

## INTRODUCING NEGOTIATION INTO THE BASIC MARKETING COURSE

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In order to successfully introduce negotiation and bargaining into a marketing course, it is necessary to expose students to both the importance of the topic and the potential bias against the topic. It is also necessary to have a simple model of the transaction that will provide an integrating framework between marketing management, negotiation and bargaining.

There is a growing recognition of the need to have marketing students exposed to the roles of negotiation in the market place. It plays a major role in industrial marketing and international trade. Negotiation has been recognized as an important element in channel management and its importance in the firm's planning process is starting to be recognized. As the emphasis in marketing swings from the problems of gaining competitive advantage over other sellers by serving customers better to the problems of helping buyers find more effective purchasing strategies the role of bargaining receives new emphases. Sellers broaden their focus from a discussion of what they can do for target markets to a general appreciation of what individual customers are doing for them.

There are methodological, conceptual, operational and ethical bias which account for the lack of interest and research on negotiated exchanges. The statistical research methodologies which have proven so effective in advancing the theory of consumer behavior are not as effective when applied to the negotiation process, because outcomes are very contingent on the specifics of the process and situation. Marketers, who seek to study negotiation in the buyer-seller relationship, must train themselves in the use of deductive models and experimentation. Marketers, however, have a bias towards inductive research and methodologies.

The process of negotiation assumes that the buyer is a proactive agent in the creation the seller's offering. The marketing concept, however, reinforces a conceptual bias towards perceiving buyers as reactive elements who respond to offerings created by the seller.

There is an operational desire to find buying and selling strategies that minimize the opportunity for the other side to engage in bargaining. The operational bias is to find more powerful marketing strategies to avoid bargaining than to find powerful bargaining strategies.

Negotiated transactions often smack of collusion, reciprocity, payoffs and bribery compared to the arms length transaction of vending machine. Marketers have a natural propensity to focus on those phenomena that are legal and ethical rather than phenomena that may be less than pure.

Modeling the exchange situation as a Prisoner's Dilemma game is a very convenient device for illustrating the relationship between the marketing process, the negotiation process, and the bargaining process for creating transactions. The transaction problem is constructed as a game by assuming each party has the choice between making a transfer of some good or money to the other party or not. The cooperative outcome is the transaction. The non-cooperative outcome (or conflict point) is the status quo (i.e. neither chooses to transfer). The dilemma is that both sides most prefer the other side to make a unilateral transfer and least prefer to make a unilateral transfer. As a single shot game with independent choices there is no reason to expect a transaction. The status quo is the non-cooperative Nash equilibrium, although both prefer the transaction to the status quo.

The marketing process allows a transaction to occur if one side (e.g. the seller) is allowed to transform the game into a policy game and commit himself to a vending machine policy. The seller chooses his strategy of transfer or not after the buyer and in knowledge of the buyer's choice (i.e. a first level metagame). The seller, however, commits himself to a policy of reaction and announces this policy of a vending machine induces the transaction.

The negotiation also leads to a transaction. Negotiation, as an exercise in joint problem solving, allows both sides to communicate with each other and through mutual persuasion to modify their preferences in the original game and, thus transform it into a game of coordination. A modification of their utilities makes the transaction the most preferred outcome and a Nash equilibrium.

The bargaining process leads to a transaction without the preference modification. The four outcomes in the game are recast as contracts and each side proposes contracts he prefers in a process of offers and counter offers. The first mutually preferred contract that will be reached in a process of tit-for-tat concession making is the transaction agreement.

The simple game of Prisoner's Dilemma can be expanded to a game with several potential transactions and students can have a lively discussion regarding the optimal vending machine policy, negotiation strategy or bargaining strategy.

## ABSTRACT

### SHOULD STUDENTS OF MARKETING RESEARCH 'DO AS THEY SAY' OR 'SAY WHAT THEY WOULD DO?'

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#### INTRODUCTION

One of the most comprehensive learning tools available to the instructor of marketing research is the live-case. The live-case requires the student to apply his research skills to an existing marketing problem. The client for the live-case may be external to the university (e.g., a business manager), internal to the university (e.g., the supervisor of a library, bookstore, or cafeteria), or the student himself (e.g., the student may want to determine the market demand for a product he has created). With the live-case, the student is required to consult with the client and to identify the problem. After the problem is formulated, the student proceeds to propose and/or execute the steps necessary to investigate it.

At California State University, Northridge, two forms of the live-case have been used in the marketing research course - the individual proposal and the team project. The purpose of this paper is to describe both of these forms of the live-case and to compare how each form affects the students' perceptions of the term project, course, and the instructor.

#### The Individual Proposal

The individual proposal is assigned to each student as an individual project at the beginning of the semester. After the students are given an overview of marketing research, they are asked to choose an existing marketing problem that they would like to investigate with research methods. Each student is then required to develop a detailed proposal that describes the phases of research necessary to investigate the problem.

Each proposal begins with a definition of the problem and a justification for investigating it. To justify the worth of the problem, each student is required to make assumptions that will allow him to calculate the cost of the research, the expected value of sample information, and the expected value of perfect information. Provided that the problem is worthy of investigation, the student is then required to conduct an examination of the pertinent secondary data. He then proceeds to refine his research design, paying particular attention to defining his sampling frame, specifying his method of data collection, determining his sample size and sampling procedure, and developing a questionnaire along with a cover letter or interviewer instructions. Although the student is not required to collect primary data, he is required to describe how he would analyze the data if it were collected. He must specify appropriate editing and coding procedures, the correct statistic for summarizing each item on the question-

naire, and the statistical tests that are necessary to investigate any research hypotheses. Finally the student must present a through critique of his proposed methodology.

#### The Team Project

To begin the team project, research teams are formed consisting of three or fewer students. Each team selects a client with a marketing problem that can be investigated with research tools. After each team consults with its client, it formulates the problem, examines the relevant secondary information, and proposes a research design. After the team's research proposal has been approved by the instructor, the team develops and pretests a measuring instrument, and proceeds to collect primary data via mail, telephone, personal, or self-administered questionnaires. After the data is collected, it is edited, coded, and computer analyzed. Finally the findings of the research are presented to the client in both a written and oral report. The written report must include a definition of the problem, a justification for investigating it, a literature review, a description of the research methodology, the research findings, recommendations, and a critique of the methodology.

#### STUDENT PERCEPTIONS

##### Methodology

During the spring semester of 1983, forty-five students were taught marketing research with the individual proposal as the term project. In the following semester (fall of 1983), forty-six students were taught the same course by the same instructor with the team project as the term project. To assess the students' perceptions of the course to which they were exposed, they were asked, just prior to receiving the final exam, to complete a four-page questionnaire entitled "Class Evaluation Survey."

##### Results

Of the two term projects examined in this study, the team project approach produced better results. Those exposed to it tended to rate their term project as being more enjoyable and as having more educational value than those who were exposed to the individual proposal. Moreover, the team project students were significantly more inclined to rate their term project as being a good experience and as being the best part of the class. Furthermore, they were more inclined than the individual proposal students to recommend the instructor to their friends.

## A PEDAGOGIC METHODOLOGY FOR INTEGRATING THE SOCIAL STYLE MODEL INTO A PERSONAL SELLING COURSE

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### STYLE MODEL INTO A PERSONAL SELLING COURSE

In 1929 Dr. Carl Jung, a Swiss psychologist, published his behavioral theory on the different types of people in Psychological Types. Forty-five years later it was translated into English, generating several models and training programs which have his work as their theoretical basis. Three popular and basically identical models are: the Social Style Model developed by Wilson Learning Corp., the Communicating Styles Model developed by Paul Mok, and the Social Style Profile developed by Personnel Predictions and Research. According to one source, more than 100,000 people have been trained in applying the last model alone (Brennan 1983). The widespread adoption of these models by industry lends credence to their perceived effectiveness in training people to increase their adaptive interpersonal capabilities.

While adaptive sales behaviors have been integrated into numerous models of the selling process, little empirical research has examined how salespeople adapt their presentations to a client's needs, priorities and preferences (Weitz 1984). However, sales managers have known intuitively for decades that their best salespeople are like a chameleon, which has the unusual ability to change the color of its skin. Highly successful salespeople seem to have the uncanny ability to adapt their sales presentation to the needs of any type of buyer, at any point in the transaction, in any selling situation.

The purpose of this paper is to:

1. present a brief explanation of the social style model,
2. discuss a pedagogic methodology including different techniques and exercises for developing students' skills in applying the model, and
3. review preliminary classroom results from using this methodology.

### THE SOCIAL STYLE MODEL

Over time through trial and error, people develop behavioral patterns which they tend to use consistently in their interpersonal transactions. They have found these patterns to be helpful in dealing comfortably and successfully with others. Permeating each pattern is a recurring and predictable theme which is a person's social style. It can be identified by perceiving and interpreting an individual's verbal and nonverbal behavior along two dimensions—responsiveness and assertiveness. Social styles are based on actual observable behavior and not on cognitive or attitudinal measures from which inferences must be made.

#### Responsiveness and Assertiveness

Responsiveness is the degree to which a person both displays his emotions openly and shares his

feelings readily with others. Highly responsive people place a premium on warm, friendly, honest relationships. People, who are low in responsiveness, are more task/achievement oriented with less concern for social relationships. They attempt to restrain their emotions and to hide their real feelings from others.

Assertiveness is the degree to which a person attempts to exert control over the thoughts and behaviors of others with whom she interacts. Highly assertive people state their ideas and opinions quickly, confidently and forcefully. They make emphatic statements to influence the outcome of a social transaction. People who are low in assertiveness state their ideas in an asking rather than telling manner. They prefer submission to dominance over others in their daily interpersonal interactions.

#### The Four Social Styles

By combining both dimensions, a matrix composed of four social styles is formed. Figure 1 shows The Social Style Model with each style consisting of a distinct blend of assertiveness and responsiveness. The name of a style describes the most significant general characteristic of a person's inter-personal behavior. Analyticals, drivers, expressives and amiables are simply efficient labels for stereotyping people. Figure 2 highlights some of the behavioral characteristics of each style.

People use behavior from all four styles in varying degrees, depending on their perception of the current situation (Alessandra 1979). But most people have a dominant style emerging from their repertoire of characteristics, which identifies their psychological comfort zone and describes approximately 60% of their interpersonal behavior (Ingrasci 1981). The remaining 40% is generally divided among the other three styles with a secondary style consuming a disproportionate share of the balance. It should be emphasized that there is no one "best" style. Each has its own specific strength and weaknesses for achieving successful results with others (Alessandra and Cathcart 1983).

#### Behavioral Flexibility

Through monitoring client behavior closely, salespeople are armed with ample information to identify a client's dominant behavioral theme, and to pigeonhole him/her correctly into one of the four social styles. By understanding how clients prefer to be sold, successful salespeople adapt their own style to match the style needs and preferences of each client by increasing/decreasing their assertiveness and/or responsiveness to the appropriate levels. They move out of their own psychological comfort zone and into the client's zone. This behavioral

adaptability or flexibility decreases tension and increases salespeople's attractiveness in client's eyes. The end result is a strengthening of the trust-bond relationship between them and an increase in salespeople's influence over the ultimate outcome of the sales transaction.

#### A METHODOLOGY FOR TEACHING THE SOCIAL STYLE MODEL

To make the social style model exciting and practical for students, experiential exercises are recommended in addition to straight lectures. The proposed methodology offers a pedagogic framework for incorporating the model into a personal selling course. Any part or all of it can be used to enhance students' understanding and skill development in applying the model across sales situations. Figure 3 provides an overview of the suggested approach for bringing the model to life in the classroom.

#### Distribute Social Style Tests

Three copies of the social style test developed by the Wilson Learning Corp.<sup>1</sup> are distributed to students during the first or second meeting. This assures that they are unfamiliar with the model. Otherwise, students may provide less than honest answers in order to place themselves into a social style which they perceive as superior to the others.

Students are asked to complete one self-perception test at home by rating themselves on a four point semantic differential scale consisting of thirty items. Each set of fifteen items provides a measure of assertiveness and responsiveness. This self-test provides students with a quick reading on their own social styles. However, caution must be taken because self assessment is incorrect approximately 70% of the time (Ingrasci 1981).

To gain generally more accurate descriptions of students' social styles, the other two copies of the test are given to a student's parents, spouses, friends or other close contacts. They are asked to complete the tests based on their perceptions of the student. The three completed tests are returned within a week. A copy of the social style test is presented as Figure 4.

#### Introduce Model

The purpose of this phase is to familiarize students with the underlying dimensions of assertiveness and responsiveness and the concept of social style. In preparation for the class, they are assigned outside readings plus the textbook. The model's four styles are presented using a set of overheads and handouts in a lecture-discussion format. The material is covered thoroughly in two fifty-minute sessions.

#### Experiential Exercises

The series of experiential exercises is designed to reinforce the model's concepts and to help students develop their social style selling skills. It gives students numerous opportunities

to apply the model to progressively more challenging tasks.

#### Pigeonholing Professors

Students are asked to determine our social styles during the fourth or fifth week of the semester. In addition, they are asked to observe the behavior of their other marketing instructors. The assignment is simply to pigeonhole each instructor into one of the four social styles. Their perceptions are compared to our own personal observations of these instructors. Approximately 50% of the time students are correct at identifying an instructor's social style. Analyzing Television Characters at Home and in the Classroom

Students are assigned the viewing of certain television shows at home in order to determine the social styles of designated characters. They write up their analyses based on the assertive and responsive behavior they observed during the show. The following class is spent reviewing several one to two minute excerpts from the television series and discussing student analyses.

Because social style is a recurring theme in one's behavior, it is not mandatory to watch each show. In the Mash series for example, Alan Alda's characterization of Hawkeye is quintessentially expressive while Larry Hagman portrays J.R. Ewing as the perfect driver. St. Elsewhere, Mary Tyler Moore and Barney Miller are also excellent series for this exercise because they provide rich character development of their stars.

Determining the social styles of television characters can be quite tricky. One solution is the cross-validation of perceptions among instructors or between an instructor's perceptions and student responses.

Two additional exercises for reinforcing the social style model also involve the use of video. Students can view former students roleplaying buyer-seller transactions which were videotaped in previous semesters. Several three or four minute segments provide good practice for identifying the "salesperson's" social style. An alternative vehicle is to use segments from different training films purchased by the school for student reviewing.

#### Videotaping Student Roleplays

Each students' first buyer-seller roleplaying exercise of eight to ten minutes is videotaped in the classroom. Students are asked to critique the "salesperson's" performance and to identify his/her social style. This input permits instructors to compare student perceptions against both their own first hand observations and the results of the self-perception and other perception tests from phase one.

#### FOOTNOTE

<sup>1</sup>The social style test appears in "Hugh Ingrasci "How to Reach Buyers in Their Psychological Comfort Zones" Industrial Marketing, 10, July 1981, p. 62.

## Videotaping of Second Student Roleplays

The second roleplay is scheduled for taping during the last two weeks of the semester. An attempt is made to assign students to "buyers" whose actual social styles are diametrically opposite of their own styles. If this can't be accomplished, students displaying a rich understanding of the model and an innate versatility in the classroom are chosen to play several types of buyers. They have shown the ability to assume any of the four styles and to act out the buying role reasonably well. In other words, amiable "salespeople" are assigned driver "buyers" and analytical "salespeople" sell expressive "buyers" and vice versa. Students are graded by both instructors and peers on how effectively they adapt their sales presentations (flexibility) to the buyer.

### CLASSROOM RESULTS

Throughout a semester, a total of three and one-half classroom hours are spent lecturing and discussing all aspects of the social style model plus behavioral flexibility. In addition, ninety minutes are devoted to viewing scenarios from television shows, training films and reviewing the homework assignments. The results can be described best as encouraging but mixed from an attitudinal, learning, and behavioral change perspective.

#### Attitudinal and Learning Results

Student feedback suggests that they have little difficulty understanding the model because of its relatively simple, straightforward and intuitively appealing concepts. They perceived it to be a very practical and powerful tool which they could use immediately in their daily lives. Students would share with us their experiences using social styles with employment interviewers, fellow employees, other students, and in their personal relationships.

Also, the model increases students' awareness and appreciation of the interpersonal dynamics of buyer-seller transactions. The lectures and exercises seem to open their eyes and to sensitize them to the wealth of information and feelings that are communicated visually, vocally and verbally between people. Students learn to read these signals and to use them in developing more persuasive influence strategies.

Another payoff is that students come to realize that salespeople can't use the same routinized selling approach for all buyers. Canned presentations or stimulus-response selling are ineffectual except for telemarketing, product demos, or in situations where salespeople have only two or three minutes to make their sales pitch. Successful salespeople use a variety of sales strategies in order to adapt their sales presentations to the needs and preferences of each buyer.

#### Behavioral Change Results

While the attitudinal and learning results are consistently encouraging using various measures,

the same cannot be said for effecting significant changes in students' adaptive selling skills. Based solely on observing each student's second roleplaying exercise, few demonstrate increased behavioral flexibility. Approximately 10-15% of the students are naturally versatile and they can adapt their presentations to any type of buyer. The classroom experience may enhance this innate ability, but they seem capable of selling every social style without formal training.

The majority of students (75%) show no real changes in their behavioral versatility. Usually, they begin the sales interview by adapting their sales presentation to the buyer quite well. However, they start drifting back into their psychological comfort zone early in the presentation. Or they revert back to it quickly if a moderate level of pressure or stress surfaces in the interview. It is very difficult for most people to change their natural style of interacting with people and maintain it throughout a relatively brief sales interview. Social styles are strongly reinforced, deeply ingrained patterns of behavior which have developed over a lifetime.

Each semester roughly 10% of the class overcomes these obstacles and shows tremendous gains in behavioral flexibility. From rapport building to closing, these two or three students defer their own style's needs and preferences to those of the "buyer". For example, an analytical accounting major was assigned to sell a pegboard property management system to an expressive apartment complex owner. In the roleplaying exercise, this student noticeably increased his speaking rate, added more inflection to his voice, used expansive gestures and smiled readily. His presentation was fast paced, upbeat, and supportive of the "buyer's" visions. The student projected a very sincere, trustworthy, and professional image of a salesperson concerned with solving the buyer's problem. While this metamorphosis was clearly an ephemeral phenomenon, the class was amazed at how well he adapted his total sales presentation.

Overall, few students demonstrate adaptive selling skills learned in the classroom despite extensive exposure and practice with the social style model. It would be interesting to compare these informal results with the performance of salespeople run through the social style training programs developed by the different companies. No published studies of these training results have appeared in the literature.

### CONCLUSION

A repertoire of adaptive sales strategies is requisite for today's successful salespeople to satisfy the needs and demands placed on them in different sales situations. The social style model provides a useful framework for teaching students how to increase their effectiveness by expanding their adaptive selling capabilities. To date, no empirical evidence of the model's predictive validity or the success of the various training programs based on the model in effecting salespeople's short or long-term adaptive

behaviors has been published. However, industries' overwhelming acceptance of the model and its concomitant training programs lends prima facie validity to both.

Classroom results have been mixed using a fairly sophisticated pedagogic methodology, which culminates with a buyer-seller role playing exercise to measure each student's behavioral versatility. All students have demonstrated at least a marginal increase in their adaptive selling skills. Also, they have become more sensitized and responsive to the needs, preferences and demands of the buyer. Few students have been able to adapt their complete sales presentation effectively to the style needs of the other person. Generally, they start off strongly but fall back into their old, comfortable, and natural style of dealing with people.

One additional payoff of incorporating the social style model into the course was that student enthusiasm for the class, and for selling as a career seemed to increase as the semester progressed. In other words, students were "turned on" by the model.

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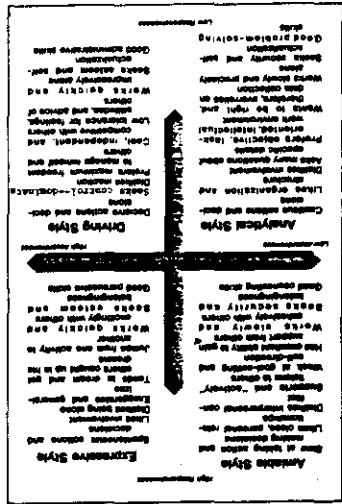


Figure 2: Behavioral Characteristics of Each Style

Adopted from Anthony Alexander Non-Manipulative Selling Courseware Text, San Diego, Cal., 1979, p. 22 and 23.

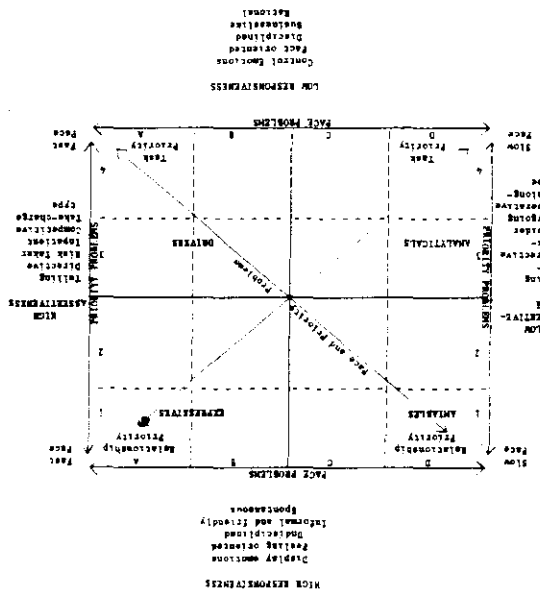


FIGURE 1 - THE SOCIAL STYLE MODEL

Adopted from Burt Inghart 'How to Match Buyers to Their Psychological Comfort Zones' INDUSTRIAL MARKETING July 1981, p. 82.

Buyer Type	1	2	3	4	5
1. Analytical	1	2	3	4	5
2. Expressive	5	4	3	2	1
3. Social	1	2	3	4	5
4. Driving	5	4	3	2	1

How Do You Measure LP?

Buyer comfort is measured in the following ways:

- 1. The buyer's tolerance for risk.
- 2. The buyer's tolerance for ambiguity.
- 3. The buyer's tolerance for conflict.
- 4. The buyer's tolerance for change.
- 5. The buyer's tolerance for pressure.

Figure 4: Social Style Self-Assessment Test

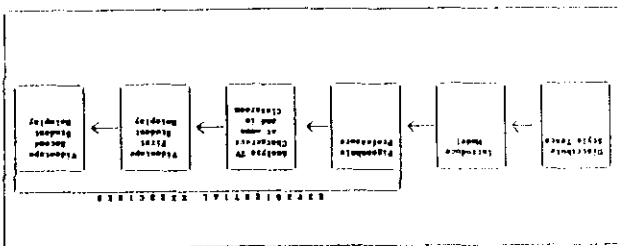


Figure 5: Required Methodology for Teaching the Social Style Model

# COMPUTER-BASED MARKETING SIMULATION GAMES AS AN ADJUNCTIVE LEARNING TOOL: THE STUDENTS' PERSPECTIVE

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## ABSTRACT

A student survey of both graduate and undergraduate marketing management classes revealed general satisfaction with computer-based marketing simulation games. Undergraduates valued more highly the "learning by doing" aspects of the simulation. Graduate students in contrast were more reluctant to give up lecture time for the game, which demanded both in-class and out-of-class group decision making.

## INTRODUCTION

A commonly offered comment by students about their business education at the undergraduate and MBA levels is that they get saturated with case analyses and lecture material, with little or no opportunity to test the information. Responding to this complaint, the marketing faculty at Pacific Lutheran University decided to introduce computer-based marketing simulation games in both the undergraduate capstone and MBA marketing management courses. The objectives were to provide a more varied learning experience for the students and to reinforce a focus on the strategic aspects of marketing management decisions.

An evaluation was made among both student groups to determine their reactions to the marketing simulation experience; that is, what benefits commonly claimed for simulations did students most agree with? Further, did the simulation learning experiences result in significant differences in attitudes between the undergraduate and graduate groups?

## USE OF SIMULATION GAMES IN BUSINESS EDUCATION AND MARKETING

A simulation is a problem-solving learning activity that attempts to imitate, or "simulate," a real-life situation (Cash 1983). Real life events, relationships or situations are modeled to create an abstraction of those factors considered to be important in what is being studied and to represent it and its function in the manner of the real world. Simulations demand that students become more active participants in their learning process than when they take lecture notes from verbal, written or audio-visual presentations. Further, in contrast to the case study method, simulations offer a rich but manageable representation of what is being studied; case studies often over-represent the complexity of decision situations (Kotler, Schultz 1970). What simulations offer, then, is an adjunctive learning approach to lectures and case studies in business education.

The growing emphasis on business strategy formulation and strategic options encourages the use of simulations. In marketing, especially, with its focus on understanding the forces external to the firm behind consumer demand and competitive success, simulations offer students a chance to make decisions in a reasonably complex situation. The students have a chance to develop a marketing mix which attempts to stay in touch with the dynamic forces within the game's competitive marketplace environment.

Numerous benefits both for the student-participants and the instructor have been claimed for simulations. Among these are:

### For the Student-Participants:

- o Skill in discovery and clarification of problems.
- o Practice in decision making and goal setting.
- o Challenge in dealing with ambiguity and complexity.
- o Encouragement for identifying the key strategic variables from a large number of variables.
- o Development of a systematic and quantified approach to strategy formulation.
- o Advancement of skills in risk-taking.
- o Growth of interpersonal skills acting as a team member.
- o Gain of insight into one's own decision-making style and behavior.
- o Opportunity to recognize strategic mistakes and make adjustments as are judged to be needed.
- o Application of conceptual learning constructs.

### For the Instructor:

- o Variety in the classroom teaching experience.
- o A facilitating role, asking questions to encourage student insight instead of providing answers.
- o Active involvement and motivation for the student group in a relaxed learning climate.
- o Ease of rapid feedback to students about their decisions and objective "bottom line" rewards (or punishments).
- o Continuity and structure for a course with episodic case analyses (Cash 1983, Dekkers and Donatti 1981, McKenny 1967, Olivas and Newstrom 1981, Waddell 1982).

Some of the above benefits are reciprocal. For example, the variety in the instructor's teaching experience may provide a valuable variety in the student's learning experience. These benefits, however, are not all claimed to be the exclusive domain of a simulation approach.

Simulations should be recognized for their weaknesses as well. Learners may need considerable preparation for their experience, which cuts



into traditional class time; game administration, student review of results, decision discussion and instructor consultancy to teams may also demand time (Kotler and Schultz 1970). The instructor must usually decide where the simulation will fit and what its learning objectives should be so as to integrate comfortably with other course content. This can be a "costly" process both in terms of the instructor's time and of the instructional material that must be displaced to make room.

Yet another limitation is in the apparent lack of advantage for simulations in cognitive development and learning retention, as documented in a recent study reviewing empirical research studies investigating simulation for instructional purposes (Dekkers and Donatti 1981). This same study, however, did confirm that simulations are more effective than lectures in the development of positive attitudes by students.

#### THE STUDY

Two classes were chosen as groups within which to evaluate student agreement with statements about the simulation game experience. Both positive and negative statements were employed in a researcher-developed instrument. Table 1 identifies the two study groups.

The first group (n=24) consisted of full-time, day undergraduates taking their capstone marketing course (BA 470, Marketing Management). The students were asked to make twelve period-decisions (quarters) about marketing mix variables over nine weeks. Some 25-30% of class time was dedicated to the simulation, which counted as 30% of the students' semester grades.

TABLE I  
COMPARISONS OF THE TWO STUDY GROUPS

#### Marketing Management Simulation Class

	<u>Undergrad. Capstone</u>	<u>MBA Course</u>
Class size	30	24
N for survey	24	20
Simulation game	Marketing Simulation (Brobst and Bush 1983)	Markstrat (Larreche and Gatignon 1977)
Number of Simulation periods	12 (quarters)	8 (years)
Decision frequency	6 weekly, then 6 twice weekly (9 decision weeks in 14-week Semester)	Weekly (8 decision weeks in 14-week Semester)
Team size	3	3
% Class Time for simulation	25-30%	25-30%
% Semester Grade for Simulation	30% (3 written reports=25% Performance=5%)	25% (2 written reports=20% Performance=5%)
Performance Criteria (weights)	Earnings/Share=40% Production Scheduling Accuracy=30% Relative Market=30%	Cumulative Net Marketing Contribution=100%
Other Learning Materials	Casebook with Integrated Text Material	Marketing Strategy Textbook; Separate Marketing Casebook

Team game performance, evaluated on several factors, was de-emphasized compared with the written reports focussing on team planning and strategy and a summary of annual performance. The simulation was used with a casebook, which had brief integrated text sections on marketing strategy.

The second group (n=20) was of MBA students attending an accredited evening program. Most were employed full-time in addition to their studies. They made eight (annual) period decisions over eight weeks. Approximately 25-30% of class time was taken up by the simulation, which counted as one-quarter of their semester grade.

Again, written reports (two) were weighted considerably more than game performance, which was defined by the criterion of cumulative net marketing contribution. Accompanying the simulation were both a marketing strategy textbook and a separate casebook.

About three-quarters of the way through their respective games (Period 10 for the undergraduates; Period 6 for the graduates), the individuals of each group were given a written survey to evaluate the simulation experience. Twenty-seven statements about the simulation were offered, some phrased to be positive and others negative. Respondents were asked to mark their level of agreement on a 5-point Likert Scale. In addition, two open-ended questions asked students to identify both positive and negative aspects of the simulation that were not previously identified. Demographic questions asked for the student's team-performance rank in the game at the time, the number of marketing courses taken previously, years of work experience and expected course grade.

#### STUDY RESULTS

Several significant inter-group mean differences were discovered and are reported in Table 2. MBA students were discovered to regard the aspects of team meetings and group decision making in a considerably less favorable light than the undergraduate students. Given that most of the MBA's had markedly more difficult logistical challenges in order to arrange out-of-class meetings, and probably experienced decision making in groups on their jobs, this finding indicates that the simulation experience had less payoff for them because of group member interaction. In fact, the MBAs agreed much more with the sentiment that the simulation would have been more meaningful if each student had acted alone as a "company".

MBA's were also more inclined to think that the simulation harmed the learning experience by reducing lecture time and to think of the game as being more appropriate as a wholly out-of-class exercise. They were more likely to agree that the simulation took too much time for what they got out of it.

The undergraduate group, in contrast, placed a higher value on the group decision-making aspects of the simulation. They valued more highly than the graduate group the aspects of "learning by doing," competing, understanding expense trade-offs and getting a bottom-line result based upon their decisions. These game attributes are probably more valued because, as full-time day students who have not had much working experience, relatively few of them gain these satisfactions in their outside employment. Nearly two-thirds of the MBA's had six or more years of work experience, compared to only 4% of the undergraduates.

TABLE 2  
SIGNIFICANT GROUP MEAN DIFFERENCES

	Undergraduate Class Score (1-5; n=24)	Graduate Class Score (1-5; n=20)	Significance of mean Difference
Would be more meaningful if I alone could be a company and make decisions without other people. (Disagree)	4.208	3.100	<.01
Harms the learning experience because it reduces time the instructor is able to lecture to us. (Disagree)	4.500	3.550	<.01
Involves too much wasted time because of the team meetings required to make decisions. (Disagree)	4.250	2.275	<.01
Takes too much time for what I get out of it. (Disagree)	3.833	2.900	<.01
Is fun because of its competitive aspects	4.542	4.000	<.05
Helps me to learn by doing (even if it is not "real")	4.583	3.950	<.05
Is enjoyable because of the group decision-making activity of team	4.125	3.300	<.05
Is rewarding because we get results via a "bottom line" based upon our decisions	4.208	3.650	<.05
Takes up too much class time and should be assigned as a wholly out-of-class exercise. (Disagree)	4.500	3.950	<.10
Helps me to understand expense tradeoffs among the marketing mix variables to keep within a budget.	4.292	3.900	<.10
The undergraduates were more inclined to disagree that the simulation took up too much time in class for the value received; in other words, they more readily accepted a reduction in lectures for the simulation experience. Most of these students were seniors having had numerous lecture courses in their studies. Perhaps the simulation experience was a change of pace they welcomed.			

A review of the question mean scores for each of the groups by rank-order identified several areas of agreement. Both MBA's and undergraduates thought the simulation was fun because of the competitive aspects of the game and helped them to appreciate that a firm's strategy needs to be changed when it is found to be less effective than desired. Similarly, both groups thought that their game seemed unfair to the companies (i.e., student teams) getting off on the wrong foot and did not allow the student to reveal knowledge about marketing concepts.

#### CONCLUSION

Undergraduate students, overall, evaluated their marketing simulation experience as more favorable than did MBA students. While both groups enjoyed the marketing game as a fun, competitive learning exercise, the MBA's reacted significantly more negatively to the group discussion process demanded by their game. Relatively short on work experience, undergraduates seemed to value a chance to "learn by doing" as a change of pace in their studies. As an adjunctive learning approach to lectures and case analyses, the computer-based marketing simulation games were found, from the students' perspective, to fulfill many of their commonly claimed benefits.

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## ABSTRACT

### USE OF THE PREPARATION OF A MARKETING PLAN FOR A NEW PRODUCT AS AN INSTRUCTIONAL TOOL IN MARKETING COURSES

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This paper discusses the marketing plan as a pedagogical tool in marketing classes. Research is cited indicating the importance of the marketing plan in industry. Advantages of the marketing plan as an instructional tool are stated involving student experience in environmental scanning, in developing marketing objectives and goals, in incorporation of all elements of the marketing mix with an overall integrated strategy, in development of controls, in attribution and application of marketing techniques, theories and concepts, and in the motivation provided by the real world aspects of introducing a new product into the marketplace. The paper then discusses implementation of a marketing plan requirement for a new product or service in an undergraduate course in marketing management. Various instructional sets are described in detail and the results from student evaluations of different sets used in ten

courses over a six year period are analyzed. The research focuses on three questions from the student evaluations thought to be relevant to the marketing plan requirement: Did you learn something considered to be valuable?, How did this course compare with other courses?, Course materials were well prepared and explained. All scores for these questions are based on a five point scale with 1 = very poor, 2 = poor, 3 = medium, 4 = good, and 5 = very good. The changes in evaluation scores corresponding to inclusion or exclusion of each instructional set are noted. The latest additions to instructional sets which have not yet been tested are described. It is concluded that use of the marketing plan as an instructional tool makes a major contribution to the learning process, although certain combinations of instructional sets are more suited than others to achieving this goal.

## ABSTRACT

### TUTORIAL PROGRAMS IN NONPARAMETRIC STATISTICS FOR MARKETING RESEARCH

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#### INTRODUCTION

While the need for student comprehension of non-parametric methods is clear, the teaching of such procedures in any introductory marketing research class is often quite restricted. We present here a sample of microcomputer software which is intended to address the problem. The programs described here offer tutorial-type instruction in addition to computational capability. That is, each program enables the user to learn (or review) basic principles prior to, or in conjunction with, standard nonparametric data analysis.

Preparation of these materials was motivated largely by the desire to strengthen the linkage between undergraduate courses in statistics and marketing research. In this respect, our effort reflects the continuing concern of business school faculty with the development and maintenance of mechanisms to integrate courses across the curriculum. Too often students view courses as independent of each other rather than as interrelated and cumulative

The authors' collective experience in teaching statistics and marketing research has led to the following set of observations -- all of which bear on the difficulty of maintaining continuity between the two courses and establishing an appropriate mode and level of instruction:

1. The range of quantitative aptitude among students of basic statistics is quite broad,
2. Many (most?) business students have difficulty mastering core statistical procedures, and as a consequence dislike and disdain statistically-oriented topics,
3. The antipathy of students interferes with comprehension and retention of statistical principles (students tend to focus on survival rather than mastery),
4. For students of marketing research, the problem of retention is exacerbated by the time lag (frequently several terms) between completion of an introductory statistics course and enrollment in marketing research,
5. Marketing research instruction is hampered by low average and high variance in student statistical skills,
6. Marketing research texts tend to give only cursory coverage to the details of nonparametric procedures,

7. Single-term statistics courses often ignore nonparametric topics.

#### OBJECTIVE

It is in this context that we undertook the development of our statistical software package -- not as a remedy for all of the above-mentioned problems, but rather as a resource which could:

1. Enhance the capacity of marketing research instructors to address nonparametric analysis without the need to allocate limited class time to technical details,
2. Enable the research student to gain an understanding of the theoretical underpinnings of nonparametric analysis without reliance on research texts (which tend to be short on theoretical justification and technical detail) or complete recall of an earlier course in basic statistics,
3. Promote the student's ability to set his/her own pace in building an appropriate statistical foundation of nonparametric procedures,
4. Exploit student interest in microcomputers as an instructional tool and learning aid,
5. Provide easy-to-use computational routines for simple nonparametric data analysis.

#### THE ROUTINES

We have assembled a menu of nonparametric routines which includes treatment of Spearman's Rho, Kendall's Tau, the Wilcoxon, and the Sign-Rank Test. Also included is a utility routine which will enable the user to build and revise data files.

Students using the programs are required to make choices of: (a) one of the four nonparametric routines, (b) a print speed to appropriately pace the instruction, and (c) the full tutorial or statistical computation only. Additionally they are frequently asked for evidence of comprehension or challenged to produce elements of the analyses before they are displayed by the routine.

An attempt has been made to clearly demonstrate the nature of the relevant sampling distribution and to note its role in establishing "statistical significance". As a consequence display runs of the routines are too lengthy to be included in this abstract. An illustrative run highlighting the Spearman's Rho tutorial is available upon request.

A CORRELATION ANALYSIS OF HIGH SCHOOL  
SUBJECT AREAS IN THEIR PERCEIVED IMPORTANCE  
BY MARKETING AND MANAGEMENT PROFESSORS

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ABSTRACT

The success of students pursuing degrees and careers in marketing and management is in large part dependent on the educational skills and background the students acquire before entering college. Secondary research with respect to marketing and management professors' attitudes toward those high school subjects which could be regarded as important in the development of students in their fields of endeavor was lacking.

A mail survey of marketing and management professors to determine which high school subjects were important in preparing students for degree programs and careers in marketing and management was conducted. Ten high school subject areas were studied. Rankings of these ten areas were performed and correlation analysis was used to determine the extent of the correlation between the rankings of the two groups of professors.

The rankings of the two groups were shown to be significantly similar using both Spearman's and Kendall's rank order correlation coefficients.

INTRODUCTION

In recent years, much has been written and/or spoken about the declining quality of education in this country. As stated in the recent report by the National Commission on Excellence in Education (1983), if a foreign power tried to impose on America the mediocre educational performance that exists here today, we might well view it as an act of war. Silber (1981) recently said that today's high school diploma does not guarantee a level of literacy for graduates. Mohler (1982) stated that just under fifteen percent of high school seniors receive their diplomas with the reading and writing skills of sixth-grade children. It appears that increasing foreign competition in marketing and economic matters may do more harm to the economy than military actions. Thus, whereas America's position in the world may once have been relatively secure with only a few well-trained people, this is no longer true. The level of competition that the United States is able to put forth will depend, to a large extent on the quality of the minds which are assembled on the management payrolls. The people of this country need to know that those who do not have the levels of skill, literacy, and training essential to this new era will, in effect, be disenfranchised, not only from certain material rewards, but also from the opportunity to fully participate in our national life (National Commission on Excellence, 1983). In order for universities to develop the minds of their students to the fullest, it is important that

knowledge be obtained about the preparatory skills levels of students in management and marketing so faculty members can gear their instructional materials and methods accordingly.

Much of the literature in the field of business education centers on curriculum development (Cagley and Boone, 1981; Bowers and Summey, 1982; Bernhardt and Bellenger, 1978; Duncan and White, 1982; Delene, 1981; and Bowers and Summey, 1983), teaching effectiveness (White and Duncan, 1982; Stampf and Hollander, 1980; and Smith Chandron and Talaga, 1982) and students' attitudes toward marketing issues and problems (Lipson and Gur-Arie, 1981; Dudley and Swan, 1982; and Hasty and Bellizzi, 1982).

A review of the literature revealed no research available in the area of marketing professors' and management professors' attitudes toward the high school subject areas deemed necessary to adequately prepare individuals to pursue degrees and careers in marketing and management. Even though attitudes do not determine prerequisites, it is believed that a teacher's attitude about his students' levels of preparation could influence the method(s) he uses to impart subject matter to his students. Due to this lack of important information, a study was undertaken with the objective of determining the importance of various high school subject areas in preparing students for degrees and careers in marketing and management as perceived by those individuals responsible for teaching at the college level in these subject areas.

METHODOLOGY

This study involved two mail surveys: a survey of marketing professors and a survey of management professors. The survey of marketing professors was accomplished by sending questionnaires to 100 members of each of the following three organizations: The American Marketing Association, the Southern Marketing Association, and the Southwestern Marketing Association. There were 165 marketing questionnaires returned for a response rate of 55 percent. The survey of management professors was accomplished by taking a random sample of 250 members of the Southern Management Association. There were 121 usable questionnaires (48.4%) returned.

The mail survey instruments were practically identical (the only difference was the substitution of the word "marketing" for the word "management" on the two questionnaires). Each questionnaire contained a section asking the

respondents to rank-order ten high school subject areas in order of their importance in preparing students for degree programs and careers in marketing/management.

The individual rankings were then tabulated and averaged so that an overall ranking for each of the two groups was established. Two types of correlations analysis were then performed and tested for significance: Spearman's rank order correlation and Kendall's rank order correlation. These two correlation coefficients are nonparametric in nature (neither depends on a normal distribution or intervally-scaled data to be computed) (Nie, Hull, Kenkins, Steinbrenner and Bent; 1975).

### FINDINGS

The ten high school subject areas are presented below along with their corresponding rankings by each of the two groups of professors.

Subject Area	Rank	
	Marketing	Management
English .....	<u>1</u>	<u>1</u>
Math .....	<u>2</u>	<u>2</u>
Speech .....	<u>3</u>	<u>4</u>
Economics (Free Enterprise)..	<u>4</u>	<u>3</u>
Science .....	<u>5</u>	<u>5</u>
Civics .....	<u>6</u>	<u>6</u>
History .....	<u>7</u>	<u>7</u>
Foreign Languages .....	<u>8</u>	<u>9</u>
Bookkeeping.....	<u>9</u>	<u>8</u>
Music.....	<u>10</u>	<u>10</u>

These rankings show that marketing professors and management professors ranked six of the ten subject areas identically. English and Math were ranked first and second by both groups. These two basic subject areas seem to have been under-emphasized in modern primary and secondary education systems of late as evidenced by declining college entrance exams as well as calls for "back-to-the-basics" by many school systems across the United States.

Speech was seen to be of third importance by marketing professors who possibly feel that communication skills play a very large part in the role of a professional marketer. However, one could argue that communications permeates the entire college preparation of any student. Management professors, on the other hand, viewed economics as being the third most important subject area in which their majors should be prepared. These two subject areas were reversed in importance for the fourth level by each of the two groups of professors.

Science, civics and history were ranked fifth, sixth and seventh respectively by both groups of professors. Music was the remaining category ranked evenly by the two groups. It was ranked last (10th) on both professors' rankings.

Foreign languages and bookkeeping were ranked in

reverse by the two groups. Foreign languages were ranked eighth and bookkeeping ninth by marketing professors. Bookkeeping was ranked eighth and foreign languages ninth by the management professors.

As may be expected from pursuing the ranking of the two groups, there exists a high degree of correlation among the rankings. THE SPSS package was used to compute both Kendall's Correlation Coefficients and Spearman's Correlation Coefficients. Both showed that the correlation between the two groups was significant at beyond the .001 level.

Kendall's tau .....	<u>.9111</u>	Significance	<u>.001</u>
Spearman's rho ....	<u>.9758</u>	Significance	<u>.001</u>

The chief differences between Spearman's rho and Kendall's tau seem to center around the fact that Kendall's coefficient may be more meaningful when there are a large number of tied ranks in the data, though there appears to be no fixed rule of selecting one coefficient over the other (Nie, et al; 1975). Both coefficients were included in this analysis for comparison purpose.

### SUMMARY

Management and marketing professors were surveyed as to their attitudes about various high school subject areas and the importance of each of these areas to the development of their majors. Marketing and management professors ranked English and math as first and second in importance for preparing students for degree programs and careers in marketing/management. A correlation analysis between the two rankings showed that marketing and management professors had a very high level of correlation in their rankings of the ten high school subject areas. The correlations were significant below the .001 level using both Kendall's tau and Spearman's rho coefficients.

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## MARKETING STUDENT - PROFILE OF CLASSROOM SUCCESS

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### ABSTRACT

Many educators have speculated on the student characteristics that lead to a successful academic experience. In particular, marketing educators may make inferences as to the personality, background, motivation, intelligence, etc., needed to be a successful marketing student. The study reported in this paper attempts to evaluate some of the variables that educators have proposed as factors leading to success or failure in the marketing classes and in the marketing curriculum. The authors, both marketing professors, obtained extensive data on the marketing students in their capstone marketing course. Academic information was obtained from each student's academic file, a questionnaire that was administered to all of the students and the grades from a final comprehensive examination. The data represents a census of all 166 students graduating with a marketing concentration in 1983 from the college. The data was used to generate a profile of the marketing student in terms of overall academic performance, college backgrounds, anxiety arising from and study time related to examinations, employment, involvement in other extracurricular activities, and general demographics. The profile information was related to the student's (1) final comprehensive examination performance and (2) overall GPA,

in an attempt to identify factors related to these two variables.

The significant variables associated with the comprehensive examination score were GPA, various individual course grades, SAT scores, expectations on standardized exams, minor (required), years in the business college, and years taking business courses. Significant variables associated with GPA were the same individual course grades, high school GPA, SAT scores, expectations on standardized exams, attitude towards the College of Business, study time, elected office, and gender.

The research can be used to partially dispel certain myths concerning success in marketing curriculums and overall college performance, and it may also serve to verify other myths. Students who have historically done well in school do well in marketing, while those who have done poorly do poorly in marketing. Of course, there are exceptions to this phenomenon. None of the nonacademic factors related significantly to comprehensive examination success, while only a few (study time, elected office, and gender) related to overall GPA for marketing students.

STUDENT GRADE POINT AVERAGES AND VERBAL SKILLS  
AS DETERMINANTS OF SUCCESS IN THE JOB HUNT

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ABSTRACT

Oral communication skills are frequently cited as a prerequisite to business success. Surveys among recruiters invariably reinforce this suggestion. This study examined grade point average and verbal skills among a group of senior business students. Unexpectedly, grades proved a much better predictor of job seeking success than did verbal skills.

INTRODUCTION

What do employers want from students as prospective employees? Or, expressed differently, what particular skills should students attempt to enhance in order to increase their chance of success in the business world?

Perhaps the most consistent finding of management research concerns the importance of oral communication to a business career. Study after study yields near unanimous results. Typical is a recent survey by Gaedeke, et al. (1983). When asked to rank the relative importance of 34 potential hiring criteria, the respondent group rated "verbal communication skills" as second only to "motivation"; "written communication skills" ranked 11th, while "grade point average" could manage no higher than 17th place. Indeed, whether business student, academician, or corporate executive, "All . . . regard oral communication skills as extremely important" (AACSB Bulletin, 1980).

The demand by business for students with better communication skills is well documented (for example: Done 1979; Benson 1983; Hafer and Hoth 1981). There is also a good deal of evidence that business schools are listening. Numerous academics have experimented with a wide variety of pedagogical approaches in an effort to upgrade these skills (for example: Douth 1979; Kennedy and Lowry 1982; Brownell 1982). On the basis of this activity, it appears that few would disagree with Hart's claim that communication skills are, ". . . the leading requirement for success in the business world." (1976)

Against this background, this study attempts a rather modest goal; namely, to examine in an empirical manner the relationship between the oral communication skills of students and the hiring practices of employers. The literature would suggest that employers, who have long complained of poorly developed communication skills among college graduates, would be predisposed to select individuals with particular talents in this area.

How do employers determine whether recruits possess adequate oral communication skills? Although this process may vary, the series of personal interviews typically associated with

the selection process undoubtedly plays an important role in this assessment. Indeed, while the interviewing process enables the employer to evaluate numerous hiring criteria, the measurement of communication skills is particularly appropriate in this venue - especially for marketing majors who are often expected to "sell themselves."

One factor not directly measured during the interview process is academic performance. Grade point average is the typical measure of "success" in college, and all employers wish to ascertain the academic standing of prospective student recruits. Less evident is the importance of a student's grade point average in determining attractiveness to potential employers. Is a low average offset by interpersonal skills? Are quiet students with high averages more or less attractive than those fast-talkers who do less well in the classroom?

This study attempts to answer these questions through an examination of grade point averages and verbal skills as they relate to student success in the job recruitment process.

METHODOLOGY

This paper represents a confluence of two separate programs of research. The first program entailed a rather lengthy investigation of an instrument developed by Mortensen, Arntson, and Lustig which purports to measure "predisposition toward verbal behavior." (1977) This instrument is a Likert-type scale consisting of 25 items, each with seven response alternatives. Initial tests with the PVB scale were directed toward concerns of validity and reliability in a business school setting (Boyd and Dart 1981). The apparent sensitivity and administrative characteristics of the instrument allowed for other matters to be investigated including the role of classroom case discussion in developing oral communication ability. Subsequent work has been intermittent but has focused on identifying the components of such skills and developing more directive and appropriate teaching approaches.

The results reported for this particular study stem from a sample group of 174 students. The questionnaire was administered during the last week of a 13-week semester in five sections of a business policy course - the capstone class in the undergraduate program at the University of Saskatchewan. Scores were compiled for each student according to the procedure presented by the developers of the scale.

The second research study involved field survey of 106 employers who had recruited among the graduating class that semester. The primary

purpose of this exercise was to measure the attitudes of these employers toward the recruitment process at the University of Saskatchewan - especially possible areas of improvement. Also included on this survey form was a request to identify those students to whom they had extended job offers.

With information available from these two sources, the basic question emerged as to the apparent relationship between "getting a job" and communication skills. Subsequent investigation revealed that other relevant data were available, albeit in a form that required a good deal of manual transformation. Most recruitment activity among Commerce undergraduates at the University of Saskatchewan occurs under the auspices of the Canada Employment Centre, a campus branch of a government-operated employment agency. This organization maintains records as to the number of students who submit applications to a recruiting company as well as whether or not they were successful in attaining an initial job interview. Thus, the number of applications, initial interviews, and job offers were available for each student. Other information was available from student records including age, sex, and overall grade average.

In analyzing the data, it was necessary to distinguish between the student who, for example, applied for 20 positions and obtained five interviews from the student who received the same number of interviews but submitted far fewer applications. In order to account for such differences, three additional variables were derived, each representing a success rate or, in student terminology, "batting averages." The derived variables included: interviews per application; job offers per application; and job offers per interview.

Simple Pearsonian correlations were employed to relate grades and PVB scores to the various aspects of job seeking success. In addition, it was found useful to divide the sample into four sub-groups according to whether a student was above or below average on each independent variable. For convenience of communication, these groups soon acquired nicknames. That group displaying above average scores on each dimension were dubbed "stars." Those with higher than average grades but low apparent verbal dispositions were called "stills" - after "water that runs deep." The group with high PVB scores but lower than average grades were christened "tincans," while the final group, low on both dimensions, were referred to as "mice."

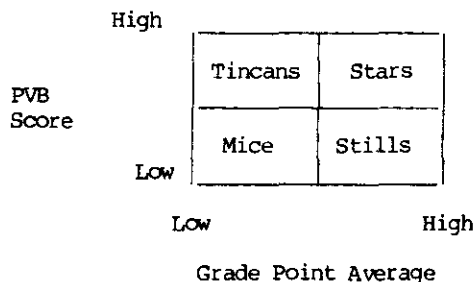


FIGURE 1 STUDENT GROUPS

Before proceeding to the results, it is important to emphasize that the data presented, in part because of its uncertain parentage, is subject to limitations.

1) The situation at the University of Saskatchewan may not compare to the other environments. There are a number of concerns in this regard even apart from the dangers of attempting to generalize from a single, rather remote geographic location. First, the College of Commerce operates under a tight student quota based primarily on high school grades. The effect of the quota translates into stringent entrance requirements - the highest on campus including engineering and premedicine. Further, neither the student mix, according to majors, nor the mix of employers may be typical. Because of the relatively low numbers involved, neither variable was examined in detail.

2) The data relating to job seeking behavior were collected from secondary sources which under-represent the full extent of this activity. For example, those students who augment their applications through the Canada Employment Centre with direct contacts are not adequately accounted for. In an effort to measure the magnitude of this problem, a convenience sample of recent graduates was contacted as were the counselors at the employment centre. Both sources indicated that a substantial majority of all job seeking activity - in the order of 90 percent - was accounted for by the data collected.

3) There was some non-response by employers on the mail questionnaire. This limitation is readily acknowledged although its magnitude is difficult to estimate. Many employers "pool" their recruitment activities to allow a single interviewer to screen for several different divisions and/or several locations of the organization. As a result, the person who conducted the preliminary interviews may not be aware of all the people eventually hired by the organization. Situations occurred where a single survey form was sent to an organization and three were returned. On the other hand, some 15 percent of employers did not reply. In total, the data referring to job offers is understated by: the cut-off date for collection of information; those students who conducted their own job search in whole or in part; non-response by some employers; and under-response by some divisions of some employers.

4) Finally, the results put a good deal of faith in the verbal predisposition instrument - a paper and pencil test - as a measure of actual oral communication skill. While this scale satisfies generally accepted levels for reliability and validity, the results still require a healthy dose of faith.

## RESULTS

Of the total population of 176 students, 149 availed themselves of the services provided by the Canada Employment Centre. The breakdown of job hunting by category is shown in Table 1.

TABLE 1  
JOB SEEKING BEHAVIOR BY GROUPS

Category	n	Number in Job Market	Percentage in Job Market
Stars	52	35	69.2%
Stills	37	34	91.9%
Mice	51	43	84.3%
Cans	36	36	100.0%
	176	149	84.7%

The lower participation rate of the top ranked "stars" category can be explained in large part by their desire to continue on to graduate studies. The "stills" category do not appear to contemplate graduate work to nearly the same extent. Perhaps the reputation of the M.B.A. graduate as being rather brash and extroverted is a disincentive to the intelligent but quiet undergraduate. The relatively low participation rate among "mice" was not investigated, but may simply represent a decision by some of this group to defer the time-consuming recruitment process in order to concentrate on much needed study.

The actual numbers of job applications, interviews attended and job offers obtained are shown in Table 2 for each category of student.

TABLE 2  
RECRUITMENT ACTIVITY BY GROUP

Category	Mean Job Applications	Mean Interviews	Mean Job Offers*
Stars	7.9	6.6	1.6
Stills	6.5	5.2	1.3
Mice	6.8	4.9	0.7
Cans	6.5	5.0	0.8
Mean values	6.9	5.4	1.1

\*Differences significant at 5%

The main feature of these statistics is the significant difference between groups in the number of job offers actually received. The star performers obtained twice as many job offers as the two groups whose grade point averages were lower than the mean. A clearer picture of success rates was obtained from examination of the "batting averages" of each group, as shown in Table 3.

TABLE 3  
SUCCESS RATIOS

Category	Interviews/ Application	Job Offers/ Application*	Job Offers/ Interview**
Stars	.78	.20	.25
Stills	.73	.21	.29
Mice	.70	.08	.11
Cans	.73	.17	.21

Significant at: \* 10%; \*\* 5%.

These results show that verbal facility and grade point average do not appear to materially affect success in obtaining initial interviews. In contrast the ability to turn applications and interviews into job offers does appear to differ between student groups. Predictably, students with low grade points and low verbal facility do more poorly than others. It appears that poor academic performance might be counteracted by verbal talents, as evidenced by the ratios for "tincans." The performance of high academic achievers with low verbal facility is unexpectedly high.

The separate influences of verbal predisposition and grade point averages on success rates are indicated in Table 4.

TABLE 4  
PEARSONIAN CORRELATION COEFFICIENTS

	Grade Point Average	Verbal Predisposition Score
Interviews/ Application	0.13*	0.01
Job offers/ Application	0.26**	0.00
Job offers/ Interview	0.30**	-0.02

Significant at: \* 10%; \*\* 1%.

These figures suggest that employers are not differentiating between students on their verbal skills. As a secondary check on this finding participation scores from case study classes were substituted for the PVB scores. This process yielded the same result. Further analysis revealed that students with above average academic marks received an average of 1.4 job offers compared to 0.8 offers per student for those with below average marks (significant at the 1% level). In contrast, students with above average communication scores received an average of 1.25 job offers compared to 0.9 offers per student for students with below average scores (not significant).

No other variables such as age, major or sex were found to be correlated with success rates in the recruitment process. Age was found to be

negatively correlated with the number of applications made and interviews attended (such that younger students had higher absolute numbers of interviews and applications); however, this did not translate into the receipt of higher than average job offers nor into higher than average ratios of performance.

#### CONCLUSIONS

Although this study has been limited to an analysis of only two criteria which were presumed to determine student success in the recruitment process, the findings are surprising. The study provides no support for the claim that employers recruit on the basis of the verbal communication skills of potential candidates.

It is possible that the findings represent an exceptional case - the result of artifacts of the situation or, perhaps, traceable to limitations in methodology. Such an interpretation argues strongly for continued attempts to gather empirical evidence related to employer behavior, as opposed to attitudes, in this topic area. On the other hand, if the results do have some validity, the question must be asked as to why employers apparently ignore verbal communication ability as a hiring criterion. Two of alternative explanations may be considered:

1. In responding to questionnaires, employers may simply be reacting to what they perceive as the most salient deficiency among recent graduates. In other words, intelligence, the work ethic, knowledge of discipline, etc. may already be present in "sufficient quantities" On the other hand, oral communication skills are multi-dimensional and include rate and frequency of verbal activity, language fluency, vocabulary, volubility, the tendency to initiate and maintain discussion, the ability to defend ideas, and so on. At least some of these dimensions develop over a lifetime; thus, it is not surprising that a 22-year-old moving from a university setting into a corporate environment may be deficient in such skills.

2. Employers may be uncertain as to how to evaluate verbal communication skills, especially in the tension charged atmosphere association with recruiting. Against the apparently objective measure of grade point average, frequently expressed to the precision of two decimal places, scoring verbal skills may well be seen as a highly subjective measure - too subjective, perhaps, to be relied upon to any major degree.

The findings do not suggest that business schools de-emphasize their efforts to develop communication skills. Undoubtedly communication ability is a vital lifelong skill. In contrast, grades may be a relatively poor indicator of success. Livingstone (1971) reported a study which found that successful M.B.A. students with high grades did not necessarily find success in their subsequent careers. He notes that "there seems little room for doubt that business schools and business organizations which rely on

scholastic standing, intelligence test scores and grades as measures of managerial potential, are using unreliable yardsticks."

Our overall conclusion is that verbal communication skills need to be examined in a much more meticulous manner than at present. Further, the preponderance of attitudinal studies in the area need to be augmented by further empirical work directed to behavioral considerations. Finally, you can tell your students to study hard - good grades do seem to translate into job offers!

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## ARE OUR STUDENTS (IL)LITERATE ABOUT BUSINESS-RELATED CURRENT EVENTS?

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### INTRODUCTION

This study attempts to answer the research question: How knowledgeable are students about current business-related events in the areas of economics, finance, industry, and the political environment--areas that so sharply influence their destiny?

Every year, upwards of 200,000 business graduates enter a business world in which success hinges partly on their ability to know something about the business world they will face. A continuous awareness of "what is going on" is generally agreed to be the mark of an alert and progressive businessperson, and our students require an understanding of the "worlds" into which they will soon emerge. The literature can only produce one study in the past 10 years dealing with business students' economic awareness.

### METHODOLOGY

A self-administered questionnaire was administered to a sample of 346 students and business faculty at the three largest public universities in the state of Oregon during 1984. Business students were chosen from basic marketing classes at the three participating universities. Non-business students and business faculty were chosen on a convenience basis in line with practical constraints.

### RESULTS

#### Awareness of Business and Its Environment

Questions dealing with issues and facts most apt to appear in mass media were the most likely to be answered correctly by the student portion of the sample. Issues likely to get headline or priority treatment also had a high incidence of correct responses. Business students' total scores did not differ significantly by major; however, marketing majors performed lower than their counterparts on a number of financially-oriented questions. In all areas, business students outperformed their non-business counterparts. On an overall basis, the business students were correct an average of 15.09 times out of 40 possible compared to 11.62 for non-business students and 26.08 for business faculty.

#### Demographic Comparisons

One-way ANOVA tests were conducted to analyze whether business students with certain characteristics performed better than others. When total scores were analyzed by characteristics such as academic major, day or night class, and hours

employed per week, no significant differences were found among their sub-groups. The opposite was found, however, for other variables. Males significantly outperformed their female counterparts. Performance improved with age--after the age of 25. Closely paralleling the general pattern of the age variable is one's year in school. Upper-division and graduate students significantly outperformed the underclassmen. The data also indicate that average total scores were higher at each successive level of grade point average. The extent of media exposure on total scores showed that hours spent watching television negatively correlated with three sub-variables and the total score. Except for the areas of industry and politics, those who watched more television scored significantly less on an overall basis and in other sub-areas. On the other hand, the greater the number of newspapers and periodicals read on a regular basis, the greater one's total score on four sub-areas and on an overall basis. Those who regularly read weekly news magazines scored significantly higher than those who did not ( $F=4.42, p < .05$ ). The one publication which appeared to make a big difference in overall awareness was the Wall Street Journal. Persons who read this publication on a regular basis significantly outperformed those who did not ( $F=17.75, p < .01$ ).

### CONCLUSIONS AND IMPLICATIONS

The results of this exploratory study suggest strongly that students are not well informed when it comes to business-related current events. Further, the results pose some very interesting questions and observations:

1. Those students who do read outside material regularly are much more aware of what is going on in the business environment than non-readers. This, of course, is not a surprise. However, the magnitude of the difference was a surprise.
2. The fact that marketing majors did poorly on a relative basis with the financially-related questions suggests a serious problem in the marketing curriculum.
3. It could be argued that because most students work at outside jobs, most of their free time is spent dealing with their course reading.
4. Are our business education programs too narrow by not including knowledge about the broader realities? Might faculty not be endorsing and taking full advantage of the Wall Street Journal, Business Week, Fortune and other educational discount programs available to students?

CAN MARKETING EDUCATORS MARKET VALUES TO THEIR OWN CLIENTS?

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ABSTRACT

Loneragan's process model of human knowing can be adapted by marketing educators to inculcate values, ethical behavior, and social responsibility. The adaptation described in this paper tailors academic programs to student needs as determined by process-model level and students' susceptibility to personal value change.

INTRODUCTION AND PURPOSE

Marketing educators have become increasingly concerned with enhancing the personal value systems of students as they impact on marketing ethics and social responsibility. This concern is reflected by the American Marketing Association in its "Code of Ethics" which states: "As a member of the American Marketing Association, I recognize the significance of my professional conduct and my responsibility to society and to the other members of my profession: . . . 3. By striving to improve marketing knowledge and practice in order to better serve society. . . 5. By pledging to use the highest professional standards in my work and in competitive activity. . . (Boone and Kurtz 1983, p. 514)."

The concern and response of other marketing educators is also strongly documented in marketing literature. For example, Kotler (1984, p. 29) calls for marketers to "balance three considerations in setting their marketing policies, namely, company profits, consumer want satisfaction and society interests." Pride and Ferrell (1983, p. 491) point out: "The changing values of society have placed more pressure on marketers to act responsibly and ethically." Almost all other authors of marketing texts make similar statements.

More to the point, marketers in the early 1960's began to shift emphasis to the consumer. Kennedy proclaimed the consumer's four-pronged Magna Carta: (1) the right to safety, (2) the right to be informed, (3) the right to choose, and (4) the right to be heard (Weiss 1968). Yet there are only a handful of marketing models in terms of how the individual consumer develops freedom to make decisions. Could it be that marketing educators need to be self reflective on our own freedom with our students before we can be sensitive to the development of freedom in the consumer? Our attempt will be to raise this consciousness.

The purpose of this paper is to describe a conceptual approach to value education. Marketing educators might find the approach useful to inculcate positive personal values in a wide range of students, and through that consciousness develop a sensitivity to freedom in consumers. First the paper briefly describes Lonergan's (1973) model of human knowing which forms an adaptation basis for

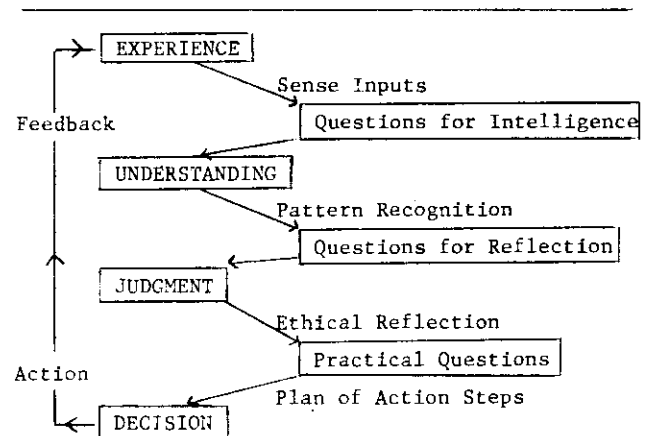
marketing educators. Next, the authors suggest one version of an adaptation which tailors academic programs to student needs as determined by process-model level and students' susceptibility to personal value change. Finally, implications for marketing educators are suggested.

LONERGAN'S PROCESS MODEL OF HUMAN KNOWING

Loneragan (1973) described human knowing as a process made up of several levels of activities which occur within a definite, recurring structure. The activities are experience, understanding, judgment, and decision. They are linked by questions and a feedback loop which completes the process model as depicted in Table 1. Each of the model's elements is explained below.

TABLE 1

THE PROCESS OF HUMAN KNOWING<sup>a</sup>



<sup>a</sup>Lonergan 1973

Experience

This is the level of data, of presentations, and perceptions that are "given" to our senses and consciousness. Experience is prior to all questions; in other words, experience is the ground out of which questions emerge. Here the key skill is to use ones senses, to really see and hear and taste.

Understanding

An identification between knower (subject) and known (object) occurs at this level. Questions for intelligence emerge, insights occur, concepts are formulated, and definitions are fashioned. Understanding is not an automatic occurrence; sometimes it happens only with great difficulty

and effort. The frequency, depth and accuracy of human insight depends partially on native endowment, development of good intellectual habits, the willingness to question, the absence of bias, and the accuracy with which problems are presented. Here the key skill is pattern recognition. What does it mean? When will it repeat?

#### Judgment

The knowledge which a person has is incomplete until a judgment is made. During judgment, reflection occurs and the conditions for judging whether something is true or false are met. It should be noted that if reflective questions are brushed aside or dealt with too hastily, one may stumble into making a rash or false judgment. Good judgment does not occur automatically; it must be developed and fostered. Here the key skills are to determine, is it good or bad? Is it right or wrong?

#### Decision

Human knowing does not occur in a vacuum but in a world where concrete choices must be made. Knowing is a process that has a particular orientation; it is heading toward a decision. Not all human behavior is the product of rational decision. Some behavior is involuntary, much is habitual, and too often results not from intelligence and reasonableness but from stupidity and prejudice. While humans are capable of questioning intelligently and making wise decisions, they are not bound to do so. Here the outcome is action.

#### Linking Questions

The process of human knowledge moves toward completion as a result of the confrontation between the unknown and the desire to know. Indicators of this desire are the questions that form the links between experiences, understanding, judgment, and decision.

#### Feedback

Consequences of our decisions are fed back into our experience and stored until the human knowing process is repeated. This feedback occurs with the actions of the individual being perceived through sense experience by themselves and others, starting the process over again.

### AN ADAPTED MODEL FOR MARKETING EDUCATORS

Table 2 illustrates an adaptation of Lonergan's model which can be used by marketing educators. The adapted model tailors academic programs to student needs as determined by process-model level and students' susceptibility to personal value change. The model's elements are explained below.

#### Undergraduate Education

Undergraduate students have a strong need to belong - not to be overpowered. They desire their own individuality but also seek to belong in an adult world. Their personal value systems are most susceptible to change at the experiential level. Learning experiences, such as exposure to live cases, are particularly appropriate. At the

TABLE 2

SUSCEPTIBILITY TO PERSONAL VALUE CHANGES

PROCESS LEVEL	EDUCATIONAL CLASSIFICATION			
	UNDER-GRADUATE	GRADUATE	PROFES-SIONAL	ALUMNI
Experience	Most Sus-ceptible using (a)	Common	Routine	Complex
Under-standing	Some Sus-ceptibil-ity	Most Sus-ceptible using (b)	Common	Complex
Judgment	No Expe-rience	Still A Question	Most Sus-ceptible using (c)	Life Judgment
Decision	Possibly Suscep-tible On Personal Level	Low Expe-rience	A Ques-tion	Most Sus-ceptible using (d)

(a) live cases  
co-op education  
team work  
on-site studies

(b) M.I.S. systems  
complex D.S.S.  
pattern recognition  
of markets and  
products

(c) total organizational  
cases  
live C.E.O. inter-  
action  
social audit

(d) international pro-  
grams  
economic models  
joint international  
conferences

Source: Adapted version from Lonergan 1973

understanding level, undergraduates have some susceptibility to personal value changes. Marketing educators and other adults involved in business should convey a reflective acknowledgment of their experiences and the relevance of these experiences to the individual and organization. Undergraduates generally have no experience at the judgment level and are concerned with whether they can be an important part of a business organization. Programs designed to give students experience in judgment, such as cooperative work and study, individual marketing research projects, and team projects should be stressed. Students at the decision level are generally susceptible to value changes on a personal level only. On the one hand, they have an independent need to do the "right" things. At the same time, they possess an overwhelming need to be part of an organization. When their personal values are not congruent with the values and ethical norms of key organizations, a strong divisive tension arises. Creative experiences such as exposure to decision makers in action, and organizations for young executives chaired by marketing faculty, can help round out undergraduate program offerings.

#### Graduate Education

Experience is common for graduate students who examine human knowledge in a sophisticated manner. Their personal values are most susceptible to



change at the understanding level. They evaluate information in terms of its accuracy, whether or not it fits normal curves, and its implications in terms of future decision making. During the judgment phase graduate students attempt to comprehend information not touched directly by the senses and beyond individual perception. For example, they cannot go out and meet all General Motors' customers; yet they can get a sense of the corporation's operations and processes through information gathering and review. The students must gain the ability to act as a team during the decision phase. Value orientation here is in conflict with the need to specialize. There is a tendency to ignore any attempt to understand what implications these decisions have on the values of customers or the values of organizational decision makers.

Graduate education programs which significantly influence personal value development must include the contrast to those involving corporate social responsibility, social economic decisions, economic models, statement analysis, and interactive computer projects. The contrast is between individual choice and the complex model of choices made by collective action. Value education is skill development of change in complex social milieus.

#### Professional Education

Within professional education the knowledge that we are trying to inculcate is the central focus of an organization, the sense of unity and wholeness that occurs at the top management level. What is the experience that top management has of being in control and understanding the pulse of a large organization? Here sense experience is corporate sense experience. This is the processed data of Management Information Systems and Decision Support Systems compiled into "inputs" for the organization. Yet many CEO's cannot articulate this facet of their function. They cannot see the big picture. During understanding, top executives are trying to gain skills of pattern recognition of the organization's effect in terms of its involvement with the world at large. In the judgment phase an executive grapples with the fact that the organization as an entity is acting in such a way that it is real; that it has feedback from information systems that are connected to it. It is here that professionals are most susceptible to personal value changes. The decision level is critical for the organization. In value education, we find that the executives have a need to lead but not feel they are manipulating. Also necessary is an understanding that their success does not require that others fail. The initial issue is an ability to learn perceptions of organizational climate.

Professional education programs contributing to value enhancement include interaction with key decision makers in the community, reflective review of large scale decisions, reflection on social economic policy, and team interaction with other key decision makers.

#### Alumni Education

The alumni experiential level is the realization that organizations are citizens in a wider dimension - an international dimension. The under-

standing level involves insight concerning how we as a nation are effecting international economic trends and processes of the world. The judgment is that alumni can have a real effect on society's values worldwide. It is during the decision level that alumni are most susceptible to value changes. Each member needs to be reunited to a sense of personal commitment and values. But values have to grow. Whether they are on the corporate or individual level, they are not set once and for all.

Programs appropriate for alumni education are those involving a global perspective such as international alumni meetings, joint programs with other educational institutions, and "big picture" seminars. These are pulse inputs to sustain and reinforce action.

#### IMPLICATIONS FOR MARKETING EDUCATORS

Lonergan's process model of human knowing can be utilized by marketing educators to inculcate values, ethical behavior, and social responsibility. The model views human knowing as a growth process consisting of four activity levels: experience, understanding, judgment, and decision. The four levels are linked by questions and a feedback loop which completes the process model. The stages of individual growth affect the time and method of greatest susceptibility to change.

The adaptation described in this paper tailors academic programs to student needs as determined by process-model level and students' susceptibility to personal value change. Undergraduate students desire their own individuality but also seek to belong in an adult world. Their personal value systems are most susceptible to change at the experiential level where they are influenced by such programs as live cases stressing general processes, team projects, and other forms of cooperative work. Graduate students, on the other hand, are most susceptible to personal value changes at the understanding level. They tend to evaluate information in terms of its accuracy and implications for future decision making. Programs linked with corporate social responsibility, social economic decisions, and live cases stressing process are particularly applicable to graduate students. Within professional education, the knowledge that we are trying to inculcate is the central focus of an organization. That is, the sense of unity and wholeness that occurs at the top management level. Professionals are most susceptible to personal value changes at the judgment level where they are grappling with the central focus of organizations, the sense of unity and wholeness that occurs at the top management level. Programs stressing interaction with key decision makers in the community, reflective review of large scale decisions, and team interaction with other key decision makers should be stressed during professional education. The final educational level of concern is alumni education. Alumni are most susceptible to personal value change at the decision level which extends to the global environment. Alumni have to be reunited to a sense of personal commitment and an ever expanding value system. Programs appropriate for alumni education are those involving a global perspective such as international alumni meetings, joint programs with other educational institutions, and "big picture" seminars.

Human knowing is a structured process which occurs within a definite, recurring structure and not in a disorganized or accidental fashion. Process models which match program offerings with student growth needs are important aids to marketing educators in their effort to promote positive personal value systems. Can marketing educators market values to their own clients? The answer is yes, if they understand when and how. By understanding stages of growth in student clients they will know when. By understanding the steps of value formation they will know how.

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MOTIVATING STUDENTS IN MARKETING CLASSES:  
SOME IMPLICATIONS BASED ON EXPECTANCY THEORY

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ABSTRACT

This paper examines learning motivation of marketing students based on expectancy-valence theory of motivation. Expectancy theory maintains that effort is related to the degree to which behavior is viewed as leading to various intrinsic and extrinsic outcomes weighted by the importance of these outcomes. A number of implications based on expectancy-valence models are also discussed.

INTRODUCTION

Enhancing the learning motivation of marketing students can be quite challenging for marketing instructors. In this regard, typical questions that often trouble instructors include:

- How can I, as an instructor, influence the performance of students who are in my classes?
- What makes some students work hard while others do as little as possible?
- Why do some students neglect work assignments, miss classes, and show up late to a class?

These important questions about students' performance can only be answered by instructors who have a grasp of what motivates students. A good understanding of motivation can serve as an important tool for:

- a. Understanding the causes of behavior in a marketing course;
- b. Predicting the effects of any strategy used by the instructor; and
- c. Directing students' behavior so that instructional objectives can be achieved.

The objective of this paper is to examine the learning motivation and performance of marketing students based on expectancy theory of motivation. Expectancy theory approach has been found to be very effective in predicting effort and performance of people in the organizational psychology context. A number of implications about enhancing the learning motivation of marketing students are discussed from a strategic perspective.

THE EXPECTANCY THEORY APPROACH

Expectancy theory which has its roots in the works of Dulany (1968) and Tolman (1938) has received widespread attention in organizational psychology in recent years. Over the past 15 years, research concerning expectancy theory has produced enough valid results for many behavioral scientists to conclude that it represents the most comprehensive, valid, and useful approach to understanding and diagnosing motivation (Hackman, Lawler and Porter 1977).

In general terms, expectancy theory (Galbraith and Cummings 1967; Lawler and Suttle 1973; Vroom 1964) maintains that an individual's behavior is a function of the degree to which the behavior is instrumental in attaining some outcomes and importance of these outcomes to the individual. While the theory may appear to be complex at first view, it is in fact made of a series of fairly straightforward observations about behavior. Specifically, the following three concepts serve as the key building blocks of the theory.

Effort-Performance Expectancy (E → P)

In the individual's mind, each behavior is associated with a certain expectancy or probability of success. This expectancy represents the individual's perception (i.e., a subjective probability) about the likelihood that he or she can perform at a given level, or that effort on his or her part will lead to successful performance. This term can be thought of as varying from 0 to 1.

In general, the less likely a student feels that he or she can perform at a given level, the less likely he or she will try to perform at that level. A student's E → P probabilities are strongly influenced by each situation and by previous experience in that and similar situations. For example, a student may have done poorly in multiple-choice type exams on a consistent basis. Thus, when he learns that his marketing research instructor has decided to administer multiple-choice tests he may develop a low expectancy that if he puts forth effort, it will result in good performance on the test.

Performance - Outcome Instrumentality (P → O)

This component of motivation refers to an individual's belief that if he/she performs at a certain level, he or she will obtain certain outcomes (or rewards). Such instrumentality beliefs can also be expressed in terms of a subjective probability varying from 0 to 1.

Examples of instrumentalities can easily be described. A student may strongly believe (say a .9 probability) that if he performs well on a given exam it will result in an overall grade A. While others may have a low instrumentality belief (say .4). Such beliefs may of course be influenced by a number of factors such as the student's view of the instructor's fairness behavior, or student's personal characteristics (e.g., some students are optimists while others are pessimists).

Valence (V): The term "valence" refers to the value (importance, attractiveness) of an outcome to the individual. Outcomes have different valences to different students. Differences in valence result because of individual needs and

perceptions, which differ because they in turn reflect other factors in the individual's life (Vroom 1964).

For example, in a particular marketing course, some students may value learning of a new concept very highly (high valence) because they think it will be useful in a real job situation, while others may value it low (low valence) as they may not be thinking so carefully about its application in job situations. The learning of a concept of "reliability/validity" in marketing research may have a great valence for an older student who is a full-time employee of a marketing research firm but little valence for a young student who hasn't made-up his mind whether to major in marketing or in history.

Putting these concepts together, it is possible to construct a general model of the student's behavior (Figure 1) and to make a basic statement about marketing students' motivation to learn and perform. In general, a student's motivation to attempt to learn and perform in a certain way is the greatest when:

- The student believes that he or she is able to perform at the desired level (effort  $\rightarrow$  performance expectancy);
- The student believes that his/her performance will lead to the attainment of important outcomes (performance  $\rightarrow$  outcome instrumentality); and
- The student believes that these outcomes have positive value for him or her (valence).

Given a number of alternative levels of performance (spending one, two, or three hours per week in a computer lab, for example), the student will choose that level of performance which has the greatest motivational force associated with it, as indicated by expectancies, instrumentalities, and valences. In other words, when faced with choices about behavior for a marketing course, the student would go through the process of considering questions such as:

- Can I perform at that level if I try?
- If I perform at that level, what will happen?
- How do I feel about those things that will happen?

The student then decides to behave in a way that seems to have the best chance of producing desired outcomes.

For operational purposes, the above components of motivation can be expressed in the following algebraic form:

$$\text{Motivation} \\ (M) = [E \rightarrow P_j] \times \sum_{j=1}^n [(P \rightarrow O_{jk})(V_k)] \quad (1)$$

where:

- $E \rightarrow P_j$  = the student's belief that his or her efforts would lead to a given level of performance  $j$ ;
- $P \rightarrow O_{jk}$  = the student's belief that a given level of performance level ( $j$ ) would lead to the outcome  $k$ ;
- $V_k$  = the importance of the outcome  $k$  to the individual student.

## Intrinsic and Extrinsic Outcomes

A further usefulness of the above model lies in the fact that using an intrinsic and extrinsic outcome dichotomy, it can be used to measure intrinsic and extrinsic motivation of students. Intrinsic outcomes are internally induced in that a student rewards him/herself. These include such outcomes as feelings of accomplishment, personal growth, and self-competence. Extrinsic outcomes are the rewards that are provided by others (e.g., by the instructor, fellow students, or the department) and include such outcomes as the grade, appreciation by group members, or a letter of recommendation from the instructor. Both intrinsic and extrinsic outcomes are important in understanding a student's motivation to learn and perform since they are available, and in general, actively sought by students. Therefore, the expectancy-valence model should be utilized to measure both intrinsic and extrinsic motivation of students.

Using the intrinsic and extrinsic outcome dichotomy, the basic expectancy-valence model (equation 1) can be expressed as the following:

### Intrinsic Motivation

$$(M_i) = f[E \rightarrow P_j] \times \left[ \sum_{j=1}^{ni} (P \rightarrow O_{jki})(V_{ki}) \right] \quad (2)$$

### Extrinsic Motivation

$$(M_e) = f[E \rightarrow P_j] \times \left[ \sum_{j=1}^{ne} (P \rightarrow O_{jke})(V_{ke}) \right] \quad (3)$$

Notations in the above equations are the same as those in equation 1 except that subscripts  $i$  and  $e$  represent variables corresponding to intrinsic and extrinsic outcomes respectively.

## The Motivation-Performance Sequence

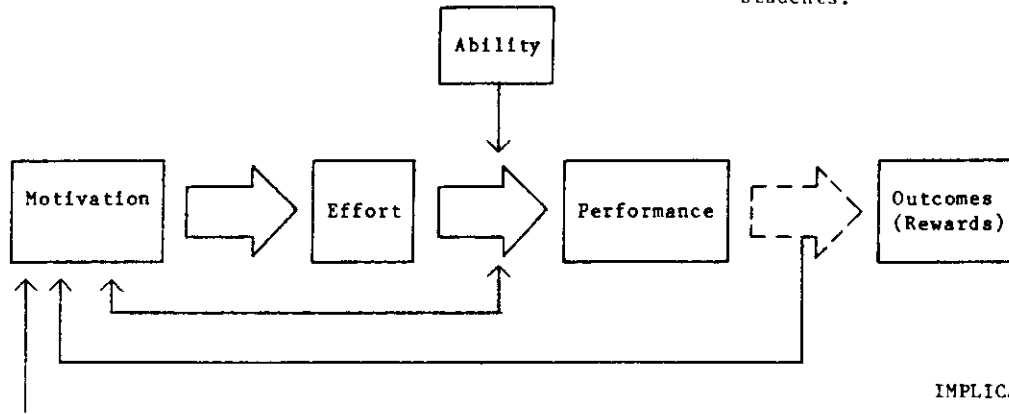
In the literature available on motivation-performance relationship (Hackman, Lawler and Porter 1977; Lawler and Suttle 1973; Nadler, Hackman and Lawler 1979; Walker, Churchill and Ford 1977), the motivation is seen as a force that influences an individual to expend effort. A typical example of effort may involve the average number of hours per week spent by the student on academic activities. However, effort alone may not be sufficient. Efforts along with the level of ability which a student has (reflecting skills, aptitude, etc.) produces a given level of performance (Vroom 1964; Porter and Lawler 1968). In most of the reported research, however, performance has been successfully predicted from the motivational component only and without the use of an ability measure (Graen 1969; Hackman, Lawler and Porter 1968; Lawler and Suttle 1973; Porter and Lawler 1968). As a result of performance, a student receives certain outcomes. However, the relationship between performance and outcome is regarded as conditional reflecting the fact that sometimes the student performs well but does not obtain desired outcomes (Figure 1). As this process of performance-rewards occurs, time after time, the actual events serve to provide information which influences the student's perceptions, particularly  $E \rightarrow P$  (expectancy) and

$P \rightarrow O$  (instrumentality) probabilities and thus motivation in the future.

scores than directly from the motivation (M) scores.  
 5. Performance  $\rightarrow$  outcome contingency will positively influence the student's motivation to learn.  
 6. The above relationships are stronger for high control students than for low control students.

FIGURE 1

The Basic Motivation-Behavior Sequence



IMPLICATIONS

A student's motivation is a function of:

- a. Effort-to-performance expectancies
- b. Performance-to-outcome expectancies
- c. Perceived valence of outcomes

Since academic performance is a result of forces both within the student and within the environment, the instructor should look and diagnose both the student and the environment. Specifically the following implications can be considered.

High Versus Low Control Students. A number of studies (Dulany 1968; Fishbein 1967; Mitchell and Biglan 1971) suggest that the way expectancies and instrumentalities influence an individual's effort may be greatly influenced by his/her perception of control over the behavior in question. This is because the degree to which one can carry out his intentions is due partially to the degree of perceived control over the situation. For example, based on expectancy-valence model we may predict that a student will spend a great deal of effort this weekend doing a library project. However, a number of things might prevent him from carrying out his intentions such as a last minute assignment from another course which is perceived as more important or the fact that the books required for the library project were already checked out. Thus, the expectancy-valence model will better predict effort and performance of those students who indicate a higher control over the academic behavior than who perceive a lack of this control.

As a first step, it is important to identify what kinds of intrinsic and extrinsic outcomes/rewards have valence for your students. There are various ways of finding this out, including (a) finding out students' desires through some structured method of data collection, such as a survey instrument, (b) observing the students' reactions to different situations or rewards, or (c) simply using a focus group approach and asking them what kinds of rewards are important to them, what kind of career goals they have, or "what's in it for them." It should be emphasized here that it is very difficult to change what students want, but fairly easy to determine what they want.

Based on the above discussion, the following propositions are suggested regarding the student's learning motivation-behavior process:

Second, instructors often emphasize "good performance" without really defining what good performance is. An important step in motivating is to set specific performance standards and appropriate measures or indicators of performance (quantity, quality, etc.). These standards should be communicated to students in a fairly specific manner (not in general terms) so that they understand what is desired of them.

1. The student's tendency to expend effort (W) can be predicted from the motivation construct

Third, as has been discussed before that learning motivation is induced not only by the instrumentality ( $P \rightarrow O$ ) beliefs, but also by the expectancy ( $E \rightarrow P$ ) beliefs. This implies that if performance standards are set at a higher than reasonably reachable level as perceived by students, then their motivation to perform will be relatively low. The instructors, therefore, should determine levels of performance that are perceived to be attainable by students.

$$[E \rightarrow P_j] \times \sum_{j=1}^n [(P \rightarrow O_{jk}) (V_k)].$$

2. The student's tendency to expend effort (W) can be predicted from both intrinsic and extrinsic motivation.
3. The student's performance (P) can be predicted better from a multiplicative relationship between effort and ability ( $W \times A$ ) than from effort (W) itself.
4. The student's performance (P) can be better predicted from the motivation x ability ( $M \times A$ )

Fourth, it is important to link outcomes valued by students to the specific performance standards set by the instructor. If extrinsic rewards are valued, it is important that students see a clear example of the reward process working in a fairly

short period of time if the motivating "expectancies" are to be created in the student's mind. If students value intrinsic rewards (e.g., feeling of accomplishment), then the instructor should focus on changing the nature of the student's work as he/she is likely to respond with such things as increased challenge, feedback, and autonomy, because these things will lead to a situation where good performance is intrinsically rewarding.

In order to examine the adequacy of intrinsic and extrinsic reward systems, the students' perceptions of the situation must be determined. Remember, it is the perceptions of rewards that determine their motivation, not the objective reality. It doesn't matter, for example, whether an instructor feels that a student's grade is related to his/her motivation. Motivation will be present only if the student sees the relationship.

Fifth, it is important to provide extrinsic rewards or create situations for intrinsic rewards so that changes in rewards are large enough to motivate significant behavior from students. Trivial rewards will induce trivial amounts of effort and thus trivial improvements in students' performance. Rewards must be significant enough to motivate students to expend the effort needed to cause significant changes in academic performance.

Sixth, attitude surveys (e.g., standard student questionnaires) should be conducted on regular intervals among marketing students to measure their expectancies and instrumentalities and thus the level of their intrinsic/ extrinsic motivation. Over a period of time, the indices for ideal levels of marketing students' motivation can be developed. The current level of motivation can then be compared against such indices. If the difference between the current level and indices is substantial, appropriate strategies should be used to enhance appropriate  $E \rightarrow P$  (expectancy) and  $P \rightarrow O$  (instrumentality) subjective beliefs.

Seventh, the marketing instructor should realize that even students with lower ability can perform better if their motivation is enhanced. The instructor should attempt to enhance motivation of weaker students by inducing beliefs that if they worked hard it will result in good performance and that performance will be rewarded.

Finally, specific steps should be taken to induce the student's feelings of control over the academic behavior in question. As we have seen, motivational strategies for students who think they can do little to complete a task (low control students) are relatively ineffective. For example, for a library assignment situation, students may feel that they can do little if books are not available or have been checked out (especially during the final weeks of a term). The marketing instructor can correct this situation by assuring that adequate material is available through the library reserve desk or his office. Similar other steps can be taken to induce feelings of greater control.

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## INCORPORATING SERVICES MARKETING INTO THE MARKETING CURRICULUM

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### ABSTRACT

Services are the fastest growing sector of the economy, yet relatively little attention has been given to services marketing in the marketing curriculum. This paper first presents the importance of services and indicates how marketing services differs from marketing goods. Alternative approaches for incorporating services marketing into the curriculum are then presented. The advantages and disadvantages of each alternative, and the major issues involved in implementing each alternative also are addressed.

### INTRODUCTION

Since marketing is a dynamic subject, it constantly challenges marketing educators to alter classroom material in order to remain current. Several trends are occurring within society which have a major impact upon marketing education. Among these trends are the utilization of marketing concepts by nonprofit organizations, the increasing importance of international marketing, and the increasing importance of services within society (Stem 1978). Each of these trends has implications for marketing the marketing curriculum.

Of these three trends, international and nonprofit marketing have received more attention by marketing educators than services marketing. Thus, of the trends impacting marketing programs, the study of services marketing education is lacking. Accordingly, this paper outlines the importance of services to the economy, indicates how services marketing differs from the marketing of goods, and finally indicates how services marketing can be incorporated into the marketing curriculum.

### IMPORTANCE OF SERVICES

The American society has been described as being a services oriented society. Toffler (1980) in his book The Third Wave explains the major changes occurring within the American society and indicates that services will play an important role for the future. Naisbitt (1982) describes America's major business as being the information industry, which is basically services rather than manufacturing oriented.

The movement to a services society has been predicted by economic theory (Foote 1953; Clark 1957). According to these economists, a society progresses from an agrarian to a manufacturing economy, then from a manufacturing to a service economy. Statistics support the fact that this movement indeed is taking place. As recently as

1970 manufactured goods accounted for a larger proportion of the Gross National Product than services. However, by 1980 services surpassed manufactured goods and the gap is widening. Services also account for a growing percent of total employment, representing 48 percent of the work force, and 50 percent for personal consumption expenditures (Statistical Abstract 1982-83).

These numbers illustrate that services are a vital sector within our economy and the role of services is expanding. Because of the trend toward service-oriented business activities, marketing educators must begin now to prepare students to working in the emerging services environment.

### NATURE OF SERVICES MARKETING

In spite of the indication that services play an increasingly important role within the economy, the implications for marketing education are minimal if there are few differences between marketing of goods and services. However, if there are major differences between the marketing of goods and services, then these differences need recognition in the marketing curriculum.

A few researchers have argued there is no fundamental difference between marketing goods and services because the same principles and techniques are applicable and only the implementation differs (Wychem 1975, Enis 1981). However, the majority of researchers believe there are major differences in marketing goods and services (Bateson 1977; Eiglier 1977; Shostack 1977; Beckwith 1981; Booms 1981; Brown 1981; and Lovelock 1981).

The marketing of services is perceived as different from goods because of the differences in their characteristics. The characteristics of services which differentiate them from goods are: (1) intangibility, (2) inseparability of production and consumption, (3) heterogeneity in quality, and (4) inability to inventory services.

These characteristics of services produce situations that require specialized marketing mixes and strategies in comparison to those used for goods (Guseman 1981; Fisk 1981; and Zeithaml 1981). Furthermore, the environmental context in which marketing occurs, particularly the legal and competitive environments, is different from goods (Rathmell 1974). These factors require special attention to develop innovative marketing strategies and marketing mixes for success.

## ALTERNATIVE APPROACHES FOR INCORPORATING SERVICES MARKETING INTO THE CURRICULUM

Services marketing can be incorporated into the marketing curriculum by offering separate course(s) on services marketing, integrating the topic into existing courses, or by exposing students to services marketing through non-curricular mechanisms (see Figure 1). Each alternative has major advantages and disadvantages.

Offering a separate course on services marketing ensures coverage of the material in an organized, thorough manner. A separate course theoretically guarantees coverage of the material by a knowledgeable, enthusiastic instructor. However, the separate course does require an additional allocation of business school resources. Furthermore, not all students will take the specialized course, potentially missing exposure to this material.

Integrating services marketing into other courses within the curriculum ensures that all students will be exposed to this important topic, and does not require any additional faculty resources. However, there is less control over the coverage of the material through integration compared to a separate course because the coverage is not as likely to be formally organized, comprehensive, and fully evaluated. Also there may not be a sufficient amount of time to adequately cover the topic, and professors may lack sufficient knowledge and motivation to satisfactorily cover services marketing.

A third approach to expose students to services marketing is through noncurricular activities, such as utilizing speakers, seminars, executives-in-residence, internships, and marketing clubs. These noncurricular approaches require minimal faculty resources and have the potential of generating student interest and excitement. In some cases, noncurricular activities generate more enthusiasm than course work. The disadvantages of utilizing non-curricular methods are organizing, implementing, controlling, and evaluating the activities. Someone must be made responsible for developing and implementing a plan. Even then, such a plan is likely to reach a limited audience, expose students to a narrow range of topics and situations, and involve some out-of-pocket costs. Also, the results are difficult to measure in terms of effectiveness.

### INCORPORATING SERVICES MARKETING INTO THE CURRICULUM

How services marketing is incorporated into the curriculum depends upon the alternative selected. If it is decided to offer a separate course, then either some other course must be dropped from the curriculum in order to utilize the same resources, or the current courses are retained and faculty resources are increased or more efficiently utilized. To obtain maximum benefit, the faculty selected to teach the services marketing course should have the expertise and interests required for teaching the course.

Another question when opting for the separate course alternative is the number of courses to offer on services marketing. A single comprehensive course can be offered covering all aspects of services marketing or a number of different courses can be provided to cover the subject matter. Again the number of courses that should be offered depends upon available faculty resources, student demand for the courses, and the demand by service marketers for students. In addition to an introductory course, courses could be offered on marketing professional services, consumer services, or industrial services. Courses also can be developed on various aspects of marketing as applied to services, such as product development, promotion, pricing, distribution of services, and an integrating capstone course.

If it is decided to integrate services marketing in to the existing curriculum, then a number of questions need to be answered. The first question is "Which courses should cover services marketing?" Minimally, services marketing should be incorporated into the principles course, consumer behavior, and the capstone course in marketing. Additional courses into which services marketing can be integrated include advertising/communications courses, product development/management courses, salesmanship courses, distribution systems courses, and pricing courses. International marketing and the nonprofit course also need to cover services marketing.

A second question to be answered is "What percent of the courses should be devoted to services marketing?" In actuality, the amount of time devoted to services marketing will depend upon the professor's interest and knowledge on the topic. Ten to thirty percent of a course devoted to services provides a good starting point but this will need to be increased as more material on services marketing is made available and more students are employed in the area of services.

The third question to be answered when integrating services marketing into the curriculum is "What pedagogical methods should be utilized to teach services marketing concepts?" The specific blend of pedagogical methods selected depends upon the level of the course, course objectives, the student's intellectual ability and previous knowledge of services, and the professor's personal preferences. Lectures and class discussions can be utilized to impart the desired knowledge, with these being supplemented with reading lists, cases, class exercises, and projects to develop additional comprehension and ability to apply the material.

The success of integrating services marketing into the curriculum depends directly upon the ability and motivation of the professors teaching these courses. Accordingly, care should be taken in assigning professors to those courses who have both the ability and desire to teach services marketing and measures to evaluate the actual coverage of services marketing need to be devised.



If it is not feasible to incorporate services marketing into the curriculum, then noncurricular methods should be utilized. At least one faculty member within the school needs to be assigned the responsibility of overseeing the development, execution, and control of the noncurricular events. The major decisions concerning a non-curricular program are the types and number of activities to plan, and the target market for these activities. Encouraging students through a marketing club to explore services marketing can be an effective way to achieve some coverage of services marketing with little commitment of resources and, when supplemented by outside speakers and seminars, can provide minimal preparation of students for services marketing.

#### RECOMMENDATIONS FOR INCORPORATING SERVICES MARKETING INTO THE MARKETING CURRICULUM

This paper has illustrated the increasingly important role services have in our economy and how the marketing of services differs from marketing of goods. In order to provide competent graduates for the business community and to adequately prepare students for careers in marketing, it is essential to incorporate services marketing into the marketing curriculum. Students need to be made aware of the opportunities in services marketing. They also need to know how services marketing differs from marketing of goods, and how to develop marketing programs for service related businesses.

Alternative methods of providing exposure to and instruction in services marketing are: a separate course and/or series of courses, integration of services marketing into existing courses, and extracurricular activities. Of course, the extent to which services marketing should be emphasized depends on many factors such as resource allocation, faculty expertise and motivation, and student service area demand. The ideal method of incorporating services marketing would encompass all three alternatives. Courses dedicated solely to services marketing will carry the major responsibility of educating students in services marketing, and should be targeted towards those students with a potential interest of a career in services. However, due to the influence of services in the economy, all marketing students need exposure to services. This can be achieved by integrating service material into other courses in the marketing curriculum. The students' knowledge of services marketing can be expanded and complemented by various noncurricular activities such as outside speakers from service industries, seminars on services marketing, and projects through marketing clubs.

#### LONG-TERM RECOMMENDATIONS FOR INCORPORATING SERVICES INTO THE BUSINESS CURRICULUM

Since the immediate priority is including services marketing instruction, the alternatives presented have involved only the marketing department, its faculty, and students. Working within a single department usually simplifies and speeds up changes in methodology and course

offerings, in contrast to interdepartmental efforts. However, services are not peculiar to the marketing discipline and consideration of the joint development of courses between different departments is a viable long-run consideration. Dedicated courses on service businesses can be developed. In addition to courses on services marketing, courses on services production processes, management of service industries, etc., can be developed. This should lead to interdepartmental offerings on services, such as a course in Marketing of Financial Institutions, utilizing marketing and/or finance faculty, to contribute to the service area of both disciplines. As services increase their importance within the economy, the need for interdepartmental offerings will grow.

Specific industries can be emphasized as the need arises. For example, at the present time, deregulation and competitive environments in the financial services industry point to a need for more comprehensive instruction and marketing orientation for that industry.

America is a service oriented society but has been overlooked by business educators. Service marketing is a major topic that must be included in all marketing programs and eventually integrated into the entire business curriculum.

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FIGURE 1

Alternatives for Incorporating Services Marketing into the Marketing Curriculum

Alternative	Separate Course	Integrated into Other Courses	Noncurricular Activities
Advantages	*Thorough coverage *Specialized attention	*Expose all students to material *No additional resources *Less control	*Minimal faculty resources required *High student interest *Planning and organizing activities difficult
Disadvantages	*Resources required *Not all students will take course	*Time constraints to cover material *Inadequate expertise and/or motivation to teach	*Limited exposure to material
Major Issues	*Whether to eliminate existing courses or add additional courses *Faculty to teach services course *Which courses and number of courses to offer	*Which courses to integrate services into *Amount of coverage to devote to services *Pedagogical methods to utilize *Training professors on services marketing	*Assigning responsibility to develop and oversee program *Types of activities to provide *Number and timing of activities to offer *Target audience of program

REPROGRAPHY AND THE UNCERTAINTY OF COPYRIGHT  
IN THE INFORMATION AGE

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ABSTRACT

Recent litigation involving the classroom use of copyrighted materials has prompted some concern on the part of educators. This paper briefly considers the background of federal copyright law and the present uncertainty regarding the distribution to students of photocopied materials as a "fair use" exception under the Copyright Revision Act of 1976.

INTRODUCTION

From the days when the vital information in Western Civilization was preserved by chiseling letters into stone tablets to the present era of electromagnetic impulses recorded onto floppy disks, information has been the stock-in-trade of scholars and teachers. Although modern technology continues to develop new devices for the collection, storage, retrieval and distribution of information, the basic functions of educators remain unchanged. They continue to engage in the creation, preservation and dissemination of knowledge.

The efficiency with which educators can perform these traditional functions has changed, however, as a result of contemporary advances in information systems technology. In particular, modern developments in reprography have greatly enhanced the ability of university faculty to provide their students, on a timely basis, with a seemingly unlimited amount of published information from the broadest possible base of sources. The development and marketing of a plain paper photocopying machine by Xerox in 1960 was the leading breakthrough in this field. One source estimates that users made 9.5 million copies in 1964 and had increased their usage of xerography to the level of 12 billion copies by 1967. By 1970, photocopying had already become a \$1.3 billion market. (Greenwood 1980, p. 129)

As is true for most significant technological developments, these photocopying machines have generated a substantial degree of conflict and controversy. Educators see the remarkable expansion of classroom teaching possibilities which flow from the unrestricted use of xerographic reproduction of published materials. Copyright holders and publishers view with alarm the potential threat to their economic interests posed by the new devices. This has recently resulted in litigation among publishers, university faculty and the operators of off-campus photocopying services in an effort to reconcile the sometimes competing interests of educators and those who market copyrighted materials.

Thus, this paper will examine the educational functions performed by the classroom teacher in

distributing photocopied materials to students, some of the litigation concerning the classroom use of copyrighted materials and the current uncertainties which surround the extent to which federal copyright law allows for the use by educators of copyrighted materials without prior permission from the owners.

THE EDUCATOR'S TASK  
FROM A MARKETING PERSPECTIVE

The role of a university faculty member with respect to classroom teaching functions in some ways closely resembles that of a middleman in the marketing process. The professor's primary tasks consist of sorting and matching, i.e., gathering information from a vast array of heterogeneous sources (books, journals, government documents, trade publications and so on), sorting it into a meaningful set of materials (required readings and lectures) for the course at hand, and presenting this assortment to the students in the form of required texts, handouts or assigned readings.

This is analogous to the operation of the economic process as Wroe Alderson depicted it. He noted the "radical heterogeneity of markets" as it existed on both the supply and demand sides. (Alderson 1958, p. 32) He observed that, "The whole economic process may be described as a series of transformations from meaningless to meaningful heterogeneity." (Alderson 1958, p. 32.) These transformations were achieved through sorting, which Alderson described as the "root idea of marketing." He further observed that "...the aim of marketing is to cope with the heterogeneity of both needs and resources." (Alderson 1958, p. 33.)

Radical heterogeneity certainly describes the array of information which the marketing educator has available from a variety of academic disciplines and a myriad of information sources. Thus, the educator is faced with the task of transforming this abundance of heterogeneity into a meaningful educational experience for the students.

In order to facilitate this sorting process, the faculty member is likely to rely heavily upon the distribution of multiple photocopies of articles, chapters and other excerpts from a wide variety of published (and probably copyrighted) sources. Doing so without first obtaining permission from the copyright holder generally provides the fastest and most efficient means of carrying out this task.

This approach, however, has understandably provoked protests from the publishers of books, journals and other copyrighted materials. These

publishers see the unrestrained use of photocopying for classroom purposes as a particular threat to the economic viability of journals, texts and other scholarly works for which limited markets exist. They also express concern about the adverse impact upon the demand for the more widely utilized journals and textbooks.

Unfortunately, Alderson's works do not specifically address the issue of how to treat the institutional constraints which copyright considerations impose upon this particular sorting process. Instead, marketing educators must look to other sources for guidance as to how present copyright law affects their sorting task.

#### PUBLISHER SUITS AGAINST UNIVERSITY FACULTY

The first reported case of a textbook publisher filing suit over the unauthorized use of copyrighted text involved the Macmillan Company in 1869. (Macmillan Company v. King 1869.) The defendant, Meliam L. King, tutored Harvard economic students in a course which used F. W. Taussig's Principles of Economics text. King distributed outlines of the text to his pupils, along with some quoted words and phrases, with the stipulation that they would return the materials after the final exam. The court found that this practice amounted to an infringement of the copyright. In reaching this conclusion, the judge expressed a concern that the summaries were prepared to enable students to pass the course without actually having read the book.

In 1963, Addison-Wesley filed suit against a faculty member who published a complete solutions manual for a college physics text which had included the answers to only its odd-numbered problems. (Addison-Wesley Publishing Co. v. Brown 1963.) The separately produced solutions manual utilized paraphrased versions of the text's problems. The court found that the availability of a solutions manual had adversely affected the market for the original text and, therefore, held that the defendant had infringed upon the copyright.

In a more recent action, eight textbook publishers sued nine New York University faculty members, an off-campus copy center and NYU itself for alleged copyright violations under the Copyright Revision Act of 1976. The plaintiff-publishers included Addison-Wesley, Alfred Knopf, Basic Books, Houghton-Mifflin, Little, Brown & Company, Random House and Simon & Schuster. The complaint accused the defendants of "...causing and engaging in the unlawful and unauthorized reproduction, anthologizing, distribution and sale of published copyrighted works." (The Wall Street Journal 1982.)

The Unique Copy Center, the off-campus defendant, apparently had put together and sold anthologies of materials for the students in the defendant faculty members' courses. The Copy Center did so without authorization from the copyright holders. (New York Times 1980.)

The parties settled the suit short of trial, so

the fundamental issues which surround the photocopying of copyrighted materials for classroom use were not resolved by that action. Both the American Association of University Professors and the American Library Association had indicated their willingness to support NYU and the faculty members in the litigation. (Chronicle of Higher Education 1983.)

In a similar suit filed in 1980, again under the 1976 Act, several publishers sued the Gnomon Corporation, which provided photocopying services in several college towns throughout the northeast. Plaintiffs accused the copy center operation of violating the 1976 Act by operating a "micro-publishing" company which produced photocopies of copyrighted materials for use by local college students. Gnomon maintained that their practices were legal, but entered into a consent decree settlement. The owner said that he could not afford the estimated \$250,000 in legal costs to fight the suit. (The Wall Street Journal 1980.)

The reasons for the indeterminate outcome of these recent, widely publicized suits may be better understood when viewed in light of how the present federal copyright statute evolved.

#### A BRIEF OVERVIEW OF COPYRIGHT LAW

Congress enacted the first copyright statute in 1790 under its constitutional authority, "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." (United States Constitution 1788.) This exclusive right amounted to a grant of monopoly, for a specified period, over the expression of ideas embodied in the copyrighted work. (The ideas themselves have never been subject to protection under any American copyright statute.) Subsequent acts have retained this grant of monopoly to the copyright holder in order that authors and other creators of copyrightable works would have an economic incentive to contribute to the progress of science and the arts. Or, as the well-chronicled Dr. Johnson put it so succinctly, "No man but a blockhead ever wrote except for money." (Boswell 1791. Boswell's opinion of those who write for publication in academic journals and conference proceedings can be readily deduced from this remark.)

Copyright ownership does not amount to the power to control all use of the protected material, however. Advancement of science and the arts requires the effective dissemination of knowledge as well as its creation and expression. Thus, the concept of "fair use" of copyrighted items has evolved to allow, under certain circumstances, the reproduction without permission of part of a copyrighted work or, in some instances, all of it.

This doctrine originated in the 19th Century (Folsom v. Marsh 1841.) and became an equitable rule of reason that offered protection for the use of copyrighted work in the context of literary criticism. (Lawrence v. Dana 1869.)

For all the subsequent attention that fair use has attracted within the field, the only widespread agreement on the topic seems to be that the issue is the most troublesome in the whole law of copyright. (Dollar v. Samuel Goldwyn, Inc. 1939.) The most frequently cited definition of the term is, "...a privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent, notwithstanding the monopoly granted to the owner..." (Ball 1944). Thus, "the law implies the consent of the copyright owner to a fair use of his publication for the advancement of the sciences or art." (Henry Holt & Company v. Liggett & Meyers Tobacco Co. 1938.)

Beyond these broadly drawn principles, neither the statutory law nor the cases which construe it provide much specific guidance with respect to fair use. Rather than setting forth an arbitrary rule, the courts have resorted to an examination of the facts in each case when they rule upon a question of fair use. (Meeropol v. Nizer 1977.) The judiciary can then weigh the copyright holder's economic interests against the general public interest in promoting science and the arts. This offers the advantage of allowing for a balancing of the conflicting interests in light of the facts surrounding each dispute.

Some authority does exist to support the idea that a reward to the copyright owner is secondary (Mazer v. Stein 1954.), and that when addressing questions of infringement, courts must occasionally subordinate the financial interests of an owner to the greater public interest in the development of art, science and industry. (Berlin v. E. C. Publications, Inc. 1964) Nonetheless, no standards have emerged that would enable either a faculty member or a copyright holder to understand with a reasonable degree of certainty the extent to which the distribution of multiple photocopies for classroom purposes constitutes a fair use of copyrighted materials.

The courts have, however, developed and consistently cited a set of four criteria which they employ for their "fair use" analysis. The standards include (Williams & Wilkins v. United States 1973.):

1. The purpose and character of the use.
2. The nature of the copyrighted work.
3. The amount and substantiality of the portion used in relation to the work as a whole.
4. The effect of the use upon the potential market for or value of the copyrighted work.

Considerable uncertainty surrounds the interpretation of these elements as they apply to specific situations. For example, despite the explicit reference in the standards to the effects upon the potential market for a copyrighted work, the leading case on fair use holds that the plaintiff's failure to show that it suffered actual economic harm from defendant's photocopying of the copyrighted materials was a significant factor in the finding of a fair use by the defendant. (Williams & Wilkins v. United States 1973.) Other authority exists, however, which strongly suggests that a plaintiff need not prove measurable

pecuniary damage in order to establish that a defendant's actions did not amount to fair use. (Marcus v. Rowley 1983.)

#### THE COPYRIGHT REVISION ACT OF 1976

The Copyright Revision Act of 1976 does not reduce any of the ambiguity surrounding the fair use doctrine and, therefore, the fundamental questions involving the classroom use of photocopied materials remain unresolved by the statute itself.

Section 107 of the act provides statutory recognition of the fair use doctrine. It does not, however, go beyond the previously developed case law regarding the factors to use in judging whether a particular use is "fair." In fact, this section lists the same four factors cited in the previous section as the basis upon which to do a "fair use" analysis. It does not offer any guidance as to how these criteria might be applied.

Section 108 of the statute, which deals with reproduction of copyrighted materials by libraries, also relates to photocopying for classroom purposes. Even when read with Section 107, however, none of the ambiguity which envelopes this issue diminishes.

The legislative history of the 1976 Act likewise fails to reduce the uncertainties of fair use. (House Report 1976.) The record reflects only the intense lobbying done by both publisher and educator interests. The publishers, having lost their major court test of photocopying and fair use in the 1975 Williams v. Wilkins decision, wanted to win back by Congressional statute what they had lost in court. Educators, on the other hand, wanted a complete exemption for faculty who reproduced copyrighted materials for any classroom purpose. Congress apparently compromised by writing the then-current case law standards into the statute.

Some of the groups which had participated in the lobbying efforts subsequently negotiated an agreement which the House committee included as part of its report. (House Report 1976.) The Ad Hoc Committee On Copyright Revision (a coalition of educational organizations), the Association Of American Publishers and the Authors League of America entered into this agreement.

The document, entitled "Agreement On Guidelines For Classroom Copying In Not-For-Profit Educational Institutions," provides that:

The purpose of the guidelines is to state the minimum and not the maximum standards of educational fair use ... [It] is not intended to limit the types of copying permitted under the standards of fair use under judicial decision ...

It is especially important to note that, in addition to the above-quoted disclaimers within the guidelines themselves, both the American Association of University Professors and the American

Association of Law Schools rejected the guidelines as unworkable. Each group had its own disavowal put into the Congressional Record. (Donnell 1978.) This further reduces the impact of the guidelines upon the interpretation of the "fair use" doctrine.

The guidelines may, however, have created a "safe harbor" for those whose uses of copyrighted materials fit within these self-described minimum standards. The important unresolved issue is how much copying in excess of these standards remains within the boundaries of fair use.

As one commentator has observed (Stedman 1977, p. 12):

Guidelines such as [these] are just that: guidelines, not binding rules ... Depending upon their terms and on the intent of the parties, they may or may not have a binding effect upon non-participants, however useful these latter may find them in arriving at their own policy decisions.

#### CONCLUSION

Neither the Copyright Revision Act of 1976 nor the ensuing litigation initiated by textbook publishers against university faculty has lessened the uncertainty regarding the photocopying for classroom use of copyrighted materials without permission of the owner. The textbook publishers' trade association has threatened to continue litigation over this issue while the AAUP and the American Library Association appear ready to support the college and university faculty members. (Stedman 1977, Appendix C; Chronicle of Higher Education 1983, p. 19.)

Over the long run, some aspects of this conflict reflect an acute case of marketing myopia. From a marketing perspective, no such thing as the "textbook business" or the "academic press" business exists and any publisher who fails to understand this will not survive to see the Twenty-First Century. The market under consideration here consists of those individuals who need an effective and efficient means of delivering information for classroom instruction, i.e., university faculty and their students. The educator who oversees and directs the process of concentration and dispersion which matches the heterogeneous supply of information with the heterogeneous informational needs of each of his classes merely endeavors to perform this sorting as best he can. Widespread use of photocopied materials is presently the best available tool for facilitating the performance of this traditional educator's function.

Thus, the long-run resolution of the present conflict between copyright holders and university instructors lies in the adaptation by publishers of present information storage and delivery technology to the needs of classroom instruction. This would involve such techniques as computer-based information storage and retrieval systems, facsimile transmission, micrographics and all of the other tools of modern reprography. None of

this will happen, however, until academic publishers let go of their production-oriented views and adopt a marketing concept approach.

In the meantime, educators need to keep abreast of how the copyright law affects their use of photocopied materials for classroom purposes in order to cope with the current conflicts and uncertainties which surround this practice.

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THE USE OF TEACHING EVALUATIONS IN MARKETING  
EDUCATION: AN EXPLORATORY ANALYSIS<sup>1</sup>

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ABSTRACT

There has been considerable controversy recently over an alleged decline in educational standards at Canadian universities. Among other issues, the widespread use of student teaching evaluations for administrative purposes has been cited as a contributing factor. This paper investigates through an exploratory analysis whether scores on teaching evaluations are positively linked to shifts in enrollment (the "shopping" effect) or to assigned grades (the "grade inflation" effect).

INTRODUCTION

The subject of this paper is the use of student evaluations of teaching performance in the administration of Business and Marketing programs and the effect upon enrollment and grading practices. The issue has become important as a result of a growing controversy over the quality of educational programs at Canadian universities. In a recently published and controversial book entitled The Great Brain Robbery, authors Bercuson, Bothwell and Granatstein, all senior professors at Canadian universities, cited declining admission standards and tenure as significant problems in declining educational quality (1984). Moreover, Bercuson et al argued that approaches to curriculum design where students can essentially shop for their subjects and widespread use of student evaluations of teaching performance by administrators have caused a reversal of responsibility for assessment "between the student who came to learn and the professor who was there to teach and assess performance" (p.81). The result is grade inflation and lowering of standards. The authors contend that the atmosphere for university education is that of a "supermarket run for the consumers' (students') benefit". (Bercuson, Bothwell and Granatstein, p.84).

Concerns raised about general university education equally apply to business and marketing programs. One of the focal points in this debate is the use of teaching evaluations and whether or not such usage is related to "shopping" for courses and grade inflation. In Canada, as in the United States, widespread use of student evaluations of teaching performances through a standard assessment form dates to the middle or late 1960's and their use has been clearly established as a tool for faculty assessment since the mid-seventies. In a study of AACSB schools reported by Seldin (1976) the percentage of schools using student ratings rose from 20.6% in 1967 to 65.3% in 1975. Student ratings were ranked third in 1975 (behind Dean and Chairman evaluations) as information utilized for evaluating teaching performance compared to ninth in 1967. Lein and Merz (1978)

later reported that over 70% of AACSB schools use student evaluation forms.

In an excellent review of the use of evaluation forms in Marketing, Wilson (1982) cited four areas of possible research: the purpose of such evaluations, instrument construction, reliability and validity. Of these, instrument construction and reliability testing seem to have been most thoroughly researched and are perhaps less controversial due to the vast amount of work in the educational psychology area. Validity issues appear to be addressed, at least in the marketing literature, with less frequency. Marks and Mollander concluded, reminiscent of Bercuson et al., that evaluation scales measure consumer "satisfaction" rather than teaching effectiveness (1977, p.368) and Houston and Davis somewhat disturbingly reported that while grade expectations were related to student evaluations there appeared to be "little relationship between knowledge gained from the course and student evaluation of the instructor" (p.195).

What is perhaps the most important issue regarding student evaluations of teacher performance is the purpose to which the results are put and the effect of this over time. Wilson (1982) states that evaluations may be used by administrators (normative) in a comparative mode, by instructors (diagnostic) to improve performance, and by students (informative) as an aid to class or instructor selection all of which imply that the instructor is likely to perceive a payoff to high ratings on student teaching evaluations. However, these presumed beneficial results of the use of teaching evaluations have gone relatively unquestioned especially for administrative purposes. Consider the recent remarks of Stoakley Swanson in the Marketing Educator:

"We also need to acknowledge that the current state of the art concerning student evaluation of faculty is still but one step removed from the reading of tea leaves and at long last to commit ourselves to doing something about it. Particularly deplorable is the present tendency to try to reduce the data from the evaluation instruments to a single summary statistic.

"This effort is made regardless of subject taught, of class level and class size, and of the number of different courses assigned to each instructor per term and throughout the academic year (not to mention any of the other multiplicity of variables at work in the dynamics of the student/teacher interface), so as to simplify and facilitate the comparing of performances across a diverse curriculum and a heterogeneous faculty. Equally absurd is interpreting student evaluation without reference to each instructor's grading practices." (Swanson, 1984)

Swanson's remarks are not a criticism of teaching evaluation as such. His remarks are not addressed

<sup>1</sup>The authors would like to acknowledge the assistance of Gordon Barth with the data analysis.



to how the instrument is constructed nor its reliability nor even its validity if used properly. His criticism is the purpose to which the results are put and the oversimplification generally found in their interpretation. This is important because decisions are made based upon the results and these decisions are critical not only to individual careers but also the development of academic programs.

The object of this paper is to examine through an exploratory analysis the impact of teaching evaluations at a particular school where their use is a significant factor in faculty assessment. The two specific areas of concern are the relationship between teaching evaluations and enrollment or changes in enrollment (the "shopping" effect) and the relationship between teaching evaluations and grades (the "grade inflation" effect).

#### BACKGROUND AND DATA

This study was conducted on data compiled from teaching evaluations, course enrollment and grading at a western Canadian business school, the Faculty of Management at The University of Calgary. The Faculty was established in 1968 and grew rapidly to an enrollment of approximately 700 undergraduate students and 250 graduate students by 1978. Since then enrollment has been stable due to a quota on admissions. The Faculty uses a grade point system on a scale of 0.0 to 4.0, has a minimum admission standard of 2.3 based upon two years of undergraduate studies, and a normal range of concentrations (or majors) including marketing, accounting, management information systems, human resources management, etc. Once admitted to the Faculty, a student may choose to enroll in any major for which he or she has successfully completed pre-requisites. This study was conducted on undergraduate courses only.

Student evaluations of teaching effectiveness (herein referred to as teaching evaluations) have been used by the Faculty since its inception. However, an external review of the Faculty conducted in 1979 created a positive impetus towards improved teaching by recommending that teaching evaluations be considered more seriously in the annual review and assessment of faculty performance and that the results be more widely disseminated. Since 1981, when a new assessment instrument was introduced, teaching evaluations as administered by the Faculty with the cooperation of students and instructors have become the single most important element in the assessment of teaching performance. New course development, supervision of graduate and senior undergraduate student projects, course coordination and other factors are recognized but these are by no means central to the assessment of teaching performance. High instructor ratings as determined by students are a necessary and often sufficient condition to be assessed a good and effective teacher. These assessments are used extensively in the annual review of Faculty for salary adjustments, decisions on contract renewal, tenure and promotion.

The form used is a modified version of one developed by Hildebrand, Wilson and Dienst at the Centre for Research and Development in Higher Education at the University of California at

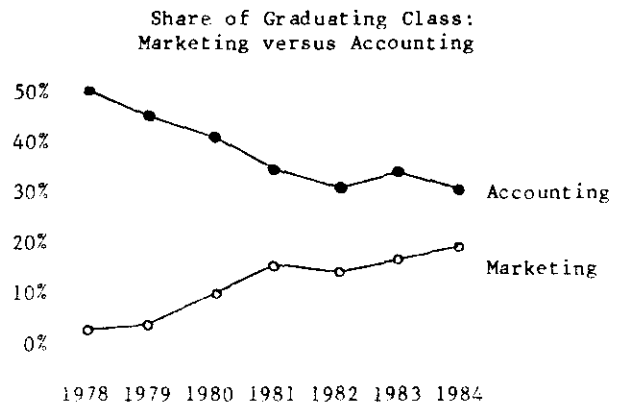
Berkeley (1971). Ratings are completed on 35 items which yield combined scores on five factors: analytic-synthetic approach, organizational-clarity, instructor-group interaction, instructor-individual interaction, dynamism-enthusiasm. Also computed are a calculated overall score which is an average of the items, an overall instructor effectiveness item, and an overall course rating item. Each item, including overall instructor effectiveness and course ratings, is scaled from 1 to 5 where 1 is described as unsatisfactory and 5 is excellent.

While data on enrollment, grades and teaching evaluations are available from 1974, the analysis was performed on data available from the Fall, 1981 to Winter, 1984 teaching terms inclusive in order to coincide with the introduction of the new instrument and change in Faculty policy regarding the use of teaching evaluations. In each term, that is each Fall session or Winter session, approximately 80 classes are offered in the undergraduate program. Over the period from 1981 to 1984, teaching evaluations were conducted in 518 undergraduate classes with enrollment greater than 5. The overall instructor and course rating scores, the average grades and course enrollment by subject area form the data base for the analysis performed in this study. The method undertaken was to examine a series of hypotheses relating scores on teaching evaluation to enrollment levels and grades.

#### TEACHING EVALUATION AND ENROLLMENT (THE "SHOPPING" EFFECT)

As indicated, overall enrollment in undergraduate business studies has been stable for a number of years as a result of a limitation on admissions which essentially established the program at fixed size. However, within the program itself, significant enrollment shifts can take place at the senior level by students opting to shift majors, that is, to decide to major in Marketing as opposed to something else. Prior to 1978, a Marketing program did not exist. Figure 1 plots the growth in enrollment in Marketing majors as opposed to Accounting majors since the introduction of a Marketing program in 1978.

FIGURE 1



The establishment of Marketing around 15% of the class and Accounting at 30% may simply be a stabi-

lizing in market share after the introduction of a new program. Moreover, teaching evaluations of Marketing versus Accounting courses do not show a lot of variation from each other or from the Faculty average.

To investigate the relationship between teaching evaluation and enrollment or changes in enrollment the following hypotheses were examined.

- H<sub>1</sub>: There exists a positive correlation with course enrollments by subject with student teaching evaluations (as measured by overall instructor and course ratings).
- H<sub>2</sub>: There exists a positive correlation between number of majors by subject with student teaching evaluations in senior courses (as measured by overall instructor and course ratings).
- H<sub>3</sub>: There exists a positive correlation between number of majors by subject with student teaching evaluation in previous year (as measured by overall instructor and course ratings).
- H<sub>4</sub>: There exists a positive correlation between the change in number of majors by subject with student teaching evaluation (as measured by overall instructor and course ratings).
- H<sub>5</sub>: There exists a positive correlation between the change in number of majors by subject with student teaching evaluation in previous year (as measured by overall instructor and course ratings).

TABLE 1

Correlation of Enrollment and Student Teaching Evaluation

Hypothesis	Instructor Evaluation	Course Evaluation
H <sub>1</sub> :	.113 (.46)	.061 (.24)
H <sub>2</sub> :	.181 (.74)*	.252 (1.04)
H <sub>3</sub> :	-.27 (.89)	.702 ** (3.12)
H <sub>4</sub> :	-.172 (-.7)	-.035 (.14)
H <sub>5</sub> :	-.161 (-.52)	.589 ** (-2.31)

\* ( ) t-statistic

\*\* significant at <.05

The only significant results are as follows (Table 1):

- 1) The number of majors by subject area is strongly correlated to the average teaching evaluation of courses in the previous year. Note that this is not the case for instructors. That is, students seem to be affected in their choice of major by their evaluation of the

course (not instructor) in the previous year.

- 2) The change in number of majors is correlated with the average teaching evaluation of the courses in the previous year. Again, note that this is not the case for the instructor rating.

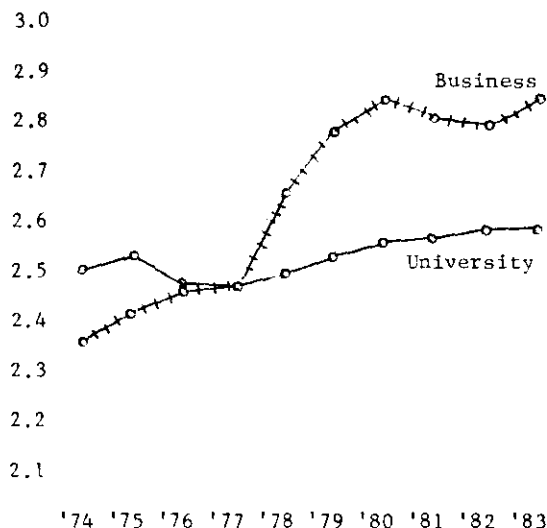
There appears no significant relationship between evaluation of instructors either in the current year or previous year.

TEACHING EVALUATIONS AND GRADES  
(THE "GRADE INFLATION" EFFECT)

Figure 2 plots the average grade point at The University of Calgary from 1974 to 1983 for all undergraduate programs and the undergraduate Business program. Clearly, there is an upward trend in grade point within the Business program that exceeds the University average. However, it is difficult to conclude that this is evidence of grade inflation or the result of teaching evaluations. With the sharp increase in demand for business education throughout the seventies, there is every reason to believe that the general quality of student has increased as programs have been limited to fixed capacities. Moreover, in the past ten years, Faculty of Management undergraduate admission standards have been raised twice. It is then not surprising that the average grade point in the Faculty exceeds the University average.

FIGURE 2

Grade Point Average for Undergraduate Programs (1974 - 1983)



Nevertheless there may be areas of concern where grade inflation should be. For example, one should not expect that the average grade point for Marketing courses exceeds the Faculty average as there are no special requirements for admission to Marketing program. In this regard Table 2 is interesting as it shows differences in average grade point across subject areas over the part three years for senior level courses all of which are elective. Marketing courses show a sharp rise in

grade point average from 1981/82 and are second highest after Information Systems. Most striking is the contrast between Accounting which has experienced the sharpest decline in student numbers (see Figure 1) and other subject areas including

TABLE 2

Average Grade Point Averages - Senior Undergraduate Courses				
	1981/82	1982/83	1983/84	Average
Accounting	2.23	2.51	2.64	2.47
Finance	2.94	3.13	3.11	3.07
Information Systems	3.15	3.42	3.42	3.33
Management Science	2.93	3.08	3.15	3.04
Marketing	2.94	3.26	3.28	3.17
Human Resources Mgmt.	3.15	3.09	3.07	3.11

Marketing. Might we conclude that Marketing is softer on grades and has generated higher student enrollments and higher student evaluation through its grading practices?

In order to investigate more usefully the relationship between grades and teaching evaluation the following hypothesis was tested:

H<sub>1</sub>: There exists a positive correlation between grade point averages across subject areas and teaching evaluation (as measured by overall instructor and course ratings).

This relationship was tested correlating average teaching evaluations with grade point averages for 1981 to 1984. The results are presented in Table 3:

TABLE 3

Correlation of Average Grade Point and Teaching Evaluation		
	Instructor Score	Course Score
Accounting	.264	.185
Finance	.473 *	.452 *
Information Systems	.173	.195
Management Science	.438 *	.510 *
Marketing	.401 *	.408 *
Human Resources Management	.108	.234

\* Significant at <.05 level

It is apparent that there is a positive relationship between grades achieved in Finance, Management Sciences and Marketing with teaching evaluations for both instructor and course. This relationship is much weaker or is not significant in Accountancy, Human Resources Management and Information Systems.

#### CONCLUSION

The discovery of positive relationships between variables should allow for an underlying construct, for example, the possibility that higher

teaching evaluation and higher grades might both be explained by more effective teaching. Moreover, the fact that higher course evaluations in the penultimate year are related to change in choice of major is not surprising and not necessarily indicative of a decline in educational standards. Students may be quite logically choosing to major in areas where they rate course content most highly. The failure to find any relationship between enrollment and evaluation of instructors suggests students are well able to distinguish course content and the effectiveness of the teacher.

Nevertheless, if one looks carefully at the Marketing area we can observe not only a significant relationship between course evaluation and choice of major but also a positive correlation among instructor, course evaluation and grade point average. The potential organizational impact of this should give cause for concern. The important point is to recognize the limitations of such measures and to merge their use with judgement about true effectiveness in teaching and maintenance of educational standards.

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VARIATIONS IN SELECTION CRITERIA IMPORTANCE  
FOR INDUSTRIAL MICROCOMPUTER PURCHASES

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ABSTRACT

Very little is known about the rapidly growing product category of microcomputer purchases especially in the industrial sector. This article deals with one part of the industrial purchase process, specifically choice criteria prior to purchase. Hypotheses regarding variations in choice criteria are proposed and tested. The results show that criteria for choice vary by industry, by organization size and by organizational computer expertise.

INTRODUCTION

Microcomputers have become part of the organizational setting. The importance of microcomputers as productivity tools has prompted the administrators of some industrial organizations to examine the issues concerning equipment acquisition and use (Acton 1983).

The necessity of having a microcomputer on every desktop is not agreed to by everyone (Wilson 1983); there does seem to be some risk associated with the microcomputer purchase (Senn and Gibson 1981); but in the near future all organizations will have to face the acquisition question (Raddon 1982). This view is becoming a reality (Archbold 1984) and enhances the market potential for microcomputer sales in the industrial sector.

The major difference between microcomputer purchases and other industrial purchases are:

1. The micro could be used by all industrial organizations; a characteristic that differentiates it from other purchases that are utilized by a more specialized set of industries.
2. The product life cycle of micros in the workplace is shorter than other industrial products due to technology.
3. The micro is a general-purpose machine. The degree of familiarity that purchasers have with micros is much less than their familiarity with other items bought in the normal conduct of the business. The time available to become familiar with machines is much shorter in the case of micros due to their unavailability. Increases in productivity may not be immediately forthcoming.

To be able to compete effectively in such a dynamic and growing market, it is essential to understand the methods used by organizations to resolve the micro acquisition and usage issue and the decision-making process that is used to decide on what to buy, how to use it and the information utilized to make these decisions. This purchasing behavior is the end result of a series

of activities used to make the purchasing decision. Academics and practitioners have tried to depict these decisions as a hierarchical process (Choffray and Lilien 1980). A significant aspect of this model are the criteria used to evaluate competing brands prior to choice.

The effort to focus on particular aspects of the industrial purchasing process can be attributed to the need to isolate and determine who is involved in a purchase decision, how the purchase is made, and why the purchase choice was made (Lilien and Kotler 1983). The interest in choice criteria as a part of the process is reflected in the stages of industrial buying models in a variety of ways. Two types of these criteria are product specification (Webster and Wind 1972; Wind 1978) or product/supplier characteristics (Robinson and Faris 1967; Lehmann and O'Shaughnessy 1974; Wind 1970). It is important to be able to match product-service offerings and marketing efforts with what target segments believe are important considerations in purchase. This "product positioning" approach might well be the key to successfully competing in the microcomputer industry.

RESEARCH HYPOTHESES

In the case of microcomputers, variation in criteria for choices should be related to the industry within which the organization competes. The factors dictating success vary from industry to industry; the latitude for error might also vary; as well as the degree of sophistication. As a result, Hypothesis 1 ( $H_1$ ) reflects the expectation that there is a relationship between the organization's industry and the importance of microcomputer/supplier characteristics.

There should be differences in the degree of importance of various criteria based on size of the firm. Assuming all other factors are equal, larger firms might have different requirements, different financial constraints and different purchasing patterns. As such, Hypothesis 2 ( $2H_1$ ) reflects the expectation that there is a relationship between organization size and the importance of microcomputer/supplier characteristics.

There might also be a case for suggesting that organizational experience and expertise yield differences in the degree of importance of computer/supplier characteristics. Organizational decision-makers have some variance in their history of contact with microcomputers and have to satisfy users with variable computer expertise. The characteristics which are important during the purchase should be different from those of organizations without that expertise and experience. Thus, Hypothesis 3 ( $3H_1$ ) reflects the expectation

that there is a relationship between levels of experience/expertise and importance of computer/supplier characteristics.

In summary, this research tested the hypotheses that the importance of computer/supplier characteristics will be related to:

- 1H<sub>1</sub>: ... the industry within which the organization competes.
- 2H<sub>1</sub>: ... the size of the organization.
- 3H<sub>1</sub>: ... the computer experience/expertise of the organization.

#### Methodology

The sampling units consisted of individuals in businesses in a major Southwestern metropolitan area. These individuals were screened for their influence on the microcomputer decision by their respective businesses. Out of 440 businesses randomly sampled in the SMSA during the Spring of 1984, 129 interviews were usable. The sample frame was constructed by using three sources: a list of the largest businesses in the state, a list of the manufacturers provided by the state office of Economic Development, and the telephone book.

The data were collected using a structured non-disguised questionnaire. The questionnaire contained three parts: identifying information, demographics, and questions related to the purchase of microprocessors; the questions relating to the purchase process were operationalized in the following manner:

Choice criteria - A perusal of the literature (Lehmann and O'Shaughnessy 1984) led to the development of the criteria. These were presented to respondents with a Likert-type 5-point scale. They were asked to indicate how important these criteria had been during the microcomputer decision process. This yielded 17 intervally-scaled pieces of data (see Appendix A).

Industry type - Respondents were asked to provide the Standard Industrial Classification number appropriate for their company. These SIC code numbers were later used to produce 3 categories of firms: Those firms who were largely "producers" were placed together (agricultural, mining, construction and manufacturing); wholesalers and retailers were classified together; and the balance of the firms were grouped into a "service industry" category.

Organization size - Organization size was measured by the number of employees. It is reasonable to assume that sales and number of employees should be positively related.

Computer literacy - History and expertise with microcomputers was operationalized by asking respondents to indicate the percentage of the firm which was "computer literate."

#### Data Manipulation

While there were seventeen characteristics for which respondents indicated a range of importance during the microcomputer purchase decision, it seemed unlikely that any one firm would have used all seventeen criteria for evaluation of microcomputers (Lilien and Kotler 1983, p. 278). Addi-

tionally, even if the criteria were representative of computer characteristics deemed important, it is unlikely that all seventeen were independent characteristics (Green and Tull 1978, p. 419). There would be some logical appeal for an underlying series of dimensions used by all decision-makers with the primary variability added in the evaluative/brand assessment stage. That is, all firms would have a common set of dimensions on which to evaluate every brand of microcomputer, but decision-makers would evaluate the brands differently. This situation argued strongly for the use of factor analysis (Green and Tull 1978, p. 419; Jackson, p. 139; Stewart, D.W., 1981). The FACTOR subroutine in SPSS-X was used to factor analyze the raw data. With no a priori data structure to guide the analysis, the criteria for the number of factors was the unity criteria, where the number of factors is determined by the eigenvalues greater than one. The rotation of the resultant matrix was guided by the VARIMAX option, where rotation preserves the orthogonality of the factors and maximizes the differences in variance between the factors. VARIMAX was chosen because it was thought that more than one dimension was inherent in the "importance" structure (Jackson, pp. 149-150).

There was also a need to create, for each respondent, a series of composite measures which would represent the importance dimensions by respondents. This composite measure is a factor score (Green & Tull, p. 423; Muliak 1972) and is a linear combination of a standardized score weighed by a factor loading. These factor scores were produced using regression procedure (Muliak, p. 331).

The final data used in the analysis were the factor scores for each respondent, the SIC code group, organization size and computer literacy.

In order to test hypothesis 1, multiple t-tests comparing mean factor scores across the organization types (SIC groups) were performed; to test the second and third hypotheses, the factor scores were correlated with organization size and computer literacy.

TABLE 1a  
Organization Type - Summary Statistics

SIC Group	Frequency	% of Sample
1*	69	54
2**	15	12
3***	45	35

\* Agriculture/Mining/Construction/Manufacturing  
 \*\* Wholesale/Retail  
 \*\*\* Service

TABLE 1b  
Organization Size/Computer Literacy - Summary Statistics

Variable	Mean	Std. Dev.
Size	102.3	338.5
Computer Literacy	30.5	29.8

## Research Results

The summary measures for the classification variables used in this study are presented in Tables 1a and 1b. Most of organizations interviewed were in the "productive" industries (54%), followed by the service industries (35%), with wholesalers and retailers representing the smallest group in the study (12%). The mean size of organizations was about 102 employees, with an average 30.5% computer literacy rate. These findings clearly indicate a nonrepresentative sample. This is due to the sample frame and the qualifying question. In order to be included in the sample a business had to have made a microcomputer decision.

The results of the factor analysis are shown in Table 2. Because there was no a priori expectation regarding the structure, some interpretation of the results is in order. Using the information from the rotated factor matrix (see Appendix B), the naming of the factors was guided by common sense, parsimony and the factor loadings. The procedure used was to identify the factors where each variable "loaded" the best (factor loading was the highest). The grouped variables are then used to help "name" the factor.

TABLE 2  
Factor Structure of Importance Criteria

Factors	Factor Loading
<u>Factor 1-Service and Sales Support Characteristics</u>	
Availability of installation services	.789
Availability of training classes	.728
Availability of equipment servicing	.651
Availability of advice	.559
Retailer's reputation	.499
<u>Factor 2-Product Quality Characteristics</u>	
Engineering quality	.698
Product warranty	.569
Equipment reliability	.430
<u>Factor 3-Product Performance Characteristics</u>	
Equipment operating capacity	.627
Availability of peripheral equipment	.571
Equipment operating speed	.554
Compatibility with existing equipment	.282
<u>Factor 4-Use/Cost Characteristics</u>	
Case of use of equipment	.717
Initial price	.355
Software availability	.352
<u>Factor 5-Brand and Manufacturer Characteristics</u>	
Equipment brand name	.705
Equipment manufacturers' reputation	.493

The naming of the factors was facilitated by the rather "clean" (greater than .4 on only 1 factor) loadings on the rotated factor matrix shown in Appendix B. The factors were associated with Sales and Service Support (Factor 1), Product Quality (Factor 2), Product Performance (Factor 3),

Use/Cost (Factor 4), Brand Name/Manufacturer (Factor 5). Since the results of the factor structure were logically appealing and consistent with other findings, the analysis continued to the calculation of factor scores.

TABLE 3  
Factor Score Descriptive Properties

Factor Scores	Mean	Std. Dev.	Min.	Max.
1-Service and Sales Support	0	.906	-3.431	1.516
2-Product Quality	0	.824	-3.436	1.398
3-Product Performance	0	.816	-2.835	1.559
4-Use/Cost	0	.799	-4.489	1.300
5-Brand Image/Manufacturer's Reputation	0	.788	-2.800	1.510

As seen in Table 3, the factor scores appear to be part of very small ranges of values. The weighting procedure used contributed to this. Not only are the weights small, but the individual data are first standardized, also yielding smaller numbers. It is also noteworthy that the "scores" have no absolute meaning. The only meaning which can be attached to these "importance scores" is in a relative sense.

The results of the hypotheses tests are shown in Tables 4 and 5. The differences in Factor 1 means between Groups 1 and 2, and Group 3 are both significant. In the case of Factor 3, the mean of Group 1 is significantly different from the means of Groups 2 and 3. The means of Groups 1 and 3 on Factor 5 are significantly different. These results are mixed. Of the 15 planned comparisons, 5 produced significant results. But when the pattern of results is examined, however, Hypothesis 1 is partially accepted.

TABLE 4  
Factor Scores Difference - t-Test Results  
SIC Group Means

Factor Scores	Group 1	Group 2	Group 3	Significant Differences
1-Service and Sales Support	.130	.300	-.299	1-3***
2-Product Quality	-.003	-.017	.011	2-3**
3-Product Performance	-.154	.266	.147	1-2* 1-3*
4-Use/Cost	.008	.007	-.015	
5-Brand Image/Manufacturers' Reputation	.121	-.076	-.160	1-3*

\* differences significant at  $\alpha < .10$   
 \*\* differences significant at  $\alpha < .05$   
 \*\*\* differences significant at  $\alpha < .01$

The relationship between organization size and factor scores shows mixed results. Factor score 4 and Factor score 1 are significantly correlated with size. Hypothesis 2 is partially accepted. In the case of computer literacy, Factor score 1, Factor score 2, and Factor score 4 are significantly correlated with computer literacy, but the relationship is inverse; Factor score 3 is significantly positively correlated with computer lit-

eracy. Hypothesis 3 is supported.

TABLE 5  
Correlation Coefficients and Significance  
Levels for Factor Scores

Factor Scores	Organization Size	Organization Computer Literacy
1-Service and Sales Support	-.147*	-.149*
2-Product Quality	-.071	-.207**
3-Product Performance	.055	.175*
4-Use/Cost	.161*	-.245**
5-Brand/Manufac- turer's Reputation	.026	.012

\* Significant at  $\alpha < .05$

\*\* Significant at  $\alpha < .01$

#### DISCUSSION AND CONCLUSIONS

From the pattern of results in Table 4, it is clear that factors vary in importance within an industry. In the "Production" group (1), the most important factors are 1 (Sales and Service Support) and 5 (Manufacturers' Reputation). In the case of retailer and wholesaler, sales and service support is paramount, followed by product performance. In the service industries, Factor score 1 (Sales and Service Support) is the most important factor with Product Performance (Factor 3) and Brand Image (Factor score 5) also important.

Between industries, Factor 1 (Sales and Service Support) is significantly different between both Group 1 and 2, and Group 3. Factor 2 shows no differences between industries and in all cases is negative; the same is true for Factor 4, the Use/Cost factor. Not only are these seen as neutral, there are no differences between industries. Regarding Product Performance (Factor score 3), the Productive group is essentially neutral, with both Group 2 and Group 3 showing significantly greater importance of this dimension.

Brand/Manufacturers' reputation is important only to the productive group, which is significantly different from the service group. In conclusion, there are some demonstrable differences between these industries regarding what factors are important to them, as well as differences in importance within the industry, although these mean scores were not tested statistically.

When attention is turned to industries segmented by size and computer literacy, a definite pattern emerges. Regarding size, the use/cost consideration and sales and service support demonstrate a significant relationship: As firms get larger, they tend to place greater importance on both use/cost and service and sales support. Perhaps frugality is a luxury possible in larger firms. Larger firms might also place greater service demands on a supplier.

Computer literacy produces a number of significant relationships with the importance factors. As firms become more knowledgeable and have greater microcomputer experience, they tend to place less importance on sales and service support, product quality, use/cost considerations. It might be that knowledge frees one from the overriding concern on quality, use/cost and service. It might also be that these functions are internalized. On the other hand, increasing computer literacy is related to increasing importance of product performance. It appears that with knowledge the focus is not on "Will it work?" but rather "How well will it work?"

#### Implications

These results clearly demonstrate that there are market segmentation concerns in the industrial microcomputer market. The successful organization will capitalize on these differences and use them to structure marketing efforts. Specifically, these findings suggest that market segmentation based on industry grouping, company size, and computer expertise yields distinct segments regarding product/supplier features. This information could be used to help structure promotional messages designed for each of the segments. As the match between product offerings and choice criteria becomes more evident, firms may be less sensitive to price, the results indicate that this sensitivity may vary based on industry, size, and computer literacy. The differences in importance criteria may also assist a sales rep in designing the sales approach; different approaches will be required depending on industry, size, and computer literacy.

While the results are significant and potentially useful to a company who is or will be competing in the microcomputer industry, there is a need to replicate this study using different sample frames. More importantly, however, might be the need to study an ongoing purchase process and determine how these importance criteria are being applied at the brand level by different market segments.

#### APPENDIX A Evaluative Criteria - Summary Statistics

Criteria	Mean	Standard Deviation
Manufacturer's Reputation	4.457	.740
Retailer's Reputation	3.713	1.119
Installation Services	4.186	1.116
Training Classes	3.868	1.168
Availability of Advice	4.256	.946
Ease of Use	4.465	.708
Equipment Reliability	4.775	.437
Initial Price	3.868	.804
Operating Capacity	4.295	.870

Equipment		
Servicing	4.366	.779
Engineering		
Quality	4.349	.767
Product Warranty	4.093	.744
Equipment Com-	3.449	1.308
patibility		
Brand Name	3.132	1.003
Operating Speed	3.806	.761
Peripheral	3.969	.887
Availability		
Software	4.250	1.019
Availability		

APPENDIX B  
Rotated Factor Matrix

Criteria (See Appen. A)	FACTORS				
	1	2	3	4	5
	.089	.264	-.043	-.042	.493
	.500	.010	-.037	.122	.347
	.789	-.047	.070	.057	-.045
	.728	.237	-.042	.175	.031
	.559	.313	-.005	-.074	.011
	.053	.365	.084	.717	-.034
	.187	.430	.284	-.018	-.044
	.121	-.114	.078	.355	.035
	.142	-.022	.627	.097	-.011
	.651	.218	.252	.306	-.070
	.036	.698	.082	.067	.139
	.235	.569	.085	.108	.148
	-.073	.026	.282	.085	.000
	-.058	.002	.109	.041	.705
	.252	.217	.554	.026	.064
	-.080	.078	.571	.007	.040
	.106	.115	.345	.352	.025

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SUBLIMINAL ADVERTISING FOR  
CLASSROOM EXCITEMENT: AN ABSTRACT

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ABSTRACT

Subliminal messages are, at best, difficult to detect and the effectiveness of such messages is questionable in all but the most trivial reinforcement situations. But subliminal advertising seems to be a popular topic in the press. There seems to be a continuing feeling that beneath all of the smoke, there must be some fire.

ISSUES FOR CLASSROOM DISCUSSION

Definition of Subliminal

The word, subliminal, is based upon the Latin sub (below or beneath) and limen (threshold of awareness).

Individual Autonomy

Should individuals have the power to control actions in situations that the individual chooses to focus his or her mind?

1. What about suggestions made while the subject is under hypnosis?

The major difference between subliminal suggestion and hypnotic suggestion may be that the individual is aware of being placed in a hypnotic state. In the case of hypnosis, the subject willingly places her or himself in the situation. This is not the case with subliminal suggestion.

2. What about subliminal messages which encourage actions to which the individual was already predisposed?

The subliminal message seems to enter the decision process in a different way. All of the perceptual screening and sensory systems are apparently bypassed. There is no chance to think, judge, or question the input of information.

3. What about subliminal messages which induce a behavior which is not consistent with a person's normal predisposition?

The example "a subliminal message by a tobacco company that effectively induces smoking by a health-conscious individual who never before had the inclination to buy cigarettes," may be used to generate discussion.

It is obvious that the potential loss of control makes this an issue of serious concern. The individual's intent and voluntariness are gone. There is no responsibility and the person seems to be subject to the will of the message programmer.

Individual Privacy

The sanctity accorded the human mental processes and personalities is the issue here. That is, we should be allowed to think our own thoughts without outside interference.

1. Are subliminal messages really any different from the hundreds of advertising messages to which we are exposed but are not conscious of having seen or heard?

The unnoticed advertising messages do not depend upon the non-judgmental impact upon the subconscious for their effectiveness. That is, the ad is unnoticed because it has been psychologically screened out. The subliminal message is aimed at the accomplishment of circumventing this screen.

2. Should there be privacy in the mental process? If we allow an outsider to "enter" uninvited into an individual's mental process, isn't this a violation of the worth and value of every individual's personality?

The principle is that every individual should have the right to meditate freely. Messages which enter this process uninvited may be an invasion of a person's right to privacy.

Social Gain Versus Individual Loss

Our society might be better off if individuals were encouraged to either abstain from certain practices or participate in various activities. At issue is "Are certain losses to individuals outweighed by the gains of the society?" For example, several department stores are reportedly using the verbal message, "I am honest; I will not steal" repeated at a decibel level which shoppers were not consciously aware of having heard. The stores which have initiated this technique report significant drops in shoplifting (Maxwell, 1980).

1. Who will say what is best for society? Will the power be in the hands of a relatively few people?
2. What if the subliminal messages are used to help the individual? Suppose the messages are used to encourage healthful pursuits? This issue is the right of the individual to pick and choose what is seen as "best."

What, If Anything, Should Be Done About Subliminal Advertising?

The range of action regarding subliminal advertising is broad indeed. It stretches from:

1. If I can't "see" it, it's not there, so why worry?
2. All of the psychological studies seem to show little or no effectiveness, so why worry?
3. Maybe it works and maybe it doesn't. Since I don't know, I might as well try it.
4. With all of this talk there must be something to this so I had better use it.
5. Everyone else is doing it, I had better use it as well.
6. The whole area of subliminal messages should be regulated by some means within the advertising industry.
7. Subliminal communication is really frightening and should be totally outlawed at all levels.

At whatever point along this continuum the student finds him or herself, the implications are clear. Steps 1 and 2 say "don't worry about it," steps 3, 4, and 5 say "use it," step 6 says "endorse self-regulation," and step 7 says "work for local, state, and federal legislation to prohibit the use of subliminal."

Conclusions

Marketing students must decide if legal protection, self-regulation, or no action is necessary. While the issues are clear, the solution is not. Because of this, subliminal advertising lends itself to such heated classroom discussion.

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## CIGARETTES, WOMEN, AND CHILDREN: LESSONS LEARNED FROM THREE ADVERTISING CONTROVERSIES

### ABSTRACT

This paper reviews the histories of the continuing conflicts over cigarette advertising, the portrayal of women in advertising, and children's advertising. It then draws several conclusions, informed by the subjective emphasis in social problems theory, that should be useful in analyzing these and other advertising controversies.

### INTRODUCTION

Advertising, like other media forms, has received its share of criticism over the years. Much of this criticism has been quite routine, being voiced by relatively few individuals and usually limited to specific advertisements or ad campaigns. Sometimes, however, criticism reaches a telling crescendo when crusading reformers and interest groups join forces to attack the advertising of an entire product category or type of advertising appeal. When criticism becomes exceptionally widespread and strident, a full-blown advertising controversy emerges.

Because these controversies often lead to new regulations, which at the very least affect the creative or media decisions of advertising practitioners, they should be studied as important phenomena in and of themselves. This paper approaches advertising controversies from an historical and sociological perspective. It begins with a review of the controversies over cigarette advertising, the portrayal of women in advertising, and children's advertising. Using these case histories as source material and drawing from the subjective emphasis in the field of social problems theory (Blumer 1971; Ross and Staines 1972; Reasons 1974), the paper then presents a few generalizations about the origins, dynamics, and consequences of advertising controversies.

### CIGARETTE ADVERTISING

One hundred years ago, with the exception of eastern dandies, some immigrants, and the poor, few men and virtually no women smoked cigarettes (Sobel 1978). Instead, Americans puffed on pipes, chewed from the plug, used snuff, and smoked countless cigars. But with the help of marketing and advertising practices that became increasingly sophisticated in their strategies and executions, the cigarette habit spread and spread until ". . . by the end of World War II, smoking was not only accepted behavior, it was socially desirable, even necessary, in some subcultures" (Nuehring and Markle 1974, p. 515). Although anti-smoking crusaders and groups were present throughout this entire period, their impact was minimal, save around the turn of the century, when reformers were able to convince several states to ban cigarette sales (Sobel 1978).

Times did change, however. Starting with the research evidence that linked smoking to lung cancer and other ailments, and culminating in the 1964 release of the Surgeon General's report on "Smoking and Health," cigarette smoking had become recognized as a major health problem, as well as an undesirable habit. Public health interest groups, such as the American Cancer Society, the National Cancer Institute, the American Heart Association, and the National Heart Institute, began to call for measures to combat the problem (Fritschler 1975, p. 19). These interests were joined by outspoken individuals, especially Senator Maurine Neuberger, whose husband had died of lung cancer, and the attorney, John F. Banzhaf III, founder of Action on Smoking and Health (ASH) and the man who convinced the Federal Communications Commission (FCC) to apply the fairness doctrine to cigarette commercials.

If cigarettes were a serious health hazard, it would have seemed logical to completely prohibit their production and marketing. Of course, this was clearly impractical. Millions of people smoked and most would have been categorically opposed to any restrictions on their addiction. Without a legal source of cigarettes, many smokers probably would have engaged in illegal activities, namely, bootlegging. Furthermore, the tobacco industry itself was very large, represented by influential trade associations and lobbyists, and backed by congressmen with tobacco constituents. For these reasons, then, cigarette advertising became ". . . the issue around which the anticigarette movement would coalesce, the battlefield for both industry and critics" (Soble 1978, p. 191). Thus, the public health interests began to attack cigarette advertising.

These newly created advertising critics then located a federal agency willing to adopt their cause. This agency, the Federal Trade Commission (FTC), began a rulemaking procedure, pertaining to the labeling and advertising of cigarettes, in early 1964. In response, the industry did two things. First, it established a voluntary Cigarette Advertising Code, a relatively weak attempt at self-regulation. Second, the industry and its allies moved the entire debate into Congress where they surely would receive more favorable treatment. After hearings, discussion and compromise, the Cigarette Labeling and Advertising Act of 1965 was passed and soon health warnings would appear. However, this victory for the health interests was more apparent than real for the Act also stifled the FTC rule and, more important, stopped any further rulemaking until 1969.

Still, the issue did not die and by the late 1960s interest group pressures on various regulatory bodies began to pay off with much tougher cigarette advertising regulations. For example, the New York Times tightened its cigarette advertising guidelines and the Television Code Review Board of the National Association of Broadcasters

(NAB) endorsed a plan to gradually phase out broadcast cigarette commercials. Also, the California Senate voted to ban cigarette advertising from state newspapers, magazines, and radio and TV stations. Finally, with the threat of new rulemaking procedures by both the FTC and FCC, Congress passed the Public Health Smoking Act of 1970, which banned all cigarette commercials from the broadcast media. In less than a decade this controversy had clearly affected the creative and media decision-making of cigarette advertisers.

During the remainder of the 1970s and into the 1980s, the conflict over cigarette advertising became much more subdued. The anti-smoking forces, having won a great symbolic victory, turned their attention to other matters such as the rights of non-smokers. Nevertheless, cigarette advertising continues to be a controversial issue. In 1984 Congress passed a law requiring more alarming health warning labels on cigarette packages and Ralph Nader's Health Research Group challenged the FTC to force cancer warnings into snuff and chewing tobacco advertising (Gordon 1984).

#### THE PORTRAYAL OF WOMEN IN ADVERTISING

In the 1950s, the ideal career for a middle-class woman was to be successful as a housewife. A woman was supposed to run the household, spend her husband's salary, and administer the family's leisure time. As Friedan (1963) put it:

Millions of women lived their lives in the image of those pretty pictures of the American suburban housewife, kissing their husbands goodbye in front of the picture window, depositing their station-wagonsful of children at school, and smiling as they ran the new electric waxer over the spotless kitchen floor (p. 14).

Apparently, most women were satisfied with this ideal and strived to attain it. Advertising, in turn, reflected and, perhaps, reinforced the ideal with its copy and artwork. Most ads portrayed women as housewives and intimated that the woman who did not use a particular brand would be somehow lacking.

For a variety of reasons, many women in the 1960s began to question this ideal, not to mention the status of all women in society. A social problem had been re-discovered and a neo-feminist movement was soon afoot. It had its crusading reformers, such as Betty Friedan and Gloria Steinem, and it had its interest groups, especially the National Organization for Women (NOW). The movement received a great deal of publicity from the mass media, including the trade newspaper, Advertising Age.

Before long some feminists attacked the way women were portrayed in advertising. For example, while addressing a House of Representatives subcommittee, Lucy Komisar, a NOW vice-president, stated that "advertisers trade in sex as if it

were listed on the stock exchange" (Grant 1970, p. 28). Other feminists complained about the products being sold to women, particularly the newly introduced feminine hygiene sprays, and about the way they were being sold:

Advertising can no longer address the ladies as lovable drudges, or as witless cuddlybeings who exist to please men. Advertisers who persist in this approach may find exactly the opposite reaction to what they anticipate. No one likes to be patronized, including women. They like it less today. (Leezenbaum 1970, p. 24)

Finally, there was much criticism of the underrepresentation of working women in ads.

Perhaps these feminists had good reasons to be offended. Based on the findings of their seminal content analysis of print advertisements, Courtney and Lockeretz (1971) concluded that ". . . the total picture presented did reflect some cliches about women's roles that are considered by feminists to be highly unflattering" (p. 95). In short, there appeared to be a gap between the old ideal that most ads upheld, and the emerging, very different, feminist one (Witkowski 1975).

Once again, broader interests had spilled-over into advertising. Did this conflict have any impact upon advertising decision-making? Unlike the anti-cigarette forces, the feminist movement was unable to pressure government agencies into promulgating new advertising regulations. There is some evidence, however, that new norms were being created within ad agencies, advertisers, and the media. Replicating the Courtney and Lockeretz study just two years later, Wagner and Banos (1973) found that:

. . . the percentage of advertisements portraying women in a working role has more than doubled. Since magazine advertising campaigns are planned some time in advance, this follow-up study indicates that there has been a substantial improvement in emphasizing women's expanding role as a working member of society in a relatively short period of time (p. 215).

In addition, the National Advertising Division of the Council of Better Business Bureaus disseminated guidelines to help advertisers avoid stereotyping women.

Obviously, the portrayal of women in advertising is still a controversial topic. Newspapers and magazines, including Advertising Age, routinely print articles and letters to the editor condemning advertisements and ad campaigns. Scholarly studies, such as Gofman's (1979) Gender Advertisements, continue to expose subtle forms of female subordination. However, advertising may have become less important as a rallying device for the feminist movement. It seems to have been upstaged by other issues such as pornography and the Equal Rights Amendment.

## CHILDREN'S ADVERTISING

Until the late 1960s, relatively few people bothered to criticize advertising directed toward children, perhaps because there was not very much of it. In the early years of television, circa 1950, nearly half of all children's programs were sustaining, presented without advertiser sponsorship (Melody 1973). Subsequent programming had more advertising, but since many of the programs (e.g., Disneyland, The Flintstones) appeared during early prime time and appealed to a "family audience," the products sold were not always meant for children. It was not until the mid-1960s that advertisers, starting with toy manufacturers, aggressively pursued children as a special market that could be reached profitably at certain times. Melody (1973) states that:

By 1965, advertisers of other products for young children, such as candy and breakfast foods, had discovered that their targets could be reached as effectively on Saturday mornings as in prime time, and much more cheaply (pp. 50-51).

The Saturday morning "children's ghetto" had arrived, characterized by as many as sixteen minutes of child-directed advertising per hour.

It did not take long before interest groups defined this advertising as problematic and organized to oppose it. Among the first, and still the most important, was Action for Children's Television (ACT), formed in 1968 by concerned Massachusetts mothers. Eventually, many other groups, some of whose interests in children also included child-directed advertising, joined the battle. As had happened during other advertising controversies, the reformers received much free and usually favorable publicity from the mass media. They also commissioned research to support their cause. The zeal of these interest groups continued undiminished throughout the 1970s.

The critics stress two arguments when attacking children's advertising. First, they believe that advertisers take unfair advantage of children, especially young children, with their crafty and polished television commercials. This argument is based upon the assumption, which has been supported by several studies, that children are a "special audience," less discriminating and possibly more persuasible than adults (Robertson and Rossiter 1974). Second, the critics contend that this advertising has adverse effects upon children. Under the influence of television commercials, children will nag their parents for advertised toys and sugared foods, a confrontation that could damage the parent-child relationship. Moreover, constant exposure to candy, pre-sweetened cereal, and soft-drink ads might teach the child poor eating habits and, as a consequence, lead to mild forms of malnutrition such as tooth decay.

With these and many other arguments to support their cause, the interest groups have petitioned

and pressured Congress, as well as several government agencies, for the reform, if not the elimination, of child-directed advertising. Of all the bodies approached, the FTC appears to have been the one most willing to create new regulations. In 1971, for example, the FTC ordered toy companies to halt dubious camera techniques such as slow motion, freeze-frame and tracking, and stroboscopic lights. In 1974, it proposed that businesses voluntarily discontinue advertising premium offers to children (Shimp, Dyer and Divita 1976). In 1978, the FTC staff took the more daring step of proposing a rule that would, among other things, ban all advertising from television shows with a substantial audience under the age of eight. This action was later halted for political reasons. Indeed, the 1971 order has also been rescinded (Colford 1984). Still, ACT persists and is currently petitioning the FCC to regulate "program-length commercials," such as the Pac-Man cartoon adventure series (Jennings 1984).

Although government agencies may not be able or willing to regulate children's advertising, industry has reacted to its critics. Early in the 1970s, for instance, the National Association of Broadcasters (NAB) devised guidelines to control deceptive techniques in toy commercials, and ruled against the practice of "host-selling" where, say, cartoon characters push products in commercials during or adjacent to their own programs (Melody 1973, pp. 90-93). The NAB also reduced the number of non-program minutes during children's weekend shows, from sixteen to twelve minutes per hour. In 1972 vitamin manufacturers announced that they would no longer use children's programs as a vehicle to sell their products. More recently, the National Advertising Review Board (NARB) developed guidelines for child-directed advertising. Finally, there has been some talk of finding ways to more clearly demarcate commercials from children's programs. The creation of these and other rules and guidelines illustrates once again how an advertising controversy can engender at least some changes in advertising decision-making.

### LESSONS LEARNED

(1) Most advertising controversies emerge after the recognition of a larger social problem. Attacks on cigarette advertising were not prevalent until after cigarette smoking had been labeled a serious health hazard in the 1950s. The portrayal of women in advertising was not challenged until after the neo-feminist movement blossomed in the 1960s. In both of these instances, the larger social problem gained national attention and legitimacy only a few short years before the related advertising controversy erupted. In other cases the social problem existed for quite some time without leading to an advertising controversy. It took new, more intrusive advertising methods to precipitate a conflict. For example, the socialization of children can be seen as a perennial, albeit ever changing, social issue. When advertisers attempt to persuade children, they are also influencing the socialization process. For decades parents

may have quietly resented print and radio advertising aimed at their children. This outside interference became intolerable in the mid-1960s when advertisers began to reach children directly with the ubiquitous medium of television.

(2) Advertising controversies, like the recognition of larger social problems, are largely subjective matters. Blumer (1971) states that ". . . social problems are fundamentally products of a process of collective definition instead of existing independently as a set of objective social arrangements with an intrinsic makeup" (p. 298). In other words, a social problem does not exist until it is recognized as such by society. Inequalities in women's status have surely been present for centuries but, aside from the suffragettes, were not widely seen as a social problem until the re-emergence of the feminist movement. Likewise, advertising controversies are also products of a process of social definition. Neither the advertising of a particular product class, nor the use of specific strategies and tactics, are problematic for society in an objective sense. They become controversial only after enough individuals and interest groups define or recognize them as problematic. After all, cigarette ads, stereotyped portrayals of women, and children's advertising had existed for many decades with relatively little important criticism.

(3) Advertising controversies are essentially symbolic crusades. Reformers concerned about a larger social problem become irritated with product advertising or a type of advertising appeal that seems to fly in the face of their concern. To these individuals advertising symbolizes an alternative, competing definition of the social problem. Cigarette advertising featuring healthy young models contradicts the dire consequences associated with smoking. The portrayal of women often illustrates the very social conditions that feminists find objectionable. In short, advertising content annoys, irritates, and is eventually criticized because it suggests a world view that reformers refuse to accept.

(4) Advertising controversies inexorably lead to some regulatory response. A response can be made by advertising practitioners, advertising trade associations, media entities, government agencies, or legislative bodies. The response per se can range from the creation of new norms and weakly enforced guidelines, to censorship and exclusion by media entities, to the implementation of court decisions and municipal, state, and federal legislation. Yet, even modest regulations can affect advertising decision-making.

#### CONCLUSION

Advertising controversies are interesting and important phenomena that will undoubtedly continue to shape the decision-making of advertising practitioners. In its historical review and sociological analysis, this paper has tried to demonstrate some characteristics shared by all such controversies. Still, much more needs to be learned about the definition of social problems, why these problems are linked to advertising, and how political actions spread and intensify.

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"ANTITRUST LAW: ITS UNFULFILLED POTENTIAL FOR IMPROVED MARKETING EDUCATION"

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ABSTRACT

Antitrust law reflects marketing realities in dimensions especially appropriate to marketing education. Regrettably, however, the study of legal elements and strategy have been traditional. The author would call for a change in focus, coupled with use of computers for case research, in anticipation of substantial educational benefits.

DEPARTURE FROM TRADITION

The central thesis of this paper is that the potential of antitrust law for improved marketing education is substantial, yet generally unrealized at upper-division and graduate university levels. Furthermore, given recent technological developments in information science, the prospects for improved educational efficiencies in the study of antitrust law are great.

Admittedly, courses that deal with the subject, ranging from foundational to in-depth treatment, have been taught for decades. However, these courses are commonly not organized along lines consistent with strategic marketing management studies. Reference to textbooks dealing with antitrust law which are used in these courses confirm this. Practically all are structured by statutory prohibition, classes of actions, and the like.<sup>1</sup>

Contributing to this marketing malaise is the fact that all too often the in-depth courses on the subject are taught by non-marketing personnel, typically from law and economics departments. Occasionally a marketing professor with a special interest in the law pertinent to his specialization-- e.g., advertising--will teach sections of the law strategically. However, the practice is not general nor systematized. Yet, it should be.

The prospects are exciting. Antitrust law contains a mother lode of educational opportunities, many of which are largely untapped by traditional courses on the subject. Whereas in these courses the focus is upon the "letter of the law" and applicable cases, the proposed focus would be on strategic marketing, with study of the antitrust law, cases, and enforcement contributing as a realistic backdrop for this process. The end product: improved marketing management education.

A brief example here may be helpful. In the Monsanto case, recently reviewed by the U.S. Supreme Court, evidence of resale price maintenance was at issue. Traditional analysis of the case would focus on the law and the decision, only, or primarily. In contrast, the strategic approach, while embracing the traditional analysis, would focus instead on the distribution realities that gave rise to the case in the first place. Additionally, it would emphasize alternatives for ameliorating the conflicts between members of the vertical marketing network involved, consistent with objectives.

In short, as proposed, marketing law would not be taught as simply a course in the law. Rather, it would be made a springboard for developing strategic management skills. The law does provide a highly realistic and important backdrop of competitive proscriptions, with case records of attendant conflicts in actual markets. Moreover, changes in the law clearly reflect changes in markets, including the impacts on environmental forces and publics, all of which provide very good grist for the marketing educational process.

PROSPECTIVE COURSE MODELS/IMPLEMENTATION

The author's position is that the study of antitrust law, as proposed, should conform to commonly accepted marketing decision categories. Conceptually, these categories could range from ones as universal as definition of the company mission to the highly detailed specifics of promotional messages. Essentially, the approach would be one that conforms to generally accepted strategic planning models. Accordingly, major modular elements on which to position the law would include corporate growth strategies, portfolio planning (SBU's), and always the marketing mix decision categories, among others.

Accepting the proposition that antitrust law should be studied in the context of strategic marketing management, not vice versa, other steps would necessarily follow. A second major one would be to assign to appropriate decision categories the various proscriptions of the law, including representative cases. Finally, a third, major step would be to emphasize problem solving of issues that have given rise to the proscriptions and to the cases themselves.

<sup>1</sup> See, for example: Kinter, Earl W. (1964), An Antitrust Primer, New York: The Macmillan Company. Shepherd, William G. and Clair Wilcox (1979), Public Policies Toward Business, 6th edition, Homewood IL: Richard D. Irwin, Inc. Singer, Eugene M. (1981), Antitrust Economics and Legal Issues, Columbus, Ohio: Grid Publishing, Inc.

<sup>2</sup> Monsanto Co. v. Spray-Rite Service Corp. --U.S.--(1984).

## COMPUTER ACCESS TO INFORMATION

By the very nature of our legal system, court cases are a matter of record, and the process of search has been well refined. Nevertheless, given the volume of activity, throughout the various courts of the land, reflective of our litigious nature as a society, the task of research for students unfamiliar with the process can be formidable. At the same time, the importance of keeping abreast of developments in the law, as reflected in current cases, has probably never been greater.

Enter a recent technological development, a product of the information age: computer data banks of cases, indexed by court, by proscription, by year, and the like. Additionally, abstracts as well as complete opinions are available in print-out form. With these studies, the task of research is substantially reduced.<sup>3</sup> The prospect of making available such systems for use by marketing faculty and students--as is done today for the legal profession--is impressive, to say the least.

## POTENTIAL PITFALLS

Several conditioning factors, reflecting latent constraints to a successful marketing law course, as proposed, should be mentioned. One of these would be the resolution of potential conflicts with faculty and administration committed to traditional offerings. Another would be the assurance of instructional capability in marketing, not just law. Additionally, preparation would need to be thoroughly integrative of marketing management and the law. Finally, the end objective should be the achievement of positive strategic outcomes in marketing management forms, as previously emphasized.

## CONCLUSION

The course herein proposed is actually an extension in application educationally of the marketing or societal marketing concept.<sup>4</sup> Our objective, the author submits, should not be limited to the study of the law, but rather the development of legally emancipating strategies, whether regarding corporate growth, pricing, territorial arrangements, or other. The marketing system is predicated not so much on restraints (law) as upon routes (strategies) leading to the satisfaction of pluralistic needs. Without question, this should always be the thrust of marketing education. How better to develop a strong marketing philosophy within our student body than to practice it in our instructional processes?

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<sup>3</sup> At least two major systems now provide these computer services. One is named "Lexis" and the other "Westlaw".

<sup>4</sup> For definitions preferred by the author, see Kotler, Philip (1980), Marketing Management--Analysis, Planning and Control, 4th edition, Englewood Cliffs, NJ: Prentice Hall, Inc., 31, 35.

The "beauty" of law--often unappreciated--is its absolute grounding in reality. For us, marketing reality. This paper is essentially a professional challenge to marketing educators to trade on that reality more effectively. The author would emphasize that his proposal is not a change in kind but a change in focus. The study of marketing law should serve marketing education, not vice versa. The law deals with problems, but as everybody knows, the other side of a problem is an opportunity. In short, why not flip the antitrust coin?

## DETERMINANTS OF CHOICE IN CONSUMER DISPOSITION OF DURABLE GOODS

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### ABSTRACT

Product disposition, as an aspect of micro consumer behavior, has received little attention in marketing or behavioral science literature.

To remedy this void the present research experimentally investigates the impact of predecisional perceived risk and the functional condition of the product on the nature of selected disposition alternatives. Also, it identifies factors influencing the choice of disposition alternatives.

Findings reveal significant relationships between perceived risk and product condition and disposition choice alternatives. Selling to others and giving away to charity are the two most attractive choices. Economic factors are paramount in guiding choice.

### INTRODUCTION

Product disposition as an aspect of micro consumer behavior has not received much attention in the literature which reveals only a handful of studies that address directly the issue of product disposition (Burke, Conn and Lutz 1978, Conn 1978, Hanson 1978, Jacoby, Berning, and Dietvorst 1977, and Razzouk 1977). Most of these studies are exploratory in nature, aimed at identifying probable disposition alternatives for selected products, and the factors that influence individuals to decide to dispose of a particular product. None of the existing studies address specifically the question of "choice" in a disposition process. The purpose of this study is to fill this information void in the literature. More specifically, the research experimentally investigates the impact of predecisional perceived risk and the functional condition of the product, on the nature of the selected disposition alternative. Also, it identifies the factors influencing the choice of a disposition alternative.

### DEVELOPMENT OF HYPOTHESES

#### Perceived Risk

The concept of perceived risk has been closely connected to the issue of consumer acquisition behavior. Bauer (1960), and subsequent researchers (e.g., Capon and Burke 1977, 1980, Lutz and Reilly 1974, Swan 1972, and Weigl 1975) investigated the relationship between perceived risk and elements of the consumer buying process.

When a consumer is considering the purchase of a product, three forms of risk become salient: Financial Risk; Psycho/Social Risk (the risk of losing one's position in a group and/or the support and approval of peers); and Functional Risk

(the risk that the product may not function as expected).

In a disposition situation, the nature and intensity of risk are different. The financial risk of making an improper choice is less intense than in a buying situation. The intensity of this risk depends on the consumer's knowledge of available disposal alternatives and their relative rewards. Social risk may be stronger in communities that are more ecologically or environmentally oriented. In such an environment, a consumer who repeatedly throws away products may be considered careless or socially irresponsible. Functional risk is at a minimum or non-existent at the time of disposal. Exceptions exist as when disposing of products such as aerosol cans, light bulbs, and similar products that may prove very hazardous when disposed of in some particular ways (e.g., thrown in the fireplace).

#### Functional State

The functional state of the product at the time of the disposal is reported to have a significant impact on the disposition-decision process. Conn (1978) found that thrown away products needed repair 95 percent of the time. Even when compared on the basis of original price, all of the products costing \$30 and over, and 97 percent of the products costing under \$30 were thrown away in need of repair. This finding suggests a definite interaction between the level of perceived product risk and the functional state of the product.

According to Conn (1978), the functional state of the product is positively associated to the level of satisfaction with the product. Further, the greater the satisfaction, the less willing is the consumer to part with the product. It follows, then, that consumers who are satisfied with their products (working condition) seek optimality and search for the "best" alternative. Where available, selling the product would seem the most logical alternative to maximize the economic utility of consumers.

When the functional state of the product is not satisfying (non-working, in need of repair), the consumer engages in a limited problem-solving process and usually makes a routinized decision to throw away the product or, where readily available, give it to charity.

#### Hypotheses

The general effects of perceived risk and the functional state of the product on the nature of the disposal option selected are summarized in the following two null hypotheses:



- H1: There is no significant difference in the selected disposal alternative for high versus low perceived risk products.
- H2: There is no significant difference in the selected disposal alternative for working versus non-working products.

#### METHOD

A 2 x 2 factorial experiment was employed in this study in which two levels of perceived risk (high and low) and two levels of product functional condition (working vs. non-working) were operationalized.

##### Product Selection Process

The two household durable goods used in this research are a stereo-component system and a hair blow-dryer. These products were chosen on the basis of a two stage pretest that helped determine the level of consumer perceived risk for a number of products.

The functional state of the products used in this study was experimentally manipulated to fit one of two levels: Working, or not working (needing repair). This manipulation was achieved through written and oral instructions given to the subjects at the outset of the experiment. For the "working" condition, the subjects were told that the product they were asked to dispose of was in good working condition. For the other level, subjects were told that the product had quit working and was in need of repair. The cost of repair appeared on the display board as was determined in the pretest.

#### PROCEDURES

One hundred subjects were individually placed into a simulated disposition situation and instructed to dispose of a given product in the manner in which they would normally do so. Each subject was randomly assigned to one of the four experimental conditions: High perceived risk/working condition, high perceived risk/non-working condition, low perceived risk/working condition and low perceived risk/non-working condition.

A booklet with instructions and the independent variables was handed to each subject. The purpose of the study was explained as gaining insight about how consumers make decisions to dispose of some common durable products after these products have been used for awhile. To increase the level of task involvement (involvement in the disposition-decision process), subjects were requested to assume that they had already decided on terminating the present useful life of the assigned product and that they were presently seeking and evaluating information for a final selection of a disposition alternative. Subjects were also told to make their final disposal decision taking as much or as little information as they desired to arrive at their disposition decision, and that they need not acquire any information if this is how they would normally dispose of that product.

The information was presented to the subjects via a twenty-inch by thirty-inch Information Display Board (IDB) (Jacoby et al., 1978) and was arranged in two matrices. The first was a one-vector matrix that contained information on product attributes most likely to be considered for a disposition decision (original price, brand, size, energy consumption, years in use, repair history, present condition).

The other matrix contained information about the possible array of disposition alternatives. Six attributes of the disposal alternatives were available for evaluation: The financial cost of each disposal alternative, the effort involved, the financial benefits realized, the functional feasibility, availability, and the social acceptability attached to each alternative (Conn 1978, Jacoby et al., 1977, and Razzouk 1977). The values of these dimensions for the most part were assigned on the basis of pretest information and were used consistently for all subjects in a particular condition. Both matrices appeared on the same board, and all of the information cells were labeled.

##### Post-Experimental Questionnaire

After the subjects arrived at their disposition decision, they were asked to list, then rate the salient product factors that influenced their choice of a disposal alternative. Subjects were also asked to rate each disposal-alternative attribute on how important it was in influencing their choice of a disposal alternative.

The last part of the written questionnaire asked for some demographic and psychographic information that were used as covariates for the analysis. Subjects were then thanked for their participation and dismissed.

#### ANALYSIS

One basic dependent measure was considered in this study: The type of disposal alternative selected. The data gathered was categorical in nature and consisted of ten possible alternatives. Subjects could select to: Store the product, convert it to serve some new purpose, lease it, loan it, throw it away, give it away to be used, give it away to be resold, trade it, sell it direct to a consumer, or sell it to a middleman. While the list is not exhaustive, it covers a wide range of possibilities. Given the nominal nature of the data, a Bartlett Chi Square Analysis was used to test the effect of the two independent variables on the dependent measure of disposal option selected.

#### RESULTS

The results reported in Table 1 indicate that very few subjects selected to store, convert, or lease the products. None of the subjects selected the loan option and only four considered the throw away option.

A series of Bartlett Chi Square tests were performed to test the hypotheses for the

independence of the response variable from the independent measures of perceived risk and the functional state of the product. High perceived risk products were disposed of differently from low perceived risk products ( $p [X^2 : 11.025] = 0.026$ ). Also, a significant Chi-square value was reported for the effect of the functional state on the nature of the disposal option selected ( $p [X^2 : 12.631] = .013$ ) indicating that products in working condition were disposed of in a different manner than non-working products. Therefore, neither of the two null hypotheses were supported.

The demographic variables of sex, age, income, education, task experience and the self-ratings of concern with pollution and social responsibility did not produce any significant effect on the nature of the disposal alternative selected, and thus were dropped from the analysis.

After the subjects announced their selection of a disposal alternative, they were asked to list the determinants that influenced their choice. They were then asked to rate the importance of these determinants on a scale of 1-10.

Table 2 presents frequencies and ratings for sixteen determinants cited by the subjects as having influenced their choice of a disposal alternative. The most cited influencing factor was the "financial benefit" of a particular disposal alternative ( $f=71$ ), the financial cost incurred in the execution of the decision ( $f=44$ ), the original price of the product ( $f=41$ ), the relative availability of an alternative ( $f=35$ ), and the present condition of the product ( $f=35$ ). Other factors were cited, but less frequently.

The high frequencies reported for "financial benefit," "financial cost," and "original price" indicate the paramount importance of perceived monetary risk and economic considerations in the process of selecting a disposal option. This generalization was also supported by the subjects' ratings of the six alternative attributes used in the study. Both "financial cost" and "financial benefit" had an average rating of 7.0 on a scale of 1-10, followed by the "effort involved" with an average rating of 6.5. "Availability" and "functional feasibility" had average ratings of 5.5 and 5.0 respectively. The lowest average rating of 3.0 was reported for "social acceptability." This finding, when coupled with the fact that only nineteen subjects cited this factor as influencing their disposal decision, indicates the relative disconcern of these consumers with the social acceptability of their disposal behavior.

#### DISCUSSION

Aside from the unexpectedly low interest in the throw-away option, the overall results resemble reality. Valuable products (high perceived risk) are sold more often than disposed of in any other way. (Jacoby, et al., 1977, Razzouk 1977). The perceived financial benefits of selling these products would expectedly exceed the costs involved in seeking buyers and executing the sale. On the other hand, low value products (low perceived risk) are given away to charity quite often

because the expected costs of searching for buyers and executing a sale could exceed the financial benefits gained from such a transaction. Also, giving away a product to charity may involve minimal effort and allows for a possible tax write-off.

Working products were sold more often than non-working products, but only three of the fifty subjects disposing of a non working product chose to throw it away. The reason for this unexpectedly low interest in the throw-away option may have been the result of experimental demand characteristics. Subjects could have been influenced by the presence of information dimensions such as "energy consumption," and "social acceptability" on the display board, and might have been sensitized against appearing wasteful or socially irresponsible. Data from the post-experimental questionnaire, however, revealed no such conscious effect of social acceptability on the nature of the disposal alternative selected.

Another explanation may be that the availability of an array of alternatives in this study may have diverted the attention of the subjects to a more optimizing alternative than throwing away the product. After all, the subjects did not incur significant costs in evaluating more information. In an actual situation, consumers may not have ready information on most of the possible disposition alternatives; to acquire more information they must spend time, effort or even money. In such cases, when the costs of information search exceed the perceived benefits, the search ceases and a decision to throw away the product may be reached. Previous research on consumer disposition behavior (Conn 1978, Jacoby, et al., 1977, Razzouk, 1977) indicate that consumers often choose to throw away non-working products especially if they cost \$30 or less.

#### IMPLICATIONS

In recent years, the scope of marketing was broadened to include social marketing, societal marketing, and marketing for not-for-profit organizations. It is therefore acceptable to think of institutions such as government, charitable organizations, conservationists, and others in these categories, as marketers involved in exchange processes. These and other groups (e.g., new-product manufacturers, used-product dealers, junk yard operators, recycling centers, etc.) could benefit from the results of this study.

Government has long been concerned with the escalating problems of solid waste disposal. In the absence of information on the availability of disposal alternatives, consumers often make decisions to throw away products they have no more use for. The results of the present study indicate that such trends could be changed by providing information on the availability, costs, and benefits of other possible disposal options. Overall, the decisions made by participants in the experiment were very utilitarian in nature. Subjects appeared anxious to maximize their financial gain while minimizing the costs and effort involved in the execution of an alternative. This reported phenomenon has strong and

direct implications for the promotion and reverse-distribution strategies of charitable organizations, recycling centers, used-product dealers and other organizations interested in reprocessing consumer goods. These marketers should not only promote their availability, but should emphasize the convenience, and the financial benefits that accompany their exchange transactions. In planning their accumulation (reverse-distribution) strategy, convenience and accessibility must be attained. Home pickups, specialized containers and possibly some form of reverse-vending system would enhance the time and place utility which consumers demand for reverse-channel transactions.

### SUMMARY

The consideration of product disposition as a focus for this research broadens the scope of existing literature on consumer behavior. Jacoby, Berning and Dietvorst (1977) defined consumer behavior as the "acquisition, consumption, and disposition of goods and services, and ideas by decision making units." This definition places disposition in the domain of marketing. The present study constitutes one further step toward a better understanding of the disposition process. Some of the findings reported here could be utilized in the development of paradigms and as bases for future research in this area.

TABLE 1  
DISPOSAL ALTERNATIVE SELECTED  
N=100

Disposal Alternative	HIGH PERCEIVED RISK		LOW PERCEIVED RISK	
	Working	Not working	Working	Not Working
1. Store	0	0	1	3
2. Convert	1	0	1	0
3. Lease	3	0	1	0
4. Loan	0	0	0	0
5. Throw away	0	0	1	3
6. Give away to charity	4	10	7	16
7. Give away to family or friend	2	7	6	2
8. Trade it	3	1	1	1
9. Sell to other users	11	6	7	0
10. Sell to middleman	1	1	0	0
Totals	25	25	25	25

Note: Cells 1, 2, 3, and 5, and 9 and 10 were combined to compute Chi Square values.

TABLE 2  
FREQUENCIES AND RATING OF FACTORS INFLUENCING THE SELECTION OF A DISPOSAL DECISION

Factors Influencing Choice of Alternative	(Ratings 1-10 10 Being Most Important)										TOTALS
	1	2	3	4	5	6	7	8	9	10	
1. Original Price	-	1	-	3	5	1	8	9	8	6	41
2. Effort Involved	-	2	-	4	4	14	6	9	7	11	57
3. Financial Benefit	1	-	1	1	3	4	12	11	8	30	71
4. Social Responsibility	3	4	1	3	2	2	1	1	-	2	19
5. Functional Feasibility	1	1	2	2	3	2	5	-	-	1	18
6. Present Condition	0	0	4	1	3	6	5	10	2	4	35
7. Availability	1	1	2	2	1	7	5	9	2	5	35
8. Financial Cost	1	1	0	2	2	5	5	8	14	6	44
9. Repair History	0	0	4	1	3	2	2	4	3	2	21
10. Years in Use	0	0	1	2	4	4	3	4	4	2	24
11. Goodwill	0	1	2	0	1	3	3	2	3	5	20
12. Avoid Waste	-	-	-	-	2	-	1	2	2	2	9
13. Size	-	1	-	-	3	1	-	1	-	-	6
14. Brand	-	2	2	1	2	1	2	1	1	2	14
15. Habit	0	0	0	1	1	-	-	-	-	-	2
16. Repair	-	-	-	-	-	-	-	3	-	4	7
Totals	7	14	18	23	38	53	55	79	54	82	423

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CONSUMER INFORMATION NEEDS AND CONSUMER WELFARE:  
THE SPECIAL CASE OF SERVICES

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ABSTRACT

Commonly recognized attributes of services are discussed with respect to the manner in which they affect actual and potential relationships between consumer information needs and consumer welfare. Theoretical and operational aspects of the information-welfare connection are emphasized. Various ways in which service marketers can meet more of the information needs of consumers are illustrated. Responding to such needs is identified as one of the major challenges to service marketers in the Information Age.

INTRODUCTION

Attention to the unique aspects of marketing services in contrast with marketing goods is a relatively recent development in the field of marketing. Most of the literature has evolved since the mid-1970's. Several exceptions are recognized: Regan (1963); Judd (1964); Johnson (1969) and Wilson (1972). There is general agreement that there are substantive differences between the marketing of services and the marketing of goods. Several attributes of services are commonly recognized and are illustrated in a separate section of the paper. Actual and potential information needs which can be associated with each of the attributes are emphasized.

Consumer welfare as a special topic in the field is even less widely acknowledged and analyzed with respect to marketing performance. Yet as one form of the indicated outcomes of marketing action, consumer welfare is an integral part of marketing at both micro and macro levels. At the micro level it may be viewed in connection with the marketing concept and the satisfaction of consumer needs. In macro terms it may also be recognized with respect to various measures of consumer satisfaction/dissatisfaction and complaining behavior, or to consumer safety and protection along with other consumerism issues and outcomes in the marketplace. Generally, the concern is with marketing outcomes as they affect the well-being of consumers in the exchange process. In this discussion both theoretical and operational aspects of the information-welfare connection are emphasized.

Beyond the two major sections of the paper that deal with the attributes of services and their relationships with information needs and welfare, some examples are provided of desirable ways in which services marketers can meet more of the information needs of services consumers. The main objective of the paper is to highlight some of the key relationships and challenges facing

services marketers with respect to meeting consumer information needs in the Information Age.

COMMON ATTRIBUTES OF SERVICES

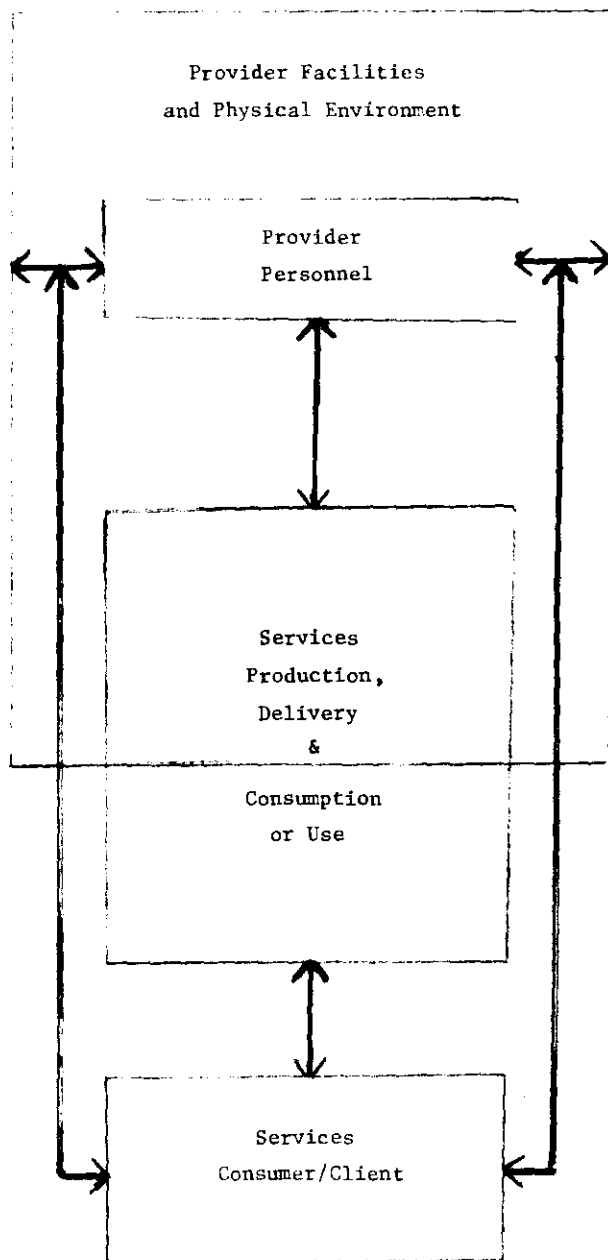
Services are defined as activities or tasks which are performed or effort which is expended as part of an exchange transaction. They are distinguished from goods with respect to at least four basic dimensions as outlined in Table 1. From an information-needs perspective, emphasis is on what Zeithaml identifies as difficulties encountered in evaluating services for purposes of making consumer decisions. Indeed there are many instances in which services must be purchased and consumed or used before assessment of quality and value becomes possible. In the case of certain types of health services even post-consumption evaluation may be indeterminate, if not impossible for the consumer to make. The clear implication is that the consumer is at greater risk in making decisions about services than in making most decisions about goods. Further, there is greater difficulty in experiencing consumer protection through increased information, since judgments are often more difficult to make; or when they can be made they rely on the expertise of the service provider.

As broad categories of market exchange activities by kind of business and industry categories, consumer services are further described in Table 2. Of course some of the categories have elements of "goods" associated with them. Architectural services, art galleries, hospitality and lodging services and some business services are examples. Nevertheless, the common attributes presented in Table 1 provide a basis for generalizing about information needs with respect to decisionmaking for consumer services.

Several relationships regarding services are further illustrated in Figure 1. Dimensions of the service delivery system are highlighted along with other aspects of channel structure and arrangements for either taking the service to the consumer or having the consumer come to the provider. In either case the channel tends to be short, direct and local.

The arrows show that there are interactions between provider personnel and consumers; and between both and conditions or elements in the physical environment. Exchange transactions are effected in the virtually simultaneous

Figure 1  
Basic Dimensions of the Service Delivery System  
and Services Exchange Transactions



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production, delivery and consumption or use of consumer services. Important information connections follow. Information can be more personal and direct. Reinforcement of past information, experience and other sources of knowledge about services can be more readily enhanced by the service provider.

Table 1  
Common Attributes of Services:  
Consumer Information Needs,  
Characteristics and Relationships

Services Attribute	Information Characteristics and Relationships	Information Needs
<u>Intangibility</u>	Inability to inspect before purchase or to directly touch, handle and compare from an inventory	Adequate knowledge or means of assessment to make choices and reduce risks
<u>Inseparability</u>	Difficulty of making judgments about service quality per se, given that it is produced and consumed simultaneously	Assurances of provider reputation and reliability; basis of confidence in provider
<u>Variability</u>	Fluctuations in quality due to personal performance and difficulties in quality control	Substitute basis for standardization and inconsistency
<u>Perishability</u>	Lack of or limited capacity to store and adjust to fluctuations in demand and supply	Minimize costs or other tradeoffs as providers manage demand and supply

Source: Adapted from Kotler (1980); Lovelock (1984); and Zeithaml (1991).

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Table 2  
Illustrative Types of Consumer Services  
in Private, Public Sector and  
Nonprofit Services Industries

Amusement and Leisure Services  
Architectural and Engineering Services  
Business Services  
Churches and Other Religious Organizations  
Educational Services  
Entertainment Services  
Health Services  
Hospitality and Lodging Services  
Legal Services  
Membership Organizations  
Museums, Art Galleries and Cultural Services  
Personal Services  
Repair and Maintenance Services  
Social Services  
Transportation and Travel Services

CONSUMER INFORMATION AND  
CONSUMER WELFARE IN THE  
MARKETING OF SERVICES

Several aspects of consumer welfare in relation to consumer information and evaluation of purchase decisions for services are summarized in Table 3. Basically, the focus is on the various ways in which consumers are likely to incur risks and losses in their decisionmaking process. The relationships described are probable or tentative rather than being fully documented observations. Actually they draw extensively on the work of Zeithaml (1981) who enumerates 11 hypotheses on the consumer evaluation process for services. It should also be noted that the contention is not that the relationships apply uniformly to all services. Rather it is emphasized that the relationships are sufficiently representative to provide the basis for challenging and rethinking the nature of services and how special information needs arise to create potential or actual difficulties for consumers. Once identified they can be described, explained and eventually researched so that theory, analysis and understanding can proceed accordingly.

MEETING THE CHALLENGES OF  
CONSUMER INFORMATION NEEDS  
IN SERVICES MARKETING

The consumer problems associated with the relationships in Table 3 represent major challenges facing services marketers. They are receiving greater exposure and concern at a time when competition in services markets is becoming more intense; if for no other reason than more service providers are attempting to use marketing concepts, methods and strategies. This, of course, is especially true for health care and legal services where professional, ethical and legal restrictions have severely limited the use of marketing.

One approach to meeting the challenges of consumer information needs in services marketing focuses on communications strategies and the development of criteria for ensuring that consumers are provided with an adequate basis for evaluating services and making purchase decisions. Although a total marketing strategy would clearly focus on each of the elements of the marketing mix, the examples provided are illustrative of several basic ideas and relationships.

Two aspects of an emphasis on marketing communications are illustrated in Figure 2. Each focuses on either an attribute of services or on the information needs of consumers. Other immediate examples would include a focus on the provider, on service delivery or some other element of the marketing mix. For the marketer the results should be a clearer delineation of the message, the medium through which it can be delivered, and allowances for follow-through with supporting marketing effort. For the consumer the results should be an improved basis for evaluating services and making purchasing decisions. Actual or

Table 3  
Consumer Information and  
Consumer Welfare Relationships  
in the Marketing of Services

<u>Probable Characteristics of Consumer Evaluation and Decisionmaking</u>	<u>Potential Effects on Consumer Welfare</u>
Greater reliance on information from personal than from nonperson sources	Greater costs and risks of information search
Greater importance of post-purchase evaluation than pre-purchase evaluation	Greater exposure to potential welfare loss in the purchase decision
More limited cues or means of judging the quality of services	More reliance on the service provider for price-quality cues
More limited basis for comparison shopping in the purchase decision	More limited range of choices as purchase decisions
More hidden qualities and greater complexity in the characteristics of services (than is typically the case for goods)	More uncertainty and likely unknown consumer welfare losses (than occurs typically with goods)
Greater perceived risks (than typically occurs in the purchase of goods)	Greater costs are likely for risk reduction and absorption
Greater positive attributions and stronger attachments are likely to be made with respect to the service provider (than with the goods provider)	Extensions of risks and losses may occur out of inertia and ignorance or inability to make objective judgments and thereby improve purchase decisionmaking
More likely to demand and get less consumer satisfaction in the decisionmaking and purchasing process	More likely to accept welfare loss as being related to or inherent in the service per se or in the choice process available to the consumer

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potential welfare losses should be reduced; alternatively, consumer well-being should be enhanced over time. The entire marketing effort and desired mutual satisfaction by providers and consumers should be improved.

Figure 2

Meeting Consumer Information Needs Through Marketing Communications Strategies

Strategy	Examples
Focus on Attributes of Services	Tangibility
	Personalize through provider personnel
	Associate with aspects of facilities that contribute to service quality
Focus on Information Needs of Consumers	Provide tangible "clues" based on training and expertise of personnel
	Establish and reinforce access to personal sources of information--enhance "word-of-mouth" communications through effective service delivery
	Improve the basis for evaluating the services offered
	Give attention to periodic feedback in the exchange or transactions process

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CONCLUSIONS

Increased uses of marketing in services industries gives rise to more questions and attention to marketing outcomes and performance. Various types of consumer information needs represent a major challenge that warrants further analysis. This paper has highlighted common characteristics and relationships regarding the connections between consumer information needs and consumer welfare in the marketing of services. Meeting those needs can serve the interests of both the providers and consumers of services.

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STUDENTS' PERCEPTION OF INFORMATION ENVIRONMENTS  
AND CHOICE OF MAJOR

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ABSTRACT

This preliminary research into the information processing styles of College of Business majors suggests that business students' perceptions of the informational content of future jobs is consistent with the actual nature of the jobs. Using Chi-square analysis, however, the project did not find any differences in the informational processing styles among the students majoring in different College of Business subjects.

BACKGROUND

This project builds on several studies which have investigated the information processing styles of students and businessmen. Of particular interest is recent work (Hoy and Boulton 1983) which indicates that business students do not change information and decision style preference through their educational experience. This lack of change in decision style occurred in an environment where students were taught the very specific set of analytical and decision techniques which make up the business school curriculum.

Other researchers (Hellriegel and Slocum 1975) have investigated the decision making styles of managers and the interaction of situational factors. This research suggests the different styles of decision making can be categorized on a thinking-feeling and sensation-intuition grid. They conclude that no single style of problem solving is best. Additionally, they conclude that the situational requirements of various roles played within an organization may require the use of different problem solving techniques.

If true, this difference in the situational nature of the decision making styles should be present in the course requirements within a College of Business curriculum. The evidence, however, indicates that almost all Business courses are presented using a thinking-sensation approach. Since the content of different functional decision areas such as marketing, management, finance, and accounting have different information components and require somewhat different decision styles, students should be gravitating to those areas of study where the course work requirements are consistent with the student's preferred decision making style. What is not known is whether this is happening.

The importance of this type of research lies in the following areas:

1) Instructional techniques - If student information processing preferences are not affected by the dominant single style instruction presently given, instructors should give at least some attention to alternative teaching strategies.

2) Advising - If there is not a connection between information processing preferences and a student's choice of major, or if students have inaccurate perceptions of job choices represented by their choice of major, advising methods may need to be altered.

PRESENT STUDY

This research project investigates two aspects of this decision making environment. The first is College of Business students' perceptions of the information environment of various business occupations. This aspect of the research looked at how students viewed the source and use of information in business decision-making. This research project also extends the work of Hoy and Boulton. The Myers-Briggs Type Indicator, used to identify the decision making style of students, was selected to test the relationship between choice of major and decision style of the student.

Research Design

Two groups of College of Business students were questioned about the perception about the information environment of various careers and administered the Myers-Briggs Type Indicator. The two groups represented students at the beginning of their business education. This group were selected from introductory business statistics and accounting courses. These classes were chosen because they are traditionally taken in the student's sophomore year. The second group of students was enrolled in the senior level policy course. This course is at the end of the business curriculum because of the required core classes that are its prerequisites.

These two groups of students were selected to obtain information from students who were just entering their business education and from a group that was about to conclude their business studies and enter the business world.

Perceptions of the information environment of five areas of business education and occupation areas were measured with a five point Likert Scale. The areas that were measured included Accounting, Finance, Marketing, Management, and Information Systems.



The questions that were asked about the information environment included:

1. Information used for decision-making is received from sources inside the organization regularly and often.
2. Information used in decision-making is received from sources outside the organization regularly and often.
3. The knowledge base used in decision-making is changing rapidly.
4. The information used in decision-making is very complex and hard to understand.
5. The information used in decision-making is very objective, rather than subjective.

The five point scale was anchored on one end by the statement - Does not describe this area at all. The other anchor was - Describes this area extremely well.

On a priori basis one would expect that students would view the information environment of the various majors and occupational areas as follows.

Accounting should be viewed as an area of decision-making where the information is obtained from inside the organization. The environment should be viewed as having a stable knowledge base, relatively complex in nature and very objective.

Finance should be viewed very similarly to Accounting, with the exception of the source of information. Financial markets dictate, in part, the cost of the firm's operation. For this reason the source of information should be viewed as less from inside the firm as is accounting information.

Marketing, on the other hand, should be viewed as having an information environment which uses external information. The knowledge base should be viewed as making rapid change, being complex, and subjective in nature.

Management information should be viewed as coming from the internal environment and changing somewhat rapidly as new managerial tools are employed. The complexity of the information should be viewed as low with a subjective aspect to the decision-making.

The Information Systems informational environment should be viewed as coming from both inside and outside the firm. The rapidly changing environment would provide external information needed to keep up with the subject. The internal information needed to supply to systems is the other side of the informational requirements needed to use the systems. The complexity and subjective nature of the information will be complicated by the polar response to the questions. Some students and practitioners view the field as complex and subjective, while others have the opposite view.

The questionnaire containing these questions as well as the Myers-Briggs Type Indicator was administered to a total of 139 students. Nineteen of the cases were not included in the analysis because they represented students who had not chosen College of Business majors.

## RESULTS

The results of students' perception of the information environment will be presented first. The results of the Myers-Briggs Type Indicator will then be presented.

Data about the information environments are in Tables 1 thru 5. Each of these tables provides the mean response to each of the questions posed above.

TABLE 1  
SOURCES ARE FROM INSIDE

AREA	MEAN
Accounting	4.014
Finance	3.209
Marketing	2.640
Management	3.719
Information Systems	3.094

TABLE 2  
SOURCES ARE FROM OUTSIDE

AREA	MEAN
Accounting	2.518
Finance	2.914
Marketing	3.748
Management	2.691
Information Systems	2.647

TABLE 3  
RATE OF CHANGE

AREA	MEAN
Accounting	2.640
Finance	2.691
Marketing	3.532
Management	3.158
Information Systems	3.842

TABLE 4  
COMPLEXITY

AREA	MEAN
Accounting	3.094
Finance	2.799
Marketing	2.554
Management	2.410
Information Systems	2.849

TABLE 5  
SUBJECTIVE IN NATURE

AREA	MEAN
Accounting	3.590
Finance	3.115
Marketing	2.360
Management	2.487
Information System	3.086

The results of the Myers-Briggs Type Indicator were analyzed using Chi-Square analysis to test the independence of the choice of major and the students information processing style. This study tested each aspect of the Indicator in this fashion. This required four tests of independence.

In each of the four cases, the null hypothesis could not be rejected. The levels of significance ranged from a low of .26 to a high of .97.

#### DISCUSSION

The results of the students' perception of the informational environments of the various major/occupational areas of business conforms to the a priori expectations. Although one must be cautious in using the mean values from the Likert scale, the direction of the mean values is consistent with what was expected.

Accounting, management and finance were all viewed as receiving the information needed for decision-making from inside the organization. Marketing clearly dominated the choice of the area that relied on outside information for decision making.

Information systems and marketing were viewed as having rapid rate of change in the information base. This is especially true of the information system area where technology is rapidly making equipment and ideas obsolete in very short time spans.

It is interesting to note the relatively low values associated with the perceived complexity of the information associated with each of the areas. None of the areas were deemed to have high levels of complexity associated with them.

The subjective nature of marketing related decisions was confirmed as well as the objective nature of accounting information.

The results of the test of independence of the choice of a major and the information processing style of students are perplexing. The fact of a major is not influenced by processing style. This may mean that the students method of processing information is secondary to other considerations. There is also the possibility that the Myers-Briggs Type Indicator is not a good instrument for this type of investigation.

We recognize the limitations of the sample that was used to generate the data. It was a convenience sample of summer school students. For

future studies of the information processing of students we will use a broader base of students so as to include other majors from outside the College of Business. This broader base will allow a comparison among majors in Liberal Arts, Engineering and Math with majors within the College of Business. Expansion of the project to include other majors will allow the use of probability sampling techniques.

#### CONCLUSION

This project has stimulated our interest the information processing aspect of students' choices of majors and future careers. We plan to expand this project to include businessmen's perception of the information environment. We will then be able to make comparisons between students and businessmen.

Other instruments which are designed to look at the information processing style of people will be pursued. Instruments which test the cognitive complexity of individuals is next on our list.

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## A PARADIGM FOR THE STUDY OF MARKETING CHANNELS

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### ABSTRACT

Scholarly inquiry into the subject of channels of marketing has continued unabated for some fifty years, ever since Breyer (1934) gave impetus to the institutional approach to marketing. This interest on the part of academicians has persisted in large part because of the centrality of the channel concept to the marketing discipline. That is, very many of the individual concepts that academicians hold to constitute the academic discipline of marketing find a place under the "umbrella" concept of the channel. For this reason, the subject of marketing channels should find a central place in the marketing curriculum.

### INTRODUCTION

Unfortunately, given the importance of the subject area, the curriculum at most schools have treated channels in a piecemeal fashion, introducing related concepts in various other courses, rather than creating a single course to deal with the subject of channels in an integrated fashion. In contrast to current practice, this paper posits that a single course dealing with the marketing channel and allied concepts can be a very useful tool in marketing education.

To provide the conceptual nucleus for such a course, it would be useful to have a conceptual framework upon which to fasten the wide variety of individual topics which relate to the operation of channels. To best serve the needs of educators, a model of the marketing channel would be based on the findings of channels research, but would be designed expressly for use in the classroom, and, given the basic position of this paper, preferably be applicable to a single course in marketing. This paper presents a paradigm for studying the marketing channel that has been designed to fill this need. The model features four basic elements: structure, behavioral characteristics, environmental influences, and performance. In the classroom, each of these elements can be expanded to present concepts that relate to the element in question, but which can be treated as a separate subject in themselves for pedagogical purposes. To provide background material for this paradigm, the paper first reviews the literature to introduce those concepts the authors deem most suitable for students to consider.

### KEY CONCEPTS IN THE STUDY OF MARKETING CHANNELS

Balderston (1957) notes that many of the activities that occur in a channel can be broken down into functional classes. Many of the most important of these activities concern the establishment of contracts, the negotiation of transactions, or more generally, the generating of information leading to transaction decisions. His model examines

the cost of information flows under various communication networks, such as a structure where every participant is connected to each other, or a structure where a participant is only connected to those participants on the opposite side of the market. The latter network, where there is an absence of collusion, Balderston labels the "adequate bargaining network".

Balderston then introduces middlemen into this model to demonstrate that an optimum structure of the market does exist for the performance of communication tasks, based on their costs. The same procedure could be followed by substituting other types of costs. The point remains the same, however, that given certain assumptions, an optimal channel structure does exist. Thus, a general model should recognize this fact.

Balderston then takes his model one step further to include the perceptions of the wholesaler. These perceptions include the content of the information that is necessary to participate in the transaction process, the form and content of the wholesale organization, and which suppliers and customers the wholesaler feels should be excluded from the channel. Balderston also recognizes that environmental factors outside the model can influence the structure of the channel. He states that the impact of these forces depends on whether they are slow and sustained or abrupt and perhaps transitory. Slow and sustained changes may allow time for the channel members to adapt, whereas abrupt and uncertain conditions can cause apprehension among the existing channel members and may even lead to the destruction of the channel if newly entering firms are better able to cope with the change.

Balderston's model provides a starting point for the work of Baligh and Richartz (1967). They emphasize two features that they add to Balderston's model. The first consideration is the inclusion of market imperfections. Imperfections are defined as cooperation and competition among intermediaries, rebates, variable costs of information transmittal, acceptable rates of return on fixed costs, and segmented markets. Each of these imperfections can have an effect on the optimal structure of the channel.

The work of Alderson (1957) serves to bridge the gap between a focus on the structure of a channel and a focus on its behavioral characteristics. His approach to marketing channels calls for consideration of the organized behavior system, because the functions of marketing are performed by such systems or by individuals acting within such systems. Alderson conceives of an organized behavior system as one which coordinates the activities of a group or multiple groups of human beings to provide an established pattern of behavior.

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the cost of information flows under various communication networks, such as a structure where every participant is connected to each other, or a structure where a participant is only connected to those participants on the opposite side of the market. The latter network, where there is an absence of collusion, Balderston labels the "adequate bargaining network".

Balderston then introduces middlemen into this model to demonstrate that an optimum structure of the market does exist for the performance of communication tasks, based on their costs. The same procedure could be followed by substituting other types of costs. The point remains the same, however, that given certain assumptions, an optimal channel structure does exist. Thus, a general model should recognize this fact.

Balderston then takes his model one step further to include the perceptions of the wholesaler. These perceptions include the content of the information that is necessary to participate in the transaction process, the form and content of the wholesale organization, and which suppliers and customers the wholesaler feels should be excluded from the channel. Balderston also recognizes that environmental factors outside the model can influence the structure of the channel. He states that the impact of these forces depends on whether they are slow and sustained or abrupt and perhaps transitory. Slow and sustained changes may allow time for the channel members to adapt, whereas abrupt and uncertain conditions can cause apprehension among the existing channel members and may even lead to the destruction of the channel if newly entering firms are better able to cope with the change.

Balderston's model provides a starting point for the work of Baligh and Richartz (1967). They emphasize two features that they add to Balderston's model. The first consideration is the inclusion of market imperfections. Imperfections are defined as cooperation and competition among intermediaries, rebates, variable costs of information transmittal, acceptable rates of return on fixed costs, and segmented markets. Each of these imperfections can have an effect on the optimal structure of the channel.

The work of Alderson (1957) serves to bridge the gap between a focus on the structure of a channel and a focus on its behavioral characteristics. His approach to marketing channels calls for consideration of the organized behavior system, because the functions of marketing are performed by such systems or by individuals acting within such systems. Alderson conceives of an organized behavior system as one which coordinates the activities of a group or multiple groups of human beings to provide an established pattern of behavior.

To some extent, this conceptual scheme parallels the Baligh and Richartz idea of a structure as consisting of a pattern of relationships. In a marketing channel, groups of persons are engaged in the exploitation of joint opportunity. That is, when they are joined into a channel system, they have a mutual interest in the sale of a product. Buyers and suppliers can contribute to the attainment of this objective by securing the cooperation of other members in the execution of their marketing plan. Alderson's concept of channels as an organized behavior system recognizes the existence of a pattern of (behavioral) relationships caused by the interdependence between the members within a channel.

Recently, the behavioral approach to the study of channel decisions and relationships has received the most emphasis in scholarly inquiry (Grimm and Spalding, 1980). This new focus was popularized in a book by Stern (1969), Distribution Channels: Behavioral Dimensions, where channels are examined as a social system. The study of distribution channels from a social systems perspective recognizes that both economic and behavioral variables should be taken into account when developing a channels model (Shooshtari and Walker, 1980).

While research has for the most part focused on pairs of variables (Walker and Shooshtari 1979), some research has expanded the scope of variables considered, most notably the broad-based model proposed by Robicheaux and El-Ansary (1976). The criterion construct that this model attempts to explain is channel member performance. Performance is a function of behavioral and structural variables, although this model focuses only on the behavioral aspects. In particular, channel performance is a function of the effectiveness of channel control and level of satisfaction that channel members have with channel relationships. For example, control by one member of the channel may be tolerated by other members if they feel it is to their advantage to do so. In this case, channel members may feel satisfied with channel relationships even when one member has a disproportionate share of power. When cooperation exists, performance of channel members will be improved.

Several studies suggest that power is a key concept in channel models. Power in marketing channels is often defined as the ability of one channel member to influence the decisions of another channel member (El-Ansary and Stern, 1972). The bases of its power give a member in the channel this ability to influence other members of the channel. These bases include what has been called coercion, informational power, legitimate power, referent power, and expert power (French and Raven 1959). The sources that create these bases include resources with economic, information, reputational (image) and skill components (Beier and Stern 1969). The fact that one member has the ability to influence another member does not necessarily imply that it will choose to exercise this power. However, regardless of whether it is exercised, the possibility of action remains, and this possibility alone can influence the behavior of other channel members (Koenig, Kroeten and Brown, 1984).

The issue of power in channels is closely related to that of leadership. Channel leadership behavior

includes activities performed by one channel member to influence the marketing policies and strategies of other channel members for the purpose of controlling various aspects of channel operations (Schul, Pride and Little, 1983). Effective use of leadership will influence the amount of control that a channel member has over others in the channel.

Channel control should lead to better performance for that firm in control. However, it also offers the opportunity for conflict to arise. Cooperation is needed to obtain the movement of goods through the channel. But if one member is able to control the channel in a way that improves only its own performance, and it lowers the performance of other members, there will be stress and eventually conflict within the channel (Eliashberg and Michie 1984). This conflict can be considered either functional or disfunctional. If channel members are forced to reevaluate their relationships in a manner that improves the performance of the channel as a whole, channel conflict can be considered functional (Brown 1980). However, if channel conflict is carried far enough it may ultimately cause the dissolution of the channel (Stern and Gorman, 1969).

As recognized by many authors, no channel system exists in isolation. The channel is continually subject to influences from its environment. As presented in the literature, both the structural and behavioral approaches to the study of channels recognize the importance of external environmental factors. These factors include such diverse variables as consumer demand, economic conditions, competitive conditions, federal and state regulation, and technology (El-Ansary, 1982).

#### A PARADIGM FOR MARKETING EDUCATION

Based on the contributions of those papers presented (within space limitations) above, and others reviewed in the preparation of this paper, the paradigm, in its simplest form, features four elements: environment, structure, behavioral characteristics, and performance. Of course, each of these general elements subsumes a number of included constructs that will be stressed in this section.

Environment. The salient concepts taken from research into environmental influences on the marketing channel include; for example: (1) customer demand; (2) economic conditions; (3) competitive conditions; (4) regulation from federal and state agencies; (5) and the current and future technology.

In the case of customer demand, a course on channels could include such supporting material as the factors that lead consumer and industrial customers to demand the company's products. Because most research into the buying process has involved consumer behavior, the literature of consumer behavior could be used to explain the factors leading to demand for the offerings of a business firm. However, the industrial marketplace should not be ignored.

For the study of economic conditions, the course could include material on the factors that lead to an improvement in the position of the nation in international trade, the growth of the GNP

of the economy, and the success of individual companies in particular. This segment of the course would concern the environmental factors that should be recognized and taken advantage of by a well-managed company. A case study might be appropriate here.

The study of competitive conditions might concentrate on such economic factors as: industrial organization, the factors that lead to a particular channel structure, and even the theory of games as it relates to competitive strategy for business firms.

The issue of regulation would lead the student into the legal issues that should be considered by managers as they plot the marketing strategy for their enterprise. While this subject area would necessarily be given summary treatment, the student would be made aware of the basic issues that impinge on the firm's decisions (e.g., the Robinson-Patman Act)

A treatment of technology might consider such topics as the implications of a changing world for: transportation, information processing, a firm's capability for research and development, and the evolution of the society as a whole. This segment of the course could feature excerpts from books such as Megatrends, as well as current articles from such business oriented periodicals as Business Week and from more generally oriented sources such as the local newspaper.

Structure. The structure of such industrial entities as the channel has traditionally been studied by means of the concepts provided by the field of economics. However, as shown above, recent research has shown the usefulness of concepts taken from the behavioral sciences. Thus, the study of the structure of the marketing channel would integrate such concepts as: (1) the (economic concept of) optimal channel structure; (2) the channel as an organized behavior system; (3) the social nature of channel structure; and (4) the relevance of such structural relationships as competition, cooperation, and communication networks.

The study of economic concepts would include some of the simpler contributions of work by Balderston and by Baligh and Richartz. Here, the structure of less complex theoretical networks of business entities would be introduced. A more critical analysis would examine actual data on the economic contributions of intermediaries in the channel to find a justification for their inclusion in the network of business entities.

The basic work of Wroe Alderson in adapting the biological concept of the organized behavioral system to the field of marketing is still relevant to a basic course in marketing. Some 25 years later, his conceptual schemes still provoke interest and even controversy (Lamb and Dunne 1980; Hunt and Bush 1982). His seminal contributions provide a gentle transition from the contributions of the economic sphere to those of the contemporary social sciences.

More generally, the social sciences, notably sociology, have been concerned with the nature of organizations. In its most basic form, the channel is an organization (of organizations). This segment of the course

would study the (sociological) links between the business entities of the channel and the relationships among the social beings who distribute products and services. The potential contributions to the study of channels from this source appear sizeable.

Of course, the nature of such concepts as competition can be studied from several viewpoints. Competition has been treated extensively by economists, but the concept also has roots in other of the social sciences. For example, the competitiveness of one society relative to another may have a cultural explanation, as provided by anthropologists. And the results of working in a competitive environment affect the individual decision maker in a way that has been examined by psychologists. Similarly, competition is a topic that has been studied by various of the disciplines in the general area of social science. The study of the communication network that links business entities in the channel to one another and to their customers would allow the introduction of concepts from the field of communications.

Behavioral Characteristics. It appears the potential contributions of the behavioral sciences are almost without bound. Among those contributions that have gained the attention of academicians are: (1) needs of the customer; (2) leadership; (3) power; (4) satisfaction; (5) conflict; and (6) control. Again, a variety of academic disciplines can contribute material for use in the channels course.

Psychologists have described the origins of needs and drives, and have expanded their investigations into the more general area of what motivates humans to behave as they do. Because channel decisions are made by human beings, a sample of the most salient of these contributions from psychology could be introduced to help students understand what motivates customers to turn to a particular supplier for the products and services needed to fulfill their needs.

Again, leadership has occupied the attention of psychologists. Their work has largely concerned behavior at the level of the individual. But the broader implications of their findings can be translated to the study of leader-follower relations in the channel. In this vein, the implications of economic factors can be introduced to account for the emergence of leaders in the channel.

Power is a concept that has been widely investigated. Sociologists have studied the concept in a variety of contexts; for example, in the political relationships that exist in the government of a small town. Anthropologists have used the concept of power to explain the rise and fall of civilizations. And, of course, economists have stated that power comes from the ownership of resources by participants in the struggle for economic rewards.

Satisfaction has been thoroughly investigated by organizational psychologists concerned with the construct they call need satisfaction. But satisfaction has recently risen to prominence within the field of marketing. For almost a decade,

marketing academicians have convened annually to examine the results of research into the satisfaction and dissatisfaction gained by consumers from their dealings in the marketplace (Day and Hunt 1983). These latter findings should be easily transferable to the study of the affective attitudes formed by business participants who enter into channels with unique expectations and find them confirmed to varying degrees.

Conflict has also been investigated by scholars working in the area of organizational behavior. Their findings on organizational conflict have direct relevance to the channels course, because both the business firm and the channel itself are organizations. The means suggested for reducing conflict, perhaps studied in conjunction with the concept of one's role in the organization, could add considerable insight into the nature of the proper role for each intermediary in the channel organization.

Control could similarly be examined from a variety of viewpoints. Perhaps the most educationally broadening approach for students would be to introduce concepts from political science. This segment of the course would study vignettes of politicians (both dictators such as Hitler and democratic figures such as Roosevelt). The message here would involve the methods used to rise from obscurity to the position where they could control the destiny of those whose performance they deemed essential to their own political (and other) ends.

Performance. In the field of business, performance has been evaluated at many levels, from the success of individuals in completing the tasks which they have been assigned to the ability of a huge corporation (or even an economy) to dominate its markets. In the marketing channel, performance may be usefully seen at the two levels of the firm and the channel.

For the business firm, accountants define the difference between revenues and costs as profits. In the short run, the firm may feel motivated to achieve the highest possible level of profits. In a normative sense, this search for profits will lead the firm to enter into inter-firm relationships predicated on the expectation that its performance will lead to the highest (or most satisfactory) returns that can be achieved. On this basis, the firm will join a channel because the expected excess of rewards over contributions will be greater than what may be gained from any other alternative course of action. This segment of the course would include concepts from both economics and financial accounting, as well as distribution cost analysis.

But the larger, long-term view might lead the firm to take a different course of action. As shown by Ballou (1973), the channel behavior that appears best from a limited, short-term view may not serve the broader, long-term interests of the firm. Thus, firms in a channel might be advised to cooperate to achieve the greatest gain for their channel, which is in competition with other channels seeking to serve a given market. This broader approach may provide greater long-term gain than the action dictated by the narrower focus. This and related issues would take the

students into the area of strategic planning and would provide a forum for the consideration of the current work being done by academicians concerned with marketing strategy.

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## ABSTRACT

### AN ASSESSMENT OF REPORTED TRENDS AND SITUATIONS IN FRANCHISING

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#### INTRODUCTION

Since the 1950's, franchising has become a major force in business. The forecast for 1984 was that franchising would involve more than 460,000 establishments and account for more than \$450 billion in sales, nearly one-third of all retail sales, in fact (Franchising in the Economy 1982-84, 1984, p. 24). As a result of this growth as well as the consuming public's daily patronage of franchise establishments, its strategies, challenges, problems, failures, and successes have all been well chronicled by the business and general press.

In some--perhaps many--instances, conclusions formed or projections made about franchising have lacked supporting evidence. The outcome is that a number of misconceptions have been developed and have been disseminated about franchising. The purpose of this paper is to list the most common misconceptions and carefully assess them--not just logically, but by providing evidence on the subject to the extent that it is available.

#### ASSESSMENT OF MISCONCEPTIONS

A sampling of the misconceptions referenced in this paper are listed and briefly assessed in this section.

1. The business-format type of franchise dominates franchising.

Essentially, there are two basic types of franchises: (1) product and tradename and (2) business-format. Product and tradename franchises would be typified by automobile and truck dealers, gasoline service stations, and soft drink bottlers. Business-format franchises would be typified by fast-food restaurants, motels, automotive repair outlets, employment services, and many non-food retailers.

According to the latest statistics available (Franchising in the Economy 1982-84, 1984, p. 3), the number of business-format franchises grew from 190,000 in 1972 to 268,000 in 1982, a gain of 78,000, while the number of product and tradename franchises declined by about 85,000 during the same period. However, both types experienced rapid growth in sales volume during the 1972-82 period. Product and tradename volume grew from \$115 billion to \$277 billion, while business-format volume grew from \$29 billion to \$99 billion. It should be noted that the business-format type is gradually increasing its share of franchise sales volume, from 20% in 1972 to an estimated 27% in 1984. The appropriate conclusion is that, while the business-format type now dominates with

respect to number of franchise establishments, the more traditional product and tradename type still dominates with respect to sales volume.

2. A franchisee is an independent businessperson.

Because the franchisee owns his/her business, there is more independence than in a company-owned operation. First, the owner retains the year-end profits (or absorbs the loss); second, the owner probably has more decision-making autonomy than a company store manager has. Nevertheless, franchise operations are typically highly restricted/mandated by the franchisor. Product additions and deletions, promotional programs, site location, and building and fixture decisions are frequently spelled out by the franchisor.

Formal recognition of the control of the franchisor is the continuing royalty paid by the franchisee. Thus, while franchisees may own their building and fixtures, their relationship with the franchisor is best characterized as semi-independent.

Seven additional misconceptions are examined in the paper: 1) Franchising is largely concentrated in the fast-food area; 2) Franchising is no longer growing; 3) Franchising represents a viable small-business opportunity; 4) Franchising represents a viable business opportunity for members of racial minorities; 5) The ratio of company-owned units to franchised units in franchise systems continues to rapidly escalate; 6) Tied products are a frequent condition of a franchising agreement; 7) Franchising represents a very high/low risk business opportunity.

#### CONCLUSION

This identification and examination of these commonly discussed franchising trends and situations was intended to call out and dispel several misconceptions. In retrospect, a partial explanation for many of these misconceptions may be the relatively recent and rapid growth of franchising. Many of these misconceptions are lodged in the early characterizations of franchising and its opportunities; yet, they fail to reflect the reality of franchising today. Practitioners and academics alike must avoid accepting these commonly held misconceptions and instead recognize franchising as a growing, diverse, and complex method of doing business.

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## STRICT LIABILITY AND THE PRODUCT FRANCHISOR

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### INTRODUCTION

Since the case of Henningsen v. Bloomfield Motors (1960) popularized the application of strict tort liability, marketers have been increasingly held responsible for injuries caused by their products. Strict liability has been invoked by plaintiffs harmed by new as well as used products (Turner v. International Harvester (1975)). Strict liability has also been applied in situations involving non-manufacturing members of the distribution channel (Cintrone v. Hertz 1965; Chappius v. Sears 1977).

In 1979 strict liability was extended to include a franchisor which had neither manufactured nor designed a product which harmed the franchisee's customer (Kosters v. Seven-Up 1979). This extension of strict liability to franchisors is important for marketers to understand because of the growth of franchising (Lummanick 1980, p. 113).

### STRICT LIABILITY DEVELOPMENTS

Products manufactured by or under the direction of the franchisor are directly covered by the present strict liability rule in the Restatement (1965, §402A):

- (1) One who sells any product in a defective condition unreasonably dangerous to the user or consumer or to his property is subject to liability for the physical harm thereby caused to the ultimate user or consumer, or to his property, if
  - (a) the seller is engaged in the business of selling such a product, and
  - (b) it is expected to and does reach the user or consumer without substantial change in the condition in which it is sold.
- (2) The rule stated in Subsection (1) applies although
  - (a) the seller has exercised all possible care in the preparation and sale of his product, and
  - (b) the user or consumer has not bought the product from or entered into any contractual relation with the seller.

Franchisors who manufacture their products are thus considered the same as producers who do not license the use of their names. The manufacturer of a defective product will be found strictly liable whether or not its trademark is attached to the product.

Strict liability for nonmanufacturing licensors is a serious extension of product liability principles. For example, in Kasel v. Remington (1972) the defendant was found strictly liable when a defective shotgun shell injured a hunter. The court stated that the royalties received by the defendant and its right to inspect the shells were factors leading to its liability. Remington also had an ownership interest in the manufacturing firm.

The Kasel reasoning was advanced a step further in Carter v. Joseph Bancroft (1973). Here the defendant licensed the use of its trademark, which was placed on a garment which ignited and burned the plaintiff. Section 402A of the Restatement (1965) was used to determine liability.

The arguments in Kasel and Carter were offered in City of Hartford v. Associated Construction (1978) and Connelly v. Uniroyal (1979) to hold the defendants strictly liable. Neither of these latter defendants maintained an active role in the design or production of the faulty goods. Each did, however, allow its trademark to be placed on the harmful items (Behringer and Otte 1981, p. 121).

Lastly, in Kosters v. Seven-Up (1979), the defendant was found strictly liable for breach of implied warranty. Seven-Up reserved the right to inspect cartons but apparently did not actively oversee the production of cartons.

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ABSTRACT

ARE THE GENERAL TRADING COMPANIES NECESSARY TO PROMOTE EXPORTS FROM NEWLY INDUSTRIALIZING COUNTRIES? THE EXPERIENCES OF KOREA AND TAIWAN

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The need for newly industrializing countries (NICs) to promote export to reduce the balance of payments deficit is well recognized (Krueger 1978). Among the alternatives available for export promotion, the formation of general trading companies (GTCs) or better utilization of GTCs seems very attractive because of their superior performance in facilitating international trade, as evidenced by the successful track records of Japanese sogo shosa or general trading companies.

South Korea (Korea, hereafter) and Taiwan have achieved a remarkable economic development largely due to export-oriented economic policies. In the 1970s, the average annual growth rate of exports of these two countries exceeded 30 percent. Large trading companies in Korea and Taiwan have played an important role, though in varying degrees, in promoting exports from these two countries. The primary purpose of this paper is to examine and compare the development and performance of GTCs in Korea and Taiwan, and to consider implications for other developing countries with little or no natural resources and limited domestic market potential.

DEVELOPMENT OF KOREAN GTCs

Convinced by the significant role of the Japanese GTCs in promoting Japanese exports, the Korean government decided to institutionalize its own GTCs in 1975 which would act as the spearhead of Korean export drive to sustain continued expansion of exports in an increasingly competitive and uncertain international economic environment. Initially, several minimum requirements were specified for official designation of Korean GTCs. Since 1981, however, there have been only two requirements, namely, (i) the minimum export value of more than two percent of total Korean exports and (ii) public-offering of GTC stocks. Nine KGTCs remained as of early 1984.

DEVELOPMENT OF TAIWANESE GTCs

Impressed by the significant role the Japanese GTCs and the Korean GTCs played in promoting their exports, the Government of Taiwan decided to create its own GTCs which would serve as a new driving force to maintain sustained export growth in highly competitive international markets.

On November 30, 1977, the Ministry of Economic Affairs (MOEA) proclaimed an ordinance which specified the minimum requirements for official designation of the da moyen sho, or the general trading companies, as follows:

- Paid-in capital of U.S. \$5 million,
- Annual exports of U.S. \$10 million, and
- Three overseas branch offices.

Thus, the ordinance specified an GTC to be a trading company of substantial capital and export, with geographic diversification as of early 1984, four TGTCs remained.

IMPLICATIONS AND CONCLUDING REMARKS

Both Korea and Taiwan have performed extremely well in promoting their exports. Taiwan's success in exporting seems to indicate that general trading companies are not indispensable to successful exporting. Since 1975, Korea has done relatively better than Taiwan. If the present growth is to continue, Korea exports could exceed those of Taiwan and the gap could increase in favor of Korea, unless the role of Taiwan's GTCs increases substantially.

We contend that general trading companies have a significant role to play in promoting exports from their home base, as proven by the impressive performance of Japanese and Korean GTCs. The decision by the Government of Taiwan to encourage the formation of GTCs in 1978 and lately, the Export Trading Act of 1982 in the United States allowing the creation of large trading companies are open recognition of the significant role that large trading companies can play in international marketing. Learning how general trading companies work in some NICs will help other NICs in the development of their own trading companies which best meet their needs.

Figure 1  
 SUMMARY OF THE DIFFERENCES BETWEEN KGTCs AND TGTCs

	Unit: \$1 million	
	KGTCs	TGTCs
Number of GTCs (1984)	9	4
Total Exports by GTCs (1983)	\$11,280	\$287
Exports of the Country	\$24,223	\$19,117
Share of Total National Exports	50.7%	1.5%
Products Handled	Heavy industrial products accounted for 81% of total exports	Light industrial products accounted for 81% of total exports
Export Markets	Worldwide market	U.S.A. and South-East Asia
Organization	Trading arm of large conglomerates	Independent organizations
Services Provided	Product and market services, some financing	Product and market services
Average Capital	\$24.3	\$5.7

## INTERNATIONALIZING THE BUSINESS CURRICULUM: AN INTRODUCTORY MARKETING COURSE EXAMPLE

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### ABSTRACT

A report of a three-phase program to internationalize the introductory marketing course. The resulting two-week teaching module was based on a survey of international business practitioners, recommendations of a seven-university consortium, and analyses of current texts and course syllabi.

### BACKGROUND

The School of Business Administration at Pacific Lutheran University (PLU), Tacoma, Washington, is the lead institution in a seven-school Consortium for International Business Education (CIBE) that is currently developing sample modules for internationalizing the business curriculum. PLU is serving as the clearinghouse for the modules, course outlines, syllabi, reading lists and other international business information. Results are available to all interested colleges and universities.

The member schools in the consortium include PLU, Eastern Washington University, Seattle University, Willamette University, Portland State University, the University of Portland and Idaho State University.

In a report prepared at the formation of the consortium, the following purpose was stated:

The seven schools conceive the consortium to be a regional association committed to the goal of fostering among their students and faculty a more mature and informed understanding of America's role in an economically and politically interdependent world.

The consortium's program was designed to be integrated under a three-year, progressive plan, as follows:

Year I. Core Modules. The objective was to prepare an intensive curriculum of internationalized business courses, consisting of international modules for incorporation into each of the nine "core" (AACSB Common Body of Knowledge) business courses.

Year II. Specialized Curriculum. The objective was development of a specialized curriculum in international business, including creation of one or two new courses to integrate the core modules, and to develop international modules for at least five upper-division specialization tracks.

Year III. Joint Degree Program. The objective was to develop a joint degree program in international business, combining a major or minor in

business with a major or minor in international studies and languages.

### OBJECTIVES FOR INTERNATIONALIZING MARKETING

The first step in the program was to develop objectives for each of the common body of knowledge courses' internationalization. Representatives from the various universities' marketing departments agreed on these objectives for the introductory course in marketing:

1. To provide a structural framework which allows students to gain a measurable level of awareness of the aspects, opportunities and problems associated with business conducted across national boundaries.
2. To develop a framework that allows instructors of the introductory marketing course the greatest possible freedom of instructional method commensurate with presentation of a common core of knowledge.
3. To provide for instruction in specific content areas, the knowledge of which managers of local businesses that are engaged in international business recommend for prospective entry-level personnel.
4. To accomplish the internationalization of the introductory marketing course with the minimum of disruption in existing course content and style.

### ALTERNATIVE APPROACHES

An informal poll of consortium school marketing faculty revealed a nearly equal division on instructors' preferences for the following two approaches for integrating international modules into the introductory marketing course:

1. Incorporating international aspects and implications into the existing core of marketing knowledge by adding or replacing existing domestic examples of basic marketing concepts with international ones.
2. Introducing a distinct, one or two-week unit of instruction on international marketing into the syllabus; the "module" should include cases or readings which illustrate the special problems that are associated with marketing across national boundaries.

Preliminary recommendations from the CIBE administrators called for the preparers of modules for the marketing course to emphasize at least these four content topics:

1. Multinational product planning
2. Multinational pricing strategies
3. Multinational marketing channels
4. International marketing strategies

Whether Promotion was left out as a result of an oversight or planned for inclusion in the strategies section was never made clear.

Further complicating the possibility of standardization was the fact that some of the universities operate on a ten-week quarter system, while others on the 14-week semester system.

#### The PLU Experience

At PLU, which on the semester system, the development of an international module for the basic marketing course (BA 370, Marketing Systems) occurred in three stages. First, each marketing faculty member prepared a proposal for an international module for the course. Then, a consensus of the ideas in each individual proposal were incorporated into the final model, which was to be developed into a distinct, two-week unit of instruction dealing exclusively with international marketing topics.

Once the consensus model was adopted, the second stage--search of the available literature--was carried out. The literature searched included introductory marketing texts, textbooks dealing exclusively with either international or multinational marketing or trade, course syllabi from other universities and colleges both within and outside of the consortium, and course descriptions from special international trade schools.

Third stage in the project involved survey research of a sample of managers of local businesses and other organizations involved in international trade.

#### Literature Consensus

The following topics represent a researcher-determined consensus of the most often mentioned/discussed topics contained in the literature examined:

1. The importance of international marketing
2. Theories of international marketing
3. The environment of international business
4. International marketing practices
5. International marketing, organization and policy
6. Financing international trade transactions
7. International distribution
8. International promotion
9. International marketing research and opportunity analysis
10. Effects of politics and law on international marketing
11. Financing export and/or import programs

These topics were compressed into the following broad areas: 1) Theory and practice of international trade/marketing, 2) the environment of international marketing, 3) International market opportunity analysis and research and 4) the International marketing mix.

#### Survey Research

Ramenarides and Mullens (1981) suggest a survey be conducted of the managers of businesses and industries engaged in international business in order to determine practitioners' perceived course-content needs. Following this recommendation, a survey instrument was designed by the researcher and administered to the memberships of the Tacoma and Seattle, Washington, Propeller Clubs. The instrument was developed in a modified Delphi method through a series of personal interviews with officers of the two clubs.

Subjects were first asked to rate the importance of 28 international business/marketing topics on a four-point scale. Second, they were asked to divide a total of 50 classroom instruction hours among those topics they felt should be included in a proposed one-semester course in international marketing.

The data were tabulated and analyzed, using the Statistical Package for the Social Sciences (SPSS) on PLU's DEC VAX/VMS computer. Rank order preference and factor analyses were carried out.

In descending order of importance, the sample of business practitioners named these as the most important topics for inclusion in a course on international marketing:

1. Financing export/import programs
2. Researching foreign markets
3. International marketing concepts
4. International contracts
5. Theories of international trade
6. Political/legal factors in international trade
7. U.S. customs laws

SPSS's principal factoring with iteration (PA2) and varimax rotation for a four-factor solution resulted in formation of four distinct clusters of content for development as class lecture/discussion groupings. These data are displayed in Figure 1.

Figure 1. Varimax Rotated Factor Matrix

<u>Variable</u>	<u>Loading</u>	<u>Factor</u>	<u>Content Label</u>
1. Financing Ex/Im	.53558	I	Developing, managing and financing products for exports and imports.
2. US Customs Laws	.40258	II	
3. Export Trade Develop	.59374		Theoretical, legal, political and cultural aspects of international marketing.
4. Letters of Credit	.54457		
5. Ex. Transport Mgmt.	.50635		International logistics and promotion.
6. Consignments	.81054	III	
7. Inland Transport	.70552		
8. Customs Clearance	.86164		
9. Shipping/Collecting Documentation	.56440	IV	Pricing and the economic environment of international marketing.
SUMMARY AND CONCLUSION			
10. Theory of Int'l Trade	.62309		Pacific Lutheran University's School of Business Administration is, like most colleges and universities accredited by the AACSB, engaged in the process of internationalizing its business curriculum. The cooperative effort of the CIBE consortium of seven Pacific Northwest schools has served as a catalyst for developing model international components (modules) for most if not all of the core or common body of knowledge courses in the business major, as well as for many of the upper level concentration courses. This report represents the experience of one department--marketing--as it carried out its charge to develop such a model for the introductory marketing course.
11. Int'l. Mktg. Concepts	.68423		
12. Int'l. Trade Relations	.56802		
13. Int'l. Contracts	.52574		
14. Pol/Laws of Int'l. Trade	.62715		
15. Int'l. transportation	.60479		
16. Economic Implications	.54127		
17. Government Relations	.47087		
18. Ocean Transportation	.79253		
19. Marine Insurance	.78445		
20. International Promotion	-.44455		
21. Cultural Environment	.54688		
22. Int'l. Monetary System	.62095		
23. Int'l. Pricing	.46000		
24. Research Foreign Mkts.	.45781		
25. Air Cargo Transport	.41142		

FINDINGS

No consensus is apparent in the perceived importance of international marketing course or module content. The item mentioned/used most often in the texts examined was "the Importance of International Marketing." The CIBE consortium staff determined that "Multinational Product Planning" was most important. Business practitioners felt that "Financing Exports/Imports" was most important. Similar differences occurred for each ranking.

Because of this lack of agreement, the researcher elected to rely most heavily on the factor analysis of practitioners' survey responses for development of a sample international content module.

The four factors were subjectively interpreted and determined to be content areas for the four two-hour lecture discussion meetings scheduled for the two-week module. Factors and their labels were:

Major problems associated with the project were the lack of consensus among the sources for the module's content, and the split in focus or approach to take in implementing the module into the classroom.

As of the beginning of the 1984-85 fiscal year, CIBE had received and transmitted to other institutions more than 50 individual modules for internationalization of business courses at both the core and upper division level. Also, a joint degree program as called for in the third year of the program had been instituted at PLU and two of the other member universities.

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SEGMENTING THE COLLEGE STUDENT MARKET FOR "PUREBRED" VS. "HYBRID" AUTOMOBILES  
ON THE BASIS OF POLITICAL ORIENTATIONS

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ABSTRACT

Hybrid products like automobiles, whose parts are produced in more than one country, are increasing. However, research on the acceptance is limited. In this study students, who will soon be prime consumers for such products, preferred purebred to hybrid automobiles. Purebreds were evaluated better by those students who were more locally oriented and more patriotic. However, these political traits did not influence their evaluation of the hybrid products.

BACKGROUND

The country of origin influences consumers' product evaluations. A great deal of research has substantiated that consumers' perceptions of product quality and their willingness to buy varies by the place where the product is made (Bilkey and Nes, 1982).

Now that researchers have established that country of origin can have an impact on consumers' product evaluations, it is no longer clear to those consumers where many products do in fact originate. The situation is complicated because many products are not made entirely in one country anymore. Instead, they are "hybrids", products which are "assembled in one country from parts produced in one or more other countries" (Czepiec and Cosmas, 1983) or are manufactured in one country by a company whose "home" or headquarters is in another country (Seaton and Vogel, 1983). These products can be contrasted to "purebreds" in which there is only one country of headquarters, manufacture, and assembly.

Hybrid products are becoming more common. For example, Chrysler recently began importing cars which were assembled in Mexico with mostly American-made parts (Wall Street Journal, July 23, 1984). Ford, another American based company has also announced plans to build a Japanese designed automobile in Mexico (Wall Street Journal, January 11, 1983). Volkswagen manufactures its cars in West Germany, the corporate headquarters, as well as in the U.S., Mexico and Brazil.

Very little of the "Made In" research has taken into account that many of today's products are truly international in character. Instead, the studies are still based on the assumption that the products are made entirely in one country. Since hybrids have been largely ignored, no attempt has been made to distinguish among the variety of hybrids. Hybrid products, however, vary by the proportion of foreign parts they contain, and the number of different foreign firms which are represented.

However, it is important to operationalize the concept of hybrid products and to analyze how the meaning of "Made in..." changes when the product is no longer made entirely in one country. Some limited evidence suggests that consumers will react differently when they know where the product

is produced versus the country in which the company headquarters are located. For example, Seaton and Vogel (1983) found that U.S. car buyers favorably evaluated domestically made cars while the U.S. was least favored as the country of corporate headquarters.

It is also important to study how evaluations of hybrid products are influenced by consumer characteristics. According to previous research, the following influence consumers' evaluations of product quality: consumers' perception of the country's level of economic development and its political system (Wang and Lamb, 1983); consumers' level of nationalism (Czepiec and Cosmas, 1984; Bannister and Saunders, 1978); dogmatism (Anderson and Cunningham, 1972; and Bilkey and Nes, 1982) and concern with social status (Anderson and Cunningham, 1972). Other consumer psychological variables have also been strongly suggested as influencing the relationship between country of origin and product evaluation. These include the consumers' familiarity with the country of origin, their knowledge of foreign affairs, and their media exposure. However, no research has focused on the impact of these latter psychological variables on consumer's preference for foreign versus domestic products.

METHODOLOGY

The purpose of this paper is to measure college students' reactions to, and awareness of, a series of purebred and hybrid products. Specifically five purebred/hybrid conditions are set up for automobiles. The first is the purebred condition while the remaining four are alternate hybrid forms. The five conditions for automobiles are as follows: (1) automobiles manufactured entirely in the U.S. with all U.S. parts; (2) automobiles manufactured in the U.S. with mostly U.S. made parts; (3) automobiles manufactured in the U.S. with mostly foreign made parts; (4) automobiles manufactured in the U.S. with entirely foreign made parts; and (5) automobiles manufactured entirely abroad but sold under an American brand name.

This paper tests two hypotheses regarding the effects of (1) consumers' local versus international events orientation or "localism", and (2) the level of consumers' nationalism on their evaluations of these purebred/hybrid conditions. The hypotheses are as follows: H1: Higher levels of local versus international orientation will be associated with

higher preference levels for the purebred automobiles. H2: Higher levels of nationalism will be associated with higher preference levels for the purebred automobiles.

According to previous research, highly conservative and highly dogmatic individuals were less receptive to foreign made products than were less conservative and less dogmatic consumers (Anderson and Cunningham, 1972). Therefore, consumers with high local orientation and nationalism are also likely to be less receptive to hybrid products.

Consumer "localism" was measured by a Likert scale of agreement with the following statement: "Despite all the newspaper and T.V. coverage, national and international happenings rarely seem as interesting as events that occur right in the local community in which one lives (Dye, 1966)." Respondents who "strongly" or "somewhat" agreed with the statement were classified as having a high local orientation. Respondents who "strongly" or "somewhat" disagreed were classified as having a low local orientation.

The respondents' nationalism was measured by their level of agreement on a five point scale to the following statement: "The United States is closer to being an ideal country than any other nation has ever been (Ferguson, 1942)." Respondents who "strongly" or "somewhat" agreed with the statement were classified as having high nationalism. Respondents who "strongly" or "somewhat" disagreed were classified as having low nationalism.

The data was based on a pilot study representing students in two regions of the country. A questionnaire was administered to 287 graduate and undergraduate students from DePaul University, (Chicago, Illinois) and the University of Houston Downtown Campus (Houston, Texas). The campuses selected in this study were both urban commuter colleges whose student bodies were similar in demographic composition. Two geographic locations were selected to provide a more representative cross-section of student opinion.

#### FINDINGS

Both H1 and H2 were accepted. A t-test indicated that there were significant statistical differences at the .05 level between the mean ratings of the "high" and the "low" local orientation groups as well as between the "high" and "low" nationalism consumer groups for the purebred automobile (Table 1).

TABLE 1

#### INFLUENCE OF LOCALISM AND NATIONALISM ON COLLEGE STUDENTS' PERCEPTION OF PUREBRED PRODUCTS

	Consumer Group*	
	High	Low
Locally vs. Internationally Oriented (Localism)	2.29	2.60**
Level of Nationalism	2.32	2.84**

\* Based on a scale of 1 to 5 with 1 being "very good" and 5 being "very poor" for cars assembled entirely in the U.S. with U.S. parts.  
\*\*Significant at .05 level.

Localism and nationalism, however, did not seem to have an effect on the respondents' evaluation of the hybrid conditions. There were no significant statistical differences in the rating of the "high" and "low" localism and nationalism groups evaluations of the hybrids.

Over all, the respondents rated the hybrid conditions worse than the purebred one. On a five-point scale, with one being "very good," the mean response for cars manufactured entirely in the U.S. with all U.S. parts was 2.51. The mean rating declined for cars assumed to have a higher proportion of foreign parts. For example, the mean rating for cars manufactured in the U.S. with mostly U.S.-made parts was 2.61; cars manufactured in the U.S. with mostly foreign made parts 2.75; and for cars manufactured in the U.S. with entirely foreign made parts 2.77. (Table 2).

TABLE 2

#### MEAN QUALITY RATINGS OF PUREBRED/HYBRID CONDITIONS

Conditions	Score*
Manufactured entirely in the U.S. with all U.S. Parts	2.51
Manufactured in the U.S. with mostly U.S. made Parts	2.61
Manufactured in the U.S. with mostly foreign made parts	2.75
Manufactured in the U.S. with entirely foreign made parts	2.77
Manufactured entirely abroad but sold under an American brand name	2.39

\*Based on 287 student ratings utilizing a 5-point scale with 1 as "very good" and 5 as "very poor."

Surprisingly the college students rated most highly those cars which were manufactured entirely abroad but sold under an American brand name (mean = 2.39) (Table 2). Perhaps the students actually considered the latter to be purebred not hybrid, providing further support that purebreds are preferable. It also offers further support that entirely foreign-made cars are preferable to entirely American made automobiles (Czepiec, 1984). Perhaps this is related to the "import designs" which U.S. manufacturers are directing at the young urban professionals, or "yuppie" market.

Most of the sample (82.1%) believed that American brand automobiles were made in the U.S. with all U.S. made parts (17.6%) or mostly U.S. made parts (64.4%). Very few believed that American cars were manufactured in the U.S. with mostly foreign-made parts (14.3%); manufactured in the U.S. with entirely foreign made parts (2.2%); and manufactured entirely abroad but sold under an American brand name (1.5%). Since the respondents were unfamiliar with hybrid automobiles, feeling that they are not prevalent, perhaps they assumed hybrid automobiles are inferior (Table 3).

TABLE 3

RESPONDENTS' BELIEFS ON FOREIGN VS. DOMESTIC  
CONTENT OF AMERICAN BRAND AUTOMOBILES

Statement	% of Sample
American brand automobiles are: Manufactured entirely in the U.S. with all U.S. parts	17.6
Manufactured in the U.S. with mostly U.S.-made parts	64.4
Manufactured in the U.S. with mostly foreign-made parts	14.3
Manufactured in the U.S. with entirely foreign-made parts	2.3
Manufactured entirely abroad but sold under an American brand name	1.5
	100.1

N = 287

## CONCLUSIONS

College students perceived hybrid products differently from purebred products. Generally speaking this sample preferred purebreds to products which they could neither categorize as fish nor fowl. Their evaluations deteriorated when they believed that the amount of foreign involvement had increased. This sample generally seemed to be unaware of the growing number of hybrids in the automobile industry.

As expected, based on previous research, consumers' localism and nationalism were found to influence their evaluation of purebred products. Unfortunately, these variables did not have a similar impact on evaluations of hybrid products. Psychological variables which have been helpful in explaining consumers' reaction to entirely American made products seem to be less useful for explaining their reaction to hybrids.

With respect to future research, it is necessary to carefully redefine the hybrid conditions and perhaps adapt these to the product categories being investigated. For example, products made in a foreign country but sold under an American label were perceived differently from the other forms of hybrids. Perhaps they were not perceived to be hybrid after all. Also, it might be necessary to include other variations of hybrids such as foreign cars made entirely in the United States like the Volkswagen Rabbit. It is also necessary to replicate the study for other products where the foreign made counterparts are not rated as well as are foreign made automobiles. It is important to substitute specific countries for the more generic designation of foreign made to determine what impact various countries have on the evaluation of hybrids. It is also important to examine the impact of other personality, as well as demographic, characteristics on consumers' evaluation of hybrid products. Finally, it would be appropriate to expand the study to include non-college student "yuppies".

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