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# Table of Contents

AN EXAMINATION OF THE ANTECEDENTS AND CONSEQUENCES OF GENERATION Y'S ENTITLEMENT MENTALITY .....	1
Christopher S. Alexander, King's College James M. Sysko, King's College	
MARKETING THE BIBLE: SPREADING THE WORD OR BUSINESS AS USUAL? .....	6
Lawrence Ruddell, Houston Baptist University Martin Bressler, Houston Baptist University	
VIRTUAL WORLDS: AN EXPLORATORY STUDY OF UNDERGRADUATE BEHAVIOR .....	9
Carl J. Case, St. Bonaventure University Darwin L. King, St. Bonaventure University Kimberly DeSimone, St. Bonaventure University	
EQUINE MANAGEMENT AS A BUSINESS DISCIPLINE .....	10
Susan E. Conners, Purdue University Calumet	
ARE S&P 500 INDEX MUTUAL FUNDS CREATED EQUALLY? .....	13
John Cresson, Southeastern Louisiana University	
THE MAGIC OF MONEY: SHOW AND TELL AS PEDAGOGY .....	14
Marty Ludlum, University of Central Oklahoma	
ON DRUCKER'S SHOULDERS, WE STAND: A CITATION ANALYSIS OF DRUCKER'S WORKS .....	18
Satyanarayana Parayitam, University of Massachusetts Dartmouth Vivek S. Natarajan, Lamar University	
TRENDS IN THE REAL ESTATE INDUSTRY AND THE EFFECTS ON REAL ESTATE AGENTS .....	19
Reginald Peyton, Christian Brothers University Gilda Lewis, Christian Brothers University	

# **AN EXAMINATION OF THE ANTECEDENTS AND CONSEQUENCES OF GENERATION Y'S ENTITLEMENT MENTALITY**

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## **ABSTRACT**

*Entitlement, as defined by The American Heritage Dictionary (1985), is "to furnish with a right or claim to something." This study will attempt to investigate the possible antecedents which have led to an "entitlement" mentality found in "Generation Y" individuals ("Millennials") confronting both academicians and employers. This research will be conducted in three phases. This paper consists of the first phase of the research which draws from an extensive review of relevant literature and results of focus groups used to validate the constructs leading to the development of an instrument which will attempt to measure the behavioral, cognitive and affective antecedents leading to an entitlement mentality. The two subsequent phases will pilot test the instrument and then be administered to a more representative population. The findings and implications of this research for the second and third phases as well as the relevance for both academicians and practitioners will be discussed.*

## **INTRODUCTION**

During the last generation, the nature of the American economy has shifted dramatically from one focused on manufacturing and heavy industry to one that is dominated by "white collar" professions and service industry jobs. Robbins (2005) has broken today's workforce into four cohort groups: Veterans, Boomers, X'ers and Nexters. The Veteran group entered the workforce in the 1950's and early 1960's. The current age of this group is 65+. Their dominant work values consist of hard-work, with a dominant conservative, conforming, and loyal work ethic.

A demographic transformation has concurrently been manifest as members of the "Baby Boomer Generation" (1946-1964) pass from the workforce into retirement, taking with them a work ethic of success, ambition, high achievement, dislike of authority and loyalty to careers and organizations.

While "Generation X", with their work values of team orientation, a work/life balance, and loyalty to relationships, dominates the current workforce population, "Generation Y", also known as the "Millennials" (1980-2000) has begun to stream into the labor market. The Millennials seem to bring with them a hedonism, narcissism and cavalier work ethic previously unknown in the American workforce. Nonetheless, these negative traits are contradicted and counterbalanced by this same generation's loyalty to individual managers (not corporations), a commitment to idealistic corporate vision and values, and a willingness to provide an employer with hard work, albeit in return for virtually immediate reward and recognition.

Members of the “Baby Boomer Generation”, often in upper levels of corporate management; and the mid or lower level managers of “Generation X” are confronted, and confounded, by the ambiguous attitudes and conflicting behaviors of their “Millennial” employees. Understanding and adapting to this new generation’s work ethic will be critical to the restored, continued or future success of American business and industry.

The same mentality is found in academia. Those who instruct college-aged students find that many possess an astonishing lack of drive, motivation and accountability. The mind-set appears to be one of “I paid my tuition, therefore I deserve an “A”” without the student having to put in the time or effort required to receive such a grade. There also appears to be more and more an alarming mentality of “okay, I am sitting in your class, now entertain me.” This is both disturbing and frustrating to many who have seen this evolution occur over the last twenty years.

### **THEORETICAL FRAMEWORK**

Morrow (2008) has developed a theoretical framework delineating the origins of the mindset of entitlement in Generation X’ers. His research points to the fact that the members of this generation tend to have child-centered parents providing their children with a mentality of “trophy for all.” This mindset has resulted in the fact that children today have difficulty in comprehending the idea that not everyone wins, that often their effort results in failure. He also addresses the phenomenon of “helicopter parents” or those parents who “hover” over their children resulting in a child’s delayed development of independence and responsibility. The research also points to the fact that many of these same parents attempt to vicariously live through their children often forcing the child to engage in activities that they themselves were not able to do or partake in as a child.

Jayson (2007) found that the motivational constructs behind the entitlement mindset include loyalty, getting rich, meeting family and peer expectations, a desire to be famous, becoming the family provider and living a modest, yet comfortable lifestyle. Nations (2007) found that the desire for personal time, the opportunity for advancement and professional growth, security and the desire for intrinsic rewards and the opportunity for leadership and a sense of team also served as motivators for this group.

When looking at the impact of Generation Y on academia and the workforce, one only needs to examine its demographics: it has a population of 60 million; it is three times the size of Generation X; one-third is non-Caucasian; one-quarter live in single family homes; and three-quarters have working mothers. In terms of this group’s skills, it was also found that they are computer savvy due to the fact that it has access to computers since nursery school but also suffers from computer overload. In terms of attitude, members of this group tend to exude confidence in that they see themselves as the “center of the universe” and “being able to do anything.” This group also tends to exhibit a great deal of impatience (State of Montana Journal, 2007).

Generation Y members tend to have a lack of initiative; tend to be unambitious; have a pack mentality to be cynical; tend to be brazen; and are hedonistic. In addition, “Millennials” tend to be narcissistic; have a poor work ethic; display a poor work ethic; possess low corporate loyalty; and seek instant gratification. Finally this cohort group is committed to corporate values if those values are clearly articulated and demonstrated by the corporation and its managers and will embrace an

inspiring corporate “vision” and expect rewards for developing loyalty for the corporation for whom they work (Nations, 2007; Rosenbloom, 2007).

Saba (2007) finds the mentality of entitlement to consist of short-term financial goals, a sense of privilege, anticipation of long-term financial gains and an effort to command, not earn respect. In his research, Jayson (2007) found the motivation of entitlement to consist of the following constructs

## **METHOD**

This research will be conducted in three phases. This paper consists of the first phase of the research which drew from an extensive review of relevant literature and results from interviews with ten focus groups comprised of five subjects. The focus groups were used to validate the constructs leading to the development of the instrument included in this study which will attempt to measure the behavioral, cognitive and affective antecedents leading to an entitlement mentality, to understand this issue and to confirm that the proposed conceptual framework addresses the relevant constructs. Given the nature of the population, a convenience sample was used in this phase based on undergraduate students who were willing to participate in the study. Standardized open-ended interviews were utilized. With this type of approach, each person was asked to provide his or her answers to the questions which were written in advance exactly the way they were asked in the interview. Standardized, open-ended interviews are systematic and ensure that the interviewer’s and interviewee’s time is used efficiently. Using standardized questions also made data analysis easier and added credibility to the responses because questions were evaluated prior to the actual interviews. However, to allow for individual circumstances that may not be addressed by standardized questions, respondents were also given the opportunity to raise additional issues that they considered to be important in relation to work experiences/behaviors that would contribute to the constructs under investigation.

The second phase of this research will consist of a survey administered to four hundred randomly selected subjects who fit the profile of the target group. The purpose of this phase will be to generate responses to survey items generated in the interview phase in order to test the major hypotheses developed in the first phase of this study. The purpose of the survey will be to determine whether the items identified in the interview do indeed lead to an entitlement mindset. The survey will contain items measuring each of the constructs. Attached to each survey will be a cover letter addressing the primary objectives of the research. In addition to explaining the purpose of the survey, the letter will emphasize how important their responses will be to the study. Respondents will be told that their responses will remain confidential.

The third phase will involve analyzing the results of the surveys using statistical methods to group the responses and to test the significance of each of the proposed cognitive, behavioral and affective determinants on an entitlement mindset. This paper reports the results generated by the first, or interview, phase.

## FINDINGS AND FUTURE DIRECTIONS

As noted above, personal in-depth interviews were conducted with individuals from the Generation X or “Millennial” cohort group. The objectives of these interviews were to make sure as many relevant variables as possible will be included in the survey instrument and to test the reliability and appropriateness of the survey instrument. Respondents were asked a set of similar questions. Interviews were conducted face-to-face in a conference room on the King’s College campus. Subjects represented different gender, race and socio-economic groups. Despite these differences, many common themes emerged.

The notion that this cohort group experience specific cognitive, behavioral and affective influences as they affect an entitlement mentality were supported by this study. However, one might argue that a self-serving bias or demand characteristic may have affected the results of the interview as the subject’s responses may have reflected poorly on them. A possible answer to this criticism is, while this argument is probably true, phrasing the questions in the third person, i.e., “Do you feel that individuals in the 18 – 22 year old age group have parents who tend to smother them? Limit their independence? Put them at the center of the universe?”

Regardless, the personal interviews did support the theoretical framework detailed in this paper. Not surprisingly, some subjects did question the constructs dealing with the characteristics of Generation X such as lack of initiative, lack of ambition and a poor work ethic

The preliminary results of this study indicate specific areas in which academicians, supervisors, subordinates and coworkers, may better understand the motivations, thought processes and resulting behaviors of the Generation X cohort. In addition, this study may provide some food for thought to the parents of the next generation as how to discourage and deal with this type of behavior. Although this paper is incomplete as to the predictors of or results of entitlement behavior, it can serve as a starting point for understanding the behavior of this group as it moves through college into the workforce.

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# MARKETING THE BIBLE: SPREADING THE WORD OR BUSINESS AS USUAL?

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## ABSTRACT

*The Bible could be considered the cornerstone of the Christian faith. Christians around the world read the Bible to learn about their faith and to evangelize. But the Bible and other religious books are big business, accounting for billions of dollars in sales each year. Many more Bibles are given away as “free samples” to attract new market segments. Today, Bible distribution combines an interesting mix of low-tech and high-tech methods, ranging from handing out free samples in person to high-tech media including compact disks and the internet. Other modern technologies include MP3 players, radio, and television. This paper examines the role of marketing the Bible and other religious books from a business perspective and particularly how marketers and religion uses these business techniques to market the Christian faith.*

## LITERATURE REVIEW

It did not make the New York Times top ten best books of 2007, yet since first published in the mid-1400's it is estimated that more than six billion Bibles have been distributed around the world (Ash, 2002). Of this number, since they began doing so in 1908 the Gideon's have distributed approximately 1.3 billion Bibles. Through 260,000 members and 9,000 local groups, the Gideon Society places Bibles in hotels, hands them out to college students and distributes to members of the military.

No other book even comes close. The second most published book is the *Quotations from Chairman Mao* with less than a billion copies. So despite the publicity, excitement, and rush to bookstores that popular books such as the Harry Potter series enjoy, the Bible remains many times more popular around the globe. Paradoxically, China is an atheist country, yet is rapidly becoming the world's largest supplier of Bibles (Ni, 2008). Ni (2008) reports that a joint-venture between a Chinese Christian charity and the United Bible Societies founded as Nanjing Amity Printing Company, currently produces about 12 million Bibles per year, about three-quarters of which are for domestic consumption (p. A 24). According to Ni, the exported Bibles are shipped around the world to countries across Asia, the Americas, Europe, and Africa (p. A 24).

Sales of religious books appear to be on the rise. This may be attributed to baby-boomers returning to church, increased enrollment in religious schools, and a general increased interest in spirituality. During 2002-2005 sales of religious books increased 14.2%, the third highest book category growth rate (Management Practice, Inc.). The *Left Behind* series began with the first book published in 1995 and the twelve-book series has now sold more than 65 million books (leftbehind.com). A new book in the series, “Glorious Appearing” will likely be as successful as the earlier books.

Not surprisingly, in times of crisis people turn to the Bible. Following 9/11, Bible publishers saw a spike in sales. But whether Bibles are sold or given away, the popularity of the Bible transcends time and distance. A 2006 study by the Barna Group found 47% of the general population read the Bible weekly, rising to 96% among evangelical Christians. The Barna study also found that 40% of those purchasing a Bible already owned three to ten copies. The aging baby-boomer and their interest in spirituality may account for much of the sales increase reported by publishers. One estimate suggests that some 170,000 Bibles are distributed in some form every day.

Since 9/11 Bibles targeting soldiers, police officers and fire-fighters have been published. Other niche Bibles includes the Soul-Surfer Bible, the Sportsman's Bible, and the Extreme Teen's Bible (Sutherland, 2007). Even "Biblezines" are finding their place in Christian literature. One niche Bible targets 25-year old black males and includes hip-hop photos and features as well as rap renditions of Gospel stories (Haught, 2005).

The Zondervan Publishing Company has been the focus of the debate. This well respected company has been in business for almost 75 years but since 1988 has been part of HarperCollins (News Corp). Over the last 20 years, Zondervan has moved to position its Bible sales to both Christian, as represented by the Christian Booksellers Association (CBA), and secular, as represented by the American Bookseller Association (ABA), markets (Zondervan Corporation). The matter that has stirred controversy is the issuing of a new version of the highly successful New International Version (NIV) translation called Today's New International Version (TNIV). One of the distinctives of the TNIV is to be "gender neutral" in language. However, according to Bible scholars, problems have arisen with this approach because this requires changing the words of the Bible which then changes the inspired meaning (Marketing Today's New International Version, 2005).

According to Thomas Nelson Publishers, women account for 85% of Bible purchases, which could suggest the need for more targeted niche bibles. Canongate, a British publishing house, now prints individual books of the Bible, each introduced by an essayist such as prominent novelist Will Self or U2's pop artist, Bono. Despite Christian bookstores refusing to stock the single volumes, publishers quickly sold more than a million copies. This may be due to the essayists' description of the book context. Both Jews and Muslims have been offended and urged that that several of the books be withdrawn (The Battle of the Books, 2007).

## CONCLUSION

Three distinctly separate issues remain. First, whether or not it is acceptable to profit from selling Bibles or other religious media. The second issue questions whether various versions of the Bible and other religious books accurately portray the words and meaning of the original scriptures. The third issue centers around the business of religious media. Winston Churchill said, "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty" (cited in Bryant & Cvengros, 2004). We have entered a new era where religious media compete side-by-side with mainstream titles for market share. This new competitive approach requires increased adaptation of business techniques.

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## **VIRTUAL WORLDS: AN EXPLORATORY STUDY OF UNDERGRADUATE BEHAVIOR**

**Carl J. Case, St. Bonaventure University**  
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### **ABSTRACT**

*Studies suggested that electronic social sites are popular with undergraduates. Virtual worlds, one of the emergent facets of the Internet, are also seeing tremendous worldwide participation. Of interest to educators is the applicability of this new technology as a learning tool. As a result, this study was undertaken to empirically examine undergraduate familiarity and interest in virtual worlds as compared to electronic social networking. Student surveys were utilized to measure participation and importance of virtual worlds and social networking. Findings reveal that with regard to students, virtual worlds are in their infancy. While nearly all students visit social sites, only two percent of students participated in virtual worlds and only six percent indicated that virtual worlds were at least somewhat important to him/her. Moreover, gender does not appear to be a factor. Females and males indicate similar levels of participation, social activity, and degree of importance.*

# EQUINE MANAGEMENT AS A BUSINESS DISCIPLINE

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## ABSTRACT

*Equine management as a business discipline is a specialty area of business that supports a multibillion dollar industry. A study commissioned by the American Horse Council indicates a significant number of equine businesses that provide \$39 billion dollars annually in the United States economy. The paper advocates for Equine Management as a legitimate business program. The state of the equine industry and the need for specially trained business professionals for this industry are discussed.*

## INTRODUCTION

Schools of business do not traditionally host equine management programs. Equine subject matter is often thought of as an agricultural program. While there is a need for these traditional animal science programs, there is also a need to provide management programs for the equine industry. According to a report to Congress commissioned by the American Horse Council, the national body advising Congress on equine matters, the equine industry nationally contributes \$39 billion dollars annually to the economy and sustains approximately 1.4 million full-time equivalent jobs.

The equine industry pays approximately 1.9 billion dollars in taxes. The taxes are distributed 54 percent is paid in state taxes, 31 percent in federal taxes, and 15 in local taxes. In addition, the report indicates the industry stimulates 63 billion dollars in indirect and induced impacts, attracts 25 billion dollars in investments in capital equipment and structures, and creates over 4 billion in taxes and land purchases. Horse racing, horse shows and competitions, and recreational horse activities are the three major groups of equine activities.

The industry is maturing and includes international operations with opportunities in the future that will require savvy business managers familiar with this industry. The United States Equestrian Federation has undertaken a serious effort in recent years to attract international venues for equine sport to the United States. For the first time, the World Equestrian Games will come to the United States and be held in Kentucky in 2010. This will create jobs and internship opportunities for students in equine programs. If Chicago is successful in its bid for the 2016 Olympics, one of the most prestigious equestrian competitions in the world will be held in the Midwest and create another source of additional revenue and employment in this industry.

Employers are increasingly looking for people with equine academic credentials in this industry. There is a need for trained business professionals with specific knowledge of the horse industry to manage the numerous equine businesses. The domestic and international equine markets require an understanding of business principles and how to apply them to this industry. Other countries have a better developed educational system for equine professionals and if this country wishes to remain competitive higher education must provide these programs and produce qualified

individuals. Simply knowing how to care for the horse and prepare for the competitions is not adequate in a global marketplace.

## **INVESTIGATION**

The equine industry looks to the higher education system to provide the business professionals that will serve these businesses. The research that is currently underway examines the academic equine programs that exist in the United States and how they are meeting the need for equine business professionals. The investigation seeks to identify these programs utilizing the web and print materials that offer equine management business courses and degrees. The results are stored in a database with information on the institution, degree offered, program title, contact information for the program, and web address.

The curriculum is examined to determine if there are actual business courses or the term equine management is being used to denote the care and handling of the horse not the business. The investigation continues to try and locate all possible programs and assess the number of equine business professionals are being produced. At this time the number of graduates from these programs is not yet compiled.

## **RESULTS**

The initial findings show there are 45 schools teaching some form of equestrian studies with business offerings. Of those schools, 22 offered associate degrees and 21 offered baccalaureate degrees, with 2 offering only certificates. The states with 3 or more of these programs include Arizona, Colorado, Iowa, Massachusetts, Missouri, Ohio, Texas, and Wyoming.

There are a variety of equine related academic programs in the United States. The majority of the equine programs address animal science issues such as the care and maintenance of horses including nutrition, breeding aspects, nutrition, and other similar subjects. There are large animal veterinary programs that address equine medical issues and there are equine studies programs that focus on riding and produce practitioners that train horses or instruct riders. There are many programs with equine management or equine business in their title, but they are not business programs as they focus on care of the horses not managing the horse business. Some of these programs do have a few business courses but that is not the focus of the program.

There are only a few programs in the nation residing in an accredited school of business focused on management of the equine industry. One of these baccalaureate programs was recognized in Business Week for meeting the needs of the racing industry in Kentucky. While the racing industry does contribute a substantial share, 28 billion dollars according to the American Horse Council report, there are additional segments of the industry that need qualified equine business professionals. Equine programs are critically lacking that focus on the business management issues of this multi-billion dollar industry.

## CONCLUSIONS

Horses today serve the racing, recreation, and show industries and involve high dollar investments and management of substantial business assets. Graduates of equine management programs will work as equine insurance adjusters, bloodstock agents, race track administrators, farm managers, equine product salespersons, and administrators for breed and racing organizations. Equine management programs have additional opportunities in placement for internships and career positions by meeting the needs of the equine industry across the nation and internationally.

The application of business knowledge to this specific industry should be taught in schools of business. A blend of general business courses and courses with specific equine business relevance is superior to a few general business courses in an animal science or practitioner curriculum. The graduates of these programs will be better prepared to work in the equine industry.

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# **ARE S&P 500 INDEX MUTUAL FUNDS CREATED EQUALLY?**

**John Cresson, Southeastern Louisiana University**

## **ABSTRACT**

*S&P 500 Index mutual funds are designed to replicate the S&P 500 Index and are supposed to be homogeneous goods. Based on this information, an average investor may assume that S&P 500 Index mutual funds are all created equally and move perfectly with the Index. However, when realizing that there are differences across S&P 500 Index funds, investors may have concerns about their performance. In this study, I analyze the performance of S&P 500 Index mutual funds.*

# THE MAGIC OF MONEY: SHOW AND TELL AS PEDAGOGY

**Marty Ludlum, University of Central Oklahoma**

## ABSTRACT

*Money has a special place in society. It demonstrates wealth. It makes political and social statements about the land it represents. It is a common tool among everyone in that culture. Everyone likes money. I like to incorporate foreign money into my discussions in business and economics. However, the use of foreign money as a visual aid is very powerful, and has applications far outside the use of just a business class. The use of foreign money in the classroom can help create interest in the subject, which benefits the professor and the student. I explain some uses for incorporating foreign money into the classroom, as well as some practical tips. I continue by explaining the benefits of this visual aid in the classroom.*

## INTRODUCTION

First, let me begin by stating that I love to travel. I try to incorporate that passion into my teaching. After each trip, I would find a small handful of coins or paper currency from my journeys that I failed to spend or exchange. I use this money as a visual aid in the classroom.

When I present material involving a foreign country, I add items from my trips as visual aids. Despite having an entire room of my home dedicated to my travels, the two things which always seem to capture the attention of the students are a package of Oreo cookies from China and foreign currency. I understand the attraction to the Oreo cookies. Everyone likes them and recognizes the packaging. However, of all the things I present from my travels, and all the things I talk about, the one that always commands their attention is the foreign money.

In this paper, I will hopefully explain the magic of money, and why it is so captivating to students. Next I will give a glimpse into a variety of course applications for the use of money as a visual aid. I will then discuss some of the potential impacts on teaching of the use of money in the classroom. I will finish with some student feedback I have received on the use of money as a visual aid.

### **What is the Magic of Money?**

Why does money have such power to capture our imagination? Money is one of those ever-present objects. A child, long before they reach an age of being able to read and count will understand money, and recognize it, and comprehend its importance.

We have become so accustomed to money we fail to realize the details about it. In fact, many people cannot name the person on our different denomination coins and currency (Quick: Who is on the \$10?). It grabs our attention when we see older U.S. currency and realize George Washington was not always on the \$1 bill (Quick: Who was on the first \$1 bill?).

However, when we see foreign money, we instantly make mental notes of all the differences between this money and our own. And all those differences lead to inquiry. Who is this lady on all the English money? Aren't the people on money usually dead people? How do they make a European common currency (Euro) with still so many divergent languages? Why does the Chinese paper money come in all different sizes? Why do many countries make coins that are not round? Why do the Chinese have six different languages on their money?

Each of these questions easily leads into a discussion of the economic, political and cultural differences between our nation and theirs. And the best point about this (from the perspective of an educator); the students want to know about it. They lead the discussion. They are anxious to learn. For an educator, that is priceless.

### **Course Applications**

While I use this attention getter in my Business and Economics courses, the possible applications are far broader. History, political science, the humanities, and foreign language courses could easily incorporate this into the classroom. Even art classes could add the study of money as a potential subject.

Two practical tips make this presentation a success. First, when I present the information, I work into the discussion a mention of their money, and pass out the money so everyone can see it. I make sure that I have enough so that every person or every other person has the money. That way, everyone can view it at the same time, and you can regain their attention when needed. If you only have a few, the students are focused on where the money is, how the money is circulating around the room, and worry about their opportunity to see it, and you have lost their real attention.

Second, I let them keep the money. While this may sound expensive, it really is not. My last trip to China, I went to a bank and got \$30 in small currency, and have had enough to give presentations to several hundred students. While in England, I spent \$20 to get a cigar box filled with 2 pence coins. While they may be impressed seeing a high value bill, the students are more impressed with the money they get to keep.

Money is important tool for demonstrating cultural differences. It is not just for commerce. Money has symbolic value – for example China's currency contains the writings of six different native languages, demonstrating their multi-cultural history. When there is a change in the political landscape, the money also reflects changes. While in power, Saddam Hussein had his photo on all Iraqi currency. The new Iraqi currency does not contain his image. You can add the topic of replacing Ben Franklin on the 50 cent piece with John Kennedy the year following his assassination.

The money is also a good tool for talking about relative values between their country and our own. How much will \$10 buy in USA? What will 10 Euros buy in Italy? What will 50 Pesos buy in Mexico? Why is Budweiser beer cheaper in Chicago than in Mexico City? Why do things made in China cost so much more here than in China? The potential topics are limitless.

### **Potential for Impact**

I think the success of this presentation is caused by three forces. First, this humanizes the professor. Instead of being a talking head, this makes the instructor a real person, a person with

hobbies, family, etc., which helps the students relate. When I think of my own education, the professors who talked about themselves as well as the subject matter were always more memorable. I can remember an economics professor that loved to travel to Africa, and another that was a woodworker. I remember a communications professor that was very involved in the Choctaw Nation, and another who cooked traditional Polish dishes. When the students relate to the instructor as a person, the teaching will be more effective.

Second, seeing the money is powerful, but touching it makes it real. We are all aware of the psychological impact of touching something and how just having it in your hands makes you value it more. Using a visual aid in class that every student can touch has the same effect.

Third, and I think the most powerful, keeping the money is a lasting reminder of the presentation. I know students who have kept the money for years despite it being mentioned and shown only once in class. No one throws away money. As a result, the money becomes a lasting souvenir and reminder of the experience.

### **Student Feedback**

I have always done these presentations for my classes. Since 2003, I have done similar presentations for elementary, junior high, and high schools in the area. While I incorporate a lot of the information of my travels in the presentations (including some basic history and culture, and basic language skills), the one thing the students always remember is the money.

Countless times I have been in public and had someone comment, “You’re the guy with the Chinese money!” or “You’re the guy with the big English pennies.” I continue to be involved in my children’s school and I’m always approached by kids who tell me “I still have that Europe money.” I continue to be amazed at the power money has to capture their attention.

One additional benefit from the students is that once the topic of foreign money is infused into the classroom, it always encourages students to participate. Often, you can get students who are otherwise silent to voice an experience which is unique to them. Many students have had chances to travel with family or friends or church groups. Some students have traveled because of the military. Each one of their experiences can enrich the class and enliven the discussion. When it comes to class interaction, the more the merrier.

### **CONCLUSION**

Money is a powerful tool to use in your classroom. It will command your students’ attention and interest in a way few other items can. I encourage you to try this in your classroom. You will not be disappointed. I promise it will spark a discussion that will peak your students’ interest. Please feel free to contact me if you have other ideas to share.

### **Quick Questions:**

Alexander Hamilton is on the \$10 bill.

Samuel Chase (Treasury Secretary under Lincoln) was on the first \$1 bill.

**For more references on the history of money see:**

PBS History of Money at [www.pbs.org/newshour/on2/money/history.html](http://www.pbs.org/newshour/on2/money/history.html)

A Comparative Chronology of Money at [www.ex.ac.uk/~RDavies/arian/amser/chrono.html](http://www.ex.ac.uk/~RDavies/arian/amser/chrono.html)

A History of Coin Money at [www.mintmark.com/moneyhistory.html](http://www.mintmark.com/moneyhistory.html)

A Brief History of U.S. Money by the Federal Reserve Bank of San Francisco at [www.frbsf.org/publications/federalreserve/annual/1995/history.html](http://www.frbsf.org/publications/federalreserve/annual/1995/history.html)

A History of U.S. Currency from the U.S. Secret Service at [www.secretservice.gov/money\\_history.html](http://www.secretservice.gov/money_history.html)

U.S. Money Timeline from U.S. Treasury [www.factmonitor.com/ipka/a0774856.html](http://www.factmonitor.com/ipka/a0774856.html)

# **ON DRUCKER'S SHOULDERS, WE STAND: A CITATION ANALYSIS OF DRUCKER'S WORKS**

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## **ABSTRACT**

*Peter Drucker's passing away marks an end of an era in the management history. He strode like a colossus with his many works. Using data from the ISI web of science, we present a citation analysis of Drucker's key works. We investigate the most cited works of Drucker, the citation trends over time, and citation trends across the various management disciplines. We also employ Hirsch index, key metric developed in natural sciences, to quantify and understand his contributions to the management literature. H-index reveals that Drucker's contributions parallel the Nobel Prize winners and other social science researchers. This analysis of Drucker's contributions provide an insight to both academicians and practicing managers.*

*Key words: Peter Drucker, citation analysis, Hirsch index*

# **TRENDS IN THE REAL ESTATE INDUSTRY AND THE EFFECTS ON REAL ESTATE AGENTS**

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## **ABSTRACT**

*The Real Estate Industry is shifting from traditional broker and typical customer relationship that previously provided for individual home ownership to more of a real estate servicing mode that involves working for a different customer base. The changes in the housing market have affected the careers and subsequently the incomes of many real estate companies and real estate agents. The macro-environmental factors of the economy and technology upon the Real Estate Industry will be presented in this paper. These changes have caused the retooling of the technology skills, as well as the manner and method of making a living for many agents and real estate companies that depended completely on the typical homeowner purchase transaction.*

*Marketing of real estate companies and agents has changed tremendously in the last 10 years and more dramatically in the last 2 years. How these changes have affected the industry is the 21st century paradigm shift that every real estate agent is managing and learning from daily.*

## **INTRODUCTION**

The Real Estate Industry directly affects a myriad of other industries which includes: construction, insurance agents, pest control workers, and appraisers. Indirectly the Real Estate Industry affects florists, restaurants, beauty shops, blue printing, fuel and the list also includes the services that help the company and the Realtor to market and sale a property. According to the U. S. Department of Commerce (Los Angeles Times)<sup>1</sup> for every job lost in construction, real estate or banking, three other positions will disappear. The Real Estate Industry has been characterized as an industry with high turnover, low per capita income and increasing competition (Johnson, Dotson and Dunlap 1988)<sup>2</sup>. This is even more evidenced by the escalation of the use of technology, which has created an era of new competition. The various web applications such as having a firm's website, the Multiple Listing Service (MLS), the number of third party websites on which the firm's listings can appear has created new competition for the real estate brokerage industry. (Benjamin, Chinoly, Jud, Winkler 2005)<sup>3</sup> Since 2005, Internet usage has magnified and the real estate technology landscape includes agent's websites, and government sites that reveal taxes and other information. With the advancement of mobile technology that includes instant emails, mapping, and the internet held in palm of the agent, information that once precipitated an office visit has changed. The virtual office is the reality of today.

The average agent according to the National Association of Realtors (NAR), in 2007 was 51 years old and works 40 hours a week, and has been in the business for seven years. Nearly six in ten agents are women and the racial make-up was (87) eighty- seven percent were Caucasian, (6) six percent Hispanic, (4) four percent African- American, and (3) three percent Asian.

The number of agents and companies is decreasing. (Zumpano, Elder, Anderson 1999) These decreases are attributable to the increased competition among brokerages, the emergence of FSBO (For sale by owners) and the increased costs of membership in the industry. These costs include “Premium Positioning” which means that the web site operator is paid extra to ensure that the listing pops up prominently whenever consumers shop the web site. Other expenses include the professional staging of every listing, professional photography, and color brochures.<sup>4</sup> According to some agents, you also have to have incentives such as higher co-op commissions for the buyer’s agent. These expenses are the listing agents’ but before becoming an agent the outlay of money includes: fees to take the initial exam, fees to join the Realtor Association and to gain access to the local multiple listing service, and the normal costs of starting a new business such as ordering business cards and starting a web site. Generally, it costs about \$1500 to \$2000 to get set up as a Realtor.

Other expenses that are the result of the evolving technological landscape include mobile phone costs and the types of virtual tours that are also a part of the modernistic real tools. The mobile phone expenses can easily exceed two to three hundred dollars a month for service which includes text, internet, mapping, and e-mail. These expenses are in addition to the expenses of purchase of the phone, insurance for the phone and the monthly cost for the plan usage of talking on the phone.

### **INTERNET’S INFLUENCE**

Without a doubt, the internet has made the MLS (Multiple Listing Service) a tool that has replaced the need for printed materials to sell a property. In the late 1990s, a study was conducted in Ohio (Bond, Seiler, Seiler and Blake 2000).<sup>5</sup> In this study, 249 Ohio real estate brokerage firms were asked if they maintained their own web site. Only 40 of those surveyed maintained their own websites, 80 of the remaining 208 firms listed their properties on someone else’s server. Those that did not have a web presence indicated that they were planning to add a web site, or they thought that websites were too expensive, and unprofitable and unnecessary. Fast forward to 2008 and the story is entirely different. Today most if not all firms have a web presence. Most Internet Service Providers (ISP) have links to third party web sites that offer mortgage loans, homes for sale searches and government links to records about homes.

Banks and other institutions that own foreclosed properties use the internet exclusively to value the property and to provide the information that is needed to expedite the foreclosure and the subsequent sale of the property. Organizations such as Fannie Mae, Freddie Mac, and HUD have websites that are used to gather information about homes from contracted brokerages or agents. Many of the banks and other institutions that require Broker Price Opinions (BPO) use the internet to acquire this information. Contracted agents for the REO (Real Estate Owned) property represent the owner of the foreclosed property and send information concerning the valuation of the property through the internet. This information typically includes pictures of the neighborhoods of the property, comparisons of the homes for sale in the neighborhood of the property, interior and exterior pictures of the property. The condition of the property is also noted and comps are prepared to send to the company that has taken the property and the internet is the only means by which to send this vast amount of information quickly. With the onslaught of foreclosed homes and the

downturn in home valuation the data extrapolated for the REO owner within a certain time frame is provided quickly, based on the home sales within a certain radius of the home, through the internet.

Agents have also engaged in the development of the web presence for the presentation of the home for sale. Many agents have their own web sites to present a virtual tour of their listings as well as to market themselves. These types of marketing tools have become more common and considered essential to sales techniques employed by the modern real estate sales person. Elaborate virtual tours of homes can cost in the range of \$200.00 to \$500.00. These tours provide a glimpse of the interior and exterior of the home. The professionalism of the filming rivals motion picture filming. The flow from the entry to the entire interior of the home can include music, voice over, and strategically placed accessories that can possibly create a deceptive image of a home.

The internet's influence on the sales of homes reaches to the buyers in the form of information being provided by third party web sites. Government web sites provide tax information, ownership, condition of the property, appraisal information, and plat information. 3<sup>rd</sup> party websites such as Google, Yahoo, etc. provides information that can show a picture of the home, as well as provide an accurate depiction of the home such as landscaping, exterior facts that could be considered important to the prospective home owner.

The trend of online searching is becoming an ingrained component of the modern day home search. Before employing a real estate agent, the home buyer begins the search at home in front of their computer and becomes very knowledgeable of the housing market because of the availability of so much information being provided by the internet.

### **TRUST IN THE REAL ESTATE MARKET**

One cause for gullibility of the homeowner was the promise of the re-finance of the mortgage within a few years when their income supposedly would more than compensate for the Adjustable Rate Mortgage (ARM) that the homeowner was led to believe was the way to get into the dream home. Instead of getting into a home within their income range, the buyer was led by the agent, who has become a trusted advisor, away from the traditional fixed rate mortgage into the dream home of the ARM. ARM's have led to the home nightmare as the note for the home became impossible to pay for those whose incomes did not rise, as the rate of the mortgage payment, as promised by the Realtor and mortgage lender. These agents were eager to make the sale and the subsequent commission from the home sale. Mortgage brokers also benefitted from the higher home sales amounts.

During the 1980's and the early 1990's 7% was considered the standard full service commission rate in many large metropolitan areas. During the late 90's and into the housing boom years, average commissions dropped steadily. One key reason was the relative ease of selling houses at ever-billowing prices, in the hottest markets buyers lined up and waged a bidding war.<sup>6</sup> Additionally there is a relationship between the brokerage and their affiliate, which increasingly rely on the capture rate, which is the percentage of home sale transactions that use the brokerage's title, settlement, and mortgage business. Any method to earn more income has often been used in this declining market.

The trend today is choosing a real estate salesperson based on the following: Ask friends and neighbors for a recommendation; Choose someone you can talk to easily, and someone who will listen and answer your questions; Don't be rushed into a decision and avoid being pressured by smooth patter; Make sure that you know what the commission will be and do not be afraid to try to negotiate it down. (McDonald 2007)<sup>7</sup>

## FORECLOSURES

The number of foreclosures on the market is directly responsible for some Realtors making some money as well as many others not making a living. However, the rational regarding the amount of income is directly correlated to the number of houses sold. Real income in the real estate industry comes not in the number of BPOs (Broker Price Opinions) performed by the agent but by the number of homes sold. Is it possible that the experienced Realtor with dues and other promotional expenses can exist on the BPOs income that result in a \$50.00- \$75.00 fee (per BPO) being paid to the Brokerage? The agent gets 70%-85% of that fee.

There is a credit crunch for new mortgages. This absence of approved mortgages is definitely affecting the once booming mortgage lending business as well as the home buying marketplace. The number of approved buyers is shrinking and with a foreclosure on the credit report what are the chances of being able to apply and gain a new approval for a loan? "From the homebuyers perspective it is anticipated that minority buyers are younger, earn less and have less experience in the home ownership process than non minority home buyers" (Bond,Seiler,Seiler 2003)<sup>8</sup>

Can this era of foreclosures be attributed to the minority homeowner, who bought more home than they could afford? The overwhelming evidence does not support this notion. The trend of the real estate market place is away from making the lure of home buying and selling more attractive through the availability of mortgages. The impact of the higher the price of the home the more money to be made is becoming more scrutinized. The activities that led the real estate agent to push the more expensive homes to those that could not afford them is currently being debated. The era of creative financing has yielded bitter fruit. This creative financing included many in the real estate field who made more money on the higher priced homes. Home prices shot up astronomically and the gullible homeowner believed in the sales agent and the mortgage lender. In this market the homeowner becomes a renter, and the supply of rental units is growing in sectors of the country.

## ENDNOTES

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