likely to be effective (Quinn & Quinn, 2015).

On the other hand, each task strategy described in a success story also implies a cost. Strategies require effort to execute. They may also require time and effort to learn how to execute them. Further, if the strategies are new to an employee, the risk of failure is likely to be higher. Also, in complex tasks, where the effort needed to execute a strategy and the possibility of failure is higher than in simple tasks, more stories with more strategies could imply multiple costs that an employee may have to incur in order to learn and execute new strategies, and this may demotivate learning. More strategies could also lead to information overload. Information overload is already a danger in complex tasks, using up working memory and limiting employees' capacities for entertaining new ideas (Wood, 1986). When this load becomes too heavy, it is likely to impede performance improvement because there is too much information to process.

Given the information load and the tradeoff between costs and benefits that success stories present, it may be that employees will be most motivated to try out a small number of new strategies from only one or two stories, rather than too many strategies from more stories or no strategies from no stories. Therefore, we propose a curvilinear relationship between the number of others' success stories that people encounter and subsequent performance when performing complex tasks. Therefore,

> **Hypothesis 2.** In complex tasks, there will be an inverted-U shaped relationship between the number of others' success stories they encounter and their subsequent performance such that performance will he highest when people encounter a small number of stories and lowest when they encounter no stories or too many stories.

Similarity the protagonist of a story is also likely to moderate the effect of the number of success stories on subsequent performance. Employees are more likely to be motivated to learn from models that they perceive to be similar to them in ways that are relevant to the knowledge or skills that they are learning (Stajkovic & Luthans, 1998). When learning is difficult—as it often is in complex tasks—differences between models and learners can be used as rationalizations for why learning from these models is unlikely to be helpful, or for why the knowledge or skills to be learned from these models may not be useful. For example, if a model works in a different department from the learner, has a different education, learned the knowledge or skills in a different era, or is smarter, dumber, smaller, larger, has different social skills, or has any number of other differences, then when the learning is hard and seems like it will take more effort than it is worth, those differences become easy reasons for quitting. In contrast, when the model and the learner are similar, then the learner is more likely to feel capable of learning because a person who is similar was also able to learn.

In complex tasks, similarity should moderate the effect of the number of stories an employee encounters on that employee's subsequent performance, because employees who are similar to the protagonists in the stories they encounter should feel more capable of learning from additional stories and should be less likely to find rationalizations for why the strategies used by a story protagonist would not work for them. In contrast, the more differently employees see themselves from story protagonists, the more likely they are to be overwhelmed by higher numbers of stories and to rationalize why they should not learn from these protagonists. Thus,

Hypothesis 3. In complex tasks, the more similar employees are to the protagonists of the success stories they encounter, the stronger the positive relationship between the number of others' success stories and subsequent performance will be and the more different employees are from the protagonists in the success stories they encounter, the weaker this relationship will be.

Methods

We tested these hypotheses among employees who do order processing for a small label manufacturing company. Order processing typically involves some version of the following process: (1) a request is received and quotes for potential orders are given, (2) the customer places an order and it is sent to a specific employee to begin processing, (3) the order is typed into a standardized order form, (4) art for the label is completed (if needed), (5) art is integrated with typed text and any potential mismatches are addressed, (6) the label is checked for quality, and (7) the label is sent to press. Some of these steps may be altered, repeated, and re-arranged for any given order. We performed informal observations and interviews to make sure we understood this process and the individual tasks of which it was composed. Many of these tasks are assigned to specific people. For example, one person's primary job may be "phone agent," which involves answering phone calls and giving quotes to customers, while other agents focus on entry or on quality. -Employee productivity is measured using the number of phone calls answered, quotes given to customers, forms entered, integration operations completed, and items checked for quality.

Two of the label processing tasks were particularly appropriate for testing our hypotheses: order entry and arranging quotes. We focused on entry because it was the simplest task. Most of the time employees could simply type information from the initial order to the standardized form, sometimes even listening to music on their headphones while doing it, suggesting that it seldom required their full attention. We focused on quotes because even though not all quote arrangements were complex, employees said that complex quotes explained most of the differences in productivity. If a customer knew exactly what to order, providing quotes was only moderately complex. And when this was the case, employees had little control over their productivity other than being available to answer the phone. However, quotes were complex when customers wanted to re-do a previous order but could not give any information about previous orders, were exceedingly talkative or angry, had vague needs and were not fully aware of all of the printing and pricing options, or had unusual orders. Variance in quote productivity depended much more on employees' knowledge and skill, and employees had the most opportunity to improve productivity from month to month when orders had these challenges.

Procedures

In order to manipulate the number of stories employees read, we first collected success stories from five high performing employees. We selected three stories similar in tone, showing confidence in their ability to perform and providing specific strategies for how they succeeded. After collecting the stories, we sent a request to all of the employees on the order processing floor asking them to participate in the study. They were told that participation included filling out a survey at the beginning of the fiscal month of March, 2016, and another at the end of the same month. In the first survey, participants gave their informed consent and then were randomly assigned to read zero, one, two, or three stories of other employees' successes at improving their productivity. The number of stories read, and which stories were read, were chosen randomly. After reading, on a separate web page, they were asked to report how many stories they read. They then answered some perceptual and demographic questions.

In the month between the two surveys, employees simply performed their duties and achieved whatever level of productivity they achieved. Then, at the end of the month, employees filled out a second survey, in which they were asked to describe what strategies (if any) they tried to increase their productivity, answer perceptual questions, and identify what they thought the purpose of the study was. At the end of the month, we also acquired productivity data on each employee from the company for every month from November through March.

Participants

Seventy full time employees performed quote or entry tasks during this study. We received productivity data for all of these employees from the human resource manger. We received responses for the first survey from 64 (91% response rate), and responses on the second survey from 57 (81% response rate). A chi-squared test of proportions revealed no significant difference in proportion by gender between non-respondents and the population of eligible employees ($X^2 = 0.001$, df = 1, p = 0.97). Also, because employees varied in which tasks they did, we excluded them from analysis for that task if they did not perform it from November through March. This left us with 44 employees doing order entry and 60 employees doing quotes.

Measures

Dependent variables. Our dependent variables were the monthly productivity scores for entry and quotes during the fiscal month of March, 2016. Each of these scores were count variables. For example, if an employee filled out 137 forms, then her entry score for March was 137. We divided these scores by 100 and centered them at the mean. This made the scores easier to interpret relative to the other variables in the model, and particularly with the way we operationalized the previous month's productivity as an independent variable.

Stories. The number of stories encountered was assigned to each employee randomly using survey software, as described above.

Variables for hypothesis testing. The variables we used to test our hypotheses included each employee's productivity in the same task from February (the previous month), the number of stories read that came from a person in the same department, and a squared term for the number of stories.

Control variables. To identify conditions under which people are motivated to learn from others' success stories, we accounted for baseline levels of performance, as described above. In addition to productivity, we also included job tenure because it has been shown to be correlated with learning (Sturman, 2003) and hours worked in March to account for the fact that it is easier to complete more tasks if you work more time. Finally, we also include a departmental weighting variable that the label company uses to adjust employee productivity scores in calculating employee rewards. For example, if performing the same task on a computer is easier than performing it through paperwork, an employee's productivity is weighted for doing the same task through an easier or a more difficult medium. By including this variable, we account for extraneous variance in the difficulty of a task medium when predicting changes in an employee's productivity. Following Dawson's (2014) recommendation for simple slopes analysis, we standardized hours worked, tenure, and the departmental weight before using them in our analysis.

Results

Descriptive statistics suggest that the data can be used to test our hypotheses. Means, standard deviations, and correlations for the variables all have reasonable values. These can be found in Table 1. Correlations between departmental weights are high (0.80), as expected, because employees in the same departments receive the same weights. And finally, also as expected, correlations of the productivity scores between February and March are also highly correlated.

Table 1. Means, Standard Deviations, and Correlations

Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11
DEPENDENT VARIABLES													
1. Mar. Productivity - Entry	4.59	9.29											
2. Mar. Productivity - Quotes	3.78	3.47	-0.34 *										
HYPOTHESIZED VARIABLES													
3. Number of Success Stories	1.48	1.16	-0.13	0.03									
4. Feb. Productivity Above Average - Entry	2.20	4.70	0.97 **	-0.31	-0.07								
5. Feb. Productivity Below Average - Entry	-2.20	1.48	0.66 **	-0.38 *	0.09	0.71 **							
6. Feb. Productivity Above Average - Quotes	1.24	1.85	-0.26	0.87 **	-0.01	-0.23	-0.30 *						
7. Feb. Productivity Below Average - Quotes	-1.24	1.24	-0.36 *	0.87 **	0.06	-0.35 *	-0.36 *	0.68 **					
8. Number of Stories in Same Department	0.38	0.67	-0.24	0.50 **	0.33 **	-0.25	-0.17	0.42 **	0.51 **				
OTHER CONTROL VARIABLES													
9. Hours Worked	174.16	39.07	0.15	-0.03	0.02	0.17	0.17	-0.13	-0.11	0.14			
10. Departmental weight - Entry	1.13	0.79	-0.36 *	0.55 **	-0.10	-0.41 **	-0.45 **	0.36 **	0.70 **	0.40 **	-0.15		
11. Departmental weight - Quotes	1.20	0.40	-0.20	0.07	-0.09	-0.22	-0.24	-0.09	0.28 *	-0.03	-0.07	0.80 **	
12. Tenure	7.21	8.08	-0.23	-0.15	0.23 *	-0.29	-0.22	-0.09	-0.13	-0.11	0.07	-0.06	0.02

* $p \leq 0.05$; ** $p \leq 0.01$

Participants correctly identified the number of stories they read. After reading the stories and moving on to the next web page in the survey, all but three of the employees correctly identified the number of stories they read. Therefore, to be conservative, we removed these observations from our sample before conducting analysis.

We tested the hypotheses using multiple regression, simple slopes analysis (Dawson, 2014), and the two line test for U- and inverted-U-shaped relationships (Simonsohn, under review). The models can be found in Tables 2 and 3. As can be seen, the R^2 values in these models are abnormally high. An examination of model 3 for both entry and quotes reveals that most of the variance explained comes from the past productivity control variables. While these numbers are even higher than expected, it is not surprising that they are high. The tasks examined are highly repetitive, most of the employees who perform them have been performing them for years, and past performance is generally a strong predictor of future performance (e.g., Johnson et al., 1996; Mesch et al., 1994). Employees have become very good at these tasks, and any learning that occurs is likely to represent marginal rather than a major change. In fact, given the relatively small amount of remaining variance that there is to explain, it is rather impressive that our hypotheses do, in fact, explain variance.

Table 2. Hypothesis Tests for March Productivity in Order Entry and Quotes

Variables	MARCH ENTRY Model 1	MARCH ENTRY Model 2	MARCH ENTRY Model 3	MARCH QUOTES Model 1	MARCH QUOTES Model 2	MARCH QUOTES Model 3
Control Variables						
Hours Worked	-0.06	-0.15 **	-0.16	0.36 *	0.37 *	0.33 *
Departmental weight	0.14	0.09	0.10	-0.01	0.04	0.00
Tenure	0.17	0.37	0.34	-0.03	-0.12	-0.14
Feb. Productivity Above Average	0.87 ***	1.52 ***	1.53 ***	0.97 ***	1.03 ***	1.03 ***
Feb. Productivity Below Average	2.12 ***	0.60 *	0.57 *	1.30 ***	1.28 ***	1.37 ***
Independent variables						
Number of Success Stories	-2.23 **	-0.21		0.99 *	-0.07	
Number of stories in same department				1.27	0.31	
Interactions						
Stories X Prod. Above Average	0.29 **					
Stories X Prod. Below Average	-0.69 **					
Stories X Stories same department				-0.39		
Stories squared				-0.34 *		
Constant	7.34 **	2.75 **	2.34 **	3.69 ***	4.02 ***	4.17 ***
n	37	37	37	57	57	57
F	106.60 ***	114.77 ***	137.07 ***	84.93 ***	81.43	115.41 ***
R^2	0.97	0.96	0.96	0.94	0.92	0.92

* $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$

Table 3. Two-Line Test of the Effect of the Number of Stories on Productivity

Variables	Productivity - Quotes
Control Variables	
Hours Worked	0.37 **
Difficulty	0.02
Tenure	-0.06
Feb. Productivity Above Average	1.00 ***
Feb. Productivity Below Average	1.23 ***
Number of stories in same department	0.35
Two-Line Test	
Stories - Low	1.02 *
Stories - High	-0.95 *
High	-0.39
Constant	5.07 ***
n	57
F	81.37 ***
R^2	0.94

+ $p \leq 0.10$; * $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$

Hypothesis Tests

Hypothesis 1 stated that in simple tasks, the lower recent performance is below average, the stronger the positive relationship between the number of others' success stories and subsequent performance will be, while no hypothesis was proposed for recent performance above average moderating the effect of stories on subsequent performance. The results were more complex. As can be seen in model 1 for entry tasks, the coefficient for the interaction of productivity above average with the number of stories read was positive and significant, while the coefficient for the interaction of productivity below average with the number of stories read was negative and significant. This suggests (as depicted in Figures 1a and 1b) that when February productivity was well above average, reading more stories increased March productivity. When February productivity was only a little above average or a little below average, reading more stories decreased March productivity. And when February productivity was well below average, reading more stories increased March productivity. The change in R^2 between model 1 and model 3 was significant at $p = 0.03$.

Figure 1a. Impact of Number of Success Stories on March Productivity in Order Entry, Moderated by February Productivity above Average

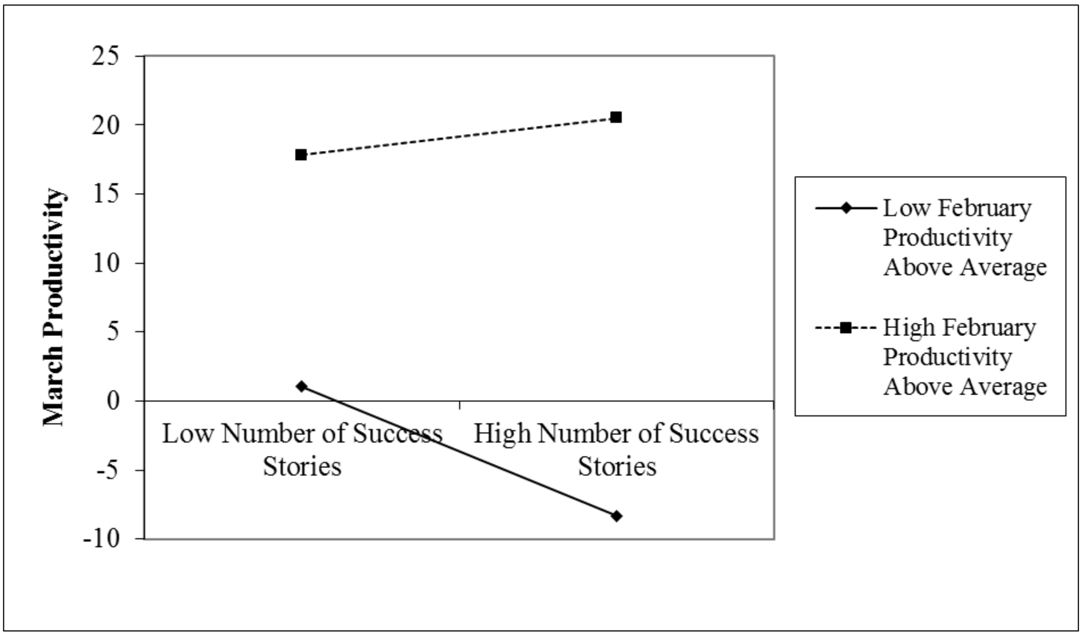
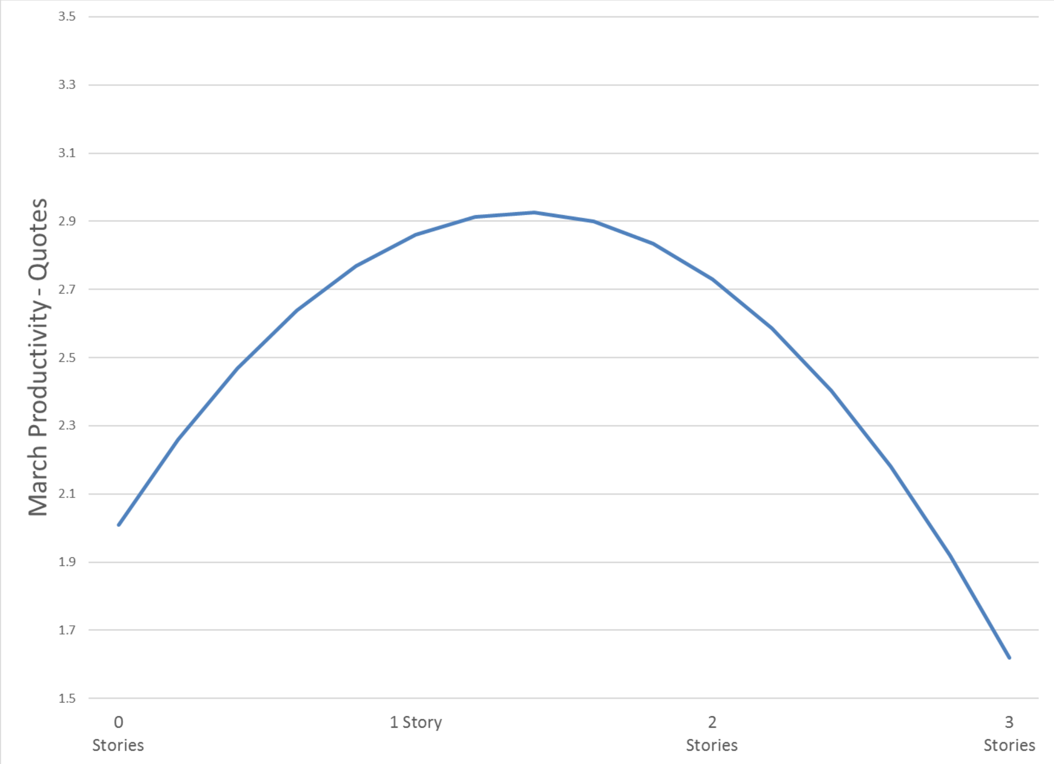


Figure 1b. Impact of Number of Success Stories on March Productivity in Quotes



Simple slopes analysis suggests a slightly different interpretation. For the interaction between February productivity below average and stories read, the gradient of the simple slope was -0.66, the t-value was -0.33, and the p-value was 0.74, suggesting that the effect of the interaction between productivity below average with the number of success stories read may not be significant. In contrast, for the interaction between February productivity above average, the gradient of the simple slope was -1.88, the t-value was -1.93, and the p-value was 0.06—just shy of significance.

We believe that the p-value for the simple slope of the interaction of productivity above average with the number of stories read fell just short of significance because of sample size. As can be seen, after observations with missing values had been removed from the analysis, the sample size fell to 37. Because of this, and because three control variables in model 1 for entry were not significant, we performed a post hoc analysis of the simple slope in which we increased degrees of freedom in the model by deleting tenure, hours worked, and the departmental weight from the model. This did not change the qualitative pattern of the regression analysis, but it did change the gradient of the simple slope such that it now became significant at $p = 0.03$. This observation should be taken with a grain of salt, given its post hoc, exploratory nature, but it is suggestive. It suggests that the impact of the interaction of past productivity with stories read is nearly the opposite of what we proposed. The interaction of February productivity below average with stories read appears to have no effect, while the interaction of productivity above average with stories read does. Reading more stories when recent productivity was high increases productivity, while reading more stories when recent productivity is just above average decreases productivity.

Hypothesis 2 stated that in complex tasks, more stories would have an inverted-U-shaped effect on productivity in complex tasks. This hypothesis was supported. As model 1 for Quotes in Table 2 reveals, there was a positive and significant coefficient for the main effect of the number of stories read on March productivity, and a negative and significant coefficient for the squared term for number of stories for the quotes task. This implies an inverted-U-shaped effect. To ensure that this was truly an inverted-U-shaped effect and not just a curvilinear effect, we took two additional steps. First, we plotted the relationship using the coefficients over the range of values for number of stories included in our study. This provided visual confirmation of an inverted-U-shaped relationship, as can be seen in Figure 1c. We also used Simonsohn's (under review) two-line test to confirm the shape. This involves calculating an appropriate midpoint for the data, dividing the data at the midpoint to create a variable with only the data from the midpoint and above, a variable that includes the data from the midpoint and below, and a dummy variable in which observations with below-midpoint values equal zero and observations with above-midpoint values equal 1. We replaced the squared term in our model with these three new variables (see Table 3) and found a significant positive coefficient for the below-midpoint variable ("Stories – Low") and a significant negative coefficient for the above-midpoint variable ("Stories – High"). This provided further support. In complex tasks, subsequent performance was highest when people encountered a small number of stories, but lower when people encountered no stories or a high number of stories.

Hypotheses 3 stated that the number of stories coming from the same department would moderate the effect of number of stories read on subsequent productivity. This hypothesis was not supported, as can be seen in models 1 and 2 for quotes.

Discussion

In summary, we found that in the complex task of obtaining quotes for customers, March productivity was highest relative to February when people read one or two stories about other employees improving their performance and lowest when people read zero or three stories, but the number of stories that were read about a person who works in one's own department did not moderate the effect of the number of success stories read and subsequent performance. In the more simple entry task, the number of stories read had a positive effect on March productivity when February productivity was high and a negative effect on March productivity when February productivity was average. February productivity below average did not moderate the effect of success stories read on March productivity. In this final section, we explain what these results imply for research on learning vicariously from success, and what questions they raise for future research.

Learning from Others' Success Stories in Simple Tasks

The finding that February productivity above average moderated the effect of the number of success stories read on March productivity, but February productivity below average did not was almost exactly the opposite of what we hypothesized. One way to explain this significant moderating effect for performance above average may be that in simple tasks, success stories elicit a competitive spirit from high performers. Research on competition and motivation suggests that when performance is close, people's motivation to compete increases, but as disparity between people's performance increases, motivation to compete decreases (Bronson & Merryman, 2013). Average performers who read stories about high performers may lose motivation and perform worse because of the performance discrepancy, while high performers who read the strategies of other high performers are motivated by the close competition and invest more effort into performing better. In fact, this competition explanation may also explain the fact that our simple slopes analysis for the moderating effect of February performance below average was insignificant, contrary to our hypothesis. While it is possible that this non-effect could also be because of sample size issues as well, it is unlikely, given that the simple slopes test suggested that the moderation was so highly insignificant. The negative main effect of number of success stories read suggests that reading about high performers may be de-motivating for low performers as well as average performers. In fact, when a task is as simple and repetitive as order entry is, average and low-performing employees may be turned off by high performers, and choose to distance themselves psychologically from them. This finding on vicarious learning suggests for simple tasks counterproductive behaviors are generated rather than mastery modeling. If further research continues to support this idea, then theorists may want to introduce competitive motivation (and de-motivation) into theories of vicarious learning, and managers may want to avoid telling stories of high performers to average or low-performing employees doing simple tasks.

Learning from Others' Success Stories in Complex Tasks

Our results in the more complex task of getting quotes confirmed our hypothesis that subsequent performance would be highest after reading one or two stories, and lowest after reading zero or three stories. This result adds nuance to past research on learning from others' successes (e.g., KC et al., 2013; Madsen & Desai, 2010). It suggests that we should pay attention to how people learn from others successes (e.g., through stories), and also that when learning occurs through stories, there may be an optimal amount of information that people can process. In fact, it may be that some research, which has found no effect for the number of others' successes on subsequent performance, would have generated effects if it had taken into account whether and how information about the successes were transferred, or that the relationship between the number of others' successes and subsequent performance could be curvilinear.

Finally, the number of stories a person read about protagonists from their same department did not moderate the effect of the number of success stories read on subsequent performance. This may be because many of the strategies used by storytellers are transferrable to other departments or tasks. Or it may be that the fact that employees sometimes rotate between tasks in this label manufacturing company makes differences between employees less relevant. Future research should examine different variables for vicarious motivation or different settings in which to examine vicarious motivation to see what the boundary conditions might be.

Social Cognitive Theory

Although vicarious learning in particular, and social cognitive theory more generally, have been used often by organizational scholars, we have not found much research that has explicitly examined the comparative effect of social cognitive theory's three learning motivators: direct, self-produced, and vicarious motivation (Wood & Bandura, 1989). Instead, if research mentions these motivators at all, it seems to invoke them for explanatory purposes, but not to operationalize and compare their effects (e.g., Breed & Taylor, 2013; Jones, Thomas, Agle, & Ehreth, 1990). Our study offers what may be the first explicit examination and comparison of the three proposed motivators of vicarious learning. And while we find significant effects for some of the proposed motivators, the results were not always what we expected. Social cognitive theory proposes that these motivators should increase learning, but we have shown that the impact of these motivators may depend on what form they take, the medium through which learners obtain their information, and the complexity of the task that people are trying to learn. In addition to finding learning motivators may depend on the *complexity of the activity one is learning*, we suggest *competition* may be a new motivator for social cognitive theory when employees work in small business environments.

Future Research

Clearly, additional research would be useful to further unpack when and why the three proposed motivators of social cognitive theory actually enhance vicarious learning in the context of small business. In addition to this, our research suggests that it might be worthwhile to incorporate competitive motivations and curvilinear effects into this theory as well. Competition involves social comparison, and social comparison can often have negative effects on learning (Desai, 2015; Ilies & Judge, 2005), but there are exceptions (e.g., Bandura & Jourden, 1991). Also, it would be useful to try to disentangle whether the curvilinear effects of the number of success stories read is more attributable to weighing the costs and benefits of encountering multiple new potential strategies or information overload.

Our findings on the effect of numbers of others' success stories encountered on subsequent performance also suggests research questions that should be pursued. For example, the curvilinear effect found in this relationship for complex tasks raises the question of whether the same curvilinear effect would be found in previous research that has examined the effect of number of others' successes on performance. Also, in studies that include variables that represent the number of successes that others have had, it would be useful to know how many of these successes the learners knew about, and whether they learned, through story, about the tasks strategies used to achieve these successes. Questions like these matter, as the effective management of human performance is critical. If we do not learn the conditions under which employees are able to learn effectively from successes in general, and from success stories in particular, it would be a failure on our part, and may cause failure on theirs.

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Henry Flagler and Henry Plant: Entrepreneurship that Led to the Development of Florida Critical Biography Research

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Abstract

This paper looks at the lives of these two men through critical biography methodology to identify how their entrepreneurial spirit led them to the develop separate railroads in Florida and ultimately contribute to the growth of a state now considered to be one of the top travel destinations in the world (State of Florida.com, 2017). We look at their motives as well as their business practices. It is proposed that the success of Flagler and Plant can serve as a model for future entrepreneurs.

Key words: Entrepreneurship, Flagler, Plant, Florida

Introduction

In the late 19th[h] Century, Henry Flagler and Henry Plant each engaged in building railroads. Flagler's East Coast Overseas Railroad traversed the east side of the state, opening travel to Key West. Plant's ambitions combined rail and steam ship operations to develop Central and Western Florida. Because of their vast contributions to the development of Florida, several biographers have chronicled the lives of these two men (Akin, 1992; Chandler, 1986, Reynolds, 2010; Ford and Petersen, 2011; and others).

This paper looks at the lives of these two men through critical biography methodology to identify how their entrepreneurial spirit led them to the develop separate railroads in Florida and ultimately contribute to the growth of a state now considered to be one of the top travel destinations in the world (State of Florida.com, 2017). We look at their motives as well as their business practices. It is proposed that the success of Flagler and Plant can serve as a model for future entrepreneurs. According to Millard "Mickey" Drexler, chief executive officer of J. Crew Group Inc., "The world is homogenized today and to make a mark, fledging entrepreneurs should seek to "be a contrarian." (Lockwood, and Palmieri, 2012).

Critical Biography Methodology

The craft of biography has been described by Edel (1984) as "writing lives". Biographies may be presented in many different forms including: portrayals, portraits, profiles, memoirs, life stories, life histories, case studies, autobiographies, journals, diaries, and others (Smith, 1984, p. 287). Smith (p. 302) posited that as a qualitative research method, biography is a "rich and only partially exploited form of inquiry for reaching multiple intellectual goals and purposes."

The critical biography methodology was developed by Daniel Wren to provide a framework for analyzing management history. In such methodology, the focus is on management thought rather than those responsible for the advancements (Abraham and Gibson, 2009, Gibson; Hodgetts and Herrera, 1999; Gibson, et. al 2015). We will apply such framework to our study of Henry Flagler and Henry Plant to support the importance of historical representation in the development of business enterprise. As Cummings and Bridgman (2015) concluded, students would more likely have a positive impact on the future of management if they were more engaged with the history and tradition of management.

Born within a year of each other and to similar circumstances of a struggling, working class family in the mid-1800s, both Henry Flagler and Henry Plant achieved success in a multitude of enterprises early in their careers. Ultimately circumstances in each of their personal lives impacted their singular decisions to pursue opportunities in the southeastern part of the United States, circumstances themselves that did not present opportunity, but instead fostered their willingness to take risk and create a vision for the future, motivating rather than dispiriting, stimulating a reason for study and consideration. As DiBattista (2009, p. 237) stated, "when people ask me how to find a "good" biography, I tell them to look for a critical biography because, I say, you can be sure it will discuss the author's work, not just his or her life."

Henry Flagler

Henry Flagler was born on January 2, 1820 in Hopewell, NY. He was the son of Isaac Flagler, a Presbyterian minister, and Elizabeth Caldwell Morrison Harkness Flagler (Akin, 1992). Little is known about his early life. However, a key event in his life occurred in 1828 when the family moved to Toledo, Ohio. At this time, Flagler was brought together with his half-brother Dan Harkness and cousin Stephen Harkness along with the Harkness family frontier mercantile network.

In the years that followed, the Harkness family enterprises expanded with the charting of the Mad River and Lake Erie Railroad, as they developed the land along the railroad. This resulted in business opportunities and ultimately wealth for Harkness family members including Dan and Stephen. Henry Flagler, seeing this success, left home to pursue his own fortune at age 14 (Akin, 1992).

In 1844, at the age of twenty-four, Flagler joined Dan Harkness in his store in Republic, Ohio. It was here that he learned business basics. Their partnership grew in more ways than one. In 1852, Dan Harkness purchased the assets of the Chapman, Harkness and Company and formed a partnership with Flagler and Dan's uncle, Lamon Harkness. In 1853, Flagler married Mary Harknness, daughter of Uncle Lamon. At the same time the Harkness enterprises continued to diversify. They became a de facto banking operation. Ultimately they became involved in grain trade. It was the grain trade that brought Flagler in contact with John D. Rockefeller, a grain broker for Hewitt and Tuttle (Akin, 1992). As a result of their affiliation, Rockefeller brokered most of Flagler's grain in the late 1850s and early 1860s.

The Civil War years were financially successful for the Harkness enterprises and for Flagler in particular. In 1862, Flagler continued his pursuit of profitable opportunities. He diversified his current interests and invested in new opportunities, selling his interests in the grain trade to Dan Harkness and forming a new partnership with Barney York to produce salt in the seemingly profitable salt fields around Saginaw, Michigan. By 1862, Flagler and York soon became one of the area's largest salt producers. The end of the war, however, brought the end to the salt boom. Prices dropped from more than $3.00 per barrel to $1.50 per barrel and Flagler and York ended in bankruptcy three years later due to the decline in demand for salt (Flagler Museum, 2014).

Despite the closing of Flagler and York in 1866, Flagler continued to pursue other business ventures. In debt of over $100,000, Flagler moved to Cleveland to join Clark and Sanford, once again investing in the grain trade business. His resurgence in the grain trade allowed him to reunite with John D. Rockefeller. Rockefeller had himself worked for Clark and Sanford but had left to fully engage in oil trade. With his credit running out, Rockefeller saw in Flagler a pathway to the Harkness fortune and a talent for identifying business opportunities. In 1868, the relationship they established in the grain business was resurrected and eventually evolved into a partnership (which included Samuel Andrews), and the formation of the Rockefeller, Andrews, and Flagler Oil Refinery (RA&F). The company eventually became the Standard Oil Company in 1870 (Wilkinson, 1998).

In the 1870s, transportation of crude oil from the Ohio/Pennsylvania oil region to ports along the Eastern coast of the US and around the world became a major concern. Transportation via the Erie Canal had been the most cost efficient mode, but the railroads were a much faster alternative. In the five years that followed the formation of RA&F, Flagler distinguished himself as the primary negotiator for the transportation of their crude and refined oil. He was successful in leveraging competition amongst the railroads while taking advantage of favorable seasonal rates on the Canal. At the same time, Flagler was becoming Rockefeller's right hand man (Akin, 1992). In 1870, RA&F incorporated with an initial capitalization of $1,000,000, under the name of Standard Oil, with Flagler named the Secretary, Treasurer and being granted 1,333 shares of 10,000 shares issued.

The decade of the 1870s saw Flagler in a constant battle with the railroads, in particular the Pennsylvania, as well as pipeline operators. Yet he continued to be successful in his maneuvering to control shipping costs, as Standard Oil worked to eliminate competition in the oil industry. During this time, he would match wits with the likes of Jay Gould, Cornelius Vanderbilt, and others.

As the company grew, it became apparent to Flagler that a new corporate structure would be required. Flagler is widely credited with developing the concept of setting up Standard Oil companies in those states where they chose to operate (Chandler, 1986), and with a single trust agreement, brought the companies together under a central management team, under the name of Standard Oil Trust, in 1882 (Akin, 1992). This was the first multi-state corporation in the US. It became the model for large corporations of the future (Henry Morrison Flagler Museum, 2008). It is around this time that Flagler began to focus on Florida.

Flagler first visited Florida in 1878, at the direction of a doctor who thought the warm climate would be better for his wife's poor health. It was during these visits to Jacksonville, and then St. Augustine, Florida, that Flagler began to become discouraged by the lack of transportation and hotels. It is these initial visits that are believed to have prompted him to invest his vast oil fortune into the development of Florida (FCIT, 2002) as he was not discouraged by the situation in Florida but rather motivated to use his entrepreneurial skills and instincts to change it. Unfortunately, his wife succumbed to tuberculosis prior to his first investment in the state.

Rather than be dispirited by his personal circumstances, Flagler capitalized on them to create new business opportunities for himself. Sometime between 1884 and 1885, Flagler gave up his day to day involvement in Standard Oil to focus his attention on his business interests in Florida (Flagler Museum, 2014).

In 1885, Flagler made two investments that began his twenty-year pursuit of developing the east coast of Florida. The first is the purchase of a small hotel in St. Augustine and the second was a short-line railroad between Jacksonville and St. Augustine. The purchase of the short-line railroad is described as the turning point in both Flagler's life and Florida's history according to historian Jerry Wilkinson (1998).

Flagler's personal life was encumbered by a series of misfortunes. These included the loss of his first wife to illness, the divorce to his second wife due to her insanity, an estrangement with his only son Harry until Flagler's death, and the death of a three-year-old daughter (Akin, 1992). In spite of these setbacks, he continued to pursue the expansion of the railroad to South Florida and his hotel portfolio, with a zealous passion. At first, Flagler's railroad business was developed by purchasing distressed, existing lines. Along with these existing lines came the land grants that accompanied the rights granted by the State of Florida in the amount of 8,000 acres per mile of track. Flagler further added to his holdings as he built new tracks southward down the Florida coast. At its peak, Flagler's land holdings totaled some 2.04 million acres (Chandler, 1986). Some of the land was sold off to Northerners at prices of $1.50 - $5.00 per acre and resulted in the establishment of villages along the right of way. These ultimately grew into the cities of West Palm, Delray Beach, Ft. Lauderdale and Miami.

With the goal of transforming Florida's eastern coast, Flagler would ride his own railroad in disguise in an effort to discover properties that could be developed into resorts. The disguise was to avoid tipping off landowners of his plan and thus drive up prices. In 1892, Flagler discovered Palm Beach, and returned to St. Augustine to proclaim, "I have found a veritable Paradise." It was in this area that Flagler set out to build what is now known as the infamous Breakers Hotel (Standiford, 2002, p. 59).

Flagler is credited with providing many opportunities to those who came to settle in Florida. An example was the temporary reduction of freight rates by 50% for those willing to bring nursery stock to the state. He also established a model farm at Hastings, which provided the town with a good lead in the production of potatoes (Chandler, 1986, p. 132).

Flagler's desire was to disturb as little as possible of the natural landscape, while building what he planned to be the most magnificent hotel in the world. Accordingly, he decided that the workmen would camp on the west side of Lake Worth and row across the lake to work each day. The implications of Flagler's decision have had lasting implications on Palm Beach. The location of his hotel became known as the land of the "haves" and the area west of Lake Worth, where the workers resided, now known as West Palm Beach, became known as the land of "have-nots" (Standiford, p 60). Despite the stigma of West Palm Beach being known as the service town of Palm Beach, Flagler tore down temporary houses for employees and replaced them with permanent structures. He also contributed to funds for all of the town's new public buildings and gave land for cemeteries and churches among other things (Chandler, 1986, p. 136).

Despite criticism from those who objected to a northeasterner coming into Florida and changing its landscape, there were many who believed in Flagler's vision and supported his expansion of the railroad and resorts along the east coast of the state. According to Martin (1949, p. x), "Flagler gave Florida new life."

Flagler continued his development of the East Coast, traveling farther south down the state. In Miami, as he had done elsewhere, he built an electric company, water company, schools, churches, streets and homes for his workers. He also purchased three ships in 1899 to transport people to and from the Bahamas to work in his hotels (Wilkson, 1998, p. 6). Flagler spent the last part of his life fulfilling the dream to build a railroad that extended to Key West. On January 22, 1912, Flagler at the age of 82 rode to Key West in his private rail car for a three-day celebration. Nearly blind by now, tears were said to have streamed down Flagler's face as he proclaimed, "I can hear the children, but I cannot see them." And later, "Now I can die happy. My dream is fulfilled." (Wilkson, 1998, p. 5).

While researchers have not been able to uncover letters or diaries following the death of Flagler's first wife to understand his emotions at the time and how they may have correlated with his desire to develop Florida, they instead have a track of his conduct. Wrote Chandler (1986, p. 91), "It is a track of a new Henry Flagler, a man who leads Florida out of the wilderness and a man who, along the way, becomes a humanitarian." It is said that Flagler once told an associate that he believed that his fortune was given to him, "To help his fellow men to help themselves and that he wanted to see if a plain American could succeed there where the Spanish, French and English had not." (Wilkson, 1998, p.8).

Henry Plant

Henry Plant was born in 1819 in Branford, CT (New Haven County). When he was six years old, Plant lost his sister and father to typhus, and as a result was raised by his mother and grandmother in a Puritan household (Henry B. Plant Biography, 2014). Plant's mother remarried and moved the new family to Martinsburg, NY, and later to New Haven, CT.

Plant was a member of the First Church and Society of Branford, which carried on tradition as a descendent of Congregationalists. Congregationalists were often characterized by their fierce independence and belief that each person had civil and religious liberties (Congregationalism, 2014; Reynolds, 2010). The Plant's religiosity extended to their dreams for Henry. Plant's grandmother saved a tidy sum of money to send him to Yale College to become a clergyman, but at 18, Plant had different ideas and became a captain's boy for the New Haven Steamship Company.

Understanding the political climate at the time assists in providing perspective to the influences on Plant's thinking, which began at an early age. Prior to Plant's birth, the British blew up a US Navy ship in retaliation for US citizens resisting British conscription. British recruiters were forcing Americans into service by the thousands because many of their own soldiers were AWOL due to inhuman working conditions during the Napoleonic Wars. Branford was in the heart of the upheaval, and further independence and stubbornness of the populous resulted. President Jefferson effectuated an embargo against Great Britain and France in retaliation, but the embargo simply resulted in smuggling—a natural outcome of the independent spirit that prevailed (Napoleonic Wars, Reynolds, 2010). These events helped mold Plant's independent and sometimes radical thinking.

At 18, Plant eschewed his grandmother's offer to pay for divinity school, and instead went to work for the Vanderbilt line of steamships. Because he was keen to improve his accommodations aboard ship (he worked on quite a few), Plant worked hard and volunteered for duty that allowed him to gain his own quarters, albeit in a package freight room. His desire to sleep in an area other than the forecastle, for privacy, was an early indication of his "pluck" and business acumen that he displayed all through his life (Reynolds, 2010).

Plant married Ellen Elizabeth Blackstone when he was 22, and subsequently resigned his work on steamships (Sammons, 2010). He took an office position in New Haven working with Beecher & Company, where he quickly moved up the ranks. Beecher asked Plant and his wife to move to New York, where they happily lived until Ellen started having a nasty cough just after the birth of their second child. Her doctors believed Ellen would do better in a more southerly, warmer climate, and thus they moved south. The journey south in 1853, which included a steamship from New York City to Charleston, and another steamship to Savannah (a total of eight full days) was a nightmare due to a series of events. Once in Savannah, the Plants took a dugout canoe down the St. John's River to Strawberry Mills to stay at an acquaintance's home. To travel to St. Augustine they embarked on a 20-mile horse and buggy ride over extremely rugged terrain (Sammons, 2010).

Once Plant realized that his wife needed a more permanent solution for her health, he made arrangements to begin work with the Adams Express Company in Augusta Georgia. At Adams, Plant quickly advanced, overseeing the entire southern growth of the company. His new job required extensive travel, which was every bit as difficult as the Plant family's move to the south. However, his travels afforded the opportunity to learn about the express business, and they provided him with the knowledge that there needed to be a more efficient way to travel between destinations (Sammons, 2010).

Unfortunately, in 1861, just a year after the Civil War began, Ellen's cough worsened. She died that year, and Plant was completely devastated. Despite his grief, later that year Plant arranged to buy the southern operations of the Adams Express Company, and called it the Southern Express Company. There is a great deal of mystery about the dealings that culminated with Plant owning the southern operations of Adams Express. Some believe that the directors of the Adams Company created a dummy corporation and made Plant its owner.

As the new owner of Southern Express, Plant immediately contacted Jefferson Davis (the president of the Confederacy) to convey that while he did not agree that the war was a good idea, he stood willingly to meet the confederacy's needs with Southern Express. Granted confederacy citizenship, Plant worked feverishly to move necessary packages and supplies to the soldiers. His unyielding work ethic is thought to have possibly been a symptom of his attempt to escape his deep grief over his wife's passing, eventually leading to doctors' diagnosing him with exhaustion, and Plant sailing for Europe to try to recuperate (Sammons, 2010). Plant survived as did the Adams Express.

Confederate citizenship allowed Plant to gain business and freedom throughout the south until the confederacy began losing the war. Once the south's eventual defeat began, Southern Express suffered an overload of undelivered commodities, lack of payments, and a shortage of equipment necessary to run the business. Despite the turmoil within his operations, Plant continued to be known for his forbearance and patience (Reynolds, 2010) and it paid off for him.

Plant eventually was able to capitalize on opportunities that resulted from the ruins caused by war. He had also prudently saved nearly all the money he made (Reynolds, 2010). In 1879, he used his savings to buy the Atlantic & Gulf Railroad (A&G) because he believed it would be an important addition to the southern line of railways. The A&G covered 237 miles, from Savannah to Bainbridge Georgia. The acquisition also offered a further bonus—it came with the A&G superintendent, Colonel Henry S. Haines. Haines had a good deal of experience in confederate railways during the Civil War. The purchase of the A&G began what later was known as the Plant System of Railways (Sammons, 2010).

The A&G became the Savannah Florida & Western Railway (SF&W). Plant changed many aspects of the existing structure to include standard gauge, remodeling of passenger cars to offer greater comfort, and more efficient operations. Less than a year after this first railway purchase, Plant bought the Savannah and Charleston Railroad. The purchase enabled continuous travel between Charleston and Bainbridge. While these two railroads created the backbone of Plant's line, his desire was to expand into Florida. Stiff competition from others who wanted to capitalize on the widespread devastation left by the war was pervasive; however, he applied his business acumen and political clout, to convince Georgia officials to grant a charter allowing him to build a railway between Lawton, GA, Live Oak, Fl, and Jacksonville Fl.

Immediately following the grant of that charter, Florida granted a second one for a line heading northwest from Jacksonville which he called the Waycross Short Line (WSL). The WSL effectively cut travel time between Savannah and Jacksonville by half (Sammons, 2010). Plant's building of the railways in Florida enabled passengers and products to now travel from New York to Jacksonville. The addition of refrigerated railroad cars meant perishables could also be transported between locations, opening up the opportunity for substantial economic growth.

In 1882, when Plant was in his sixties, he formed the Plant Investment Company (PICO) to establish a legal entity where his friends could invest. Those investments were used to expand the burgeoning railway system, and later a fleet of steamships to carry people and products to New Orleans, Pensacola, and Mobile. He had hoped to expand the steamship connection to Cuba and Key West, but was only able, at this time, to secure a route through the Suwannee River. Interestingly, Henry Flagler was one of the investors in PICO (Reynolds, 2010; Sammons, 2010).

Determined to gain Gulf access to southern points in Florida, and eventually Cuba, Plant tried to negotiate with the Yulee family who owned Cedar Key. When the Yulee family refused to negotiate, Plant set his sights on Tampa and Charlotte Harbor. Gaining the charter for a rail line down the west coast of Florida, his company began to build, but surprisingly encountered another railroad crew building in essentially the same area. A company called Florida Southern was also granted a charter (which was believed to be a mistake). Plant managed to negotiate with cash strapped Florida Southern to merge their two entities and become the controlling partner in the Florida Southern line (Sammons, 2010).

Charters for railways through Florida were numerous, and all Henry Plant needed to do was watch and wait for an opportunity to partner with a company that had already received a charter for the originations and destinations necessary to realize his dream of servicing Florida's west coast. The opportunity presented itself when the Jacksonville, Tampa and Key West Railway ran short on cash, but still maintained the charter to build the ambitious line through this corridor. Plant's PICO was ready to invest, but the caveat was that there was very little time to build—seven months if they were to keep the charter. PICO's investors were able to meet the deadline, and Plant's dream was realized; he had reached the Gulf of Mexico. He had also bought and employed the steamships necessary to carry people and products from Tampa to the Caribbean (Sammons, 2010).

As Tampa was becoming a boom town in 1887, yellow fever hit. All the optimism and growth in the area came to a halt. Plant, in New York at the time, but still hearing news of the outbreak and panic, quickly returned to Tampa. In a show of confidence, he promised to improve the port and build accommodations for travelers and workers. Businessmen who operated in Tampa believed Plant's assurances that Tampa was still positioned for economic boom, and upon Plant's further investments, it only took about six months for the yellow fever panic to subside, and building to begin again. Concurrently, rail lines in Florida were expanded, and Tampa was recognized as a world class port. The Plant System owned a near monopoly in Central and Western Florida (Sammons, 2010).

While Plant built a hotel on the long wharf in Port Tampa, he built other hotels around the state that are notable today. One of the best known was the Tampa Bay Hotel, which now houses the University of Tampa (Covington). The University of Tampa building is in the National Registry of Historic Places, and National

Trust. It serves as a testament to Henry Plant's belief that Florida was a treasure to be enjoyed (savethebiltmore.com).

Close to the end of Plant's life, he became embroiled in yet another war, the Spanish-American. His two prized steamships, the Olivette and Mascotte were pressed into service, and Plant was heavily involved in stockpiling tobacco in Tampa because an embargo was anticipated. Plant's work in this area squelched the embargo, and his war efforts using his railroad, steamship, and hotel assets not only made a big difference in the outcome, but generated even more revenue for PICO (Sammons, 2010).

Henry Plant died on June 23, 1899. His legacy included 2245 miles of railroad, eight hotels, and a myriad of steamships (Henry Plant Biography, 2014). The total worth of Plant's estate upon his death was nearly $17.5 million. Court battles and disputes surrounded the estate's disposition, and in the end, his son, Morton Plant, received the inheritance. Nearly all of Henry Plant's fortune was squandered in lifestyle and divorce, and by 1902, his legacy was all but gone (Reynolds, 2010).

Relationship Between Flagler and Plant

In the absence of autobiographies, most of what we know about the relationship between Flagler and Plant is gleaned from their correspondence. Akin (1992, p. 192), described the relationship as "a friendly business relationship" while at the same time being competitive.

On the "friendly' side, we see evidence of the relationship in a memo from Flagler to Plant dated, July 31, 1880, where Flagler asks Plant to include his Palatka to St. Augustine and Jacksonville to St. Augustine rail lines under Plant's bonded warehouse bond. In the memo Flagler refers to "some arrangement with the US Government" that Plant had that would allow such an accommodation (LB54-107). In another memo to Plant, on the passing of his longtime confidante, Judge Chisolm, Flagler passes along condolences with a recommendation on how Chisolm's position might be filled (LB58-263). One other example may be found in an October 2, 1890 memo to Plant, where Flagler expresses a desire to meet regarding the Jacksonville Deport and wishes him well regarding recent health issues.

While cordial, Flagler and Plant were still competitors. Further evidence of this is found in a memo from Flagler to J.R. Parrott dated June 18, 1895 (LB56-237).:

> It has recently occurred to me that if our friends of the Plant System should hear of our proposed ocean pier and bridge across Lake Worth, they might seek to influence the War Department not to grant us permission to cross the Lake. I don't believe they would do so, at the same time, the fear of this is an additional reason for making haste with the plans, and securing permission.

Florida Prior to Railroad Expansion

Flagler and Plant's contribution to the state of Florida are well documented. In the 1850s Florida was considered by many as a very undesirable place to live. Not only was Florida very remote from the rest of the United States, the swamps, alligators, insects, snakes, poor lands, and Seminole Indians all contributed to its negative image. Florida's characteristic swampland and unpredictable tropical climate also made it undesirable for agriculture. Prior to the Civil war, Florida was a slave state and was considered a far off and exotic land with little in common with the North and Midwestern regions of the United States. The prevailing attitude during the United States expansionism era was that a more temperate area was best to raise a nation of Anglo-Saxons where cooler climates were more appropriate for hard work. Florida did not fit the perception of being an appropriate place for Anglos to live. Fortunately, a change in the US political direction brought Florida closer to the rest of the country, building Florida's reinvention as a semi-tropical state (Knight, 2013).

Florida's economy also suffered as a result of the loss of slavery, the Civil War, and reconstruction (Knight, 2013). The emancipation proclamation caused former slave owners to suffer a significant decrease in wealth;

farm values were decimated. After the Civil War, Floridians were desperate to attract new residents and new sources of revenue. Florida was one of the most economically challenged states in the United States. In 1870, Florida's population was one of the smallest in the U.S. compared to other states east of the Mississippi. Factors that contributed to Florida's low population included slavery, Indian wars, the swamp-like tropical environment, and location (Knight, 2013).

In 1880, "Florida's population was 270,000, with 40,000 residents living in the northwest coast between Jacksonville and St. Augustine" (Turkel, 2006, p. 64). Even prior to the Civil War, Florida was well known as a place for people with health concerns; however, rich Americans from the north were just starting to notice Florida's pleasant weather (Turkel, 2006). For centuries, the primary inhabitants of Florida were Mexicans, Spanish, Native Americans, and African Americans. After railroads were built in Florida, it was promoted as an area suitable for an Anglo-American life of leisure or to a place referred to by many as a Tropic of Hope (Knight, 2013).

Racial fears and apprehension about the tropical environment had once provided a major impediment for attempts to colonize tropical regions. Anglo's, "…objected to annexing "hot" lands on the grounds that they were home to "undesirable' nonwhite populations incapable of self-governing; they believed that Anglos could never thrive in such environments (Knight, 2013, p. 13). Indeed, Plant and Flagler's building of world-class hotels and technological advancements introduced by railroads were crucial factors in efforts to promote Florida's semi- tropical climate as a region suitable for Anglo-Americans (Knight, 2013).

Flagler and Plant's ownership of hotels and railroads built the infrastructure that enabled Florida to be transformed into a destination for health, tourism, and land ownership. These efforts were honored by Floridians. For example, Henry Plant was given the nickname of *King of Florida*. Henry Plant's influence and contributions still remain today. "Cities such as Plant City, Sanford, Auburndale, Trilby, and Port Tampa attribute their development to Henry Plant. Streets in Tampa and Port Tampa bear the names of Plant family members and Plant System officers" (Henry B. Plant Biography, 2014, para. 11).

After building the railroad in the Fort Dallas station, Flagler also built roads, a channel, the town's first water and power systems, and funded the city's first newspaper. The residents were very grateful to the contributions of Flagler and wanted to name the newly incorporated town, *Flagler*. He turned down the honor, and convinced the citizens to name the town Miami instead (Henry Morrison Flagler Museum). Flagler's influence stretched beyond commerce. In 1899, Flagler`s wife, Ida Alice Shrouds, became mentally ill. Flagler was a resident of Palm Beach, at that time; mental illness was not considered sufficient reason for divorce. Because of Flagler's petition and lobbying for a divorce, his influence resulted in Florida passing a law making incurable mental illness sufficient reason for divorce. This law was called the Flagler Divorce Law (Reports, 1992).

Florida is now a thriving state with population of 18.8 million (United States Census, 2010). Henry Plant and Henry Flagler's legendary contributions to Florida's road and rail network, tourism, hotel, and agricultural industries still remain. These entrepreneurs were crucial in making Florida one of the largest states in the United States with an economy larger than 90% of the nations in the world (Henry Morrison Flagler Museum).

Summary

The early railroad entrepreneurs and workers helped to dictate the landscape and nature of the United States even today (Ambrose, 2000). Henry Flagler and Henry Plant, whose ability to rebound from failure, willingness to take risk, and strategic thinking, despite personal and professional challenges throughout their careers, are among these visionary entrepreneurs. According to management theorist, Peter Drucker, "the *entrepreneur* always searches for change, responds to it and exploits it as an opportunity" (Drucker, 1985, p.28).

What Flagler and Plant accomplished matters in several ways in that they not only built transportation enterprises, but more importantly, they effectively promoted the development of states, such as Florida, which were relatively unpopulated. Even after the Civil War, what few people lived in Florida were gathered in relatively small cities on the Atlantic and Gulf of Mexico coasts. The interior was mostly forest and scrub land. Florida and southern Georgia are at the eastern extremes of North America, therefore, goods and people did not pass through, generating commerce, as they did in other parts of the south and north. Being destinations in that era, before widespread tourism, was a liability. Economic development was dependent on the land producing agricultural products, timber, or there were factories or mines. When Flagler and Plant moved into that region, they had to literally create the means for people to live, work, and trade for the railroads to have goods and people to haul.

Much like the early railroads in the western United States, such as the Union Pacific, Flagler and Plant's enterprises were as much about land and economic development organizations as they were railroads. The states of Florida and Georgia owe much to the entrepreneurial spirit of Henry Flagler and Henry Plant. The layout of communities and patterns of commerce that exist to this day were set by the railroads and commercial projects they established. Without these two entrepreneurs, the great cities of Jacksonville, Orlando, Tampa, and Miami, and many smaller towns would have taken decades longer to develop.

Direction for Future Research

Flagler and Plant's entrepreneurial efforts were crucial in making Florida one of the largest states in the United States with an economy larger than 90% of the nations in the world (Henry Morrison Flagler Museum, 2014). Data could be collected to determine whether there are valuable lessons or best practices for similar ventures in developing economies. Further, the State of Florida, Flagler, and Plant had a symbiotic relationship that required not only an entrepreneurial spirit, but also a working partnership with the government entity (a public/private partnership). Did Florida plan their development and create land grants based on a cohesive plan, or was the approach more random? How did Florida's planning affect the success of the development of rail as well as the overarching economic health of the region?

Conclusion

Through the use of the critical biography methodology, the research team sought to study the work of two entrepreneurs in an effort to understand their contribution to the development of Florida. It was evidenced throughout each of their careers that their entrepreneurial spirit enabled them to overcome personal and professional trials and tribulations, to persevere when others may have failed, and to dream bigger and bolder than those before them. Flagler and Plant did not simply envision extending the railroad into Florida as a means of alternative transportation into the south but instead embodied the development of hospitality and tourism in the area. As a result, their entrepreneurial contributions resulted in the creation one of the most traveled destinations in the world.

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Leading Multi-Generational Virtual Teams

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Abstract

In this paper, we explore the impact of generational diversity in the workplace and its influence on corporate dynamics, communication, teamwork, and career development. When we take members of different generations, bring them together, and then ask them to work side by side, it brings both opportunities and challenges for leaders. We outline and discuss the issues leaders may face from the lens of the leader. Finally, we will provide recommendations to Leaders on how they can encourage teamwork in a virtual multi-generational environment to yield maximum benefits.

Keywords: Multi-generational teams, virtual teams, generational leadership theories, generational differences, leadership competencies.

Evolution of the Workplace

Since the middle age, office work has been associated with the execution of administrative and intellectual activities. As markets expanded and became increasingly competitive and sensitive to the external environments in which they operate, the processing of more accurate information and the quest for greater productivity become more critical. This quest is leading corporations to rethink the way we look at both office workspaces and the tools they use to reach new heights in productivity and efficiency. Our workplaces have increasingly become more functional, productive, but they also became places of interaction and socialization, where the human dimension has emerged gradually (Cagnol, 2013). The last two decades have seen the introduction of technology, such as computers and the internet, revolutionize the way employees look at the office workplace as well as their interactions with work, colleagues, and customers. Companies have begun to experience a transformational shift in the cultural expectations and attitudes across the generational range of their workforce.

Generational Diversity in the Workplace

Today's leaders must understand that everything is connected and that there is an increasing mandate to have a work environment that equally values and focuses on people, environment, and profit. Not only has the workspace itself transformed dramatically, but the people occupying these workplaces are increasingly diversified, geographically dispersed and multi-generational. For example, today's workplaces "…can potentially employ staff ranging in age from 18 to 80, which has implications for employers in terms of managing the needs and expectations of Baby Boomers, Generation X and Millennials" (Stokes, 2016).

New Leadership Competencies

Leadership competencies have to evolve and continue to adjust to the complex cocktail of managing a multi-generational workforce. Leaders have to consider that Millennials, and the generation following them, want to know that the work they do is both meaningful and contributes to a higher organizational purpose. Leaders also need to understand that some Gen-Xers and late baby boomers also express similar desire to do more than just show up to work every day. To add to the leadership challenge, the push to create, innovate, and find the "next big thing" energized IT software companies to introduce technology solutions that enable the workforce to work and collaborate from anywhere in the world. The advent of the "Virtual Team" requires new leadership values because high performing virtual teams are fast becoming a competitive advantage.

Leading a Multi-Generational Workforce

In this paper, we explore the impact of generational diversity in the workplace and its influence on corporate dynamics, communication, teamwork, and career development. When we take members of different generations, bring them together, and then ask them to work side by side, it brings both opportunities and challenges for leaders. We outline and discuss the issues leaders may face from the lens of the leader. Through our exploration, we also consider how technology plays into the effectiveness of these teams and how leaders could leverage it.

We also examine what leadership challenges and opportunities arise when we engage a variety of people that bring unique experiences, skills, and values to an organization as well as the challenges of dealing with the generational differences that distinguish each team member. Finally, we will provide recommendations to leaders on how they can encourage teamwork in a virtual multi-generational environment to yield maximum benefits.

Generations in Today's Workplace

Dealing with multi-generational diversity in the workplace requires that leaders understand and relate effectively with people who are likely to have different core beliefs, values, and priorities. Leaders have to be able to bring a diverse group of individuals together to build strength and unity through their diversity. In most large organization, we can find work teams with four distinct generations working together. A generation is "…a group of people defined by age boundaries those who were born during a certain era. They share similar experiences growing up and their values and attitudes, particularly about work-related topics, tend to be similar, based on their shared experiences during their formative years" (Notter, 2016).

Meet Our Generations

Traditionalists (Born before 1946). Traditionalists (also known as "Silents") are considered to be the most loyal workers. They are highly dedicated, risk averse, as well as influenced by family and religion. Traditionalists view education as a dream, and vacation time is recognized as a reward for hard work. This adverse reaction to change is driven by their focus on stability and rules. They have a strong commitment to teamwork and collaboration as well as prefer to develop interpersonal communications skills. Many Traditionalists have already retired, and this generation only accounts for approximately 5% of the workforce (Center for Generational Kinetics, n.d.). The Traditionalists that are still working, however, are generally in Senior positions and yield considerable corporate power. Because of their current age and seniority, traditionalist are not technologically inclined, and they prefer traditional office work environments.

Baby Boomer (Born between 1946 and 1964). The actual "boom" in births in the U.S. and Canada is identified by demographers as 1946 through 1964, but the boomer generation is often identified as those born between 1940 and 1960. This group grew up during a time of prosperity (the 1950s) which then turned into a time of social upheaval (1960s and 1970s). Baby Boomers are now aged between fifty and seventy years old and account for 40% of the workforce, more than any other generation (Center for Generational Kinetics, n.d.).

This generation is often described as being self-absorbed or focused on their benefit first. Baby Boomers tend to tout the power of "individual accomplishment" as a way to achieve corporate objectives. They apply their parents' – Traditionalists – hard work ethic more to the benefit of the individual, as opposed to the company. Baby Boomers are the first generation to prioritize work over personal life. Their values were shaped by the rise in civil rights activism, economic downturns, government intervention and inflation. They generally distrust authority and large authority systems like commissions, governments, or committees. Baby Boomers are also responsible for creating the "Me Generation" with its pursuit of personal gratification and entitlement. They were also victims of the dot-com financial crash which is forcing some of them to work longer to achieve retirement.

Generation X (Born 1965 and early 80's). The arrival of Generation X into the workforce coincides with the identification of generational differences as being important to recognize in the workplace. Articles and management books began appearing in the 1990's describing Generation X as it moved into the workplace. Generation Xers are born between 1965 and the early eighties and are now between 30 and 50 years old. They account for approximately 30% of the workforce (Center for Generational Kinetics, n.d.). Generation Xers grew up during the 1980s and 1990s, and they are the first generation to enter the workforce during the first wave of corporate downsizing. This situation affected the way they viewed corporate loyalty and consequently increased their entrepreneurial spirit. They are also described as being "latch-key kids" and a living product of divorced parents, Generation Xers see change and precarity as rules of engagement.

Generation Xers are often considered a "slacker" generation and recognized as working to live as opposed to living to work where their work/life balance is an important attribute. Unlike their Baby Boomer parents who challenged leadership with the intent to take their place, Generation Xers tend to ignore leaders and set their own course. Because Generation Xers place a lower priority on work, many leaders that are from the Baby Boomer generation assume that they are not dedicated, workers. However, Generation Xers are willing to develop their skills and aptitudes as well as take on new challenges because of their adaptability.

Millennials or Generation Y (Born early 80's to mid 90's). Millennials are the generation that grew up in the era of telivision, computers and the expansion of the internet. The individuals in this generation are between 20 and 30 years old and the they account for approximately 25% of the current workforce. They have nearly surpassed the Generation Xers in the workplace. Millenials are also the first "global-centric" generation. Having grown up during the birth of the internet, lived through a surge of global corporate mergers, and witnessed an increase in global terrorism, they are among the most resilient in navigating change in the workplace while developing their appreciation for diversity and inclusion (Center for Generational Kinetics, n.d.).

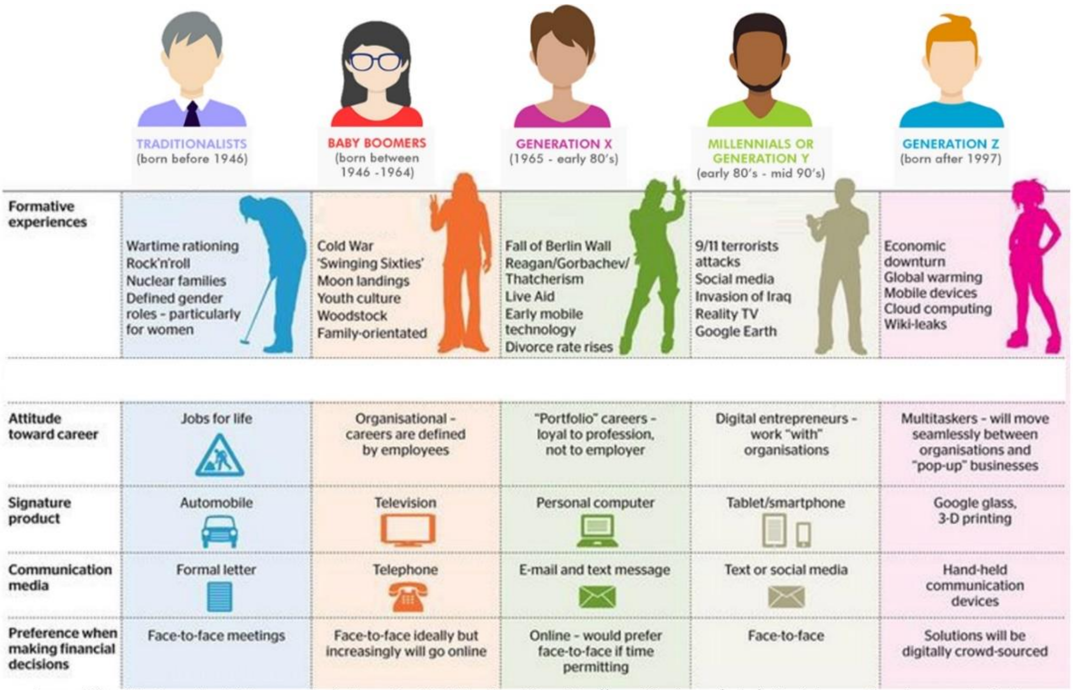
This generation was raised on the internet and are avid users of technology having known nothing but computers, email, and the internet which has made their perspective more global and connected. Millennials take the Generation Xers's work/life balance one step further where leisure is interlaced with work. Millenials are known for their flexibility and are often, at least initially, more comfortable with diversity than other generations.

With significant advancements in technology and increases in educational programming during the late 1990s, Millennials are also the most educated and trained generation of workers. Moreover, they represent the most team-centric generation since the Traditionalists as they have grown up at a time where parents organized their lives with sports, music, and recreational activities to keep them busy while their Baby Boomer parents focused on work. One primary influence that they picked up from their Baby Boomer parents is their readiness to work hard and set goals to achieve the lifestyle they desire. They also share similar values of loyalty and family from the Traditionalist era and sometimes, they can be more demanding compared to previous generations.

The Next Generation of Workers: Generation Z (Born after 1997). Born in 1997 and after, Genneration Zers (also known as Gen Alpha's) are an emerging generation that brings a new global perspective as well as different expectations as customers, employees, and citizens of the world. While most people think that Gen Alphas consists of only kids, the oldest members of this generation are between 15 and 20 years old. They are the newest members of the workplace and will soon become the fastest growing group of employees and customers. They already are the most influential group of technology trend setters and offer the best insight in future technology, communication, banking and shopping trends. Children of the Social Media era, they are the most technologically flexible and diverse generation.

As these generations interact in the workplace, companies can no longer assume that high compensation, employment benefits, and a retirement plan is enough to engage, motivate and retain the top talent. As the last Traditionalists retire, Baby Boomers seek their post-retirement careers, Generation Xers demand challenging but balanced and rewarding work assignments, and Millennials expect more perks in exchange for loyalty and technological savviness, leaders must find ways to engage these generations as they move more and more into a global virtual workplace.

Characteristics That Define Each Generation



Source: Millennials, Generation X & Boomers, Sherrie Stone, May 18, 2016 retrieved from https://www.linkedin.com/pulse/millennials-generation-x-boomers-sherrie-stone

Multi-Generational Differences in Virtual Teaming

On a good day, leading virtual teams composed of individuals from only one generation requires accommodating challenges in the usual areas of culture, time management, and technology familiarity. Adding the complexities of teammates from multiple generational means that, in the virtual workforces of today, leaders must utilize a wider array of strategies in order to help their virtual teams succeed. Leading different generations requires the use of multiple leadership characteristics. For savvy leaders, identifying the synergies between the various identifying the contradictions in the different leadership styles will allow those same leaders to avoid the more obvious sources of conflict within the team. While shifting from leadership style to leadership style may seem a little discontinuous at times, finding that best mixture of styles can have a dramatic impact on the increased efficiency within the team itself. Understanding that an ever-increasing number of virtual teams are composed of multiple generations, finding those common grounds between them is paramount to helping multi-generational teams work together. One of the team leader's prime responsibilities is to both identify those similarities and provide an environment that uses the strengths represented by each generation's approach. Through all the complexity of bringing together multiple generations, a leader must also carefully walk the ever-present line between assessing helpful generalizations about the generations without stereotyping individuals from those same generations (Miller, 2010).

Baby boomers tend to be a competitive group of individuals, and they are typically willing to work long hours in order to succeed within their organizations. Those same long hours generate a large volume of loyalty in boomers towards their organizations (Houlihan, 2017). They will look down on others who have yet to, in the eyes of the boomer, earn their place within a workplace (Dow Jones & Company, Inc., 2017). A majority of boomers were raised in strong family environments, and they also enjoyed increased access to educational opportunities (Miller, 2010). Leaders can use the boomer's loyalty to funnel the boomer's drive and tenacity into a project. Leading baby boomers within the context of a virtual environment provides additional challenges due to the technology often used with remote teams. While baby boomers continually adapt to new technologies that are introduced into their workplaces, they often to treat the technology as a necessary evil to their workflow. As such, leaders may struggle to get their remote boomers fully engaged with the rest of the team. For boomers, the struggle with technology is not always with learning about the technology itself. As mentioned earlier, their ability to learn and adapt was honed with ample access to education while growing up. Instead, technology can create cultural issues for baby boomers as they wrestle with the introduction of some technologies.

While many boomers consider it a distraction for laptops to be used during in-person meetings, a majority of millennials have no problem at all with laptops being present (Miller, 2010). Many baby boomers, based on some recent surveys, are expecting to delay their retirements beyond the typical retirement ages, so leaders can expect for some boomers to remain as active members of their teams for some time yet (Miller, 2010). Of the generations commonly found in teams, boomers tend to the most reserved, and leaders need to be aware of the potential for reservation to respond accordingly.

Generation Xers teammates are reputed to be much more cynical than their boomer counterparts. While some of the cynicism is attributable to the fact that, as the Generation Xers entered the workforce, they found that the boomers were already entrenched into almost all of the important positions, and those same boomers were initiating significant changes in the organizations while the Generation Xers could only watch from their subordinate positions (Miller, 2010).

In today's world, the numbers have balanced out significantly, and many Generation Xers are now inheriting positions from those boomers that chose retirement instead of an extended work life. For Generation Xers, getting ahead through the years usually meant having a willingness to go where the few opportunities presented themselves. Due to this willingness for them to change organizations, their loyalty to specific organizations is not nearly as developed as the boomer generation. Further, living with an enhanced need to adapt continuously to new surroundings, Generation Xers (Houlihan, 2017). The key to earning a Generation Xers loyalty involves leading them in such a way that allows their voice to be heard by the organizations they represent. Leaders of teams with Generation Xers need to tap into this generation's need to be heard while also providing them the appropriate flexibility to work in a way that provides fulfillment with efficiency instead of the long hours worked by the boomers. Having been raised as technology was also growing by leaps and bounds, Generation Xers are far more comfortable with the use of a wide variety of technology (Miller, 2010). Overall, they are more collaborative than the previous generation, and they approach change as an excellent conduit to new frontiers and opportunities (Lipman, 2017).

Millennials, continuing on a trend that the Generation Xers started, seem to have perfected the art of multitasking, and, in general, their attention wanders easily if boredom is not actively kept at bay (Houlihan, 2017). Even more so than the previous generation, millennials collaborate readily, and they respond favorably to face-to-face coaching-centric management styles (Lipman, 2017). Technology is woven into many, if not all, aspects of a millennial's life, and their ability to rapidly embrace new technological ideas is a boon to any team requiring speedy adaptation of new technologies. Due to their easy adaptation to technology, Millennials have developed a preference for higher efficiencies through the use of technology to, in turn, allow for a more favorable work-life balance. Throughout their education, Millennials received near constant individual attention, and their need for individualized feedback and supervision has migrated to their working lives. For leaders of a group of millennials, recognizing the individuality of each team member reinforces that team member's sense of belonging to the group. Millennials respond well in group settings, and they readily interact with their peers to gain needed information, but their success with groups does not detract from their ability to perform excellently on an individual basis (Miller, 2010). Overall, Millennial feel most at home in reliable work environments where the pace is rapid and knowledge is shared equitably. Organizations that regularly and openly seek new ideas lend themselves well to the millennial generation (Miller, 2010).

In many ways, generation Alpha members are the polar opposite of the baby boomers. The transformation from a technology-shy boomer generation to one that sees technology as ubiquitous to breathing is complete with the coming of Alphas. Indeed, many Alphas are growing up with either their tablet devices or smart phones permanently stitched to their hands (Sterbenz, 2016). Whereas many Millennials and Xers grew up watching cartoons sitting on the floor in front of a television, alphas watch their movies and cartoons on the tiny displays in their hands while freely moving from room to room. By the time the Generation Alphas enter the workforce, the concept of going through an entire meeting without accessing their technology will likely be unfathomable to them (Sterbenz, 2016).

For the leaders of multi-generational teams, sources of conflict will be easier to spot if the leader has a deeper knowledge of the expectations that each generation brings to the virtual table. Training on generational differences for would-be team leaders provides a step in the right direction towards unifying the generational diversity found in many teams. Moreover, the training should also embed a generalized knowledge of the generations without teaching those leaders to stereotype individuals on their teams. Instead of reinforcing stereotypes, a leader's training should simply make them aware of the general differences they may discover while leading a team. Not every baby boomer wants to work long hours to gain a promotion at work, and not every millennial openly shares information with any peer that asks. While reputed to be a more cynical group with less loyalty than the boomer generation, many Generation Xers are fiercely loyal individuals that stalwartly spend their entire careers at a single organization. The power of the training comes in enabling the leader to recognize when the generational differences may be causing strife amongst the group members, and juxtaposing their training with the symptoms observed may illuminate a better solution to the turmoil.

Instead of focusing on the differences between the generations, leaders of diverse groups should focus instead on the similarities between them to create and buoy a team atmosphere. Just as each petal of a flower is unique, there is always enough overlap provided. Certainly, there are many observable examples where generational differences in a workforce are relegated to complete obscurity in favor of promoting the similarities between the generations. Within the armed forces of many countries worldwide, it is not uncommon to find officers in their early twenties commanding troops with a wide range of generational representation. In the life and death circumstances faced by armed forces, orders are obeyed without derisive commentary about whether a leader has earned their right to lead (Knight, 2014). Using similar collaborative approaches allows leaders to unify a team such that a sharper focus is gained by the entire group. Through collaboration, the leader can still take charge of a situation while also allowing all members of the group to be heard. The concept of collaboration is one that resonates to some degree across all the generations, so focusing on celebrating these similarities will bring the individuals together. Collaboration can also be used to help build bridges over some of the differences between the generations. Purposefully pairing up Millennials with baby boomers provides an opportunity for high degrees of cross-training wherein the boomer learns about newer technologies, such as the benefits of social media, from the millennial while the millennial gains a mentor that provides a deeper institutional knowledge (Knight, 2014). The concept, for leaders of a group, is both to recognize the different learning requirements represented by the group and then to flexibly adapt the training methods available.

Finding common ground is ultimately the goal for any leader of any group. Having said that, in many cases, the common ground itself may shift dynamically depending on which team members are working together. Leaders of these multigenerational groups will be required to change deftly between the unique leadership styles that work best for each individual on their team. Any assumption that a modern team can be led with only a single style of leadership will likely end with failure (Lipman, 2017). Versatility in leading styles will be the thread that binds a team full of individuals together.

Reiterating the earlier caution about stereotyping, a successful leader needs to be familiar with the strengths and weaknesses of their team members regardless of which generation they belong to. Promoting the same level of knowledge among the team members also creates a more solid foundation. Seeking out the opinions and ideas from all team members, and even giving them all an opportunity to take the lead for a given project or milestone, can further reinforce the camaraderie of the collective unit (Lipman, 2017). Giving the entire group ample opportunities to learn about each other's experiences and skills helps to reduce the negative stereotypes that can seep into multi-generational environments.

Building a Workplace That Works for Everyone

As global team leaders, knowing what drives our virtual teams must be at the top of our list of items and our pledge to building effective teams that work in collaboration within a virtual setting. Working together has taken another meaning with teams now collaborating online and at times “over long distances” (Gratton & Erickson, 2007). Teams and projects are increasing by the minute where convoluted tasks and assignments are tapping into a wider range of individuals from various skill sets, backgrounds, and generations. Assisting in shaping the right virtual teams and culture in a suitable workplace is lead by the organization’s leaders who must help define and cultivate what works for the generations within a virtual team context.

Companies must find the right leaders who will, in return, set up and structure virtual teams to meet the organization's goals. Those leaders leverage the highest level of cooperation through group governance, by creating followership within the desires and needs of each generation. The leader's role is to “create an experience worth talking about” and where diversity exists and is welcomed within the teams for the whole perspective and performance (PWC, 2017).

Implications for Leaders of the Evolving Workplace

The implications for a leader are to create a suitable workplace for his team to achieve and manage the team dynamics within a virtual setting adapted to the generations. The fundamentals for a leader who genuinely cares for his employees is always to have the best intentions for their development and career. Furthermore, it is important to understand that the “one size fits all” approach does not work with all generations and various cultures. The leader must foster a creative culture and promote collaboration. The evolving workplace needs a great foundation for leading change. Ideally, one enabling to coach, facilitate and cultivate the desired workplace adapted to the generational and virtual team needs. Culture demands time to be built, even greater time to sustain within an environment where everyone is engaged and empowered.

Achieving the desired team dynamics needs to encompass the essential elements of how the team interacts and the relationship between the people & the context in which that relationship occurs. The leader is to build both task and processes (influences performance and social processes which influences outcomes) by coordinating mechanisms to bring together different contributions. Good process practices and maintaining active virtual team processes adapted to the generations will help shape the desired workplace environment. The leader must find proper methods for their global teams. The evolving workplace needs a careful selection to adapt to the diverse views and expertise of the generations on their virtual team.

Cultural and generational best practice is to recognize differences; the leader must create the ideal workplace in which mutual respect is at the top of the agenda. Virtual team leaders’ tasks are to enhance respect and the appeal of the group. Every generation brings their strengths to the table. Those team dynamics bring a well-deserved identity to the virtual team. In setting a mutual respect environment within the different generations, the leader must keep in mind that there will be diverse interpretations and divergent views. Trying to involve everyone and the generational needs will be a key component of the leader’s skill set.

Leaders working in a generational virtual team context must avoid stereotyping their employees and appreciate that individuals are not necessarily characterized by their generation alone. It is also important that the virtual team leader possesses self-awareness and comprehension around the generational expectations. Meaning they should be aware that they may have predispositions or beliefs that influence their management style and consequently how they relate to others in the virtual workplace. A piece in the Wall Street Journal underlined 12 approaches on how to effectively lead across the different generations (Dow Jones & Company, Inc., 2017):

- Familiarize yourself with the various generations. Leader needs to adapt their style versus trying to change each member of the team;
- Facilitate mentoring amongst different generations;
- Offer assorted working options. Center your focus on results rather than how it gets accomplished;
- Adjust to the various learning styles;

- Keep employees engaged and empowered;
- Open up the workplace and allow/encourage collaboration through the virtual settings;
- Mix things up. Set aside the routines;
- Initiate recognition programs;
- Adapt to personal employee needs;
- Give the employees a voice. They all have something to bring to the table;
- Customize your communications;
- Don’t blur character issues with generational peculiarity.

Therefore, the virtual team leader must have an understanding of the different generations and what defines them. Furthermore, the notion of the leader as a coach becomes even more relevant across generations; tapping into the particular skill set of each team member to maximize their know-how and experience for the workplace of the future.

Differences Between the Generations in the Workplace

In a multigenerational workforce, companies need to find ways to adapt to the employee requirements. Challenges go beyond the virtual setting. Human resource professionals and their leaders must build and deliver a workplace for the future that encompasses and meets the needs of a diverse workforce. Generational variations can affect the desired virtual workplace from recruiting, working with change, stimulating, forming teams, managing, sustaining, and enhancing productivity.

The virtual team leader must think of how generational differences, relative to how their team members communicate, might affect misinterpretations, employee turnover, difficulty in attracting and gaining employee devotion. Leaders must also understand that their virtual teams communicate based on their generational backgrounds. Respectively each generation brings a different flavor; distinct behaviors, attitudes, expectations, and motivational attributes. Fundamentally, this implies that virtual team leaders need to learn how to communicate with the different generations, which, in turn, can then make the difference in eliminating potential conflicts and misunderstandings in the workplace (Hammill, 2005).

The leader needs to be in-tune with its workforce while navigating through the constant challenges and the ever-growing need to adapt to the market conditions within a global context. The virtual leader needs to have an understanding of the expectations that propels their team and the multicultural differences within the generations they lead. The ideal multi generational virtual workplace is one that includes four practices (Magnuson & Alexander, 2008). The first being flexibility, giving them control over sections of their work agenda. The second being the desire to develop themselves, where they can have opportunities to learn and grow within the organization. Also, their interaction and approach from their leaders are significant. They expect a coach - not a boss. Lastly, they require respect. They want to feel that they are being valued, listened and included in the virtual team.

Wants and Needs of Each Generation

Being virtual in a generational context will require that the different generations embrace technology. The approaches to the tasks have transformed over the last decades multiplying the complexities that a modern day organization has to face, not only with technology but with the different generations in the workplace. Team members are now, more than ever, composed of various ages and mindsets altering the wants and needs of each generation. As the leader of a virtual team needs to adapt to the ever-growing technological changes, he must also include in his curriculum the needs of each generation.

Making all generations at ease with working virtually is at the helm of the virtual leader's agenda. What was once considered to be the norm of working in an office eight hours a day in a face-to-face setting with one or two generations is becoming a faded reality. In the age of video conferencing, instant messaging, smartphones, social media and other online collaboration tools, virtual team members work from many different locations in different time zones (Kovary, 2013).

As experts from various geographic areas come together to work on tasks and achieve business objectives, the leader is faced with multi-generational team members to meet the business needs. Among the intricacies of working with different age groups also comes with the understanding of what can make them bond as a team. Just like in an orchestra, each brings their flavor to the creation of a symphony. The challenge is to bring the group of "I's" (individuals) in working together in a collaborative and in synchronicity. Each musician brings something to the orchestra. It is the job of the conductor to use his masterful skills in guiding the team to the desired goal of a beautiful symphony. Getting it right for the virtual leader means that he must find a way of creating and putting it all together.

Workplace Challenges

While generational concerns in the virtual workplace can sometimes be challenging, they are not undefeatable. "Raising awareness of generational issues on teams and focusing on productive behaviors can bring teams together and enable them to function more efficiently" (Birkman, 2016, p. 8). These changes can manifest themselves as the generational conflict in the workplace. Companies that want to lessen generational pressures within their virtual teams must increase understanding, awareness, and acceptance of different workplace types.

Among other challenges reside in communication styles and the technology divide. How virtual team members decide to correspond can have an impact on the communications they hear (Birkman, 2016). Although differences in favored styles of communication between generations, their approaches and traits are much more coherent than many would choose to accept. "We see these differences as personality differences, but they're not. They're differences in cultural attitudes and values; personalities are fairly similar across all generations" (Birkman, 2016, p. 10).

The technology is increasingly intensifying the gaps among the generations. As Birkman points out, "the gap you see between Xers and Boomers is relatively small, but the gap between Generations X and Millennials is much larger due to the rapid rate of technology growth" (Birkman, 2016, p. 10). As technology rapidly changes for the virtual teams, so will the differences between generations.

Behaviors is also another component of the puzzle the virtual leader must understand and take into consideration. Although individual and team behaviors will change from person to person, businesses can gain from appreciating each generation's different communication, work, and technology types, as well as the cultural inclinations and values they display (Birkman, 2016).

The following table will help appreciate these differences.

	ORGANIZATIONAL BEHAVIORS	WORKPLACE STRENGTHS	WORKPLACE STRUGGLES
BABY BOOMERS	Boomers tend to be optimistic, ambitious, competitive, and focus on their personal accomplishments. They believe in working long-hours and expect the younger generations to adopt this approach. They have ruled the workplace for years and are comfortable in the culture they created.	• Team perspective • Dedicated • Experienced • Knowledgeable • Service-oriented	• Non-traditional work styles of Generations X and Y • Technology replacing human interaction • Sharing praise and rewards • Balancing work and family • Uncomfortable with conflict, reluctant to go against peers
GENERATION X	Having seen their parents laid off or face job insecurity, they have redefined loyalty. Instead of remaining loyal to their company, they are committed to their work and people they work with in the workplace. They are skeptical, risk- takers and want fun in the workplace. They also seek more work-life balance.	• Independent • Adaptable • Creative • Techno-literate • Willing to challenge status quo	• Career development • Conflict resolution and office politics • Multi-generational team projects • BalancIng work and family • Skeptical and distrustful of authority
MILLENNIALS	They are typically team-oriented, and work well in groups, as opposed to individual endeavors. Also, they are used to tackling multiple tasks with equal energy, so they expect to work hard. They are good multitaskers, having juggled sports, school and social interests growing up.	• Optimistic • Able to multitask • Tenacious • Technologically savvy • Driven to learn and grow • Team oriented	• Respectful communication • Functional literacy • Need supervision and structure, especially with people issues. • Reject the concept of "paying dues," expect input immediately.

Source: (Birkman, 2016)

For most of their careers, traditionalists did not work with virtual members and bringing work at home was not part of the outline. Traditional leaders have had to alter their styles around virtual teams. The old traditional methods no longer work with teams being spread out across the nation or the globe. The Traditionalist leaders must essentially center on outcomes and results versus the old way of leading – in direct 'face time.'

However, Baby Boomers consider working from home as a benefit, not an entitlement. "Many Baby Boomers believe that only high performers or those with a great deal of seniority should be able to work remotely as a reward for their service" (Guthrie, 2009). Nevertheless, global virtual teams are no longer an indulgence; they are a reality and a necessity where Baby Boomers have had to adapt.

Working 'Virtually' with Traditionalist and Baby Boomer Teams

As the outlook has changed, Traditionalist workers may be required to work remotely along with other virtual coworkers. Leaders will need to offer Traditionalists a lot more guidance when creating a virtual team, especially in the first instances. Traditionalists, for the most part, are not accustomed to completing work within a virtual context or on a non-defined timetable. Moreover, because "they won't be able to physically express their dedication and hard work, they'll need to know how their managers and the organization will measure their success" (Guthrie, 2009).

Virtual teams consisting of Baby Boomers, frequently want to build their credibility to make sure that they are a viable asset to the team and that they add value (Guthrie, 2009). Some of them may have a hard time grasping how to build sustainable relationships knowing that there are limits in the ability to convene face-to-face (Guthrie, 2009). Using highly collaborative technology such as video conferences and other tools will ensure an appealing experience for all virtual team colleagues.

Gen X, Gen Y, and Virtual Teams

Gen Xers and Gen Ys are the generations who have adapted quickly to virtual team settings and are often at the forefront of this type of group arrangement. Gen Xers who lead virtual teams are for the most part, very productive as they have embraced a results-based style. Their focus is on when the work is accomplished and its deliverability on time versus the actual execution of the work. On the other hand, Generation Ys have evolved in virtual teams for most of their existences. The Gen Ys are extremely at ease with cooperating online and, much like us UFred'ers, have likely developed relationships with individuals they rarely meet. "However, Gen Ys may struggle with the fact that some members of a virtual team may not be as comfortable in using online tools as their primary form of communication" (Guthrie, 2009). Gen Y team members, for the most part, will be very comfortable in providing advice and suggestions on how their know-how around technology can be better utilized to strengthen collaboration (Guthrie, 2009).

As a virtual leader, it is our mandate to build a workplace that is free from generational strain between team members, and where you "don't dwell on the differences" (Guthrie, 2009, p. 3). The role of the leader is making sure he can distinguish what each person brings to the table and that no one gets particular treatment due to their age (Guthrie, 2009). Mostly and regardless of the generations, the leader must build a workplace based on collaborative relationships. Regardless of being co-facilitated or within a virtual context, everyone wants to be able to trust their leaders. Everyone enjoys feedback and wants to feel like his or her contributions are recognized. It is not about age. "The so-called generation gap is, mainly due to the result of miscommunication and misunderstanding, fueled by common insecurities and the desire for clout" (Sabatini Fraone, Hartmann, & McNally, 2007, p. 3).

Conclusion

For the first time in modern history, up to five generations can be represented in the workplace. Each generation with its own set of values, characteristics, and priorities. This juncture of generations in the workplace offers a unique opportunity to increase the productivity, creativity, problem-solving and learning of a team if the differences between these generations are harnessed as strengths (Stone, 2016). As leaders of multigenerational virtual teams, getting to know each team member individually will provide more insight on how to get the best of each team member as well as the whole team. The longer leaders wait to understand the effects that generational differences have on their productivity, the harder it will be to adjust and implement solutions that address the needs of their employees.

In a virtual workplace, both leaders and employees of all generations must be encouraged to become more aware of the attributes, attitudes, and preferences of each different generations. Understanding what drives each generation in a virtual team environment is a positive step toward professional excellence and increased productivity. Compassion and communication can help minimize any perceived generational gaps and help focus on shared values. Leaders that work to proactively address the needs of different generations of their virtual team will reap the benefits of improved team culture, higher employee engagement and morale, more effective teams and better employee loyalty.

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The Rise in Fly-In, Fly-Out Jobs and the Challenges Managers Face

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Abstract

This paper is an overview of the growing trend towards the use of fly-in, fly-out (FIFO) jobs by organizations today. The paper explains the many benefits and challenges that employing people in this type of role can have for all involved including: the employee, team leader, team members, and the family of the employee. We will discuss how FIFO jobs stray from a traditional employee-employer relationship, and how these roles have changed team dynamics and leadership styles in today's workforce. An assessment of industries which would best benefit from employing a FIFO type role, and of a leader who would be most suited to work in type of role.

Traditionally, people seek careers which enable them to work close to where they live, on a schedule that accommodates their lifestyle. The preference for many is to work in the city where they reside, on a typical 9:00 am - 5:00 pm schedule (35 hours per week) to streamline work-life balance; however, as modes of transportation revolutionize and become more accessible, people have gradually begun broadening the scope of their career search to distances outside of their community. In today's society commuting is a common occurrence among workers and has changed team dynamics, reporting structure, and the definition of workplace.

According to the 2011 National Household Survey (NHS) performed by Statistics Canada, roughly 15.4 million Canadians commuted to work (Statistics Canada, 2011). In 2011, Canadian commuters spent an average of 25.4 minutes travelling to work, with 17.2% of these travellers having a commute of 45 minutes or more (Statistics Canada, 2011). While commuting has become increasingly more common with commuters traveling to their work location via car, train, or even the bus, few hold a job where their primary mode of transportation to work is by plane.

Industry, location, and the type of work being performed all contribute to the mode of transportation and the travel time that is required to get to the intended worksite. Those industries which most commonly require transportation by plane are mining, oil and gas, and construction as many of the worksites are in rural areas with a very limited candidate pool (The Talent Group, 2017). In Canada, British Columbia and Alberta are the provinces where flying to jobsites occurs most often.

Fly-in, fly-out jobs are a relatively new trend in the business world today and continues to grow in usage. Defined, fly-in, fly-out jobs, often referred to as FIFO, "is a terminology used when employing people in remote areas, where the person would be flown in and out, as and when required for the job" (InfoMine Inc., 2017). In a fly-in, fly-out job not only is the transportation method different but the daily schedule and schedule length is unlike the norm. According to InfoMine Inc., "FIFO jobs involve working long shifts, for a specific number of days, whilst on site, with all the time off spent at home rather than at the worksite" (2017). In these jobs, the supervisor is often situated in a location that is different from the employee(s) where the work is being performed, and one team can potentially be divided over several work sites either locally or globally.

In historical employer-employee relationships, the employee and supervisor were co-located as were the teams they managed. In traditional co-located workplaces, in-person conversations, debriefs, and collaboration was heavily relied upon in order to perform and complete the work. With this transition to fly-in, fly-out jobs, how a leader leads their team and how a team performs collectively is a challenge. These working relationships must be strategically and thoughtfully managed with leaders "having a very important role to play when dealing with the dynamics of FIFO" (InfoMine Inc., 2017).

While fly-in, fly-out jobs enable organizations to hire specialized workers from a wider geographic area as well as operate in areas that were previously deemed unreachable, the concept of fly-in, fly-out jobs brings with it a number of managerial and team challenges. In this informative paper the benefits and challenges of fly-in, fly-out jobs will be explained in more detail, with a specific focus on the challenges managers face in leading their teams from a remote area and how to effectively manage a virtual team that is stationed in two or more locations. These challenges include how to lead a virtual team using various communication methods, how to maintain employee engagement and happiness, as well as how to ensure team collaboration and cohesiveness for operational success.

Benefits of Fly-in, Fly-out Jobs

While fly-in, fly-out jobs are industry specific, the trend towards utilizing this contract type is expected to grow in the modern business world in direct response to the benefits the employer can reap. As the composition of teams continues to become dynamic in nature, and operations for many companies are entering a global environment, the ability to fly workers in can help the business target a desired skillset, make cost-effective hiring decisions, and effectively gain a competitive advantage.

Broadened Candidate Pool

By far the greatest benefit of fly-in, fly-out jobs to an organization is the ability to fly skilled workers to a location. The benefit of this is two-fold. Firstly, this broadens the candidate pool from an otherwise very narrow selection (especially in highly remote locations). In many of the locations that these industries require workers, the location is either too remote, or the skill set is not available. Though a fly-in, fly-out position is a schedule that may not appeal to many, using flight as a transportation method extends the geographic scope of recruitment initiatives. The ability to fly-in workers enables the business to find highly skilled workers and be selective with the candidate that they chose. FIFO jobs aid the manager in finding the right candidate with a specialized skill set.

In the case of remote locations, relocating existing employees (and their families) is not a preferred approach as it could lead to low engagement. By offering a fly-in, fly-out job as an alternative, "the flexibility to go back and forth means that these desired workers are more inclined to accept the role and the company will be able to benefit from their skill sets" (Ryan, 2016).

Secondly, many employers offer increased salaries to employees to entice them to accept a fly-in, fly-out contract. Money is therefore a common recruitment tactic utilized by managers of fly-in, fly-out roles. Despite offering increased salaries, fly-in, fly-out jobs prove to be beneficial to employers as they can hire these workers for a contract when the work is available, offering a cost-effective alternative to full-time employment.

Challenges of Fly-in, Fly-out Jobs

While fly-in, fly-out jobs present many benefits to an employer, there are a number of challenges this type of role generates for both leaders and teams. Specifically, FIFO jobs have forced leaders to re-evaluate what constitutes a team, and how to best lead a team that is positioned over two or more work sites. The biggest challenge includes how to best provide leadership that is meaningful, respected, and communicative from a distance.

Management Communication Challenges

Although the fly-in, fly-out roles have some undeniable benefits, they also come with a set of distinct challenges that leaders alike need to manage. As the FIFO work context is essentially a partial virtual team environment, it makes it clear that communication for team leaders or managers is challenging. Understanding the proper ways that business is conducted and how teams need and should communicate is key.

The FIFO context, as briefly mentioned earlier, may require some employees to work completely in a virtual team, some to work a portion of the time in a virtual environment, and for others FIFO will not change anything. A lot of it will depend on the position of the individual, their rotation schedule compared to their peers, and the particular assignment or work being performed.

Rotations in FIFO jobs vary quite a bit from one company to another but also internally in one single operation. Schedules can be from four days on and three days off to three weeks on and three weeks off. This has a tremendous impact on a team's ability to work when the members are scattered between different rotation schedules. When everyone is on-site at the same time, the FIFO context does not differ from a traditional office environment; however, projects cannot be run in a three weeks on and three weeks off schedule. In this example, to complete the project, members of the team are either cross-shifting or they are required to continue the work from home during their off time. This is when the virtual nature of the team becomes a potential challenge.

Between team members, communication is essential to keep a project moving forward and to have the full commitment of all members. This is a big challenge when members are asked to contribute from home during their "off time." Encouraging virtual teams to communicate is difficult and making sure communication does not become a source of conflict is critical in order to ensure team cohesiveness.

Team members are certainly faced with challenges as is the manager. In a FIFO context, managers do not generally have cross-shifts, which means there are extended periods of time where they are not on-site but still have to manage their teams or departments. This leadership style requires very good communication abilities both in making sure messages and assignments are clear and understood but also in managing the way projects are assigned and articulated. As mentioned earlier, most employees have in their mandate the potential to be asked to work from home during their off days. This can make it difficult for managers because asking someone to work from home during their downtime is not an easy task, but to do it virtually adds another level of complexity.

To keep a team on track and to manage performance, leaders are now expected to be experienced in providing direct supervision when they are on site at the same time as the team, as well as indirect supervision for when off site. Having managers trained on both leadership styles and requiring the use of both on a regular basis allows for more flexibility in the ways some situations are dealt with. Good planning and a comprehensive understanding of which leadership style best fits the situation at hand is critical. To support the team spirit and to keep employees focused on the end goal, a great deal of trust needs to be established between team members and with the leader.

One element that enables trust to be built among teams in such an environment is having team members and a leader that are delivering on their promises. When part of your team is leaving the site and expecting to come back to a project that has moved to a certain point, it is imperative that they are not discouraged by the progress made in their absence. All team members must, therefore, be held accountable by not only their leader but among one another. Expectations that are agreed on and not met is hard on a team's cohesiveness and their ability to deliver quality work. Shared accountability is important because it allows the team members to believe in the capacity of the team to achieve which is more motivating to get the work done. The burden is then truly tackled by everyone. This also means that if for one reason or another there is a delay or a change of course, the information needs to be relayed to other team members in a way that does not discourage people. The leader must, therefore, foster a team environment that encourages effective communication and rapport among team members.

This brings another inherent challenge of FIFO operations - the ability to meet and discuss. As it was mentioned earlier, in virtual teams that include fly-in, fly-out workers there is typically a part of the team that can meet face to face when they are on-site, while others are not situated in the same location. To keep it fair with every member and to have all team members involved, the leader needs to organize meetings that enable off-site workers to connect and participate. Though this may make it harder for the on-site members as they could easily meet by themselves, it is important that everyone remains part of the team and feels included in the team's progress and goals.

As for conventional virtual teams, time zones are always something that limits the available range of time that the team can meet. But to contribute to the difficulty, the FIFO context also has to deal with people being on vacation at the same time others work. This is challenging for the team leader because to sustain a minimum amount of meetings that are necessary to keep the team focused and efficient, they will have to ask team members to take some of their time off to work. That is never easy, but needs to happen for a project to move forward. This is something to consider as a manager, as frequency in meetings can become increasingly too much when you are asked to be at a meeting during your days off. The frequency of meetings is something that would need to be discussed with the team and has to consider both the project requirements and the rotational schedule of all team members. The more expectations are communicated and discussed early on in a project or assignment, the less surprises and possible issues teams will encounter as the project moves forward.

To help teams and supervisors manage their communications there are numerous tools available nowadays. For meetings, the closer the meeting is to a face to face discussion, the best results a team tends to get. For this purpose, software such as *Webex* or *Skype* are available, and are widely used by virtual teams today. The software enables body language to play a part in the discussions despite being distanced by location, which limits the potential for misunderstanding or misinterpretation.

For day to day communications, more traditional methods of communication are used by virtual teams such as texting, emails, and the telephone. These methods are typically best used for brief one-on-one conversations or where there is no need to have the rest of the team involved.

A great tool now available to FIFO and other virtual teams are live document working platforms such as *Office 360* for example. This tool allows multiple users to work on the same *Excel* spreadsheet for instance from different locations simultaneously. The document also tracks progress and changes by users for teams to easily identify who made the change and who contributed. This tool is beneficial as it limits the potential for team members to lose track of the progress of others working on the same project and for the purposes of accountability. It is also a great tool to eliminate the building of different versions of the same document as members each make their individual contributions. At the same time, however, almost everyone sometimes finds it difficult to express a point of view or to understand the views of others (Fisher & Fisher 2011). This is important to take into account for any team leader.

Failing to use the tools available and to properly schedule meetings can result in numerous issues. The FIFO context is prone to the creation of cliques among team members and can isolate those who are off-site or separated from the majority of the team. People on the same rotation see themselves more than members in opposite cycles. Team dynamics are something the team leader needs to be mindful of and must ensure they encourage members to be united through the good use of meetings and communication technologies. Poor management of team members could lead to a dysfunctional team that will lose efficacy over time.

Physical and Mental Effects on Employees & Family Members with FIFO Jobs

Another aspect of employees working a FIFO schedule is the human side of team management. In a virtual team environment, essentially only the communication and physical interaction changes for the employee. The team member would still be at home every night and would not see much change in their personal life routine. In a FIFO environment however, the employee will be away from their family for extended periods of time, changing fundamentally the context in which the employee will be asked to work. The dramatic change in living dynamics has an impact on the personal aspects that is involved in team management.

Typical FIFO employees would be leaving home and staying in a camp setting on the jobsite throughout their rotation. Working hours vary between ten to twelve hours per day over the course of their stay. This can put a strain on their relationships and lead to an increase in stress (Grayson, H., & Bretherton, K., 2016). This will have impacts on the person's morale and the way they will react to stress. The fact that the employee is also leaving their family behind adds to the mental challenges they will endure.

For the manager, it is important to realize that all those personal challenges employees face will have repercussions on the team member's ability to function. For some the irregular work schedule and the challenging context will have a positive impact on their ability to perform. But for others, all that was described earlier is creating stress that will have a negative impact on their patience level, focus, moral, and engagement towards the team. This is why it is very important for the manager to properly understand the personality and needs of each team member. It will allow the leader to better schedule meetings and set expectations for each member that they can see as motivating goals.

As the team member is also called to work from home on a punctual basis, it is also important to understand the impact of FIFO roles on the families and family life in general. For someone on a FIFO schedule, it is very common to miss out on a lot of family events. Whether it is Christmas or a child's birthday, if the employee is on rotation they will be missing it. This can create a lot of guilt and other negative feelings for employees and effect their engagement at work. Asking employees to log on a video conference on their days off needs to be done tactfully, so that it does not emphasize that sense of guilt and missing out. The supervisor needs to be understanding of their team members, finding ways to keep everyone happy. This includes the family itself which has a big influence on the employee's morale. By making these considerations, the supervisor is limiting the possibility of an employee or their family to turn against the company.

The personal and emotional challenges of FIFO jobs are well known and documented. Companies alike have done a lot since the appearance of FIFO roles to create better conditions for the workers and their families. Companies understand the impact of distance, fatigue and emotional strain on their workers. Things like creating informal social events on-site where members of a same team can break out of the work context to loosen up allows for tighter bonds between team members. Celebrating each other's events within teams is also a way to signify to other team members that they care for one another, limiting the isolated feeling that comes with FIFO jobs. Taking advantage of these solutions to reinforce team bonding will serve both the team and each member well. It is the little things the manager or employer can do that makes FIFO jobs livable, and that can turn a situation that is essentially working for a living into an enjoyable team work experience.

Ideal Leaders for FIFO Jobs

As described earlier, communication and how to support the mental and physical effects that FIFO work has on employees are some of the challenges that managers face. It will require a unique leadership style for a manager to be successful in leading FIFO employees and virtual teams. Some of the leadership styles fitting for FIFO managers are: affiliative leader, coaching leader, participative leader, and cross-cultural leadership.

An affiliative leader works to create emotional bonds that bring a feeling of belonging to the organization. This type of leader essentially has the mentality that "people come first;" a style that works best in times of stress, when teammates need to heal from trauma, or when the team needs to rebuild trust (Benincasa, 2012). Using this style of leadership with FIFO employees may potentially aid in dealing with the mental effects of the job, as they feel they belong and bond with the organization. This style must be used in conjunction with another leadership style as a sole reliance on praise and nurturing can foster mediocre performance and a lack of direction (Benincasa, 2012).

A coaching leader develops their team for the future and has the "try this" attitude. This style works best for when the leader wants to help teammates build lasting personal strengths that make them more successful overall. This style is least effective when teammates are defiant and are unwilling to change or learn, or if the leader lacks proficiency (Benincasa, 2012). In a FIFO environment, where employees seldom see their colleagues or manager, it is important for the manager to encourage and develop their employees with trying different methods that will help them to do well in their jobs. As FIFO employees may not have the luxury of asking a colleague or manager for support, it is important that managers coach their employees to guide them in how to approach new challenges as they occur during their shifts, without needing a manager physically present.

A participative leader, also called the democratic leadership style, values the advice of team members and peers, but the final decision will still rest with the participative leader (Johnson, 2016). With this type of leadership, it boosts employee morale because employees make contributions to the decision-making process, which makes them feel that their opinions matter. When a company needs to make changes within an organization, this helps employees accept changes easily, as they played a role in the process (Johnson, 2016). In a FIFO environment where employees are in rotating shifts that are weeks at a time, each employee will have a different point of view on how they perceive things to be and where it should be. It is this leadership style which may work best among a virtual team with employees working a FIFO schedule as it gives the team accountability and encourages each member to aid in decision-making and planning (especially when a manager is stationed off-site).

As FIFO employees are away from their families for long periods of time, working long hours outside the comfort of their own homes, as well as enduring the mental and physical effects, it would be proper that the employees have the ability to offer their feedback to management before implementing any changes. As these changes will affect FIFO employees both in a positive or negative respect, it would only be prudent for managers not to ignore what contributions their employees need to say for the matter at hand.

Lastly, cross-cultural leadership exists where there are various cultures in the society or team. This leadership has also industrialized as a way to recognize front-runners who work in the contemporary globalized market (Raza, 2016). As explained, the benefits of FIFO employees is the ability to fly skilled workers to a location. In flying workers to a location, it broadens the candidate pool and has the ability to find highly skilled workers that may not be available at the location, as well as extends the geographic scope of recruitment initiatives. It is possible to have different employees with different cultural backgrounds that will be flown into a location, working as FIFO employees. In a virtual team environment it would be critical to have a manager that is aware of the cultural differences in the make-up of the team and is aware or trained on how to manage a diverse team.

International organizations need leaders who can effectively adjust their leadership to work in different environments. Most of the leadership observed in the United States are cross-cultural because of the diverse cultures that live and work there (Raza, 2016). Furthermore, as Canada also has a vast cultural population, it is likely that teams with FIFO workers that are most often working in either British Columbia or Alberta would have employees from different cultural backgrounds contributing to the team.

Industries and Employee Specific Job Skills for FIFO Jobs

Fly-in, fly-out jobs are very common in mining because mines are often found in remote locations, typically several hundreds of kilometres away from the nearest town (Kihn, 2016). FIFO jobs are also prevalent with jobs in the military and oil and gas industry, where employees can be working in isolation and loneliness by working on offshore oilrigs for up to 14 days at a time; should there be a disaster, help is quite a distance away (Nakagawa, 2017). The mining industry in Canada is a massive one that offers a variety of jobs for those that are in the mining industry; ranging from engineers to geologists, to those in health and safety and environmental, to those in various trades such as electricians, drillers and blasters; as well as mechanics and to those who will operate the equipment (Kihn, 2016). The mining industry plays a vital part in Canada's economy and creates employment for job seekers. Globally, Canada is one of the top mining countries and because of this, there has been a dramatic increase in the number of Canadians employed in the mining industry (Kihn, 2016).

Most offshore oil rig drillers are not required to have a college education, as most of the training, including safety techniques, are conducted by the company. Many companies will train new hires on drilling simulators until they are ready to be put on a rig. These simulators allow employees a wide range of experience for not only routine operations but emergency situations; as well as to provide employees continued training during their on-shore time off the rig (Baylor, 2017).

Ideal Employees for FIFO Jobs

With FIFO jobs having an impact on family relationships, physical, and mental effects, it would be difficult to outline in a nutshell the ideal employee that would be able to overcome the long-term effects of being a FIFO employee. FIFO workers often feel socially isolated that after a year or two they decide that the money is not worth the sacrifices that have to be made in their personal lives (Kihn, 2012).

Potential FIFO employees can be described as "risk takers." Risk takers are described as those who go where the money is. Members of this group are far more willing than others to take risks for the opportunity for great financial success. These types of employees are well-educated and have good incomes (Oechsle, 1998). As noted earlier, many employers offer increased salaries to employees to entice them to accept fly-in, fly-out contracts, which can easily recruit and entice risk taker employees.

Another ideal FIFO employee trait is classified as "the spirit." This type of employee seeks freedom, independence, and autonomy. They like roles offering freedom where they control their own time, can make their own decisions, and use their discretion. These types of employees can be motivated by sharing with them the company vision and goals, delegating responsibility, and allowing them to work autonomously; they can be demotivated with restrictions, rules, and procedures as they can be too much bureaucracy. The spirit employee needs clear and specific objectives and clear boundaries, that will allow the freedom they need (Gaskell, 2016).

The spirit trait is ideal for a FIFO employee, as being in a FIFO environment it naturally dictates an employee that seeks freedom, independence, and autonomy. As colleagues and management are not readily available, a FIFO employee must be able to make decisions and show independence. Although the FIFO employee would require independence and autonomy, there are still a set of ground rules that must be followed, as with co-located employment; however, in a FIFO environment, an employee must demonstrate that they will be able to make sound decisions at their discretion when it warrants it.

Conclusion

It is clear that fly-in, fly-out jobs that although very industry specific, provides undeniable benefits to an organization. It gives organizations the ability to fly skilled workers to a location, and at the same time, widens the geographical candidate pool; therefore attracting skilled workers that may not be readily available in remote locations. The use of FIFO employees can also be a cost-effective choice for employers, hiring workers where and when the work is required.

Although there are benefits to FIFO employment, there are leadership challenges these roles bring. Specifically, management is faced with communication challenges when working with a virtual team. With many different types of software such as *Webex* or *Skype* now available, this provides managers the ability to communicate with their virtual teams "face to face" thereby assisting managers to gauge how team members are doing by seeing body language that can often be misread with emails, telephone calls, or texting. Physical and mental effects of FIFO jobs have significant impacts on employees and it is important that managers detect any signs of fatigue or depression and address them appropriately.

There are different types of leadership styles, as well as employee traits that would make them ideal for fly-in, fly-out jobs. It is vital that the leadership styles with FIFO managers are aligned with the FIFO environment; not only in the long work hours, the remote location, or working with virtual teams, but to also know how to deal with cross-cultural teams that have different employee character traits. A manager will have better success in leading FIFO teams if they are prepared to tackle all aspects of the job requirements.

As fly-in, fly-out roles are becoming more widely used now than ever before, the traditional definitions of team, leader, and workplace are changing. As an employer, it is crucial all leaders are trained on how to manage virtual teams in addition to co-located teams and that expectations are clearly articulated to both individuals and teams. As communication is imperative among any team, it is even more so essential that it is done well among virtual teams in order to ensure team cohesiveness, employee satisfaction, and overall team success.

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The Reporting and Governance Practices of Small Nonprofit Entities in Colorado and New Mexico: The Role of Best Practice in Improving Accountability and Information Quality for Stakeholders

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Abstract

While corporate accountability continues to receive considerable attention from academics, the accountability of smaller nonprofit entities is under researched. Little is known about the reporting practices of such nonprofits, and whether the information they report matches or exceeds regulatory requirements. In addition, while many U.S. states have 'best practice' Codes of Excellence for nonprofits, the impact of this guidance on the reporting practices of nonprofit entities is also unexplored.

Keywords: nonprofit, best practices, governance, accountability

Introduction

Nonprofits hold a public trust to improve the quality of life within society. As a result, nonprofits are accountable to society because of the "tangible benefits that society has accorded them" (Lee, 2004, p.172). According to the National Center for Charitable Statistics (NCCS), more than 1.5 million nonprofit organizations are registered in the United States (U.S.). This number includes public charities, private foundations, and other types of nonprofit organizations, including chambers of commerce, fraternal organizations and civic leagues (Grantspace, 2017).

Most small U.S. nonprofits are income tax exempt under Section 501(c)(3) of the Internal Revenue Code. As a direct consequence of this, a charitable organization must make certain information publicly available, including its approved application for recognition of exemption, with all supporting documents and its last three annual information returns. Copies of this information must be provided upon request without charge (IRS, 2016), and this forms the minimum level of public accountability and disclosure that most small nonprofits must comply with on an annual basis. However, nonprofits also benefit from the right to solicit tax-deductible contributions, and as a result, are obligated "to answer not only to their membership, but to the broader public as well, for the way they use resources that would otherwise have gone into the public treasury" (Jeavons, 1994, p.197). As a result, an accountable and transparent nonprofit organization "freely and accurately shares information about its governance, finances, and operations. It is [also] open and inclusive in its procedures, processes and programs consistent with its mission and purpose" (Association of Fundraising Professionals, 2017).

Defining the concept of accountability, and the means by which an entity may discharge its accountability, can be problematic. Accountability in its broadest sense simply refers to the "giving and demanding of reasons for conduct" (Roberts & Scapens 1985, p.447), and can be seen as "a chronic feature of daily conduct" (Giddens, 1979, p.57). Seen in these terms, accountability is a continuous and never ending process, and may be discharged in a variety of different ways. Furthermore, being held accountable for a series of actions seems to be related directly to being responsible for those actions. For Gray *et al.*, (1996, p.38), accountability is:

> "the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible".

In a similar vein, Tricker (1983, p.32) sees accountability involving:

> “A requirement to give an account of actions taken. It represents a feedback mechanism by those held responsible for activities. Two parties are involved – the one with the right to demand accountability: the other one with the duty to be held accountable”.

As such, accountability presupposes two parties (the principal and the agent) who are bound together by a contract that imposes responsibilities upon the agent. Thus, accountability involves two responsibilities or duties: the responsibility to only undertake certain actions and the responsibility to provide an account of those actions.

While corporate entities have long been held accountable for their financial performance and stewardship (see Edwards, 1989; Gray et al., 1996), exploration of nonprofit accountability has received less focus, especially where the entities concerned are small in scale and economic significance. Nonprofit entities must fulfill two distinct forms of accountability:

- Legal accountability to provide annual information to government regulatory agencies (Lee, 2004, p.170) including the IRS.
- Accountability to various external stakeholders or constituencies, rank-and-file donors, clients, customers, government funders, and other foundations as seen by the nonprofit’s board of directors.

While the exact form of reporting needed to discharge a nonprofit’s legal accountability to regulatory agencies is clearly prescribed, how accountability to other stakeholders is discharged is often at the discretion of its board of directors, and largely voluntary in nature. How then does a nonprofit decide on what information is needed to discharge its various accountability relationships?

A major influence on the quality and transparency of nonprofit reporting is the U.S. National Council of Nonprofits, which describes itself as the trusted advocate for America’s charitable nonprofits. The Council coordinates a network of state associations, and provides educational materials on board roles and responsibilities, good governance policies, and other resources. 43 of 50 U.S. states are members of the Council, and most have used its educational materials to develop voluntary “Codes of Excellence” for the governance of nonprofit entities. While each of these state Codes do vary in terms of their content and level of prescription, there are commonalities, including their purpose, principles and detailed practices.

One of the states that has issued a voluntary Code of Excellence for nonprofits is Colorado. The Colorado Nonprofit Association was incorporated in 1983, and published the 1st Edition of its *Principles and Practices for Nonprofit Excellence in Colorado* in 2007 (Colorado Nonprofit Association, 2007). *Figure 1* provides an overview of the current 3rd edition of this document (Colorado Nonprofit Association, 2015). The document provides governing principles and practices for nonprofits, and prescribes a list of actions that either *must* or *should* be undertaken by an entity seeking excellence in its governance and reporting mechanisms.

- A *principle* is a broad statement that defines a suggested ethical or managerial direction for a nonoprofit organiation.
- A *practice* is a suggested method to aid in achieving the principles.
- *Must* signifies federal or state laws exist that require 501(c)(3) charitable nonprofit organizations to conform to that practice.
- *Should* means that the practice is not required by law, but is generally recommended depending upon the nature, resources, and lifecycle stage of the nonprofit organization. (Colorado Nonprofit Association, 2015, p.2)

Colorado Nonprofit Association *Principles & Practices for Nonprofit Excellence in Colorado* states its intended purpose:

"To provide individual charitable organizations striving for excellence with a Colorado-specific tool for evaluating regulatory compliance, enhancing strategic planning and refining operational evaluation."

10 Principles

Advocacy	Governance	Communications	Human Resources
Evaluation	Financial Management	Fund Development	Planning
Strategic Alliances	Information & Technology		

Figure 1 Purpose and 10 Principles in "Principles & Practices for Nonprofit Excellence in Colorado" Code (Colorado Nonprofit Association, 2015)

Through its prescription and direction, the Colorado (CO) "Principles and Practices" Code establishes both minimum and best practice levels of performance, governance and reporting by Colorado nonprofits. It outlines the national and state regulatory requirements for nonprofits, and prescribes a total of 58 and 343 *must* and *should* requirements, respectively. After reviewing the CO Code's ten core principles, three were deemed to be critical to the accountability and reporting practices of nonprofits:

- Financial Management Accountability
- Governance
- Communications

For each of the principles, five *must* criteria and five *should* criteria were selected by the researchers for benchmarking whether entities were achieving minimum and/or best practice levels of reporting and accountability. As a result, this paper investigates if nonprofits comply with federal regulations, whether financial management protocols are appropriate, and whether reported information is transparent and accessible to stakeholders.

Based on the CO nonprofit Code, this paper investigates the current reporting and governance procedures used by a sample of CO registered entities. Furthermore, to determine whether voluntary codes positively affect the quality of nonprofit reporting, the information reported by CO nonprofits is compared with accountability information provided by nonprofits in New Mexico (NM), a state where no such Code exists.
Thus, this paper explores the current reporting practices of small-scale U.S. nonprofit entities (i.e. charitable organizations) in Colorado and New Mexico, to gain new insight about how such entities discharge their accountability to various stakeholders. As a result, the research directly explores the role of regulatory compliance, voluntary disclosure, and stakeholder accountability. Three specific research questions are addressed:

1. Do the reporting practices of U.S. nonprofit entities comply with the regulatory requirements for financial and non-financial disclosures?
2. Do the reporting practices of U.S. nonprofit entities go beyond regulatory compliance, and incorporate voluntary and practice disclosures for stakeholders?
3. Do nonprofits in a state that has a nonprofit Code provide more transparent and useful information for stakeholders than entities in a non-Code state?

Literature Review

While corporate accountability has been heavily researched in the mainstream accounting literature (see Gray *et al.*, 1996), the reporting practices of nonprofit entities is a largely unexplored area (see Butler and Butler, 2016). Apart from insights that can be drawn from the mainstream literature on accountability, very little is known about how a nonprofit chooses what to report and overall quality of its reporting practices.

Despite this lack of prior literature, some publications and surveys do annually benchmark and monitor certain aspects of nonprofit performance, such as:

- The standards for online fundraising, advocacy, and list building (Nonprofit Technology Network, 2015), and
- Monitoring the financial health, and management strategies relating to strengthening mission/program (Nonprofit Finance Fund, 2015).
- Monitoring the financial health, accountability and transparency, and results reporting for entities that generate at least $1 million in revenue for two consecutive years. (*Charity Navigator, 2017).* This includes a subjective rating score for each entity based upon a review of 12 items from IRS Form 990 and additional website information.

While the last of these monitoring publications comes closest to fully monitoring the accountability and reporting of nonprofit entities, it is limited to larger entities and includes subjective, rather than objective measurement of both voluntary and compliance reporting. As a result, no publication objectively measures the extent to which nonprofits are complying with, and exceeding, the regulatory requirements for accountability and annual reporting information. This is perhaps surprising, as many stakeholders are interested in this type of information, and complying with the reporting requirements can be potentially complex and time consuming, especially for a small nonprofit or charitable organization.

In contrast to the lack of prior research and evidence about the quality of nonprofit reporting and compliance, such entities can find copious sources of guidance about what to report, and how it should be reported. The Internal Revenue Service (IRS) provides the definitive guide for reporting requirements for 501(c)(3) organizations. This guide is IRS Publication 557, "Tax Exempt Status for Your Organization" (IRS Form 990 Instructions, 2016). The IRS Form 990 and Schedules, especially Schedule O, provide a wealth of guidance about what to report and indicate that "some members of the public rely on Form 990 or Form 990-EZ as their primary or sole source of information about a particular organization. How the public perceives an organization can be determined by information presented on its return." (IRS Form 990 Instructions, 2016). In addition, Form 990 can be used by potential donors, board members or service providers to perform due diligence when considering whether to commit time or resources to a nonprofit (Butler, 2016, p.1). As a result, Form 990 is the main reporting mechanism for most nonprofits, but it is often supplemented by other forms of disclosure, such a publication of an annual report or additional website information.

In addition to the IRS guidance on reporting, national and state nonprofit advocacy groups provide literature and best practice Codes that outline the key principles and practices that nonprofits should follow. These Codes were discussed in the introduction to this paper, and they outline how a nonprofit can discharge its accountability to its stakeholders. In addition to these more formal guides to action, there is an array of organizations, experts and publications that advise nonprofits on how to operate and become more efficient. These include:

- Articles published in the *Journal of Accountancy* and *The CPA Journal* about nonprofit reporting, including recent changes to nonprofit accounting rules issued by the Financial Standards Accounting Board (FASB).
- The American Institute of Certified Public Accountants (CPA)'s (AICPA) guide entitled "Not-for-Profit Entities – Best Practices in Presentation and Disclosure", which provides guidance on how to prepare financial statements and disclosures for nonprofit entities (AICPA, 2016)
- *Blue Avocado, A Magazine of American Nonprofits*, published bi-monthly, which provides practical financial information and support to U.S. 501(c)(3) organizations.

Methodology

This section describes the research design used for the study, including the processes used to identify the target population of nonprofits, the data collection process, the analyses process, and how the quality of nonprofit reporting and accountability was rated and assessed.

Study Population

In order to investigate the comparative quality of nonprofit reporting in two US states, and the role of Codes of Excellence, a suitable population of comparable nonprofits had to be identified. Colorado and New Mexico were selected for the following reasons:

- Colorado - while not an early adopter of best practices, Colorado has refined and republished its *Code of Excellence* three times since 2007. Colorado is a member of the National Council of Nonprofits, and the home state of the lead researcher.
- New Mexico – this state was chosen because it is in close geographic proximity to Colorado with similar demographics for nonprofit mission needs. New Mexico is not a member of the National Council of Nonprofits, but has an unaffiliated nonprofit advocacy group - The United Way Center for Nonprofit Excellence, a part of United Way of Central New Mexico. State resources to nonprofits are provided, but the state does not have a Code of Excellence.

In 2013, Colorado and New Mexico had 17,900 and 6,500 public nonprofits filing with the IRS, respectively (National Center for Charitable Statistics, 2017). Of these, it was decided to focus on the total population of nonprofits within each state that were classified within the 'Civil Rights and Social Action Advocacy' mission subset as defined by the IRS. These civil rights advocacy nonprofit organizations advocate for children, migrants, Native Americans, battered women, voters, right to die, right to live, right to fair housing, and provide legal aid for those being denied civil rights.

A number of online nonprofit databases were used to obtain information about potential nonprofits, including:

- The Colorado Secretary of State Business Database
- The New Mexico Secretary of State Business Database
- Guidestar
- National Center for Charitable Statistics
- Citizen Audit
- Charity Navigator

These sources were used to define the complete population of active CO and NM Civil Rights and Social Action Advocacy nonprofits that fulfilled the following criteria:

- Must be IRS registered as 501(c)(3)
- Must be public
- Must have revenue and assets in the last reporting year available on Form 990 or 990-EZ.

After applying these criteria to entities within the Civil Rights and Social Action Advocacy group, there was a total population of 36 and 14 applicable nonprofits in Colorado and New Mexico, respectively. Within the Colorado population of 36, 11 entities were members of the Colorado Nonprofit Association, and as a result, should comply with the requirements of the CO Code of Excellence.

In addition to the nonprofit entities themselves, it was also decided to look at the compliance, accountability and transparency of two nonprofit advocacy organizations, and two nonprofit database suppliers and evaluators. The purpose of this additional investigation was to ascertain whether these guiding bodies were actually using their own best practices. The organizations reviewed included the

- The National Council of Nonprofits
- The Colorado Association of Nonprofits

- Guidestar
- Charity Navigator

These four nonprofit organizations were subjected to the same accountability criteria as the civil rights nonprofits in the main study population, and are classified as '*watchdogs'* within the findings and analysis.

Data Collection

A variety of different methods was used to assess the accountability and reporting practices of nonprofits. Collection methods included content analysis and hand-collected data obtained through the following sources and methods:

1. The most recent Form 990 or 990-EZ.
2. Entity web sites. Information sought included a description of operating principles or values statements, governance documents, and transparency artifacts such as annual reports, audit reports, financial information and disclosures, biographies of board members, and/or board meeting minutes.
3. Each source document was reviewed for transparency and reporting excellence. Recorded findings identified open source information and missing information for each nonprofit.
4. Where publicly available data was incomplete, the researchers directly contacted each nonprofit offering an opportunity to augment their public information, i.e., to supply missing evidence such as their board structure, financial expertise, audit reports, and annual reports. Information requests were tailored based on nonprofit's missing data.

An archive of information for each nonprofit was created to store its latest Form 990 or 990-EZ, any available annual reports, audit reports, board minutes, or other information supplied. This information was used for data analysis and to audit the results.

Analysis Structure

The study focused on evaluating three principles within the CO Code of Excellence:

- Financial Management Accountability
- Governance
- Communications

5 *musts* and 5 *shoulds* from CO's *Principles and Practices* (2015) in each of these three areas were evaluated for each nonprofit to assess the overall quality of its accountability, governance, and reporting mechanisms.

Regulatory Compliance

U.S. IRC § 501(c)(3) dictates nonprofit requirements that are incorporated into Colorado Revised Statutes. These mandatory nonprofit reporting requirements are listed in *Table 1*. Each nonprofit must report their compliance with IRS and state statutes on IRS Form 990 or 990-EZ line entries listed. The matching *CO Principles and Practices* (2015) verbiage is listed with the 5 *Musts* being evaluated. Nonprofit violation of a *Must* results in a red flag in this evaluation.

Table 1: 5 Musts - Affirmative answer with missing elaboration (Must 1 & 2) and/or Negative answer (Must 3-5) on Form 990 of 990-EZ results in a Red Flag(s)

	Colorado Principles and Practices (P&P) 2015 Content	**U.S. Code IRC § 501(c)(3) Nonprofits exempt from taxes** **CO Revised Statute (C.R.S.)**
Financial Accountability	"CO nonprofit corporation **Must (1)** not make loans to board members or officers." "CO nonprofit corporation *must* not allow personal use of its funds or business credit cards" (P&P p.38)	Form 990 Part IV Line 28 If yes, Schedule L Part IV Form 990-EZ Part V Line 38 C.R.S. § 7-128 501
	CO nonprofit corporation **Must (2)** comply with specific conditions placed upon donations. CO nonprofit corporation *must* be clearly categorized as unrestricted, temporarily restricted, or permanently restricted in the organization's financial statements and communications in accordance with the donor or grantor wishes, stipulations, or intent. (P&P p.39)	Form 990 Part IV Line 10 If yes, Schedule D C.R.S. § 151 1103-1109
Governance	"CO nonprofit corporation **Must (3)** have a board." (P&P p.16)	Form 990 Part VI line 1 Form 990-EZ Part IV C.R.S § 7-128-101
	"Unless otherwise provided in by-laws, a CO nonprofit corporation **Must (4)** have a president (or chairperson), a secretary, and a treasurer" (P&P p.16)	Form 990 Part VII Form 990-EZ Part IV C.R.S § 7-128-301
	"CO nonprofit corporation **Must (5)** keep minutes of all board of directors' meetings, along with a record of any actions taken by the board without a meeting, as permanent records of the corporation." (P&P p.20)	Form 990 Part VI Line 8 C.R.S. § 7-136-101

Beyond Regulatory Compliance – Adoption of Best Practice

While the red flags address regulatory compliance, *Table 2* provides the measures used for assessing whether reporting practices exceeded these and incorporated best practice disclosures for governance and communications. These best governance and communications practices were devised from IRS Publication 557 and CO's *Principles and Practices Code of Excellence* (2015). Column 2 of *Table* 2 lists five *should* criteria, and the right hand column lists the assessment method used. In many cases, Form 990 Schedule O provides this information, although web sites and annual reports were also scrutinized. Where no disclosure was provided for a *should,* the nonprofit was awarded an amber flag.

Table 2: 5 Shoulds – Missing information results in Amber Flag

	IRS Publication 557 and/or CO Nonprofit Association *Principles and Practices (P&P) 2015*	**Assessment method**
Governance	"The board **should (1)** include at least one individual with financial expertise." (P&P p.22)	No board financial credentials evident on Web site or Annual Report
	"Each board **should (2)** have a conflict of interest policy…" (P&P p.19) Form 990 Part VI Line 12a	No conflict of interest policy or missing Form 990 Schedule O required description
	"A substantial majority of the board members of a public charity **should (3)** be independent." (P&P p.19) Form 990 Part VI Line 1b	Lack of independence on board of directors (Form 990, 990-EZ or Web site)
	"A nonprofit **should (4)** strive toward board representation that reflects the diversity of the community and the organization's constituency." (P&P p.21) Form 990 Part VII	Lack of diversity in the organization's community on board of directors (Form 990, 990-EZ or Web site)
Communi--cations	"A nonprofit **should (5)** make information about its operations, including its governance, finances, programs, and activities, widely available to the community and on the organization's website." (P&P p.26) Form 990 Part VI Line 19 and Schedule O	No current contract information: - No phone on Form 990, 990-EZ - No web site - Web site omits phone and/or email

Transparency & Best Practices

Lee (2004, p.178) describes that "organizations seeking to enhance their public reporting should not view the release or even widespread dissemination of their 990s as fulfilling the purpose of public reporting. For the lay public, columns of numbers do not present useful information. Nonprofits should provide better information than the tax collector and state regulator require". In order to capture this 'best practice' level of reporting and disclosure, the research also awarded a total of eight 'gold stars' where outstanding practices were used by a nonprofit. These are described in *Table 3*, and were awarded in situations where a nonprofit's reporting transparency and accountability went beyond the *shoulds* documented in *Table 2*. Six of these eight 'gold star' opportunities are included within the CO Excellence Code. The remaining two opportunities were awarded where entities made additional reports and information available to the public. The last row of *Table 3* examines whether the nonprofit states its commitment to excellence as promoted by the advocacy councils and associations.

Table 3: The 8 Gold Star Opportunities

	Desired action or outcome	Determination Method
Financial Accountability	Independent audit performed: "Did the organization obtain separate, independent audited financial statements for the tax year?" Form 990 "A nonprofit should have a qualified independent certified public accountant audit or review the financial statements annually." (P&P p.37)	*Form 990 Part IV Line 12 reported that an independent audit was conducted
	Audit report publicly available	*Audit report was available on nonprofit's web site or as response to request for info
	"A nonprofit may consider publishing Management's Discussion and Analysis (MD&A) in conjunction with its audited or reviewed financial statements." (P&P p.40)	*M&DA and financial discussion was available on nonprofit's web site or as response to request for info
Governance	"Board members should be strategically recruited to include members with… experience necessary to carry out their governance role…" (P&P p.22)	*Biographies of board members was available on nonprofit's web site, annual report, or provided upon request for information
Communications	Nonprofit engages stakeholders with impactful communications… to raise public awareness and increase understanding, commitment, and funding for the organization. (P&P p.23)	*Nonprofit acknowledged request for information
	Nonprofit is responsive to public access requests for information according to their stated Form 990 declarations.	*Nonprofit provided requested information
	"sources of revenue, functional expenditures, and related outcomes… often presented within an annual report." (P&P p.27 & p.37)	*Annual report was available on nonprofit's web site or as response to request for info and contained an overview of financial data beyond a superficial pie chart
	"Nonprofit Excellence in CO" (P&P cover page) "Advance the ethical and legal integrity of the organization and ensure accountability and good governance practices." (P&P p.16)	*Nonprofit website and/or annual reports discuss excellence, integrity, ethics, transparency, good governance

IRS Form 990 or 990-EZ Limitations and Clarifications

A nonprofit with less than $25,000 assets may file a Form 990-EZ with reduced reporting requirements. There are 8 CO and 4 NM nonprofits in the population that filed 990-EZ. *Musts* 1, 2, 3, 4 and *Shoulds* 1, 3, 4, 5 can be measured/inspected with either Form 990 or 990-EZ. If a nonprofit has conditions placed on donations (*Must* 2), regardless of size, the nonprofit must file Form 990. Gold stars can be measured/inspected on Form 990, web site, annual reports, or through requests for information. The *Must* 5 and *Should* 2 criteria could not be determined for 990-EZ filers.

Size Relationship to Best Practices

The size in total assets of the nonprofit (from Guidestar, Charity Navigator, and Form 990) facilitated a test whether greater resources would result in higher compliance and increased excellence initiatives. The size categories used were:

Small	if Assets < $100,000
Medium	if Assets ≥ $100,000 < $1,000000
Large	if Assets ≥ 1,000000

All raw data for each nonprofit was analysed in several ways to determine findings and answer the three research questions.

Age Relationship to Compliance

The age of the nonprofit based on its incorporation date facilitated a test whether more mature organizations were more compliant with regulatory requirements. The three age groups were defined as follows:

Incorporated 2010 – present (New)
Incorporated 1990 - 2009
Incorporated pre-1990 (Old)

Ranking Method

This evaluation employs an objective *yes/no* criterion for every question based on open source material from each nonprofit. No subjective grading is used. *Table 4* provides the skeleton table with 10 criteria for examination, 8 gold star opportunities, and a placeholder to record accrual or cash based accounting. This table was completed for all nonprofits surveyed based on information gleaned from IRS Form 990 or 990-EZ, web sites, and annual reports. Nonprofits were contacted via email or phone to request additional/missing material.

Table 4 Skelton Scoring Table

	Key	**Criteria**	**Y/N**	Gold stars	Accrual/Cash basis?
Financial	Must 1	No personal transactions through corporation		Audit conducted?	
	Must 2	Donor restrictions		Audit Report available?	
	Must 3	Must have a board		MD&A?[+]	
	Must 4	Board w/President, Sec'y, Treasurer		Biographies of board?	
	Must 5	Keep minutes of all board meetings		Acknowledge request for information?	
	Should 1	One Financial expert		Satisfies request?	
Governance	Should 2	Conflict of Interest		Annual Report with relevant financials?	
	Should 3	Majority independent		Discuss integrity, transparency, and excellence?	
	Should 4	Diverse Board			
Communications	Should 5	Disclosure			

[+] MD&A is Management Discussion and Analysis, included in Annual Reports

Inspection results for each nonprofit were recorded as in the sample in *Table 5* below. Notice two red flags for not complying with *Must 4 & 5* and one amber flag for not complying with *Should 1*. Three gold stars are in the right hand column for *yes* responses.

Table 5 Sample scoring for one non-profit

	Key	**Criteria**	**Y/N**	Gold stars	Accrual / Cash basis?
	Must 1	No personal transactions through corp.	y		
Financial	Must 2	Donor restrictions	y	Audit conducted?	y *
	Must 3	Must have a board	y	Audit Report available?	n
	Must 4	Board w/President, Sec'y, Treasurer	n	MD&A?	n
	Must 5	Keep minutes of all board meetings	n	Biographies of board?	y *
Governance	Should 1	One financial expert	n	Acknowledge info request?	y *
	Should 2	Conflict of interest	y	Satisfies request?	n
	Should 3	Majority independent	y	Annual Report with relevant financials?	n
	Should 4	Diverse board	y	Discuss integrity, transparency, and excellence?	n
Communications	Should 5	Disclosure	y		

Findings

Findings are not attributed to a nonprofit by name. The nonprofits deemed transparent in providing insight to prospective donors or stakeholders are named in Section 5.
The table headings used throughout this section are as follows:

- Member = Member of CO Nonprofit Association, total = 11
- Nonmember = CO nonprofits, not members of CO Nonprofit Association = 25
- CO = total CO nonprofits in population = 36
- NM = total NM nonprofits in population = 14
- Watchdogs are Guidestar, Charity Navigator, CO Nonprofit Association, National Nonprofit Association = 4

Table 6 summarizes the red and amber flag results. There were 36 and 14 nonprofits in CO and NM respectively. These summary results are tallied by the five *musts* that constitute the red flags and the five *should*s for the amber flags. *Table 6* shows that of the 250 potential red flags and 250 potential amber flags, testing resulted in a total of 19 red flags (14 for CO and 5 for NM) and 62 amber flags (40 for CO and 22 for NM). Though not shown in this table, there were overall 7 CO nonprofits with no red and amber flags and 3 NM nonprofits with no red and amber flags.

Table 6 Summary Red and Amber Flag Results

Criteria	Colorado Compliant	Colorado Non-compliant	Colorado Total	New Mexico Compliant	New Mexico Non-compliant	New Mexico Total	Total compliance	Total flags	Total
Potential Red Flags									
Must 1	36	0	36	14	0	14	50	0	50
Must 2	36	0	36	14	0	14	50	0	50
Must 3	36	0	36	14	0	14	50	0	50
Must 4	25	11	36	9	5	14	34	16	50
Must 5	33	3	36	14	0	14	47	3	50
Total	166	14	180	65	5	70	231	19	250
Potential Amber Flags									
Should 1	10	26	36	4	10	14	14	36	50
Should 2	35	1	36	9	5	14	44	6	50
Should 3	34	2	36	14	0	14	48	2	50
Should 4	30	6	36	12	2	14	42	8	50
Should 5	31	5	36	9	5	14	40	10	50
Total	140	40	180	48	22	70	188	62	250

Findings Based on Asset Value

Table 7 analyses the population of CO and NM nonprofits in groupings based on asset size. The number recorded in the each cell is the number of nonprofits of the asset size on the left column of the subset along the top row. *Table 8* then ties the scoring of flags and stars to CO and NM nonprofits in each asset size subset. There is satisfactory representation in each of the three size categories.

Table 7 *Adequate representation of nonprofits in all asset sizes*

Asset Size	CO Member (11)	CO Nonmember (25)	CO (36)	NM (14)	Watchdogs (4)	Total per size
<$100K		12	12	5		17
≥$100K <$1M	8	7	15	8		31
≥1M	3	6	9	1	4	14

Table 8 *Nonprofit size is not a predictor of scoring*

	Nonprofits' Asset Size					
	CO (36)			NM (14)		
Scoring	<$100 K	≥$100K <$1M	≥$1M	<$100K	≥$100K <$1M	≥$1M
Fully Compliant, No Red Flags	6 or 17%	10 or 28%	7 or 19%	2 or 14%	6 or 43%	1 or 7%
1 Red Flag	6	4	2	3	2	
2 Red Flags		1				
No Amber Flags	4	2	1		3	
1 Amber Flag	5	9	6	1	3	
2 Amber Flags	2	3	2	2	1	
3 Amber Flags	1	1		2	1	1
3 Gold Stars	1	2			2	
4-5 Gold Stars	2		1			
6-8 Gold Stars		1	3			

Observations

- There was no correlation between size and compliance or size and transparency.
- No substantial differences in compliance were evident between CO and NM. However, focusing on Gold Stars (exceeding regulatory compliance, fostering best practices) leads to the observation that CO excels over NM.

Compliance Finding Based on Nonprofit Age

Table 9 bins the population of CO and NM nonprofits based on their incorporation date. The new nonprofits are defined as incorporated after 2009. Old nonprofits are defined as existing pre-1990. Compliance findings based on nonprofit age is contained in *Table 10.*

Table 9 *Age of nonprofits based on incorporation dates*

Incorporation date	CO breakdown by age	NM breakdown by age
New: 2010 - present	6 or 17%	1 or 7%
1990 - 2009	18 or 53%	9 or 64%
Old: Pre-1990	11 or 30%	4 or 29%

Table 10 ***Full compliance is higher in older nonprofits***

	Full Compliance		
	Pre-1990 Old	**1990 – 2009**	**2010-Present New**
CO has 23 fully compliant nonprofits in population of 36 CO is 72% compliant	**CO (11)** 9 of 11 compliant 82%	**CO (19)** 9 of 19 compliant 47%	**CO (6)** 5 of 6 compliant 83%
NM has 8 fully compliant nonprofits in population of 14 NM is 57% compliant	**NM (4)** 4 of 4 compliant 100%	**NM (9)** 4 of 9 compliant 44%	**NM (1)** 0 of 1 compliant 0%

Older nonprofits had higher compliance scores, and new CO nonprofits also demonstrated a high degree of compliance.

Reviewing the Principles of the Code

Table 11 illustrates the level of compliance with three best practice principles of the CO Code of Excellence: financial accountability, governance, and communications. CO nonprofits are distinguished by whether they were members of the Colorado Nonprofit Association (columns 3 & 4). This breakdown provides a comparison of the impact of the advocacy group and the Code. This table also compares CO with NM. The far right column measures the four watchdog organizations against the same standards as the states. The Red Flags denote *Must* compliance (from *Table 1*) and Amber Flags indicate *Should* criteria (from *Table 2* and *3*).

Table 11 ***Trends in compliance with regulatory statutes and best practices***

		% YES Response				
		CO Nonprofit Association				
	Question	**Nonmember (25)**	**Member (11)**	**CO (36)**	**NM (14)**	**Watch-dog (4)**
Financial Accountability	*Did the organization obtain separate, independent audited financial statements for the tax year?	36%	55%	42%	30%	100%
	*Of the audits reported, is the Audit Report publically available?	44%	17%	33%	33%	75%
Governance	*Must 4*: Does the board have a president (or chairperson), a secretary, and a treasurer?	72%	64%	69%	64%	100%
	Must 5: Are board meeting minutes documented?/ Available to the public?	68%/6%	64%/14%	67%/8%	79%/14%	100%/ 0
	Should 1: Does the board contain at least one individual with financial expertise?	28%	27%	28%	29%	75%
	Should 4: Was diversity represented on the board?	84%	91%	86%	86%	100%
Communications	*Does the nonprofit acknowledge communications from the public?	46%	27%	40%	36%	N/A
	*Does the nonprofit provide material requested by the public?	17%	18%	17%	14%	N/A
	*Are Annual Reports with financial data available to the public?	36%	27%	33%	21%	25%
	*Did the nonprofit express commitment to transparency, integrity, ethical behavior, and excellence?	12%	0	8%	14%	25%

Observations:

- In terms of columns 3 and 4, there were minor variations between the CO nonmember and member subsets.
- Comparing CO to NM (columns 5 and 6), there was no significant variation in compliance or transparency.
- The watchdog subset is fully compliant and meets many of the desired transparency and reporting excellence characteristics. The N/A rating indicates that one or more of the watchdogs did not require a contact requesting more information. Hence, a percentage score was meaningless.

Red Flag Analysis

Taking a closer look (*Table 12*) at governance questions, 79% of the total red flags occurred with one question on board officers (*Must 4*) that should be an easy compliance item. The remaining red flags relate to documenting minutes of board meetings.

Table 12 Red Flags show shortfall in Board Composition

	CO's 14 Red Flags	NM's 5 Red Flags
Does the board have a president (or chairperson), a secretary, treasurer? *Must 4* Evaluation method: Board Officers listed on Form 990 Part VII or on web site	11 red flags	5 red flags
Are board meeting minutes documented? *Must 5* Evaluation method: A "Yes/No" response on Form 990 Part VI Line 8	3 red flags for "No" response	0

The investigation of *Must 2*, compliance with specific condition placed upon donations, revealed that nonprofits consistently described donor restrictions and endowment requirements in Schedule D. The FASB has recently implemented new rules for nonprofits that will change the reporting rules for *Must 2*. "This change will improve the net asset classification and provide enhanced performance and liquidity information to users of financial statements. The current net asset classification of 'Unrestricted Net Assets' is renamed to 'Without Donor Restrictions' and 'Temporarily and Permanently Restricted Net Assets' are combined and renamed to 'With Donor Restrictions'" (Thomas, 2016). The evidence in this study showed that nonprofits are transitioning to this reporting change in their existing 990 filings.

Note in *Table 11*, *Must 5*: though board meetings minutes are largely documented (67% for CO and 79% for NM), only a small number of these nonprofits actually shared the minutes for inspection upon request (8% for CO and 14% for NM). Minutes that were shared followed a consistent format and depth of content. Board actions were stated.

Amber Flag Analysis

To investigate nonprofit compliance with the areas of interest listed by *should* statements, several open data sources were used. Nonprofits' IRS Form 990 and its narrative Schedule O and nonprofits' web sites and annual reports were easy to access.
Schedule O is titled "Supplemental Information to Form 990 and Form 990-EZ.

> "An organization should use this schedule, rather than separate attachments, to provide the IRS with narrative information required for responses to specific questions on Form 990 or 990-EZ and to explain the organization's operations or responses to various questions." (IRS, 2016)

Similar to the red flag results, the preponderance of amber flags resulted from one question. *Table 13* summarizes this shortfall in both CO and NM.

Observation: Financial expertise on the board of directors is not a priority for 72% of CO nonprofits and 71% of NM nonprofits. This observation may be skewed negatively since many nonprofits did not respond to requests for information. However, this is the condition that a perspective donor would observe.

Table 13 Amber Flags indicate financial expertise on the board is not a priority

	CO's 40 Amber Flags	NM's 22 Amber Flags
Does the board contain at least one individual with financial expertise? *Should 1* Evaluation method: Web site or Annual Report contains biography of Treasurer or board member with financial credentials	26 amber flags	10 amber flags

Other Observations

Should 2 – A Conflict of Interest policy was in place at all but 1 of CO nonprofits. However, 5 NM nonprofits lacked such a policy. This shortfall generated 1 and 5 amber flags in CO and NM, respectively.
Should 3 – Independence reporting was high with 34 of CO and all NM nonprofits, respectively, reporting on the independence of their board members. The independence shortfall for 2 CO nonprofits related to boards with 2 or fewer members who are paid in excess of $10,000. "If a family member of the governing body member received more than $10,000 in compensation from the organization or a related organization, that member would not be considered independent." (Volz, 2011, p.40)
Should 4 – Board diversity was universally high. (Refer to *Table 11*).

Disclosure Analysis

Should 5 "Disclosure" ties amber flags to gold stars for nonprofit transparency. Part 1 of Table 14 explains the evaluation criteria for *Should 5*, and part 2 explains the check for communication transparency in relation to donor requests for copies of key documents and additional information.

Table 14 Should 5 Disclosure Evaluation

Part 1, Amber Flag Test	
IRS Form 990 Part VI Line 19	"Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year."
CO Principles & Practices statement	"A nonprofit should make information about its operations, including its governance, finances, programs, and activities, widely available to the community and on the organization's website."
Evaluation Method	Form 990 Schedule O narrative was reviewed. If no narrative was provided or Schedule O was missing, then a negative score (amber flag) was recorded. If narrative stated "Material available upon request." but no phone, email, or web site was operational, then a negative score (amber flag) was recorded. Any provided narrative was accepted (no amber flag) if contact information was available.
Part 2, Gold Stars Test	
A simple test was made exercising the Section O narrative. The researchers requested to review governing documents, audit reports, board minutes, and financial statements. If the phone or email request was acknowledged, one gold star was recorded. If the request was accommodated and some or all material was provided, a second gold star was recorded. Note: During this gold star test, minutes of board meetings were provided from 3 CO nonprofits and 2 NM nonprofits. Audit reports or detailed financial statements were provided from 3 CO and 1 NM nonprofit.	

31 CO nonprofits and 9 NM nonprofits provided an IRS Form 990 Part VI Line 19 Schedule O narrative statement similar to the following:

> "*Governing documents, conflict of interest policy, and the organization's financial statements are available upon request*."

6 of the CO nonprofits and 2 NM nonprofits that made this statement acknowledged the request for additional data and supplied the data awarding them a second gold star.

Observation: This Schedule O boilerplate narrative is not taken seriously by >80% of the nonprofits in this survey including watchdog advocates.

Other specific IRS Form 990 Part VI Line 19 Schedule O narratives include:

"Documents are not available to the public." and
"The organization does not share its financial statements with the general public."

Active Dialog with the Nonprofits

As described in Section 3.2 Data Collection and in *Table 14 Part 2*, the researchers sought dialog with nonprofits to augment their publicly available information. *Table 15* summarizes the types of contacts used. The right hand column shows the effectiveness of each form of communication.

Table 15 Communication effectiveness

	CO (36)	NM (14)	% Effective
No dialog needed, all info publically available	4	0	8% dialog not required
No contact info found	3	3	12% unreachable
Researchers initiated dialog	29	11	40 of 50 80% dialog
1. Sent tailored email request	24	9	
2. Researchers phoned nonprofit	5	2	
3. Email or phone call not acknowledged	19	8	27 of 40 68% ignored
4. Email or phone call acknowledged	10	3	13 of 40 32% engaged
5. Follow-up dialog	5	2	
6. No material provided	6	1	
7. Requested material provided	4	2	6 of 13 or 46%

Step 7 shows that 4 CO and 2 NM nonprofits provided the requested data. This is the 12% of the 50 nonprofits with effective communication processes. The shaded rows on the top of the table list the number of nonprofits that were not contacted in each state. 8% of the nonprofits were transparent with excellent reporting so no dialog was necessary. 12% provided no method to contact them; i.e., phone was disconnected, Form 990 and web site lacked a contact method, or web site was shut down. In one case, the nonprofit's web site linked to a web page biography of the board president with no other information. *Table 16* samples negative responses from active dialogs.

Table 16 Reasons given for denial of request for more information

Phone Responses
"We are concerned about dissemination of information. Minutes can only be read by visiting our office."
"I did the same research project as part of my master's degree. Good luck."
"…will not provide information."
Email Responses
"No thanks."
"This is obviously a junk email."
"We are too busy to comply with request."
"Only in first year. Too early to have audited financials."
"An arsonist recently destroyed all our files."
"Heading out on maternity leave. No time now. Good luck with research."
"We don't participate in email responses."
"The nature of our business is confidential."

Gold Star Analysis

Audits, Annual Reports and Biographies - Several gold star elements introduced in *Table 11* are worthy of further analysis. Third party independent reviews were not conducted or not reported. When audits were conducted, audit reports were not necessarily available to the public. Annual reports that were available for inspection contained a Management Discussion and Analysis (MD&A) section that included specifics such as lease arrangements, pension funding, fair value determination of assets, and other expected disclosures. Historically, donors express a distinct preference for audited financial statements however, they realize that audits may not always be cost beneficial or even possible in some situations (Holder, 1978, p.328).

Observation: Nonprofits that conducted an audit had annual reports that were more informational with respect to financial resources.

Annual reports are intended to be "useful to the public by conveying in a systematic, understandable, and regular fashion the nonprofit organization's record of accomplishment (or lack thereof) and stewardship of the public's grant of exemption from taxation" (Lee, 2004, p.179).

This study found that the preponderance of annual reports that were available on web sites contained little, if any, financial accountability information beyond pie charts decomposing revenue into several sources and showing high-level expense categories. *Table 17* summarizes the number of CO and NM nonprofits that conducted audits, made the audit report available, published annual reports or provided biographies of board members.

For a gold star, board member biographies had to demonstrate current or previous relevant experience for board position. Acceptable biographies ranged from listing relevant current employment in industry to full education and professional experience biographies.

Table 17 Availability of Audit Reports, Annual Reports and Board Biographies

	CO (36)	**NM (14)**
Did the organization obtain separate, independent audited financial statements for the tax year? Evaluation method: A Yes response on Form 990 Part IV Line 12 is recorded as a gold star.	15	3
Is the Audit Report publicly available? Evaluation method: Download from web site or provided by nonprofit as a response to request.	5	1
Did the Audit Report include a section on Management Discussion and Analysis? Evaluation method: Check Audit Report contents.	5	1
Is an Annual Report including a meaningful financial discussion publicly available? Evaluation method: Download from web site or provided by nonprofit as a response to request. Financials must exceed a pie chart of expenses and revenues to be deemed acceptable.	10	2
Were biographies of the board members available? Evaluation method: Web site or Annual Report contains professional (verses personal interest) biographies of board members?	17	4

Cash or Accrual Based Accounting

Nonprofits in this study reported their financials using both cash basis and accrual basis. Historically, donors express a preference for general purpose financial statements prepared in accordance with GAAP (Holder, 1978, p.328).

Table 18 presents a comparison of nonprofit size with use of cash basis and accrual basis accounting and a linkage to nonprofits that conducted an independent audit.
Form 990 Part VI Line 12 was inspected to determine whether an audit was conducted. The cash vs. accrual basis was gleaned from Form 990 Part XII Line 1 or Form 990-EZ Line G. Form 990-EZ does not include the audit query so no data was compiled for this subset of 13 nonprofits filing 990-EZ (9 CO and 4 NM).

Table 18 Accounting Basis tied to nonprofit size and audits Accrual based accounting may foster audit practices.

	Nonprofit Size	Cash Basis 12	Audits	Accrual Basis 38	Audits
CO (36)	**<$100K**	6	0	6	2
	≥$100K <$1M	5	0	10	6
	≥$1M	1	0	8	7
NM (14)	**<$100K**	0	0	5	0
	≥$100K <$1M	0	0	8	3
	≥$1M	0	0	1	0

Observations:

- There were no independent audits conducted by cash based nonprofits though less complicated audits can be conducted on cash basis entities.
- Larger CO nonprofits with more resources tend to have independent audits.
- Accrual based accounting was used by 76% of the nonprofits in this two state sample.
- All NM nonprofits used accrual based accounting.

These results were similar to an Austrian study by Greiling on nonprofit efficiency and effectiveness, which suggested that nonprofit size appears to matter in development of performance measurement systems (Greiling, 2016).

Commitment to Transparency, Integrity, Ethical Behavior, Excellence

This evaluation (*Table 3* last row) targets how well nonprofit Codes of Excellence such as the *CO Nonprofit Association Principles and Practices for Excellence* encourage nonprofit members to provide more transparent and useful information for stakeholders (research question 3). If nonprofits addressed excellence, integrity, transparency, ethics on their web site, in their annual report, or addressed this in email or verbally when providing additional information, their commitment is scored with a gold star. Only 3 CO nonprofits and 2 NM nonprofits met this challenge. This is 10% of the surveyed population. The 3 CO nonprofits that met this goal are not members of the CO Nonprofit Association.

Conversely, none of the 11 member nonprofits cited a transparency goal.

Referring again to the findings of the Austrian study by Greiling and Stötzer (2016, p.271) that size matters, *Table 19* shows that of the three CO nonprofits that committed to excellence, one is medium size and two are large. Similarly, in NM, one is medium size and one is large. Size of the nonprofit may facilitate greater commitment to excellence.

Table 19 Impact of size on nonprofit commitment to excellence

	<$100K	≥$100K <$1M	≥$1M
36 CO nonprofits with 3 committed to excellence	0 of 12 nonprofits	1 of 15 nonprofits	2 of 9 nonprofits
14 NM nonprofits with 2 committed to excellence	0 of 5 nonprofits	1 of 8 nonprofits	1 of 1 nonprofits

Comparative Analysis

Research question #3 asks whether membership in a nonprofit advocacy group results in an entity providing comparatively more transparent and useful information for stakeholders. Section 5.1 compares two CO subsets, members and nonmembers. Section 5.2 compares CO, a state with a nonprofit advocacy group, with NM, a state that is not a member of the National Council of Nonprofits. Section 5.3 snapshots the results of Section 3.2, the watchdogs.

Comparative Analysis of Two CO Subsets

Table 20 breaks down 36 CO nonprofits into two subsets. 11 nonprofits are members of the CO Nonprofit Association (Column 2). 25 CO nonprofits do not belong to the CO Nonprofit Association (column 3). The left hand column contains the total number of red and amber flags and gold stars that are assigned to all CO nonprofits. This table provides an average number of flags and stars to each nonprofit in both subsets. The BETTER label indicates which subset (member or non-member) had the better average. Note that this table judges compliance only against the criteria in this research, not compliance against the entire tax code.

Table 20 Membership in best practices advocacy group does not foster better practices

	Members (11)		CO Non-members (25)	
14 Red Flags	6 flags or 0.55 per nonprofit		8 flags or 0.32 per nonprofit	**BETTER**
40 Amber Flags	11 flags or 1 per nonprofit	**BETTER**	29 flags or 1.16 per nonprofit	
77 Gold Stars	20 stars or 1.82 per nonprofit		57 stars or 2.28 per nonprofit	**BETTER**

<u>Observation</u>: On average, as indicated by the BETTER tags within the table, a nonprofit's membership in the CO Nonprofit Association does not translate into more compliance (less flags) or into greater transparency (more stars).

Comparative Analysis of CO and NM

Does data indicate any differences between CO, a state that belongs to the National Council of Nonprofits compared to NM, a nonmember state? New Mexico has an unaffiliated nonprofit advocacy group - The United Way Center for Nonprofit Excellence, a part of United Way of Central New Mexico. *Table 21* compares flags and stars for all CO nonprofits against all NM nonprofits.

Table 21 No significant difference in compliance and transparency in 2 state sample

CO Nonprofits (36 members)			NM Nonprofits (14 members)	
14 Red Flags	or 0.39 per nonprofit		5 Red Flags	or 0.36 per nonprofit
40 Amber Flags	or 1.11 per nonprofit	**BETTER**	22 Amber Flags	or 1.57 per nonprofit
77 Gold Stars	or 2.14 per nonprofit	**BETTER**	21 Gold Stars	or 1.5 per nonprofit

<u>Observations</u>:

- Comparing the data in this table suggests that, on the average, there was no significant difference between CO and NM in the red flags for compliance with statutes.
- The widest variance in all comparisons in the research paper was noted in amber flag and gold star scores between CO and NM. CO has better practices for reporting and transparency (fewer amber flags and more average gold stars). However, the NM scores are not significantly different than CO.

100% Compliant Advocacy Watchdogs' Results

The watchdog subset including The National Council of Nonprofits, The Colorado Association of Nonprofits, Guidestar, and Charity Navigator were 100% compliant with regulatory requirements (i.e., no red flags). *Table 7* shows that these large watchdog organizations are well resourced. It is logical to assume that these organizations would be fully compliant with regulatory statutes and this is evident in gathered data. One advocacy watchdog earned an amber flag due to not disclosing if financial expertise was included on the board of directors. The researchers contacted this watchdog to solicit more information and remove this amber flag, but there was no response from the watchdog. Another watchdog was fully transparent with reporting excellence - hence, no direct email or phone call. Although 3 of 4 provided detailed financials with their audit reports for the finance savvy donor, only 1 in 4 provided relevant financials in their annual reports.

Examples of Accountability and Transparency

All scoring and observations in the preceding sections of this research paper were objective. The criteria were enumerated and the collected data was evaluated on that objective criteria. The results in this section deviate slightly from that same objectivity. In total, five CO nonprofits and two NM nonprofits appeared to demonstrate better than average financial accountability, governance, and communications. In large measure, these nonprofits communicated a broader mission than their civil rights focus. They viewed their audience as the public at large. *Table 22* provides examples of best practices and transparency from these nonprofits.

Table 22 Example of best practices used by nonprofits

	Colorado	
American Civil Liberties Union Foundation of CO	Interaction through phone calls and emails. Provided information on Board of directors Provided full, detailed audit report, financial position, disclosure notes	Web site mentions "seeking transparency". Demonstrated transparency through response t researchers' requests.
Colorado Cross-Disability Coalition	Annual Report contains the following statement from Board Chair: "The Board of Directors employs all of the best practices in nonprofit governance…" While small in size, this nonprofit, publishes a data rich Annual Report. Goals and accomplishments are discussed in quantitative fashion. Variances from prior year expectations are discussed. Financial statements include comparative balance sheets and income statements.	
Mercy Housing	Annual Report quote from CFO: "We saw improvement in key financial indicators, including reduced operating debt, increased cash reserves, and increased financial strength at a number of properties."	
Mountain States Legal Foundation	Code of Conduct: "It is the policy of MSLF to conduct its business both ethically and legally and to present its financial information, both internally and externally, in a manner that will not mislead or misinform." 9 tenets followed.	Email response from MSLF: "Please let me know if you need anything further. I am glad I could help. We try to be as transparent as possible."
Native American Rights Fund	Web Site: "NARF is an established nonprofit organization with over 30 years of experience in grants management and accounting in accordance with generally accepted accounting standards. Each year, NARF has an audit performed by a firm of certified public accountants to ensure accountability in fiscal matters. BKD, LLP has performed the annual audits for the past several years and submits its reports to the NARF Board of Directors." Annual Audit Reports and financial statements were provided on web site.	
	New Mexico	
Chaves County CASA Program	Interaction through phone calls and emails. Provided board minutes from multiple months, Financial Statements, Audited Financials Reports, Conflict of Interest Policy, Board Rosters. Expressed support for education and desire to read this research paper.	
New Mexico Voices for Children	Annual Report advocates transparency and accountability. Annual Report is detail rich and provides evidence of financial accountability.	

Conclusion

This research assessed the accountability, governance and reporting approaches of 50 Civil Rights and Social Action Advocacy nonprofits in the states of Colorado and New Mexico. Compliance with federal and state regulations was found to be lacking in certain areas. However, there were clear examples of good governance and reporting practices. The research identified ten key findings:

1. Only 54% of nonprofits were fully compliant with the regulatory requirements measured in this report. Of the 46% of entities failing to comply with these requirements, 79% of noncompliance related to unnamed board positions.
2. Age of the nonprofits appears to impact the degree of compliance with regulatory requirements. Evidence indicates that older nonprofits in NM have had sufficient time to attain full compliance with the reporting requirements measured by this paper. Older CO nonprofits and new, post-2010 CO nonprofits were also strong in compliance.
3. 20% of CO nonprofits and 29% of NM nonprofits exceeded regulatory requirements and adopt best practices.
4. Nonprofits' media presence and communications were focused on the accomplishments of their current missions, their desire for further outreach, and gratitude to their donors rather than emphasizing their transparency by providing detailed accounting reports with disclosures.
5. Nonprofits would benefit by fostering a two-way dialog with the public including potential donors who expect competent financial management, full and transparent disclosures and effective governance.
6. Use of best practices is not exclusive to membership in a nonprofit advocacy organization, since best practices are broadly documented and publicly available they may reach and affect non-member nonprofits.
7. The advocacy watchdogs provided transparency that models best practices.
8. Best practices were not exclusively used by entities with greater resources.
9. Best practices were not exclusively adopted in older, more mature organizations.
10. The degree of accountability, transparency, and reporting excellence exercised by a nonprofit appears to depend on the influence exerted by a board or senior staff member "champion" who is personally driven by best practice values.

Research Limitations

This study only reviewed accountability and reporting practices in two states, and only for nonprofits that were classified within the Civil Rights Advocacy subset of entities. As a result, it is hard to use the findings to generalize about the reporting practices of all nonprofits within the U.S.

While the majority of the analysis used to judge the quality of nonprofit reporting, accountability and governance was objective in nature, there were times were the researchers had to directly engage with nonprofit staff in order to judge the quality of its communication. Such interactions had the potential to bias the results.

Areas for Further Work

This present study only reviewed nonprofits in two U.S. states. A comparative evaluation of the reporting practices of nonprofits in Minnesota or Pennsylvania may add to this work, since their state Codes contain principles and practice that are similar to those used in Colorado. In addition, a further study could select other *musts* or *shoulds* as the basis for testing compliance in other reporting and governance areas within nonprofit Codes.

Recommendations

The results of the study can be used to provide some clear recommendations to regulators, donors, and nonprofits:

<u>Regulators</u>
Federal reporting for nonprofits needs to be streamlined. In addition to the IRS Form 990 and 990-EZ, there are 16 separate reporting schedules (A through R) ranging from 2 to 8 pages plus instructions, which introduces unnecessary complexity in annual reporting.

Donors
Donors should perform due diligence when considering charitable contributions to nonprofits, and evaluate the efficiency and effectiveness of nonprofits using online tools, such as Charity Navigator, GuideStar, CitizenAudit, and the National Center for Charitable Statistics (NCCS). Donors should also review Form 990s, Annual Reports and Audit Reports. They should also contact the nonprofits for additional information, and demand better financial reporting and transparency as a condition for pledges.

Nonprofits:
Nonprofits should immediately resolve any regulatory noncompliance, publish current contact information on their websites, and respond timely to public enquiries for additional information.

Entities should also publish biographies of the board of directors that highlight qualifying credentials and demonstrate the nonprofit's commitment to effective nonprofit management. In addition, annual reports should include additional financial information, such as year-to-year comparisons and explanations of variances between budgeted and actual expenses.

Wherever possible, nonprofits should attempt to adopt best practice as established by statewide Codes of Excellence. Nonprofit size should not inhibit this effort. Demonstrating a commitment to reporting excellence and transparency is a way to attract donations in a competitive arena.

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Cultural and Geographic Variations in Family Business Management: A Multinational Analysis

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Abstract

This paper presents a qualitative analysis of family business management characteristics in five selected countries (Croatia, Egypt, France, Kuwait, and the United States), within the context of two important models of country culture patterns –Hofstede's "Dimensions of National Culture" and Jaffe and Grubman's "Three Global Cultures." These two models, and their descriptions and predictions of variations in culture and how such variations determine the nature of business management, were analyzed with regard to family business managerial data collected in these five countries by Sonfield and Lussier (2009a&b). This paper's analysis indicates that the reality is far more complex than the models would suggest. The data from the Sonfield and Lussier research studies do not neatly fall within the sweeping, comprehensive and generalized portraits of country culture groupings (and resulting business management characteristics) provided by Hofstede and by Jaffee and Grubman. Conclusions, implications, and suggestions for future research are offered.

Key Words: Family Business, Cultural Variations, Geographic Variations, Multinational Analysis

Introduction

Family businesses constitute a highly important component of most countries' economies (Astrachan & Shanker, 2003; Dennis, 2003; Kellermanns et. al., 2008). In the United States, an estimated 80 to 90 percent of the total 15 million businesses are family businesses (Carsrud, 1994; Kets de Vries, 1993; Poza, 2007). In the United States, family businesses contribute 50 to 60 percent of the total Gross National Product, about 60 percent of employment, and have higher annual sales than non-family businesses (Astrachan & Shanker, 2003; Bellet *et al*., 1995; Chaganti & Schneer, 1994; McCann *et al.*, 1997; Morris *et al.*, 1997). Estimates classify 35 percent of *Fortune 500* firms as family owned and about one-third of all *Fortune 500* companies are family-controlled (Carsrud, 1994, Poza, 2007). Data from most other countries provide a similar picture, often with even higher percentages (Morck & Yeung, 2003; Rottenberg, 2002).

Family business as a field of study has grown from modest beginnings to a substantial conceptual and theoretical body of knowledge at the start of the twenty-first century (Pieper & Klein, 2007). Prior to 1975, a few theorists, such as Christensen (1953), Donnelley (1964) and Levinson (1971), investigated family firms, yet the field was largely neglected (Lansberg *et al.*, 1988). These early studies were generally conceptual rather than empirical, with a focus on the more fundamental issues, such as what makes a business a "family business" or a "family firm" (the terms are used interchangeably), the dynamics of succession, intra-family conflict, and consulting to such firms (Handler, 1989; Sharma *et al.*, 1997). In 1988, with the launching of the journal *Family Business Review*, the first scholarly publication devoted specifically to family business, the field reached a level of maturity to foster a significant progression and resulting body of research and findings.

Still, a variety of definitions of "family business" continue to serve as the basis for research in this field. (Birley, 1997; Chua *et al.*, 1999; Litz, 1995; Westhead & Cowling, 1998). Some definitions focus on the degree of family *ownership*, others focus on the degree of family *involvement* in the management operations of the firm, and still others emphasize owners' *perceptions*, i.e. a "family firm" is one in which owner-managers *perceive* their company to be a "family business." Most researchers today use a combination of these factors, and "family business" and "family firm" are used interchangeably in the literature. This study combined *ownership*, *involvement in operations*, and *perception* for its definition of "family business," with the third criterion being the final determinant.

Research Objective

While research focusing on family business was once limited largely to American, British, and sometimes other Western European contexts, we now see many empirical studies of family business in other countries as well. Yet most of these studies make the assumption that the findings generated in a specific country can usually be generalized to a large degree to the broader phenomenon of family business, as it exists in most countries. For example, recent (2014) volumes of the three primary academic journals in family business, *Family Business Review, Journal of Family Business Strategy,* and *Journal of Family Business Management,* all include a variety of empirical studies conducted in countries other than the US and the UK, but with minimal discussion of limitations due to the location of the study.

However, this generalization of family business research findings is slowly being questioned. Therefore, this study expands that questioning and responds to some landmark, and some more recent, cross-national research studies which conclude that cultural and geographic differences exist in business philosophy, objectives, and practice (see Newman & Nollen, 1996).

Specifically, the objective of this research is to conduct a relatively simple and preliminary analysis of similarities and differences between family business management practices in several countries, within the context of two important models of the country cultural characteristics.

Hofstede's "Dimensions of National Culture"

Perhaps the best-known and most accepted series of studies are Geert Hofstede's "dimensions of national culture" which offer a theoretical basis for possible differences in family business management across different countries and cultures (Hofstede, 1983). Hofstede proposed six cultural dimensions: *power distance, individualism, uncertainty avoidance, masculinity, long-term orientation,* and *indulgence versus restraint*:

Power Distance
- High: acceptance of hierarchical order
- Low: equal distribution of power

Individualism
- High: loosely-knit social network
- Low: tightly-knit social network

Uncertainty Avoidance
- High: rigid codes or belief and behavior
- Low: relaxed attitude

Masculinity
- High: achievement, heroism, assertiveness, material rewards
- Low: (femininity) cooperation, modesty, quality of life

Long-Term Orientation
- High: pragmatic, thrift, prepare for future

Indulgence vs. Restraint
- High: society allows freedom
- Low: society imposes strict social norms

Using these six dimensions, Hofstede predicts different management styles across countries and cultures. For example, based on Hofstede scores for the United States, American family business owner/managers would a) be more open to giving power to non-family-members, b) be more receptive to the opinions of non-family-members, c) be willing to accept the uncertainty of allowing non-family-members to make managerial decisions, and d) give decision-making freedom to non-family members. Business management behavior in a Western Europe such as France would be similar, but different Hofstede scores for some dimensions would lead to somewhat different managerial practices.

On the other hand, some geographic and cultural regions score very differently and this would lead to very different managerial behavior. For example, in Arab/Islamic countries high scores in *Power Distance* and *Uncertainty Avoidance* indicates that these countries are more likely to follow a caste system that does not allow significant upward mobility for outsiders. Societies and companies within are also highly rule-oriented with laws, rules, regulations, and controls in order to reduce the amount of uncertainty, while inequalities of power and wealth have been allowed to grow within the society. This creates a situation where business leaders have virtually ultimate power and authority, and the rules, laws and regulations developed by those in power reinforce their own leadership and control. In former Soviet and socialist countries, scores are sometimes mid-range, but generally closer to Arab/Islamic countries' scores.

Jaffee and Grubman's "Three Global Cultures"

As discussed above, cultural comparisons across countries, and resulting models, continue to be developed. A recent study by Jaffee and Grubman (2016) postulates three basic and important cultures in the world which impact the majority of family businesses:

Individualist Culture is prevalent in western culture, including the United States, Northern Europe, Canada, Great Britain, and Australia. The attributes of this culture include a) being creative, b) striving for success on one's own, c) accountability, and d) the measurement of performance. Family businesses in such a culture would be individualistic, rational, and focused on human dignity. Top family managers would be supportive of more junior family members in the organization and allow each to reach his or her full potential. The leader's authority is moderating by the overriding rule of law and the authority of the leader must be earned via the trust of his or her followers or else risk removal.

Collective Harmony Culture can be found most often in East Asia, including China, Hong Kong, Singapore, Korea, and Japan. In this culture, which emphasizes duty and respect for family and for the community at large, family business management practices allow for autonomy but within the context of a respect for tradition. Connection and obligation within the family and within the community strongly influence management behavior, with consensus within the managerial group a major objective.

Honor Culture is more geographically diverse, and is found in countries in a variety of locations, including Latin America, Southern and Eastern Europe, the Middle East, India, and Africa. The influence of past tribalism, colonialism, and/or Communism contribute to this culture. Within a business organization, hierarchically-organized structure prevails, with the welfare of the family the focus and financial objective of the firm. Such a focus may limit the opportunities for non-family members to play a role in management.

Qualitative Data Analyses

Two recent studies can be utilized to preliminarily and qualitatively test the validity of both the Hofstede and the Jaffee and Grubman models. In these two recent empirical studies, Matthew Sonfield and Robert Lussier gathered data on family business managerial behavior in several countries which relate to both models and to the focus of this paper – France, the United States, Egypt, Kuwait, and Croatia (Sonfield & Lussier, 2009a, 2009b). (While the studies conducted by Sonfield and Lussier analyzed other countries as well, only these five countries produced data usable for this current analysis.)

Utilizing the Hofstede "Cultural Dimensions" model, the five countries score in some aspects similarly and in other ways quite differently. See Table 1.

Table 1
Hofstede Cultural Dimension Scores

	France	United States	Egypt	Kuwait	Croatia
Power Distance	68	40	70	90	73
Individuality	71	91	25	25	33
Masculinity	43	62	45	40	40
Uncertainty Avoidance	86	46	80	80	80
Long-Term Orientation	63	26	7	n.a.	58
Indulgence	48	68	4	n.a.	33

These five countries can also be categorized using the Jaffe and Grubman cultural categorizations. France and the United States fall within Jaffee and Grubman's *Individualist Culture* and Egypt, Kuwait and Croatia fall within the *Honor Culture* category. See Figure 1.

Figure 1
Jaffee and Grubman Cultural Categorizations

Individualist Culture	Honor Culture
France	Egypt
United States	Kuwait
	Croatia

Based on these two different model-based categorizations, we can expect that family business management practices and styles in France and the United States (Individualistic Culture) will differ in many ways from such practices and styles in Egypt, Kuwait, and Croatia (Honor Culture); but there will also be other variations among the five countries.

The research study conducted by Sonfield and Lussier (2009b) utilized a survey instrument which asked family business owner/managers in the various countries to self-report their managerial behavior and practices with regard to nine different variables, which had been identified in earlier family business research as especially relevant to the practice of family business:

1. *Leadership Style (individual versus team management)* – (Likert Scale 1 to 7)
2. *Level of Family Conflict and Disagreement* (1 low to 7 high)
3. *Succession Plan Formulation* (1 low to 7 high)
4. *Use of Outside Advisors and Professionals* (1 low to 7 high)
5. *Amount of Long-Term Planning* (1 low to 7 high)
6. *Use of Financial Management Tools* (1 low to 7 high)
7. *Influence of the Original Founder* (1 low to 7 high)
8. *Considering Going Public* (1 low to 7 high)
9. *Informal versus Formal Leadership Style* (1 informal to 7 formal)
10. *Use of Debt versus Equity Financing* (1 debt to 7 equity)

Results were collected from each country and the numerical data in given in Table 2.

Table 2
Country Variable Data

Variable	USA	France	Egypt	Kuwait	Croatia
Sample size	159	116	147	81	50
Leadership Style	m=3.9 s=2.3	m=4.5 s=2.3	m=4.8 s=2.0	m=4.2 s=2.2	m=5.7 s=1.7
Family Conflict	m=2.4 s=1.8	m=2.6 s=2.0	m=1.7 s=1.3	m=2.5 s=1.9	m=3.9 s=1.9
Succession Planning	m=3.0 s=2.3	m=3.3 s=2.5	m=4.5 s=2.4	m=4.2 s=2.0	m=4.7 s=2.1
Use Outside Advisors	m=4.2 s=2.3	m=5.5 s=1.7	m=3.1 s=2.3	m=4.2 s=2.2	m=4.2 s=2.2
Long-term Planning	m=3.2 s=1.7	m=2.7 s=1.7	m=3.6 s=2.1	m=4.3 s=1.9	m=4.1 s=2.0
Financial Mgt Tools	m=3.4 s=2.1	m=4.0 s=1.9	m=4.2 s=2.4	m=4.8 s=2.0	m=4.2 s=2.0
Founder Influence	m=5.0 s=2.0	m=3.1 s=1.9	m=5.0 s=2.2	m=5.1 s=1.7	m=5.0 s=1.8
Go Public	m=1.4 s=0.9	m=1.1 s=0.4	m=2.1 s=1.9	m=2.5 s=2.0	m=2.6 s=2.2
Formal Mgt Style	m=3.5 s=1.7	m=4.3 s=1.3	m=4.7 s=2.4	m=4.6 s=1.9	m=5.4 s=1.7
Debt vs. Equity Fin	67% 33%	84% 16%	27% 73%	42% 58%	34% 66%

Measures
Nine Management Variables: Likert scale of "Describes our Firm" 7 6 5 4 3 2 1 "Does Not Describe our Firm"
Debt vs. Equity: Percentage of firms using debt vs. equity financing
m= mean
s= standard deviation

Results and Conclusions

Given the research objectives of this conference paper, and furthermore the complex distributions of the Hofstede scores and the Jaffe and Grubman classifications, qualitative rather than statistical quantitative analytical methodology is most appropriate. Quantitative analysis would require the testing of a large number of measurement and control variables and high-level statistical analyses– such analyses would be more appropriate for a lengthy article in a very rigorous academic journal. Thus, qualitative analysis is more suitable and fitting for a conference paper with page length constraints.

Utilizing qualitative analysis, the Sonfield and Lussier data (mean scores) indicate both differences and similarities with regard to the various management behavior and practices variables, and do not appear to strongly support either the Hofstede or the Jaffee and Grubman model.

The *Hofstede Model* would predict family business management as follows:

USA – equal distribution of power; loosely-knit social network; high achievement orientation, assertiveness, importance of material rewards; relaxed attitude; tradition, suspicion of change; freedom. (Clearly some of these cultural attributes are inconsistent with each other.)

France – hierarchical order; loosely-knit social network; lower achievement, assertiveness, rewards; rigid; pragmatic; freedom.

Egypt and Kuwait – hierarchical; tightly-knit; rigid codes; cooperation, quality of life; tradition, suspicion of change; strict social norms.

Croatia – similar to Egypt and Kuwait, except for pragmatism and preparing for the future.

The *Jaffee and Grubman Model* would predict:

USA and France – individualism, rationality, focus on human dignity, freedom for junior family members.

Egypt, Kuwait and Croatia – hierarchical organizational structure, focus on the welfare of the family, limited role for non-family-members.

Individual discussion and analysis of the collected data for all ten variables for each of the five countries would be quite complex and lengthy – far beyond the constraints of scope and length for a conference paper. But it should be clear from an examination of survey data score patterns in Table 2 that neither of the two models significantly supports or predicts the Sonfield and Lussier research data results. The totality of the data is far more complex than the generalized predictions that either of the two models would provide for the nature of management practice and behavior in the five countries.

Implications and Future Research

This qualitative analysis of family business management characteristics in five countries, within the context of two important models of country culture patterns, indicates that the reality is far more complex than the models would suggest. The data from the Sonfield and Lussier research studies do not neatly fall within the sweeping, comprehensive and generalized portraits of country culture groupings (and resulting business management characteristics) provided by Hofstede and by Jaffee and Grubman.

Thus a major implication of this paper's analysis is that broad models of national cultures (and their impact on business management) may be useful and of value, but they should not be taken as perfect and definitive. Rather, they can be used as a starting point when addressing business management similarities and differences across countries. The use of models as characterizations and predictors must be combined and supplemented by more country-specific research and analysis by those who study family business, small business, entrepreneurship, and business in general at a multinational level.

Furthermore, this paper's current data analysis might be expanded to a more sophisticated quantitative analysis. With a sufficient level of methodology precision, the similarities and differences between these five countries might be more fully understood and reported, and thus be of further value to those who manage, advise, or study businesses of all types and sizes

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Female Entrepreneurship: A Model of Business-Family Interface and Performance

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Abstract

Our study develops a conceptual model of female entrepreneurship that links business-family-interface dimensions (interference and enrichment) and firm performance. The performance-interference-enrichment (PIE) model is tested based on data related to contexts in which women entrepreneurs operate in various countries around the world. We show that the PIE model's links depend on the country's context. As the result, we identify new boundary conditions to the domain of female entrepreneurship.

Will the SBI Program Survive?
An Examination of the Relationship of AACSB and the SBI

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Abstract

This manuscript is the reaction to an article that the Small Business Institute's field based consulting programs were in jeopardy because its benefits are not tangible, easily measured, or quantifiable. As a field, higher education is being severely criticized by parents, governments, students, and others for costs, lack of accountability, lack of transparency, inadequate assessment, and in some studies a decrease in student thinking and analytical skills. The article argues that SBI programs are uniquely positioned to meet AACSB's new standards.

Keywords: SBI, AACSB, Assessment

Introduction, AACSB, and Assessment

To meet some of these criticisms, the Association for Advancement of Business Schools (AACSB) has established extensive assessment programs. Many of the accredited business schools are like the authors' which balances teaching and research.

The manuscript describes the history of the SBI program, its focus on field based consulting with student consultants, and use of actual business clients. Benefits of the SBI program that have been described in the literature include integration of the business disciplines into one analysis, active learning, actual problem solving, team work, and analytical and critical thinking skills. It is the authors' belief that these advantages meet many of the criticism of higher education, and help meet many of the new assessment standards pillars

The SBI and the New Pillars

The initial assessment methods pushed most schools to quantifiable measures such as multiple-choice questions covering the course material. However, the most recent 2013 standards added three pillars of continuous quality improvement: engagement, innovation, and impact.

The SBI meets these new pillars in numerous ways. Teaching effectiveness is validated when some students are hired by their clients and others are hired because they have consulting experience on their resumes.

Many schools on the teaching- research continuum require research. The SBI sponsors two quality journals providing outlets for empirical, pedagogical, and case studies. The annual conference provides an outlet for scholarly work, panels, and presentations. Many professors have built their careers from their SBI involvement.

Intellectual impact can be met with the contributions to the SBI's journals. Student impact can be measured by higher employment rates of SBI graduates, undergraduate research, and the SBI's impact on communities.

Conclusion

With higher education caught in a critical environment, SBI programs may help provide evidence of better engagement and impact.

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Available upon request.

Does Gender Make a Difference for Small Business Performance?

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Abstract

This study examines the inconsistencies among female- and male-owned small business performance outcomes. Our motivation is to determine if apparent gender differences in business performance are continuing or not. The investigation offers some applicable for policymakers given the importance of successful business ownership when it comes to job creation and economic growth. The paper concludes with a discussion of the findings and offers some future research directions.

Introduction

The purpose of this study is to explore the business performance distinctions between female-led small businesses compared to male-led small businesses. This study uses the Fairlie and Robb (2009) approach as the basis for the analyses. The Fairlie and Robb (2009) study was based on confidential data collected in conjunction with the 1992 Characteristics of Business Owner (CBO) survey provided by the Census Research Data Center of the US Census Bureau. Today similar data has been made available through the 2007 Survey of Business Owners (SBO) as described by the Public Use Microdata Sample (PUMS) provided by the US Census Bureau. The PUMS data provided by the US Census Bureau also makes available data on business level performance. In this study we replicate and extend their findings by using this similar data set and methodology to explore if there are any significant changes in female-led small businesses over the fifteen years between the surveys.

Although anecdotal evidence suggests that female start-up and business ownership rates are increasing in the USA, the rate of women is remains only about 36 percent compared to that for men (Lichtenstein 2014). Lichtenstein suggests that this reflects stabilization of their labor force participation rates. This suggest that in absolute terms that female-owned businesses still continue to be fewer than those owned by men. The moderate rate of business ownership among women continues to be a worldwide phenomenon (Bardasi et al. 2011; Fairlie and Robb 2009). The ability to study this topic is often problematic because information for substantial samples of female-owned businesses are relatively limited. However, some researchers have employed business-level data to study female-owned firms. Many of these findings suggest that female led businesses often are more likely to close and often achieve fewer sales and slower employment growth compared to male led firms (Robb 2002; Bosma et al. 2004; Gatewood et al. 2009; Shava and Rungani 2016). Estimates from the SBO suggest that on average female led firms sales are up to 70% lower than male led companies. Additionally, employment levels are roughly 60% lower for female led companies.

The effect of owner's gender on small business performance has been explored by many researchers (Fasci and Valdez 1998; Kalleberg and Leicht 1991; Robb 2002). For example, Robb's (2002) findings indicate that female led companies are generally are more likely to cease operations compared to male led companies. In addition Bosma et al. (2004) research findings help differentiate between three different firm performance measures—survival, profits, and employment growth. They found that overall male led founders performed significantly greater on all dimensions of those performance measures. Fairlie and Robb's (2009) findings suggested that women led companies had on average lower outcomes compared to men led companies. Robb and Wolken's (2002) research findings reveal that there are some consistent gender disparities in company and business founder characteristics that can also be discerned by the differences in loaning patterns based on gender. Evidence provided by Gatewood et al. (2008) also seems to support that women-led business performance may be diminished because their businesses are frequently clustered in industries which are less attractive to financiers as well as there are relatively few women in decision-making roles in the venture capital industry. Coleman's (2000) research submits that female-owned firms are less likely to use external financing as a source of capital than male-owned firms. Robb and Watson (2012) found that differences in the performances of female- and male-owned firms disappear when risk-adjusted performance measures and demographic differences are controlled for in the models. Recently, Shava and Rungani's (2016) findings suggest that the greater the amount of business-related experience the owner possesses, regardless of gender, the higher the performance.

Research on gender differences can also be found in leadership of small businesses with mixed results. For example, Davis et al. (2010) examined the effects of the Chief Executive Officer's gender on market orientation and performance among small- and medium-sized service businesses. They actually found that female-led service firms perform significantly better due to their stronger customer orientation relative to male-led service firms. Gibson's (2010) research examines the extent to which strategic focus (internal versus external) and the gender of small business leaders are predictive of perceived organizational performance. The findings suggest that there is no performance difference based on gender. Finally, Fasci et al. (2015) research found a performance gap exists when measured by gross revenues between female- and male-owned small accounting firms. However, the differences in performances were non-existent after a ten-year period of time.

Researchers on entrepreneurial start-ups have for numerous years been investigating the disparities in rates of participation and performance between female and male entrepreneurs (Acs et.al. 2011). Researchers suggest that a key motivation for women starting a business includes the desire for work-family balance (Adkins et al. 2013; Gherardi 2015). Batchelor's (2015) research findings suggest that entrepreneurs who established their business were more likely to experience higher returns compared to than non-founding entrepreneurs. However, gender was not found to have any influence on founder status and financial performance.

Recently there has been a need for additional research on the descriptive issues linked to gender and small businesses as a means to provide a more generalizable view of the field. Volery and Mazzarol (2015) identified the increase in the number of theoretical studies and the decline of descriptive research for small business and entrepreneurship published between 1982 through 2012. The relative absence of this descriptive approach may be because of the growth of theoretical studies trying to explore competing theories of gender and business ownership. While it is important that researchers continue to build the theoretical foundations within the small business and entrepreneurship domains as it relates to gender, doing so at the detriment of applied research for policy and practice could risk the loss of relevance to business management.

The paper is organized as follows. The first next section begins with a description of the data and methodology employed to investigate the performance of the sample of small businesses. This is followed by a discussion of differences in gender for small business performance (that is closure, employment, payroll, and sales). Next we identify the determinants of small business outcomes—including race, education, employment history, business initiation, startup capital, and industry classification. We then investigate gender differences for both human and financial capital, as well as other characteristics. We provide a general explanation for differences in gender for businesses by employing a decomposition technique in order to identify the separate contributions from the differences gender presents for both human and financial capital, and business dimensions. The study concludes with a brief discussion of our key results. We discuss the study's limitations and offer some suggestions for future research.

Scope of the Study

The study provides a unique approach for assessing the differences between female- and male-led small businesses. This study's approach is similar to Fairlie and Robb (2009) in the type of data and methodology, however there are some significant differences that suggest this study is more generalizable. First the Fairlie and Robb (2009) study used data provided by the CBO in 1992. The current study uses the most recent data provided to the public from the US Census Bureau in 2007. This approach will allow us to see if there have been changes in business performance of female-led businesses. Also the comprehensive and large size of the database should provide better descriptive analyses of these businesses.

Again the study draws on this US Census Bureau's SBO-PUMS. We used the Census Bureau's SBO because it offers one of the most recent and inclusive data source. The SBO is useful because it is provides a large extent of information on selected economic and demographic attributes of companies and owners including gender, ethnicity, race, and veteran status. The SBO-PUMS data contains survey respondents' information on national, state as well as detailed confidentiality characteristics of companies and ownership. The SBO is provided by the economic census which is conducted on five-year basis for years ending in "2" and "7" (US Census Bureau 2012). The SBO-PUMS contains 2,165,680 data observations from the 2007 survey. The study experimental design involved classifying small businesses into female-owned or male-owned firms.

The Census Bureau's PUMS file was created for the 2007 SBO. The purpose of the SBO data collection is to provide general statistics on the gender, ethnicity, race, and veteran status of U.S. business owners. Additionally information relating to business characteristics are also gathered such as the capital source for business start-up and the accompany demographics of the business owner. These estimates are given in a wide variety of industry classifications, geographic levels, and cross-tabulations (US Census Bureau 2012).

The SBO provides information for all types of businesses as reported by companies businesses filing with the Internal Revenue Service these include nonfarm businesses, individual proprietorships, partnerships, or corporation. The minimum requirement is a business must have receipts of $1,000 or more, and covers companies firms with paid or unpaid employees. The information is provided at the company level. (US Census Bureau 2012).

Much of the SBO-PUMS content is similar to the earlier 1992 CBO survey content used by Fairlie and Robb (2009). However, there are some important content differences between the two samples. For example, the SBO-PUMS does not include some owner features, such as marital status or salary. While some business characteristics, such as profits and urban, are apparently included in the CBO survey.

To be included in this study companies needed to meet a modest threshold and attained a certain level of business activity. Specifically, the business must have operated for at least twelve months and must not be a seasonal business or an occasional business. These criteria resulted in the exclusion of 57.7% of the companies. The business activity expectations are used as a rule to eliminate those respondents that can be viewed as side-businesses or casuals businesses.

We could not examine the possibility that hours the owner actually participated in the business (for example, part-time versus full-time effort) are partly responsible for business outcomes. Fairlie and Robb (2009) found that business owned by female were often more likely than male businesses to work on average between 10 and 30 hours per week (26.2 percent compared with 18.2 percent), and less likely to have a work week over 50 hours (22.2 percent versus 27.6 percent). Regardless of the hours worked the findings suggest that female led businesses on average had sales that were lower than male led businesses. Thus, differences in hours worked explains little in relation to business outcomes. Therefore, this was controlled for by not entering work hours in the analyses, otherwise one could assume that all respondents work a desired amount of hours, which may not be the case. This eliminates the incomplete demand for either the firm's products or services as being the reason for working hours that may be less than full-time.

We used a standard statistical application to produce of marginal effects for the logit with the estimates regressions and the coefficients for the linear least squares regressions. We than used the Stata Special Edition (SE) 11.1 application to confirm all the regression models and to accomplish counterfactual decomposition (Oaxaca and Ransom 1999) similar to the methodology used by Fairlie and Robb (2009). This approach allowed us to examine gender differences across all variables in the study.

Gender Differences in Small Business Outcomes

The findings reported in Table 1 present the estimates of 2007on the closure rates, sales, and employment size for both female and male led companies found in the SBO-PUMS dataset. The findings suggest that there are differences in the performance of these companies. For example, about 85.5% of female controlled companies have annual sales great than of $10,000, while 93.4% male controlled companies. Female led business also reported having lower survival rates than the male led business. Finally, chances of a business closing in 2007 was about 15.0% for female controlled business compared to 8.4% for male controlled ones.

Table 1: Business outcomes by gender of business owners, 2007

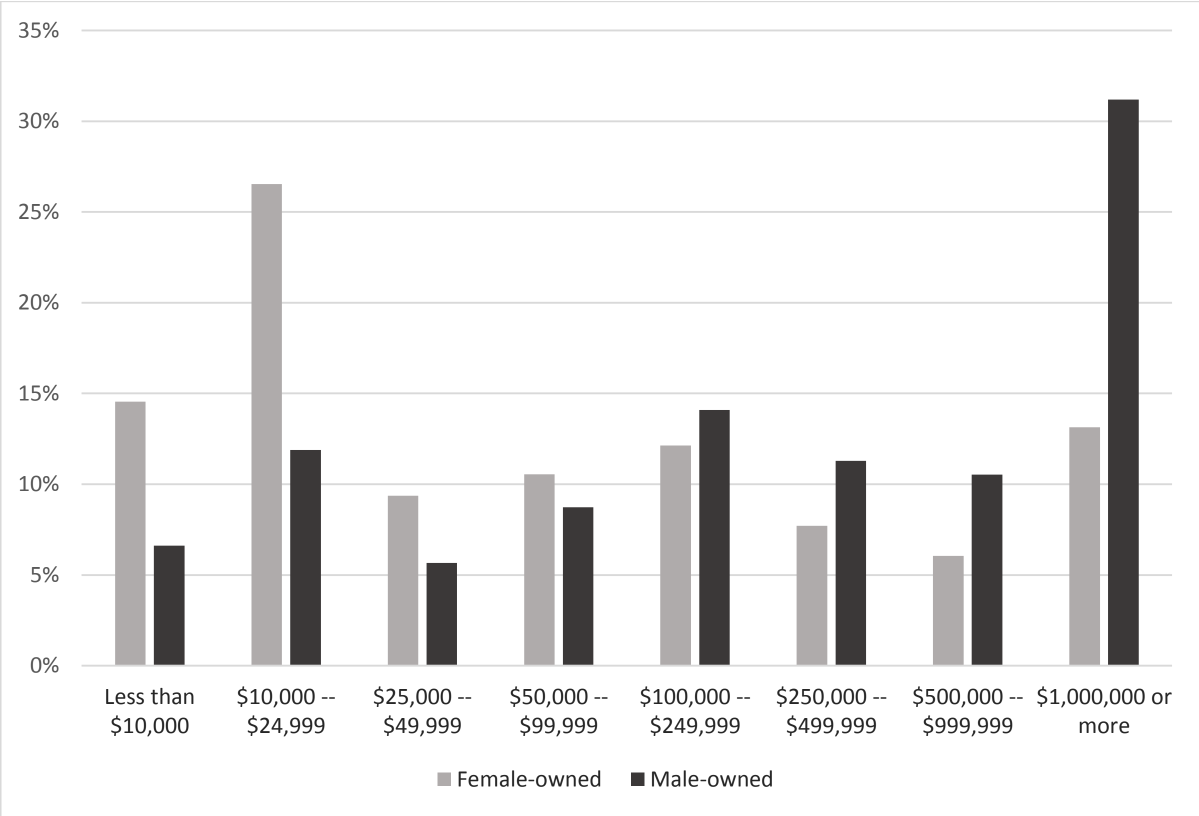
	Female-owned	Male-owned
Firm no longer operating in 2007	15.0%	8.4%
Firm with sales of at least $10,000	85.5%	93.4%
Average sales	$1,524,150	$4,801,310
LN Sales	14.24	15.38
LOG Sales	6.18	6.68
Payroll	36.5%	63.4%
One or more employees	33.8%	59.1%
Average employment	8.93	21.75
Sample size	330,550	912,431

The sample is based on the 2007 Survey of Business Owners (SBO) as described by the Public Use Microdata Sample (PUMS) provided by the US Census Bureau. The data used in this study are the first owner responses only, the business operated at least 12 months, and was not a seasonal or occasional business.

The size of the firm also had some significance differences in that female controlled business as they were smaller than male controlled businesses. The mean of log sales was found to be different for the two populations as well, in that the female controlled companies were 6.18 in 2007, contrasted to 6.68 for male controlled companies. Employment was also found to be distinct with female owned companies were less likely to have full time employees than companies led by the men. The findings indicate that roughly 33.8% of female led companies hired employees, while 59.1% male led businesses hired fulltime employees. Finally, the total average employment was also significantly smaller for female led companies compared to their counterpart group.

Male controlled companies also reported much greater sales than firms companies led by females. Figure 1 presents SBO-PUMS results for the different levels of firms by receipts size, these findins suggest that firms controlled by males tend to have much higher levels than those female controlled businesses. In fact, the findings suggest that women controlled business are less likely than male controlled business to have receipts over $10,000.

Figure 1: Distributions of firms by receipts size



In summary, the estimates reported in the SBO-PUMS seem to reveal that female controlled companies are often more likely to close, tend to have fewer receipts above $10,000, and have a smaller workforces than male led companies. Female controlled companies also have mean annual log sales that are around 90% of the male controlled ones. Previous studies of female/male disparities in business performance indicate similar results (Robb 2002; Fairlie and Robb 2009). However, the current results do suggest some positive outcomes when compared to the results provided by Fairlie and Robb (2009). Since 1992 there has been a significant improvement across all outcome categories for both female- and male-owned businesses. For female-owned businesses there has been a marked improvement in sales and employment growth. In addition, the percentage of business closures has been reduced considerably from 24.4 percent in 1992 to 15 percent in 2007.

Identifying the Determinants of Small Business Outcomes

In this study, we focused on the quantities that are assessable within the SBO-PUMS microdata, such as owner human, business, and financial capital. In economic theory, these are often accepted as the factors in predicting a model to explain the inputs needed for a firm's production process. Of course a model may reflect have various exogenous variables, and these could change to create various responses (Morgan 2008). We evaluate a number of parsimonious models that focus on owner and firm characteristics which are more external and predict business success. Success of business was derived by examining both owner and company characteristics, we than used the SBO-PUMS data to estimate the differences on how these factors explain gender differences in company outcomes.

The SBO-PUMS database contains provides evidence on four distinct business performance measures—closure, employment, payroll, and sales. Although one could argue that these values singly do not represents a complete measure of success, taken together these do provide a more complete picture of success. We employed a logit and linear regression models to determine the likelihood of company closing in 2007, as well as the likelihood of a company's receipts be greater than $10,000 annually, the likelihood of a company having employees, finally we examined the likelihood of a company having a payroll, and the log of sales. The results are provided in Table 2 which represents the marginal effects for each of the logit regressions and coefficients for regressions. Fairlie and Robb (2009) provided a techniques for addressing the potential concerns of endogeneity. Following their approach, we followed estimated the separate sets of regression models that included startup capital and industry control measures. Low levels of startup capital and industry choice is often a reflection of the social network and ability of the entrepreneur. Therefore, a discussion of these results are provided first.

Table 2: Regressions for small business performance outcomes

	Dependent variables					
Variables/determinants	Closure	Receipts	Employe	Payroll	Ln sales	Log
Black-owned business	0.586 (0.013)	-0.493 (0.014)	-0.800 (0.012)	-0.847 (0.011)	-0.930 (0.011)	-0.404 (0.005)
Native American-owned business	0.309 (0.032)	-0.336 (0.034)	-0.528 (0.025)	-0.583 (0.025)	-0.444 (0.024)	-0.193 (0.010)
Asian-owned business	0.364 (0.012)	0.016[ns] (0.014)	-0.417 (0.008)	-0.384 (0.009)	-0.566 (0.008)	-0.246 (0.003)
Pacific Islander-owned business	0.467 (0.072)	-0.421 (0.077)	-0.820 (0.062)	-0.849 (0.062)	-0.716 (0.058)	-0.311 (0.025)
Some other race-owned business	0.312 (0.071)	0.009[ns] (0.086)	-0.424 (0.053)	-0.400 (0.054)	-0.441 (0.050)	-0.192 (0.022)
Latino-owned business	0.437 (0.011)	-0.143 (0.013)	-0.566 (0.009)	-0.589 (0.009)	-0.608 (0.008)	-0.264 (0.004)
Female-owned business	0.414 (0.006)	-0.614 (0.007)	-0.904 (0.005)	0.973 (0.005)	-1.068 (0.004)	-0.464 (0.002)
Education not reported	-1.275 (0.023)	0.713 (0.026)	1.234 (0.018)	1.364 (0.019)	1.268 (0.016)	0.551 (0.007)
High school graduate	-0.373 (0.016)	0.183 (0.020)	0.520 (0.011)	0.557 (0.011)	0.500 (0.011)	0.217 (0.005)
Technical school	-0.461 (0.019)	0.108 (0.023)	0.241 (0.014)	0.277 (0.014)	0.054 (0.013)	0.023 (0.006)
Some college	-0.478 (0.016)	0.126 (0.020)	0.504 (0.012)	0.544 (0.012)	0.529 (0.011)	0.230 (0.005)
Associate's degree	-0.486 (0.020)	0.079 (0.023)	0.431 (0.014)	0.485 (0.014)	0.374 (0.014)	0.162 (0.006)
Bachelor's degree	-0.801 (0.015)	0.246 (0.019)	0.809 (0.011)	0.877 (0.011)	1.070 (0.011)	0.465 (0.005)
Graduate school	-0.968 (0.016)	0.312 (0.020)	0.855 (0.011)	0.955 (0.011)	0.890 (0.011)	0.387 (0.005)
Previously self-employed	-0.201 (0.007)	0.444 (0.008)	0.114 (0.004)	0.153 (0.004)	0.171 (0.004)	0.074 (0.002)
Primary source of income	-0.942 (0.007)	1.421 (0.008)	1.039 (0.005)	1.158 (0.005)	1.030 (0.004)	0.447 (0.002)
Founded the business	-0.949 (0.019)	0.507 (0.021)	0.958 (0.016)	1.040 (0.016)	0.688 (0.013)	0.299 (0.006)
Purchased the business	-1.469 (0.021)	0.927 (0.022)	1.930 (0.016)	2.005 (0.017)	1.673 (0.013)	0.726 (0.006)
Inherited the business	-1.812 (0.034)	0.868 (0.031)	2.232 (0.021)	2.308 (0.021)	2.283 (0.016)	0.992 (0.007)
Received transfer or gifted business	-1.528 (0.030)	0.890 (0.031)	2.064 (0.020)	2.133 (0.021)	2.019 (0.016)	0.877 (0.007)
Mean of dependent variable	0.101	0.913	0.523	0.563	5.656	2.456
Log likelihood/R^2	-4.716E6	-3.304E6	-5.311E6	-4.608E6	-1.14E-7	-1.94E-6
Sample size	1,242,98 1	1,242,98 1	1,242,98 1	1,242,98 1	1,134,58 6	1,134,58 6

ns = not significant at $p < 0.001$.

Race and ethnicity are important determinants of small business outcomes (Fairlie and Robb 2007, 2008, 2009). In the regressions regarding race, White is the excluded race category, and the included dummy variables are Black, Native-American, Asian, Pacific-Islander, and some other race. Thus, the interpretation of the coefficients on each variable is the remaining difference between Whites and a given minority group in the business outcome specifications. For example, the coefficient on the Black-owned business specification Closure implies that Black-owned firms are 58.6 percentage points more likely to have been closed by 2007 than are White-owned firms, even after controlling for differences in other variables included in the regressions. After controlling for numerous owner and business characteristics, Black-owned businesses continue to lag behind White-owned businesses (Fairlie and Robb 2007). In all business outcome specifications, the coefficient estimate on the Black-owned dummy variable is large and statistically significant. Native American-, Asian-, Pacific-Islander, and some other race-owned businesses have similar business outcome coefficients as the Black-owned firms, except the coefficient estimates for Receipts greater than $10,000 is statistically insignificant for Asian- and some other race-owned firms. Regarding ethnicity, coefficient estimates indicate Latino-owned firms fall behind non-Latino-owned firms in all reported small business outcomes.

In the next set of regressions, which include startup capital and industry controls, the Black-owned business coefficients became smaller after the inclusion of these additional variables (see Table 3 below). However, changes in the outcome coefficients for Native American-, Asian-, Pacific Islander-, and some other race-owned businesses provided mixed findings. Coefficient changes in the ethnic classification of Latino-owned businesses were also found to have mixed results.

The findings suggest that female-owned businesses continue to have lower measures of business outcomes than male-owned businesses after controlling for owner and business characteristics. The finding of relatively large and statistically significant coefficients on all the female dummy variables indicates that the included control variables for education, work experience, and other owner and firm characteristics cannot entirely explain gender differences in business outcomes. By comparing these to original gender differences in business outcomes reported in Table 1, we can get a better understanding of how much of the gender disparities in business outcomes are explained by gender differences in all of the included owner and business characteristics. However, the current estimates do not reveal the relative importance of each of the owner and business characteristics in explaining gender differences in business outcomes.

Similar to previous studies, we found that small business outcomes are positively associated with the education level of the business owner (Robb 2002; Fairlie and Robb 2009). Estimates indicate that owner's education level improves the business outcomes in all four areas—closure, employer firm, payroll firm, and sales. For example, comparing business owners who did not complete high school, businesses with college-educated owners (i.e., bachelor's degree) are 80.1 percent less likely to close, 24.6 percent more likely to have receipts greater than $10,000, 80.9 percent more likely to have employees, 87.7 percent more likely to have a payroll, and have about 46.5 percent higher log sales. The findings are even greater for owners who have completed graduate school; they are 16.8 percent less likely to close, 6.6 percent more likely to have receipts greater than $10,000, 4.6 percent more likely to have employees, and 7.8 percent more likely to have a payroll than those of businesses owned by college graduates. Generally, the results suggest overall better business outcomes with each higher level of owner's education.

The coefficient estimates on the dummy variables reported in Table 2 indicating whether the owner was previously self-employed or if the business is the owner's primary source of income are large and statistically significant. These findings suggest that the probability of a business closure is 20.1 percent lower, the probability of receipts greater than $10,000 is 44.4 percent higher, the probability of employment is 11.4 percent higher, the probability of having a payroll is 15.3 percent higher, and the log sales is 7.4 percent higher if the business owner was previously self-employed. The business outcome coefficient estimates are even larger if the business is the owner's primary source of income.

The results also suggest that inherited businesses are more successful and larger than non-inherited businesses. The coefficient estimates are large and statistically significant in all business outcome specifications. However, because inheritances make up less than three percent of all small businesses, their importance in determining broad business outcomes is slight, and their role in the differences in business outcomes by gender is probably minor.

We estimate a second set of small business outcome regressions that include dummy variables for different levels of startup capital and major industry categories. These estimates are reported in Table 3. As anticipated, business outcomes were found to be positively associated with the amount of capital used to start the business. The coefficients on the startup capital dummy variables are large and statistically significant in all business outcome specifications. In almost every specification, business outcomes improve as the level of startup capital increased. These findings corroborate Fairlie and Robb's (2009) earlier findings on the relationship between startup capital and closure. Firms with $100,000 or more in startup capital are 79.0 percent less likely to close than are firms with less than $10,000 in startup capital, and are 28.8 percent less likely to close than firms with $25,000–$99,999 in startup capital. These results are significant even after controlling for owner and firm characteristics, including human capital and the industry of the firm. Owners who have less access to startup capital appear to start less successful businesses, which is consistent with the earlier studies (Robb 2002; Fairlie and Robb 2009).

Table 3: Regressions for small business performance outcomes

Variables/determinants	Dependent variables					
	Closure	Receipts $10,000	Employer firm	Payroll firm	Ln sales	Log sales
Black-owned business	0.516 (0.013)	-0.427 (0.014)	-0.738 (0.012)	-0.785 (0.012)	-0.752 (0.010)	-0.327 (0.004)
Native American-owned business	0.295 (0.032)	-0.336 (0.034)	-0.561 (0.026)	-0.624 (0.026)	-0.446 (0.022)	-0.194 (0.010)
Asian-owned business	0.429 (0.012)	-0.067 (0.014)	-0.606 (0.009)	-0.568 (0.009)	-0.643 (0.008)	-0.279 (0.003)
Pacific Islander-owned business	0.452 (0.072)	-0.394 (0.079)	-0.852 (0.065)	-0.890 (0.064)	-0.637 (0.054)	-0.277 (0.023)
Some other race-owned business	0.291 (0.071)	0.044 (0.087)	-0.437 (0.056)	-0.403 (0.056)	-0.396 (0.047)	-0.172 (0.020)
Latino-owned business	0.411 (0.011)	-0.126 (0.013)	-0.578 (0.009)	-0.605 (0.009)	-0.549 (0.008)	-0.239 (0.003)
Female-owned business	0.365 (0.007)	-0.458 (0.007)	-0.803 (0.005)	-0.868 (0.005)	-0.837 (0.004)	-0.364 (0.002)
Education not reported	-1.192 (0.023)	0.730 (0.026)	1.227 (0.019)	1.407 (0.019)	1.276 (0.015)	0.554 (0.007)
High school graduate	-0.331 (0.016)	0.158 (0.020)	0.504 (0.012)	0.542 (0.012)	0.439 (0.010)	0.191 (0.004)
Technical school	-0.419 (0.020)	0.099 (0.024)	0.291 (0.014)	0.329 (0.012)	0.144 (0.012)	0.063 (0.005)
Some college	-0.407 (0.016)	0.125 (0.020)	0.497 (0.012)	0.536 (0.012)	0.473 (0.010)	0.205 (0.005)
Associate's degree	-0.416 (0.020)	0.084 (0.024)	0.416 (0.015)	0.469 (0.015)	0.345 (0.013)	0.150 (0.006)
Bachelor's degree	-0.697 (0.016)	0.288 (0.019)	0.822 (0.012)	0.889 (0.012)	1.005 (0.010)	0.436 (0.004)
Graduate school	-0.904 (0.017)	0.430 (0.020)	0.860 (0.012)	0.952 (0.012)	1.011 (0.011)	0.439 (0.005)
Previously self-employed	-0.127 (0.008)	0.322 (0.008)	0.093 (0.005)	0.135 (0.005)	0.138 (0.004)	0.060 (0.002)
Primary source of income	-0.945 (0.007)	1.387 (0.008)	0.989 (0.005)	1.108 (0.005)	0.964 (0.004)	0.419 (0.002)
Founded the business	-0.868 (0.019)	0.444 (0.020)	0.953 (0.016)	1.034 (0.017)	0.626 (0.012)	0.272 (0.005)
Purchased the business	-1.182 (0.021)	0.595 (0.022)	1.651 (0.017)	1.732 (0.017)	1.217 (0.013)	0.529 (0.005)
Inherited the business	-1.738 (0.034)	0.731 (0.031)	2.328 (0.022)	2.433 (0.022)	2.004 (0.015)	0.870 (0.007)
Received transfer or gift of business	-1.441 (0.030)	0.750 (0.031)	2.086 (0.021)	2.169 (0.021)	1.752 (0.015)	0.761 (0.006)
Startup capital: $10,000–$24,999	-0.410 (0.012)	0.601 (0.014)	0.308 (0.007)	0.383 (0.007)	0.063 (0.006)	0.027 (0.003)
Startup capital: $25,000–$99,999	-0.502 (0.011)	0.840 (0.014)	0.613 (0.006)	0.695 (0.007)	0.306 (0.005)	0.133 (0.002)
Startup capital: $100,000 or more	-0.790 (0.012)	0.826 (0.013)	1.100 (0.007)	1.156 (0.007)	1.078 (0.005)	0.468 (0.002)

	Dependent variables					
Variables/determinants	Closure	Receipts $10,000	Employer firm	Payroll firm	Ln sales	Log sales
Agriculture	0.219	-0.222	-1.017	-1.074	-0.892	-0.387
	(0.038)	(0.040)	(0.029)	(0.029)	(0.025)	(0.011)
Mining	-0.124^{ns}	0.072^{ns}	-0.790	-0.777	-0.309	-0.134
	(0.041)	(0.040)	(0.024)	(0.025)	(0.022)	(0.009)
Utilities	0.112^{ns}	-0.006^{ns}	-1.125	-1.180	-0.895	-0.389
	(0.068)	(0.070)	(0.051)	(0.051)	(0.043)	(0.019)
Construction	0.138	0.651	0.147	0.265	-0.102	-0.044
	(0.013)	(0.016)	(0.009)	(0.009)	(0.008)	(0.003)
Manufacturing	-0.343	0.531	0.394	0.352	0.498	0.216
	(0.018)	(0.019)	(0.011)	(0.011)	(0.009)	(0.004)
Wholesale Trade	-0.394	0.971	0.602	0.756	0.998	0.434
	(0.019)	(0.023)	(0.011)	(0.012)	(0.009)	(0.004)
Transportation & Warehousing	0.337	0.441	-0.266	-0.265	-0.339	-0.147
	(0.016)	(0.021)	(0.011)	(0.012)	(0.010)	(0.005)
Information	0.042^{ns}	-0.015^{ns}	-0.528	-0.530	-0.544	-0.236
	(0.023)	(0.023)	(0.015)	(0.015)	(0.013)	(0.006)
Finance & Insurance	0.142	0.039^{ns}	-0.381	-0.307	-0.833	-0.362
	(0.017)	(0.018)	(0.011)	(0.011)	(0.009)	(0.004)
Real Estate	-0.036^{ns}	0.473	-1.216	-1.187	-1.307	-0.568
	(0.014)	(0.015)	(0.010)	(0.010)	(0.008)	(0.003)
Professional services	0.012^{ns}	-0.167	-0.151	-0.054	-0.716	-0.311
	(0.011)	(0.011)	(0.008)	(0.008)	(0.007)	(0.008)
Educational Services	0.239	-0.782	-0.611	-0.627	-1.081	-0.469
	(0.024)	(0.021)	(0.019)	(0.019)	(0.017)	(0.004)
Health Care	0.158	0.229	-0.006^{ns}	-0.036	-0.738	-0.321
	(0.014)	(0.015)	(0.010)	(0.010)	(0.009)	(0.006)
Arts & Entertainment	0.004^{ns}	-0.709	-1.094	-1.104	-1.196	-0.520
	(0.019)	(0.017)	(0.015)	(0.015)	(0.013)	(0.005)
Accommodation & Food Services	-0.109	1.070	0.895	0.956	-0.139	-0.061
	(0.020)	(0.030)	(0.014)	(0.014)	(0.010)	(0.0004)
Other services	-0.024^{ns}	0.065	-0.598	-0.586	-1.188	-0.516
	(0.013)	(0.014)	(0.010)	(0.010)	(0.008)	(0.004)
Unclassified industry	0.162^{ns}	-0.971	1.400	1.618	-1.480	-0.643
	(0.121)	(0.102)	(0.104)	(0.109)	(0.100)	(0.044)
Mean of dependent variable	0.101	0.913	0.523	0.563	5.656	2.456
Sample size	1,242,98	1,242,98	1,242,98	1,242,98	1,134,58	1,134,58

ns = not significant at $p < 0.001$.

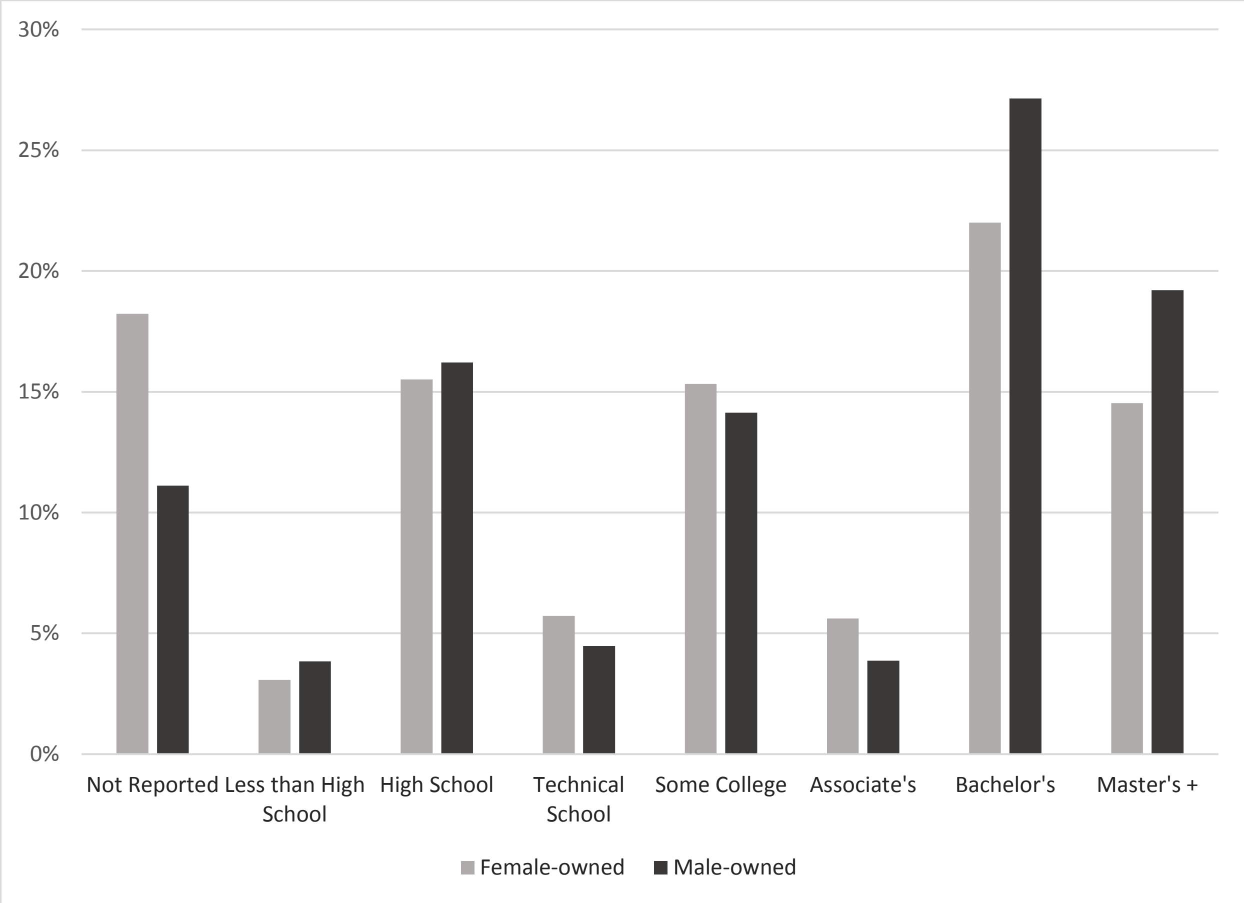
Industry was also linked to business success, as many of the dummy variables for the industries are large in magnitude and statistically significant. Retail trade is the excluded industry category, as it was in the Fairlie and Robb (2009) study. The coefficient estimates vary across business outcome specifications, though, making it difficult to summarize the association between industries and business outcomes. Of note though are the results for manufacturing and wholesale trade. Small businesses in these two industries seem to be less likely to close and more likely to have receipts greater than $10,000 and employees relative to the retail trade industry.

Gender Differences in Human Capital, Financial Capital, and Other Characteristics

The next question addressed was whether female-owned businesses and male-owned businesses differ in human capital, financial capital, or other characteristics. Regression analysis provided evidence that several of these owner and firm characteristics are strongly associated with business outcomes. The findings suggest that large differences between female and male firms in the key determinants of business success could contribute to differences in business outcomes.

To explore differences between female- and male-owned businesses, we first examined the owner's education level, which was found earlier to be an important determinant of business outcomes. Female business owners were not noticeably more or less educated than male business owners. Education level for both genders is illustrated in Figure 2. The results suggest that a lower percentage of female business owners did not complete high school than male business owners (3.1 percent compared with 3.8 percent) and a lower percentage of female business owners graduated high school than male business owners (15.5 percent compared with 16.2 percent), but female owners are more likely to have technical schooling (5.7 percent compared with 4.5 percent), some college (15.3 percent compared with 14.1 percent), and an associate's degree (5.6 percent compared with 3.9 percent) than male owners. At the end of the distribution, female owners are less likely to have a bachelor's degree (22.0 percent compared with 27.1 percent) and a graduate degree (14.5 percent compared with 19.2 percent) than male owners. Overall, it is difficult to know whether female or male owners have an educational advantage in terms of business outcomes.

Figure 2: Educational level of business owner by gender



Prior experience or business background has been linked to business success (Gupta et al. 2014). We explored this using the estimates from the SBO-PUMS which indicated that female and male primary business owners have different business backgrounds. Table 4 reports the percentage of owners who were previously self-employed and the percentage of owners who obtain their primary source of income from the business. Female owners were less likely to have been previously self-employed (24.8 percent compared with 39.1 percent) and were less likely to acquire their primary source of income from the business (50.9 percent compared with 63.6 percent). These findings may contribute to a better understanding of why there are gender differences in business outcomes.

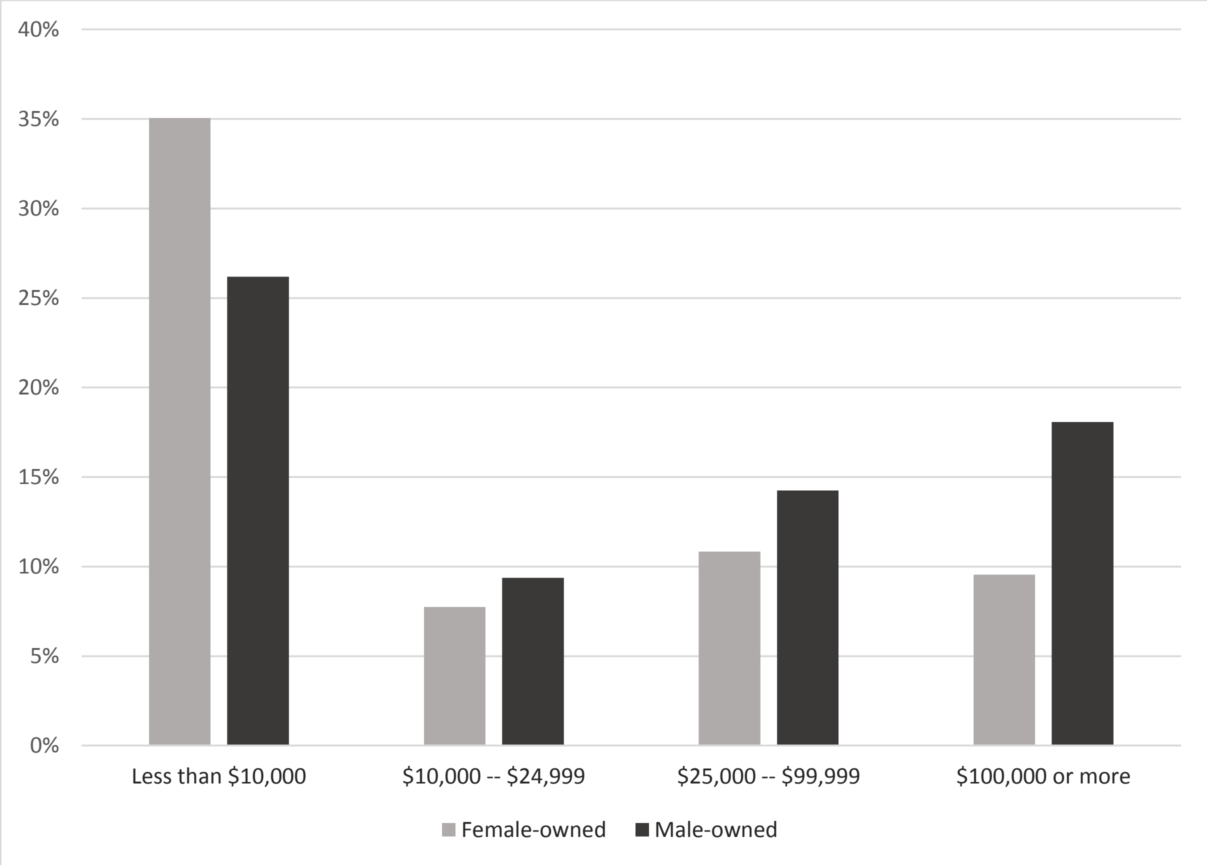
Table 4: Previous employment, source of income, and business ownership by gender

Previous employment and business ownership	Female-owned		Male-owned	
	Number	Percentage	Number	Percentage
Previously Self-Employed	81,825	24.8%	356,686	39.1%
Primary Source of Income	168,133	50.9%	580,288	63.6%
Founded Business	207,269	62.6%	601,082	65.6%
Purchased Business	41,118	12.4%	168,117	18.4%
Inherited Business	8,829	2.7%	23,944	2.6%
Transfer/Gift Business	10,555	3.2%	26,396	2.9%
Business Ownership not reported	63,574	19.2%	96,506	10.5%

Finally, Table 4 reports the percentage of owners who either founded the business, purchased the business, inherited the business, or received the business via transfer or gift. Female owners were less likely to have founded the business (62.6 percent compared with 65.6 percent) and were less likely to have purchased the business (12.4 percent compared with 18.4 percent), but were more likely to have inherited the business (2.7 percent compared with 2.6 percent) and were more likely to have received the business via transfer or gift (3.2 percent compared with 2.9 percent) than male owners. Inheritance and transfer/gift are very infrequent sources of business ownership. The low levels of business inheritance and transfer/gift suggest that they do not contribute substantially to gender differences in business outcomes. However, founding and purchasing the business were found to be much more prevalent sources of business ownership. Founding or purchasing the business may contribute to gender differences in business outcomes.

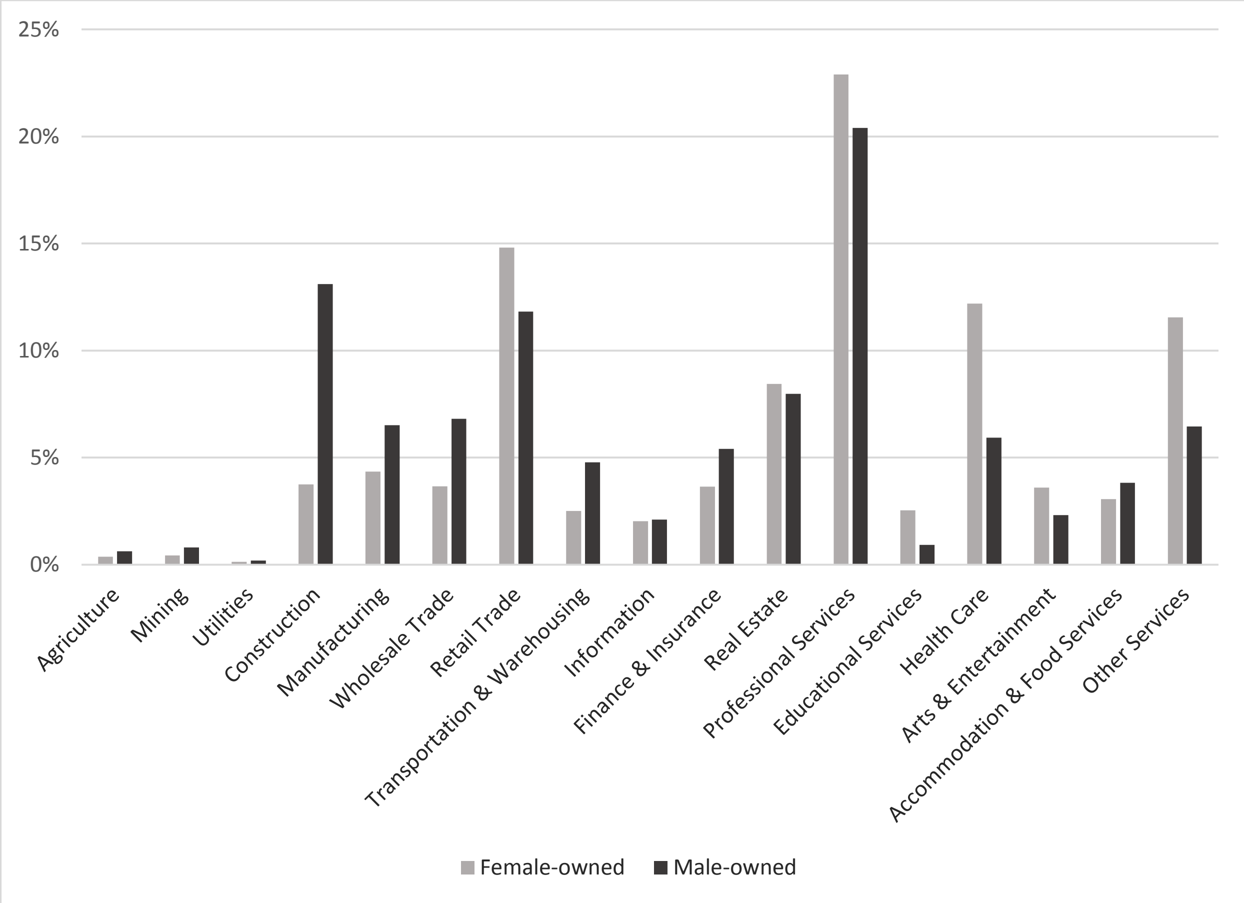
Women started their businesses with less capital than men as reported in the estimates from the SBO-PUMS dataset. The findings reported in Figure 3 indicate that for each level of startup capital above $10,000, there are a lower percentage of female-owned businesses than male-owned businesses. The difference at the highest startup capital level ($100,000 or more) is relatively large. For women, 9.5 percent started with more than $100,000 in capital compared with 18.1 percent of male-owned businesses. 35.1 percent of female-owned firms were started with less than $10,000 compared with 26.2 percent of male-owned firms. These findings may contribute to gender differences in business outcomes.

Figure 3: Startup capital by gender



Female- and male-owned firms concentrate in different industries as reported in Figure 4. Female-owned firms are much less frequently found in construction than male-owned firms. The difference is large—only 3.8 percent of female firms are in construction, compared with 13.1 percent of male firms. On the other hand, female-owned businesses are more likely to be found in retail trade, educational services, health care, and other services than male-owned businesses. These industry differences may contribute to gender differences in business outcomes.

Figure 4: Industry distribution by gender



Explanations for Gender Differences in Business Outcomes

The estimates from the SBO-PUMS indicate that female business owners differ from male owners on a number of characteristics including prior work experience and industry. The estimates reported in Tables 2 and 3 also indicate that many of these variables were important determinants of small business outcomes. Taken together these results suggest that gender differences in prior work experience and startup capital contribute to female-owned businesses reporting lower outcomes on average than male-owned businesses. However, the impact of each factor is difficult to summarize. In particular, we wish to identify the separate contributions from gender differences in the distributions of all of the variables or subsets of variables included in the regressions.

To explore these issues further, we employ the technique of decomposing inter-group differences in a dependent variable into those due to different observable characteristics across groups and those due to "discrimination" of characteristics of groups (Oaxaca and Ransom 1999). The Blinder-Oaxaca decomposition technique has been used to decomposes "wage" differentials into two components: a portion that arises because two comparison groups, on average, have different qualifications or credentials (e.g., years of schooling and experience in the labor market) when both groups receive the same treatment (explained component), and a portion that arises because one group is more favorably treated than the other given the same individual characteristics (unexplained component). The two portions are also called *characteristics* and *coefficients effect* using the terminology of regression analysis, which provides the basis of this decomposition technique. The coefficients effect is frequently interpreted as a measure of labor market discrimination (Altonji and Blank 1999). The Blinder-Oaxaca decomposition technique cannot be used directly, however, if the outcome is binary and the coefficients are from a logit or probit model. Fairlie (2005) provided a method of performing a decomposition that uses estimates from a logit or probit model.

The Fairlie decomposition (Jann 2006) was used with the marginal effects from the logit specifications for closure, receipts greater than $10,000, employer firm, and payroll firm. The Blinder-Oaxaca decomposition (Jann 2008) was then used with the coefficients for the linear log sales specifications. Similar to Fairlie and Robb's (2009) approach for applying the decomposition technique, we focused on estimating the first component of the decomposition that captures contributions from differences in observable characteristics. We do not report estimates for the second or "unexplained" component of the decomposition.

The results reported in Table 5 are the estimates from the procedures for decomposing the female/male gaps in small business outcomes discussed above. The separate contributions from gender differences in each set of independent variables are also reported. The approach is comparable to Fairlie and Robb (2009) and the results provide a means for comparing the differences over the 15 years between surveys. Gender differences in educational level are relatively small and did not contribute substantially to the gaps in small business outcomes.

Table 5: Decompositions of female/male differences in small business outcomes

	Dependent variables					
Variables/determinants	Closure	Receipts $10,000+	Employer firm	Payroll firm	Ln sales	Log sales
Female Mean	0.150	0.855	0.338	0.365	14.237	6.183
Male Mean	0.084	0.934	0.591	0.934	15.384	6.681
Female/Male Gap	0.066	-0.079	-0.253	-0.569	-1.147	-0.498
Contributions from gender differences in						
- Race	-0.005 -8.20%	0.003 3.78%	-0.026 10.16%	-0.020 3.45%	0.071 -6.23%	0.031 -6.23%
- Education	0.000 -0.13%	-0.001 1.34%	0.000 0.08%	0.000 0.02%	0.045 -3.89%	0.019 -3.89%
- Previously self employed	-0.012 -18.29%	0.016 -19.95%	0.015 -6.08%	0.015 -2.57%	0.061 -5.35%	0.027 -5.35%
- Inherited business	-0.001 -0.94%	0.000 -0.28%	0.000 -0.09%	0.000 -0.05%	0.014 -1.23%	0.006 -1.23%
- All included variables	0.040 61.25%	-0.043 54.30%	-0.034 13.34%	-0.043 7.59%	-0.210 18.29%	-0.091 18.29%

Gender differences in the racial ownership of the firm seem to explain part of the gap in business outcomes. Racial differences explain 8.2 percent of the female/male gap in closure rates and 6.2 percent of the gap in log sales. Gender differences in previous self-employment also explain part of the divergence in the outcomes. Gender differences in this variable explain 2.6 (Payroll firm) to 20.0 (Receipts $10,000+) percent of the female/male gaps in small business outcomes. These results suggest that the lack of previous self-employment among female business owners limits the performance of their business relative to men.

Finally, in Table 6 the results of decompositions are reported which include the contributions from gender differences from startup capital and industry. The findings suggest that female-owned firms have less startup capital than male-owned firms. For example, 20.3 percent of female-owned businesses required at least $25,000 in startup capital, compared with 32.3 percent of male-owned businesses. These differences in startup capital explain a significant portion of the female/male gaps in small business outcomes. The contribution estimates range from 3.0 (Payroll firm) to 28.4 (Log sales) percent. Lower levels of startup capital among female-owned businesses are associated with lower performance outcomes (Figure 3).

Table 6: Decompositions of female/male differences in small business outcomes, including startup capital and industry dummy variables

	Dependent variables					
Variables/determinants	Closure	Receipts $10,000+	Employer firm	Payroll firm	Ln sales	Log sales
Female Mean	0.150	0.855	0.338	0.365	14.237	6.183
Male Mean	0.084	0.934	0.591	0.934	15.384	6.681
Female/Male Gap	0.066	-0.079	-0.253	-0.569	-1.147	-0.498
Contributions from gender differences in						
- Race	-0.004 -6.62%	0.003 -4.08%	-0.021 8.18%	-0.020 3.59%	0.077 -6.73%	0.034 -6.73%
- Education	0.000 -0.09%	-0.001 0.91%	0.000 -0.02%	0.000 0.00%	0.026 -2.30%	0.011 -2.30%
- Previously self employed	-0.011 -17.38%	0.016 -20.27%	0.018 -7.19%	0.019 -3.35%	0.054 -4.71%	0.023 -4.71%
- Inherited business	-0.001 -1.19%	0.001 -0.76%	0.001 -0.49%	0.002 -0.29%	0.016 -1.36%	0.007 -1.36%
- Startup capital	0.005 6.95%	-0.006 7.81%	-0.016 6.51%	-0.017 3.01%	0.326 -28.41%	0.142 -28.41%
- Industry	-0.004 -5.59%	0.002 -2.19%	0.003 -1.27%	0.004 -0.72%	0.461 -40.14%	0.200 -40.14%
- All included variables	0.046 69.78%	-0.052 63.30%	-0.062 24.36%	-0.069 12.14%	-0.510 44.46%	-0.222 44.46%

Female-owned and male-owned firms concentrate in different industries. Female-owned firms are underrepresented in construction and seemed to be concentrated in retail trade, educational services, health care, and other services relative to male-owned firms. These industry differences are generally associated with lower business outcomes among female-owned firms. The decomposition estimates indicate that industry differences explain 1.3 (Employer firm) to 40.1 (Log sales) percent of the gender differences in business outcomes.

Overall, gender differences in the explanatory variables explain a large percentage of the total female/male gaps in small business outcomes. The remaining or “unexplained” portion of the gender gaps in small business outcomes may be due to the omission of important difficult-to-measure factors, such as preferences for growth, risk aversion, networks, and lending discrimination and consumer discrimination against female-owned firms.

Conclusions

The purpose of this study was to explore differences between female- and male-owned businesses with respect to business performance outcomes using the most recent large dataset available. The estimates from the SBO-PUMS dataset suggest that female-owned businesses overall seem to have lower average business outcomes than male-owned businesses. The study found that female-owned firms are 36.5 percent more likely to close, 45.8 percent less likely to have receipts of $10,000 or more, 80.3 percent less likely to hire employees, and 86.8 percent less likely to have a payroll than male-owned firms. They also reported having a mean annual log sales that are 36.4 percent lower than the mean annual log sales of male-owned firms.

Female business owners were found to be less likely to have previous self-employment experience and to employ their business as their primary source of income. Female businesses are also found to have relatively low levels of startup capital. Estimates from the SBO-PUMS indicate that 20.3 percent of female-owned businesses started with more than $25,000 in capital, compared with 32.3 percent of male-owned firms. Finally, female-owned businesses locate in different industries than male-owned businesses. Female-owned businesses are more likely to be in retail trade, educational services, health care, and other services, and less likely to be in construction.

Similar to Fairlie and Robb (2009) in regards to the business owner’s prior work experience, we found gender differences in previous self-employment explain part of the gap in small business outcomes. Comparable as well, we found that differences in startup capital generally explain a significant portion of the female/male gaps in small business outcomes. Furthermore, female-owned and male-owned firms concentrate in different industries and these industry differences are generally associated with worse business outcomes among female-owned firms. Differing from Fairlie and Robb (2009), we found gender differences in racial ownership of the firm to explain part of the gap in small business outcomes. Also we found gender differences in educational level to be relatively small and do not contribute substantially to the gaps in small business outcomes.

The study does have some limitations. The use of logit regression attempts to predict outcomes based on a set of independent binary variables—caution should be used in interpreting the results if the incorrect variables are used as a predictive value. This means that logistic regression can be useful tool when researchers have already identified the relevant independent variables. Logit regression works well for predicting categorical outcomes like “business closure” (yes or no) or “has employees” (yes or no). However, logit regression cannot predict continuous outcomes. For example, logit regression cannot be used to determine level of employment of a firm. In this study, we specified business outcomes in the regression analysis that were similar to the Fairlie and Robb (2009) study. Although none of the business outcome specifications alone represent business success, taken together they provide a wide-ranging view of what it means to be successful in business.

A novel feature of the research is the statistical analyses applied to the first-ever SBO-PUMS dataset. The SBO-PUMS was created using responses from the 2007 SBO and provides access to survey data at a level of detail below that of previously published SBO results. This PUMS file provides the most recent information at the national and state levels by industry sector for businesses classifiable by the gender, ethnicity, race, and veteran status of the majority owners (US Census Bureau 2012). The study experimental design incorporates primary owner characteristics and business characteristics in order to determine whether there were any business outcome correlations. Understanding the characteristics of small business owners and their business is essential to better understand the competitive nature of today's small businesses as well as for policymakers. The investigation is policy relevant given the importance of successful business ownership for job creation, economic growth, income generation, and wealth accumulation.

Much of the established literature typically concludes that female-owned businesses underperform relative to male-owned businesses. Robb and Watson (2012) suggest there are some key reasons for this conclusion. Many of the prior studies have not controlled for the size of the firm's operations. Risk is also typically not considered in most of the prior research. It would be inappropriate to compare the investment returns from different types of investments without taking into account their differences in risk. Finally, many previous studies have not been able to adequately control for important demographic differences which may have led to their findings that female-owned firms underperform male-owned firms. As for future research, we intend to explore whether the business performance gap between female- and male-owners with similar business-related experience exists or not.

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A Study of Student Retention Rates in Two-year Respiratory Therapy Programs

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Abstract

This research examined the extent of two-year respiratory therapy program resources are related to student attrition rates in two-year respiratory programs. Theories of student retention from Tinto, Bean and Metzner, and Caberra along with Bandura's theory of self-efficacy served as the theoretical framework. Survey data were collected from a sample of 85 program directors of two-year programs housed in universities, four-year colleges, community colleges, and technical institutes. Analyses showed differences among the types of institutions associated with the financial, personnel, and clinical resources allocated to the two-year programs and student retention. The Respiratory Education Survey (RTES) was sent to 382 respiratory therapy program directors who are part of the two-year programs in the US. The directors were asked to provide the financial, personnel, and clinical resource information over a three-year period from January 1, 2009 through December 31, 2011. Descriptive statistics and correlation were used to analyze the aggregated data. The study is important because it contributed to the body of knowledge regarding student retention in two-year respiratory therapy education programs. The results of this research study indicated that financial, personnel, or clinical resources were not the main factors that significantly affected student attrition rates for two-year respiratory therapy programs in the United States.

Key words: Student retention, respiratory therapy education, program resources

Introduction

Respiratory therapy has grown into an effective profession of experts who support the profession as therapists, administrators, scientists, managers, and educators (Weilacher, 2012). Our society expects institutions to produce caregivers who have the skills and knowledge to provide high quality patient care. Cost containment and higher quality patient care have become important factors in healthcare administration. The increasing demands of the medical profession due to widening the scope of practice have required increased complexity in clinical skills and responsibilities (Barnes & Ward, 2009). Ari (2009) indicated that the demand for respiratory therapists increased in 2012 by 35% and there will continue to be a shortage of respiratory therapists due to the aging population of "baby boomers," chronic disease processes, and limited capacity of respiratory education programs. While researchers have evaluated the organizational effectiveness of four-year respiratory therapy programs (Andrews, Byington, Masini, Keene, & Burker, 2008; Ari, 2009; Beachey, 2004), limited information exists on student retention in two-year respiratory therapy education programs (Andrews, Byington, Masini, Keene, & Burker, 2008; Ari, 2009; Caison, 2007; Veenstra, 2009). As such, it is of equal importance to explore the effectiveness of two-year programs because they influence the number of graduates available for hire in the medical field.

Student retention rates are a major concern for respiratory therapy administrators and educators as student retention ultimately effects the profession (Ari, 2009; Fike & Fike, 2008**).** Public policymakers are requiring accountability and a sound measure of student graduation (Fike & Fike). The Committee of Respiratory Care Accreditation (CoARC) recommends that respiratory therapy education programs keep an attrition rate below 30% (Andrews et al., 2008). Institutions, as well as programs within institutions, suffer financial and academic loss when students do not complete their programs. In turn, the profession of respiratory care will suffer due to a shortage of qualified graduates (Ari, 2009).

The profession of respiratory care is dependent on institutions that provide respiratory therapy education to produce qualified professionals and to increase student retention (Ari, 2009). Ari found that 47 % of all students who entered four-year degree allied health care programs from 1972 to 1986 did not successfully complete their programs. However, the mean retention rate for respiratory care programs in Ari's study was 84%, and the mean financial resources per student accounted for 33% of the variance in student retention rates in four-year respiratory education programs. Ari's findings indicated that the more money available per student, the greater the student retention rate. Ari's survey showed that 72% of respiratory programs employed part-time faculty and the majority of these programs employed full-time support personnel (81%). In addition, the majority of four-year respiratory therapy programs was offered by community colleges and vocational institutions that grant an associate of science degree (Ari, 2005).

CoARC monitors student attrition rates along with student pass rates on national board examinations (CoARC Standards, 2012b). This is important as student attrition rates can indicate the effectiveness of a respiratory therapy education program. When a respiratory care education program accepts a student, the educator's intention is to have that student graduate and graduate on time. Having an accredited respiratory care program requires the program to stay in compliance by graduating students in a timely manner. The primary focus of this study was to examine the association between institutional financial, personnel, and clinical resources on attrition rates in two-year respiratory programs.

Method

Survey Instrument and Data Collection

The instrument employed was the Respiratory Education Survey (RTES) developed by Ari (2009) and used in her study on the four-year respiratory programs. An introductory email was sent to all respiratory therapy program directors of the 382, two-year programs in the United States. The cover letter included with the RTES, described the study, and requested participation. The letter included information on how the data would be collected and guaranteed confidentiality. The RTES requested financial, personnel, and clinical resource information over a three-year period from January 1, 2009 through December 31, 2011. Additionally, a link to the same survey on SurveyMonkey was included in the letter in case this format was more convenient for participants.

The only change in the instrument (with the author's permission) was that the Certified Respiratory Therapist exam (CRT) was referred to instead of the Registered Respiratory Therapist exam (RTT) because the RRT is required for the four-year programs and the CRT is required for the two-year programs. Eighty-five program directors returned the completed and usable surveys. The student attrition rates were then obtained for the 85 responding programs from the CoARC's website for the same three-year period.

Data Analysis

Responses to the RTES provided the type of institution (university, four-year college, community college, or technical institute), gross operating budget, gross personnel budget, the number of full-time and part-time faculty and staff, the number of respiratory clinical sites, and the number of respiratory students. Descriptive statistics and correlation were the primary statistics employed. As described earlier, data were collected for each of three years. For analysis purposes, the data were aggregated and the three-year means were used as the unit of analysis.

Results

The directors were asked to describe their program's faculty in terms of level of education and type of appointment. Disregarding type of appointment, it may be seen in Table 1 that, on average, the majority held BS or BA degrees with a small percentage having PhDs or EdDs. In terms of type of appointment, the majority were full time with the master's and bachelor's degrees being about equal in the full-time employment category. The majority of part-time faculty was at the bachelor's degree level.

Table 1.
Faculty Level of Education and Type of Appointment in Respiratory Programs

			Type of Appointment			
	Education		Full time		Part time	
Degree	*n*	%	*n*	%	*n*	%
PhD or EdD	24	7	17	7	7	6
MS, MPH, or MA	132	36	104	44	28	22
BS or BA	206	57	114	49	92	72

Table 2 reflects the types of institutions associated with their average gross operating and personnel budgets for their respiratory therapy programs over the 3-year period. The majority of the 85 programs that responded were community colleges followed by technical institutes. Universities and four-year colleges were represented by the smaller number of respondents. The responding institutions ranged widely in operating budgets, from nearly $250,000 to less than $100,000. The average budget for technical institutes was far above the budgets of the other three types of institutions. Observation of the standard deviations shows that there was wide variation in budgets within each type of institution.

The average personnel budgets over the three-year period also showed a wide range among the types of institutions with the technical institutes reporting the largest and the universities the smallest. However, the within-group variations were not as wide ranging as the standard deviations for the gross budgets, except for community colleges.

Table 2
Type of Institution and Average Operating and Personnel Budgets 2009–2011

			Budget ($)			
			Operating		Personnel	
Institution	*n*	%	*M*	*SD*	*M*	*SD*
University	7	8	131,172	61,774	173,717	46,679
four-year college	6	7	95,660	105,037	196,111	25,654
Community college	57	67	153,084	170,485	243,203	149,162
Technical institute	15	18	247,344	165,558	297,835	69,370

Clinical resources, measured as the numbers of affiliate sites and clinical hours required, are shown in Table 3 for each of the four types of institutions. As might be expected from the previous table on budgets, the technical institutes reported the most affiliate sites although there was considerable variation (*SD* = 9.53) when compared to the other three types. The required clinical hours were similar across all four types of institutions. This could be expected due to respiratory program accreditation requirements by CoARC. The within-site variation was also similar except the four-year colleges required clinical hours varied much greater on average (*SD* = 370.48) than those for the other three types of institutions.

Table 3
Type of Institution, Average Number of Affiliate Sites, and Required Clinical Hours 2009–2011

	Affiliate Sites		Required Clinical Hours	
Institution	*M*	*SD*	*M*	*SD*
University	7.86	3.39	880.29	120.83
Four-year college	9.33	4.63	689.30	370.48
Community college	11.51	4.60	872.60	172.58
Technical institute	17.71	9.53	796.53	143.01

The attrition rate percentages across the four types of institutions (Table 4) ranged from 16.67% for four-year colleges to 20.85% for community colleges. As indicated earlier, there were 382, two-year programs operating during the 2009–2011 period. The mean attrition rate for all 382 programs during that time was 20% with an *SD* of 0.11 (CoARC, 2014a). The combined attrition rate for the four types of institutions in Table 4 is shown at the bottom of the table (*M* = 19. 85, *SD* = .11). Thus, the attrition rate for the sample of 85 programs was close to and representative of the total population of two-year programs.

The negative skewness observed in the university and four-year college indicate a build-up in the higher overall values, whereas the positive skewness associated with the community colleges and technical institutes indicate a higher percentage of lower overall values (Field, 2009). The positive values in the kurtosis indicate a high peak in the bell curve, while the four-year college is the only kurtosis showing a negative value indicating a flatter than normal distribution of the bell curve (Field, 2009).

Table 4
Type of Institution and Average Attrition Rates 2009–2011

Attrition rate (%)			
M	*SD*	***Skewness***	***Kurtosis***
17.33	.09	-.87	1.78
16.67	.10	-.81	-1.16
20.85	.12	.70	.22
18.47	.08	.25	1.09
19.85	.11	.65	.631

The following tables show the distribution of resources per student at the four types of institutions. Table 5 presents financial data, Table 6 displays personnel data, and Table 7 shows data regarding the distribution of clinical resources.

The mean financial resources (gross operating budget and gross personnel budget) were calculated for each institution type and compared that result to the student population for 2009, 2010, and 2011 (see Table 5). Interestingly, when disaggregated by institution type, the university spends substantially more money per student ($913.30) than do community colleges ($82.34). When the gross operating budget and the gross personnel budgets **were based on** per student costs, the results showed a greater amount of money per student spent by the university than other college programs.

Table 5
Average Financial Resources per Institution Type per Student Over the Three-Year Period

Institution Type	GOB($)	GPB($)	#/Students	$/Student	GOB $/Student	GPB $/Student
University	131,172	173,716	334	913	393	520
Four-year college	95,660	196,111	430	679	222	456
Community college	153,084	243,203	4,813	82	32	51
Technical institute	247,345	297,835	1,858	293	133	160

In addition, universities also had a higher percentage of faculty, including full-time staff, per student (.16) than other institutions, with community colleges having the least number of faculty per student (.09; see Table 6). In analyzing both universities and four-year colleges, they averaged about the same number of staff per student (.04), with technical institutes and community colleges slightly lower (.03 and .02, respectively). The average number of full-time faculty per student appeared the same across all of the colleges **except** for universities, had more full-time faculty per student. Part-time faculty per student was higher in community colleges and four-year colleges, while technical institutes and universities had lower percentages of part-time faculty per student (.02).

Table 6
Average Personnel Resources per Institution Type per Student Over the Three-Year Period

Institution Type	FT Staff	FT Faculty	PT Faculty	#/Students	Student	FT Staff /Student	FT Faculty /Student	PT Faculty /Student
University	15	16	6	334	**.16**	**.04**	**.05**	**.02**
Four-year college	19	15	13	430	**.11**	**.04**	**.03**	**.03**
Community college	92	141	204	4,813	**.09**	**.02**	**.03**	**.04**
Technical institute	51	57	37	1,858	**.08**	**.03**	**.03**	**.02**

Note. FT = full-time; PT = part-time.

Finally, with regard to clinical resources, looking only at clinical affiliates, as the clinical hours were fairly similar between all institutions, universities had a higher percentage per student (.16) followed by the technical institutes (.14), community colleges (.14), and four-year institutions (.13); see Table 7.

Table 7
Average Clinical Resources per Institution Type per Student Over the Three-Year Period

Institution Type	# Clinical Affiliates	# Students	#Clinical Affiliates/Student
University	55	334	.16
Four-year college	56	430	.13
Community college	656	4,813	.14
Technical institute	266	1,858	.14

In addition to describing the two-year respiratory therapy programs by type of institution interest was also in the correlations between attrition and institutional financial, personnel, and clinical resources. For this analysis, the types of institutions were combined into one overall group (N = 85). Table 8 provides the descriptive statistics for the resources as well as the correlations. The bivariate correlations between the predictors and attrition can be observed in the first row of the table. None of the correlations was statistically significant at the .05 level. However, from an effect size perspective it may be seen that there were small relationships between attrition and full-time faculty and part-time faculty. The negative correlation suggests that the greater the full-time faculty the smaller the attrition rate while the positive correlation suggests that the greater the part-time faculty the greater the attrition rate. Further, the negative correlation between attrition and the number of clinical sites suggests that the greater the number of sites the less the attrition rates. The positive relationship between the number of clinical hours required and attrition indicates that as attrition tends to increase required hours tend to increase. For these data, there was little relationship between the budgets and attrition.

Table 8
Means, Standard Deviations, and Intercorrelations for Attrition and Financial, Personnel, and Clinical Resource Predictor Variables

Variable	M	SD	1	2	3	4	5	6
Attrition	.20	.11	-.05	.06	-.13	.14	-.11	.12
1. Operating budget	243,797.00	130,089.00						
2. Personnel budget	163,860.00	163,153.00						
3. Full-time faculty	2.69	2.02						
4. Part-time faculty	3.06	4.13						
5. Clinical sites	12.15	6.27						
6. Clinical hours	846.87	187.73						

Discussion

This study was based on information obtained from the RTES survey mailed to 382, two-year respiratory therapy programs. Of those 382 surveys, 12 (3.14%) programs were new start-up programs with no data, bringing the count to 370 valid two-year respiratory therapy programs. From those programs, 85 usable surveys (22.97%) were received. After reviewing each survey, any questions were addressed either by a telephone call or by e-mail with the program directors. The data were entered in an Excel spreadsheet and input into the IBM SPSS Version 21 for the analysis. The analysis was performed on data from this convenience sample of 85 programs and included a descriptive component and two analytical components: **Pearson** correlations and multiple linear regressions.

The descriptive findings about the two-year respiratory therapy program personnel indicated that in terms of financial resources, universities spent more per student ($913.30), had a higher faculty per student ratio (.1614), and more clinical affiliates per student (.1647). Although community colleges spent far less per student ($82.34), they had a greater number of students than the other institutions (4,812.94) which was 14.42 times greater than the universities, 11.20 times greater than the four-year colleges, and 2.59 times greater than technical colleges over the 3-year period considered in this study, from 2009 through 2011.

In terms of personnel, the descriptive statistics showed the majority of the personnel, full-time and part-time, had bachelor degrees (49% and 72%, respectively). The majority of two-year respiratory therapy programs were in community colleges (67%) followed by technical institutions (18%); however, the majority of the higher operating and personnel budgets were among the technical institutions. The clinical resources were reported higher in the technical institutes and the clinical hours required were similar among all institutions.

Attrition rates reported by CoARC for all 85, two-year respiratory therapy programs surveyed ranged from 16.67% to 20.85%. CoARC's standard is no greater than a 40% student attrition rate. The student attrition rate for these 85 programs was representative and almost identical to that of the total population of two-year respiratory therapy education programs.

The results of the Pearson correlation analysis found that none of the bivariate relationships between student attrition rate and each of the potential predictors under examination—financial, personnel, and clinical--were statistically significant. These correlation findings justified an expectation that the regression analysis would identify no statistically significant predictors of attrition.

Based on the Pearson correlation and multiple linear regression results, it appears that no relationship existed between any of the program resources and the CoARC student attrition rate examined in this study. Further research is needed to identify possible criterion variables that may contribute to student attrition in two-year respiratory therapy education programs.

Conclusion

This study added to the body of knowledge regarding student retention in two-year respiratory therapy education programs. This study replicated a prior study on student attrition factors that had been conducted at four-year institutions (Ari, 2009).

The results of this research study indicated that neither financial, personnel, nor clinical resources significantly affected student attrition rates for two-year respiratory therapy programs in the United States. Ari's (2009) analysis of the same variables revealed a significant correlation between student attrition and the financial resources in four-year respiratory therapy programs.

Qualitative research study (interviews with students, instructors) may provide information that could offer insight into student retention in two-year respiratory therapy programs. Based on the literature reviewed, many other factors contribute to student retention in universities, colleges, and technical programs such as students' motivation and academic ability (Tinto, 1975), and a successful match between the college and the student (Bean & Metzner, 1985), and

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Ecosystem Interrupted:
How Waste, Culture, and Corruption are Stifling Economic Development and Entrepreneurship in Eastern Kentucky

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Abstract

Entrepreneurship Ecosystem studies abound, as this is currently a popular topic. It is important to understand the elements necessary to facilitate entrepreneurship and enhance the standard of living in communities. However, this research examines the phenomenon from the perspective of why it is so difficult for Eastern Kentucky to develop an effective entrepreneurship ecosystem, despite all of the efforts and resources brought to bear over the past fifty years. Statistics and peer-reviewed research were used to establish the results. The findings indicate corruption and a non-entrepreneurial culture are major factors, with deficiencies in all the domains of an entrepreneurship ecosystem.

Keywords: Entrepreneurship, Ecosystem, Economic Development,

Introduction

Much has been written about entrepreneurial ecosystem development and the components comprising them (Acs et al., 2017; Auerswald & Lokesh, 2017; Regele & Neck, 2012). Whether on the local, regional, or national level, frameworks have been structured to study vibrant ecosystems and guidelines created for how to foster these entrepreneurship networks (Acs et al., 2014; Isenberg, 2011b; Neumeyer, 2016; Spigel, 2017). It is important to understand how best to support and facilitate entrepreneurship because it is integral in the efforts of innovation and economic development (Acs & Audretsch, 2003; Morris, Neumeyer, & Kuratko, 2015). However, it is difficult to find a body of research concerning the difficulties in developing an entrepreneurial ecosystem. More specifically, what actions and attitudes are actually detrimental to efforts to support entrepreneurship and its contribution to economic development.

This exploratory research examined an area of the United States where vast sums of financial aid have been spent over several decades in attempts to reduce the high levels of poverty and revitalize the region. Since 1965 when the Appalachian Regional Commission was founded, Eastern Kentucky has received 9 billion dollars in financial aid. However, this region remains behind in economic development, educational attainment, wages, employment levels, and standard of living (Baumann, 2006; Franklin, 1981; Gebremariam et al., 2011; Hansen & Yukhin, 1970; Jung et al., 2015). In analyzing the current economic and entrepreneurial landscape of Eastern Kentucky, Lambsdorff's (2006) model for the causes of corruption was used to establish conditions negatively affecting the advancement of an ecosystem and Isenberg's (2011a) Domains of the Entrepreneurship Ecosystem was used to establish the issues within each major category and how these issues are inhibiting ecosystem progress. Statistics and peer-reviewed research were used to establish the results.

Corruption

Research has shown corruption is more prevalent in poor countries than in rich countries (Bai et al., 2013). With the use of vertical theory borrowing, it seems prudent to posit poor regions may be more corrupt than rich regions (Fawcett et al., 2014; Whetten et al., 2009). There is research to support distinguishing one region from another in regards to the level of corruption. It has been established southern states in the US are more corrupt than the other states (Goel & Nelson, 2011). Depending upon the measures taken to determine the corruption levels, Kentucky has been ranked as high as first to tenth as "most corrupt state" in studies (Dincer & Johnston, 2014; Liu & Mikesell, 2014). Actual cases are provided in the Policy section.

Because of their small structure and lack of resources, smaller cities are susceptible to corruption (CAPI, 2016). Other than Boyd and Greenup Counties who are classified as Medium-size Metro counties because of the city of Ashland and their close proximity to Huntington, West Virginia, all of the Eastern Kentucky counties are labeled as Noncore or Micropolitan by the Centers for Disease Control and Prevention in its report for the classification of US counties. The status of Noncore means a county does not have an urban cluster (city) of at least 10,000 people. The designation of Micropolitan means a county has an urban cluster between 10,000 and 50,000 within it. Out of the twenty easternmost Kentucky counties (not including Boyd and Greenup, as already mentioned) only one is designated as Micropolitan, the other nineteen are Noncore (CDC, 2013; OMB, 2013). According to Lambsdorff (2006), factors such as culture, values, and geography are all causes of corruption. The conditions in Eastern Kentucky correspond exceptionally well with these factors. Culture is also one of the domains of the entrepreneurship ecosystem and will be discussed in that section.

Values

According to Lambsdorff (2006), societies developing impersonal values as opposed to particularistic or family values are less corrupt. In settings where traditional religious values dominate, corruption is more prevalent. Eastern Kentucky is known for its deeply religious underpinnings and that churches play a central role in community life for its residents (Guth, 1989; Leonard, 1999; Schoenberg et al., 2015). Data gathered from the Association of Religion Data Archives (2017) was used to assemble a table displaying the number of churches per capita (table 1). The thirty easternmost counties were selected and their average calculated. The counties containing cities in Kentucky were also analyzed, along with counties containing other US cities. The statistics clearly indicate the number of churches per capita in Eastern Kentucky is three to four times higher than in other areas.

County	Churches	Population	Per Capita
Eastern KY Counties	1,572	467,154	297.17
Jefferson (Louisville)	704	741,096	1,052.69
Fayette (Lexington)	266	295,803	1,112.04
Kenton (Covington)	148	159,720	1,079.19
Warren (Bowling Green)	163	113,792	698.11
Fulton (Atlanta)	755	920,581	1,219.31
St. Louis (St. Louis)	411	319,294	776.87
Cook (Chicago)	3,354	5,194,675	1,548.80
Hamilton (Cincinnati)	666	802,374	1,204.77
Davidson (Nashville)	782	626,681	801.38
Allegheny (Pittsburgh)	1,148	1,223,348	1,065.63

Table 1

Lipset and Lenz (2000), studied familism (a high loyalty to one's kin) and determined it is positively related to corruption. Central Appalachia is known for the value of familism (Drake, 2001; Milstead, 2012). Billings and Blee (2000) also support a strong presence of familism. However, in their investigation of Eastern Kentucky Appalachia they found it exists so strongly in this region because of the economic hardships of the majority caused by the corruption of the local elites.

Geography
One way in which geography contributes to corruption is when there is an abundance of natural resources. Studies explain, when the situation exists of abundance of natural resources and the exporting of these resources, such as fuels as minerals, it is found to significantly increase the levels of corruption (Kunicova, 2002; Lambsdorff, 2006; Weidemann, 1999). The situation in Eastern Kentucky is historically one of dependence on the harvesting of timber and more importantly coal (O'Dell, 1999; Santopietro, 2002). A lack of industry diversification ensued with this single-minded focus in the region to exploit the coal industry as the main method of economic development (Maher & McGinty, 2013; Marley, 2016; Sherafat et al., 1978).

Waste

It is evident public funding is needed to address the poverty, low educational attainment, health problems, and the high unemployment issues plaguing this region. However, more scrutiny over which projects are funded and how the money is spent needs addressing. Without substantial, measurable improvements, eventually funding will be cut and efforts to change the region will be abandoned. Writers, researchers, citizens, and politicians already express this sentiment, and President Trump has proposed eliminating the Appalachian Regional Commission. The agency started to address all of these problems (Franklin, 1981; Lowrey, 2014; Volcovici, 2017).

Waste, the inefficient use of public funds, is pervasive. With multi-million-dollar grants frequently entering the region, it is common to see fruitless projects start and then fail. It was thought a passenger airline should operate in Eastern Kentucky, since it takes two hours to reach even the smallest airport capable of connecting passengers to a larger airport, in order to reach any destination. Agreements between Pike County, Pikeville, the Pike County Airport Board, and the Southeast Kentucky Chamber of Commerce were formed to execute this plan. Two grants totaling $1,420,588 were awarded for the project (SEK Chamber, 2013). However, this project was destined for failure. The airline only flew to and from Nashville, with limited scheduling. It was not TSA approved, meaning upon arrival to Nashville passengers would have to go through security there. Tickets cost $400 to Nashville and passengers would have to purchase separate tickets to fly to another destination. It was not classified as a connecting flight. Therefore, total airfare was double the expense for a typical US destination. Often, flights to Nashville occurred with only one or two passengers. Money from the grants was used to subsidize the expense of the flight because passenger revenue was insufficient. So, it was not surprising just seven and a half months after its first flight, the airline announced it was ending its service (WSAZ, 2015).

Many other examples can be highlighted. The construction of industrial parks to lure businesses to a community is a common practice, even in Eastern Kentucky. Millions of dollars have been spent for industrial parks in remote areas without access to interstates, waterways, airports, or a workforce. The map below is of the industrial parks, most of which sit vacant and have for several years (red and blue squares). The red square represents an industrial park in Bell County which never attracted a single company to locate within it. The site was purchased for $850,000 in 2001. Several million dollars was spent for infrastructure and a bridge to the site. In 2015, it was sold for $750,000 to the Appalachian Wildlife Foundation (Estep, 2015). Now, plans are to build a wildlife center for elk viewing. It is estimated as much as $29 million is needed to develop the center. Thus far, $12.5 million in grants have been approved for the project (Estep, 2017a).

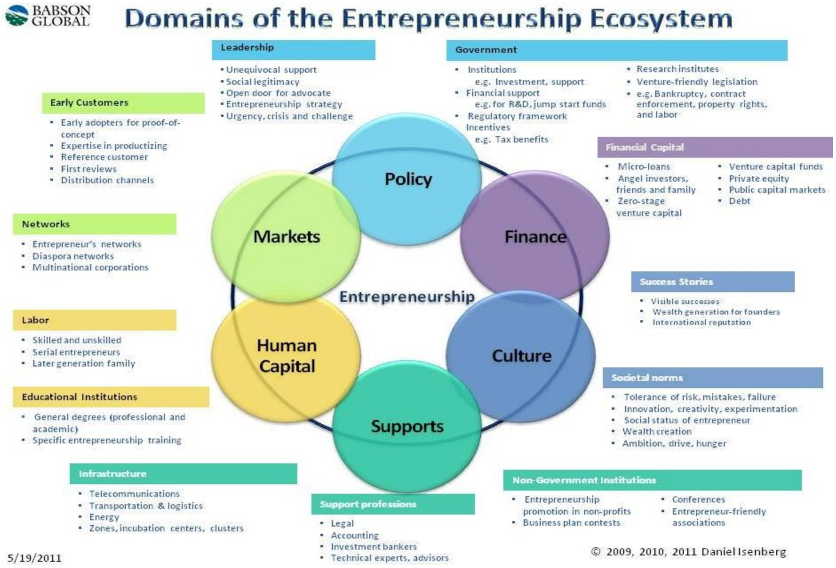
Even after these examples, a new industrial park has been proposed for Magoffin County (represented by the green square). So far, $2.11 million has been awarded for the project. Magoffin County is one of the poorest performing counties by every metric. The population is only 12,684, only 6.5% hold a bachelor's degree, only 69% have finished high school, 37.8% are chronically absent from school, the poverty rate is 32.6%, the labor participation rate is only 40.2%, 21.9% under the age of 65 claim disability, and the life expectancy is only 72.6.

A final example focuses on the efforts to develop a skilled work force by training people in computer coding. Phrases coined such as "Silicon Holler", "coalminers to code", and "code country" are bandied about. The publicity and marketing for these projects have been tremendous. The most notable national news programs and business magazines have praised the efforts of these organizations to provide Eastern Kentuckians with a new skillset (Beam, 2017; Field, 2017; Peters, 2016). Although, if one lives in the region or delves beyond the fluff journalism, it becomes apparent these efforts are not sustainable as structured. Ongoing government funding is the only mechanism keeping these entities alive. Interapt is a company who located in Paintsville to train people in computer coding and secure them employment afterwards. They received $2 million of an approved $4.5 million in government grants which were supposed to fund them through 2019, to successfully train and employ 200 people. Due to underperformance (only 17 jobs created), the operation was cancelled in less than one year and Interapt has moved on (Harkness, 2017).

Other organizations operate in a similar fashion, with grant money subsidizing the hiring, training, and ongoing wages of the employees (Smiley, 2015). This can be expected to assist companies in the startup phase, but not as a permanent solution. And afterwards, small businesses are wheedled to apply for government grants used to overpay for basic websites, as much as $25,000, which is given to the coding company to fulfill the purposes of the grant (ARC, 2017). Therefore, an entity classified as a for-profit business is actually a government funded operation. This has been perpetuated to give the appearance of a "win" for the region. It is not a sustainable business model. And, website building has become ubiquitous, not innovative to enter into at this late stage of the industry, in this manner. Companies such as Wix, Weebly, and Squarespace offer inexpensive, effective websites for small businesses. More complex website and application building with artificial intelligence will soon become the norm (Coren, 2016; Muchmore, 2017).

Entrepreneurship Ecosystem

Spigel (2017) defines entrepreneurship ecosystems as "combinations of social, political, economic, and cultural elements within a region that support the development and growth of innovative startups and encourage nascent entrepreneurs and other actors to take the risks of starting, funding, and otherwise assisting high-risk ventures." Babson College is well-respected as a leader in entrepreneurship education. A current program of Babson is the Babson Entrepreneurship Ecosystem Project (BEEP). The model of an ecosystem used by BEEP was created by Isenberg (2011a), the Domains of the Entrepreneurship Ecosystem. This is the model used in this research to expound upon the characteristics of the entrepreneurial environment in Eastern Kentucky and highlight the deficiencies.



Culture

The meaning of culture has been debated and defined by researchers with over one-hundred and fifty definitions of the word. A well-respected definition by Matsumoto (1996) is the set of attitudes, values, beliefs, and behaviors shared by a group of people. According to Leondard (1999), "the Appalachian areas in particular have proven to be a virtual fortress protecting faith and culture." This region is known to have a distinctive "mountain culture" (Cooke-Jackson & Hanson, 2008; Milstead, 2012). Territorialism is a long-standing behavior here where clan versus clan became city against city and county against county. Academic studies have stated prominent features of this culture to be individualism, self-reliance, familism, distrust of government, and a "collective narrow-mindedness" (Brashear, 2014; Drake, 2001; Gottlieb, 2001; Milstead, 2012; Smith and Tessaro, 2005). The residents of Eastern Kentucky maintain a strong attachment to their coal heritage and many still believe a resurgence of this industry is the best path forward to improve the economy of the region. This is illustrated by the photographs below. The picture on the left of the roadside billboard was taken in Pike County on September 23, 2017. The picture on the right with the bumper stickers and coal miner decal is a common sight.

In the context of entrepreneurship ecosystems, culture is the underlying beliefs and outlooks about entrepreneurship (Spigel, 2017). The two prominent attributes in this domain are success stories and societal norms (Isenberg, 2011a). The majority of successful entrepreneurs are those whose companies were in the coal industry. Prominent examples of entrepreneurs from a variety of industries simply do not exist. In entrepreneurship, the concept of failure has utility in that founders learn from their mistakes contributing to future endeavors (Hsu, Wiklund, & Cotton, 2015). Areas with strong ecosystems consider failing part of the journey of entrepreneurship and although not an ideal outcome, it is accepted (Maney, 2015; Markowitz, 2012). However, in Eastern Kentucky failure is seen as an end, not part of learning. Therefore, the culture is resistant to change and more risk averse with fewer people starting opportunity-based businesses and less likely for entrepreneurs to make multiple business attempts (Elam, 2002; Ezzell, Lambert, & Ogle, 2012). Another contributing factor is the entrepreneurs in Eastern Kentucky are overwhelmingly “necessity entrepreneurs” as opposed to “opportunity entrepreneurs”. So, the types of businesses they operate are mundane in nature, do not make headlines, and are not scalable (Acs, 2006; Stephens et al., 2013).

Supports

The University of Pikeville is truly the only university in far Eastern Kentucky. Eastern Kentucky University is actually located in central Kentucky. Morehead State University is located in the northeast portion of the state. Morehead teaches entrepreneurship courses at the undergraduate level. Several community colleges are scattered across the region. Entrepreneurship has not been taught for several years in the Kentucky community college system. Big Sandy Community and Technical College has three campuses in southeast Kentucky. Their Workforce Development program is addressing issues of workers’ skills and has opened an incubator space at their Paintsville campus. A faculty member from Morehead State and one from the University of Pikeville have taken it upon themselves to lead entrepreneurship education programs for K-12 students. Each teaches a separate program in the region. Since Junior Achievement and other K-12 programs do not exist in this region, their efforts are noble. These programs need to scale significantly to impact the entire region.

According to Neumeyer (2016), two of the most commonly found components a university contributes to an ecosystem are the entrepreneurship center and the technology transfer office. The University of Pikeville does not possess either. Numerous efforts have been made since 2013 by this researcher/faculty to persuade university leadership to make entrepreneurship a priority and dedicate resources to establishing a center and programs. It simply is not seen as important by the administrators. A minor in entrepreneurship was created by this faculty member and entrepreneurship is now also taught in the MBA program. Attracting students to enroll in the minor courses is proving a challenge because other faculty and staff are not assisting in the marketing of the program or encouraging students to take the courses. If the executive administration voiced support for entrepreneurship, others would follow.

The University of Pikeville does host the only business plan competition in the region. It is the third largest collegiate competition in the state. However, the University does not invest in the event. This faculty member secured a grant to establish an innovation office and sponsors the event from the office budget. This event is open to all residents of Eastern Kentucky, not only college students. Extensive marketing is conducted for the event through the various forms of media and the people of the region simply do not seem interested. Although $10,000 in cash is awarded to the winners at this annual event, it often proves difficult to garner enough applications to hold the competition. More support from the university and surrounding agencies could prove helpful.

Several organizations exist in Eastern Kentucky attempting to serve the needs of small businesses and entrepreneurs. The most prominent agencies include: Small Business Development Centers (SBDCs), the Mountain Association for Economic Development (MACED), Southeast Kentucky

Economic Development Corporation (SKED), Shaping Our Appalachian Region (SOAR), the Kentucky Innovation Network (KIN), and others. Services offered include business model consulting, business plan construction, loan and investment assistance, growth planning, employment assistance, skills workshops, and networking. Various levels of commitment and expertise can be found across these entities. For example, the director of one SBDC has twenty years of billing experience for a nursing home (SBDC, 2017). How does this qualify her to help people start and grow businesses? Research asserts the economic development organizations lack in effectiveness, especially in the areas of collaboration (Compton et al., 2015).

The quality and extensiveness of the infrastructure is an important consideration for startups. Below is a map of Eastern Kentucky and the interstate system. The red lines are major US highways. Much of Eastern Kentucky is at least two hours of driving time from an interstate. The yellow lines represent the roadways leading to the major thoroughfares. These roads are not built for transit of goods. Many are mostly two lane roads or have stop lights as the roads bisect towns along the way. For manufacturing companies, the added time and expense of distribution is prohibitive. So much so, any company with national or global customers is not likely to locate in the region. Much of Eastern Kentucky is also two hours of driving time away from an airport with passenger and freight airlines. Three of the four are small regional airports with limited flight selections and connections are necessary. The closest international airports are over three hours away in Louisville and Cincinnati.

Broadband connectivity is integral to succeed in today's economy. Much has been publicized about 'Silicon Holler', the $324M to build the 3,000 mile network, how it can create a technology corridor in the mountains of Eastern Kentucky, and now how delays and additional costs may increase the amount to more than $3B and delay it by three years (Lee, 2017). In some communities of Eastern Kentucky the price of internet access for both residential and business purposes is extremely expensive, relative to other areas. This is largely because of monopolistic practices by the incumbent companies. Some counties only have one internet service provider. Therefore, the cost is much higher than areas with multiple service providers.

For example, Intermountain Cable (IMC) offers internet service in Pike, Floyd, and Knott Counties in Kentucky. Often, IMC is the only provider of internet in the areas they serve. Without competition they charge substantially more than urban areas and rural areas with multiple providers (see table 2). For a 50 megabyte download speed and a 5 megabyte upload speed, IMC charges businesses $229.00 per month. Elsewhere, internet fees average 68% less, and with greater speeds. So, even if all of Eastern Kentucky acquires high-speed internet access, which companies will find it appealing to pay these exorbitant fees? Their residential offerings for cable and internet follow this same pricing scheme (IMC, 2017). Not only are the prices high, but customers also frequently experience reductions in speed and interruptions in service.

Broadband Pricing (Packages Containing FCC Minimum Definition of Broadband (25/3)(Commercial)									
Pikeville, Kentucky*		Lexington**		Louisville**		Georgetown, KY		Covington, KY	
Speed (DL/UL)	Price	Speed (DL/UL)	Price	Speed (DL/UL)	Price	Speed (DL/UL)	Price	Speed (DL/UL)	Price
50/5	$229.00	60/5	$79.99	75/75	$85.00	50/50	$50.00	60/5	$80.00
IMC		Spectrum Cable		Verizon FiOS		AT&T IP-DSL		Spectrum Cable	
With Data Caps after 1 TB & extra fees thereafter		No Data Caps		No Data Caps		No Data Caps		No Data Caps	

*Inter-Mountain Cable **Cheapest Price Found Data gathered from www.broadbandnow.com

Table 2

Human Capital

The domain of human capital includes the skills of the available workforce, the existence of entrepreneurs, the contributions of educational institutions for professional and academic degrees, and specific entrepreneurship training (Isenberg, 2011a). According to Spigel (2017), high levels of human capital are a mandatory prerequisite for success in today's economy and skilled employees are essential elements for the competitiveness of new ventures (Audretsch et al., 2011; Qian et al., 2012). It has been highly publicized in announcements and press releases in recent years the high levels of motivation and skills of Eastern Kentucky workers (Johnson, 2017; Peterson, 2017; Sexton, 2017; Volcovici, 2017).

However, the facts simply prove otherwise. Residents of Eastern Kentucky have a lower educational attainment than people of other areas of the state and nation, and it has always been this way (Baumann, 2006; Sanders, 1969). A nine-county area of far Eastern Kentucky was chosen because it is the service area for the Innovation Office in the region. As displayed in table 3, the average for earning at least a high school diploma among the nine-county area is 72.51%, whereas nationally the completion rate is 85.1% and the cities in Kentucky are: Louisville 88.9%, Lexington 89.8%, Bowling Green 87.3%, and Covington 89.2%. The average for attaining at least a bachelor's degree in this nine-county area is 11.24%. Nationally, the average is 29.8% and the cities in Kentucky: Louisville 31.5%, Lexington 41.2%, Bowling Green 28.1%, and Covington 28.9% (US Census Bureau, 2017). These statistics are significant and emphasize the problem of Eastern Kentuckians possessing lower levels of skills which translates into a lack of competiveness for the people seeking jobs and for the region seeking companies to locate in Eastern Kentucky. As explained by Bollinger et al. (2011), the use of modern technological resources in today's economy favors college-educated workers. Goetz and Freshwater (2001) found human capital is positively related with entrepreneurial activity.

Education Completion Rates

High School	
Pike	73.5
Floyd	75.1
Letcher	73.5
Perry	73.1
Martin	71.9
Magoffin	69
Johnson	77.1
Breathitt	68.9
Knott	70.5
Fayette (Lexington)	89.8
Jefferson (Louisville)	88.9
Kenton (Covington)	89.2
Warren (Bowling Green)	87.3
State	84.2
Nation	85.1

Bachelor's Degree	
Pike	13.3
Floyd	12.8
Letcher	11.8
Perry	14
Martin	6.5
Magoffin	8.5
Johnson	10.8
Breathitt	11.2
Knott	12.3
Fayette (Lexington)	41.2
Jefferson (Louisville)	31.5
Kenton (Covington)	28.9
Warren (Bowling Green)	28.1
State	22.6
Nation	29.8

*US Census Bureau 2011-2015

Table 3

In addition to level of education, another important component of human capital is health. This plays a role in the availability and motivation of the workforce. A recent study by researchers for the Journal of the American Medical Association examined the inequalities of life expectancy across US counties and found eight counties in Eastern Kentucky experienced the largest declines in life expectancy from 1980 to 2014 (Dwyer-Lindgren et al., 2017). Risk factors contributing to this decline are obesity, physical inactivity, hypertension, smoking, and diabetes. High levels of poverty and unemployment, and low levels of education also play a role (Khazan, 2017). Central Appalachian Eastern Kentucky is known for its high rate of drug abuse and high levels of smoking which are twice the national average (Moody et al., 2017; Schoenberg, 2010). The term "pillbillies" has become popular to describe drug addiction in Central Appalachia (Burris, 2014). Data was gathered to examine the mortality rate (per 100,000) and the life expectancy of nine Eastern Kentucky counties and the counties in Kentucky with cities (table 4). Both rates are noticeably worse for the Appalachian counties.

County	Mortality*	Life Expectancy**
Pike	1,124	72.41
Floyd	1,166	71.97
Letcher	1,150	72.35
Perry	1,303	70.60
Martin	1,048	72.56
Magoffin	1,114	72.60
Johnson	1,082	73.54
Breathitt	1,281	70.22
Knott	1,123	72.98
Fayette (Lexington)	759	78.40
Jefferson (Louisville)	853	77.01
Kenton (Covington)	890	77.06
Warren (Bowling Green)	853	77.26
State	909	76.26
Nation	823	79.08

*KY Vital Statistics ** Institute for Health Metrics

Table 4

Labor Participation Rate	
Pike	45.5
Floyd	42.2
Letcher	43.5
Perry	48.0
Martin	30.1
Magoffin	40.2
Johnson	42.3
Breathitt	43.5
Knott	42.8
Fayette (Lexington)	67.6
Jefferson (Louisville)	65.6
Kenton (Covington)	67.6
Warren (Bowling Green)	65.1
State	59.1
Nation	63.3

Table 5

% w/ Disability <65	
Pike	24.4
Floyd	23.7
Letcher	25.3
Perry	22.1
Martin	25.8
Magoffin	21.9
Johnson	24.6
Breathitt	29.1
Knott	24.2
Fayette (Lexington)	8.2
Jefferson (Louisville)	10.8
Kenton (Covington)	11.1
Warren (Bowling Green)	11.6
State	12.9
Nation	8.6

*US Census Bureau 2014

Table 6

The last set of metrics to examine related to human capital are labor participation rate (table 5) and the percentage of the population less than 65 years of age claiming to be disabled (table 6). These numbers address the availability of healthy, motivated people to start businesses, work for companies, or otherwise make some contribution to the ecosystem. The labor participation rate is substantially lower for the Eastern Kentucky counties and the percentage with disabilities is two to three times higher than the cities and the nation.

Concerning the entrepreneurial mindset, Snow and Prater (2017) conducted a study of the entrepreneurial attitudes of high school seniors in Eastern Kentucky and the results show only 2.15% of the respondents scored in the high range of entrepreneurial attitude. Scores for need for achievement, creative tendency, and calculated risk-taking also were low. Demographic information was gathered from the 233 respondents. Up to 54% plan to leave Eastern Kentucky after high school to pursue college and career. This supports the phenomenon of "brain drain" representing the outward migration of educated workers from Central Appalachia to urban areas, thus negatively affecting attempts to attract businesses because of the lack of a skilled workforce (Stephens, Partridge, & Faggian, 2013). Also interesting, of the group desiring to stay in Appalachia, 14 do not plan to go to work or go to college after high school (Snow and Prater, 2017).

Markets

The existence of local markets, entrepreneur networks, early customers and multinational corporations are critical elements of the market domain (Isenberg, 2010; Spigel, 2017). Eastern Kentucky is a difficult region to grow these necessary components. The mountainous terrain and the absence of flat land simply make infrastructure development timely and expensive. This results in sparsely populated counties lacking the numbers of people and companies to establish large entrepreneurial networks, a sufficient group of early adopters, and multinational corporations to act as suppliers, customers, or strategic alliances for new ventures (Reid, 1987). An analysis of the population density (table 7) in the Eastern Kentucky counties highlights the lack of a critical mass of people to represent, for many companies, an opportunity for locating a business in the region for the purposes of hiring skilled employees or having an adequate base of customers to purchase products or services. Innovation is often measured by the number of patents an area generates. Table 8 displays the cities in Kentucky, some well-known entrepreneurial cities (Austin, San Francisco) and some emerging entrepreneurial cities, at least relative to size (Boulder, Chattanooga, Cincinnati, and St. Louis).

Population Density Per Square Mile	
Pike	77.0
Floyd	94.3
Letcher	67.4
Perry	80.5
Martin	52.3
Magoffin	41.1
Johnson	87.7
Breathitt	27.0
Knott	44.2
Lexington	1,115.4
Louisville	2,353.1
Cincinatti	3,833.7
Chattanooga	1,291.7
Boulder	4,383.2
Austin	3,181.9
San Francisco	18,580.9
St. Louis	5,029.9

Table 7

Patents in 2016	
Pike	3
Floyd	0
Letcher	0
Perry	0
Martin	0
Magoffin	1
Johnson	0
Breathitt	0
Knott	0
Lexington	253
Louisville	324
Cincinatti	889
Chattanooga	64
Boulder	518
Austin	4,036
San Francisco	7,032
St. Louis	969

Table 8

Policy

The two primary categories in the Policy domain are Government and Leadership. Government's role is to enact policies supportive of entrepreneurship and fund programs to facilitate business starts and growth (Feldman & Francis, 2004; Roundy, 2016). On the state level, the last two administrations, one Democratic and one Republican, both have made economic development and entrepreneurship priorities in Kentucky. The Kentucky Cabinet for Economic Development has created numerous incentive and finance programs (KCED, 2017). This agency also manages the Kentucky Innovation Network. This is a statewide organization whose purpose is to support business starts and growth through free consulting, workshops, training, networking, and capitalization assistance. Offices are present in Eastern Kentucky (KIN, 2017).

At the national level, US Congressman Hal Rogers has been a staunch advocate for Eastern Kentucky. He is a member and former Chairman of the Appropriations Committee and is responsible for securing millions upon millions of dollars for a variety of purposes, for Eastern Kentucky and Appalachia (Estep, 2017a). President Trump has stated he will bring back the lost coal jobs to the region, while simultaneously proposing to cut the budget for the Appalachian Regional Commission (ARC) and eliminate it. This agency funded 650 projects from 2011-2015 in the thirteen Appalachian states. It spent hundreds of millions of dollars, educated 49,000 people and is expected to create or retain 23,670 jobs (Estep, 2017c; Volcovici, 2017).

However, at the local level, there are many examples of government leaders misusing and embezzling funds. The mayor of Prestonsburg was charged with misusing funds (Estep, 2017b). The mayor of Paintsville was sentenced to 48 month in prison for misuse of city funds (Department of Justice, 2017). The mayor of Martin was sentenced to 90 months in prison for several offenses including fraud and identity theft (Department of Justice, 2014). The Harlan County Sheriff was indicted for misuse of public funds and property (Department of Justice, 2016). Eastern Kentucky is fraught with and has a long history of corruption. In an atmosphere such as this, it is difficult to receive consistent support from local government in the creation of a stable, thriving ecosystem. One of the most publicized incidents of corruption involved a local attorney, Eric C. Conn. He was convicted of defrauding the government of $550 million in Social Security disability payments (Wolfson, 2017). This is the largest crime of its kind in US history and underscores the exceptionally high levels of people under 65 claiming disability and the exceptionally low levels of people participating in the workforce within the region.

Finance

The presence of available capital, in the form of loans, private and public investment is critical for entrepreneurial endeavors and the development of an ecosystem (Malecki, 2011). Local banks, the SBA, and MACED are available to provide debt financing. Kentucky Highlands Investment Corporation (KHIC) is an organization offering investment for businesses in southern and eastern Kentucky. Angel groups are present in Louisville, Lexington, Northern Kentucky and even Ashland Kentucky. Directors from the Kentucky Innovation Network are intimately involved with the operation of these angel groups. If startup companies from Eastern Kentucky are ready for investment, presentations with the angel groups can be arranged. Presently, there is a lack of scalable startup companies fit for angel investment or venture capital. Not enough deal flow exists to warrant the formation of an angel group. According to Isenberg (2011a), attracting or providing venture capital without deal flow or exit possibilities, actually retards the development of private equity by driving it away.

Recommendations

Development of an entrepreneurship ecosystem is seen as a cost-effective strategy for economic development (Isenberg, 2011a). Policies aimed at increasing entrepreneurship, specifically opportunity entrepreneurship are encouraged (Stephens et al., 2013). Attempts are underway throughout Eastern Kentucky. A multitude of organizations believing in entrepreneurship and small business ownership are available to offer assistance, some are proactive, some are rather passive. Nonetheless, there is not a critical mass of residents wanting to start their own ventures. And, many of those who do are engaged in small and medium enterprise (SME) entrepreneurship, not innovation-driven entrepreneurship (IDE) (Aulet, 2013; Chrisman, et al., 2002). Both are needed.

According to Huggins and Williams (2011), regions with entrepreneurially supportive institutions and cultures may attract investment, skills and talent. Culture shapes what individuals see as opportunities. However, changing a culture to one more supportive of entrepreneurship is difficult (Isenberg, 2010). This is where education must play a more prominent role in the region, from K-12 education through graduate school. Many of the high schools teach business and economics, but none teach entrepreneurship (Snow & Prater, 2017). One local high school, Pikeville Independent, has even eliminated its business program. It also must be understood that business education and entrepreneurship education are not synonymous (Morris & Kaplan, 2014; Morris et al., 2013). Entrepreneurial experience contributes to the development of human capital and enhances skills and abilities which positively impact future career opportunities (Burton, Sorensen, & Dobrev, 2016; Parker, 2013). Entrepreneurship education affects students' entrepreneurial attitudes, entrepreneurial competencies, and desire to become entrepreneurs (Abu Talib et al., 2012; Morris et al., 2013). It has also been proven entrepreneurship positively impacts economic development, even in rural areas (Ghio et al., 2015; Mojica, Gebremedhim, T., & Schaeffer, 2010) and is a powerful driver of job growth (Decker et al., 2014).

At the college level, Morehead State University and more importantly, the University of Pikeville (UPIKE) must make an earnest commitment and investment into creating entrepreneurship programs, providing support to the region for entrepreneurial efforts, and becoming a vocal champion at the forefront of leading a cultural change to build an entrepreneurial ecosystem. UPIKE has developed professional schools of optometry and rural medicine, but the majority of those students are from outside the region and will leave the region after graduation. They will return to their hometowns or to more populated areas to build practices or work in hospitals. Therefore, consideration for the future prosperity of the Central Appalachian region should also take priority. At the K-12 level, these schools need to incorporate entrepreneurship education into the daily curriculum. State government may need to intercede to make this mandatory. Forty two states claim entrepreneurship curriculum is required (JA, 2015). But, if you examine actual documents for the state standards, many states are requiring business or economics education which is not the same as entrepreneurship education. For example, the Kentucky Department of Education requires economics in the category of social studies, but makes no mention of entrepreneurship in the standards (KDE, 2015).

Instead of a shotgun approach spending millions of dollars on disparate activities throughout Appalachia without a significant impact, government funding and private investment must focus on industry diversification and developing “clusters of innovation” within the region (Engel, 2015; Gebremariam et al., 2011; Stephens et al., 2013). Simply put, some areas will always remain rural without much in the way of industry or residents. However, areas in the region are capable of developing infrastructure and human capital to amass a confluence of activity and grow entrepreneurship ecosystems. Instead of the traditional territorialism pitting county against county and a city against the county within it resides, a regional perspective and attitude must emerge. The understanding of “a rising tide lifts all boats” is a phrase befitting of the stance needed in this situation. Entrepreneurial communities must arise by geographically concentrating public resources. According to Isenberg (2011a), to disperse resources equitably is self-defeating. Therefore, areas in Eastern Kentucky must develop ecosystems facilitated by the resources in the community and by growing their own, to create a unique entrepreneurship network. They should not attempt to duplicate Silicon Valley. One area cannot duplicate another’s ecosystem (Isenberg, 2011a). The emphasis of the local, state, and federal governments should be the encouragement, through policy and funding, of the development of these clusters by incentivizing innovative businesses to locate into the region while simultaneously changing the culture to one conducive to entrepreneurship and enhancing the skills of the inhabitants. The impact of the education will be a transformed economy for a poverty-stricken region. This will reduce the brain drain in the region by inculcating the attitude that instead of leaving the area to seek opportunity, people can create their own opportunities in their hometowns. Programs targeting poverty and educating low-income individuals are already underway in other areas and making an impact (Morris, 2017).

Considerations for Future Research

Although this study extensively utilized reliable statistics and established research, it is limited by not developing and testing hypotheses. Opportunities exist to advance this research by studying each domain of the ecosystem in further detail. Qualitative information can be gathered to ascertain the behaviors and perspectives of the environmental actors involved. Quantitative data can be collected to analyze relative and absolute measures of entrepreneurial activity, and compare this region to other entrepreneurial ecosystems. A formal mapping of the regional ecosystem will also provide actionable information to assess and improve the entrepreneurial network.

Conclusion

Cronyism, corruption, and waste must be eliminated. Who gets the money and what it is used for must yield results. If quantifiable improvements are not realized, the millions in aid entering Eastern Kentucky will dwindle. With the publicity and press releases, the outside world is led to be overly optimistic. However, those of us here see what happens after the headlines and who actually benefits. There are young people here with determination and skills. Students here are accepted into Harvard, Yale, and Princeton. It simply is not the norm. And, those people are not likely to return. A cultural shift away from fatalism, drug addiction, and dependence upon the government to save the region must transpire. A strong, concerted effort for education and entrepreneurship must become the focus. Universities, government, and local leaders must genuinely strive to create this atmosphere. It is possible. Improvements are occurring, led by progressive, hard-working individuals genuinely wanting to make a difference. There just is not enough of this at the present time and there are too many people seeking "free money" to line their own pockets at the expense of progress and everyone who could benefit from the legitimate use of the time, effort, and money.

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Data Quality across Mail, Qualtrics Panels, and MTURK Samples of Small Business Owners: Getting What You Pay for?

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Abstract

Researchers studying entrepreneurship and small business management are often faced with the challenges of securing respondents and acceptable response rates since these literatures often rely on survey research methods. There has generally been a steady increase in the use of online survey panels through services such as Amazon Mechanical Turk and Qualtrics Panels across disciplines. However, researchers in management and entrepreneurship still often voice concern related to data quality and integrity with data collected via these online panels. Using a sample of 658 small business owners and owner/managers, we examine and compare data quality for data collected via three means: US Postal Service, Qualtrics Panels, and Amazon Mechanical Turk. We examine data quality and comparability related to sample characteristics, speeding, cheating, and construct reliability for individual-level and organization-level constructs.

What Drives Entrepreneurial Startup Activity? An Exploratory Study

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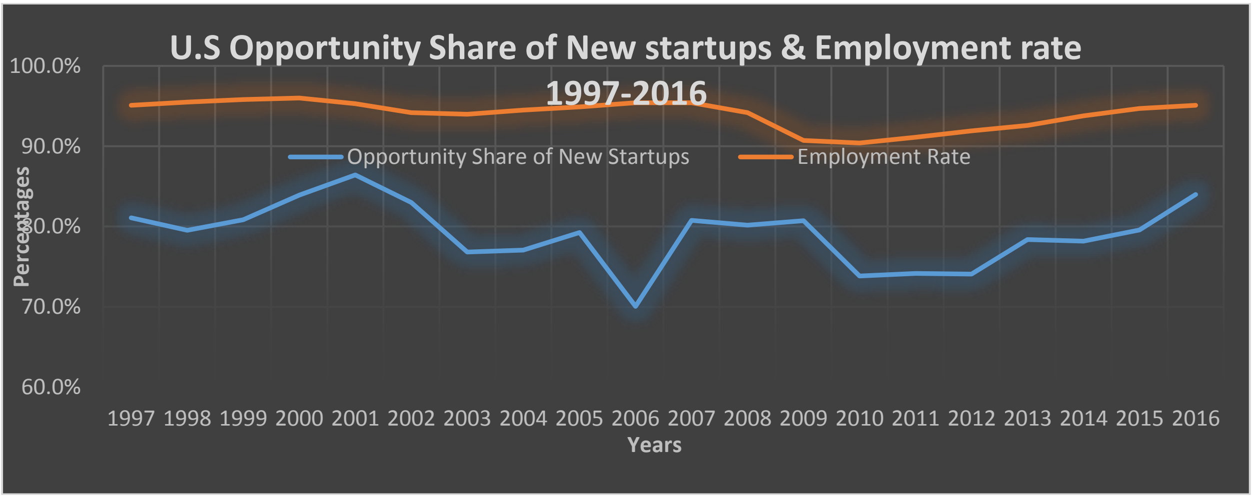
Joe Bell, University of Arkansas at Little Rock
Joe Felan University of Arkansas at Little Rock

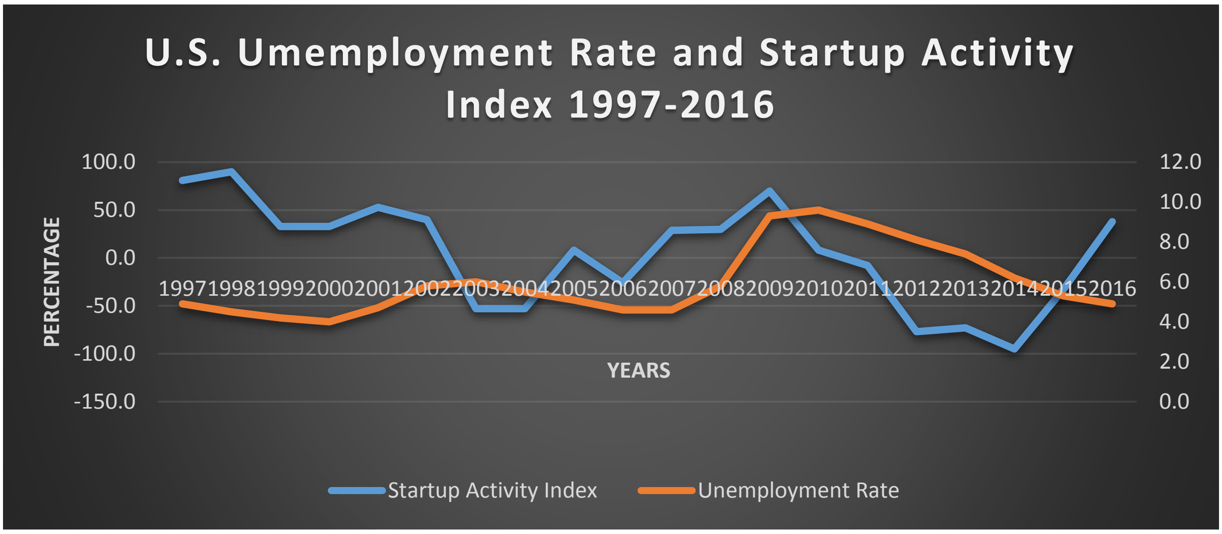
Abstract

What is the relationship of employment levels to entrepreneurial startup activity? Do increasing levels of unemployment “drive” individuals to seek self-employment? As employment increases, does the rate of business closures/deaths decrease? Does broader availability of employment self-select more highly qualified individuals to participate in entrepreneurship, and conversely, preempt participation from less qualified entrepreneurs? Kauffman studies refer to opportunistic startups as the percent of entrepreneurs not coming out of unemployment. Ergo, if more highly qualified individuals are participating in startups, and individuals who are less qualified to participate are not participating, are the rates of closure/death decreasing. Assuming more highly qualified entrepreneurs are better at entrepreneurship, the business closure/death will decrease, or does self-selection of the aspirant, have no effect on business closure/death rates?

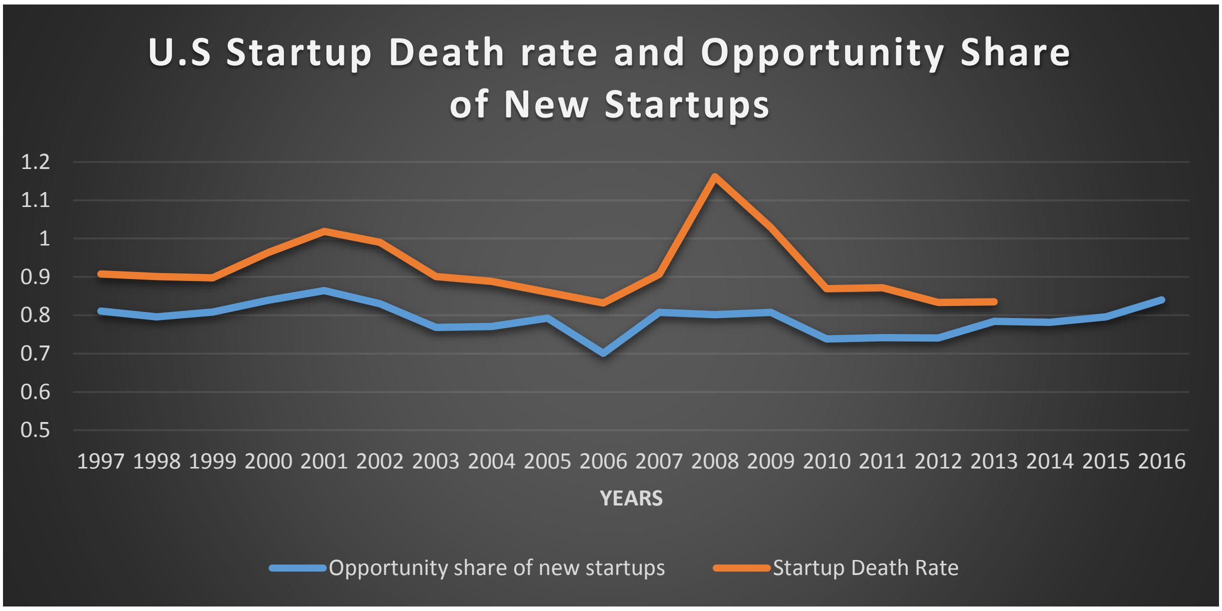


The opportunity share of new entrepreneurs the proportion of new entrepreneurs driven primarily by "opportunity" rather than "necessity.” Necessity entrepreneurs are defined as new entrepreneurs who were previously unemployed and looking for a job-reached 84 percent in 2015 and is now more than 10 percent points higher than it was in 2009, at the height of the recession. Opportunity entrepreneurs are defined as the share of the new entrepreneurs coming out of wage and salary work, school, or other labor market statuses. (http://www.kauffman.org/kauffman-index).

We show a significant relationship between the employment rate and the opportunity share of new startups. This relationship is intuitive in that more entrepreneurs are finding market “opportunities” instead of starting new enterprises out of “necessity.”
The rise of the Opportunity share of new entrepreneurs has been widespread across demographic groups, but with a notable increase for men from 2011-2015 going from 68% to 78%. This means that for every hundred new male entrepreneurs, ten fewer are coming directly out of unemployment now than four years ago.



There was not a significant relationship between unemployment rate and the startup activity index. However, we have found a lag relationship in the two variables. What does this mean? Does unemployment drive startup activity or does startup activity reduce unemployment? This is an area for further exploration and analysis.



We found a significant relationship between opportunity share of new startups and the startup death rate. This was counter to our expectations. The higher rate of businesses that are being created in the economy, the death/failing rate of newly created business also increase. We were expecting to see a slowing or reversal of the death rate with more businesses being created out of opportunity instead of necessity. This is another area that requires further investigation.

This presents some of our preliminary findings in this investigation of drivers of entrepreneurial activity. We hope to receive some feedback from the conference and continue to work on expanding our study and developing meaningful conclusions.

Personal Characteristics of Successful Women Entrepreneurs in Mexico: A Conceptual Exploratory Study

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ABSTRACT

While there has been research to determine personal characteristics of successful women entrepreneurs in developed countries, there is less research in developing countries, including Mexico. This is an exploratory study to develop a conceptual model based on the literature of the personal characteristics of successful women entrepreneurs. The model includes three success variables: balance, resilience, and determination.

INTRODUCTION

Research supports that empowering women and promoting gender equality is key to achieving sustainable development (United Nations Entity for Gender Equiality and Empowerment of Women, 2013). Greater gender equity can make the economy more efficient and improve other development outcomes by removing barriers that prevent women from having the same access as men to staffing, rights and economic opportunities. Giving women access to equal opportunities allows them to have a more relevant social and economic role and thus make progress in the formulation of more inclusive policies (Kok, Deijl, and Veldhuis-Van Essen, 2013). Women historically have had fewer possibilities and fewer rights to obtain and pursue employment. To do this, it is necessary for women to have better educational opportunities. Investing in women and girls has a multiplier effect on productivity, efficiency and sustained local development. Women contribute in the long run to poverty eradication and the promotion of local development (Alvear, 2009). When women have the opportunity to study, access to resources and a place in the political arena, not only improves the quality of their lives, also strengthens economies. Investing in the female gender provides long-term benefits since they are the main caretakers of the future generation (United Nations Entity for Gender Equiality and Empowerment of Women, 2013).

Kok, Deijl, and Veldhuis-Van Essen (2013) suggest that a good strategy for overcoming poverty is the creation of new sources of work and in this respect, small and medium-sized enterprises(SME) play a fundamental role. This fact turns the entrepreneurs into potential economic agents and therefore the success of their entrepreneurship will also be to build a better national economy.

In Mexico, women hold 31% of top management positions (32% in the OECD), 7% of the board of directors of Mexican companies are women (10% in the OECD), and only 2% of Mexican women are businesswomen (compared to 6% of men). However, 51% of the self-employed in the informal sector are women—they sell products on the streets and are not registered as businesses with the government and are not counted in GPD, or pay taxes. This figure increases with the passage of the years and as time passes, the greater the number of women seeking entrepreneurship (OECD Publishing, 2011). In Latin America and the Caribbean, women's entry into the labor market increased by 15%, which has led to the search for economic autonomy (Garrido, 2013).
The participation of Latina women increasingly assumes a leading role in the economy, without neglecting their mother nature (Uriona, 2014). Their contribution to the family income, leads to a complementation with the man to move the family forward despite their low level of education. They are responsible for providing food for their homes, the well-being and comprehensive care of their families, multiple and diverse tasks that require a great amount of time (Marsellés, 2005).

Although we know that women can and do create economic value globally, locally, and for their families, it is a fact that there are more men entrepreneurs than women, and that women have fewer entrepreneurial opportunities than men globally. Although over the years the number of women entrepreneurs has increased and their opportunities have improved in developed countries, they still face obstacles. However, the progress and opportunities for women in developing countries has been slow (OECD, 2012). While there has been research to determine personal characteristics of successful women in developed countries, there is less research in developing countries, including Mexico. Do the characteristics vary by country? Thus, this study contributes to the literature by identifying personal characteristics that can help women succeed as entrepreneurs in developing countries.

THEORETICAL FRAMEWORK

The psychology theory of entrepreneurship emphasized the psychological characteristics of an entrepreneurial individual Schumpeter (1958). For example, studies have examined psychological influences; personal characteristics and the effects of previous experience on the individual in predicting what a successful entrepreneur does (Brockhaus, 1982). According to Schumpeter (1993), an entrepreneur has the "vision", the intuition, of doing the right things without analyzing the situation; has the power to create something new; and strength to overcome the doubt and hostility of their environment (Shumpeter, 1993). Perceived in this way, entrepreneurs need certain psychological traits that help them overcome difficulty and uncertainty. Resilience can be one of these psychological traits.

Another study carried out with Parvin, Rahman, and Jia (2012) showed that women entrepreneurs had a great lack of financial support, self-confidence, administrative skills, information, and face gender discrimination difficulty accessing business resources and have difficulty finding contracts needed to start a business. In addition, women find it more difficult to balance their dedication to their family and to their business, and social acceptance of their being entrepreneurs than men.

Buttner and Moore (1997) found different factors for which women become entrepreneurs. These factors are called "push" factors and "pull factors" (Achua and Lussier, 2014). The factors of "push" are those related to job frustration, lack of opportunities, little or no opportunity to ascend to a better position, economic crises, lack of money, family abandonment, among others. While the pull factors are those related to the desire for growth, pursuit of independence, desire to be your own boss, among others, related to personal development and fulfillment of a plan of life. Buttner and Moore (1997) found that pull factors are more important than push factors when making the decision to start and maintain the life of a company. Being the most important and influential is the desire for challenge and self-determination.

One of the factors by which people can achieve the desired success is due to the balance in the areas of human development. This balance contributes to long-term well-being in order to maintain performance at a high level. Wade (2014) defines a complete executive as someone who can make difficult choices with incomplete information, a leader who can inspire others to superior performance, someone who is able to clearly articulate a long-term vision. The integral executive maintains a balance of physical health. For example, a healthy diet and regular exercise; emotional health as enriching experiences with family, friends and hobbies; mental health such as managing stress and staying motivated; this balance must be present inside and outside of work.

Brown (2006) conducted a study to explain why and how women experience shame and how it affects them, in which they found that recognizing the language of shame allows them to generate more empathy with others to reach out to others and learn to talk about shame, which also helps them to be more resilient to situations.

According to the problems facing women entrepreneurs and the literature on intrinsic factors that can positively affect their success, a three-factor model is proposed below (fig. 1) that includes: balance, resilience, and determination.

Wellness is a human experience related to the present, but also to the future because it is the result of achieving goals. The well-being comes from the balance between expectations and achievements in areas of human interest such as work, family, health, living conditions, personal relationships, sexual and affective relationships (García and González, 2000).

It is also considered a way of life, which is a concept related to the quality of life and well-being; defined as the socioeconomic influence on the daily life of individuals, groups and social classes. The way of life is determined by the biological, psychological and social qualities of each person, which creates a specific lifestyle (García and González, 2000). Life style is defined as a set of behaviors, values and attitudes that people develop depending on how they understand life and their particular schemes of acting, thinking and feeling (Aguado, Calvo, Dessal, Riechmann, González, and Montes, 2012).

The lifestyle includes the habits of the person and personal fulfillment in the spheres of life: work, material culture (clothing, household tools, etc.), personal hygiene, health culture, cultural activity and sociopolitical, social relations and sexuality (García and González, 2000).
To improve the quality of life of working women because of the difficulties they have in combining their work and family tasks, which implies a double working day for married women or mothers (Alywin and Solar, 2002 in Barros and Barros, 2008). This double working day generates stress and a decrease in productivity, absenteeism and sometimes give up work (Barros and Barros, 2008).

A study by the consulting firm Ernest and Young found that the majority of women in high positions had practiced some form of sport at school or at university suggests that participation in sports games is fundamental to the development of women's ability of leadership (O'Brian, 2013).

Researchers of Schwartz and McCarthy (2007) found that employees who went through an energy management program reported improvements in customer relationships, productivity and personal satisfaction because they replenished their personal energy, physical, emotional, mental and spiritual. Thus, there is a need to have balance in four areas of heath: mental, physical, emotional, and spiritual health. Note that these four areas of balance are interrelated.

Mental health. Penedo and Danh (2005) conducted an analysis of a series of studies that suggest that exercise and physical activity are associated with a better quality of life, better functional capacity and better moods. Also, meditation training can improve aspects of care, while suggesting an improvement in sustained attention span that has been linked to long-term meditation practice. They also improve other cognitive processes such as memory capacity and non-verbal intelligence, suggesting that it is possible to produce improvements in mental function that may benefit everyday activities (MacLean, et al., 2010).

Physical health. In recent decades there has been talk of the search for well-being for the development of a sustainable life through personal health care, configured as a cultural and moral

mandate on the practices that people should adopt to improve the quality of life and maintaining good physical health and psycho-emotional balance (Borda, 2015).
Recent findings continue to support that physical exercise and physical activity have beneficial effects on various physical and mental health outcomes (Penedo and Danh, 2005)
The practice of meditation affects the physiological indices of health, such as the response to inflammation in people exposed to psychological stressors, also found that meditators increased the activity of telomerase, an enzyme involved in cell life longer, and therefore longevity (Schutte and Malouff, 2014).

Emotional health. In terms of psychological well-being, it can be defined as a construct that expresses managing day-to-day, ay issues like stress, making and keeping friendships, changing bad habits, and using your creativity (Sharma and Rush, 2014). Psychological well-being is related to the emotional and cognitive part of balance (García and González, 2000).
Also, Sharma and Rush (2014) reviewed a number of stress reduction related studies by combining mindfulness meditation and yoga in an 8-week workout, in which we find that these techniques help with stress management.

Spiritual health.. In order to be able to refer to the spiritual health first one must define what is spirituality. According to Koenig (2008), spirituality is the search for the sacred or the divine through any experience of life, whereas religiosity is defined as the people involved in the beliefs, values and practices proposed by an organized institution. Brady, et al (1999) define spirituality as the way people understand and live their lives in search of their meaning and value, including a state of peace and harmony. It has also been related to the need to find satisfactory answers about life, illness and death (Navas and Villegas, 2006).
The concept of Spirituality has become increasingly important as it goes beyond the limits of religion and morality, especially in the Western world, to become a construct widely studied in the field of health (Koenig, 2008).

According to Ross (1995), spirituality is defined based on three aspects: meaning and purpose, will to live, and faith in one, others or in God (Navas and Villegas, 2006). In recent years, there has been a strong relationship between religiosity and spirituality and physical and mental health in all types of diseases (Hill and Pargament, 2003; Quiceno and Vinaccia, 2009). Research on holistic healing has emphasized the importance of establishing spiritual aspects as essential for disease healing and health management (Whetsell, Frederickson, Aguilera, and Maya, 2005).
Religion and spirituality through their practices of meditation and the use of techniques such as relaxation and imagery, as well as the support of the social group, enable states of "tranquility" that favor mental and physical health processes in people, in three aspects: with themselves, with others and with the future, which implies that they can be used as therapeutic strategies in multimodal psychological procedures (Quiceno and Vinaccia, 2009).
Whetsell, Frederickson, Aguilera and Maya (2005) conducted a study in Mexico to measure the relationship between spiritual well-being and strength with health in older adults, showing a positive relationship; higher levels of spiritual well-being have high levels of health-related strength.

Several studies have been carried out on women with different cancers where increased spiritual dimension reduces stress, emotional disorders, promotes a better quality of life and faces cancer more effectively (Gioiella, Berkman, and Robinson, 1998; Romero, Friedman, Kalidas et al., 2005; Johnson and Spilka, 1991 cited in Navas and Villegas, 2006). In addition, Carson and Green (1992) conducted a study of 100 HIV positive patients by analyzing the relationship between spirituality and

strength, finding a positive correlation; spiritual well-being predicts strength (Whetsell, Frederickson, Aguilera, and Maya, 2005).
It can be seen that Spirituality can become a powerful source of strength, since it enables the individual to make positive changes in their lifestyle and to become aware of how their beliefs, attitudes and behaviors can positively or negatively affect their health (Navas and Villegas, 2006).

Resilience
Resilient can be defined as "good outcomes in spite of serious threats to adaptation or development" (Masten, 2001). Scott and Dweck (2012) demonstrated the impact of students' mentality on their resilience to academic and social challenges. Where they demonstrated that students who believe or are taught that intellectual abilities are qualities that can be developed tend to show greater achievement.

Loh and Dahesihsari (2013) investigated female entrepreneurs in Indonesia and found that one of the characteristics that united all women is their ability to be resourceful and resilient in good times and bad. Brown (2015) also suggested that resilience to vulnerability is a major element in everyday life, and that those who can live day to day in the face of vulnerability are able to understand themselves and make the most of their potential in difficult times.
Resilience has been broadly conceptualized as the ability to recover from adversity and encompasses a dynamic process of positive adaptation (Luthar, Cicchetti, and Becker, 2000) More specifically, several researchers have described resilience as a lasting and stable psychological feature (Block, 1996).

Individuals with high trait resilience have a greater ability to self-regulate dynamically and appropriately than individuals with low trait resilience (Tugade, 2004). That individual difference in adaptation is important and studies have found that some individuals, despite encountering the same risks or extreme warnings of life. They are simply tougher than others. (Loh and Dahesihsari, 2013).

Researchers have also found that resistant individuals show greater stability in the face of adversity Bonnano, 2004), are more flexible when faced with changing demands, more open to new experiences and demonstrate a greater capacity for self-regulation Adversities (J Block, 1996; Luthar, Cicchetti, and Becker, 2000). In other words, resistant individuals are not afraid of taking risks, are flexible, and have the ability to self-regulate themselves actively. In doing so, these individuals expanded their capabilities. These are characteristics and skills consistent with being entrepreneurs. (Loh and Dahesihsari, 2013).

Ayala and Manzano (2014) also studied the existence of a connection between the dimensions of resilience and the success of entrepreneurs. Their results showed that the three dimensions of resilience (resiliency, ingenuity and optimism) help predict business success, finding as a key factor in predicting success in the entrepreneur is ingenuity, both in men and women. However, the optimism in business success is greater for women than for men.
Self-efficacy and resilience are particularly important for entrepreneurship, entrepreneurs or aspiring entrepreneurs need entrepreneurship training, networking events, special conferences and tutoring opportunities to learn from others who have been resilient (Bullough and Renko, 2013).

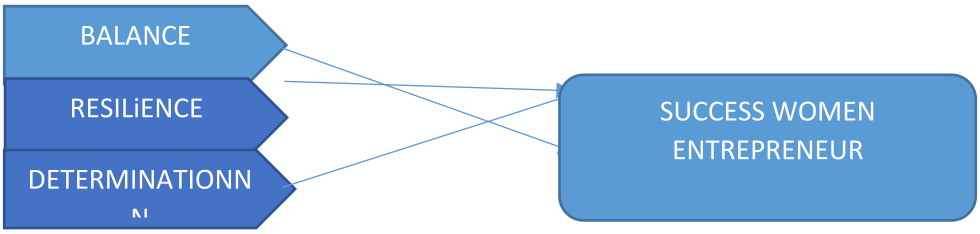
Therefore, the enterprise mainly women sometimes can lead to frustration and discouragement, has shown that resilience is positively correlated with entrepreneurial spirit (Roth and Lacoa, 2009). In addition, it has been shown that resilience is a capacity that can be developed by Ernest and Young (1993) quoted in Rodríguez, Pereyra, Gil, Jofré, De Bortoli and Labiano (2009) (Rodríguez, Pereyra,

and Gil, 2009). However, in the context of patriarchal culture, where masculine qualities are overvalued vis-à-vis feminine ones, the quality of strong and effective in men is associated, and the weakness of women when it comes to dealing with difficult situations
Determination, or as Duckworth, Peterson, Matthews, and Kelly (2007) call it the "Grit," define it as perseverance and passion for long-term goals. Grit involves "working hard on challenges, maintaining effort and interest over the years despite failure, adversity and the goal in progress." Also, Duckworth et al. (2007) found that the determination is not positively associated with IQ, and that university qualifications are only slightly correlated with adult success, so it is more important the determination that the IQ to success in life.

The determined individual not only completes the tasks on time, but also pursues a determined goal for years, sets their goals extremely durable and does not depart from them, even in the absence of positive feedback (Duckworth, Peterson, Matthews, and Kelly, 2007).
Studies, such as Mageau, Vallerand, Charest, Jeanne, Lacaille, Boufard and Koestner (2009), express that self-determined people are those who experience a strong passion for an activity that individuals like, value and which invest time and energy. Distinguish two types of passions: harmonious passion and obsessive passion, and found that both types of determination are positively related to performance.

However, little has been studied about what are the reasons why some women are more perseverant than others in spite of the adversities, most of the studies focus only some personal attributes of the businesswoman, such as the freedom of work and the desire for greater social status (Parvin, Rahman, and Jinrong, 2012; Irribarren, 2013).

Fig. 1 Conceptual Model of Successful Entrepreneurial Women Personal Characteristics



CONCLUSION

As stated, this is an exploratory study. A more extensive review of the literature is needed to further support the current model with three variables of balance, resilience, and determination. Additional variables may be added to improve the model. Further research should clearly state how the variables do in fact contribute to women entrepreneurial success, rather than just to women for general life success. Further research can also be extended to compare the need for the variables between men and women. From the global perspective, do the variables in the model vary among developed and developing countries, further include other variables as altruism, and personal attributes.

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BEST PRACTICES

Tearing Down the Silos: Pairing Business and Engineering Students on the Same Senior Capstone Consulting Project

Ken Klotz, Bradley University

While it is common for both business and engineering colleges to place seniors on teams to complete capstone projects, it is quite rare for them to be placed on the same team, working on the same project, for the same client. Bradley University has been doing so for the past five years in a program entitled the "Business & Engineering Convergence Projects". Teams of four engineering and four business students work their entire senior year in tandem to complete an innovation based project for a client company. The projects are intended to mimic the innovation development and commercialization process used in industry today.

The engineering students are tasked with designing a new product, feature, or process, usually with a prototype as a deliverable. The business students provide a comprehensive industry, competitor, and market analysis, complete voice-of-customer interviews, design a market entry strategy, and produce a financial assessment of the potential for the innovation. The engineers learn from their teammates about market assessment, feasibility, and how to incorporate customer feedback into the design process. Business students learn about design constraints, finite element analysis, and the prototyping process.

Examples of past projects include: 1) product development and commercialization strategy for a hemodialysis catheter that has a longer useful life than current designs; 2) creating a lower cost mounting structure to enable solar panel arrays to be added in remote locations that currently rely exclusively on diesel generators for power creation; 3) re-design of a nozzle for a gas turbine to allow it to use alternative fuels, and creation of a market entry strategy.

At this Best Practices session attendees will learn how the program is designed, administrative and structure issues, and perhaps most helpful, the pitfalls to avoid when launching such a program. Attendees will receive all of the materials they will need to create their own similar program, including the client project proposal form, a description of the Four-Gateway approach used, a listing of typical business deliverables, the grading rubric used, and a handout on lessons learned, aka "things I screwed up the first time".

Steve Jobs Said: You've Gotta Be a Little Crazy

Jimmie Flores, Kaplan University
Teresa Lao, Grand Canyon University
Matthew Gonzalez, University of Charleston, WV

Ready! Aim! Fire! Fire! Fire!

Like nearly everyone else, I've heard that persistence is the key to success. You must develop a good plan, start working on it, and stick with it. You've heard that overcoming obstacles takes a committed approach. You must keep working the plan even when times get difficult. Success is never achieved overnight. Hard work, persistence, motivation, and passion are all needed to get the work done and to finish the work you have started. Successful people do not conquer the trophy in the end because they are just good. They are persistent no matter how tough the situation may be. They are very resilient even when people say they will not succeed.

While watching a YouTube of Steve Jobs and Bill Gates, someone asked Jobs the keys to success. He talked about being passionate about the work you're doing. You must have a clear vision, and you must persevere knowing that success is far from easy. As Jobs continued, he said, "You know … you've gotta be a little crazy." In the context of the conversation, he meant that making it big requires that one ignore all the rationale reasons why something will not work. The fact is that the reasons for falling short are apparent. You know why something cannot be done.

It's Too Difficult

Launching a new product or service into the marketplace is tough. Before the iPhone, there was no iPhone. However, the technology was evolving, and the consumers were willing to take a chance on a device that gave them more control while on the run. Steve Jobs mentioned that the iPad was scheduled to be first on the market, but he soon realized that the iPhone has more immediate potential … and he was right.

People Will Talk Bad About Me

Being the topic of conversation is actually good. "Did you see what Jon is doing now?" "You know Marybeth has that crazy business idea!" "Ryan is flying to California to meet with an investor. He's never home!"

You will find that many people speak negatively about those who are making waves. It's the easy thing to do, and the undercurrent is usually envy. Notice the things that are said about those who are doing nothing: "Harry is having a tough time!" "Ginger has three kids, and it's tough for her to find a job. Poor soul!" "Michael just lost his job. That's not right!"

Think Crazy

Thinking crazy means that you look at the upside. While you might fail along the way, the goal is to keep trending up. The other point here is to stay in the corridor of opportunity. It's important to keep meeting people who are doing innovative stuff. By staying engaged, you will soon have your chance. When the chance arrives, you must be prepared. One saying goes, "When we are not prepared, the opportunity will make us look like a fool." Therefore, you should develop the skills and knowledge base necessary to do well in your profession. While perfection is not required, competency is necessary.

The YouTube clip in which Steve Jobs discussed the “crazy” point was just a couple of minutes long, but message is enormous. If you are “normal,” you can expect “normal” results, which means that you are in the middle of the pack. However, when you are ready to create a tidal wave, a tsunami, it’s time to be crazy!

Syros International Seminar

Debra Sea, Bemidji State University
Nikos Leandros, Panteion University
Nikco Bakounakis, Panteion University
Meral Özçınar, Uşak University
Dikaia Chatziefstathiou, Canterbury Christ Church University

The Syros International Seminar is an annual 10-day experiential learning experience held on Syros island, Greece. Each year, twenty students who are majoring in Media Studies, Mass Communication, Marketing Communication, Radio/TV/Film, Business Administration, Public Relations, Social Sciences and Biology participate in the seminar. Students from around the world are immersed in the culture, history, natural beauty, food, and local economy of a unique place. Syros is a small mountainous island in the Aegean Sea located about 4 hours by commercial ferry from Athens. The island has a rich history that spans from prehistoric times. Architecture offers exquisite examples of Churches, Neoclassical buildings, old mansions, and whitewashed houses. Even the religious practices of the island are unique – the Greek Orthodox and Catholics synchronize their Easter calendars so that everyone can celebrate at the same time.

St. Nicholas Church, Hermoupolis, Syros

Students and faculty meet at the Piraeus Metro station in Athens and are ushered to the ferry for transport to the island. After arriving, students and faculty stay in a family run hotel in Galissas, a small village on the island, and share a room with someone from their home country. Students from Greece, Turkey, France, Germany, Slovenia, Hungary, Spain, Italy, China and the United States have participated in the seminar.

Ferry - Hermoupolis, Syros.

Faculty from Greece, Turkey, UK, and the U.S. give English lectures on history and civilization, entrepreneurial creative industries, sporting mega events, storytelling, photography, and video techniques. Field trips to the local Chamber of Commerce, City Hall, cathedrals, opera house, and open air movie theater give students a good understanding of the local economy of Syros.

But what really makes the seminar unique is the experiential learning. Students work together on multinational teams to create content (slideshows, feature articles, videos) about the island. From the first day, the students are assessed for team assignment by the faculty for English communication and content making skills. Students are assigned to teams of about five members and each team must have at least one fluent English speaker and one person who is skilled at creating content. Working on these teams is challenging and often stressful. Students learn about themselves and each other. They have to quickly learn how to communicate and work together to meet tight deadlines. Yet, these difficulties bind the students together and they develop extremely close relationships by working through the difficulties. Many friendships made last far beyond the duration of the seminar.


Students from China, France/Canada and Turkey.

Dubbed "study-abroad lite" or "summer school," the Syros International Seminar offers students an inexpensive opportunity to experience the history and culture of Southern Europe. The cost of about $700 includes ferry transportation, the seminar, shared lodging, and two meals per day. For most students, Greece feels very foreign – the alphabet, food, climate, personal space allotted, and even toilet paper disposal are very different than they are used to.

The Syros International Seminar builds multicultural understanding and an appreciation for our differences and our similarities. The students expand their worldview and gain a deeper understanding of themselves, each other and their connection to the news events of the world. News about Brexit, the Ankara airport bombing, the attempted coup in Turkey, terrorist attacks in France, the elimination of VPN access in China, and the economic difficulties the people of Greece continue to experience become meaningful because they now care about people who live in these countries.

As the seminar faculty, we want to encourage the development of other multinational seminars because we believe they make the world a better place – twenty students at a time. We see and encourage the friendships as they are forming, we mentor the teams and help them work through their difficulties, and we laugh as we celebrate their successes every day. We are very much looking forward to Year 4 of the Syros International Seminar from June 28 – July 8, 2018.

Graduation dinner – students from USA, France, Italy, Turkey, and Greece.

Student responses have been very enthusiastic. Here are testimonials from the U.S. students:
"It was the best experience, ever. I met the most amazing people and learned how to do things I never learned in college . . . I am a better person." –R. B.S. Biology (USA)

"It meant a lot to me because of my cultural background by traveling to my grandparent's home country. I learned a lot about myself while working on these teams, and had a really great time overall." – A. B.S. Marketing Communication (USA)

"I went to the Syros International Seminar in hopes of learning more about marketing, and journalism but came back with so much more. While I did learn plenty about these things, what was really important to me was learning to work with people from many different cultures. The way we learned and worked was often times very different, but eventually we figured it out and came up with great things. This skill was more valuable than I had ever imagined it would be. Beyond learning, I left Syros with lifelong friends and an appreciation for their many cultures. Going to the Syros Seminar shaped me in many ways, and I would go back one thousand times over." – L. B.S. Marketing Communication (USA)

-T. B.S. Mass Communication (USA)

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SBDC BEST PRACTICES

Best Practice: Experiential Business Classes and SBDC Clients

Jana Minifie, Texas State University

ABSTRACT

The mission of Small Business Development Centers (SBDC) is to foster small business success. The capacity of SBDC offices to serve the small businesses in their areas is limited by the manpower/staff resources available. Every year, about 40% of those small businesses seeking assistance with the SBDC must be directed to partner organizations. To capture some of these entrepreneurs, a program was developed in conjunction with the host university. Two different collaborations between the host university and the local SBDC and one without the SBDC were evaluated for best practices. This research will present the best practices learned from implementing these programs.

INTRODUCTION

In 1980, President Carter signed legislation enacting the Small Business Development Center (SBDC) into law (P.L. 96-302). SBDC centers are a partnership with Small Business Administration (SBA), state governments and a host college or university. With over 1,000 centers, SBDCs work within local areas to foster small business success from new startups to growth strategies. In 2016, SBDC clients opened a new business every 33 minutes, created a new job every 5 minutes, generated $100,000 in new sales every 7.5 minutes, and obtained $100,000 in new capital every 11.4 minutes. (americassbdc.org, Our History, 2017)

SBDC employs a professional staff of business advisors, trainers, and researchers. They work with aspiring and current small business owners with comprehensive, confidential business counseling at no cost to the client along with at-cost training services. SBDCs across the country have a proven track record of assisting small businesses. The federal government’s return on investment is $2.31 of every dollar at the federal level and $3.17 at the state level. (americassbdc.org, Resources, 2017) The average job growth for SBDC clients is 17.6% versus 1.8% for the national average. Sales growth of an SBDC client is 16.8%, which is four times greater than the national average of small businesses.

SBA appropriations, as a collective, have varied since fiscal year 2000, with a high of $1.6 billion in 2010 to a low of $455.6 million in 2007. (Congressional Research Services, 2017) Congress specifies appropriations for the SBDC program and the Microloan Technical Assistance program. Although recommended appropriation amounts are not legally binding, the SBA has traditionally adhered to these funding levels. SBDC is funded by grants from the SBA and matching funds from state governments and the host college or university. Although the appropriations for SBDCs has increased from $84.1 million in 2000 to $117 million in 2016, this increase has been less than the rate of inflation. Thus, local SBDCs need to find ways to increase performance metrics since additional resources are not likely to occur soon. At the time of writing this manuscript, the appropriations for the SBA and SBDCs under President Trump have not been released. Also, the funding at the state level in Texas for state universities for SBDC has not been approved.

At the local level, the South-West Border SBDC has been very successful in the central Texas region. They have been a driving force in the economic development of the area. Through the success of their clients, they have accomplished the following in 2016 (SBDC, 2017):

Service Results	2016	Economic Impact	2016
Total Businesses Served	29,571	Jobs Created	6,011
Trainings, Seminars, & Classes	1,156	Jobs Retained	6,443
Training Participants	22,474	New Financing	$291,097,000
Consulting Cases	7,097	New Sales	$740,538,000
		New Startups	590
		Business Expansion	499
		New Tax Revenue Generated	$78,534,767
		State Taxes Generated	$62,797,660
		Federal Taxes Generated	$15,737,107

Table 1: Economic Impact of SBDC in Central Texas

The success of small businesses working with the local SBDC increases their chances of success. Here in the Central Texas area, the average sales growth for a SBDC client is 23% versus -1.4% for the average Texas business. Employment growth has shown similar success with the SBDC client with an average growth of 16.2% and the average Texas business with 2.4%. The long-term assistance from the SBDC is very valuable in terms of a public policy perspective because of the new tax revenue generated at the state and federal level. The South-West Texas Border SBDC has a return on investment of $15.26 for every $1.00 invested.

To assist as many clients as possible, local SBDC offices partner with other organizations. Through a *Ready, Set, Launch* workshop along with partners Big Austin and Service Corps of Retired Executives (SCORE), these bi-monthly workshops are a first-time introduction of local entrepreneurs with the SBDC. Majority of these participants are not in the position to start their businesses. They have an idea for a business, but no business plan, experience, funding, or knowledge of how to start a business. Others come to the workshop; they have started their business but now need to get funding to expand their business. Due to the limited capacity of the SBDC professional staff, not all of those attending the workshop can become clients. Approximately 40% of these entrepreneurs are partnered with Big Austin or SCORE for assistance. There is no metric to follow up on these entrepreneurs to determine what happened to these individuals.

The mission of the South-West Texas Border Small Business Development Center Network is to foster small business success. They are missing out on the opportunity to work with those entrepreneurs that are being sent to partner organizations. To find a solution, where budgets are shrinking and an increase in demand for small business services, a solution was determined that met both the mission of the hosting university and the SBDC.

EXPERIENTIAL LEARNING

The Association to Advance Collegiate Schools of Business (AACSB) International revised their standard for accreditation of its member business schools. These revisions were in response to the new challenges of creating value by graduates in the fast changing global business world and society. These new revisions of the standards, will require business schools in (re)accreditation by AACSB International to provide evidence of ongoing improvement in three areas: innovation, impact, and engagement. (AACSB, 2013) At the core of these revisions, is that business education needs to be value-driven. Students need to be engaged in the “real-world” learning, away from “safe” lecture classroom learning environments, creating business knowledge by engaging in meaningful interactions among faculty, students, and community members. Business colleges and universities are looking toward experiential learning methods to meet these revised standards. (Kosnik, Tingle, & Blanton, 2013)

Texas State University, McCoy College of Business, is the host institution for the South-West Texas Border SBDC. The McCoy College of Business mission includes '*fostering business community relationships with primary emphasis on small and medium-sized businesses*' and '*enhance the student learning environment*.' The McCoy College of Business is AACSB Internationally accredited, it also has the added requirement of demonstrating that teaching, research, and service is having an impact on their specific discipline. Faculty is being encouraged to incorporate experiential learning (service-learning) into their classroom.

One such class in the College of Business is the Integrated Field Studies class; a senior level undergraduate course where students work with community partners (for-profit, non-profit, and public organizations) by applying business school learning objectives to meet the community partner need. The college wanted to leverage partnership between the SBDC and business students.

To determine the best method of inclusion of a partnership with the local SBDC, three different scenarios were developed:

1. No involvement with SBDC clients. This would serve as the benchmark case.
2. Work with specific SBDC clients on projects that were beyond the scope of the SBDC professional advisor.
3. Train students to be professional advisors to assist with potential clients to bring them to the point of startup. Being an intermediary between business idea to becoming a SBDC client.

Bench Mark Case

The instructor found clients for the class. These included a local for-profit, 2-local small businesses (for-profit), a national business (for-profit), and 2-regional public organizations. The students self-selected teams. Teams ranged in size from 2 to 5 student members. Team leaders were selected from a pool of students that completed the pre-course requirements. The class followed the experiential learning as described in *The Experiential Student Team Consulting Process: A Problem-Based Model for Consulting and Service-Learning* (Cook, Belliveau, & Campbell, 2016).

Teams spend the first 3 weeks of the semester (15-16 weeks in length), researching their client. They develop an industry analysis, competitor analysis, and client analysis. From this research, they develop an initial Letter of Engagement (LOE). The LOE is a summary of their research along with their initial client need(s) statement. The student team then meets with the client. Together with the client, the final deliverables are determined. The faculty member just reviews for reasonableness, that the deliverables can be accomplished in the time allowed.

The next 10-weeks are spent working on the deliverables. Client consultations are conducted as needed to complete the deliverables. The last few weeks of the semester are spent working on the final report. During the final exam time period, the teams present their findings to their client. The client has a chance to ask questions and provide feedback on the quality of the work.

Work With SBDC Clients

In another long semester, current SBDC clients were selected to work with business student teams. Three clients were selected from one SBDC professional advisor. The clients included 3-local small business owners – sound equipment manufacturer, children's book publisher, and a bread manufacturer. Two of the businesses were all in early stages of business startup, whereas the third was in the growth stage. The class followed the same basic format as the bench case semester. Teams were self-selected and the student team selected team leaders. The SBDC professional advisor met with clients to discuss expectations regarding the student consultants prior to meeting with the students.

Train Student-Advisors

The SBDC regional director and course professor, collaborated in revising the course to train students to become SBDC student-advisors. Through extensive planning during the summer, the course was revised. The course was redesigned to include a 9-hour training session on how to be a student-advisor with the SBDC. The training included understanding the mission, vision and purpose of the SBDC, learning lean canvas, and participating in a mock presentation with a SBDC client. Forms were reviewed to capture metrics of the service-learning course from the student perspective as well as SBDC required forms.

Students were paired in teams that included a mix of entrepreneurial and non-entrepreneurial majors. Teams identified 3-hour blocks of time during the week that they would be able to meet with a potential SBDC client. All meetings with clients were held at the SBDC offices. In the first meeting, a SBDC advisor met with the client while student team members observed. In the second meeting with a client, the student team led the meeting with the SBDC advisor observing. During the second meeting the final LOE for the client was determined. Deliverables were determined for both the client and student team members. For all additional meetings, either the faculty member or SBDC advisor met with the students and their clients. Student teams conducted research on their own time, not necessarily in the 3-hour block identified for client interviews.

RESULTS

To evaluate the effectiveness of the three scenarios, metrics included:

- a comparison of the number of service-learning hours,
- satisfaction with the course learning objectives,
- client satisfaction with team results,
- student satisfaction with working with clients,
- long-term potential of deliverables by student team members to their client(s).

Service-Learning Hours

To evaluate how much time the students spent on their client project, service-learning hours were self-monitored by the student. A time sheet was kept by the student to capture the time spent on doing any activity related to the project. See Table 2.

Activity Log (Print Name): _____________		
Please log the total hours dedicated to Offices for Service-Learning. Round to the nearest quarter: 15 minutes = .25 30 minutes = .50 45 minutes = .75 1 hour = 1.00 Explanation: i.e., Class Meeting, Outside of Class Meeting, Research (list topic and data base), Writing/Editing, E-mailing Team Members/Client		
Date	Explanation	Total

Table 2: Student Hour Weekly Log Example

At the end of the semester, students provided their self-reported service-learning hours to the professor. These were then tallied by team and then for the class as a whole. The hours for the three classes are as follows:

Course	Total Hours	Number of Students	Hours Per Student
Benchmark	2208	23	96.0
SBDC Clients	1351	19	71.1
SBDC Advisor	1349.5	16	84.3

Service-learning hours are captured for both direct and indirect time spent working on client research. Direct time spent included hours that was used to conduct primary and secondary research, driving to/from the client meetings, emails/phone calls with the client, and actual client meetings. Indirect hours included training sessions, general

Best Practices

This workshop will highlight the best practices learned from this new way of offering the student-consulting course. The presentation will include a template for syllabus, handouts, and metrics derived from the course.

This workshop will present the metrics, from both the university and SBDC perspective, which this first class yielded. The lessons learned will also be presented at this session that will be incorporated into future classes. We will also show how the goals of the SBDC and university are being met through this collaboration. Not only is this a win-win for the students and clients, it's a win-win with the relationship building opportunity between the SBDC, the university, and faculty.

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The Doctor Gave Her Only One Crutch

Jimmie Flores, Ph.D., Kaplan University
Teresa Lao, Ph.D., Walden University

Abstract

The scope of this paper is to address the daily issues of resource management, expectations amongst stakeholders, communication lines, funding sources, and the decisions leadership are confronted with on each and every project. Readers will walk away with outcomes addressing these project management principles to apply to their daily programs, projects, and oversight of personnel.

While heading to teach a Project Management course, Jimmie ran into a colleague making her way to teach a Database Management course. From a distance, he noticed that she was limping along with just one crutch. Knowing that she needed assistance, Jimmie approached her and asked how he could help. With the crutch on her right side, he provided balance by allowing her to hold Jimmie's arm. She continued to limp, and they made several stops, but 15 minutes later, they arrived at her office.

The Story

While helping her along the way, she shared the story regarding her accident. Over the weekend, she fell while rock climbing, which caused an ankle injury. She did confess that she did not use the harness, which is recommended for this strenuous activity.

She went to her doctor, and he diagnosed her injury as an ankle sprain. He recommended no physical activity, especially rock climbing, for at least a month. Given that she needed assistance to walk, the doctor prescribed crutches. However, her doctor had two patients this day who both needed crutches. Therefore, he decided to give each one crutch.

Does this make sense?

Jimmie broke his leg while playing high school football, and was assigned crutches for 10 weeks. It was difficult enough to navigate with two of them, let alone one of them. Part of using crutches is learning to balance. You can imagine the difficulty of walking with just one crutch, especially when considering the pain of a recent ankle sprain.

Business Application

Let's talk about how this example applies to our work in the business community. How many times do we ask our employees to perform work without providing them with the tools and training needed? In essence, we set them up for failure.

Here is how management can help us succeed:

- Set clear expectations: ensure that all team members understand the end result. In essence, communicate the vision. While the leadership team sets the direction of the organization, the front-line employees execute the work.

- Provide funding and resources: Money is needed for many reasons, including for training and development. You must also ensure that resources are available, including people and equipment.
- Remove obstacles: When barriers are encountered, such as when you need information from another department, the management team needs to help with this effort. It’s important to understand the corporate culture. In some companies, decisions are made quickly, but this process is far slower in other organizations.
- Providing encouragement and empowerment: Excellent management is focused on motivating the team. Motivators include providing challenging work, recognizing excellent work, and creating a fair advancement program. Empowerment also means that individuals are well-trained, and allowed to make mistakes during the learning process.

Project Leadership

The situation I observed today with my colleague showed that even highly-capable individuals can be slowed down when they do not have the right tools. You have many individuals within your organization that can be top producers, but you must provide the environment for them to succeed.

The question becomes one of leadership! Did the doctor do the right thing in trying to mend two issues/people with limited resources. Or, is it better to focus resources on the ones that will return the better return. Tough to say when dealing with human resources, but with limited budgets, outsourcing, project trends, and a need to continually perform it may make sense to focus on ensuring those who lead (in this case the doctor) know what the priority is given leadership impacts stakeholders. Ponder these leadership questions:

- Is it better to talk about leader when their present, or when they're not present?
- Can resources who are receiving less than 'adequate' resources impact the decisions toward leadership upward?
- In a culture of agility, lean, and ever-changing project practices...why would an organization have their leaders work with less than adequate resources?

INNOVATIVE EDUCATION, TEACHING, AND PEDAGOGY

Business Information Literacy: Identifying Methods for Measuring Success

Diane K. Campbell, Rider University
Ron Cook, Rider University

Abstract

Being able to identify and assess information is key to good business decisions, and market research is vital to any successful business plan. Many entrepreneurial studies professors include business information literacy training in their courses, either implicitly or explicitly. A partnership of many years standing between a professor and a business librarian has led to students' increased success with finding and incorporating the most recent and reliable information in their business plans, but there is a need to be able to assess this skill reliably.

Further, the authors' university has challenged the faculty with assessing information literacy campus-wide, in preparation for re-accreditation with the regional accrediting body. This effort, combined with previous measurements, has led to much discussion and "assessment" of assessment instruments and practices. Participants will learn about issues that have arisen in this process. The presentation will then discuss current rubrics for information literacy, and how they can apply to business information literacy. It will also cover several techniques for assessment, and their pros and cons. Participants will be apprised of current thinking on information literacy assessment, the challenges of business information literacy, and will be introduced to two rubrics that have been found to be of value.

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Using WordPress.com for Class Assignments

Debra Sea, Bemidji State University

WordPress.com is a content management system (CMS). It is user friendly web publishing software that is used to manage and publish content, which includes written, photographs and videos. WordPres.com has become an industry standard used by many companies including -- Time, Inc., The Walt Disney Company, TechCrunch, Sweden's Official Website and our website at Bemidji State. Using a content management system is a useful and in-demand skill - a recent search of indeed.com for the key words, "Content Management System" (CMS) brought back 10,000 potential jobs and "WordPress" over 2000 jobs. Many of our graduates have told us that learning WordPress has given them an advantage in gaining internships and at their first job.

WordPress.com is a simple and effective way to start your students designing web pages and blogs. WordPress.com is popular because it is user friendly and easy to learn. You and your students can use the web editor without learning HTML code. WordPress.com has many features that are free and also offers abundant help forums if you need assistance. In the Integrated Media Department at Bemidji State, WordPress.com assignments are used in four courses – including First Year Experience, Media Ethics and Law, Culmination/Portfolio and e-Marketing.

The First-Year-Experience course is required for all incoming freshman at Bemidji State. The mission of the course is to help students be successful academically and to get students engaged in campus activities so that they will return the next semester. I use a WordPress.com assignment to help them document their campus engagement. Students install the mobile version of WordPress.com and take a minimum of two photos per week using their phones or iPads. They create a simple WordPress.com website that displays their photos. To keep the students on track, they present their work to the entire class -- two photos at the mid-semester time and their best three photos at end of the semester. Some of the students share their WordPress.com website with their friends and family members. Students have the option to continue posting to the website for the entire time at Bemidji State if they want to.

The Culmination/Portfolio course is a sophomore level course that is required of all Mass Communication and Marketing Communication majors. The culmination course helps our students focus their efforts to become as marketable as possible when they graduate. students create a personal mission statement, write or revise their resume and create a LinkedIn Profile. They also collect their college and internship work and present it as a portfolio. Students create a Wordpress.com website with separate pages for their resume, mission statement and portfolio (written content, print and radio advertisements, and videos). This helps streamline the internship and job application process – students can send future employers a link to their website.

The Media Ethics and Law course is a junior level course that this required for the Mass Communication major and the Mass Communication minor. One of the assignments that students complete at the end of the semester is to write their personal code of ethics. The students create a simple WordPress.com website and post the code of ethics to the website. Some students add the Code of Ethics page to their professional website to share with future employers.

The e-Marketing course is a junior level course that is required for Marketing Communication students. Students use WordPress.com create a website for a local company of their choice or they can create a personal website directed at applying for a job with one company.

My students enjoy this assignment because they know that they are learning a valuable skill that they can use. At first, it is difficult for some of them to learn (even the "Digital Natives"), but with a little patience, understanding and good step-by-step instructions, they are able to learn to create pages, posts and update content in a couple of class sessions.

The Infinite Benefits to Students of a Service-Learning Human Resource Management Project

Timothy C. Dunne, Boise State University

Higher education institutions and educators alike share the concern that graduating students will be deficient of the skills that will provide them benefits that will help land them a job, as well as lack the experience to make a seamless impact for an employer. I share this concern, sometimes questioning whether the knowledge I *think* I am providing to my human resource management students, will transfer to the job market and to the workplace.

In order to lessen this concern, I worked with the Service-Learning Program at Boise State University to design a project that would give students some hands-on HR experience that would not only help them as a future manager, but also equip them with knowledge and skills that can give them an advantage on the job market. What I ended up with however, was a project that would accomplish those goals, but also provide benefits that would extend much beyond human resource management.

Best Practices attendees can expect to:

- Hear about an HR project used to engage students
- Learn about the multiple benefits students receive from the project
- Gain insights about how to leverage Service-Learning in the classroom
- Expand understanding of issues related to refugees and the labor market

Project Description

Students took part in a project where they collaborated with the International Rescue Mission (IRC) to improve the employment situation of refugee women displaced in the United States. The IRC described a common problem that refugee women often have a more difficult time finding employment than refugee men and than other groups of women in the labor market.
Students used a two-step procedure of collecting data from groups of refugee women about the challenges they face regarding employment, and then followed up with small businesses in the community to investigate employers' perceptions of the potential employment opportunities of refugee women.

To access the necessary information, students met with local refugee men and women to explore the numerous factors (i.e. cultural, educational, societal, etc.) factors that make employment difficult for refugee women. Students also interviewed IRC offices across the United States to find out best practices for refugee employment. Finally, students conducted interviews with local small business owners and managers (with a focus on professional women), to ask questions that would reveal how many individuals perceive the employability of refugee women.

Human Resource Benefits

Students conducted focus groups and other interviews with refugees or refugee-assisting organizations in order to gain an understanding of the true challenges refugees face regarding employment. This benefits students by allowing them to see through different lenses what various individuals face regarding employment. Expanding student's ideas about careers, work, jobs, interviews, etc. is an established way to bolster career success (Gault, Redington, & Schlager, 2000). Learning about diversity in this context provides students the opportunity to see – beyond textbook descriptions – how diversity on many different levels, impacts small business practices.

Students also conducted interviews with local professionals to uncover information related to how they perceive refugee women, in general, and how that *might* influence their human resource related decisions. The opportunity to talk to and investigate how managers and small business owners process information before making hiring decisions should be very useful to all students – and especially HR students. It not only reinforces topics related to class, but it also provides students with information about what employers will be looking for on resumes and in interviews, which should benefit them when they are on the job market.

Benefits beyond HR

Students also were given the opportunity to meet and get to know local refugees who have been displaced by civil wars in different areas of the world. With the often politicized issue of refugees in the U.S., it is easy to not see how real lives are impacted. Thus, even though this did not begin as the goal of this project for human resource management students, it certainly has become the prevailing benefit to students.

Conclusion

This approach to using a Service-Learning project with human resource management students provides many benefits to multiple groups. First, it benefits students by providing them with information that will help them get good jobs, transition effectively into their careers, and with an expanded perspective of society. Second, it benefits both the IRC and Boise State University by introducing a partnership between the two institutions, and by providing them with information that can potentially help both. Finally, the results of the project will hopefully provide benefits to refugee women who face many challenge not faced by other segments of the population.

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WORKSHOPS

2017-2018 Human Resource Update for Small Business and Entrepreneurs

John Hendon, University of Arkansas Little Rock
LeAnne Coder, Western Kentucky University
Timothy C. Dunne, Boise State University

Abstract

This workshop will consist of a group of invited panelists who will discuss the changes in Human Resource Management (HRM) practices that have occurred in the past year. HR Management continues to change at a rapid rate, due in part to the change in Presidential administrations, with a number of changes occurring in the definitions of protected class individuals (including internal arguments concerning those definitions within the government!) as well as continuing changes in the health care landscape, recruiting and selection processes, and many other issues. Each of these issues has the potential to affect small businesses as well as larger corporations, but most small business owners and managers do not have good operational knowledge of them. This workshop will brief conference participants concerning the topics that consulting clients need to be made aware of.

The Program

The program will be broken down into discussion of federal agencies and their regulatory changes, in addition to providing a briefing on changes to Executive Orders in the past year. Large scale changes (or proposed changes) have been made in regulations controlling the National Labor Relations Act (NLRA), the Fair Labor Standards Act (FLSA), the Occupational Safety and Health Act (OSHA), the Equal Employment Opportunity Commission (EEOC) and Title VII of the Civil Rights Act of 1964, along with some changes within the Department of Labor and other federal government agencies.

The session will provide faculty with the necessary information with which to avoid errors in recommendations resulting from student or faculty consulting projects.

Publishing in the Journal of Small Business Strategy

William C. McDowell, Bradley University
Michael L. Harris, East Carolina University
Joshua R. Aaron, Middle Tennessee State University
Raj. V. Mahto, University of New Mexico
Whitney O. Peake, Western Kentucky University
Jerry Kudlats, Jacksonville University

Workshop Description

The *Journal of Small Business Strategy* (JSBS) is one of the premier products of the Small Business Institute®. The journal is currently in its 28th year of publication, and it continues to grow in terms of reach, reputation, and submissions. This upward trend should be a source of pride for our organization, and those of us on the editorial team would like for you to continue to view JSBS as "your journal." Articles found in JSBS continue to be a resource for scholars around the world, and we can now boast over 100,000 full article downloads from our own website alone over the past two years.

Our goal at JSBS is to continue to facilitate quality research in the areas of small business and entrepreneurship. The purpose of this workshop is to help the members of the Small Business Institute® better understand what we look for in submissions to JSBS. This workshop will focus on three distinct aspects of the journal, each with unique presentations, and general information in regards to publishing within the journal. Thus, the workshop will be broken down as follows:

1. A presentation about general guidelines and research tips for publishing in JSBS
2. A panel discussion including questions and answers with the editorial board concerning what they see in submissions, their assessment of reviewers' viewpoints, and what they look for in determining acceptance or rejection (Joshua Aaron, Raj Mahto, and Whitney Peake)
3. A presentation about qualitative papers and what needs to be included in order to increase chances of acceptance as well as what you as a reviewer need to look for in these papers as the numbers of qualitative manuscript submissions continues to increase (Jerry Kudlats)

In addition, we will also discuss the steps we are taking to secure impact factor ratings and what you can do to help with this process. This takes all of us working together in order to move JSBS forward.

Presenters and panelists include:

Dr. William C. McDowell is Professor and chair holder of the Turner Chair of Entrepreneurship in the Foster College of Business and the Executive/Academic Director of the Turner School of Entrepreneurship at Bradley University. He currently serves as the Editor-in-Chief of the Journal of Small Business Strategy. He serves on the board of governors for the Global Innovation and Knowledge Academy, and has served in multiple roles, including President, of the Small Business Institute®. His research focuses primarily on Entrepreneurship and Small Business.

Dr. Michael L. Harris is Professor and Chair of the Department of Management in the College of Business at East Carolina University (ECU). He is also Interim Director of the Miller School of Entrepreneurship at ECU, and Co-Editor-in-Chief of the Journal of Small Business Strategy. His research interests include entrepreneurial attitudes and intentions, strategic and rural entrepreneurship, and entrepreneurship education.

Dr. Joshua R. Aaron is an Associate Professor of Management at Middle Tennessee State University. He holds a PhD in Strategic Management, an MBA in Strategic Management and a BS in Accounting, all from the University of Alabama. Prior to academia, Dr. Aaron was an auditor at Ernst and Young, LLP in Birmingham, AL. He currently serves on the Boards of Directors for the Small Business Institute and as the Associate Editor of the Journal of Small Business Strategy. He has served as the President of the Board of Governors at Ironwood Country Club in Greenville, NC and has consulted with several for profit businesses, nonprofits and civic organizations. His research focuses on executive compensation for large and small firms, leadership, strategic issues facing small and medium enterprises and corporate reputation. He teaches Strategic Management at both the undergraduate and MBA levels.

Dr. Raj V. Mahto is an associate professor of entrepreneurship and Albert & Mary Jane Black Professor in the Anderson School of Management at the University of New Mexico. Previously, he was the director of the UNM SBI and the founding executive director of the Parker Center for Family Business. His research has been published in top academic journals such as Entrepreneurship Theory and Practice, Journal of Applied Psychology, Journal of Small Business Management, and Family Business Review, etc. Raj served on editorial review boards of Family Business Review and International Entrepreneurship and Management Journal, the prestigious journals in entrepreneurship and family business area. He is also an associate editor of the Journal of Small Business Strategy. He has received numerous media coverage locally and nationally. He has helped many entrepreneurs and small businesses on strategic planning and family business issues.

Dr. Whitney Peake is an Associate Professor and the Vitale Professor of Entrepreneurship at Western Kentucky University. She researches and teaches in the areas of entrepreneurship, small business management, and family business management, and has more than 20 peer reviewed articles published in and accepted to outlets such as Entrepreneurship Theory and Practice, Journal of Business Ethics, and Journal of Small Business Management. During 2017, she and coauthors won three best paper awards for their work through the United States Association for Small Business and Entrepreneurship and the Global Innovation and Knowledge Academy. She is an associate editor for the Journal of Small Business Strategy, on the editorial review board for the Small Business Institute Journal, and serves as an ad hoc reviewer for several top journals in the field, such as Entrepreneurship Theory and Practice, Journal of Business Venturing, Journal of Business Research, and the Journal of Small Business Management. Dr. Peake is the Small Business Institute Director at WKU and serves as the Vice President of Programs- Elect for the Small Business Institute.

Dr. Jerry Kudlats is the Resource Professor of Management and Entrepreneurship in the Davis College of Business at Jacksonville University. He currently serves on the editorial review board of the Journal of Small Business Strategy. Prior to entering into academics, Dr. Kudlats owned a very successful family business in Canada and later started and operated an entrepreneurial venture in Atlanta, Georgia. His research interests include family business and entrepreneurship and he has articles published in journals such as Entrepreneurship Theory and Practice and others.

Training and Best Practices for Mentors and Protégés

ChyiLyi Liang, North Carolina A&T State University

The purpose of this workshop is to introduce functions, orientation, and systematic approach to support mentors and protégés in developing effective strategies.

Most of the successful individuals have mentors or heroes in our lives. When we are young, we look up to our parents, teachers, peers, or siblings. We mimic other people's behavior or decisions. Sometimes the mentors may or may not support us in making specific types of decision, but they often offer advice or guidance for us to improve. There are various situations for us to identify mentors throughout our personal and professional experiences. There are different scenarios that we might encounter productive, unproductive, or disruptive mentorship. Many scholars have discussed several dimensions of mentoring with respect to personal choices, career improvement, performance assessment, social engagement, cultural exchange, and gender discrepancies. Some researchers have targeted specific functions and outcomes of mentor-protégé interactions. Most of the literature agree on one thing – a successful and effective mentor-protégé relationship leads to positive outcomes for both mentor and protégé.

Specific topics **for mentors** to be covered in this workshop include:

1. How and why a mentor is different from a role model.
2. Mindset and elements to serve as an effective mentor.
3. Benefits and rewards to serve as a mentor – how to document and evaluate the impacts.
4. Challenges to be a mentor – how to handle the challenges and turn them into a positive experience.

Specific topics **for protégés** to be covered in this workshop include:

1. Reasons and benefits to have a mentor.
2. How to communicate and work with a mentor in different scenarios.
3. Mindset and elements to be an effective protégé.
4. Challenges to work with a mentor – how to respond and negotiate.

Several best practices and examples will be shared with participants to demonstrate productive, unproductive, and disruptive mentor-protégé relationship in academia and other professional environment. We hope to engage participants to generate ideas, share information, and exchange experiences that will support SBI members working in different organizations.

Recordkeeping and Enterprise Financial Analysis 101 - What We Need to Know to Support Small-Scale, Multifunctional Ag Producers

ChyiLyi Liang, North Carolina A&T State University

Small farms are small businesses. However small farmers face very different challenges, regulations, procedures, and phases in production, operation, management, marketing, and financial scenarios compared to non-ag small businesses. This workshop offers information for Small Business advisors and other service providers to support small-scale, multifunctional ag producers in developing and implementing effective recordkeeping and enterprise financial analysis.

There is a new trend, according to the 2012 Census of Agriculture, to show a growing number of small-scale, multifunctional ag producers in the United States. Multifunctional agriculture is defined as farmers engaging in activities and services that are beyond offering conventional food and fiber. Examples of multifunctional agriculture include agritourism, value added products, direct sales, and off farm jobs. Many Small Business advisors around the country, particularly in rural communities, have received requests from farm operators, new/beginning farmers, or farmers-want-to-be to seek technical support in production, operation, management, marketing, and financial analysis. Unfortunately, many of these Small Business advisors are not familiar with farming systems, agricultural law, and agricultural finance issues.

This workshop is designed to offer a systematic training for Small Business advisors and other service providers to become acquainted with the following concepts with respect to farm enterprise financial analysis and recordkeeping:

1. Key differences between small-scale ag-based enterprises and no-ag based small businesses.
2. Definitions of multifunctional agriculture and its influences on the changing face of agriculture.
3. Different categories in recordkeeping and financial analysis specifically for small-scale, multifunctional ag producers.
4. Specific challenges, regulations, and policies for small-scale multifunctional ag producers.

This workshop allows Small Business advisors and other service providers to share their own experiences in working with small-scale ag producers, and discuss potential strategies to offer better services to these producers.

Interactive Workshop: Incorporating Technologies for Service Learning to Manage Growth, Capture Metrics, Engage Community Partners, and Facilitate Better Projects

Joshua Escobedo, Founder Campus Reach
Jana Minifie, Texas State University

ABSTRACT

Dr. Jana Minifie, Director of Service Learning at Texas State University, and Joshua Escobedo, Founder of Campus Reach & recent Texas State graduate will present their journey to design and implement Campus Reach at Texas State. Campus Reach was designed as a result of the SBI student consulting model used by Joshua and his team to identify and recommend solutions for the Service Learning Excellence Program at Texas State. The service-learning startup is now funded by venture capital and has been helping Texas State service learning classes since Fall '17. Our experience outlines a wonderful example of the effectiveness of service-learning for teaching entrepreneurship, as well as explores the ways technology can ease the challenge of coordinating metrics, reflections, and much more service learning requirements.

How to Create and Run an SBI Program at Your University

Ron Cook, Rider University
Michael L. Harris, East Carolina University

This session will discuss the nuts and bolts of to creating an SBI program and the value to all parties of doing so. Topics include what is an SBI project, the benefits of an SBI program, program delivery choices, the support needed, pitfalls to avoid, and the recognition/rewards from doing SBI.

COMPETITIVE ABSTRACTS

Exploring Individual Entrepreneurial Orientation (IEO) and Small Business Performance

Dawn Langkamp Bolton, Western Kentucky University
Whitney O. Peake, Western Kentucky University
LeAnne Coder, Western Kentucky University

Abstract

Entrepreneurial Orientation (EO) and small business management has been explored in recent years (e.g., Messersmith & Wales, 2011 and Lechner & Gudmundsson, 2014). Consistent with EO research, the response of one individual was used as the measure of EO for the entire firm. Upper echelons theory suggests that EO, as a strategic posture of a small business, embodies the attitudes and views of the owner/entrepreneur. Thus, an individual-level EO construct may reflect better what is occurring in small businesses.

The Individual Entrepreneurial Orientation (IEO) Scale, first introduced by Bolton and Lane in 2012 and further validated by Bolton (2012), has yet to be explored with small business performance. We examine the relationship between IEO and small business performance, an important study of whether or not IEO offers a finer-grained measure of EO in the small business framework.

Small business owners in the mid-south region of the U.S. answered questions about their firms, themselves, and their management practices on a paper survey. Also on the survey was the IEO Scale (Bolton and Lane, 2012). The technique of snowball sampling (Heckathorn, 2011) was utilized following the recommendation of Baltar and Brunet (2012) for surveying “hard to reach” populations such as regional entrepreneurs. University students interviewed entrepreneurs and small business owners for a class project asking interviewees to complete a survey in advance. Over 170 surveys, from a one-year period of collecting data, were analyzed in order to determine the relationship between the more refined IEO and small business performance.

Administrative Withdrawal Policies: Good Intentions or Bad Policy

John Batchelor, University of West Florida
Jimmy Vuong, University of West Florida
Christian Garabedian, University of West Florida
Gerald Burch, Texas A&M Commerce
Jana Burch, Tarleton State University

Abstract

Administrative withdrawal policies are policies that allow universities to withdraw a student from his or her course(s) with or without the student's approval for a myriad of reasons ranging from health to failing to meet academic requirements (i.e. potentially failing a course) throughout the semester (some up to week 15 of a 16 week semester). In general the explanation given by universities for such policies is that they are designed to protect the student. But it is possible that some universities could use such policies to score high on metrics used to receive funding from various governmental and other agencies. The authors searched the publicly available policies and procedures of all D1, D2, and D3 schools and identified all universities that have administrative withdrawal polices in place. Not all universities utilize the administrative withdrawal policy, but our research shows that a good portion of D1 and D2 universities do, 35% and 28% respectively. The practice is much less common in D3 universities, less than 1%. Hypotheses are presented and data is interpreted in the light of agency and critical theory. Moderators such as university location, public vs. private, Carnegie classification, etc. are explored.

Independent Restaurants and Social Media Usage

Lisa Gallagher, Kaplan University
Sean Doyle, Kaplan University

Abstract

Social media is no longer a phenomenon that small business leaders must deal with; it's a reality that becomes part of a strategic plan to gain competitive advantage in the markets they serve. This exploratory study investigates how independent restaurants use social media as a competitive advantage. The researchers surveyed 39 independent restaurants in the greater Ohio, United States area in 2016 to analyze and identify opportunities and threats to the businesses in the social media space. The exploratory research was conducted through an online survey administered to restaurant operators via email. The majority of the respondents were in the dessert/ice cream/bakery business and considered themselves as part of the fast-food/fast casual segment. The advantages and disadvantages of using various social media platforms to reach consumers are discussed. Best practices on how independent restaurants use social media to disseminate information and promote products are analyzed and presented. Also discussed is the independent restaurant's monitoring of information about their restaurant that is out of their control in the social media space. According to Kooser & Westbrooks (2014), national chains are winning with their social media strategies, including, blogs, Instagram, and Twitter. In this study, the researchers examine the extent of independent restaurants social media usage and how this insight may be used to increase their usage to compete against national chains.

Kooser, Amanda C., and Westbrooks, Amanda M (2013, March). *Social Media 50.* Restaurant Business. Vol. 112 Issue 3, p19, 8 p.

Indian Students' Perceptions Managers' and Traditional Entrepreneurs' Ethics

Dennis Barber III, East Carolina University
Suhail Ghouse, Dhofar University
William C. McDowell, Bradley University
Shanan Gibson, Texas A&M – Commerce
Michael L. Harris, East Carolina University

Abstract

The process of entrepreneurship has undergone rapid changes in India. This includes a large IT segment driving the process and structural industry changes. This study provides individual level data on the perceptions of Indian college students on the ethics of managers and traditional entrepreneurs. The very nature of the entrepreneurship suggests that business owners face different ethical issues than business managers. Data includes responses from 69 business students from multiple universities in India. Of the 69 responses, only 11 were female. Results suggest that there is no overall difference in the perception of the ethics of managers versus traditional entrepreneurs; however, a statistically significant number of students reported that managers are more likely to claim credit for another person's work. Students also reported that entrepreneurs were more likely to use a code of ethics in decision making when compared to business managers. Limited information regarding gender differences was available due to the largely male participant base. Further analysis of the data is in progress.

A Business Success versus Failure Prediction Model for Small Businesses in Ghana

Prince Gyimah, University of Education, Winneba
Kingsley Appiah, Kwame Nkrumah University of Science and Technology
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Abstract

This study tests the validity of Lussier model in predicting success or failure of small businesses in Ghana, Africa. Logistic regression was used to analyze 107 successful and 101 failed small businesses. The results support the model validity ($p = .000$) in Ghana and three variables (capital, economic timing, and marketing skills) were significant (t-values $< .05$) in predicting small businesses success or failure. The model also predicted 86.5 percent of the businesses accurately with a high R-square value (.544). The study reinforces the validity of the Lussier model as a global success or failure prediction model and contributes to theory and practice.

Perceptions of Employment Opportunities for Refugee Women

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Abstract

As civil wars continue to rise throughout the Middle East, with little hope to an end in sight, more and more displaced immigrants and refugees are arriving in developed countries. The refugee crisis that has resulted in certain areas of the world creates an economic challenge to many countries receiving the refugees, but also provides potential opportunities for small businesses. Moreover, while employment rates of refugee men outpaces that of U.S.-born men (Rush, 2015), the gap for refugee women in lagging far behind. A mix of cultural factors as well perceptual miscalculations likely work together to hinder employment for refugee women.

Utilizing focus groups of refugee women, refugee men, and professional women in small businesses, this study seeks to uncover factors that create and reinforce the negative outlook for refugee women employment. Data provides initial answers to some of the issues related to limited services, access to training, as well as barriers to needed resources. Additionally, we hope to bring awareness to hiring managers of the potential benefits to changing how we perceive refugee workers.

What Is the Influence of Entrepreneurship Training on Entrepreneurial Self-efficacy?

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Abstract

Entrepreneurial self-efficacy (ESE) has been studied to predict the intentionality of an individual becoming an entrepreneur. The ESE construct refers to the strength that a person believes he or she is capable of successfully performing various roles or entrepreneurship consisting of five factors: searching, planning, marshalling, implementing people, and implementing finances.

This study investigates the influence of an entrepreneurship training program on entrepreneurial self-efficacy (ESE) and whether any change in entrepreneurial self-efficacy varies by individual level factors such as age, gender, ethnicity, or background (i.e. education, military experience, and work experience). Using a one-group research design, we examine participants' ESE before and after participation in a semester long entrepreneurship-training program.

Questionnaires were administered to participants of a semester long entrepreneurship training program across seven consecutive semesters with seven different cohorts from the Fall of 2014 to the Spring of 2017. Approximately 132 participants began the training program on the first day and completed the pre-training questionnaire. There was some attrition from the beginning to the end of the program. A total of 117 participants completed both the pre- and post- questionnaires, resulting in a response rate of 89 percent.

Statistical analysis performed indicate that there were significant net positive increases from participants in our study. This paper focuses on these various dimensions associated between the demographic and background variables of interest (age, gender, ethnicity, nationality, education, work experience and military experience (veteran vs civilian)).

Keywords: Entrepreneurial self-efficacy, entrepreneurship

The Pros and Cons of Non-Compete Agreements to Strategic HRM in Small and Family Firms

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Abstract

Firms of all types utilize non-compete agreements to manage the employee relationship, and to minimize the dissemination of organizational Intellectual Property (IP). A non-compete is "an agreement between two parties, typically an employee and employer, where the employee agrees not to use information learned during employment in subsequent business efforts for a set period of time".[1] "Employers, scholars, judges, and others seem to take it as a given that non-competes function as a form of IP protection".[2] There has been a recent proliferation of research on non-compete agreements and their effects on innovation as well as the effects on employees who are bound by them. However, there is little research on the non-contractual ramifications of non-compete agreements in small and start-up firms. These ramifications may be especially difficult to manage in small and family businesses because of the fact that most of these smaller firms do not have dedicated HR management in the early stages of the business and are at a disadvantage if they have to slug it out in court with a much larger corporation. Operational managers must generally take on the burden of analyzing the possible negative consequences of non-compete agreements in such cases, including potential problems in recruiting/selection, employee training and development, employee job satisfaction/engagement, and ultimately the potential for increased turnover.

This paper reviews the non-contractual personnel issues associated with non-compete agreements, with a specific focus on the effects of such contracts on small and family firms that generally have limited HR expertise available to the organization. What strategic advantages are created by the use of non-competes and what are the strategic dangers to the organization when employees become disengaged, dissatisfied with their work, or are even unwilling to accept employment within the small family firm (which already has some significant disadvantages in employment compensation and perquisites compared with larger organizations) because of the prospect of being bound by a non-compete agreement?

[1] Bell, J. R. (2017). A Random Walk through Silicon Valley: Non-Compete Agreements. *The Journal of Private Equity, 20*(3), 22-25.
[2] Moffat, Viva R. (2017) "Human Capital as Intellectual Property? Non-Competes and the Limits of IP Protection," *Akron Law Review*: Vol. 50 : Iss. 4 , Article 7.

The Financial Reporting Requirements of Small UK and US Privately-held Limited Liability Corporations: Does Accountability to Society and Stockholders Differ Internationally and between U.S States?

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Abstract

This paper compares the financial reporting requirements of small United Kingdom (UK) and United States (U.S) privately-held limited liability companies. A requirement for public accountability from all types of limited liability corporation is a key aspect of UK company law, but is absent in the U.S., where most privately owned entities can keep their financial records free from public scrutiny.

Within the UK, all limited liability companies are regulated by national legislation in the form of the *Companies Act 2006* (CA 2006). The CA 2006 requires the directors of all such entities, regardless of public accountability, to prepare annual accounts comprising of a balance sheet, profit and loss account, and notes to the accounts. These statutory accounts must be accompanied by an auditor's report (unless the company qualifies for exemption from statutory audit), and copies of the accounts must be sent to every member of the company. In addition, the directors of a company must deliver the accounts and reports required by the CA 2006 to a national registrar. As a result, UK companies law requires both public and shareholder accountability through the provision of annual financial statements. Similar financial reporting requirements apply to all limited liability companies within the European Union, but what about in the U.S?

Within the U.S, only limited liability corporations with public accountability are required to publicly file financial statements with the Securities and Exchange Commission (SEC). Such public entities must also make their financial statements available to their stockholders. If this is the case, what are the financial reporting requirements for privately-held limited liability corporations who have no public accountability?

As there is no federal regulation of U.S. privately-held companies, the reporting requirements for such an entity is governed by either state legislation and/or private contractual agreement between its members. While anecdotal information is easily available: "such companies don't have to report anything", no systematic research has ever been conducted of each U.S. state's reporting requirements for small privately-held corporations.

This paper analyzes the statutes in all 50 U.S. states to determine the requirements for privately-held corporations to report to shareholders or other users of financial statements. Where reporting requirements were found, the exact nature of the demand was identified (i.e. accounting records versus financial statements) and whether the accounting information had to prepared in conformity with U.S. generally accepted accounting principles (GAAP). The majority of states did have an end-of-the-year reporting requirement to provide financial records or financial statements to shareholders. 24% of states had a requirement to make financial records available to shareholders, but do not require that financial statements be prepared and sent out. Among the states that mandated financial statements, none required that such statements be prepared in accordance with GAAP. Also, the states that referenced the term "financial statements" did not specifically state that a balance sheet, income statement and statement of stockholder's equity were required. The only

group of financial information users that state statutes reference are shareholders. No statutes required disclosure to parties not holding stock in the corporation. Almost 30% of U.S. states do not require any mandatory reporting by private corporations to their shareholders, and merely mention that if the shareholder requests access the corporation may provide access to “accounting records”. When compared to the UK situation, these results raise questions about the rights of small investors to adequate financial reporting information, and also about the accountability privately-held corporations currently have to wider society, including their customers, employees, and suppliers.

A Comparison of Environmental Sustainability Reporting Frameworks for SMEs

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Abstract

As a business approach that meets current stakeholder requirements without compromising the capability to also do so in the future, sustainability increasingly is an imperative. The largest segment of all businesses, small and medium enterprises (SMEs), represent an important sector of the global economy that functions in the supply chains of virtually every major industry. Many are thus required to engage in sustainability reporting, a process of developing and filing formal public reports on social, environmental, and economic effects of the business. This focuses attention and provides a foundation for subsequent efforts. Nonetheless, SMEs frequently lack resources (e.g., time, staff, money) to muster robust internal reporting procedures and have tended to lag in reporting. External reporting frameworks supplied by freestanding organizations offer the benefit of a turnkey set of criteria and credible procedures. However, not all are best suited to SMEs, especially smaller ones, and SME managers lack guidance to choose among them. In this applied paper, we address this need for a better understanding of the differences among the major frameworks by examining the environmental sustainability reporting requirements of three major reporting frameworks: the Global Reporting Initiative (GRI), the CDP, and the Certified B Lab's B Impact Assessment. The broad GRI seems suited to larger organizations, CDP focuses on environmental impact, and the B Impact Assessment appears well-suited to smaller enterprises. We contrast and compare in detail the requirements of each and discuss the implications of our analysis and findings for resource-constrained SMEs to develop their sustainability reporting capability.

BREAKFAST ROUNDTABLES

The Future Impact of Amazon on Food Distribution

Lisa Gallagher, Kaplan University
Sean Doyle, Kaplan University

Abstract

This roundtable discussion will explore how the entrance of Amazon into the food distribution industry will impact small food distributors that service independent restaurants. According to Daniels (2017), Amazon will soon have operational efficiency, innovative and technological influence in the food retail markets and may differentiate the company adequately enough to enter the commercial food distribution market that services independent restaurants. The goal of this discussion is to evaluate the future of small food distribution companies in the wake of Amazon's entry into the food distribution supply chain. Will Amazon dominate the transportation and delivery function of the food distribution supply chain, essentially turning small food distributors into wholesale food marketing organizations? Is it possible for small food distributors to compete with Amazon through the creation of an e-commerce hub focused on servicing the independent restaurant market? Those interested in discussing the need for future research on the impact Amazon will have on small businesses in the retail and commercial food distribution industry are encouraged to engage in this roundtable discussion. Discussions will focus on a strategic planning initiative to help small food distributors innovate and prepare for Amazon's disruptive entrance into the market to ensure competitive advantage.

Text: Reference: Daniels, Jeff, (2017, June 23). *Food service distributors including Sysco, US Foods shares fall on report Amazon wants to enter space*. Retrieved from: www.cnbc.com

Starting the Semester off Right – Activities and Interactions for the First Day of Class

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Every semester as professors, we start over with new students and new content. The first day of class is important – it is an opportunity to set the tone for the entire semester. What do you do on the first day? What start-up activities and interactions do you use for in person and online courses? Come to this session to get and share ideas for icebreakers, syllabus activities, and other interactions that will help you start the semester off right. The facilitators will start the roundtable off with an activity.

Target audience: All SBI conference participants who are teaching online and in person courses could benefit from this roundtable.

Anticipated benefits and outcomes: Participants will share their activities and interactions and learn new ones to their classrooms.