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Table of Contents

USING PERSONALITY TESTING AS PART OF THE EMPLOYEE SELECTION PROCESS

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ABSTRACT

An advantage often cited in the literature regarding internal hiring or promotion is that current employees are known commodities regarding their "fit" with the organization's culture and work environment (Krell, 2015). The easily acquired intimate knowledge of current employees creates a strong incentive to emphasize promoting from within when the need arises. As organizations grow and labor markets become tighter, the lack of available promotable employees may dictate that the employer look to external job markets to fill positions. Assessment as to whether an external candidate's personality will be a good fit for the organization is often described as a key factor that influences the effectiveness of those individuals and also one of the most difficult elements to assess in the selection process (Krell, 2015). In recent years, technological advances in the nature of selection systems has enabled employers to increase their use of online technology to screen job applicants' personalities as to their potential fit with an organization's culture and work environment, and this increased use has not gone unnoticed by US Equal Employment Opportunity Commission regulators (EEOC) (Lundquist, 2015). The purpose of this paper is to examine legal and policy issues for employers when utilizing technology to assess an applicant's personality as part of the employers screening of external applicants for employment and policy and practice suggestions for employers to facilitate compliance with EEOC guidelines.

INTRODUCTION

An advantage often cited in the literature regarding internal hiring or promotion is that current employees are known commodities regarding their "fit" with the organization's culture and work environment (Krell, 2015). The easily acquired intimate knowledge of current employees creates a strong incentive to emphasize promoting from within when the need arises. As organizations grow and labor markets become tighter, the lack of available promotable employees may dictate that the employer look to external job markets to fill positions. Assessment as to whether an external candidate's personality will be a good fit for the organization is often described as a key factor that influences the effectiveness of those individuals and also one of the most difficult elements to assess in the selection process (Krell, 2015). In recent years, technological advances in the nature of selection systems has enabled employers to increase their use of online technology to screen job applicants' personalities as to their potential fit with an organization's culture and work environment, and this increased use has not gone unnoticed by US Equal Employment Opportunity Commission regulators (EEOC) (Lundquist, 2015). The purpose of this paper is to examine legal and policy issues for employers when utilizing technology to assess an applicant's personality as part of the employers screening of external applicants for employment, and policy and practice suggestions for employers to facilitate compliance with EEOC guidelines.

In her April 15, 2015 testimony before the EEOC, Dr. Kathleen K. Lundquist, of APT Metrics, Inc. testified that "candidates for jobs today are increasingly being screened using online technology" (Lundquist, 2015). As online technology that can be utilized in employee selection systems has become more "affordable" the clear rationale for employers making more use of it in their selection processes is associated with cost efficiency (Lundquist, 2015). The new technology provides employers with the capability to screen large numbers of job applicants in an efficient manner and as long as "adverse impact can be minimized or eliminated by these tools, employers are often willing to sacrifice some level of validity to increase diversity and reduce the risk of litigation (Lundquist, 2015). There has been a long standing concern associated with the validity of personality assessment tools in making selection decisions. It is this long standing concern associated with the validity of personality assessment tools in making selection decisions that is the focus of this paper. In spite of the long running concern associated with the validity of the instruments used according to Lundquist, there continues to be "surprisingly little real validation evidence being collected to substantiate the job relatedness of the instruments used" (Lundquist, 2015).

MAJOR LEGAL PRINCIPLES RELEVANT TO EMPLOYMENT TESTING

The most basic legal concerns related to the use of testing in an employer's selection process are associated with allegations as to whether the tests are being utilized to intentionally discriminate against minorities or do the tests have an adverse impact on minorities and are not job-related for the position in question and consistent with business necessity under Title VII of the 1964 Civil Rights Act (EEOC, 2010). The Uniform Guidelines on Employee Selection Procedures or "UGESP" adopted by the EEOC under Title VII in 1978 provide uniform guidance for employers about how to determine if their tests and selection procedures are lawful for purposes of Title VII disparate impact theory of discrimination (EEOC, 2010). Other statutes that can be utilized by plaintiffs in discrimination allegations involving employment testing and selection procedures include Title I of the Americans with Disabilities Act (ADA) and the Age Discrimination in Employment Act (ADA) (EEOC, 2010).

Caruth and Caruth reported in their evaluation of the reemergence of the use of personality testing in employer selection processes that under the EEOC's UGESP "it is abundantly clear that any paper-and-pencil psychological measures used as selection devices are subject to statistical validation in terms of job relatedness" (Caruth and Caruth, 2009). They also reported that the EEOC in rulings involving personality tests, have "looked upon these measures with disdain, holding that personality tests are often low in both validity and reliability" and that the agency "has also raised questions about the job relatedness of personality tests" (Caruth and Caruth, 2009). Baez , in his 2013 assessment of the use of personality test in employment selection, concluded from his review of industrial/organizational ("IO") psychology research that "there is no generalizable evidence that personality measures can be recommended as good or practical tools for employee selection… The best that can be said is that in some situations, for some purposes, some personality measures can offer helpful predictions" (Baez, 2013). Baez further cited a 2010 review of the academic literature on personality tests and job success by Robins and Judge "that found correlations between personality and job success to fall in the .03 to .15 range" (Baez, 2013). Baez, putting these correlations in perspective noted that "personality tests used in employee selection account for approximately 5% of an employee's job success while the other 95% of their performance is unaccounted for by personality (Baez, 2013). Baez also reported that

the correlations found in the most recent research were "almost identical to what was noted in the 1960's. As a result, the conclusion is that there has been no measurable change in the data for the 50 years" (Baez, 2013).

RENEWED USE OF PERSONALITY TESTING IN EMPLOYEE SELECTION

Given the long standing legal issues and the lack of empirical support for the use of personality testing in employee selection, the question arises as to why there has been an apparent increase in the use of psychological testing, and personality testing that has been noted by Lundquist and others since the mid 2000's? Personality testing is now reported to be a "$500-million-a-year industry" that has grown by about "10 percent annually in recent years." The personality testing business is clearly resurging since the days of Griggs v. Duke Power (Meinert, 2015). Meinert, citing a 2014 survey of Society for Human Resource Management members reported that "while many organizations use personality testing for career development, about 22 percent use it to evaluate job candidates" (Meinert, 2015). In a Business & Legal Research (BLR) promotion for a webinar on the use of personality test in hiring, it was reported that "7 in 10 applicants nationwide now take some kind of personality test as part of the hiring process. That's up from 3 in 10 just five years ago" (BLR, 2015). The BLR promotional material highlighted the potential EEO legal problem that employers can face when using personality tests as part of their selection processes and noted the August 2015 $2.8 million settlement that Target Corporation entered into with the EEOC in part because of the use of personality tests utilized in the selection process (BLR, 2015, EEOC, 2015).

Meinert detailed in her article on the use of personality assessments concerns associated with the use of personality tests and the possibility that they may discriminate against individuals with mental illnesses in violation of the Americans with Disabilities Act (ADA) (Meinert, 2015). Meinert reports on allegations that an online personality assessment utilized by Kroger Co., led to complaints on behalf of an individual with bipolar disorder who was rejected for jobs by a number of companies after completing online personality assessments where the complainant alleged that "the questions on the online tests were similar to medical evaluations he had undergone" (Meinert, 2015). Under the ADA, pre-employment medical exams are prohibited before a conditional job offer is made (EEOC, 2010).

So, in spite of long standing legal issues, the lack of empirical support for their use, the growth in use continues. Whitney Martin reported on another issue that she believes "should have opened eyes and raised red flags in the business world" concerning the effectiveness of "various HR practices" (Martin, 2014). Martin reported on research findings from a 2002 study to determine the consistency between HR professionals' beliefs and research findings on the effectiveness of various HR practices. The study found that the "area of greatest disconnect was in staffing… where more than 50% of respondents were unfamiliar with prevailing research findings (Martin, 2014).

The lack of familiarity with prevailing research in the use of psychological testing is further evident in the long standing wide spread misuse by both public and private sector organizations of the Minnesota Multiphasic Personality Inventory (MMPI) and the Myers-Briggs personality type indicator. The MMPI was developed initially to test mental patients in the 1930s and the Myers-Briggs "characterizes all of the world's population into just 16 personality categories hardly useful as a job-screening tool" (Daniel, 2005). Meinert, citing the publishers of the Myers-Briggs Type Indicator's website, notes that the Myers-Briggs test "isn't intended to be used in the hiring process at all" (Meinert, 2015).

WHAT SHOULD EMPLOYERS DO?

"Hire hard, manage easy" (Mathis, Jackson, & Valentine, 2014)

For those involved in selecting employees, Mathis, Jackson, and Valentine's opening exhortation in their discussion of selection in their Human Resource Management text book, decision makers looking for short cuts to making selection decisions should be on notice that there are no quick and easy methods or measures to accurately identify who will be a top performer and a good fit (Mathis, Jackson, & Valentine, 2014). As the literature continues to note the high cost of employee turnover, employers continue to search for ways to improve their ability to find who will be right person for the position.

More employers utilizing personality assessment in the selection process is just one of ways that employers in recent years have been attempting to improve the selection of new employees. This increase continues in spite of comments from researchers that "personality assessments are among the least effective in predicting job performance" (Meinert, 2015). So what should employers, who are concerned about the cost of turnover, concerned that their current selection processes are not identifying applicants who will "fit" and be long term top performers, and believing that utilizing personality assessments may be the missing link in their selection processes, do?

First, determine if there is a need to modify your selection processes. Do you have a turnover problem? Do you have employee "fit" issues that indicate that employees you are hiring are not fitting in to the organization's culture? These issues could be associated with allegations of workplace harassment, bullying, and overall job satisfaction. Is the current uptick in the use of personality assessment a passing fad? Remember Caruth & Caruth's historical account of the use of personality testing in the 1930's? There is no apparent clear and convincing empirical research that supports the upsurge in the use of personality testing, unless of course, you hold to the growth in the online dating business (Caruth and Caruth, 2009).

Second, if you determine there is an issue that personality assessment may be part of the solution, again, competent/qualified IOP and legal assistance is in order to make sure you are following the EEOC's Uniform Guidelines on Employee Selection. Daniel also advises that "every test should adhere to The Standards of Educational and Psychological Testing, published by the American Psychological Association in 1999" (Daniel, 2005).

The law does not prohibit the use of any kind of test, so long as it is a valid and reliable predictor of some job related/business necessity measure of performance. Decision makers must assess the cost associated with validation, the benefits, and the potential legal risk before utilizing tools that at this point in time are still not supported by consistent empirical evidence.

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INFORMATION TECHNOLOGY (IT) EMPLOYEMENT CONTRACTS AND VALIDITY AND ENFORCEMENT IN INDIA

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ABSTRACT

This paper discusses the impact of the conditions of employment of software employees, who are highly mobile. Their frequent mobility causes disruption of the commitment of the employer leading to structuring the stringent conditions to prevent mobility. The present task is how are the conditions are valid, legal and tenable on the touch stone of Constitutional philosophy and hardship.

INTRODUCTION

The announcement of new economic policy in 1991 has opened the doors for various multinational companies as result both volume and competition between businesses is ever increasing. In order to promote a healthy competition between businesses the Indian Government is making major shifts in economic policies to help these businesses grow in a sustained way.

The competitive edge to sustain in the business in the passing phases of Globalisation is impacting the relationship between the employers and employees. The SOFTWARE INDUSTRY has grown at a very faster pace, it a low cost, intellect incentive industry with low barriers to entry leading to tough competition among businesses. The modern businesses in succeeding the targets work on the principles of competitive advantage to achieve maximum by using minimum resources and in the process are the relation between the two are getting worse especially relating to the employment contracts, terminations. A contract of employment is a bilateral agreement for the exchange of service and remuneration over a period of time. Employment contract is that form of contract for personal service which the courts recognize as expressing the social relationship of employer and employee, as opposed to the other relationships.

Investment on Employees

With there being cut-throat competition in the corporate world these days, companies go to great lengths and costs to train employees with the aim of imparting the required skills and make him perfect in the required task in order to enhance their product quality. Most of the times the so called trained employees having gained experience and expertise leave the employer for much more green pastures, disturbing the projects on hand resulting in interruption or delay in completion of the projects leading to several complications vertical and horizontal. As a result, it became incumbent on the part of the employers to structure bonds of employments with incorporating locking periods and in default heavy damages. The employees for better reasons brake the contract and protest the payment leading to litigation. In certain areas, like thinking employers as a group are not encouraging the mobility in violation of bond as a principle and they developed it as a healthy convention. But across the globe this issue became unavoidable complication for both the employer and employee.

What is an Employment Bond?

The Employment Bond is an agreement between company and the employee, stating that in consideration of the training imparted to the Employee and the money spent by the company in imparting such training, the Employee will remain in the services of the company for a particular period. In case the Employee breaches the provisions of the Agreement, the Employee will be liable to pay a certain sum of money, be it the expense incurred by the company in training of the Employee. The Bond may also contain confidentiality and non-competition clauses. The legality of the Bond depends upon whether there was consideration in the form of training or otherwise. So let us examine the legality or otherwise of such onerous conditions and the considerations.

Requirement of a valid Employment Bond Agreement

The Indian Contract Act, 1872, states that a contract might be legal even if it levies certain conditions and restrictions if the mentioned restrictions are valid and reasonable. As per the Act, a "contract" is an agreement enforceable by law. An "agreement" is a contract if "it is made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and is not expressly declared to be void". Hence a case where the company has spent a lot of time and money in training the Employee in return for which the Employee signs a bond for a period of 1 year would be seen as a reasonable restriction. The same however cannot be said in a case where the company without giving any consideration requires the Employee to sign a bond period.

Challenging the Enforceability of the Employment Bond

The validity of an employment bond can be challenged on the basis of Section 27 of the Indian Contract Act, which prohibits any agreement in restraint of trade and profession. Any agreement in trade and profession according to Section 27 is void. As per the mandate of Section 27, any terms and conditions of an agreement which directly or indirectly compels the employee to serve the employer or puts a restriction on them joining the competitor or other employer is not valid under the Indian law. The employee has right to resign from the employment even if he has agreed in the employment bond to serve the employer for a specific period of time.

For an employment bond to be valid under Indian law, it has to be proved that it is necessary for the freedom of trade. In the case where the employer is able to prove that the employee is joining the competitor to disclose the trade secret then the court may issue an injunction order restricting the employee from joining the competitor. If an agreement is challenged on the grounds of violating the provision relating to restraint of trade, the onus is on the party supporting the contract to show that restraint is reasonably necessary to protect his interests. Section 23 of the Indian Contract Act maintains that any agreement which is opposed to public policy is void. Here the public policy is to be understood in a comprehensive way. Any agreement to become valid, the parties should be at par to discuss the terms and conditions across the table and decide. In these days of unemployment and abject poverty, it is very difficult to conceive a situation where the employer and employee sit together and structure the agreed terms and conditions. As such the Indian Supreme Court reacted such contracts, in principle and i reproduce the judgment rendered in those cases verbatim.

In case **IBS Software Services Group v Leo Thomas, 2009 (4) KLT 797,** Petitioner is a company engaged in software services. Petitioner has filed two suits for recovery of money against two of its employees and their respective sureties, who had left their employment under the

company allegedly flouting the bonds executed by them to serve the company for the period fixed. In the instant case, the Court has held that In order to execute a valid employment bond, the parties have to ensure that the following requisites have been complied:

(i) The agreement has to be signed by the parties with free consent; the conditions stipulated must be reasonable; and the conditions imposed on the employee must be proved to be necessary to safeguard the interests of the employer.

Further, the employment bond stipulating conditions such as to serve the employer compulsorily for a specific time period or penalty for incurring the expenses is in the nature of the indemnity bond and, therefore, such kind of employment bond has to be executed on a stamp paper of appropriate value in order to be valid and enforceable.

What Can the Employer and Employees do in case of Breach?

If an employment bond is breached, the employer can be entitled to compensation, provided it is reasonable to compensate the loss. It cannot exceed the penalty stipulated in the contract. The court computes the reasonable compensation amount by computing the actual loss incurred by the employer having regard to all facts and circumstances of the case. Even if the bond states a particular penalty amount for a breach, the employer may not be entitled to receive this amount in full. The courts determine the reasonable amount of compensation to be paid by considering:

- The actual expenses incurred by the employer, intention of the parties to the contract/bond, the period of service by the employee, and finally the conditions stipulated in the contract to determine the loss incurred by the employer.

In the case of **Sicpa India Limited v. Shri ManasPratim Deb**, the plaintiff had incurred expenses of INR 67,595 while imparting training to the defendant in respect of which an employment bond was executed for which the defendant had agreed to serve the plaintiff for a period of three years or to make a payment of INR 200,000. After serving for two years, the employee left the company. The court determined reasonable amount as INR 22, 532; it took into consideration the total expenses incurred by the employer and employee's period of service to determine this amount.

Legal Environment Governing the Situation

Supreme court of India in Superintendence Co. of India v. KrishunMurgai. (AIR 1980 SC 1717) held as follows

"The drafting of a negative covenant in a contract of employment is often a matter of great difficulty. In the employment cases so far discussed, the issue has been as to the validity of the covenant operating after the end of the period of service. Restrictions on competition during that period are normally valid, and indeed may be implied by law by virtue of the servant's duty of fidelity. In such cases the restriction is generally reasonable, having regard to the interest of the employer, and does not cause any undue hardship to the employee, who will receive a wage or salary for the period in question. But if the covenant is to operate after the termination of services, or is too widely worded, the Court may refuse to enforce it. ……At the time of the agreement, the employee may have given little thought to the restriction because of his eagerness for a job; such contracts "tempt improvident persons, for the sake of present gain, to deprive

themselves of the power to make future acquisitions, and expose them to imposition and oppression."

Here, the respondent was employed in the appellant firm. The contract of service contained a negative covenant restricting him from joining a competitor or doing a similar business of his own. He was terminated by the company and thereafter he started a business of his own which was similar in nature to the business done by the Superintendence Company of India P Ltd. The court pointed out that "leaving/ resigning and joining a competitor" should be treated different from 'dismissing/ discharging/ terminating from service" since in the instant case the employee did not leave by himself but was terminated from service.

Wipro Ltd. V. Beckman Coulter International Sa, 2006 (3) Arblr 118 (Delhi)

The petitioner, for the past 17 years, was the exclusive distributor of the respondent's products in India. The parties had agreed that for a period of two years after the termination of the agreement, the non-solicitation of employees clause would be operative. This clause provides that upon the termination of the agreement, neither party shall solicit, directly or indirectly or induce or encourage the employees of the other party to leave and join a competitor or join the other party. There was an exception and that was that general advertising of posts and other general means of recruitment were not to be considered as solicitation. It was held that "negative covenants between employer and employee contracts pertaining to the period post termination and restricting an employee's right to seek employment and/or to do business in the same field as the employer would be in restraint of trade and, therefore, a stipulation to this effect in the contract would be void"

Dr.S.Gobu Vs The State Of Tamilnadu 2010 Scc Mad 3389

The Madras High Court has observed that in cases where there is an indemnity bond between the employer and employee, the Court is of the opinion that though a clause in an employment agreement obliges the employee to work for the organization for a fixed period of time, paying compensation and leaving the organization makes that obligation disappear. If the employee leaves the service abruptly by handing in his resignation, he will be bound by the agreement or bond and will be liable to pay to the organization the damages as per the agreement.

Satyam Computers Limited V. Ladella Ravichander Manu/AP/0416/2011

The Defendant was an employee who had abruptly left the company. As per terms of employment bond he was to pay liquidated damages of Rs. 200,000 along with stipend charges and additional expenses incurred by the company for the Defendant. However, the Andhra Pradesh High Court held that such action by the Defendant did not cause any damage or loss to the company and it would be unreasonable to acquire such amount from the Defendant. An amount of Rs. 100, 000 was fixed by the court as reasonable damages taking into consideration the period of work and the fact that no actual loss was caused to the Company.

IBS Software Services Group V Leo Thomas, 2009 (4) Klt 797

In order to execute a valid employment bond, the parties have to ensure that the following requisites have been complied:

(i) the agreement has to be signed by the parties with free consent;
(ii) the conditions stipulated must be reasonable; and

(iii) the conditions imposed on the employee must be proved to be necessary to safeguard the interests of the employer. Further, the employment bond stipulating conditions such as to serve the employer compulsorily for a specific time period or penalty for incurring the expenses is in the nature of the indemnity bond and, therefore, such kind of employment bond has to be executed on a stamp paper of appropriate value in order to be valid and enforceable.

Enforceability of Notice Period

Courts do not ordinarily enforce performance of contracts of a personal character, such as a contract of employment. Thus, if an employee does not serve the notice period by working for the duration of the notice period, the employer may not have a decree from the court asking specific performance of the covenant to the effect that the employee would have to work for the notice period duration. But instead as a remedy to the employer, the court may grant damages for breach of contract. Hon'ble Supreme Court of India in S.S. Shetty V. Bharat Nidhi Ltd, held that in case of breach of contract, at best reasonable damages can be granted and once there is a clause for termination of services by one month's notice, it can only be one month's notice which can be treated as reasonable damages in as much as parties understood the period for obtaining of an alternative employment as a one month's notice period. Since enforceability of the notice period is not an option available with the employers, and they may only claim damages in case of illegal termination of employment contract by the employee, it is pertinent to understand the extent of damages that can be claimed.

"Whether the contract of service is for a fixed period or not, if it contains a provision for its termination by notice, it can be so terminated. If there is no provision for giving a notice and the contract is not for a fixed period, the law implies an obligation to give a reasonable notice. Where no notice in the first case or no reasonable notice in the second case is given, the contract is wrongfully terminated and such wrongful termination will give rise to a claim for damages." Held in Union of India and Anr. vs. Tulsiram Patel and Ors.[12]

If there is illegal termination of employment contract by the employee, then all the damages that are liable to be paid is the salary for the notice period and nothing more. Hon'ble Supreme Court of India in S.S. Shetty V. Bharat Nidhi Ltd held that in case of breach of contract, at best reasonable damages can be granted and once there is a clause for termination of services by one month's notice, it can only be one month's notice which can be treated as reasonable damages in as much as parties understood the period for obtaining of an alternative employment as a one month's notice period. Delhi High Court in a 2012 judgement in the matter of GE Capital Transportation Financial Services Ltd. V. Shri Tarun Bhargavhttp://blog.ipleaders.in/validity-enforceability-notice-period-employment-contract/ - _ftn14, has applied the above Supreme Court judgement. Having said so, if the employment has been wrongfully terminated by the employer, then the employee has a right to sue the employer for damages, wherein the extent of damages may not be limited to the salary for the notice period.

CONCLUSION

Generally, an employment bond is considered to be a reasonable tool to protect the interests of an employer. Nevertheless, the courts clearly state that the restraints stipulated upon the employee in the contract should be "reasonable" and "necessary" to safeguard the interests of the employer. Otherwise, the validity of bonds can be questioned by law. Also, an employee CANNOT be compelled to work for any employer by enforcing the employment bond. In the event of a

breach of contract by the employee, the only remedy available to the employer is to obtain a reasonable compensation amount. So it is desirable to draw a clear and proper line of demarcation between void and legal in structuring the conditions and conditionalities keeping in view the best interests of both employer and employee and such an exercise is sinequanon for sustaining the Industry and at the same time development of Industry.

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ETHICAL STAKEHOLDERS OF FINNISH BUSINESS STUDENTS: GENDER AND RELIGIOUS EFFECTS

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ABSTRACT

This research details an investigative study of current Finnish college students and their views on the various ethical stakeholders. In the current project, we surveyed business students (n=119) in the spring of 2014. We found significant differences between students on their views of the ethical stakeholders based on three demographic factors: gender, year in school, and religion. We conclude by discussing the implications for further research in this area.

INTRODUCTION

The current project examined stakeholder ethical development in Finland.

Culturally, Finland is rather unique. Their ethnic makeup is nearly homogeneous (Niemi, Kuusisto, and Kallioniemi, 2014). In Finland, one of the strong socialization forces is the Lutheran Church, which historically was monolithic, and now accounts for 77% of the population (Vogelaar, 2013). With one main ethnic group and one dominant religion, Finland is unique in Europe. Previous studies on Finland's business students are sparse. This is likely caused by the small population. Finland's current population is between 5 and 6 million (Vogelaar, 2013). The current project adds to the knowledge of the discipline by examining this distinct group of future business leaders.

REVIEW OF THE LITERATURE

Economist Milton Friedman developed the classic view on stakeholders. Friedman's (1982) Shareholder theory stated that a firm's only obligation is to the shareholders (owners). The purpose of a business is to make a profit, period. The business entity must make a profit, and without a profit it cannot survive.

A more encompassing view is that a business should consider all stakeholders in making a decision. Who are the stakeholders? Freeman (1984) defined stakeholders as "groups and individuals who can affect or are affected by, the achievement of an organization's mission" (p.52).

Hundreds of studies have examined ethical views. Ludlum, Xu, Ramachandran, & Teeman (2015) examined American college students on 3 campuses and found that gender and indoctrination (year in school) had small but statistically significant effects on views of ethical behavior at work. Ludlum, Moskalionov, and Ramachandran (2013) investigated two campuses and found significant differences on students' ethical attitudes based on gender.

Ludlum, Moskalionov, Ramachandran, & Stephenson (2015) examined Russian college students and found strong differences based on gender, indoctrination, and maturity. Ludlum, Moskalionov, & Machiorlatti (2008) surveyed Russian business students based on 17 behaviors involving ethics in the workplace and found that females were significantly more ethical than males. Similar findings were reported among Chinese business students by Ludlum & Ramachandran (2009).

FINNISH RESEARCH

How do these stakeholder views apply in Finland? Which view dominates among business students, the shareholder approach of Friedman or the stakeholder approach?

Finnish managers in the workplace and their ethical views have been extensively examined in the literature. Instead we focused on the next generation of business leaders, the current generation of business students.

Several published studies are similar to the current project. Lamsa, Vehkapera, Puttonen, and Pesonen (2008) examined MBA students (n=217) from two Finnish schools and found that Finnish students support the stakeholder model of corporate responsibility. They found that customers and employees were the most supported stakeholders. Ludlum, Hongell & Tigerstedt (2013a and 2013b) surveyed Finnish business students (n=74) on their ethical views. The majority of students disagreed with the shareholder view. The Finnish students showed overwhelming ethical support to care for employees. Finnish business students also demonstrated strong support for stakeholders (the environment and the community).

CULTURAL DIFFERNCES

Hofstede has been the ground-breaking researcher in comparative cultural studies.

Hofstede's (1983) theory defined culture into four dimensions. While these factors are important for sociological studies, Hofstede (1983, 1991, 1993) argued that cultural differences impact conduct in business, communication, and decision-making.

Drazin, Glynn & Kazanjian (1999) explained that people are members of multiple communities, so the influence of any single community only partially explains the individual behavior. For example, each student from our sample was not just a Finnish person but also a member of a gender, a religion, a political party, a family, perhaps even a business workplace. All of these affiliations influenced the person.

METHOD FOR THE SURVEY

A convenience sample was taken from large business survey classes at Arcada University in Helsinki, Finland in the spring of 2014. The college is public and has over 3,000 students and over 300 faculty and staff (Arcada, 2015). The survey was conducted in English. The students at Arcada University are multilingual (Finnish, Swedish, and English), with several programs taught in English, as well as with English textbooks.

Students were asked to complete the questionnaire during class time. The survey instrument was voluntary and anonymous. We were best able to minimize the socially appropriate response bias by using a large group survey, with anonymous results and confidential submissions. A total of 121 surveys resulted. Two surveys were rejected because of incomplete answers, leaving 119 completed surveys.

In our sample, females strongly outnumbered males 65% to 35%. The group consisted of primarily traditional students. Only 3% were under age 20. Less than 1% were over age thirty. Only 3% of the respondents were married, and only 1 student had children. Most students worked while attending school (69%). In religion, Lutheran was the dominant group with 52%. Other students were spread among all other faiths, with no single group greater than 10%.

We crafted two research hypotheses for the current project. For each we started with a null hypothesis. Those hypotheses are:

1. Gender (male/female) does not affect attitudes towards ethical stakeholders; and
2. Religion (self-identified) does not affect attitudes towards ethical stakeholders.

FINDINGS AND DISCUSSION

We examined Finnish business students on various ethical views. Text of the questions is in Appendix 1. We asked seven (7) questions on stakeholders. These questions used a five point Likert scale, from (1) strongly agree, (2) agree, (3) no opinion, (4) disagree, and (5) strongly disagree. We asked students whether everyone should be judged by clear and uniform standards of right and wrong. While 49% agreed, only 27% disagreed.

We also asked whether corporate social responsibility required a corporation to give part of its profits to charity. On this question, no consensus emerged, with 31% that agreed, 27% with no opinion, and 38% disagreed. Additionally, students were asked whether right and wrong depended on individual values and cultural diversity. Most (59%) agreed while 28% disagreed.

We asked whether a business has an ethical duty to care for their employees. Nearly all students supported the employees; (53%) strongly agreed, and another 38% agreed. Only 1% disagreed with the support for employees. Next, we asked whether businesses have an ethical duty to care for the environment. A super majority either strongly agreed (45%) or agreed (50%). Only 2% disagreed with environment being a stakeholder. Finally, we asked whether businesses have an ethical duty to care for their community. A dominant majority agreed (72%) while only 3% disagreed.

These findings indicate that Finnish business students do not endorse Friedman's Shareholder view, but instead prefer a stakeholder approach. Finnish business students had strong support for employees, the community, and the environment as important stakeholders. This finding was consistent with previous research (Lasma, et al, 2008).

We compared groups using a chi-squared analysis, goodness of fit test. Only the statistically significant results are discussed.

RESULTS

Hypothesis 1: *Gender (male/female) does not affect attitudes towards ethical stakeholders. Four of the seven stakeholder questions found statistically significant results for gender. In these four questions, we found that females were more ethically concerned than their male counterparts.*

The results are detailed in Table 1.

Table 1 EFFECTS OF GENDER				
Question	Topic	Chi-Square	df	p-value
1	Uniform standards	x^2=8.808	4	0.066
4	Shareholder obligation	x^2=10.303	5	0.067
5	Duty to employees	x^2=9.834	3	0.020
6	Duty to environment	x^2=5.750	2	0.056

Hypothesis 2: *Religion (self-identified) does not affect attitudes towards ethical stakeholders. Religion had the largest impact. We found statistically significant results on sis of the seven of the questions based on religious views.*

The results are shown in Table 2.

Table 2 RESULTS FOR RELIGION				
Question	Topic	Chi-Square	df	p-value
1	Uniform standards	x^2=23.635	12	0.023
2	Donate to charity	x^2=34.478	20	0.023
3	Cultural diversity	x^2=38.975	20	0.007
4	Shareholder obligation	x^2=60.312	25	0.000
6	Duty to environment	x^2=27.375	10	0.002
7	Duty to community	x^2=33.280	20	0.031

Our overall result, we found strong support for all three research hypotheses. We feel confident in concluding that gender, indoctrination, and religion have statistically significant effects on stakeholder views of students.

IMPLICATIONS FOR FUTHER RESEARCH & CONCLUSION

One limitation of this study is the sample size. A larger sample size could result in more detailed analysis of the sub-groups. Finally, the conclusions are time bound, as attitudes are influenced by the economic/political/cultural climate, which are certainly in flux. Clearly, further research on this topic is warranted.

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Appendix
SURVEY QUESTIONS

This is a voluntary research project on student views. The survey should take approximately five minutes to complete. There is no penalty for refusal to participate. You must be at least 18 years old to take this survey.

DO NOT PUT YOUR NAME OR IDENTITY NUMBER ON THE SURVEY. ALL ANSWERS ARE ANONYMOUS AND CONFIDENTIAL.

If you do not wish to participate, you may hand in the survey form blank. Thank you for your input on this research project.

THESE QUESTIONS INVOLVE YOUR FEELINGS & ATTITUDES. THERE ARE NO CORRECT ANSWERS.

1. Describe your views on the following statement: "There are clear and uniform standards of right and wrong by which everyone should be judged."
2. Describe your views on the following statement: "Corporate Social Responsibility means that a corporation should give part of its profits to charity."
3. Describe your views on the following statement: "What is right and wrong depends on individual values and cultural diversity."
4. Describe your views on the following statement: "A business only has an obligation to its shareholders."
5. Describe your views on the following statement: "Businesses have an ethical duty to care for their employees."
6. Describe your views on the following statement: "Businesses have an ethical duty to care for the environment."
7. Describe your views on the following statement: "Businesses have an ethical duty to care for their community."

NOTE: There were additional questions which are not part of this research.

LEGAL ISSUES CUSTOMER SERVICE, CULTURAL DIFFERENCES, & THE BIG 5 IN LEBANON, SPAIN & THE UNITED STATES

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ABSTRACT

When comparing Spain and the United States, the cultural differences are significant, although they are similar in some aspects. Although individualism is supported in Spain, unlike America, the Spanish tend to be relatively collectivist when compared to Europe and the United States. However, when compared to countries such as China and India, their cultural is far more individualistic. Collectivist cultures who usually view individualistic cultures as blunt and selfish, tend to relate better to the Spanish culture. Individualistic cultures tend to believe the Spanish are far more independent compared to collectivists. As a result, Spain reaches a balance on individualism. However, in terms of masculinity, Spain falls on the opposite side of the spectrum from the United States of America. The United States is considered a relatively masculine society because the competitive society is driven is rewards and success. However, the Spanish are considered as almost feminine because traits such as harmony and sympathy are valued. Moreover, the masculine trait to stand out from the crowd isn't as valued within the Spanish society. Consensus and agreement are what motivate Spanish society, allowing for the growth of stronger relationships. Lastly, Spain differs drastically from the United States when analyzing Long Term Orientation. Spain is a society that is relatively laid back without much concern for the future. With a love for both "siestas" and "fiestas," Spain is a fun-loving country. Although the United States is a country that embraces that fun-loving mindset, there are set clear rules and structures that run the society. The United States values development and progress, so the Long-Term Orientation is relatively high. As a masculine society, the United States values success and as a result, the future. Overall, both cultures are unique in their own way. Understanding these differences allows for better management skills through a sense of cultural awareness and empathy Spain and Lebanon are two very diverse countries that exhibit varying personalities, cultures and customer service strategies. Hofstede's cultural dimensions display an elaborate study of Spain and Lebanon. Spain demonstrates a high score (57) in the power distance dimension, which means that Spain has a hierarchical society. This means that people accept a hierarchical order in which everybody has a place and which needs no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat. Lebanon scores relatively higher in this dimension (score of 75), which means that people are more accustomed to hierarchical societies. Spain, in comparison with the rest of the European countries (except for Portugal) is Collectivist (because of its score in this dimension: 51). However, compared with other areas of the world it is seen as clearly individualist. This has made Spaniards quite easy to relate with certain cultures - mainly non-European- whereas other cultures can be perceived as aggressive and blunt. On the other hand, teamwork is considered as something totally natural, employees tend to work

in this way with no need for strong motivation from Management. Lebanon, with a score of 40 is also considered a collectivistic society. This is manifest in a close long-term commitment to the member 'group', be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group. In collectivist societies offence leads to shame and loss of face, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employee's in-group, management is the management of groups.

Spain scores 42 in the Masculinity dimension and is a country where the key word is consensus. So polarization is not well considered or excessive competitiveness appreciated. Spanish children are educated in search of harmony, refusing to take sides or standing out. There is a concern for weak or needy people that generate a natural current of sympathy. Regarding management, managers like to consult their subordinates to know their opinions and, according to it, make their decisions. In politics, it is desirable to have participation of all the minorities, trying to avoid the dominant presence of just one winning party. It is the country opposite to 'the winner takes it all'. Lebanon scores 65 on this dimension and is thus a Masculine society. Managers are expected to be decisive and assertive, the emphasis is on equity, competition and performance and conflicts are resolved by fighting them out. If there is a dimension that defines Spain very clearly, it is Uncertainty Avoidance, as is reflected in a high score of 86. Spain is considered the second noisiest country in the world. People like to have rules for everything, changes cause stress, but, at the same time, they are obliged to avoid rules and laws that, in fact, make life more complex. Confrontation is avoided as it causes great stress and scales up to the personal level very quickly. There is great concern for changing, ambiguous and undefined situations. Thus, for example, in a very recent survey 75% of Spanish young people wanted to work in civil service (i.e. a job for life, no concerns about the future) whereas in the USA only 17% of young people would like it. On the other hand, Lebanon scores 50 on this dimension and there shows no clear preference. Despite an intermediate score of 48, Spain is a normative country. Spanish people like to live in the moment, without a great concern about the future. In fact, Spain is the country that has given the meaning of 'fiesta' to the world. In Spain, people look for quick results without delays. Moreover, there is a need for clear structures and well defined rules prevailing against more pragmatic and relaxed approaches to life, particularly, in the long term time. The very low score of 14 on this dimension shows that Lebanese culture is normative. People in such societies have a strong concern with establishing the absolute Truth; they are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results. With a low score of 44, Spain is not an Indulgent society. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong. The score for this dimension for Lebanon is 25 which means that the culture of Lebanon is one of Restraint. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, Restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong.

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CHANGING LEGAL AND ETHICAL CONCERNS WITHIN THE BROKER/ADVISOR-INVESTOR RELATIONSHIP

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ABSTRACT

This paper examines the changing relationship between investors and people who advise them, be they brokers or other professional advisors. Specifically, we trace the degree to which the duties that the advisor owes to the client-investor have expanded to include fiduciary ones.
Black's law dictionary defines fiduciary duty as:

a duty of utmost good faith, trust, confidence, and candor owed by a fiduciary (such as a lawyer or corporate officer) to the beneficiary (such as a lawyer's client or a shareholder); a duty to act with the highest degree of honesty and loyalty toward another person and in the best interests of the other person (such as the duty that one partner owes to another).

Historically in most jurisdictions, the relationship between a broker and an investor, without more extenuating circumstances, was not considered to be a fiduciary one. Rather, it was one of "suitability," that is the advisor should recommend or buy no investments that were inappropriate for the client's circumstances. However, due to headline business frauds, e.g. Bernie Madoff, investors have sought more protection. Should investors be able to hold brokers or others accountable for the risks in their investments? The Department of Labor recently issued a new rule under the Investor Protection Act of 2010 (now part of Dodd-Frank) that requires a stockbroker managing retirement accounts to act as a fiduciary and to serve the client's best interests. This paper looks at the protections that investors historically have had from violations of ordinary care and/or fiduciary duty in some circumstances and the effects of this new rule.