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THE BIG FIVE PERSONALITY FACTORS AND THEIR IMPACT ON CUSTOMER SERVICES IN THE USA AND SWITZERLAND

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ABSTRACT

Excellent customer service is the ability of an organization to consistently exceed the customers' expectations. In order for employees to give superior customer service, the right skills, attitudes, and personality traits must be in place. It is imperative for recruiters to select the best talent to fit each job requirement. If an organization is to strategically compete in today's global village, they have to differentiate themselves from their competitors, and this important factor starts with the quality of their employee selection. Organizations have to recognize that every aspect of their business has an impact on customer service, even the recruitment exercise.

The purpose of this paper is to not only to define the Big Five Personality Factors (extroversion, openness to experience, agreeableness, neuroticism and conscientiousness), but to show how they correlate and impact the delivery of an organization's Customer Services within two samples of entrepreneurs. We examine the relationship between the Big Five Personality Factors and their impact on customer service among 284 entrepreneurs in the USA and for 164 in Switzerland. Suggestions for future research are provided.

INTRODUCTION

Organizations today compete in a global village and jostle for the same customers. Customers are more educated, demanding and less tolerant of organizations with poor customer services. With this in mind, organizations must differentiate themselves from their competitors, if they are to maintain their competitive advantage and retain their customers. They must utilize marketing strategies to identify their customers and distinguish themselves by offering value-added processes, which results in quality customer services. Customer Services Organizations are now horning in on an old concept with a new twist, of marrying the Five Big Personality Traits with Customer Services i.e. marrying the Customer Services job with the applicant's personality.

John & Weinstein (2004) believes that customer-oriented service organizations employ personnel that are value adders and that internal marketing is used to develop customer-focused employees. Therefore, the role of the recruiter is vital to its success of matching employees' personalities with the job they hold. Especially in a customer-oriented environment, this is paramount for individuals in customer services. Customer Service is an organization's ability to

supply their customers' wants and needs. The ACA group sums up excellent customer service as "The ability of an organization to constantly and consistently exceed the customer's expectations". If an organization wishes to distinguish itself in business and hope to compete globally, the organization must be aware of the fact that every aspect of business has a direct impact on customer service. Organizations must be committed to exploring and exhausting all avenues in an effort to find out what their customers need and want. Organizations that value their customers, will ensure that their employees are knowledgeable, helpful, courteous and exceed their customers' expectations at every encounter, whether it be through their innovative e-service or face-to-face encounter. The customer demands three things, a reliable and trust-worthy product, affordable and competitive pricing and excellent service delivery.

Equipped with these essential details, it is imperative that organizations understand the correlation of an employee's personality with the job they intend hold, especially those in Customer Services. Schneider and Bowen (1995) agreed that personality is a predictor of service quality and Hogan, Hogan, and Busch (1984) were the first to theorize that there was a direct correlation between performance in the service role and dimensions of personality. Thus, the Five Big Personality Factors play a significant role in employee placement, especially customer services, which is the most critical element of an organization. Most organizations today strive to deliver superior customer service. Customer service, according to (Chait, Carraher and Buckley, 2000) is often used as a major factor in judging the quality of a company. Therefore, the level and quality of customer service a company provides has an affect on the organization as a whole.

According to Robert F. Hurley (1998), services often involve employees interacting with customers. It is therefore surprising that the influence of service provider personality on service quality remains an underexplored area owing to the impact of research, and due to skepticism regarding the value of personality as a predictor of behavior and competing Schools of Thought.

Therefore, Costa & McCrae's "Big Five" Personality Factors: Extroversion, Conscientiousness, Agreeableness, Openness, and Neuroticism play a fundamental role with customer service. According to Holland's person-environment typology theory on Occupational Interests states that one's motivation for work can be associated with various categories of behavior. One's behavior most times exposes certain personality traits. Recruiters seek out potential employees, who are friendly, reliable, responsive, and courteous. Reliability is an aspect of conscientiousness; friendless, being responsive and courteous is a part of agreeableness.

With regards to openness, (Kevin Implelmen, 2007) defines it as "the extent to which individuals are creative, curious and cultured versus practical and having narrow interest." In addition, Costa and McCrae states that extraversion is associated with positive emotions while in contrast, Neuroticism is described by Magnus, Diener, Fujita and Pavot (1993) as individuals who are negative and have experienced more negative circumstances. All of the Big Five Personality Factors differ in various ways and it is evident that recruiters at organizations should endeavor to recruit the more positive factors.

The Big Five Personality Factors are becoming increasingly popular as a framework guiding selection and assessment in occupational studies of personality (Matthews, 1997a). Therefore, it goes without saying that people (employees and customers) are the most important asset in any organization, especially in service-orientated industries. It is imperative that both the employees

and a company's customers co-exist in harmony and recognize the importance of each to the other's success.

Matching personalities and performance/jobs have been reviewed for more than a century, but have yet to receive universal acceptance (cf. Block, 1995). However, research has provided useful information for further research after narrowing it down to the Big Five Personality Factors. It should be pointed out not all personality traits are easily observable during the limited amount of time an employer has to interact with an applicant. Some characteristics probably are evident during short encounters like the typical job interview, whereas other personalities probably can be determined only after prolonged observation or observation in a specific kind of situation (John & Robins, 1993; Paunonen, 1989). Therefore, recruiters today utilize personality tests to assist them with matching job and personalities. Recruiters know that applicants despite their personalities will try and present the type of qualities and attributes that is being required.

The Big Personality Inventory of McBride, Mendoza, and Carraher (1997) as modified by Carraher, Mendoza, Buckley, Schoenfeldt, Carraher (1998) was used to measure personality for samples of 284 American entrepreneurs and 164 Swiss entrepreneurs and also their levels of customer service performance. It has previously been found to be related to several different types of performance (Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006, Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000). Suggestions for future research on personality, customer service, cognitive variables (Carraher & Buckley, 1996; Sturman & Carraher, 2007), entrepreneurship (Carland, Hoy, Boulton, & Carland, 1984; Carraher, 2005), and expatriate stress (Carraher, Sullivan, & Carraher, 2005) are suggested. It is argued that Buckley and associates (Buckley, Carraher, Carraher, Ferris, & Carraher, 2008; Buckley, Carraher, & Cote, 1992; Buckley, Carraher, Ferris, & Carraher, 2001; Buckley, Fedor, Veres, Wiese, & Carraher, 1998; Buckley, Mobbs, Mendoza, Novicevic, Carraher & Beu, 2002) are correct about the need to accurately measure facets of interest to human resource professionals.

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REDESIGNING A GRADUATE COURSE IN MARKETING PLANNING & STRATEGY

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ABSTRACT

We intend to redesign a graduate course in Marketing Planning & Strategy that is regularly taught in the MBA program at Fayetteville State University, Fayetteville, North Carolina. The approach to redesigning the course would view the course as an instrument that makes our students more effective managers and hence more desirable for their present or future employers. The present or future employers of our students are our ultimate customers of the skills and knowledge that we impart to our students. Some students in the MBA program could be viewed as student-executives since they have already worked as executives or are presently employed as executives while others learn what it takes to become executives. The input from faculty, students, and present or future employers would be utilized to redesign the above mentioned course. The ultimate effectiveness of a course would be its usefulness to the future employers of our graduates. In case, our graduates become entrepreneurs then the ultimate effectiveness of the course would be its usefulness in helping these students become successful entrepreneurs.

The approach to redesigning the course would be like redesigning a product that is composed of several features. We intend to use various marketing research techniques to identify the most preferred course. Course features might include, core concepts, and add-ons. The core concepts are essential to the foundation of skills and knowledge required in the subject matter covered in the course, while the add-ons enhance students' learning beyond the core concepts. The add-ons may be case studies, term projects, simulation game, field trips, assignments, group projects, etc.

PREFERENCE AGGREGATION IN NEW PRODUCT CONCEPT EVALUATION

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ABSTRACT

Products go through a product life cycle involving introduction, growth, maturity, and decline. Companies must have ongoing research and development activities to generate new products. To be successful in product innovation, many companies establish an ongoing interface between its marketing and R &D functions. New product development is critical for the long run survival of any organization that operates in a competitive environment. To develop new goods and services for their customers, marketers frequently develop concept statements and measure and aggregate customer preferences about these concept statements. There are many ways to collect and aggregate customer preferences in order to determine the group preference. Preference could be measured on an ordinal or a cardinal scale. This study will evaluate five methods of aggregating individual preferences using an ordinal measurement scale. These methods are: Condorcet, Copeland, Plurality, Approval Voting, and Borda. We will evaluate the extent to which these five techniques yield consistent or different results for the same data set.

In 1951, Kenneth Arrow published the General Impossibility Theorem based on four conditions that a "reasonable" aggregate choice rule should satisfy. Our research will discuss Arrow's conditions and evaluate each of the five aggregation methods on Arrow's four conditions. We will also discuss how utility is measured by each aggregation method and whether the Condorcet criterion (majority's choice) is satisfied or not. In addition, the strengths and weaknesses of these five methods will be discussed in the light of new product development.

INCONSISTENCIES OF PERFORMANCE MEASUREMENTS WITHIN CHANNEL SYSTEMS

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ABSTRACT

Dating at least as far back as Williamson's (1975) TCA framework or Macneil's (1978) discrete and relational exchange typology, the literature that has grown into the channels of distribution body of knowledge has been concerned with performance as an ultimate outcome. However, performance in the channel setting is still a concept that is studied in seemingly myriad ways. Channel members have divergent measures of success and performance due to their differing roles in the partnership which imply inherently dissimilar strategic goals. The channels literature has focused on antecedents to developing healthy and functionally coordinated relationships within the channel and how these relationships are essential for optimum channel performance. However, due to inconsistencies of performance measurements within channel systems, there is a need to better assess performance in the channel setting so marketers can more accurately measure the success of marketing strategies.

In this paper I provide a brief overview of prior channels performance research and address a gap in the literature. Future research is addressed by providing a starting point for developing new performance metric schemes in the channel setting.

This paper focuses on providing a foundation toward developing a means through which to measure dyadic and overall channel performance. Understanding the ways in which channel performance has been measured thus far is an important first step in this challenging endeavor. After providing an overview of some of the previous channels performance metrics, suggestions are described to pave the way for future research.

First, an overview of channel performance is discussed and some examples of how channel performance has been assessed based on different constructs and from different points of view are provided. Next, some performance measurement techniques are highlighted followed by a description of channel performance evaluation problems faced by marketers. Finally suggestions for how to attack the task of measuring dyadic and overall channel performance are provided.

RE-BRANDING SOCIAL GOOD:
SOCIAL PROFIT AS A NEW CONCEPTUAL FRAMEWORK

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ABSTRACT

The term "non-profit" has been criticized as fiscally inaccurate and negative, when the goal of these organizations is, in fact, positive. The United States Internal Revenue Service (IRS) Code states that earnings gained by "non-profit" organizations may not benefit individuals or stakeholders, which neglects a broader, social-context definition of the term "stakeholder". The concept of "social profit" is a more positive, more accurate descriptor of an orientation toward benefit to all societal stakeholders.

This paper presents a new conceptual framework for social impact, "social profit," which can be a goal shared by for-profit enterprises and non-profit organizations ("pure social profit enterprises"). Applying this universal term connects a diverse array of organizations in their common purpose: benefitting society. The increased importance of ethical behavior, transparency, and accountability demanded in the marketplace presents unique opportunities and challenges for enterprises of all kinds.

We assert that social profit enterprises (SPEs), when managed like their for-profit counterparts, impact social improvement more widely and deeply than any other market entity. A range of social profit enterprises (SPEs), SPE functions, and methods for determining the strategic value of social profit ventures (SPVs) are identified. By rebranding the nomenclature used in discussing social good and utilizing the rigor of for-profit, business-like thought, social profit enterprises can maximize their impact. These practices would include implementing evaluative metrics, standards-based goals, individual stakeholder incentives, conservative operations, enterprise risk and opportunity management (EROM) Baranoff and Golden 2009, and effective communications strategy. This paper provides suggesting for so doing.

INTRODUCTION

With increased access to and use of technology, the world's citizens are more connected and aware than ever before. Globalization forged an inextricable relationship among global stakeholders. Social issues, e.g., climate change, world poverty, famine, disease, over-indebtedness, child abuse, gender inequity, and modern slavery, are impacting the planet, its people, and its societal organizations. Now the importance of social context has been crystallized, for without people or a planet, profit cannot exist. Businesses, organizations, and citizens are responding because they realize survival risk has become too high.

Marketing has a strong role to play in addressing these issues and has done so to various degrees at various times (Andreasen 1982, 2006; Fox and Kotler 1980; Kotler and Levy 1969; Kotler and Roberto 1989; Kotler and Zaltman 1971; Maignan and Ferrell 2004; Peattie and Peattie 2009). But, for marketing and other disciplines, lack of nomenclature and strong metrics to measure progress and unify focus and thinking inhibits addressing societal needs, benefits, and issues. A unifying semantic nomenclature and metrics help better align intentions with behaviors. With some social causes we are running out of time.

In this paper we offer a new conceptual framework for discussing the pursuit of social good: "social profit". We discuss how the idea of "social profit" helps to connect different enterprises in their common purpose of pursuing social good, and encourage business-like thought in the provision of and communication about social benefit, re-defining functions and classifications of social profit enterprises (SPEs). We stress the importance of metrics-based evaluation and offer methods to determine the strategic value of social profit ventures (SPVs).

THE SOCIAL PROFIT MARKETPLACE

Ideally, enterprises fulfill a need and some of these relate to societal benefit. Perhaps the largest and best-known enterprise fulfilling social need is the government. But, in the age of technology and immediate satisfaction, some are becoming frustrated with government's slow pace in addressing social needs (e.g., environmental regulation, use of foreign oil).

Non-governmental organizations (NGOs) and non-profits have long shouldered social demands, but the business sector is now doing more to address social needs. And, now, for-profit enterprises recognize that there can be enhancement to their bottom-line by benefiting society through corporate social responsibility, although not always (cf., Fliess et al. 2007).

In order to remain profitable, an organization must maintain alignment with consumer needs and values. However, the impact of pro-social influence strategies can affect benefit or backfire, depending on moderating variables (Osterhus 1997). Maignan and Ferrell (2004) discuss marketing research on the impact of CSR, and show management of CSR activities can result in benefits to the enterprise, producing a social profit for-profit enterprise win-win.

WHAT IS SOCIAL PROFIT?

Except for one article in radical political economics in 1989, discussing the welfare state (Miller 1989), the academic literature has not discussed "social profit". There are organizations discussing "social profit" on the Internet that have a social benefit investment management orientation and/or a renaming goal for non-profits and not-for-profits. Most likely the term "social profit" was first used widely in lectures by social entrepreneur Philip Berber, who founded SPE "A Glimmer of Hope" with his gains from selling day trading innovation CyberTrader to Schwab. On the Glimmer of Hope website, social profit is defined as: "**Social Profit** (*noun*) — The amount of social and humanitarian benefit gained as a result of investing in the well-being of others" ("A Glimmer"). With this perspective, all members of the community are stakeholders, and social dividends earned through the accumulation of social profit are shared amongst all stakeholders.

While we agree with Berber's definition, we also characterize social profit by a metric:

$$\text{Social Profit (S}\pi) = \text{Social Revenues} - \text{Social Costs} \qquad (1)$$

Social revenue would be measured by the social benefit achieved. The measurement of social revenue would be different for different ventures. For example, if a firm converts from gasoline to natural-gas-based fuel, as did Super Shuttle, then social revenue could be the difference in energy use and reduction in greenhouse gas emissions between the fuel sources (see Wikipedia for measurement metrics, http://en.wikipedia.org/wiki/Greenhouse_gas_emissions).

The Evolving Usage of Social Profit

The term "social profit" is emerging on the Internet. Globalhood is an IRS 501(c)3 organization that targets social investors to help them make a "return on their investment" through social profit. Globalhood positions itself and its perspective relative to social profit. Similarily, Powerful Information, is a British charity dedicated to poverty, injustice and environmental impact in lower income countries also emphasizes the positive term "social profit" and calls for accountability, performance, and greater business rigor from social profits. New and related terminology is also emerging in this social profit marketspace, like "Social Investment Exchange" (SASIX in South Africa), "Social Investment," "Social Entrepreneur," "Social Stakeholder," and "Social Investment Portfolio," among others. The Social Profit Network is "bringing together social and philanthropic entrepreneurs to catalyze positive world change" ("Social Profit Network"). "Social profit" is used in these contexts as a return on investment. Yet, there is a virtual void in the discussion of social profit as a concept in the academic literature even though the term is emerging amongst social profit practitioners and those seeking a more positive connotation for non-profit.

FINANCIAL AND SOCIAL PROFIT CLASSIFICATION OF ENTERPRISES

Social profit is not just for charities or traditional non-profits. In fact, the recent influx of traditional pure for-financial profit enterprises into the social marketplace is providing new and innovative thought and action in promoting social good. The intent of social profit as a concept is to unify constructive thought in the systemic approach to improving social good, across business classifications, regardless of IRS tax status.

Figure 1 depicts the confluence of social and financial interest present in the marketplace. Some enterprises exist with the aim of pure financial profit, although most organizations are now recognizing the importance of social context, while other enterprises exist with the goal of pure social profit. Traditional "non-profit" organizations, which would include various NGOs, may be classified as "social profit enterprises (SPEs)".

In addition, opportunities have emerged for enterprises to exist as social profit-oriented financial profit hybrids. Companies like Patagonia, who pursue social profit, via producing jackets comprised of recycled plastic, offering flex-time human relations policies, and contributing 1% of all financial profits to environmental organizations (Chouinard 2006), but who remain in business as a for-profit enterprise, could be classified as a social profit-oriented financial profit hybrid. Many traditionally pure financial profit enterprises have recognized the competitive advantage in aligning

with customer and external stakeholder values and, thus, have begun shifting operations and marketing strategies to become more social profit-oriented (see Thompson and Soper 2007).

Figure 1:
Financial & Social Profit Classification of Enterprises
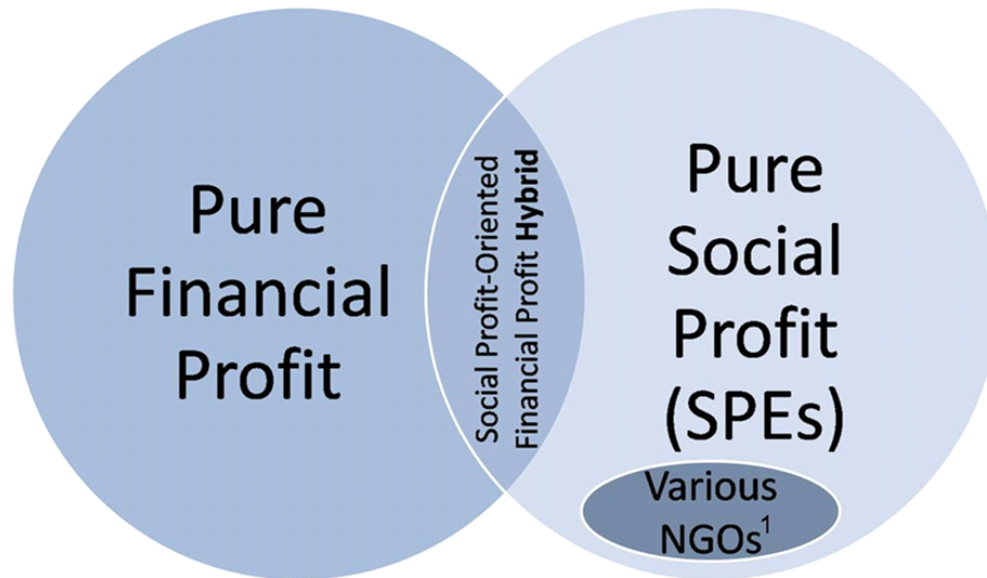
[1] Non-governmental organization (NGO) is a term that refers to a legally constituted organization created with no participation or representation of any government. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status insofar as it excludes government representatives from membership in the organization. The number of internationally operating NGOs is estimated at 40,000. National numbers are even higher: Russia has 277,000 NGOs. India is estimated to have between 1 million and 2 million NGOs (http://en.wikipedia.org/wiki/Non-governmental_organization, accessed Feb 19, 2009 11:37 AM).

As Milton Friedman famously claimed, the social responsibility of a for-profit business is to increase its profits (1970). This traditional business model focuses on the maximization of profit. As shown in **Figure 2**, most enterprises begin in the "red," with more financial costs than revenues. As they move through their life cycle, eventually, successful organizations become more efficient, learn economies of scale, optimize costs, achieve break-even, and continue on to earn financial profit. In the course of doing business, however, this traditional model forsakes acknowledgement of social context. By employing human resources and developing the economy, the enterprise can positively impact society. Meanwhile, the social costs of doing business are ignored. Usually, end consumers are not aware of the "full cost" of a good. "Full cost" considers all costs in production and distribution as well as the social cost, such as the socio-environmental harm caused by doing business. Thus, as is shown in **Figure 2** by the parallel social revenues and social cost lines, there is never a break-even point in social accounting for this model: Social costs almost always exceed social revenues if an enterprise is focused solely on maximizing financial profit.

Figure 2:
Exemplatory For-Financial-Profit Enterprise Life Cycle

[Chart with Y-axis labeled "$$$" and X-axis labeled "Time", showing four lines: Financial Revenues, Financial Costs, Social Revenues, Social Costs]
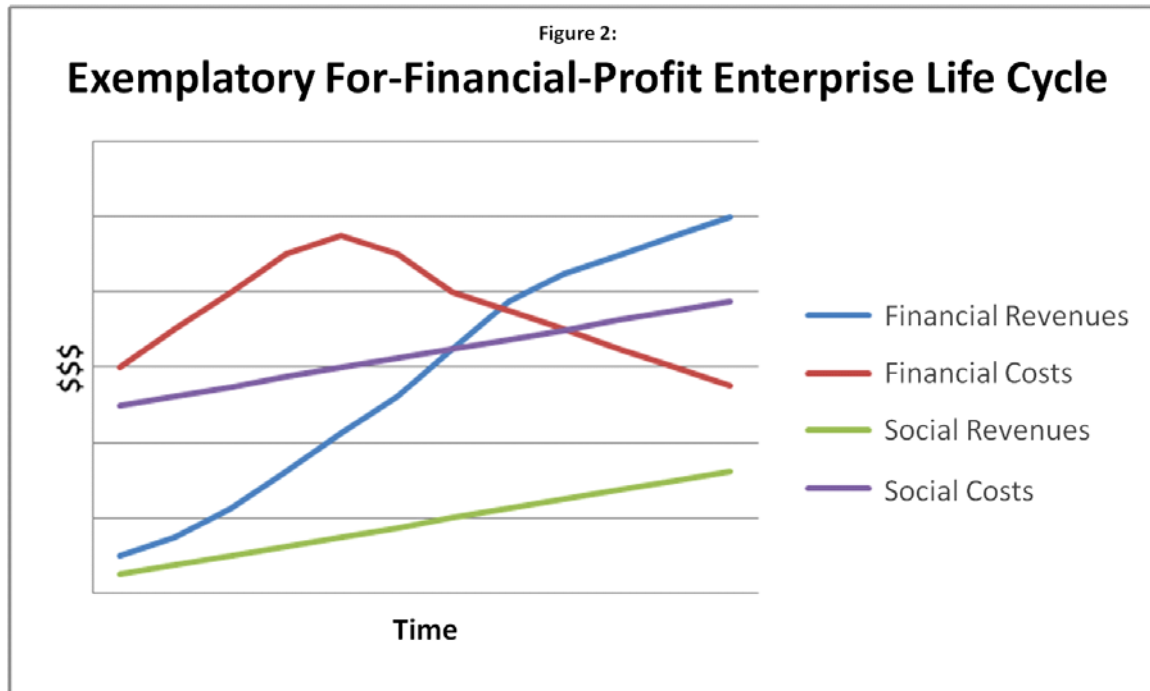
CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL PROFIT

Though many enterprises are now exploring the monetary benefits of pursuing social good via corporate social responsibility (CSR), most for-financial-profit businesses struggle to illustrate the return on social responsibility to their investors. Similarly, most corporate investors struggle to justify increasing investments in an enterprise pursuing more socially responsible actions since their investment is singular and social dividends are shared across all of society. The emergence of the social profit sector landscape is no surprise, then, as non-governmental organizations address unsatisfied needs through the competitive marketplace to accurately value social profit and its inherent mutual benefits.

Marketing has contributed a number of research papers to understand the role of CSR in the firm, as have other disciplines (e.g. Abratt and Sacks 1988, Mohr and Webb 2005, Yoon, Gunher-Canli, and Schwarz 2006). Maignan and Ferrell (2004) develop an integrated framework for looking at the role CSR plays in the firm and marketing's contribution. They conclude that (p. 17):

> "…to enact their commitment to CSR, businesses must embrace a solid set of principles and processes that can help to systematically address stakeholder demands and secure stakeholder support". CSR is one action foundation for social profit.

While Porter and Kramer may call this strategic corporate philanthropy (Porter 2002), the term social profit connotes a more measurable and business-like concept, removing the

affective—and sometimes disorganized—nature emitted by the term philanthropy and other common jargon for giving. The competitive marketplace is now wide open to socially-responsible investing, social enterprises, and social entrepreneurs, encompassing sustainability and many other social profit goals. Social investors and entrepreneurs like Bill and Melinda Gates are implementing business-like operations and financial management to leverage their social investment. Similarly, utilizing more business-like terminology—like social profit—in this area may help to improve perceptions of an organization's activities and impact.

CONCLUSIONS

The social profit concept can be very unifying across all degrees of SPEs, from pure to hybrids. More and more for-financial-profit firms are embracing the advancement of social benefits, thus, becoming a hybrid SPE when pursued earnestly. In addition, the term "non-profit" is fiscally inaccurate and negative, and IRS code neglects broader, social contexts. The alternative concept of "social profit" is a more positive, more accurate descriptor of an orientation towards benefit to all social stakeholders.

Social profit provides a new, more measurable framework for discussing the social impact created by for-profit and non-profit institutions. By utilizing more business-like terminology and concepts, consumers and investors alike will trust company intentions in the social arena. As the future of business is moving toward incorporating these social metrics into everyday business frameworks, those organizations that start now will surely earn a competitive advantage, for many new opportunities and trends exist in this quickly-growing sector.

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WHY GIVE TO CHARITY? HOW MOTIVATIONS FOR GIVING PREDICT TYPES OF CAUSES SUPPORTED

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ABSTRACT

Individuals account for over 75% of charitable donations in the US each year. With nearly 1.5 million charities competing for the donor dollar, how does one decide which charity to support? The present study investigates how individuals' motivations for charitable giving are linked to the types of charities supported. The "warm glow" that comes with giving is a significant predictor of giving to causes for children and the elderly, while a sense of civic duty is a significant predictor of giving to weatherize homes and provide medical assistance for the poor, help low-income people find work, and to keep teens busy and involved in the community. Fundraising efforts for various charities can benefit from the findings by tailoring their appeals based on the motivations for giving.

ONLINE PRIVACY POLICIES: ARE THEY WRITTEN FOR THE AVERAGE "LITERATE" CONSUMER?

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ABSTRACT

The purpose of this study was to examine the readability of online retailer privacy policies, using generally accepted indices of reading ease/grade level, and to determine if current college students, identified as "literate consumers," could accurately comprehend the information contained in the policies. For this study, readability is defined as a measure of how easy content is to read and comprehend. Four different indexes that measure overall readability were chosen for the purpose of this study. The Flesch Readability Test, Flesch-Kincaid Grade Level, Gunning Fog, and Coleman-Liau are reading level algorithms used to assess the overall reading ease and understanding of the various online privacy policies reviewed. The three research questions posed in this study were: (RQ1) Can consumers with a twelfth grade education comprehend privacy policies as posted on individual retailer websites? (RQ2) Does consumer comprehension increase when policies are written in a more readable format (lower grade-level)? (RQ3) Has the readability of online privacy policies changed over time?

Results indicate subjects were better able to understand, and respond correctly when asked about the privacy policy that was written at a lower grade level. Findings indicate two-thirds of consumers with at least a twelfth grade education were not able to correctly comprehend and understand the information as it was posted by the online retailer. These results indicate privacy polices written at a lower grade level improved the accuracy of consumer comprehension of the information by about two-fold.

To answer the third research question, have privacy policies changed over time, privacy policies for the retailers downloaded in 2006 were compared to the 2008 versions. When comparing 2006 and 2008 privacy policies for the ten retailers examined in this study, only three of the policies in 2006 were written at or below a twelfth grade level. By 2008 only one retailer posted a policy at or below the twelfth grade level. In addition, fifty percent of the policies were now written at a higher level than two years previously. These results indicate that online retailers have actually increased the reading level required by consumers to understand online privacy policies.

THE IMPORTANCE OF PRODUCE IN THE SELECTION OF GROCERY STORES IN PERTH, AUSTRALIA

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ABSTRACT

This paper focuses on the role of produce in the selection of grocery stores in Perth, Australia. Other factors that are considered would include location, price, quality of the meat, quality of the fish, friendly employees, and knowledgeable employees, The paper discusses how marketing strategies have been developed in the Australian grocery market and what improvements could be made.

INTRODUCTION

One reason for selecting Australia is their similarities with the United States when it comes to food consumption. For example, there are 30,591 Subway restaurants worldwide, with 1119 of them located in Australia (www.Subway.com). Approximately 11% of Yum Brands' sales are derived from the Australian market (www.yumbrands.com)   McDonalds is the largest franchisor in Australia (Murphy, 2003).

Another similarity between Australia and the United States would be the existence of large chains in the grocery industry. Coles is Australia's second biggest retailer, and is in the top 20 worldwide. In both countries mergers are making the chains much larger. Westfarmers recently acquired Coles, which is Australia's biggest takeover of all time (Burrow, 2007).

Another reason for selecting Australia is the fact that American companies often select this region for their first foreign market introductions. For example, the first foreign market introductions for Vanilla Coke were Australia and New Zealand (The Coca Cola Company 2002 Annual Report).

There are differences between the United States and Australia. Australian grocery stores are prohibited by law from entering the $9 billion pharmacy market (Carson, 2008). There is a requirement for unit pricing in Australian grocery stores. The latest code requires unit pricing for stores that have floor space greater than 1000 meters. This makes it easier for consumers to compare the prices of different brands (Ong and Sutherland, 2009).

In 2006, the total value of Australian food retailing grew more than 6% to $66.4 billion. More than 70% of food expenditures occurred within the supermarket and grocery sector.   Of the total value of the food imported into Australia in fiscal 2005-06, the U.S. accounted for $454 million (www.susta.org).

A study in Norway recognized the importance of price in selecting a grocery store. Their results indicated that supermarkets who wish to resist competing purely on the basis of price can build customer loyalty by identifying customer segments with distinct preferences for service, convenience, and choices (Landsverk, 2003).

METHODOLOGY

A survey was written to measure the perceptions the residents of Perth have for Australian grocery stores. They were also asked to rate their level of importance of different factors when selecting a grocery store on a scale of 1 to 5 with 1 signifying very unimportant and 5 signifying very important. They rated price, location, quality of produce, quality of meat, quality of fish, friendly employees, and knowledgeable employees.

A non-probability sample was used. The researcher administered the survey in a variety of different neighborhoods to measure a more representative sample. Some of the neighborhoods included:

Cottesloe – a wealthy oceanfront suburb
City Center – conservative businesspeople
Armadale – a working class community
University of Western Australia – the academic community
Northbridge – the Asian population
Fremantle – the artistic community

The researcher visited several different grocery stores in the Perth area to compare prices on brown onions, Cadbury chocolate bars, boxes of Arnott's shortbread, and boxes of Rice Bubbles. In Australia Rice Krispies are called Rice Bubbles. Visits to the grocery store were also useful to learn about customer service, store layout, in-store specials and a variety of other types of information on Australian grocery shopping. Exact prices appear in Appendix 2.
Newspaper advertisements were studied by the researcher to identify price specials and other pieces of information that they stressed.

SURVEY RESULTS

Quality of the produce was the most important factor in selecting a grocery store with a score of 4.7. Price came in second place with a score of 4.6 and location came in third place with a score of 4.3. The least important factor is the friendliness of the employees. The survey results appear in appendix 1.

MARKETING IMPLICATIONS

Produce and price should be stressed in the promotional campaigns because they are the most importance variable in selecting a grocery store. The newspaper advertisements do stress price. The price specials are clearly printed on the Coles newspaper advertising with the slogan, "something better every day." Further, with a purchase from Coles, one gets a 6 cents a liter discount from a Shell gas station. IGA advertises the price frenzy in their newspaper advertisements. They offer a 4 cent a liter discount for a purchase of gasoline. Woolworths stresses low price and uses the slogan, "the fresh food people."

Woolworth's recently implemented its Rollback program which offers low prices. Woolworths "rolls back" the prices of some items that many consumers frequently buy (www.superbrands.com.au). The rollback banners are displayed throughout the store. Coles has introduced the price rewind program, which is similar to Woolworth's Rollback program. Coles might have launched the price rewind program to compete against Woolworth's rollback program (Burrow, 2007).

Woolworths introduced a new logo on January 12, 2009. Some of the places where a stylized version of a peeled apple will appear on would include their trucks, above the doors of their supermarkets, and on their shopping bags. This is part of a rebranding strategy that positions them as the grocery store best known for fresh food and quality (Lee, 2009).

The supermarkets are expanding private branded items because they can be offered at lower prices. Coles and Woolworth's are two examples of grocery stores that are expanding their private brands. These two chains have a 75 per cent market share. They claim that they are offering high-quality mainly Australian goods. Brisbaine based biscuit and cracker company, Paradise Food Industries, supplies its own brands to Coles, Woolworth's, Aldi's and independent retailers. Paradise Foods considers the increase in private branding to potentially be a good thing for them (couriermail.com.au).

The grocery stores need to focus on carrying high quality produce because it is the second most important factor in selecting a grocery store. The researcher noticed the high quality of the produce when visiting each of the grocery stores.

Grocery stores should make preparations for when the ban on grocery stores entering the $9billion pharmacy market comes to an end. Coles did purchase a small online service called Pharmacy Direct in 2006 for $44 million. Coles recently trademarked the slogan, "the everyday inspired" that might be used when the ban is lifted. Woolworths has tried to register the trademark, "pharmacy-in-supermarket" (Carson, 2008).

FUTURE RESEARCH

Future research will consider the role of organic food due to its increased popularity. The annual growth rate for for the conventional food industry is less than 3 percent. The organic industry has reported several years of an annual growth rate at between 17 to 20 percent (Wesendorf, 2007)

Future research will consider the remote areas that are miles away from Perth. Remote towns are struggling with grocery prices that have been pushed higher by higher fuel costs. It is not unusual for items in the remote areas to be almost twice as high as those in the cities (Harvey, 2008). Future research will consider marketing strategies that can be considered in the more isolated communities.

Appendix 1 Importance of Variables in Selecting a Grocery Store	
Quality of produce	4.7
Price	4.6
Location	4.3
Quality of fish	3.9
Quality of meat	3.9
Knowledgeable employess	3.8
Friendly employees	3.6
Note: 1 signifies no importance and 5 signifies very important	

Appendix 2 Exact Prices in Sydney Grocery Stores					
STORE	DATE	BROWN ONIONS	CADBURY	RICE BUBBLES	SHORTBRED
Cottesloe IGA	1/07/08	$2.29 kg	$4.79	$3.56	$3.27
Woolworth's Cottesloe	1/07/08	$2.98 kg	$6.50	$3.33	$2.65
Woolworths Hay St.	1/07/08	$2.98 kg	$4.39	$3.33	$2.66
Woolworths Subiaco	1/02/08	$2.98	2/$6.00	$3.33	$2.65
Coles Subiaco	1/02/08	$2.98 kg	$4.39	$3.28	$2.66
Coles Fremantle	1/09/08	$2.68 kg	$3.49	$3.28	$2.66
Coles, location in Manly	1/15/08	$1.98 kg	$4.39	$3.18	$2.73
IGA Bridge Street	1/15/08	$2.99 kg	$5.30	$3.85	$3.34

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EXECUTIVE DECISION-MAKING AND MARKETING RESEARCH: THE CHOICE OF SARAH PALIN AS 2008 REPUBLICAN VICE-PRESIDENTIAL NOMINEE

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ABSTRACT

The premise that informed decision-making generally increases the probability of good-decision-making is a well-accepted foundation of marketing research. Well-timed and carefully conducted marketing research allows for informed decision-making, with respect to issues concerning positioning and promotion of products/services/people. When managers/ entrepreneurs/leaders use research findings to supplement their judgment and instincts in making decisions, they are, in most cases, better able to achieve their goals and objectives.

Interestingly, despite the staggering financial resources allocated to political campaigns, the execution and implementation of marketing research appear somewhat inadequate at times, especially given the magnitude of the stakes. Focus groups and constant polling are undeniable staples of political campaigns. Undoubtedly, each party/candidate uses research information to make decisions concerning both tactics and strategy. However, the intelligent incorporation of such data into subsequent decision-making is sometimes suspect.

This paper focuses on a major decision by John McCain (selection of Sarah Palin as vice presidential candidate) as he developed his entrepreneurial political venture (2008 presidential campaign). In particular, the paper examines the data from a focus group in Minnesota, which coincided with the Republican National Convention in August 2008. It also examines the subsequent data concerning the Palin choice.

INTRODUCTION: DECISION-MAKING AND MARKETING RESEARCH

Generally, research is conducted prior to the decision. However, in some circumstances, there may not be time to conduct sufficient research, and a manager has to use his or her best instincts and judgment. This is a legitimate method for some decisions, but even in the absence of prior rigorous research, it is important to make decisions with both tactical (short-term) and strategic (long-term, end-game) goals in focus. Generally, the research done on vice-presidential selection by a presidential candidate is at a minimum exploratory (e.g. secondary data, in-depth interviews, experiences surveys, etc.). If used wisely, the research process can be part of the "vetting", and analysis concerning the potential opportunities or problems with candidates. It helps in selecting a candidate who can help achieve both the tactical and strategic objectives of the candidate.

During summer 2008, presidential nominee McCain had 3 logical goals, which he needed his vice-presidential pick to help achieve:

1. *INCREASE PUBLIC ATTENTION: Shake up the campaign; attract media and public attention, awareness and interest----Tactical goal.*
2. *CHANGE MOMENTUM OF POLITICAL POLLS: Reduce the Democratic convention bounce, and overtake Obama/Biden in the polls-Tactical goal.*
3. *ELECTORAL WIN: To win the election- Strategic goal.*

This paper evaluates the evidence to determine whether a more proactive and wise use of marketing research data could have been helpful in minimizing some of Palin's perceived weaknesses.

Research Methodology

Secondary data were utilized from the following sources: polling data, blogs and a focus group of Minnesota voters in August 2008, during the time of the 2008 Republican National convention. The primary analysis highlights the focus group results, since focus groups can be very useful to gain insight into customers thinking and to generate hypotheses concerning relevant issues, in terms of both potential opportunities and problems (McDaniels & Gates, 2007; Mohan-Neill, 1995).

> *The Online Data Sources utilized were:*
> *1.   RealClearPolitics' Election 2008 Polling data & charts. Retrieved January 10, 2009, from*
> *http://www.realclearpolitics.com/epolls/2008/president/us/general_election_mccain_vs_obama-225.html*
> *2.   Link to Video of Focus group:*
> *http://www.youtube.com/watch?v=cnV1pS7qVD8*

ANALYSIS

Undoubtedly, McCain achieved his first tactical objective/goal. The selection of Palin as VP nominee was sandwiched between the Democratic and Republican conventions. It succeeded in generating great media buzz and spurring enthusiasm, which energized the Republican base, which had been lukewarm towards McCain. Also, the overall public fascination with Palin must have outperformed any initial McCain's campaign expectations.

The second tactical objective was also achieved. McCain/Palin managed to overtake the Obama/Biden post-convention bounce; after the Republican convention, during September 1-4, the trajectory of the polls started to change in favor of McCain/Palin; they led Obama/Biden from 9/07 to 9/16 (RealClearPolitics, 2008).

The achievement and success of the third and final strategic goal could be measured by the November 4th election results (RealClearPolitics, 2008). The failure of the McCain/Palin ticket leads to the conclusion that the larger strategic goal was not achieved. One can also argue that the results from a focus group conducted at the Republican national convention during the first week in September could have been utilized more effectively by the McCain campaign in evaluating the challenges with respect to this final strategic goal/objective.

Due to small sample size and the qualitative nature of the data collected, focus groups are methodologically considered exploratory research. Consequently, one has to consider these limitations of focus groups, and exercise caution concerning generalization of findings to the larger population interest. However, despite limitations, focus groups may often reveal opportunities and

problems, which managers need to address as they develop a successful strategy. While the findings are not statistically conclusive, they often generate hypotheses, concerns, opportunities and issues, which may be critically important (McDaniels & Gates, 2007; Mohan-Neill, 1995). The Palin focus group was no different in that respect. Since the McCain/Palin ticket lost, it may be instructive to examine whether they may have missed an opportunity to effectively inform their decision-making with the findings of this focus group. It may have given them a glimpse into the future, and provided them with some insight into how to fashion a strategy to maximize the positives and minimize the negatives.

The Palin pick gave the McCain/Palin ticket an astronomical lift. They received an incredible wave of media attention; the public relations boon would have cost millions of ad dollars if they had to pay for it. They also got a post-convention bounce (RealClearPolitics, 2008). However, the ticket started to struggle as the focus on Palin's experience and knowledge became a bigger issue (Romano, 2008). After the Palin pick, McCain/Palin exploited many short-term opportunities, and bounced from tactic to tactic, while chasing news cycles, with no apparent coherent longer term strategy.

Commentary & News Stories

Focus Group Data-Undecided Minnesota Voters-Republican National Convention
Excerpts from Focus Group (www. delve.com & AARP, Frank Luntz-Moderator)

RESPONDENTS MODERATOR: "A word or phrase to describe Sarah Palin?"
Male   Weak, inexperienced
Female Guts
Male   An Alaskan soccer mom
Male   A breath of fresh air
Female Perfect pick for McCain
Male   Definitely not a presidential possibility
Female A stand-by president?
Male   Very refreshing
Female Hard worker
Male   Limited background
Female Fighter
Female Backbone
Male   Too much big oil
Female A very surprised choice
Female I'm at a loss for words. Polar bear that's all I'm going to say
Male   Totally unknown
Male   I think she is a real person
Male   Huge mistake
Female A danger
Male   Good-looking
Female Someone I would need to look up to learn more about
Male   Unknown
Female Down to earth and hard worker
MODERATOR   Who's got a positive reaction to Sarah Palin, raise your hands?—counts
MODERATOR   Who's got a negative reaction?—counts
MODERATOR   More people are negative --about 2 to 1

Impact Of Palin Pick On Voting For McCain

MODERATOR: "How many people are more likely to vote for McCain because of her?
.. 1, 2, 3., ok."
MODERATOR: "Less likely to vote for McCain?
...4, 6, ..." Clearly (he trails off as the count increases negatively).

　　　The moderator attempted to quantify the impact of the Palin pick by a show of hands and the above questions. There were more people who indicated they were less likely to vote for McCain because of the pick. However, because of the small sample in the focus group, one should only conclude that the findings only forewarned the possibility of this outcome in the general population of undecided, it does not provide conclusive evidence.

Very Strong Qualitative Opinions On The Palin Choice-Research Insight for Decision-Making

White, Older Male
"John McCain is 72 years old. He'll be 76 at the end of his 1st term. If something were to happen to him in the 1st 4 years, would I want this woman in the White House in a cold war with the Russians, I don't think so."
White, Middle-aged Male
"She may have experience in Alaska, but in terms of national and international experience, she is as low as it can go. I understand what McCain was trying to do by getting a woman as a running mate which is fantastic, but I think he missed the boat."
White, Middle-age Female
"She seems way too far right for me. McCain seems more moderate. ... She has a backbone but an extreme right backbone."
White, Middle-aged Female
"All I can say is that I like her".
White, Middle age female
"I like her, but you can't vote for someone just because you like them… she doesn't have the experience…. Very limited"

　　　There were people who were excited about Palin, some who had reservations, and some who were fairly negative about her pick. The focus group was conducted during the convention in Minneapolis. They were largely white, with only one African-American female. Focus group participants raised numerous red flags in the concerns. The two dominant themes from the focus group were 1. Likeability and 2. Lack of experience.
　　　Since the convention and focus group, a number of events occurred which may have influenced both of those attributes. This focus group was before the Katie Couric interview, pre-Tina Fey SNL portrayal of Palin, pre-Trooper gate findings and a host of other exogenous factors. Interestingly, Palin's likeability declined as evidenced by her favorability ratings (Romano, 2008).
　　　The importance of the experience factor was evidenced by the disproportionate number of newspapers that endorsed Obama/Biden (Editor & Publisher, 2008, Greenslade, 2008), while citing Palin's lack of experience as a negative factor in their rejection of McCain.

	OBAMA-BIDEN		MCCAIN-PALIN	
Table 1 Cumulative endorsements As of 4 November 2008 (2008 -11-04)[update] Publications				
	Publications	Circulation	Publications	Circulation
Daily newspapers	296	30,580,459	180	11,917,481
Weekly newspapers	111	3,951,905	32	333,392
College newspapers	78	768,000	2	16,479
Magazines and other	10	5,226,633	1	178,780
Total	495	40,526,997	215	12,446,132

Furthermore, prominent conservative columnists and Republican opinion leaders also made the negative experience argument against Palin (George Will, Kathleen Parker, Christopher Buckley and others). It's interesting that a small group of undecided Minnesota voters may have provided greater earlier insight into how Palin would be viewed and evaluated. They revealed valuable data long before all the pundits and chattering class piled in during the late October negative Palin stampede, criticizing the McCain/Palin ticket using the same arguments of a summer focus group. Maybe the customers (voters) do know more than the experts. So, maybe decision-makers should pay more attention to what the research using real people tell us about the potential for opportunities or problems. (i.e., research involving real people, which does not include political plants, like Joe, the non-plumber, plumber).

Objective research sometimes confronts clients with what they may not want to hear, but tuning out unpleasant or negative information does not alter customers' opinions and concerns. "Strategically savvy" clients take all the information and formulate strategies to deal with customers' opinions and concerns. Palin had both strengths and weaknesses. McCain correctly exploited the positives (her charismatic personality which drew tremendous attention) and this led to success in his two tactical goals:

1. PUBLIC ATTENTION: Shake up the campaign; attract media and public attention, awareness and interest----Tactical goal.
2. POLITICAL POLLS: Reduce the Democratic convention bounce, and overtake Obama/Biden in the polls-Tactical goal.

The McCain campaign ignored the negatives (substantive concerns by voters about her knowledge and ability to handle the job), and this contributed to failure in the third objective.

3. ELECTORAL WIN: To win the election- Strategic goal.

Obviously, winning a presidential election is a monumental and complicated venture, and there are many variables and factors, which contribute to success or failure. Consequently, Palin's weaknesses were not the only reasons for the McCain/Palin loss. However, one can argue that they were contributing factors, which "normal" voters, and research recognized and identified very early in the process. The paper does not support the idea that the main reason McCain/Palin lost was

because of Sarah Palin. It was more likely because the presidential nominee exhibit poor decision-making and judgment on a host of issues, and the vice-presidential decision was an important example.

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HUMAN DIMENSION IN MARKETING RESEARCH:
A SENSE-MAKING APPROACH

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ABSTRACT

Marketing research is an important element of the marketing process. Typical models of research explain research as an objective process. However, like any other process, marketing research has human elements. Hence, there are subjective elements that are inherent to the research process. We employ the sense making approach to delineate these subjective processes. Sense-making perspective as applied to the marketing research process is discussed.

Key Words: Marketing research, sense-making

INTRODUCTION

Marketing Research is an important element of the marketing process. Conventional marketing research models have not paid adequate attention to the human element in the research process. The premise of this paper is that human element affects the research process significantly. That element is a tacitly understood aspect of the marketing research process. To better understand the human element as it appears among those providing marketing research is to better understand where marketing research is coming from. It enables us to better understand, for example, why do we decide to segment marketing in particular ways, how do we decide what research to initiate, and why do we tend to accept some findings and not notice others? To shed light on the human element as it relates to marketing research, it is helpful to return to the concept of sensemaking. This paper uses the lens from the sensemaking theory to flesh out the human elements affecting marketing research.

SENSEMAKING: A CATALYST FOR MARKETING RESEARCH

The common models of marketing research do not suggest *how* we arrive at the definitions and interpretations we do. Nor, do they shed light on *why* we make the decisions we do. They do not explain, for example, the behavioral factors drawing researchers to particular target markets, sample determination, and particular interpretation of data? In this section we return to the concept of organizational sensemaking (Feldman, 1989) to explain what triggers such decisions as they are made in the day-to-day marketing research deliberations. The concept of sensemaking helps us to answer these and related question.

Sensemaking, in our view, is a source of insight into how marketing research is undertaken. Sensemaking might be conceived of as an interpretive process (Feldman, 1989). Through sensemaking, individuals give structure to the unknown (Waterman, 1990) and make sense of circumstances as they occur (Huber & Daft, 1987) using retrospective accounts to explain occurrences (Louis, 1980). To understand sensemaking, think of the proverbial blind men who collectively examined an elephant with each reporting his impression of the animal as touched. The result was a "…set of ideas with explanatory possibilities, rather than a body of knowledge, per se." (Weick, 1995, p. xi) They collectively derived a view of the elephant by making sense of what was presented them. This process, in our view, is an integral part of the marketing research process as it unfolds among those participating. Our collective view of what is happening "out there" determines the research design, interpretation of the data collected, and the conclusions drawn from the data.

According to Weick (1995), sense making involves placing items in frameworks, comprehending, constructing meanings, and patterning to address these interruptions. Furthermore, sensemaking framework will also address the interactions and frustrations associated with these interruptions. The sensemaking process involves understanding, interpreting, and attributing the antecedents of sensemaking.

In the following section we reflect on what triggers organizational sensemaking and lift out properties of sensemaking to apply it to the marketing research process. This portion of our discussion is important because the decision made by marketing research teams is not made in a vacuum. They issue from the interactions among team members and subject judgments issues from those encounters. Sensemaking takes place in the imagination of those involved and the interpretation of events takes form among them as a result.

Figure 1: The Marketing Research Process. (Source: Zikmund and Babin 2007)
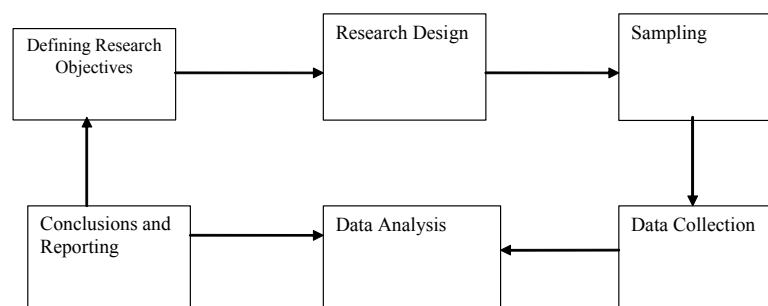
Triggers of Sensemaking

There is much speculation about what might trigger sensemaking. (Weick, 1995) Organizations question and reconstruct existing perspectives, frameworks, or premises on a daily basis through a continuous process of knowledge creation. "(Nonaka, Toyama, & Byoière, 2003, p. 492). Among the triggers are: (1) interruptions, (2) "shocks", (3) environmental cues, (4) conditions of equivocally, (5) interest groups and (6) social movements. Each of these affect the direction that marketing research takes as designed and implemented.

First, *interruptions* trigger sensemaking when theories of action (Argyris & Schön, 1978, 1996) and shared mental models (Senge, 1990) do not fit emergent circumstances. In other words, interruption occurs when things are not going according to plan and people just can't determine the meaning of what is taking place about them. Cognitive dissonance (Festinger, 1957) can accompany the situation. Certainly "vocabularies of coping" (Weick, 1995 p. 121) are inadequate for the advancing situation. Interruptions spark sensemaking when an unexpected event occurs and can be prompted when an expected event does not occur. (Mandler, 1984)

Figure 2: Sense making as Applied to Marketing Research
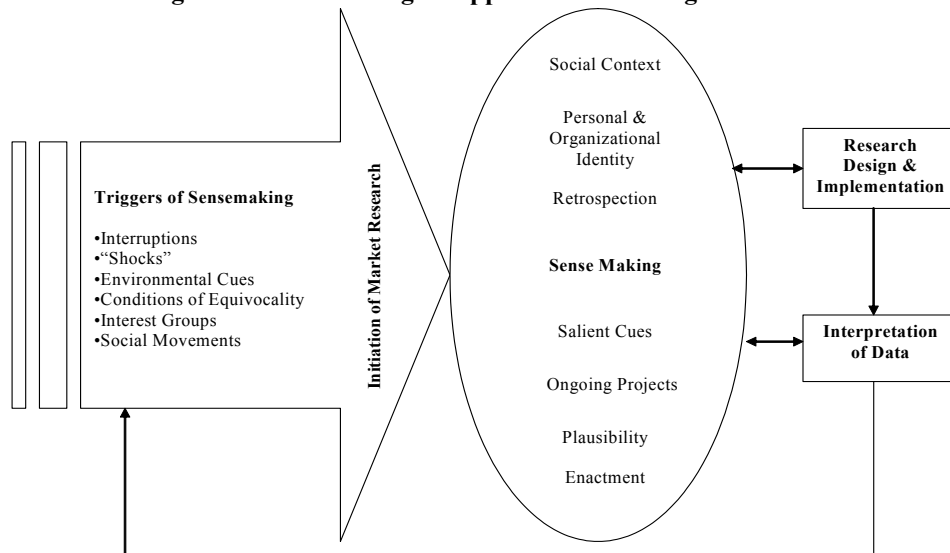
Organizational learning can be stimulated by *"shocks"* (Cyert & March, 1963) or disturbance which makes adaptation necessary. (Pawlowsky, 2003) Shocks issuing from inside or outside the organization cause individuals to rethink what they are doing. Innovation results from these shocks. (Schroeder, Van de Ven, Scudder & Polley, 1989) In short, "…the ongoing cognitive activity is interrupted. At this point, coping, problem solving, and 'learning' activities take place. It is apparently at this point that the focus of consciousness is on the interruption." (Mandler, 1984, p. 188) The "...severity of an incident does not guarantee that it can be used to bring about organizational learning." (Kädtler, 2003, p. 224) In time even disasters become the victim of topicality.

Environmental cues can trigger sensemaking. "These are properties of an ongoing flow that increase the probability that people, regardless of where they sit in organizations or who they are, will take note of what is happening and pursue it." (Weick, 1995, p. 86) For example, as information load "…increases, people take increasingly strong steps to manage it. They begin with omission, and then move to greater tolerance of error, queuing, filtering, abstracting, using multiple channels, escape, and end with chunking." (Weick, 1995, p. 87) Similarly, complexity of circumstances affects what people notice and ignore. As complexity increases, the reliance on habitual routine cues increase as well which can be counter productive. (Weick, 1980)

Under *conditions of equivocally,* where data are unclear and multiple interpretations are available, sensemaking may appear (Daft & Macintosh, 1981; Weick, 1979). Sensemaking is stimulated when events are so incongruous that they violate common perceptual frameworks (Starbuck & Milliken, 1988). "Equivocality is reduced through shared observations and discussion until a common grammar and course of action can be agreed upon." (Daft & Weick, 2001, p. 252) Equivocality is reduced through sensemaking.

Interest groups represent private activity while *social movements* are public. Their influences on sensemaking and organizational learning are the same. Here organizational knowledge seeking "...takes place because the organization is confronted with problems it has not chosen to deal with and, in order to cope, must develop competences it would not have developed without being forced to." (Kädtler, 2003, p. 221) Technical or legal "autism" (p. 226) can prevent organizations from recognizing important aspects of reality. Certainly, when firms come under intense media scrutiny, marketing research groups are called into action.

Sensemaking and Marketing research

Weick (1995; 2001) has suggested seven characteristics of sensemaking including: (1) social context; (2) personal and organizational identity; (3) retrospection; (4) salient cues; (5) ongoing projects; (6) plausibility; and (7) enactment. Consideration of these also illuminate out understanding of the marketing research process. We explain about these seven characteristics as they apply to the marketing research process. We posit that only the research definition process and research interpretation elements would be directly affected as these are subjective in nature. The other elements would be affected in a more indirect fashion as they are more structure and objective in nature.

Sensemaking issues from a *social context.* (Weick, 2001) "Even monologues and one-way communications presume an audience." (Weick, 1995, p. 40) Sensemaking is social when people coordinate their actions as try to gather meaning from different views of ambiguous events (Eisenberg, 1984). "To change meaning is to change the social context." (Weick, 2001, p. 461). Social context evolves out of the conversations among the members of the marketing research team. As researchers talk among themselves, the emergent social context influences the direction, quantum, and the significance of the research effort.

Weick (1995) suggests that *personal identity* and *organizational identity* are formed from the process of interaction associated with sensemaking. "When identity is threatened or diffused, as when one loses a job without warning, one's grasp of what is happening begins to loosen." (Weick, 2001, p. 461) "By projecting itself onto its environment, an organization develops a self-

referential appreciation of its own identity, which in turn permits the organization to act in relation to its environment." (Ring & Van de Ven, 1989, p. 180). Personal identity and sensemaking are, therefore, closely aligned. The research group forms a group identity. That identity will influence the research process.

It is an assumption of sensemaking that individuals can only interpret circumstances through *retrospection*. Weick (1995; 2001) reminds us that people only realize what they have done after they have done it. We are, then, historians and no lived experience will have a single interpretation. (Schutz, 1967) "The important point is that retrospective sensemaking is an activity in which many possible meanings may need to be synthesized….The problem is that there are too many meanings, not too few. The problem faced by the sensemaker is one of equivocally, not one of uncertainty." (Weick, 1995, p. 26-28) "Retrospection wrongly implies that errors should have been anticipated and that good perceptions, good analyses, and good discussion will yield good results" (Starbuck & Milliken, 1988, p. 40) When this "…feeling is achieved, further retrospective processing stops." (Weick, 1995, p. 29). The framing, evaluation, and interpretation of the research project are rooted in and dependent upon the past experience and learning of the research team.

Individuals divine *salient cues* emanating from the environment and make sense of those linking them together to approximate what is taking place. Sensemaking is about people weaving tiny "extracted cues" (Weick, 1995, p. 450) into "…full-blown stories, typically in ways that selectively shore up an initial hunch. Tacitly held, non-stories become stories through the telling until collective imagery appears and has staying power. The prototype here is a self-fulfilling prophecy or an application of the documentary method." (Weick, 2001, p. 462) The knowledge they have acquired and the state of that knowledge is reflected in the stories they tell. Conceptually, the collective group understanding provides a frame (Goffman, 1974) or structural context (Weick, 1995) for understanding. The gathering of such cues is related to concepts such as search (Cyert & March, 1963), noticing (Starbuck & Milliken, 1988), and scanning (Daft & Weick, 1984). Through sensemaking a context for understanding and action is supplied without which "…objects and events have equivocal or multiple meanings." (Leiter, 1980, p. 107). The research group will look at cues and try to divine a meaning. The result will be a pattern fitting rather than pattern recognition which as the goal. In other words, we will allow data to drive the theory as opposed to theory driving data. Sensemaking suggests that we cannot know the pattern and we make sense of the pattern using cues and past knowledge.

Sensemaking takes place in real-time, amid unfolding events, and during *ongoing projects*. It is, perhaps, unpleasant to recognize, but reflection confirms that individuals cannot avoid acting as life unfolds. Sensemaking takes place in such an environment. Sensemaking assumes that planning alone is not useful though it provides the *illusion* that we can control the future. (Weick, 1995; 2001) This point is significant for our position here. The organizational priorities will determine the research agenda.

The reasoning of sensemaking is that it need not be necessarily accurate (Weick, 1995) or "…correct, but it fits the facts, albeit imperfectly at times." (Isenberg, 1986, p. 242) Interpretations, however, must have *plausibility*. Plausibility is effected by the stories created by participants to make sense of situations so that they are collectively seen as believable, credible and possible. A "…plausible sense is constrained by agreements with others, consistency with one's own stake in events, the recent past, visible cues, projects that are demonstrably under way, scenarios that are

familiar, and actions that have tangible effects." (Weick, 2001, p. 462). As a marketing research team chooses between competing theories and explanations, they will be inclined to choose the most plausible one in accordance with their beliefs.

There is an element of *satisficing* (March & Simon, 1958) behavior, loosely defined, here where individuals take the first explanations for circumstances which seem plausible. They seem to fit the situation and problem being faced. There is also an element of self-fulfilling prophecy (Jones, 1977) active as well "…in the sense that quick responses shape events before they have become crystallized into a single meaning….Accuracy, in other words, is project specific and pragmatic. Judgments of accuracy lie in the path of the action." (Weick, 1995, p. 58-59) In this sense, we are concerned with whether the stories we create to make sense of situations are collectively seen as believable, credible and possible. Are they coherent? Do they hang together?

Finally, e*nactment* is the label applied by Weick (1995) to the tendency of people in organizations to produce a portion of the environment they face much in the way that legislators do. Indeed, the "…things designers *expect* will happen may predict the designs they achieve better than will their statements about what they plan to have happen." (Weick, 2001, p. 68; Italics original). Essentially this is a form of self fulfilling prophesy. Market researchers tend to approach their research from pre-conceived notions. In part, this will guide them to seek and obtain the results that they want.

CONCLUSION

There are many points at which marketing researchers can intervene in the sensemaking process. Given the recognition that marketing research helps us to better understand the firm's external environment and markets; we have suggested that the concept of sensemaking helps temper the concept of marketing research and account for the human factor. This is necessary because human nature and behavior ultimately influence the direction that marketing research takes. The sense making perspective provides a useful lens to delineate the different types of subjective interpretations affecting the marketing research process.

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VIEWING NEW PRODUCT DEVELOPMENT THROUGH THE REAL OPTIONS LENS

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ABSTRACT

New product development (NPD) is a lifeblood of every business and is critical for the success and prosperity of companies. Profits and growth suffer without aggressive product development, viz., introducing new products and services into the market, modify or update an existing product. Marketing researchers often see at the new product in isolation, i.e. the product, packaging, advertising and pricing strategies, whereas NPD extends beyond product. Research on NPD dwells into the dynamics of new product development and various approaches, each identifying critical success factors. Using the marketing-finance interface, the present paper focuses on role of real options in the new product development. Drawing upon the existing organizational theories, a model of new product development is presented. Implications for strategic managers dealing with new product development and future research directions are presented.

A PRELIMINARY STUDY OF THE RELATIONSHIPS AMONG CONSUMER SATISFACTION, LOYALTY, AND MARKET SHARE IN FAST FOOD CONSUMERS

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ABSTRACT

This study investigates the relationships among customer satisfaction, customer loyalty, and market share in a sample of students pertaining to their usage of fast-food burger outlets. The authors show that the expected positive relationships of satisfaction with market share and of satisfaction with loyalty are not supported in this sample. However, as expected, customer loyalty is shown to exhibit a strong and positive association with market share.

INTRODUCTION

An accurate description of the basic consumer model, along with the relative influence of that model on firm performance, has interested marketing theorists for decades. Two of the basic premises in marketing are (i) a satisfied buyer will eventually and for various reasons become a repeat purchaser and/or loyal buyer and (ii) this satisfaction and buyer loyalty should result in improved marketing performance for a variety of reasons (Leverin & Liljander 2006, Story & Hess 2006, Cooil et al 2007). However, these general premises do not hold for every industry or under every condition (Mitchell & Kiral 1998, Reichheld & Sasser 1990, Knox & Denison 2000). Therefore, the specific conditions for which the marketing premises hold are still under investigation. The purpose of this study is to investigate the interrelationships among consumer satisfaction, consumer loyalty, and market share in fast-food burger outlet consumers.

THEORETICAL BACKGROUND

Customer satisfaction and retention are generally considered among the most important long term objectives of firms (Cooil et al 2007). The marketing concept suggests that a satisfied buyer will likely return to purchase again, or at least, consider purchasing again (Keith 1960, Leavitt 1960). According to Reichheld and Sasser (1990) repeat customers cost less to serve than new buyers, benefiting a firm's cost structure. Additionally, maximizing customer retention rates and minimizing customer defections are primary strategic objectives for most firms, as evidenced by the recent emphasis on customer relationship management (Ching et al 2004, Verhoef 2003). Thus, previously satisfied buyers may help firms both reduce marketing costs and develop more stable levels of sales when a large number of satisfied buyers are retained to purchase again in the future.

The investigation of brand loyalty has had a long and rich tradition in the field of marketing. It is accepted that maintaining and increasing loyalty is a primary responsibility for any marketing manager. Customer retention programs may lead to positive increases in buyer loyalty, but with no

guarantees (Story & Hess 2006). Across industries, it is a firm's ability to manage both the penetration levels and the repeat purchases of its buying market which dictates the extent of customer base retention now and in the future (McDowell & Dick 2001, Lehmann & Winner 1997).

A good indicator of buyers' commitment towards specific retail brands should be the loyalty of customers (Cooil et al 2007, Tellervision 2006). Since the formalization of the marketing concept, the idea that satisfied buyers will (hopefully) return for future purchases and eventually become loyal buyers has been the basis for marketing thought. Loyalty and satisfaction can make customers more forgiving after some disappointing situations associated with a certain brand name or with a store (Shankar et al 2003). In fact, this relationship between satisfaction and loyalty has been shown to be the case throughout much of the literature. However, despite the expectations of both common sense and research mentioned above, there is a growing school of thought suggesting that satisfaction is not a reliable predictor of buyer loyalty (Story & Hess 2006, Reichheld 2003). In this perspective, it is possible to be a satisfied buyer but not a loyal buyer. Thus, the primary point of emphasis is this: loyal customers are most always satisfied but satisfied customers are not always loyal. The current study simply aims to determine if a relationship is evident between loyalty and satisfaction. Hence, the following proposition:

> P1: *There is a positive relationship between customer satisfaction and buyer loyalty in Fast-Food consumers..*

It should be logical that both satisfaction and loyalty are theoretically related to market share in a positive manner. Increases in satisfaction hopefully lead to repeat purchases and positive word-of-mouth between buyers and, in doing so, to higher shares in the long-run. Increases in loyalty should also lead to positive word-of-mouth and increases in purchase volume, leading to share improvements (Leverin & Liljander 2006, Fader & Schmittlein 1993). The advantages garnered from increases in loyalty are especially relevant since, as markets become more mature, increases in share become more expensive and, therefore, improvement in the loyalty base is one viable means of increasing or simply maintaining share (Ghounaris & Stathakopoulos 2004). Hence, the following propositions:

> P2: *Customers loyalty is positively related to market share in Fast-Food consumers.*

> P3: *Customer satisfaction is positively related to market share in Fast-Food consumers.*

DATA COLLECTION

The data for the current study was gathered from a buyer group in a large university town in the southeastern USA. The sampling frame is comprised of undergraduate business students, a group of consumers who are frequent users of medical clinics. The data are from self-administered questionnaires. Non-users are excluded from the study. Three classes are randomly selected for

inclusion in the study from the offerings in the business school at the university, resulting in ninety-six usable respondents.

There are six fast-food outlets in the general area that are included on the questionnaire (i.e. Burger King). These outlets are identified by speaking with the market group and looking through the yellow pages to include only those within the city limits. An 'others' category was included to catch those retailers not specifically listed on the questionnaire. Each of the six brand outlets has a major presence in the town with multiple locations. Most of the outlets are part of national franchises, with only two being regional. All six outlets are kept for the analyses and all six have market shares above four percent in the current sample.

MEASUREMENT

The study includes one indicator of market share, two indicators of buyer loyalty, and one indicator of consumer satisfaction. The measures are summated aggregate percentages for loyalty and market share and sample averages for satisfaction. Details of the indicators are shown in Table1 for each of the relevant constructs. The variables are described below.

Table 1: General Statistics: Fast-Food Burger Outlets				
Outlet #	MSHA	L%TOT	L%MST	SATF
FF3	4.7	18.7	2.2	18.3
FF2	10.1	25.5	6.5	22.8
FF6	13.1	28.0	16.1	19.8
FF1	18.3	27.9	21.5	21.2
FF5	18.7	29.8	16.1	21.2
FF4	34.8	41.6	37.6	19.9

Market-Share (MSHA) is defined as the visits (uses) to a fast-food outlet divided by the total visits (uses) for all outlets. The respondents are asked how many 'times' they visit each outlet per month. These 'times' are summed for each outlet. Thus, MSHA(A) = (times for outlet A)/ (summation of times for outlet A, B, C… N).

Loyalty-%-of-total-use (L%TOT) is defined as the percentage of total times (uses) the respondent uses each fast-food outlet, if they are users of that outlet. Then an aggregate sample percentage is calculated. Thus, for respondent X who uses outlets A and B: L%TOT(X,A) = timesA/(timesA + timesB + …+ timesN) and L%TOT(X,B) = timesB/(timesA + timesB + …+ timesN) and L%TOT(X,C) =0 and continuing for the remaining fast-food outlets.

Loyalty-Most-used-% (L%MST) is defined as the percentage that each fast-food retailer is used as primary outlet in the category. Respondents indicate the number of 'times' they use each outlet. The outlet is defined as the most used for a respondent when the largest number of visits is indicated. Thus, for respondent X, if timesA > timesB, timesC…, timesN, then outletA is assigned to respondent X as most used fast-food outlet. The assignations are summed for each fast-food burger outlet and are then divided by the total respondents to get a percentage.

The study also includes one indicator of *consumer satisfaction* (SATF), which is comprised of four measurement items. Each of the four questions is measured using consumer ratings on a scale from very satisfied [7] to very dissatisfied [1]. The four satisfaction items are factor analyzed using principal axis analysis for each type of retailer. The four items exhibited a single dimension. The overall indicator of SATF is constructed by summing the four items into an overall score. Across the sample SATF has a possible range from four to twenty-eight. For fast-food outlets, SATF has a mean of 20.65, a standard deviation of 4.1, and a coefficient alpha of 0.887.

ANALYSIS/RESULTS

In order to test the model, it is necessary to use a nonparametric test. The number of aggregate observations (the outlets: six) is insufficient to allow the necessary observations per variable, usually a minimum of eight to ten per variable, for parametric tests such as regression or correlation. Thus, the Spearman (1904) rank correlation coefficient is selected to analyze the association between the variables in the model.

The test statistic, *rho*, is calculated using the following equation derived by Spearman(1904): $r=1-6[Sum(d^2)/n(n^2-1)]$, where '*n*' is six and '*d*' is the absolute difference between the rankings. The test statistic (rho) ranges between +1 (perfect positive association) and -1 (perfect negative association). Two-tailed tests are performed, giving the general hypotheses for the paired variables - *Ho*: independently ranked pairs or *Ha*: related ranked pairs. Due to the limited power of the test statistic, the following cut-off points are established for the '*p*'-values: (i) strong relationship – 'p'<$/$=.05, moderate relationship – .10>$/$='p'>.05, and no relationship - 'p'>.10. The test statistics, and '*p*'-values are shown in Table 2.

Table 2: Spearman Rho Test Statistics: Fast-Food Burger Outlets					
		MSHA	L%TOT	L%MST	
MSHA	rho=	n/a			
	p=				
L%TOT	rho=	1.00	n/a		
	p=	.00			
L%MST	rho=	.900	.857	n/a	
	p=	<.01	<.10		
SATF	rho=	.257	.142	.114	
	p=	n.s.	n.s.	n.s	

First to test P1, that consumer satisfaction is related to buyer loyalty, we must look to Tables 2 for the relevant statistics. As shown in the tables, none of the two satisfaction-loyalty test statistics are significant ('r'=-.142, 'p'=n.s.; 'r'=-.114, 'p'=n.s.). Thus, support is *not* provided for P1: satisfaction does not have an impact on loyalty in this sample.

Next we move to test P2, that buyer loyalty is related to market share. As shown in the table *both* test statistics are significant and positive in direction ('r'=+1.00, 'p'=.00; 'r'=.900, 'p'<.01). Thus, strong support is provided for P2: loyalty exhibits a positive relationship to market share in this sample.

The final test regards P3, that consumer satisfaction is related to market share. As shown in the table, the test statistic is not significant ('r'=-.257, 'p'=n.s.). Thus, support is not provided for P3: satisfaction appears unrelated to market share in this sample.

DISCUSSION/LIMITATIONS

The results indicate that the propositions are not as broad-ranging as might be expected, since two of the three proposed relationships are not supported. The findings suggest that there may be a positive relationship in fast-food outlets between loyalty and market share. This is congruent with many other studies across industries (Reinartz & Kumar 2002).

No relationship is found between satisfaction and loyalty. It should be noted that satisfaction is only one aspect of the jumble which contributes to ultimate loyalty of buyers (Oliver 1999). Situational or socio-cultural influences might lead a satisfied buyer to purchase other brands on a regular basis. In university settings, for example, emphasis is placed on reference groups as well as social status. It may be possible that a buyer is pressured by friends to use a specific restaurant because everyone else in the group shows patronage there. Or, it may be that one retailer has a much better reputation leading the buyer to switch even though there is satisfaction with a lower status outlet. Or some restaurants may be closer to campus and be easier to reach. This may lead some customers to visit these outlets even when satisfaction is not at high levels.

Finally, no relationship is found between satisfaction and market share. This is contradictory to other studies investigating this relationship (Pleshko and Cronin 1997). However, it may be that achieving a minimal or equal level of satisfaction is required to stay in business in fast-food. Thus, all the competitors in the market have survived partly because they have achieved acceptable satisfaction levels in their buying markets. The remainder may have exited the market already. Or, possibly more important to marketing theory, it may be that loyalty acts as a mediator between satisfaction and market share, indicating that satisfaction's effects on share occur through loyalty. This would need to be investigated in the future.

The readers must wonder if the current findings are indicative of general tendencies or simply a characteristic of this limited student-based study. The investigation needs to be repeated using additional retailer types as well as larger more appropriate samples. Another limitation would be the statistical test, which does not offer the same "power" as other parametric tests do. Therefore, the ability of the Spearman test to actually reject a false null hypothesis is smaller than might be possible with other tests.

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CUSTOMER RELATIONSHIP MANAGEMENT IN RBC ROYAL BANK OF CANADA (BAHAMAS): AN ANALYSIS OF THE PRESENT AND A PATHWAY TO FUTURE SUCCESS

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ABSTRACT

The purpose of this paper is to analyze the present Customer Relationship Management (CRM) strategies utilized by RBC Royal Bank of Canada (Bahamas) and to propose improvements that can lead to increased success. The paper shows that although RBC uses CRM as a strategy and not a solution, there are still inadequacies with respect to the implementation of said strategies that impedes RBC's goal of achieving customer loyalty. The opinions of 70 customers from 10 branches as well as employees were examined to ascertain how effectively the CRM strategies are being translated from policy to customer. Recommendations to the existing CRM strategies were proposed which should negate the implementation problems that currently exist thus enabling RBC to achieve customer loyalty.

INTRODUCTION

Customer Relationship Management (CRM) is a business strategy that involves selecting and managing customer relationships in order to optimize the long-term value of a company (Johnson & Weinstein, 2004). The difference between a business and a 'successful' business is the development of customer relationships. Levitt (1981) wrote that a businesses' purpose was that of creation and maintenance of a customer; additionally that the sale of a product to that customer was merely the consummation of the courtship. Nevertheless, the origins into the development of customer relationships into business and academic thinking has not been reliably pegged to a specific time, however, in the 1980's scholars such as Len Berry, Ted Levitt, Robert Dwyer, et al, where writing and conducting research on relationship marketing/management (Crosby, L. 2002).

The need for relationship marketing arose as a result of industry globalization. The focus shifted from promotion of the product to creating value in the consumer – producer relationship and maintaining said value over time. This was fostered by the value movement; innovation in technology; and a shift in power from producer to consumer. Prior to this the traditional marketing paradigm of product, price, place, and promotion was heavily utilized. CRM, however, is designed to utilize information technology to develop an ongoing relationship with customers who will maximize the value an organization can deliver to them over time. This process should inevitably,

if utilized as designed, enhance the perceived value of the customer thus increasing their level of satisfaction to the point where the customer is loyal to the company.

As opposed to the four P's of traditional marketing, CRM's four P's, which leads to success as described in Johnson and Weinstein (2004) are planning, people, process, and platform. To ensure success, it is imperative that a business utilizing CRM knows exactly what they want to achieve with the CRM strategy and how they want to capture and use the data. Secondly, with respect to people, all concerned parties, i.e., employees and partners must be inter-functionally coordinated with the CRM effort. Thirdly, the process of how the customer contacts the company has to be clearly defined. Lastly, after specifying goals, coordinating these goals with the relevant parties, ascertaining the process, IT software should be selected that responds to the CRM needs to the business.

Research has established relationships between customer loyalty and financial success (c.f., Dalton, 2003; Michael, 2007; Sasieta, 2005), customer service and customer loyalty (c.f., Keene, 2001; Anderson, Fornell, & Lehmann, 1994) and customer satisfaction with customer loyalty (c.f., Blume, 1988; Lemon, White & Winer, 2002; Iacobucci, Ostrom, & Grayson, 1995).

Andrew Sobel, Management Advisor, from his research found three factors that drove customer loyalty: value, trust, and going the extra mile (Dalton, P. 2003; et al). Given the importance of customer loyalty and how it can lead to success for a business, several scenarios and studies were conducted by researchers which identified customer retention and loyalty to organizations despite variables such as high price.

Anderson, Fornell, and Lehmann, (1994) from their research proposed that improving quality and customer service leads to customer loyalty, based on increased market share. This was done by utilizing a national customer satisfaction index and accounting measures, such as return on investment, to test a set of hypotheses.

Research conducted by Blume, (1988) found a strong connection between customer satisfaction and customer loyalty. By utilizing Forum Corporation surveys, 80% of the company's customers that may be satisfied by the product or service still contemplated buying the same product or service from a competitor. Thus, due to its intangibility, customer satisfaction should not be an organization's goal; rather the goal should be to exceed the expected level of satisfaction of the customer that then leads to customer loyalty.

RESEARCH METHODOLOGY

Subjects

Subjects included a total of twenty-one (25) RBC employees across various branches in the Bahamas. This comprises of three (3) employees from each branch: Prince Charles, Paradise Island, Palmdale, Mackey Street, Airport, Carmichael Road, and Main Branch. The remaining employees came from background departments including Information and Technology Services, Securities and Lending, and Loans and Collections Centre. The gender composition of the survey would be 40% men and 60% women due to the dynamics of the differences of perceptions and values between men and women and the fact that RBC has a lower percentage of men employed in customer service capacities.

Instrument

The key instrument utilized to ascertain the CRM strategies currently administered by RBC Royal Bank of Canada (Bahamas) was a personal conversation, interview, and email with Ms. Donetta Brown, Senior Manager of Customer Service in New Providence and Grand Bahama. Using the information provided we compared the policy, as developed by top management, to the information provided via the survey in order to gain insight on how customer relationship management is viewed by the organization.

Customer Satisfaction Survey

Building on the work of Carraher and Associates (Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher & Buckley, 1996; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006, Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000) this survey comprised a total of seventy (70) customers that visit various branches in New Providence. This was distributed as an exit survey ten (10) customers per branch. Additionally, as a criterion to take part in the survey, customers should not be exclusive to RBC; they had to also have utilized the services of other commercial banks frequently. This would ensures that a true representation of customer satisfaction is embodied within the survey.

Recommendation

It is intended that based upon the gaps, utilizing theoretical literature we propose adjustments to ensure that intention begat delivery with regards to CRM strategies in RBC Royal Bank of Canada (Bahamas). Suggestions are also made for how to encourage more true entrepreneurship within the Bahamas (Carland, Hoy, Boulton, & Carland, 1984; Carraher, 2005).

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THE MARKETING MANAGEMENT IMPLICATIONS OF ATTITUDES TOWARD PERSONS WITH BODY ART

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ABSTRACT

The practice of adorning the body by means of tattoos and body piercings has become increasingly popular in the United States, especially among young adults, and has given rise to a growth industry catering to these consumers. Little attention has been paid to the increasing popularity of body art from the marketing perspective. Since individuals engaged in a variety of marketing-related activities must interact with consumers on a face-to-face basis, it is important to understand the manner in which individuals with body art are perceived. The general purpose of this study was to investigate attitudes toward persons with body art. Data were collected by means of a survey of college students that included 496 respondents at 14 geographically diverse colleges and universities in the U.S. The results indicate that over 40 % of those responding reported that they possessed some form of body art, and that there are both positive as well as negative attitudes associated with persons who possess body art. The implications for the field of marketing management are discussed.

INTRODUCTION

A critical concern for many organizations is the image projected by their personnel to customers or other interest groups. Many organizations have dress codes designed to project a specific image (Wich, 2007). An issue which appears to be of increasing concern within the context of dress codes in the U.S.A. is the apparent increase in the prevalence of tattoos and body piercing among employees, adornments commonly referred to as *body art*. The concern results from the fact that body art has historically been associated with negative behavior and connotations (e.g., Body Art and Tattoos, 2006; Business Legal Reports, 2006; Dale, Bevill, Roach, Glasgow & Bracy, 2008; Felton-O'Brien, 2007; Mlodzik, 2007).

LITERATURE REVIEW

Although there is a growing body of literature concerned with body art from the perspectives of the social sciences and the medical field, relatively little attention has been devoted to the topic from the marketing perspective. A group of academicians from several disciplines at Texas Tech University has been conducting body art research since the 1990s (e.g., Armstrong, Owen, Roberts & Koch, 2002).

Recent surveys of adults have found the existence of body art to range from 4% to 24% in the general population (e.g., Laumann & Derick, 2006). The use of body art may be even higher among college students, with studies reporting rates of 20% to 60% (e.g., Forbes, 2001). A recent study reported that 40.5% of 496 college business students reported having some form of body art, with 26.3% of male students and 56.8% of female students reporting either tattoos or body piercings (Lipscomb, Jones & Totten, 2008). There is an emerging literature from the consumer behavior perspective, in which researchers have begun to explore the "consumption" of body art and the decision making process that underlies it (e.g., Armstrong, Owen, Roberts & Koch, 2002; Hoerr, Concklin, Marusich & Griffin, 1994; Lipscomb, et al., 2008; Velliquette, Murray & Creyer, 1998). The purpose of this study was to investigate attitudes toward persons with body art. The sample, business majors at several universities, was selected in part based on convenience and in part based on the fact that they may be representative of future managers and leaders in business communities.

METHODOLOGY

The instrument used in this study was developed by the authors on the basis of three focus groups in which college student participants were asked to discuss their attitudes toward body art in the form of tattoos and body piercing and toward persons possessing body art. These qualitative data were content analyzed by means of the Constant Comparative Method (Strauss & Corbin, 1990). From the unique dimensions identified, items for the quantitative investigation of attitudes toward person with body art were constructed. All items utilized a five-point Likert-type scale.

Students enrolled in principles of marketing classes at 14 colleges and universities geographically dispersed throughout the U.S. were administered questionnaires in their classrooms. The institutions participating in the study were selected by means of purposive sampling for geographic representation in the U.S. A faculty member who taught principles of marketing at each institution was recruited by phone or email to participate. Copies of the questionnaire were mailed to participating faculty for distribution. Completed questionnaires were returned to the authors by U.S. mail. Questionnaires were also distributed by the authors, themselves, at their own university. The response rate was 65.7%, based on an approximate total of 755 surveys distributed, including the ones handed out by the authors in their classes.

RESULTS

Completed questionnaires were received from a total of 496 respondents. The respondents ranged in age from 18 to 62 years. The average age of the respondents was 22.33 years, with a median age of 21 years. Among this sample, 47.2% were female while 52.8% were male. Four regions of the U.S. were represented in the study with 33.5% of the sample living in the Pacific region, 31.9% in the Midwest region, 21.8% in the Southern region, and 12.7 % in the East Coast region. The demographic variables used in the analyses reported below included: age, gender, region of residence, and whether or not the respondent reported having body art.

Survey instructions asked that respondents exclude pierced earlobes on women from consideration in their responses. The data revealed that, 40.5% of those responding indicated that they themselves had some form of body art. Of these individuals reporting some form of body art,

48.2 % reported having tattoos and 79.4% indicated having piercings. Of those having tattoos, the majority reported having one (64.1%), 19.8% reported having two. Three individuals (3.3%) reported having six or more tattoos. The overall pattern was similar for piercings with the largest percentage (41.6%) reporting having one piercing and 26.0% reporting having two. Three individuals (1.8%) reported having 10 or more piercings.

Data Reduction

Exploratory Factor Analysis (Principal Component Analysis extraction with varimax rotation using Kaiser normalization) was performed in order to discover inherent factors in the data. Inspection of the Scree plot that resulted from the initial analysis revealed evidence for three discrete factors. Eighteen items loaded at .40 or greater on Factor 1 which was labeled, "Positive Characteristics Associated with Persons having Body Art," and measures the perceived attractiveness of persons with body art. Fifteen items loaded at .40 or greater on Factor 2, labeled as "Negative Characteristics Associated with Persons having Body Art," and assesses attributions such as sexual promiscuity, aggressiveness, and other dimensions of negative social connotation. The third factor, "Number and Stereotyping," was composed of only two items both of which pertained to social views of persons with body art as being affected by the number of tattoos and/or piercings he/she has. Only two of the 37 items did not load above .40 on one or the other of these factors. Further analyses revealed many significant differences by gender, region of the country, presence of body art and age. Selected differences are discussed on a factor-by-factor basis, looking at tattoo-based items then piercing-based items within each factor.

Factor 1: Positive Characteristics Associated with Persons Having Body Art

Tattoos

A higher percentage of the respondents residing in the East Coast region of the U.S. agreed (combined percentages for responses of 4, Agree and 5, Strongly Agree) that tattoos are attractive (87.3%) as compared to those in the Pacific, Midwestern, and Southern regions (m = 61.4%) , χ^2 (12) = 28.84, p = .004. There was also a relatively small but statistically significant negative correlation of this item with age of the respondent, r = -.116, p = .011. Considering the attractiveness of tattoos on men, a total of 51.3% of the female respondents indicated that they agreed that tattoos on men are attractive. On the other hand, a total of 24.9% of the men indicated agreement, χ^2 (4) = 44.397, p = .001. Concerning the attractiveness of tattoos on women, the pattern was essentially the converse. Whereas 49.4% of the men agreed that tattoos on women are attractive, only 32.4% of women agreed, χ^2 (4) = 15.23, p = .004.

There was a statistically significant relationship between the gender of the respondent and his/her attributions of sexual attractiveness for a small discrete tattoo on women, χ^2 (4) = 33.81, p = .001. In this comparison, 71.6% of men agreed that a small discrete tattoo on women is "sexy" as opposed to 51.4% of female respondents. A similar cross-gender effect was in evidence for the companion item concerning the "sexiness" of a small discrete tattoo on a man, χ^2 (4) = 55.65, p =

.001. Significantly more women (35.2%) agreed that a small discrete tattoo on a man is "sexy" as compared to men (11.5%), χ^2 (4) = 55.62, p= .001.

Piercings

A statistically significantly greater percentage of men reported piercings with body jewelry on women to be attractive (72.7%) as compared to women respondents (61.3%), χ^2 (4) = 17.03, p = .002. This item was significantly negatively correlated with the age of the respondent, r = -.231, p = .001. Likewise, a statistically significantly greater percentage of women reported piercings with body jewelry on men to be attractive (19.3%) as compared to men respondents (6.0%), χ^2 (4) = 41.59, p = .0001.

There was a significant relationship between gender and agreement that extensive piercings on men are attractive, χ^2 (4) = 27.16, p = .001. A greater percentage of women (88.5%) *disagreed* that extensive piercings on men are attractive as compared to men (75.3%). Also, there were significant cross-gender relationships wherein a higher percentage of women (26.9%) as compared to men (5.5%) agreed that a small discrete piercing with body jewelry is "sexy" on men, χ^2 (4) = 58.91, p= .001, while more men (70.2%) as compared to women (58.8%) agreed that this was true for women, χ^2 (4) = 10.58, p = .032.

Factor 2: Negative Characteristics Associated with Persons Having Body Art

Tattoos

Significantly more women (69.2%) expressed disagreement that a man with a tattoo is sexually promiscuous, as compared to men (49.2%), χ^2 (4) = 39.59, p = .001. Significantly more women *disagreed* (68.2%) that a woman with a tattoo is sexually promiscuous, as compared to men (46.5%), χ^2 (4) = 28.45, p = .001. More women (73.7%) *disagreed* with "a person with a tattoo has a 'bad image'" than did men (56.9%), χ^2 (4) = 17.61, p = .001. Regarding the view that a person with tattoos engages in substance abuse, a smaller percentage of men (71.8%) *disagreed* as compared to women (84.1%), χ^2 (4) = 12.12, p = .017. There was a small but statistically significant positive correlation of this item to the age of the respondent, r = .143, p = .002.

Piercings

Concerning the notion that person with piercings are "tough" there was a significant relationship of this item to gender, χ^2 (4) = 10.26, p = .036. A greater percentage of the female respondents disagreed (80.7%) as compared to men (72.1%). There was a significant positive correlation of this item with the age of the respondent, r = .217, p = .000. For the item concerning a person with piercings having a "bad image", there was also a significant relationship to gender, χ^2 (4) = 17.66, p = .001. Once again, more women *disagreed* (78.0 %) as compared to men (62.4 %). There was a significant positive correlation of this item and age of the respondent, r = .217, p = .001.

There were no statistically significant relationships of either item in Factor 3 to the demographic variables considered including whether the respondent reported having body art.

DISCUSSION

In general, the present results indicate that the majority of the university business majors comprising the sample not only do not harbor negative attitudes or stereotypes toward persons with body art but, in fact, express many positive attributions. The majority of those surveyed, however, believed that society in general does, in fact, stereotype persons with either type of body art. The majority of those surveyed disagreed that persons with either tattoos or body piercings are necessarily promiscuous, aggressive, engage in substance abuse, are "tough" or have a "bad image."

The present findings may have implication for marketing managers. To the extent that recommendations are appropriate based on the present results and procedures, one such general statement would be that there need be little concern among managers that persons in their employ with body art who are visible to the public will be viewed negatively by customers or detract from potential sales. This would appear to be particularly so if the representative in question is a woman. The exception may be for company representatives who display extensive body art. The present data suggest that these individuals may not be viewed favorably by consumers.

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STRESS ON MARKETING FACULTY

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ABSTRACT

Eighty-six marketing professors completed an online survey regarding the stresses they encounter on the job. These stresses not only included academic pressures but care giving and technology-related demands. Gmelch's Faculty Stress Index (FSI) and two other scales were used to assess the stresses encountered. Professors who are not on tenure-track or tenured felt more pressure regarding over half of Gmelch's 45 FSI items. Women professors also experienced more stress with time-related work demands and student expectations of access.

INTRODUCTION

College teaching was once viewed as a "low stress occupation" (Fisher, 1992), but as we close out the first decade of the 21st century, college faculty have more demands on their time than ever before. Given the current state of the economy in 2009 and the subsequent state budget cuts that are affecting higher education, faculty are expected to teach more classes while maintaining their other responsibilities, while at best seeing salaries remain frozen at current levels. Walter Gmelch in his book *Coping with Faculty Stress* (1993) noted the negative impact that stress can have on faculty performance.

According to Michael L. Barnett, a University of South Florida business professor, "instructors should be able to save time and effort by using technology, but in fact we are doing a lot of the administration instead now, so we have to deal with posting materials and learning all the different software and posting grades online and so forth. So our jobs have expanded rather than been shrunk by technology." (How Professors …, 2008).

As technology continues to be embedded into our everyday lives, how do we find balance and still get it all done? What is the stress of having a gap between our expectations (using all the latest, newest electronic gadgets) and getting our work done? Where do we draw a line between always being available and needing down time? Being in academics the authors felt that we do have stress from ourselves, administrators, and student expectations that we be available anytime and from anywhere. This is especially true with current technology that often our students have and we are barely becoming acquainted with. To what extent is this stress new and how is it impacting our lives both at work and at home? These are the questions that this follow-up study was looking to answer.

METHODOLOGY

The original questionnaire was composed of several sections, including the Faculty Stress Index (Gmelch, 1993, pp. 21-23), five scale items on care-giving's impact on one's career (Authors,

2004), ten scale items on the impact of technology's 24/7 demand on faculty time, questions about computer usage and specific technologies' usage in the future, and demographics. The questionnaire was pretested on faculty at two colleges of business (Authors 2008). Potential participants were sent the URL to complete the survey online. Data was collected from October through December 2008, converted into an Excel file, and then brought into SPSS version 16 for data analysis.

ANALYSIS OF RESULTS

A total of 86 usable surveys were completed by marketing professors from around the U.S.A. as well as from a few other countries. Turning first to a profile of respondents based on the demographic questions, the lengthy survey (82 questions) did affect question response, resulting in item omissions and consequently sample sizes below the total of 86 participants.

Respondent Profile

The respondent tended to be either tenured or on tenure-track (68/78, 87.2%), and holding the rank of Assistant (36/80, 45%) or Associate Professor (23/80, 28.8%). Professors tended to fall into one of three age categories: 31 to 35 (17/82, 20.7%), 41 to 45 (15, 18.3%), or 51 to 55 (14, 17.1%). Over two-thirds have taught 6 to 10 years (28/80, 35%) or 16 or more years (27, 33.8%). Three in five were male (48/80, 60%), and most were married (61/80, 76.2%). Respondents tended to have earned their doctorates (74/80, 92.5%) and worked for public institutions (63/80, 78.8%). Seven out of 10 professors were teaching at schools that offered a doctoral degree (56/80, 70%). College of Business was the general name of the college mentioned by 39 respondents out of 64 who answered the question. Fifty-nine professors identified "Marketing" as the general field of teaching; others tended to mention particular areas of marketing like "Consumer Behavior," "Advertising," and "Marketing Research," among others. Most marketing professors do not teach online classes (68/80, 85%). Of the 12 that do, half reported that the courses taught were 100% online.

Technology Usage

Sixty-seven out of 80 professors responding (83.8%) indicated that technology had made them more accessible to students compared to five years ago. Interacting with students from home was covered with two questions, one relating to job enjoyment and the other relating to family life interference. About a third of those responding (34/78, 43.6%) said that interacting with students via technology while at home had not changed their jobs. The others were about evenly split between more enjoyable and less enjoyable. Almost half (34/77, 48.6%) said that interacting with students from home had interfered with personal family time. The remainder indicated that it had either not interfered with family time or enable them to flexibly deal with personal issues.

Stress Issues

Women professors reported feeling more pressure with the following eight items: "Participating in the work of departmental or university committees" (3.3 vs. 2.8, $t = 1.803$, $df = 74$,

p = .075); "Participating in work-related activities outside regular working hours" (3.58 vs. 2.96, t = 2.111, df = 75, p = .038); "Complying with departmental and university rules and regulations" (3.32 vs. 2.81, t = 1.678, df = 77, p = .097); "Making presentations at professional conferences and meetings" (3.31 vs. 2.5, t = 3.54, df = 78, p = .001); "Having students evaluate my teaching performance" (3.66 vs. 3.19, t = 1.741, df = 78, p = .086); "Preparing a manuscript for publication" (4.19 vs. 3.56, t = 2.591, df = 77.584, p = .011, equal variances not assumed); "Feeling that I have too heavy a workload, one that I cannot possibly finish during the normal work day" (4.16 vs. 3.38, t = 2.745, df = 74.682, p = .008, equal variances not assumed); and "Having job demands which interfere with other personal activities (recreation, family, and other interests)" (4.09 vs. 3.21, t = 3.185, df = 77.719, p = .002, equal variances not assumed). On the other hand, male professors felt more stress with regard to "Receiving inadequate salary to meet financial needs" (3.4 vs. 2.78, t = -1.794, df = 77, p = .077).

Non-tenure track professors reported feeling more pressure with regards to 24 of Gmelch's 45 FSI items. The "themes" included lack of recognition and reward, time-related matters (meetings, interruptions), and perhaps a feeling of isolation from the rest of the faculty. With regard to technology's 24/7 demand, non-tenure track professors disagreed with "I feel pressure to use e-mail to correspond with my students" (2.3 vs. 3.25, t = 1.958, df = 75, p = .054) but agreed with "I am frustrated by the lack of technology at my university" (3.6 vs. 2.54, t = -2.127, df = 76, p = .037) and "I am pressured to include technology in my classes" (3.6 vs. 2.59, t = -1.972, df = 74, p = .052).

With regard to care-giving issues, men tended to disagree more with "The health of my children has affected my career plans" (1.74 vs. 2.44, t = 1.728, df = 50, p = .09) and "Family issues take away time I have available to work" (2.49 vs. 3.37, t = 2.707, df = 73, p = .008). Turning to technology's 24/7 demand, women professors tended to agree with "Being accessible in the evenings is expected by my students" (3.47 vs. 2.89, t = 1.772, df = 77, p = .08) and "Being accessible on the weekends is expected by my students" (3.44 vs. 2.67, t = 2.326, df = 78, p = .023).

Two technology 24/7 demand items were statistically significant by rank. Instructors tended to agree with "I am frustrated by the lack of technology at my university" while full professors tended to disagree (3.67 vs. 2.0, F = 2.293, p = .085). Associate professors tended to strongly disagree with "I often purchase my own hardware and technology for use at school" whereas instructors were more neutral (1.48 vs. 2.67, F = 2.471, p = .068).

One technology 24/7 demand item was significantly different by years of teaching experience. Professors with 11 to 15 years of teaching experience, versus those with more years, tended to agree with "I am frustrated by the lack of technology at my university" (3.5 vs. 2.04, F = 3.303, p = .025, homogeneity of variance problem). No care giving items were significant.

Five technology 24/7 demand items were statistically significant by marital status. Professors who were divorced or separated tended to disagree with these four items (means < 2.0), while married and single professors tended to be more neutral (means between 2.58 and 3.35): "I am pressured to use Blackboard or another course management tool" (F = 3.524, p = .034, homogeneity of variance problem); "I feel pressure to use e-mail to correspond with my students" (F = 3.576, p = .033); "I am pressured to include technology in my classes" (F = 3.801, p = .027); and "I am frustrated by the lack of funding for technology classroom enhancements" (F = 2.384, p = .099, homogeneity of variance problem). Divorced or separated professors tended to be neutral

(2.86) whereas single (4.25) and married (3.97) professors tended to agree with "Students expect immediate response to their communications" (F = 3.708, p = .029).

DISCUSSION

Marketing professors who were not tenured or in tenure-track positions reported more pressure with regard to over half of Gmelch's FSI items. The "themes" included lack of recognition and reward, time-related matters (meetings, interruptions), and perhaps a feeling of isolation from the rest of the faculty. Today's growing use of part-time and full-time instructors by universities under budget cost-cutting pressures most likely contributes to the pressures these professors are experiencing, especially as they come in at lower salaries and take up what once were tenure-track lines, and thus likely to experience some resentment from tenure-track faculty.

Women marketing professors appear to experience more stress over work-related matters that conflict with family and recreational time, as they sense that students expect them to be available at night and on the weekends. Probably contributing to the pressures is the expectation, whether actual or inferred, that they have to "prove" themselves to male colleagues by excelling in all three areas of the "academic trinity" (teaching, research and service).

Associate professors experienced more stress over service-related items. As they are approaching the time frame for applying for full professor status, the expectation for expanded service commitment on their parts is creating excess pressure, as they are not sure that their efforts are appreciated and/or appropriately valued by full professors and department chairpersons.

There was not as much technology 24/7 pressure experienced by marketing professors as we thought would have occurred. The pressures related more to time demands versus technology support at their institutions. Few care giving items were viewed as adding additional stress to the professors' lives. Perhaps they are managing this aspect of work-family conflict quite well, or have yet to experience it to a significant degree.

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MEASURING TURNOVER: A REVIEW OF TRADITIONAL MEASUREMENT METHODS AND DEVELOPMENT OF MEASUREMENT TECHNIQUES BASED ON SURVIVAL ANALYSIS

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ABSTRACT

Traditional methods of measuring turnover are briefly reviewed before various forms of survival analysis are discussed. The review and discussion of survival analysis leads to a recommendation for developing and using a turnover constant to assist managers in understanding turnover and in future research as a means of providing uniformity, comparability and clarity to the subject.

O'Reilly (1991) suggested that research into turnover has entered a "fallow" period and is in need of some stimulus or new direction to more fully address the process of employee withdrawal. Indeed, most research into turnover for the last half century has been based on the March and Simon (1958) model. This model implicitly assumes that the decision to leave is based upon an individual's determinations about the desirability of quitting and the opportunity or ease of doing so. This rational process model has been extended and tested by many researchers over the years. Price (1977) added another dimension by suggesting that the operant factors are dissatisfaction and opportunity to leave. Dissatisfaction suggests the operation of an emotional component to the decision. Mobley (1977) also focused on the connection between job dissatisfaction and turnover.

Mowday, Porter, and Steers (1982) developed a more comprehensive model in which organizational commitment plays a central role. Organizational commitment, it turns out, is a multi-dimensional construct which includes both a cognitive and an emotional component.

This paper will first review traditional approaches to operationalizing and measuring turnover. Two approaches for measuring turnover based on survival analysis will then be developed and discussed. Measurement is central to both the development of theory and the empirical validation of theory. The more uniform our measures, the more clear will be the theoretical nuances developed to understand the object of our models. Turnover is one area where standard measures have been lacking.

Traditional turnover measures

The study of employee turnover has produced many options for its measurement. Much of the earlier research considered turnover to be captured in the stayer/leaver dichotomy. Because of this focus, and because cross-sectional tools make data collection and analysis much simpler than longitudinal techniques, measurement was generally based on some variant of the percentage of employees staying or leaving over some period of time -- generally one year.

Price (1977) gave a comprehensive description of seven methods in general use. These include:

1.   Average length of service. This method sums the length of service for all employees and divides by the total number of employees.
2.   Accession rate. This method sums the number of new hires in the period and then divides by the average number of employees over the period.
3.   Separation rate. This method sums the number of employees who left during the period and divides by the average number of employees over the period.
4.   Stability rate. This method uses the ratio of the number of employees who were employed over the full period by the number employed at the beginning of the period.
5.   Instability rate. This method divides the number of employees who left during the period by the number of employees at the beginning of the period.
6.   Survival rate. The number of employees who remain through the entire year (as in 4) divided by the number of new employees.
7.   Wastage rate. The number of employees who leave during the period (as in 5) divided by the number of new employees.

While each of these methods provides utility for viewing turnover from a particular perspective, research into such an important topic requires a measure with both universal application and a precision not uniformly present in these methods. A more rigorous approach can be developed utilizing the mathematics of survival analysis. This approach is used both in the rigorous and precise statistics of mortality tables and in descriptions of radioactive decay.

Survival Analysis

An eighth method, not described by Price, is survival analysis. A simple version of survival analysis is used in the life insurance industry to measure the survival of new agents. In this method, new hires are classed by the year in which they were hired. Survival rates are then measured for each class at the end of subsequent-year periods. This yields turnover rates by classes of new hires based on tenure with the company. It shouldn't be surprising that an industry based on actuarial science would include a measure of longevity or tenure in its turnover measure for sales reps. An extension of this method to other industries would yield more meaningful cross-industry comparisons, provide more information than any of the more traditional turnover measures, and still be easy to use for practitioners.

Survival analysis is based on the assumption that a composite measure of turnover reflects collective individual turnover decisions. However, while predicting turnover in the aggregate may be possible, turnover occurs at the individual level; individuals decide to stay or leave. Further, even though prediction at the aggregate level is possible and reliable, it is nearly impossible to predict which individuals will stay or leave. If we assume the decisions vary greatly following career stages (Hall and Nougaim, 1968, Buchanan, 1974), we can develop a predictive model allowing us to look

at each critical time period separately and providing a summative approach to overall organizational turnover.

Let us assume that at time *t=0* we have N_0 category *y* sales reps, letting *y* designate some function of time, e.g. first year, and further we assume that there is a definite probability *l* for each one of the sales reps to leave in each period. If there are *N* sales reps at some later time t, then the probable number of leavers in that period is *lN*. Since each departure reduces *N*, we can represent the probable number of departures in each period as - *dN/dt*. We therefore have

$$- dN/dt = lN.$$

Upon integrating and using the initial condition, (N_0), we have for the number of sales reps remaining at time *t*

$$N=N_0\exp(-lt)$$

This derivation of the logistic equation for calculating a turnover constant, *l*, and its application is dependent upon three assumptions:

- independence of turnover events
- turnover is a continuous function in time
- N_0 can be approximated by using a half-year convention for start date.

Each of these assumptions is, of course, violated to some extent. Independence is challenged because the departure of one sales rep may directly or indirectly influence others to leave (Sheehan, 1994); the continuous assumption of this model is challenged because turnover occurs in discrete events. In application, however, the deviations from these assumptions are expected to be minor and should not affect the usefulness of the result. The third assumption (half-year convention) is a convenience and could be refined as necessary if it is determined that new hires are not added evenly or at least randomly throughout the year. In some organizations a disproportionate number of new hires are added at the beginning or end of the year. This is often the case when managers are preparing to begin the year at a predetermined staffing level (especially in sales) or where managers are incentivized to meet turnover levels and are using non-random hiring to distort measured turnover.

While not as flexible or as inclusive as the Cox proportional hazards regression (see below), this approach should appeal to practitioners and in some cases to researchers because of its ease of use. In its simplest form, i.e. with the only variable being time, the more complete Cox regression should produce the same result as the equation above based solely on time.

In the case described by Jolson (1974), Mowday, et al. (1982), and many others, distinct career periods will produce turnover at distinctly different rates. In order to calculate appropriate turnover constants for each period (see below), the data should be viewed graphically to determine the appropriate start and end points for each period. The equation above may then be used to calculate an appropriate turnover constant for each period (Morita, Lee, and Mowday, 1993).

Hall and Nougaim (1968) and Buchanan (1974) divided the employment careers of managers into distinct periods, each with its unique characteristics. They used the term 'initiation period' to

refer to a new hire's first year. The period beginning in year two and ending at the end of year four they referred to as the 'performance period' for employees. They used the term 'outcome period' to refer to the period following year four and lasting until the employee leaves or retires. Each of these periods is subject to different stresses and satisfactions which dramatically influence turnover.

For example, applying this terminology (similar to the career-period taxonomy in use in the life insurance industry) to the published experience of life insurance companies, we can determine a distinct turnover constant for each period. Using industry data published by the Life Insurance Marketing and Research Association (LIMRA, 1997), on turnover among life insurance sales representatives, we achieve the following result for turnover constants:

- Initiation period: $l = 0.0647$ monthly (where t = 12 months)
- Performance period: $l = 0.0376$ monthly (where t = 30 months)
- Outcome period: $l = 0.0135$ monthly (where t = 72 months)

This number is not only computationally easy to obtain and provides easy comparison from one company to another and from one industry to another, it also relates easily to expected tenure. It can be shown that the median tenure expected will be:

$$t_e = 0.693/l$$

For example, for initiation-period reps, the median expected tenure is 0.693/0.0647 = 10.7 months. In other words, the career expectancy of a new-hire sales rep in the life insurance industry is about 11 months. For performance-period sales reps, the median expected tenure is 0.693/0.0376 + 12 = 30.43 months; and for outcome-period reps the median expected tenure is 0.693/0.0135 + 42 = 93.33 months. It's no wonder the first lesson every new sales manager in this industry learns is "recruit or die!"

Cox Proportional Hazards Method

While each of these methods is useful in capturing cross-sectional information and some longitudinal information, they do little to enable either practitioners or researchers to inquire about other dynamic or longitudinal relationships relating to tenure. For example, Mowday, Porter, and Steers (1982) suggest that organizational commitment, which acts as a stable predictor of turnover, develops in stages: pre-entry, early employment, and middle and late career. Addressing the ambiguity experienced in periods of transition, Noble and Walker (1997) develop the concept of liminal transitions and relate these to self-concept discrepancy. Whether it is self-concept discrepancy or organizational commitment, or both, it is clear that something time-related is impacting upon turnover. Turnover among new hires, especially new sales reps, occurs at much higher rates than among more established employees. Indeed, a step-function approach was previously suggested by Tukey as referenced in Cox (1972) for the regression of survival/failure functions in general.

The Cox approach is based on the development of a hazard function

$$l(t;z)=\exp(zb)l_0(t)$$

where **b** is a *p x 1* vector of unknown parameters and $l_0(t)$ is an unknown function giving the hazard function for the standard set of conditions where **z = 0**.

The Cox proportional hazards regression function, or the regression-analog to survival analysis as referenced by Morita, et al. (1993), allows for a logistic regression model which includes continuous and categorical independent variables as well as time-dependent covariates. This model truly incorporates the ability to address the dynamic issues of turnover. One model in particular, the segmented time-dependent covariates model (Crowley and Hu, 1977, and Cox and Oakes, 1984), specifically addresses the inclusion of a variable that intrinsically varies with time. This is, of course, the specific issue raised by Mowday, et al. (1982), in suggesting that organizational commitment (and thereby turnover) varies with other events and with time itself over the course of an individual's career.

Summary

Uniformity in measurement, based upon the use of a logistic turnover constant, will make comparisons easy and meaningful by eliminating the interpretive framework required of traditional methods. Analysis of turnover, whether based upon a simple logistic function or the Cox regression with time-dependent covariates, will allow segmentation of turnover into distinct career phases and a dynamic understanding of turnover. The inherent nature of decay/survival phenomena compels the use of appropriate measurement and analytical tools. OLS is simply not appropriate for this kind of data. For a comparison of the OLS with logistic techniques using survival data, see Morita (1993).

The Cox regression is not without its limitations, however. The model is based upon establishing a baseline function and comparing it to a more fully developed model. The accuracy of the result depends upon the assumption that the more fully developed function is parallel to the baseline function, i.e., that there is no interaction among the independent variables. If this is not true, the results will not be valid. The only way to determine whether or not the functions are parallel is through a visual inspection of the resulting graphs.

References available on request