

JOURNAL OF BUSINESS AND BEHAVIORAL SCIENCES

Volume 34 Number 1

ISSN 1946-8113

SPRING 2022

IN THIS ISSUE

- The Influence of Compensation Committee Financial Expertise on CEO PayAmoah, Asante, Lamptey and Makkawi
- Leadership and Contempt in Organizations: A Conceptual Model and Research AgendaAl Hajj and Vongas
- Predicting the Impact of Cultural Values and Socioeconomics on International Cause-Related Marketing StrategiesMerz and Merz
- Healthcare Workforce Burnout: Innovative Solutions Pre/During and Post COVID-19 PandemicPatel, Hunt, Schmidt, Dayama and Brooks
- Fair Information Practices: An Empirical Review of the *Fortune 500*Case and King
- Evidence-Based Practice (EBP) Improves Patient Satisfaction in Healthcare OrganizationsReynolds, Schmidt, Greenhill, Dayama and Pearson
- The Exploration of How Black Lives Matter in Higher EducationBrowning
- Six Sigma and Lean Operations in Cybersecurity ManagementFarahbod, Shayo and Varzandeh
- The Exploration of Social Media Platforms Using Multicriteria Assessment Method (AHP) to Improve Organizational PerformanceGebremikael, Szmerekovsky, Enyinda and Bachtar
- An Assessment of Non-Linear Robust Weighted Regression in Valuing Corporate Equity SecuritiesRusson and Bansal
- Multi-Faceted Human Capital Workforce Solutions and Innovative Staffing Strategies for Healthcare Systems During the COVID-19 PandemicHarms, Schmidt, Dame, Brockman and Stuart
- Understanding Leadership of Remote Work: A Teaching Case on How Authentic Leadership Can Improve Remote Work OutcomesWhiteside and Dixon

A REFEREED PUBLICATION OF THE AMERICAN SOCIETY
OF BUSINESS AND BEHAVIORAL SCIENCES

JOURNAL OF BUSINESS AND BEHAVIORAL SCIENCES

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ISSN: 1946-8113

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The Journal of Business and Behavioral Sciences is a publication of the American Society of Business and Behavioral Sciences (ASBBS). Papers published in the Journal went through double-blind review process prior to acceptance for publication. The editors wish to thank anonymous referees for their contributions.

The national annual meeting of ASBBS is held in Las Vegas in March of each year and the international meeting is held in May/June of each year. Visit www.asbbs.org for information regarding ASBBS.

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Volume 34, Number 1; Spring 2022

TABLE OF CONTENTS

The Influence of Compensation Committee Financial Expertise on CEO Pay Amoah, Asante, Lamptey and Makkawi.....	4
Leadership and Contempt in Organizations: A Conceptual Model and Research Agenda Al Hajj and Vongas.....	20
Predicting the Impact of Cultural Values and Socioeconomics on International Cause-Related Marketing Strategies Merz and Merz.....	35
Healthcare Workforce Burnout: Innovative Solutions Pre/During and Post COVID-19 Pandemic Patel, Hunt, Schmidt, Dayama and Brooks.....	54
Fair Information Practices: An Empirical Review of the <i>Fortune 500</i> Case and King.....	66
Evidence-Based Practice (EBP) Improves Patient Satisfaction in Healthcare Organizations Reynolds, Schmidt, Greenhill, Dayama and Pearson	76
The Exploration of How Black Lives Matter in Higher Education Browning, Michelle.....	88.
Six Sigma and Lean Operations in Cybersecurity Management Farahbod, Shayo and Varzandeh.....	99.
The Exploration of Social Media Platforms Using Multicriteria Assessment Method (AHP) to Improve Organizational Performance Gebremikael, Szmerekovsky, Enyinda and Bachtar.....	110
An Assessment of Non-Linear Robust Weighted Regression in Valuing Corporate Equity Securities Russon and Bansal.....	122
Multi-Faceted Human Capital Workforce Solutions and Innovative Staffing Strategies for Healthcare Systems During the COVID-19 Pandemic Harms, Schmidt, Dame, Brockman and Stuart.....	131
Understanding Leadership of Remote Work: A Teaching Case on How Authentic Leadership Can Improve Remote Work Outcomes Whiteside and Dixon.....	147

THE INFLUENCE OF COMPENSATION COMMITTEE FINANCIAL EXPERTISE ON CEO PAY

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ABSTRACT

Using a sample of 11,889 observations from 2007 to 2016, we examine whether compensation committee financial expertise is associated with CEO pay. We find a negative relation between compensation committee financial expertise and total CEO pay. Other results that emerge from this study are a negative relation between compensation committee financial expertise and proportion of CEO equity compensation and a positive relation between compensation committee financial expertise and proportion of CEO cash compensation. Our findings imply that financial expertise on the compensation committee appears to increase monitoring effectiveness of the compensation committee by curbing excessive CEO pay. As to the impact of compensation committee financial expertise on CEO pay structure, our results suggest that financial expertise on the compensation committee makes the compensation committee more conservative regarding risk taking by the CEO which is reflected in a lower proportion of CEO equity compensation and a higher proportion of CEO cash compensation. Our results are consistent with Reiter (2004) who argues that the monitoring role of the compensation committee is enhanced by the knowledge and experience of compensation committee members. Finally, the present study provides insight into the role of compensation committee financial expertise in limiting risk-taking by the CEO and constraining excessive CEO pay.

Keywords: Compensation committee, financial expertise, executive compensation, equity compensation

1. INTRODUCTION

Over the past decade, there has been widespread concern about extremely high levels of CEO pay. Critics have argued that excessive CEO pay levels were a

key part of the “culture of greed” that triggered the accounting scandals of the early 2000s, and the financial crisis in 2008. Public concern about excessive CEO pay intensified when it was revealed that the financial institutions that received billions in taxpayer assistance after the financial crisis had awarded over \$1 billion dollars in compensation to their CEOs and other top executive officers. There was public outrage over the excessive levels of compensation to CEOs and other executives who were perceived to have caused the financial crisis by recklessly assuming risk for huge bonuses and quick corporate profits.

Public concern about the excessive levels of CEO pay has put the compensation committee in the spotlight given that the compensation committee is typically responsible for designing optimal compensation contracts to align the interests of management and shareholders and reduce the propensity of management to act opportunistically at the expense of shareholders. Critics have argued that excessive CEO pay levels are the result of low-quality corporate governance, ineffective compensation committees and CEO influence over the pay-setting process. For example, at a hearing before the Committee on Financial Services of the U.S. House of representatives on September 24, 2010, Congressman Bill Posey of Florida stated that “So the question that begs for an answer, of course, is what relationship there is between the people on these compensation committees and the people they compensate? ...How much transparency is there now?” (U.S. House of Representatives, 111th Congress, 2010).

To curb the “culture of greed” and extremely high CEO pay levels, some advocated greater regulatory oversight of the compensation of CEOs. In line with greater regulatory oversight of CEO compensation, there were calls for regulations that (1) enhance transparency in the setting of executive compensation, (2) strengthen the compensation committee’s governance of executive compensation, and (3) improve the alignment between CEO pay and firm performance.

Accordingly, the Dodd-Frank Act was passed after the financial crisis to not only strengthen the regulation of the financial industry and protect consumers but also increase transparency in the setting of CEO pay and strengthen the compensation committee’s oversight of executive compensation. Notwithstanding implementation of the compensation committee independence provision of the Dodd-Frank Act and the tightening of U.S. listing rules to require fully independent compensation committees, differences continue to exist in the governance quality of compensation committees and there is still concern about excessive levels of CEO pay. The widening gap between CEO pay and the pay of the average worker was reflected in a report by the Economic Policy Institute (EPI) that indicated the average CEO pay in 2016 to be \$15.6 million, which is about 271 times the average compensation of a typical worker in 2016 (\$58,000). In addition, the EPI report showed that the average pay of a typical worker increased by 11.2 percent between 1978 and 2016 while CEO pay increased by 937 percent over the same period.

Prior studies have examined the influence on CEO pay of compensation committee governance quality characteristics such as independence (Chang et. al,

2011; Chhaochharia & Grinstein, 2009), size (Sun & Cahan, 2009), busy director (Sun & Cahan, 2009), stock ownership (Sun & Cahan, 2009), gender-diversity (Usman et. al, 2018), and interlocked directors (Hallock, 1997) but there is limited evidence on the influence of compensation committee financial expertise on CEO pay.

Using a sample of 11,889 observations over the ten-year period from 2007 to 2016, we examine the relation between compensation committee financial expertise and CEO pay. Our results indicate a negative relation between total CEO compensation and financial expertise on the compensation committee. We also document a negative relation between the proportion of CEO equity compensation and compensation committee financial expertise and a positive association between the proportion of CEO cash compensation and compensation committee financial expertise.

Our findings imply that financial expertise on the compensation committee appears to increase monitoring effectiveness of the compensation committee by constraining excessive CEO pay. Accordingly, our results are consistent with Reiter (2004) who argues that the monitoring role of the compensation committee is enhanced by the knowledge and experience of compensation committee members. As to the impact of compensation committee financial expertise on CEO pay structure, our results suggest that financial expertise on the compensation committee makes the compensation committee more conservative regarding risk taking by the CEO which is reflected in a lower proportion of CEO equity compensation and a higher proportion of CEO cash compensation.

This study contributes to the executive compensation literature given that there are few studies that provide recent evidence on the impact of compensation committee financial expertise on CEO pay. Moreover, the present study provides insight into the role of compensation committee financial expertise in limiting risk-taking by the CEO and constraining excessive CEO pay.

The rest of the study proceeds as follows: Section 2 reviews related literature. Based on the literature review, the hypotheses for the study are formulated in the same section. Section 3 discusses the methodology and Section 4 presents the empirical results of the study. This is followed by Section 5, which provides the summary and conclusion.

2. LITERATURE REVIEW

In this section, we discuss related literature and theoretical arguments underlying the rise in CEO compensation. The market forces hypothesis and managerial power hypothesis are key theoretical arguments in the executive compensation literature that explain the setting of CEO pay. According to Frydman and Jenter (2010), available empirical evidence suggests that both the competitive market forces hypothesis and the managerial power hypothesis are important determinants of CEO compensation. However, they argue that neither of these two perspectives stands alone as a formidable hypothesis that is fully consistent with the existing empirical evidence.

Proponents of the market forces hypothesis argue that CEO compensation is determined by optimal contracting in a competitive market for high managerial skills (Frydman & Jenter, 2010). Frydman and Jenter (2010) suggest that there has been a shift in the demand for managerial skills from firm-specific to general managerial skills. Murphy and Zabojnik (2004) argue that the shift has resulted in intense competition in the labor market for managerial skills. This has led to an increase and improvement in the options available to managers in the market as the demand for their skills increase. This provides managers with the opportunity and bargaining power to get a greater share of their firms' rents. Holmstrom (1979) suggests that such optimal contracting emanates from an arm's length transaction between knowledgeable parties, that is, management and the board of directors. Moreover, Holmstrom (1979) argues that the resulting compensation contract offers a form of incentive that aids in reducing the agency problem.

Murphy (2012) posits that the optimal contracting perspective considers CEO compensation as providing a mechanism that helps to mitigate agency problems between management and shareholders. Similarly, Frydman and Jenter (2010) note that the optimal contract provides a balance between the incentives provided to management and the risk associated with the volatility in pay given that managers are deemed to be risk averse. Related to this argument and consistent with the market forces hypothesis, Hermalin (2005) finds that firms increase CEO compensation levels in response to the heightened threat on CEO job stability, which in turn is attributed to increased monitoring by boards. These arguments suggest that the rise in CEO compensation over the years can be attributed to enhanced corporate governance mechanisms (Frydman & Jenter 2010).

We now turn our attention to the managerial power hypothesis. Based on the managerial power perspective, Bebchuk, Fried and Walker (2002) note that high levels of CEO pay can be attributed to the influence that powerful CEOs exert in organizations which allows powerful CEOs to determine their pay levels and extract rents from companies. Thus, based on the managerial power hypothesis, higher levels of CEO compensation are the result of weaker corporate governance mechanisms (Bebchuk et al 2002). Such weak corporate governance mechanisms and acquiescence of the board allows for the setting of inefficiently higher levels of CEO compensation. Consistent with the managerial power perspective, Murphy (2012) suggests that excessive CEO compensation signals the existence of agency problems between management and shareholders while Lee (2014) notes that the rent seeking behavior of CEOs exacerbates the agency problem between management and shareholders.

According to Bebchuk et al (2002), majority of the rent extraction practices takes place through less observable and difficult to value compensation forms such as options, severance pay, and perquisites. Bebchuk et al (2002) also note that despite the negative perception of rent extraction, the phenomenon continues to exist in companies because terminating a CEO who has extracted rent can be costly to a company. Moreover, even if a company fires its rent extracting CEO, one cannot vouch that the next CEO will not also extract rents. Consequently, companies reduce CEO rent extraction by strengthening their

corporate governance mechanisms and reducing acquiescence of their boards. Consistent with the argument that stronger corporate governance mechanisms reduce rent extraction by CEOs, Lee (2014) notes that effective compensation committees constrain the influence that CEOs have in the setting of their compensation levels.

From the preceding discussion, the competitive market forces hypothesis considers higher levels of CEO compensation as resulting from stronger corporate governance mechanisms and more effective monitoring, while the managerial power hypothesis considers higher levels of CEO compensation as resulting from weaker corporate governance mechanisms and less effective monitoring. Accordingly, we consider both theoretical views in the formulation of the hypothesized relations between total CEO pay level and compensation committee financial expertise.

Compensation Committee Financial expertise and CEO Pay

Regulation S-K requires companies to disclose the qualification and experience of their directors (SEC Regulation S-K; SEC 2006). Adams, Akyol, and Verwijmeren (2018) explore this Regulation S-K provision and find a positive association between firm performance and director skill sets. Fedaseyeu, Linck, and Wagner (2018) note that qualified directors can take on more functions compared to non-qualified directors. Engel, Hayes, and Wang (2010) report that financial expertise increases the monitoring effectiveness of the audit committee.

According to Reiter (2004), the knowledge and experience of compensation committee members enhance the compensation committee's monitoring effectiveness similar to the audit committee. Thus, based on Reiter (2004), financial expertise of compensation committee members can increase the monitoring effectiveness of the compensation committee by constraining CEO pay.

From the competitive market forces hypothesis, an increase in the monitoring effectiveness of the compensation committee results in an increase in CEO compensation, which implies a positive relation between compensation committee financial expertise and CEO pay level. However, from the managerial power hypothesis, financial expertise increases the monitoring effectiveness of the compensation committee, which leads to a decrease in the level of CEO pay. Thus, from the managerial power hypothesis, a negative relation is expected between compensation committee financial expertise and CEO pay level. Given that the managerial power hypothesis and competitive market forces hypothesis present two opposing predictions about the relation between compensation committee financial expertise and CEO pay level, we state the hypothesized relation without a direction as follows:

H1: There is a significant relation between compensation committee financial expertise and the level of CEO pay.

3. METHODOLOGY

Sample Selection and Data Sources

Data from four sources, all available on the Wharton Research Data Services (WRDS) are merged to form the sample for this study. The sample period covers ten years from 2007 to 2016. We obtained CEO compensation data from Execucomp, and data on compensation committee members from Institutional Shareholders Services (ISS). Company financial data was obtained from Compustat while stock returns data was obtained from CRSP. We merged the data obtained from the four sources to obtain 12,490 observations. The final sample of 11,889 observations was obtained after excluding 601 observations with missing data. Table 1 summarizes the sample selection.

Table 1
Sample Selection

Sample	Observations
Total Observations from Execucomp from 2007 – 2016	186,908
Less Missing observations from:	
Compustat	63,466
CRSP	38,895
ISS	72,057
Missing values	601
Final Full Sample	11,889

Dependent Variables

Our dependent variable COMPSEC is total CEO compensation. Consistent with Sun and Cahan (2009) and De Cesari Gonenc, and Ozkan (2016), we measure COMPSEC as the natural logarithm of the CEOs total compensation. We also examine the structure of CEO compensation by considering the ratio of CEO equity compensation to total CEO compensation, the ratio of CEO cash compensation to total CEO compensation, and the ratio of CEO bonus compensation to the total compensation.

Independent Variables

Our test variable FINEXP is compensation committee financial expertise. We define FINEXP as a director who has accounting or finance expertise and includes directors who have experience as public accountant, auditor, principal accounting officer, controller, or principal financial officer consistent with literature (Krishnan & Lee, 2009; Thiruvadi, 2012). This study examines the association between compensation committee financial expertise and CEO pay levels. We operationalize FINEXP as a binary variable that equals to one when there is a financial expert on the compensation committee, zero, otherwise.

Control Variables

We include control variables in the model that are consistent with the CEO compensation literature. Similar to prior studies such as Davidson, Xie and Xu (2004) that examine the monitoring effectiveness of directors with financial

expertise, some of the controls in our model represent board governance effects that are operationalized as binary variables.

We control for compensation committee independence based on the finding of a positive association between compensation committee independence and CEO compensation by Guthrie, Sokolowski and Wan (2012). Thus, the presence of independent members on the compensation committee could lead to higher CEO compensation. Our study focusses on the presence of independent directors on the compensation committee. Therefore, we operationalize compensation committee independence INDEP, as a binary variable that equals one when the compensation committee has at least one independent director, and zero, otherwise.

BUSY represents busyness of compensation committee members. BUSY is whether the compensation committee members also serve on the boards of other firms. Sun and Cahan, (2009) suggest that directors who serve on the boards of other firms may have the experience to function better in their role. On the contrary, they may be too busy, which can potentially affect their effectiveness. Similar to Sun and Cahan, (2009), we measure BUSY, as a binary variable that equals one, if at least one member of the compensation committee of the firm serves on the board of another firm, otherwise, zero.

OVERLAPPING is when a member of the compensation committee also serves on other committees of the firm. Chandar, Chang, and Zheng (2012) argue that overlapping members transfer their experience from one committee to another. Therefore, we expect that compensation committee members who also serve on other boards will be very effective and efficient with their performance on the compensation committee. Their experience will help with setting the CEOs' compensation considering all the information they have acquired from other boards and their understanding of the firm. Therefore, the presence of overlapping members will be beneficial to the compensation committee. We measure OVERLAPPING as a binary variable equal to one when at least one compensation committee member serves on other committees of the board of firm, zero, otherwise.

Usman, Zhang, Wang, Sun, and Makki (2018) report that compensation committees that are gender-diverse are better at deciding CEOs' compensation than a non-gender-diverse committee. Therefore, we include the variable GEN, in the model to control for gender diversity. Following Usman et al (2018), we measure GEN as a binary variable that equals one, if there is at least one female on the compensation committee, zero, otherwise.

We also include PEROWNER in the model to capture the effect of the percentage of equity ownership of compensation committee members. We measure PEROWNER as the percentage of the company's equity owned by the compensation committee member.

Consistent with Wu and Li (2015), we control for the size of the firm, SIZE, as the natural logarithm of the total assets of the company. In addition, we control for the firm's leverage, by including the variable LEV in our model. We calculate LEV as the ratio of total debt to total equity. DIR_TEN is included in the

model to control for the tenure of the compensation committee members. We measure DIR_TEN as the absolute value of the difference between the year the compensation committee member began service and the fiscal yearend under consideration. Consistent with prior research such as Sun and Cahan (2012), we include CEO tenure as a control variable in the model. CEO tenure refers to the number of years a CEO served on the board. We measure the CEO tenure as the absolute value of the difference between the year the CEO began service as CEO, and the fiscal year under consideration. Based on Conyon and He (2004), we include the age of the CEO, CEOAGE, in the model as a control variable. We measure CEOAGE as the age of the CEO at the end of the fiscal year under consideration.

We control for firm performance using return on asset, ROA, and annual stock return, STKRET. Consistent with Anderson and Bizjack (2003), we compute ROA as the ratio of earnings before interest and taxes to total assets, while we measure STKRET as the average of the twelve months stock returns of the firm. Consistent with the literature, we control for the industry fixed effect and year fixed effect in our model.

Regression Model

We use Ordinary Least Squares (OLS) regression to statistically test the hypothesis on the relation between the CEO pay level and compensation committee financial expertise. The regression model is as follows:

$$\begin{aligned} COMPSEC_{it} = & \beta_0 + \beta_1 FINEXP_{it} + \beta_2 PEROWNER_{it} + \beta_3 INDEP_{it} \\ & + \beta_4 BUSY_{it} + \beta_5 OVERLAPPING_{it} + \beta_6 DIR_TEN_{it} \\ & + \beta_7 CEO_TEN_{it} + \beta_8 CEOAGE_{it} + \beta_9 GEN_{it} + \beta_{10} SIZE_{it} \\ & + \beta_{11} ROA_{it} + \beta_{12} LEV_{it} + \beta_{13} STKRET_{it} + INDFE + YRFE \\ & + \varepsilon_{it} \end{aligned}$$

Where:

$COMPSEC_{it}$ represents the total CEO compensation of firm i in year t .

$INDEP_{it}$ is a binary variable equal to one if at least one compensation committee member is independent of firm i in year t , zero, otherwise.

$PEROWNER_{it}$ indicates the percentage of equity ownership of compensation committee members of firm i in year t .

$FINEXP_{it}$ is a binary variable equal to one if at least one member of the compensation committee is a financial expert, zero, otherwise.

$BUSY$ is a binary variable equal to one if at least one compensation committee member also serves on the board of another firm, zero, otherwise.

$OVERLAPPING_{it}$ is a binary variable representing whether a compensation committee member serves on other committees of the board of firm i in year t , zero, otherwise.

DIR_TEN_{it} indicates the tenure of compensation committee members of firm i in year t .

CEO_TEN_{it} represents the tenure of the CEO of firm i in year t .

CEOAGE_{it} indicates the age of the CEO of firm i in year t .

GEN_{it} is a binary variable equal to one if at least one compensation committee member is female, zero, otherwise.

SIZE_{it} refers to the size of firm i in year t .

ROA_{it} represents return on assets of firm i in year t .

LEV_{it} refers to leverage of firm i in year t .

STKRET_{it} refers to the annual stock returns of firm i in year t .

INDFE represents industry fixed effects of the firm.

YRFE refers to year fixed effects of the firm,

ε is the error term.

4. EMPIRICAL RESULTS

Table 2 reports the descriptive statistics for the 11,889 sample observations over the period 2007 to 2016. The average (median) value of CEO compensation (COMPSEC) is \$5,806,960 (\$2,550,310). Similar to Conyon and He (2004), we find that the average CEO compensation is substantially higher than the median CEO compensation which suggests that our CEO compensation data is skewed to the right. Average (median) proportion of CEO cash compensation to total CEO compensation is 0.3281 (0.3067). The average (median) proportion of CEO equity compensation to total CEO compensation is 0.3455 (0.3220).

The average (median) proportion of independent compensation committee members (INDEP) is 0.8104 (1.00). Our finding that 81.04 percent of compensation committee members are independent implies that about 18.96 percent of the compensation committee members are not independent. The percentage of compensation committee members that are not independent in this study appears to be much higher than in Conyon and He (2004) who find that 5 percent of compensation committee members are insiders. The average (median) percentage of the total outstanding stock owned by compensation committee members (PEROWNER) is 5.78 % (0.44%) while the average (median) tenure of directors on the compensation committee is 15.4128 (14.0).

Table 2 also indicates that the average (median) proportion of compensation committee financial experts (FINEXP) is 0.1333 (0) while the average (median) proportion of female compensation committee members (GEN) is 0.1588 (0). We also report that the average (median) proportion of compensation committee members serving on other board committees of the same firm (OVERLAPPING) is 0.3978 (0.00) while the average (median) proportion of compensation committee members serving on boards of other firms (BUSY) is 0.0030 (0.00). Also, we report that the average (median) tenure for compensation committee directors (DIR_TEN) is 15.4128 (14). We document the average (median) age of CEOs (CEOAGE) as 61.25 (61.0) while the average (median) tenure of a CEO (CEO_TEN) is 19.1544 (17.0). The average tenure of the CEOs in our sample (19.1544 years) is substantially higher than the average CEO tenure in Sun and Cahan (2012), which is 7.645 years. Average (median) size of the firms in our sample is 4.0615 (4.0056) while the average (median) leverage of the firms is 0.6117 (0.4087). For the firm performance control variables, we find that the

average (median) earnings before interest and taxes scaled by total assets (ROA) is 0.0419 (0.0295). Finally, average (median) 12-month stock returns (STKRET) is 0.0047 (0.008).

Table 2
Descriptive statistics

Variable	Mean	Median	SD
COMPSEC	5806.96	2550.31	7536.4
SAL_CEOPAY	0.3281	0.3067	0.2289
BON_CEOPAY	0.4102	0.3655	0.3320
EQT_CEOPAY	0.3455	0.3220	0.2808
PEROWNER	5.7838	0.4380	15.2308
FINEXP	0.1333	0.0000	0.3399
INDEP	0.8104	1.0000	0.3920
BUSY	0.0030	0.0000	0.0549
OVERLAPPING	0.3978	0.0000	0.4895
DIR_TEN	15.4128	14.0000	9.0381
CEO_TEN	19.1544	17.0000	6.1453
CEOAGE	61.2458	61.0000	3.9118
GEN	0.1588	0.0000	0.3655
SIZE	4.0615	4.0056	0.4279
ROA	0.0419	0.0295	0.0382
LEV	0.6117	0.4087	0.5895
ROE	0.1070	0.0969	0.0826
STKRET	0.0047	0.0080	0.0159

Table 2 presents descriptive statistics for the sample. COMPSEC is the CEO's total compensation in thousands measured in Execucomp as TDC1. SAL_CEOPAY is the ratio of salary to total compensation of CEO of firm i in year t. BON_CEOPAY is the ratio of bonus to total compensation of CEO of firm i in year t. EQT_CEOPAY is the ratio of equity to total compensation of CEO of firm i in year t. INDEP is a binary variable equal to 1 if the compensation committee member is independent, zero, otherwise. PEROWNER is the equity ownership of the compensation committee member expressed as a percentage of total outstanding shares of the firm; FINEXP is a binary variable equal to 1 if compensation committee member is a financial expert, zero, otherwise; GEN is a binary variable equal to 1 if compensation committee member is a female, zero, otherwise; DIR_TEN is the duration of compensation committee member's service measured as the difference between the fiscal year service began and the final fiscal year under consideration; OVERLAPPING is a binary variable equal to 1 if compensation committee member serves on another committee of the same firm , zero, otherwise; BUSY is a binary variable equal to 1 if compensation committee member serves on the board of another firm, zero, otherwise; CEOAGE is age of the CEO at end of the fiscal year under consideration; CEO_TEN is the duration of CEO's service measured as the difference between the fiscal year service began and the fiscal year service ended or the final fiscal year under consideration; SIZE is defined as the natural logarithm of total assets; LEV is equal to total debt divided by total assets; ROA is the earnings before interest and taxes scaled by total assets; STKRET is the estimated as the average 12-month stock returns of the firm.

Table 3 presents the results of the regressions of CEO compensation on compensation committee financial expertise and the control variables. As shown in Table 3, Columns 1, 2 and 3, the regression models are statistically significant at 1%. Column 1 indicates that CEO total compensation is negatively associated with compensation committee financial expertise (Coefficient = -0.0279, p<0.01). Column 2 indicates that ratio of CEO equity compensation to total compensation is negatively associated with compensation committee financial expertise (Coefficient = -0.0129, p<0.05). Column 3 indicates that ratio of CEO cash compensation to total compensation is positively associated with compensation committee financial expertise (Coefficient = 0.0269, p<0.01).

Table 3
Regression of CEO compensation on Compensation committee independence and financial expertise

Variable	Parameter Estimate		
	Total Comp	Equity	Cash
Intercept	0.7565	0.6482***	0.2279***
FINEXP	-0.0279***	-0.0129**	0.0269***
PEROWNER	-0.0008***	-0.0004***	0.0006***
INDEP	-0.0732***	-0.0389***	0.0365***
BUSY	-0.0173	0.0300**	0.0623***
OVERLAPPING	0.1001***	0.0589***	-0.0264***
DIR_TEN	-0.0035***	-0.0022***	0.0012***
CEO_TEN	-0.0146***	-0.007***	0.004***
CEOAGE	0.0169***	-0.005***	0.0056***
GEN	0.0157***	0.0011	-0.009***
SIZE	0.3731***	-0.0241***	-0.0206***
ROA	5.7584***	-0.1952***	-2.0194***
LEV	0.0700***	0.1690***	-0.0531***
STKRET	-1.9381***	-0.1905	2.0108***
YR FE	Yes	Yes	Yes
IND FE	Yes	Yes	Yes
N	11889	11889	11889
R-Sq	0.8571	0.461	0.6573
Adj R-Sq	0.8569	0.4603	0.6568
F-Value	4745.7	676.96	1517.85
P-Value	<.0001	<.0001	<.0001

Table 3 reports the results of the regressions of CEO compensation on industry, firm, and executive characteristics. Column 1 presents the results when the dependent variable is total CEO compensation (COMPSEC). Column 2 presents the results for the equity compensation of CEO estimated using the ratio of equity compensation to total compensation of the CEO (EQT_CEOPAY) while Column 3 presents the results for cash compensation estimated using the ratio of cash compensation to total compensation of the CEO (SAL_CEOPAY); COMPSEC is the CEO's total compensation in thousands measured in Execucomp as TDC1; SAL_CEOPAY is the ratio of the salary paid to the CEO to the total compensation of the CEO; EQT_CEOPAY is the ratio of the equity compensation of the CEO to the total compensation of the CEO; INDEP is a binary variable equal to 1 if the compensation committee member is independent, zero, otherwise; PEROWNER is the

equity ownership of the compensation committee member expressed as a percentage of total outstanding shares of the firm; FINEXP is a binary variable equal to 1 if compensation committee member is a financial expert, zero, otherwise; GEN is a binary variable equal to 1 if compensation committee member is a female, zero, otherwise; DIR_TEN is the duration of compensation committee member's service measured as the difference between the fiscal year service began and the final fiscal year under consideration; OVERLAPPING is a binary variable equal to 1 if compensation committee member serves on another committee of the same firm , zero, otherwise; BUSY is a binary variable equal to 1 if compensation committee member serves on the board of another firm, zero, otherwise; CEOAGE is age of the CEO at end of the fiscal year under consideration; CEO_TEN is the duration of CEO's service measured as the difference between the fiscal year service began and the fiscal year service ended or the final fiscal year under consideration; SIZE is defined as the natural logarithm of total assets; LEV is equal to total debt divided by total assets; ROA is the earnings before interest and taxes scaled by total assets; STKRET is the estimated as the average 12-month stock returns of the firm. ***, **, and * represent significant levels at 1% and 5%, respectively.

5. DISCUSSION AND CONCLUSION

In this study, we examine whether compensation committee financial expertise is associated with CEO pay. We report a negative relation between total CEO pay and compensation committee financial expertise. We also report a negative relation between the proportion of CEO equity compensation and compensation committee financial expertise and a positive relation between the proportion of CEO cash compensation and compensation committee financial expertise.

The finding of a negative relation between total CEO pay and compensation committee financial expertise is in line with the managerial power perspective and suggests that compensation committee financial expertise results in more effective monitoring, which curbs excessive CEO pay. The reported negative relation between compensation committee financial expertise and total CEO pay is consistent with prior research such as Reiter (2004) who notes that knowledge and experience of compensation committee members enhance the monitoring role of the compensation committee. Regarding the influence of compensation committee financial expertise on CEO compensation structure, our results imply that financial expertise on the compensation committee makes the compensation committee more conservative regarding risk taking by the CEO which is reflected in a lower proportion of CEO equity compensation and a higher proportion of CEO cash compensation.

The present study contributes to the executive compensation literature as few studies provide recent evidence on the impact of compensation committee financial expertise on CEO pay. The results of our study should be useful to stakeholders such as auditors, shareholders, and regulators as it provides them with insight into the role of compensation committee financial expertise in limiting risk-taking by the CEO and constraining excessive CEO pay.

A limitation of this study is that it does not consider the input of other board members in the setting of CEO compensation. Another limitation is that this study considered financial expertise of the compensation committee but did not consider the impact of other experts such as compensation consultants.

Appendix Variable Definition

Variable	Definition and Measurement
COMPSEC	Total CEO compensation of firm i in year t (TDC1 from Execucomp)
SAL_CEOPAY	Ratio of salary to total compensation of CEO of firm i in year t
BON_CEOPAY	Ratio of bonus to total compensation of CEO of firm i in year t
EQT_CEOPAY	Ratio of equity to total compensation of CEO of firm i in year t
INDEP	Independence of compensation committee member measured using a binary variable. It is equal to 1 when the compensation committee members are not management members and 0 otherwise
PEROWNER	Ownership of compensation committee members measured as a percentage of outstanding shares of the company
FINEXP	Financial expertise of the compensation committee members measured by a binary variable. It is equal to 1 when at least one compensation committee members have expertise in accounting or finance and 0 otherwise
GEN	Gender of Compensation committee members. It is measured by a binary variable that is equal to 1 when at least one member of the compensation committee member is a female and 0 otherwise
DIR_TEN	Director tenure. It is how long a director has served on the committee and is measured by the difference between the year service began and the fiscal the fiscal year under consideration
OVERLAPPING	It considers whether a compensation committee member serves on other board committees of the company. It is measured by a binary variable that equals 1 when the committee member serves on other board committees and 0 otherwise
BUSY	Busy is whether a compensation committee member serves on the board of other firms. It is measured by a binary variable that equals 1 if a compensation committee member serves on the board of another firm, zero, otherwise
CEOAGE	Age of CEO. Measured as the age of the CEO at the end of the fiscal year under consideration
CEO_TEN	CEO Tenure. It is the number of years the CEO has served in that position
SIZE	Size of the firm. Measured as the natural log of total assets of the company
LEV	Leverage of the firm. It is the ratio of total debt to total assets
ROA	Return on assets. Measured as earnings before interest and tax to total assets
STKRET	Annual stock returns. It is estimated as the average 12-month stock returns of the firm
INDFE	Binary variable to proxy for industry category
YRFE	Binary variable to proxy for year effect

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Journal of Business and Behavioral Sciences

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LEADERSHIP AND CONTEMPT IN ORGANIZATIONS: A CONCEPTUAL MODEL AND RESEARCH AGENDA

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ABSTRACT

With the ongoing rapid and dynamic pace of business activities such as bankruptcies, acquisitions, mergers, and innovations, intense competition has become a mainstay in organizational life (Malhotra, 2010). Moreover, the current COVID-19 pandemic has exacerbated these trends. Both employees and leaders alike are engulfed by the ‘fog of war’ and, along the way, emotions are among the casualties. In recent years, there has been a surge in research on emotions in the workplace. One emotion which has received comparatively less attention is contempt, defined collectively as feelings of superiority, disapproval, scorn, and condescension (Melwani & Barsade, 2011; Melwani, Mueller, & Overbeck, 2012; Miranda & Welbourne, in press). In this conceptual paper, we propose a model that explains how a highly competitive workplace environment can lead employees to feel contempt for one another, and how this emotion could increase the occurrence of contempt behaviors. Furthermore, we elucidate the moderating role of leadership style, namely transformational and transactional leadership, in the development of contempt and subsequent work incivility. We conclude with important implications for research and praxis, and for organizational development and human resource practitioners who are particularly interested in the role of emotions in organizations.

Keywords: Contempt; competition; leadership; workplace incivility; emotions.

INTRODUCTION

Competition is one of the most important hallmarks of social beings coexisting in groups. Often considered the opposite of cooperation, it is defined as the pursuit of assets that are perceived to be scarce and contested (Deutsch, 1949). Competition is ubiquitous among individuals, groups, and organizations and, in a general sense, it is a contest between rivals not only for resources, but also for prestige, recognition, social status, and even leadership in varied domains such as athletics, academia, politics, and business (Hirschleifer, 1978; Malhotra, 2010). Despite some advantages that competition bestows on its victors, it can also have pernicious effects on competitors’ interpersonal relations. Nobel laureate Konrad Lorenz (1966) noted long ago how competition for social rank produces an arsenal of aggressive emotions and behaviors that are vital to survival. In today’s

socially complex world, however, these psychological and behavioral manifestations can become awry and maladaptive if left unchecked. For example, scholars have demonstrated that competition elevates people's overt aggression (Carré, McCormick, & Hariri, 2011; Muller, Bushman, Subra, & Ceaux, 2012), their tendency to sabotage others' work (Hoffman, Festinger, & Lawrence, 1954; Münster, 2007), and their pleasure when witnessing others' pain (Cikara, Bruneau, & Saxe, 2011). Indeed, the fact that competition is highly valued within organizations may be one reason explaining the degradation in civil workplace behavior that we have witnessed over time (Delios, 2010).

Scholars have noted that leaders can mitigate employees' negative thoughts and behaviors (Hepworth & Towler, 2004) because they are seen as moral and righteous models (Bass & Avolio, 1985; Conger & Kanungo, 1987). As such, they challenge their followers to go beyond looking after their self-interests and to seek their group's welfare (House, 1977). Researchers have also begun to consider leaders as "managers of group emotions" (Scott, Colquitt, Paddock, & Judge, 2010, p. 128). Of the studies on emotions in organizational behavior, few have looked at the emotion of contempt *per se* (Lord & Kanfer, 2002). Most studies investigating this discrete emotion have employed samples typical of sociology (e.g., married couples; Gottman, 1993; Katz & Gottman, 1993) and social psychology (e.g., students; Hutcherson & Gross, 2011; Rozin, Lowery, Imada, & Haidt, 1999). This is surprising given that contempt is expressed within hierarchical relationships between people who are moderately intimate with one another (Fischer & Roseman, 2007), a key feature of most organizations. Not surprisingly, we are now seeing a surge of research interest within the field of management on contempt in organizations (Miranda & Welbourne, *in press*).

Therefore, our purpose is to explore how two leadership approaches, namely transactional and transformational leadership, differentially affect the way in which an organization's perceived competitive climate triggers employees' feelings of contempt and, consequently, contempt behaviors or incivility *vis-à-vis* their presumed lower-status peers or "downward comparison" targets. We believe that an increased understanding of leadership's influence on employee emotionality and its translation into observable behaviors would greatly benefit organizations wishing to quell contempt among members of its ranks.

Our research contributes to organizational behavior theory and practice in two specific ways. First, it elaborates an emotion that has long been enmeshed with similar emotions such as anger and disgust (Hershcovis, 2011; Hutcherson & Gross, 2011) and, in doing so, clarifies some construct overlap. This enables us to add appreciably to the growing body of knowledge on counterproductive work behaviors. Second, it makes an important inroad about the type of leadership that is required to assuage the contempt feelings and behaviors that some employees might express toward their coworkers. Such individuals can gradually poison the

work environment and provoke qualified employees to quit (Sutton, 2007). Due to their effect in decreasing morale and productivity, it therefore becomes tantamount that organizations recognize the benefits of some leadership styles over others in order to restore a civilized workplace.

The work is outlined as follows. First, we define both competitive climate and contempt. Second, we describe how the perception of competitive environments within organizations elicit contempt and, subsequently, contempt behaviors. We then present a model and accompanying proposition meant to articulate the ways in which two seminal leadership approaches, transactional and transformational leadership, moderate these relationships. Finally, we conclude with a brief exposé on some implications that our research has for practitioners.

LITERATURE REVIEW

Competitive Workplace Climate

In organizational behavior, psychological climate refers to nearly every aspect of employees' perceptions of their work environment. These perceptions include job characteristics, physical settings, supervision, top management, and coworkers (Denison, 1996; see also Parker et al., 2003). Brown, Cron, and Slocum (1998) fine-tuned the concept of competitive psychological climate as "the degree to which employees perceive organizational rewards to be contingent on comparisons of their performance against that of their peers" (p. 89). Factors contributing to a competitive work climate include perceptions of differential reward distribution, having performance compared to other individuals within a work unit, perceiving competition from others, and status-based hierarchical comparisons. Hence, competitiveness can be described not only as an individual trait that distinguishes people from one another, but also as a characteristic of the environment itself (Fletcher, Major, & Davis, 2008). We focus on one category of psychological climate: the competitiveness experienced collectively by fellow employees working in a group and led by a manager whom we designate as 'leader.' As such, we assume the manager to be a leader, and that the organization endows this individual with both decision-making authority and resources to achieve its objectives.

In an increasingly competitive world, establishing one's place in the proverbial pecking order becomes important for both self-conception and advancement opportunities. While some believe that competition enhances organizational outcomes because people strive to achieve (Sauers & Bass, 1990), others are critical because they see competition as a deterrent to helping others thereby undermining team performance (Kohn, 1992). Recent critics have also argued that an unstable organizational hierarchy where positions and status are in constant flux threatens one's self-esteem and results in the development of contempt (Miranda & Welbourne, 2018). We hold with the latter and contend that highly competitive settings signal to employees that status is 'up for grabs,'

thus challenging their self-esteem with the potential to bring on feelings of contempt toward peers whom they deem are inferior.

Contempt: A Misunderstood Emotion

Izard (1977) first classified contempt as part of a triad that included anger and disgust and considered it to be the coldest of the triadic emotions. According to him, contempt involves not only an adverse appraisal of the self's own actions (i.e., self-contempt), but also others' actions closely linked to hierarchy and vertical social evaluation. Solomon (1993) defined contempt as:

“...a judgment against another person of the most severe nature; it finds him worse than offensive, rather vile or repulsive [...] contempt constitutes the other as decidedly inferior, a subhuman creature unworthy of human consideration. It is an attitude of extreme superiority on one’s own part.” (p. 233).

Contempt has important effects on the parties involved, namely the contemner who expresses contempt and the target who receives it (Fischer & Roseman, 2007). To date, most research on contempt has been carried out within sociology and social psychology. Research on intrapersonal or within-person contempt and associated behaviors has focused on moral violations that lead to contempt (Rozin et al., 1999) and on facial expressions of contempt (Matsumoto & Ekman, 2004; Widen, Christy, Hewett, & Russell, 2011). Research on interpersonal contempt has been carried out mostly in the realm of marital and familial relations (Gottman, 1993; Gottman et al., 1995; Katz & Gottman, 1993).

By comparison, research on contempt within organizations is scarce. This is astonishing given that interpersonal and emotional exchanges are central to daily functioning at work (Ashforth & Humphrey, 1995; for exceptions, see Melwani & Barsade, 2011; Melwani, Mueller, & Overbeck, 2012; Miranda & Welbourne, in press). Unlike anger that flares up in private settings where individuals can typically exert forceful control over each other (e.g., in the home), contempt's fertile grounds are less intimate environments where high levels of control are unavailable (Fischer & Roseman, 2007). Therefore, organizational settings with their moderate levels of intimacy, relatively rigid hierarchies, and regulations are well suited for the study of interpersonal contempt. Before we delve into the emotion of contempt as manifested in the workplace, we reflect on what is contempt by reviewing the literature in moral psychology.

Rozin and colleagues (1999) considered contempt and the other triadic emotions to be moral emotions. In their study, they presented university students in both the US and Japan with vignette descriptions of a person violating one of three universal moral codes: individual rights violations (e.g., freedom of choice), communal and hierarchical code violations (e.g., group loyalty), and purity-

sanctity violations (e.g., sacredness of religion). Next, they asked them to assign to each violation an appropriate facial expression or an appropriate word (e.g., contempt, anger, disgust). Results showed that contempt was related to the violation of communal and hierachal moral codes, whereas anger and disgust were related to individual rights violations and purity violations, respectively. Hutcherson and Gross (2011) extended the above study by incorporating competence in each vignette and found that contempt was related to one's judgment that the target is incompetent and that a certain "moral laxness" (p. 733) on their part was needed for the contemner to express the emotion.

In another study, Fiske, Cuddy, Glick, and Xu (2002) found that when people meet others, they become concerned primarily with two things. The first is what the other's goals are vis-à-vis the ingroup, with good and bad intent corresponding to high and low warmth toward the group, respectively. The second concern relates to the other's competence in pursuing those goals. Fiske et al. (2002) replicated previous findings, namely that perceivers feel contempt toward individuals or outgroups they believe have low competence and bad intent (i.e., low warmth). In addition to contemners basing their judgments on the other's level of competence, their judgments were also morally tinged that the target in question becomes viewed as immoral (Solomon, 1993).

The Function of Contempt

Social-functional emotion theory sees emotions as conduits for communicating information about people (Keltner & Haidt, 1999; Oatley & Jenkins, 1992). In the same fashion that some emotions communicate interpersonal goals and intentions (Fridlund, 1994; Roseman, Wiest, & Swartz, 1994), some emotions communicate an individual's relative competence in securing resources for the group and, thus, affect their position within the social hierarchy (Melwani et al., 2012). Contempt is a distancing emotion wherein the person expressing contempt attempts to show that there is a vertical gap between the self and the target, with the self being superior to the less competent or immoral target (Fischer & Roseman, 2007; Morris & Keltner, 2000).

Melwani and Barsade (2011) proposed that contempt has a dual social-distancing function. Whereas it can be used to socially exclude individuals, it can also be used as a status-reducing mechanism. Fischer and Roseman (2007) categorized contempt within the exclusion-emotion family and proposed that the social function of contempt is akin to social exclusion or ostracism: to minimize or eliminate the presence of the target from the individual's ingroup or social network. Individuals who feel contempt also wish to avoid the target themselves (Solomon, 1993). Similarly, Hutcherson and Gross (2011) argued that a primary function of contempt is to label certain individuals as less competent who offer low-quality contributions to the group thereby warranting reduced exposure to them. In a more extreme way, contempt can be seen as a defensive measure

against a suboptimal relationship with a ‘subhuman individual’ (Solomon, 1993). The emphasized inferiority of the target of contempt makes obvious its status-reducing purpose and effect. In fact, when morally conceived, contempt is a response for infringements on communal hierarchies (Rozin et al., 1999). While people tend to feel contempt toward those who violate hierarchies, contempt could be used to change the individual’s perceived social status within the group’s hierarchy. The target’s characterization as lowly creates a status imbalance in favor of the contemner and causes the target to lose status while the contemner gains it (Keltner & Haidt, 1999; Melwani & Barsade, 2011).

Competitive Organizational Climates Breed Contempt

Research has shown that power increases moral hypocrisy, a mild form of aggression (Lammers, Stapel, & Galinsky, 2010). In their study, Lammers et al. (2010) characterized hypocrites as people who demand that others uphold moral norms even though they violate such norms. They primed undergraduate students for power by having them recall an experience in which they had either high or low power, and asked half of them whether cheating was acceptable (i.e., the judgment) while giving the other half the chance to actually cheat (i.e., the behavior). Results showed that, compared with the powerless, the powerful condemned others for cheating yet were more likely to cheat themselves.

One can see how a competition can generate feelings of contempt, since competitors who gain (or lose) power and status may be motivated to behave more aggressively toward their rivals. Indeed, scholars have demonstrated that competition is associated with cheating (Schwieren & Weichselbaumer, 2010) and aggression (Vongas & Al Hajj, 2015). This becomes the starting point for our conceptual model which is illustrated below.

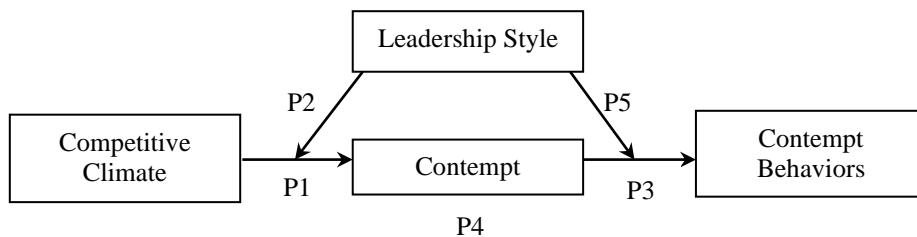


Figure 1. Model of the moderating effect of leadership style on the relationship between competitive climate, contempt, and contempt behaviors

Competing is “the act of striving consciously or unconsciously for an objective (as position, profit, or a prize)” (Merriam-Webster, 2022). While competing is one’s *striving* to achieve objectives, competence is one’s actual *ability* to achieve them. A highly competitive climate is results-driven, and competitive organizations sometimes feel like lonely places where only the fittest survive. They are places where intent matters little; what matters most is to achieve one’s

personal goals successfully while also assisting fellow ingroup members to achieve theirs. Failing in both will make one a liability to their group and organization; by not performing adequately, one risks endangering their peers by way of incompetence and/or a violation of communal obligations. In effect, one can become a prime target of contempt by showcasing one's unworthiness of their social position within the group.

As the competitive climate increases, zero-sum gaming mentality will be more prevalent throughout the organization and underperforming individuals will increasingly fall prey to the appetites of overachievers. More members will be deemed inadequate and, as such, the emotions of contempt will proliferate; more will also be stereotyped as having low competence and negative intent and, consequently, will be subjected to social exclusion and relegated to lower levels within the hierarchy. Again, the social-functional perspective suggests that contempt is an ideal emotion in which one can achieve these two objectives (Melwani & Barsade, 2011).

Proposition 1: There will be a positive relationship between perceived competitive climate and contempt.

Transactional versus Transformational Leadership: Can Leaders Make a Difference?

By virtue of their emotional expressions, leaders impact their group's mood (positive, negative), processes (coordination, effort), and affective tone, i.e., the "consistent and homogenous affective reactions within a group" (George, 1990, p. 108). Leaders also influence employees' emotions and actions through their overall leadership. Research has been prolific when it comes to leadership-based theories with novel leadership styles evolving at an accelerated pace. However, two enduring leadership approaches remain foundational, namely transactional and transformational leadership. Transactional and transformational leaders differ in substantial ways. Transactional leaders operate within the organization's existing culture, avoid risk, and focus on both time constraints and process over substance as a means of controlling situations. Followers of such leaders are not empowered but rather dependent on them. Transformational leaders, conversely, shape the environments that surround them rather than react to them. They are also less likely to support the status quo by seeking novel ways of working and exploring opportunities when faced with risk. Followers of these leaders are empowered to make their own decisions because they are aware of the importance of valued outcomes (Bass, 1985; Bass & Riggio, 2006).

Transactional leadership comprises three main dimensions (Judge & Piccolo, 2004; Bass & Riggio, 2006, also include a fourth, laissez-faire leadership, which is de facto nonleadership). Contingent reward is the extent to which a leader fulfills productive exchanges with followers. In doing so, they clarify standards

and establish rewards for meeting them. Management-by-exception is the degree to which the leader takes remedial action based on experience from existing leader-follower transactions. The difference between management-by-exception *active* and *passive* lies in when the leader decides to intervene. Active leaders monitor follower behavior and take pre-emptive measures before serious problems arise while passive leaders wait for errors to occur before taking action. In our work, we focus solely on contingent reward leadership given that we are not concerned with temporal effects, i.e., the timing of leader interventions. A second reason is that workplace competition involves the distribution of rewards based on employee performance that is judged by leaders which is itself a key feature of the contingent reward style.

Transformational leadership possesses four dimensions (Judge & Piccolo, 2004). Inspirational motivation occurs whenever leaders articulate a rousing vision and challenge their followers with high standards. Idealized influence or charisma is when leaders behave admirably by taking a stand, displaying conviction, and appealing emotionally to their followers. Intellectual stimulation is about leaders encouraging their followers to think ‘outside the box’ by challenging assumptions, taking risks, and soliciting ideas. Finally, individualized consideration happens when leaders provide their followers with guidance, listen to their concerns, and act as coaches and mentors to help develop them.

We propose that the above two leadership approaches will have moderating effects on the way in which the perceived competitive organizational climates will translate to employees’ contempt. For one, transactional leaders’ insistence on contingent rewards (i.e., “if you do this, you get that”) void of any emotional bonding should exacerbate the extent to which competition triggers feelings of contempt among employees who are competing for status within the hierarchy. Everyone’s focus will be shifted on individual competencies and what each member ‘brings to the table’ to accomplish goals as efficiently as possible, rather than to deal with mistakes committed through trial and error that often characterizes innovation and a departure from the status quo. Contrarily, transformational leaders are less concerned about efficiency as they are about mastery and effectiveness (Lowe, Kroeck, & Sivasubramaniam, 1996). By not adhering tightly to the status quo that typically implies the bottom line, and by empowering followers to shape their destiny and to decide for themselves how best to accomplish their goals, transformational leaders remove the myopic emphasis on rewards and deadlines. Moreover, because these leaders value employee creativity and welcome new ways of approaching a problem, they are more likely to support their employees as they trail off the path occasionally. This is not to say that they accept mediocrity, but rather that their long-term vision would encourage followers to focus more on their strengths rather than their weaknesses. Therefore, in light of the above logic, we posit:

Proposition 2: Leadership type will moderate the relationship between perceived competitive psychological climate and contempt such that the relationship becomes stronger (weaker) under transactional (transformational) leadership.

Contempt: From the Emotion to the Behavior

In his discussion of emotions, Solomon (1993) stated that “emotions are patterns of behavior, or, in the psychologist’s hydraulic terms, a “drive” or a “tendency” toward a certain behavioral response.” (p. 102). This resonates with Frijda (1986) who viewed emotions as action readiness, changing the flow of action, and aiding goal prioritizing (cited in Oatley & Jenkins, 1992). Seen like this, emotions are reservoirs of energy that could be used to fuel emotion-congruent behaviors under certain conditions. This does not mean that the mere existence of the emotion stipulates the occurrence of the behavior, but rather that the emotion makes individuals more driven to perform certain actions. An angry person might not assail someone, but being angry certainly makes performing such a violent gesture more probable than if the anger was absent. Using the same rationale, we can easily see how an individual consumed with contempt emotions is more likely to engage in contempt behaviors and the stronger the contempt, the stronger the tendency to perform these behaviors. Contempt behaviors can range from the benign (e.g., curling of the upper lip) to the more destructive such as social exclusion (e.g., the silent treatment) or belittlement (e.g., telling someone that their work is worthless) (Neuman & Baron, 1998). Thus, we posit:

Proposition 3: There is a positive relationship between contempt and contempt behaviors.

Is there a way that competitive environments might lead to the spread of contempt behaviors beyond the mechanism described in our model? The answer will most likely be yes, since psychosocial phenomena are too complex to be fully explained by a singular mechanism. One might argue, for example, that the degree of competition will affect organizational norms so that contempt behaviors are more common as competition increases. Contempt behaviors might then be used as negative reinforcers to boost the competence of the target. Although probable, using contempt behaviors as reinforcers can be dangerous because such a strategy would permanently damage the relationships among individuals (Fischer & Roseman, 2007). Therefore, we believe that an emotional mechanism is more likely at play here. Variations in competitive climate will lead to changes in the experience of contempt which, in turn, will affect the probability of occurrence of contempt behaviors. As such, we propose:

Proposition 4: Contempt mediates the relationship between perceived competitive climate and contempt behaviors.

So far, we have discussed how the social-functional view of emotions gives contempt the dual role of ostracizing someone from the group and reducing their position in the hierarchy (Melwani & Barsade, 2011). This two-pronged function is achieved through the exercise of contempt behaviors, and any attempt to lower the frequency of these behaviors (i.e., ostracism and status relegation) should address this dual functionality. Transformational leaders emphasize unity and harmony within the ingroup. They are also closer to their employees by virtue of the individualized consideration that they enact and, by emphasizing the togetherness of the group and socially exhibiting acceptance to the target of contempt, they minimize any emotional drives to ostracize a target. Transformational leaders also deemphasize social stratification by avoiding speaking in hierachal language (e.g., “she is the best, and you came second”). In less stratified social hierarchies, the second function of contempt, namely reducing someone’s status in the group, is neutralized. On the other hand, by emphasizing goal accomplishment as a way to gain individual and group benefits, transactional leaders may exaggerate the perceived incompetence of the target. Any mishap will be seen as another obstacle to the group’s wellbeing and the target’s behaviors will be deemed not only inept but also ill intended. In addition, the transactional leader’s overreliance on competence inflates its role in determining the group hierarchy. Any lapses in competence will be likely translated to a devaluation. As such, the actions of the transactional leader will help trigger whatever dormant contempt may exist into full-blown contempt behaviors. Should the leader take punitive actions against the less competent target, the onslaught of contempt behaviors by everyone else will be more than simply expressions of felt emotion but, more importantly, legitimate behaviors as well. Hence, we posit:

Proposition 5: Leadership type will moderate the relationship between contempt and contempt behaviors such that the relationship becomes stronger (weaker) under transactional (transformational) leadership.

At this juncture, we should mention that the two leadership styles can coexist for a given leader. However, what we propose is that the general approach to leadership, either transformational or transactional, and the degree to which each is practiced will influence how contempt will lead to differential outcomes.

IMPLICATIONS FOR PRACTITIONERS

Our work is relevant in occupations where good interpersonal relationships are critical to success and where competition is also highly encouraged. Examples of white-collar jobs include sales, financial trading, negotiation, and litigation where “winners” are rewarded with tangible and intangible status symbols. In the blue-collar sector, examples of jobs include offshore drilling, construction, and mining among others that are highly competitive. Given that sales jobs in various forms

in the US alone represent millions of workers (US Bureau of Labor Statistics, 2022), practitioners must understand not only the effect that competition has on their employees' emotional makeup, but also that a certain type of leadership approach would be better suited to minimize the prevalence of potentially counterproductive contempt behaviors.

Another important consideration is what targets of contempt behaviors can do when faced with this situation. Contempt is a highly provocative emotion that may result from psychological abuse which can influence the target's self-esteem, general mood, and cognitive functioning (Fischer & Roseman, 2007; Melwani & Barsade, 2011). People who become socially excluded feel worthless and show signs of self-defeating behavior (see also Twenge, Catanese, & Baumeister, 2002, 2003). Targets also experience feelings of retaliatory contempt and reactive aggression against contempliers (Fischer & Roseman, 2007; Melwani & Barsade, 2011). Other findings on contempt that make evident the importance of its consideration in an organizational setting include the fact that it is more difficult to undo than anger (Hutcherson & Gross, 2011). By virtue of its power in excluding members from social networks, it has also been shown to be negatively related to the probability of reviving a relationship following an episode of contempt (Fischer & Roseman, 2007). As such, contempt can intoxicate the workplace irreversibly. Finally, Fischer and Roseman (2007) showed that although anger can occur without contempt, contempt is almost always accompanied by anger, making contempt a double-barreled emotion that is accompanied by anger's multiplicative effects in addition to its own.

SUMMARY AND CONCLUSIONS

In recent years, we have experienced global crises including the tsunamis in the Pacific and Indian Ocean regions, the 2008 global financial crisis, the Eurozone debt crisis, and the COVID-19 pandemic. Crises like these are unforeseen and impactful, eliciting a cascade of emotions among stakeholders who will question their organization's – and by extension their own – survival. It is therefore paramount that leaders prepare for handling their followers' emotional and behavioral responses during a crisis. According to a recent comprehensive review of the crisis leadership literature (Wu, Shao, Newman, & Schwarz, *in press*), the authors urged future scholars to focus on leader emotion management in crisis contexts because too much emphasis has been placed on what leaders can do cognitively when faced with a crisis (e.g., sensemaking).

In this paper, we argued that competitive work climates give rise to a plethora of negative emotions, and crises will exacerbate the intensity of these emotions. Affective events theory (Weiss & Cropanzano, 1996) suggests that negative events affecting the workplace will impact employees' emotions and subsequent job satisfaction and performance. Thus, any contempt directed at employees will lead to both immediate and delayed emotions and behaviors as victims try to

restore their shattered self-concept. These employees might then lash out and react aggressively either toward others or the organization (e.g., pilferage, vandalism). At the other extreme, they might simply withdraw and quit. Either way, organizations should be very concerned about having to deal with such adverse consequences and knowing the mechanisms by which contempt triggers the onslaught of counterproductive work behaviors and what leadership can do to address them would be a worthwhile endeavor to pursue.

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Al Hajj and Vongas

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PREDICTING THE IMPACT OF CULTURAL VALUES AND SOCIOECONOMICS ON INTERNATIONAL CAUSE-RELATED MARKETING STRATEGIES

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ABSTRACT

Corporate social responsibility (CSR) is an important component of brand equity strategy. To demonstrate CSR, firms often engage in cause-related marketing (CRM). CRM programs feature the firm's contribution of a percentage of each sale to a designated charitable cause. To date, few studies have examined CRM strategy in an international marketing context. This is surprising given research showing that: 1) consumers hold global firms to a higher CSR standard than local firms; 2) CSR explains a meaningful portion of brand preferences worldwide; and 3) globalization continues to drive international trade, global firms, and non-local consumption alternatives. To address the current gap, this research proposes a new model that hypothesizes the effects of cultural value orientation on international firms' CRM success. The model predicts that effects of "sponsor brand attitude" and "perceived fit between sponsor brand and sponsored cause" on positive CRM outcomes will vary depending on the target market's cultural value orientation. The new conceptual framework offers theoretically grounded propositions designed to assist international marketing managers while facilitating future research on international CRM strategy.

Keywords: Cause-Related Marketing, Corporate Social Responsibility, International Marketing, Cultural Values, Socioeconomics

INTRODUCTION

Cause-related marketing (CRM) is an important Corporate social responsibility (CSR) "tool" that companies use to build their brand equity. The objective of this research is to develop a model that hypothesizes the effects of cultural value orientation on international firms' CRM success. We do so by proposing important

antecedents of national CRM success, developing an international CRM success framework, and concluding with a discussion of theoretical and managerial implications.

Specifically, CSR is an important component of band equity strategy (Argenti and Druckenmiller 2004; Fombrun 2005; Hoeffler and Keller 2002; Schnietz and Epstein 2005). In fact, good corporate citizenship can help restore confidence and build trust in the firm and its brands (Anand 2002; Hein 2002). Furthermore, consumers more favorably evaluate firms (Sen and Bhattacharya 2001) and products that are perceived to be socially responsible (Brown and Dacin 1997). Indeed, 46% of consumers surveyed by Smith and Alcorn (1991) reported that they were likely to switch brands to support socially responsible firms while 30% indicated that they were sometimes inclined to purchase products simply because the firms behind these products supported charitable causes (see Webb and Mohr 1998).

To demonstrate CSR, firms often partner with a charitable cause. Such partnerships constitute the basis for cause-related marketing (CRM) and in the long-term develop into firm-cause alliances. CRM involves the firm making contribution to a designated cause when customers engage in revenue-providing exchanges (Varandarajan and Menon 1988). For example, *Starbucks* donated two dollars to disaster relief in Indonesia for each pound of Sumatran coffee purchased (Gupta and Pirsch 2006). Similarly, General Mill's *Yoplait* yogurt brand used CRM to raise \$11.5 million for the *Susan G. Komen Breast Cancer Foundation* (Chiagouris and Ray 2007). While sponsored nonprofits directly benefit from CRM funds and heightened public awareness, sponsoring firms indirectly benefit through more positive consumer attitudes, purchase intentions, and product choice (Smith and Alcorn 1991; Gupta and Pirsch 2006; Berger, Cunningham, and Kozinets 1999; Brown and Dacin 1997; Ross, Patterson, and Stutts 1992). Given this, it is not surprising that corporate spending on CRM programs continues to increase.

CRM research has primarily focused on examining issues from a local or national perspective. Thus, scholars have studied: how CRM efforts at the national level influence consumer choice (Barone, Miyazaki, and Taylor 2000); whether CRM references in advertising affect recall and purchase intention (Cunningham and Cushing 1993); consumer preference for local versus national causes (Ross, Patterson, and Stutts 1992); the degree of consumer/corporate participation (Ellen, Mohr, and Webb 1995); the influence of product type and perceived importance of the cause (Lafferty and Matulich 2002); the influence of consumers' perceived fit between the firm and the cause (Gupta and Pirsch 2006; Samu and Wymer 2009); and the effect of donation proximity and message-framing cues on CRM success (Chang 2008; Grau and Folse 2007).

Despite extensive CRM research since the late 1980s, few studies have examined CRM issues in an international context. One notable exception is Lavack

and Kropf (2003) who found that consumers in Canada, Norway, Korea, and Australia have different attitudes toward CRM programs. The fact that so few international CRM studies exist is surprising, given the continued growth of regional and to a lesser degree global brands (Ghemawat 2007). In addition, it is surprising given evidence that consumers hold global firms to a higher social responsibility standard than local firms (Holt, Quelch, and Taylor 2004).

The lack of international research means that managers entering foreign markets have to depend on past experience and intuition without the benefit of a broad theoretical framework that facilitates strategic, as opposed to ad hoc, decision-making. This limits their ability to make optimal decisions regarding what cause to support in foreign markets. This paper addresses this gap in the CRM literature. Specifically, we examine ways that the local market's national culture may affect an international firm's CRM success. Based on this analysis, we formulate several propositions for empirical testing regarding effective CRM strategy in an international context. These, in turn, provide the basis for a conceptual framework designed to help managers select a cause that optimizes fit between the firm's brand and the sponsored cause in foreign markets.

CAUSE-RELATED MARKETING

In today's business environment, Corporate Social Responsibility (CSR) is important to long-term success of the firm (Berger, Cunningham, and Drumwright 2004). Customers expect businesses to be good citizens, that is, to initiate and be involved in pro-social activities. Cause-related marketing constitutes one avenue for firms to become socially involved. In addition, it enables firms to establish long-term differentiation from competitors and to add value to their brand (Lafferty and Goldsmith 2005).

Cause-related marketing (CRM) is a marketing strategy that involves profit-motivated giving. Varadarajan and Menon (1988, p. 60) define CRM as "the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives." Thus, CRM enables firms to contribute to nonprofit organizations with the added possibility of increasing their bottom line by tying their contributions to sales.

One notable example that made CRM popular was the *American Express* campaign to restore the Statue of Liberty and Ellis Island. The company promised to contribute one cent for every card transaction and one dollar for every new card issued during the last quarter of 1983 to the cause. *American Express* collected \$1.7 million dollars for the restoration effort and experienced a 28% increase in use of its credit card (Chiagouris and Ray 2007). This example illustrates that by aligning with a worthy cause, firms can create mutually beneficial relationships

(Grau and Folse 2007) or alliances (e.g., Berger, Cunningham, and Drumwright 2004; Lafferty and Goldsmith 2005).

The marketing literature indicates that firm-cause partnerships yield significant benefits to companies, partnering causes, and consumers (Grau and Folse 2007). For companies, as noted, CRM programs can result in favorable brand attitudes, purchase intentions (Smith and Alcorn 1991), product choice (Gupta and Pirsch 2006), attitudes toward the sponsoring firm (Berger, Cunningham, and Kozinets 1999; Brown and Dacin 1997; Ross, Patterson, and Stutts 1992), and brand equity (Hoeffler and Keller 2002). For partnering causes, CRM programs provide funds, heighten public awareness (Varadarajan and Menon 1988), and enable nonprofits to benefit from their sponsor's ad spending and professional support (Berger, Cunningham, and Kozinets 1999). Finally, for consumers, CRM programs add value to their purchase (Webb and Mohr 1998) and satisfy their altruistic need to help society (Gupta and Pirsch 2006; Polonsky and Wood 2001). In addition, some consumers enjoy the process of participating in CRM campaigns (Grau and Folse 2007; Grau and Pirsch 2007).

While CRM constitutes a popular marketing strategy in today's business world, firms face the difficult decision of which cause to support. As Lafferty (2007) points out, firms can choose between options that range from health causes (e.g., *American Cancer Society, American Lung Association, Easter Seals*), animal protection causes (e.g., *World Wildlife Fund, Save the Whales, The Nature Conservancy, People for the Ethical Treatment of Animals*), human services causes (*American Red Cross, Salvation Army*), to environmental causes (*Audubon Society, The Coral Reef Alliance, Clean Air Council*). Given the plethora of choices, the question arises what factors firms should take into consideration when deciding which cause/s to support.

The U.S. literature suggests several antecedents to CRM success, including type of product purchased (Strahilevitz and Myers 1998), importance of the cause to the consumer (Lafferty 2007; Lafferty and Matulich 2002), amount of the donation (Dahl and Lavack 1995), donation proximity (Ross et al. 1992), and message-framing cues (Chang 2008; Grau and Folse 2007). The two antecedent variables that have received the strongest empirical support as antecedents to CRM success in the U.S. are consumers' *attitude toward the sponsor firm brand* and consumers' perceived *sponsor firm-sponsored cause fit* (e.g., Brown and Dacin 1997; Gupta and Pirsch 2006). We believe that these two antecedents are also likely to be critical in the cross-cultural nomological network proposed herein and now focus on both constructs in more detail.

Attitude Toward the Sponsor Firm Brand

The CRM literature suggests that consumer attitudes toward the sponsor firm brand have a direct effect on a firm's CRM success (Simonin and Ruth 1998). Positive evaluations are likely to lead to higher purchases of the sponsor firm's product resulting in larger donations from the firm to the designated cause and greater overall CRM success (Brown and Dacin 1997). Gupta and Pirsch (2006) point out

that such attitudes constitute evaluative predispositions that act as filters for how people perceive objects, products, and experiences and thus, may directly lead to specific, consistently favorable or unfavorable behaviors (e.g., purchase more of a firm's products to actively support a particular cause). Support for this reasoning is found in the brand extension literature where perceived quality of the parent brand—a proxy for attitude toward the parent brand—positively affects consumers' brand extension evaluations (Merz, Alden, Hoyer, and Desai 2008; Völckner and Sattler 2006).

Menon and Kahn (2003) also note that consumers are more likely to hold positive attitudes toward a cause when they have favorable attitudes toward the sponsor firm brand. Furthermore, Lafferty, Goldsmith, and Hult (2004) provide evidence that attitude toward the sponsor firm brand is positively related to attitude toward the firm-cause partnership and significantly affects a firm's CRM success. Finally, Gupta and Pirsch (2006) report that attitude toward the sponsor firm has a positive effect on consumers' attitude toward the firm-cause partnership. They emphasize that positive consumer attitudes toward the sponsor firm play a key role in enhancing CRM success because such attitudes also positively affect evaluations of the firm's actions.

Sponsor Firm - Sponsored Cause Fit

One of the most widely discussed predictors of CRM success in the U.S. is the fit between the sponsor firm and the sponsored cause (e.g., Gupta and Pirsch 2006; Hoeffler and Keller 2002). In fact, fit is viewed by many as essential for successful CRM programs (Kanter 1999; Porter and Kramer 2002). Thus, for firms, selection of a cause that shares similar associations with the firm's brand is very important to planning an effective CRM program (Sen and Bhattacharya 2001).

The reason that "fit" constitutes such an important determinant of CRM success is that consumers' perceived match affects their evaluation of the firm-cause partnership. This in turn affects intentions to support the CRM program (Gupta and Pirsch 2006) as well as evaluations of the sponsoring firm (Rifon, Choi, Trimble, and Li 2004). Associative learning (Shimp, Stuart, and Engle 1991; Till and Nowak 2000) and perceived belongingness (Gupta and Pirsch 2006) are proposed as mechanisms through which CRM influences consumers. In theory, a closer fit between the sponsor firm and the cause enables consumers to more easily develop and retain an associative link (McSweeney and Bierley 1984; Till and Nowak 2000). The associative link facilitates positive affect and knowledge to transfer from the sponsor brand to the firm-cause partnership and thus leads to more favorable evaluations of the partnership.

Once again, support for this reasoning can be directly derived from the brand extension literature where fit between parent brand and extension constitutes

an important determinant of brand extension success (e.g., Merz et al. 2008; Völckner and Sattler 2006). The brand extension literature suggests that a close fit helps consumers categorize the new brand extension and increases transfer of positive affect and knowledge from parent to extension (Aaker and Keller 1990; Boush and Loken 1991; Dacin and Smith 1994).

In the CRM literature, Lafferty, Goldsmith, and Hult (2004) found that the presence (lack) of a perceived CRM fit between firm and cause positively (negatively) influenced consumers' evaluations of the partnership. Along similar lines, Pracejus and Olsen (2004) observed in two experiments a positive relationship between firm-cause fit and CRM success. Similarly, Rifon et al. (2004) found that firm-cause fit positively affected consumers' evaluation of the firm-cause partnership. Interestingly, these authors further note that the perceived fit affects attitudes associated with the sponsor firm through perceived motives. Hamlin and Wilson (2004), Nan and Heo (2007), and Samu and Wymer (2009) provide further support for the positive relationship between fit and evaluation. Finally, Gupta and Pirsch (2006) found in two studies that firm-cause fit improved consumer attitudes toward the firm-cause partnership and increased purchase intentions. In sum, a high firm-cause fit helps bolster existing brand associations thereby enhancing awareness, image, credibility, positive feelings, sense of community, and engagement (Hoeffler and Keller 2002).

INTERNATIONAL CAUSE-RELATED MARKETING FRAMEWORK

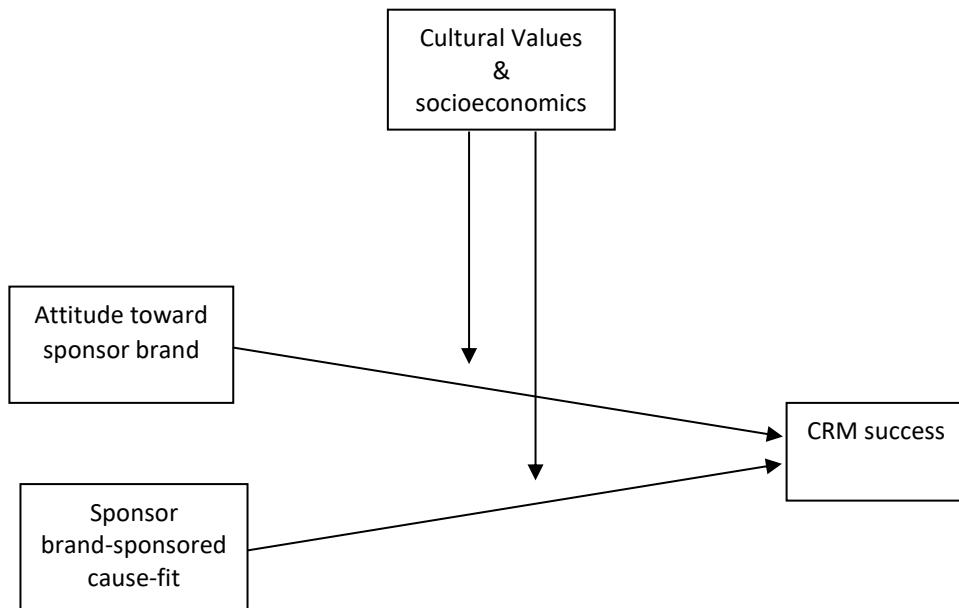
International firms are “expected to do more than local companies in building their reputation and goodwill” due to their high visibility and contact with a wide range of stakeholders (Kostova and Zaheer 1999, p. 74). Indeed, managers have learned that internationalization of their business brings a new set of complexities and responsibilities. In support of this view, Watson and Weaver (2003, p. 85) note that international business appears to “heighten executives’ concern to see that ethically proper behavior is carried out; it makes ethics a visible matter of concern for managers”. Thus, it seems likely that many international marketing managers are becoming increasingly concerned with CSR strategies, such as CRM, to demonstrate that the firm is a good “local” citizen.

Growing managerial interest in overseas CRM programs, coupled with potentially higher risk due to limited experience and/or knowledge of the foreign market, suggest the importance of having guidelines when selecting causes to support. In addition, prior research indicates that consumers in Canada, Norway, Korea, and Australia have different attitudes toward CRM programs (Lavack and Kropp 2003). However, marketing scholars have yet to determine whether CRM success factors identified in the U.S. are also important antecedents to success in other national cultures. Thus, guidelines for CRM program design in international markets remain limited at best. To initiate research that addresses the existing gap in the international CRM literature, we propose the framework depicted in Figure

1. This model predicts the likelihood of CRM success outside the U.S. market. Based on this framework, we now offer several propositions as a guide to future research.

Prior research has established that cultures differ from each other in terms of values (Hofstede 2001; Schwartz 1992; 1994). Three of Hofstede's (2001) value dimensions appear particularly relevant to our framework: power distance, uncertainty avoidance, and individualism/collectivism. Prior branding research has consistently found that important cross-national differences exist on these dimensions (e.g., Han and Schmitt 1997; Roth 1995). In addition to these three value dimensions, Roth's (1995) findings suggest that country-level socioeconomics may also affect CRM success. We now briefly describe the three value dimensions that are of particular relevance to our analysis (Hofstede 2001) as well as the "dimension" of socioeconomics (Roth 1995). We also propose ways they may moderate the two previously identified antecedents of CRM success — firm-cause fit and attitude toward the sponsor firm brand.

Figure 1
Framework for Determining International Cause-Related Marketing (CRM) Success



Power Distance

Power distance describes the extent of rigidity between different hierarchic levels within a society. Cultures high on power distance tend to focus on social status,

class affiliation (rich versus poor), and wealth. In such cultures, people are motivated to maintain, increase, and show their “power” or social status as a source of satisfaction (Roth 1995). They also tend to conform with other people in their class or people of other classes to which they aspire to belong. Social consciousness is high. In contrast, cultures low on power distance tend to place less emphasis on social and economic class affiliation. They also tend to de-emphasize differences between their citizens’ wealth and power (Hofstede 2001).

Belk, Bahn, and Mayer (1982) and Escalas and Bettman (2003) note that brands constitute important signs that people buy to demonstrate social status and class affiliation. As such, brands are likely to serve as more important signs of status and class affiliation for consumers in high (versus low) power distance cultures. These signs enable consumers in high power distance cultures to express belongingness to a particular social group. Such signs are likely to matter less to consumers from low power distance cultures, where hierarchic consciousness is lower. As a result, it seems likely that consumer attitudes toward the sponsor firm brand constitute a more important determinant of CRM success in high (versus low) power distance cultures. This reasoning leads to our first proposition:

- P1:** For high (versus low) power distance cultures, *attitude toward the sponsor firm brand* constitutes a more important determinant of CRM success.

This reasoning can be applied further to predict the effect of firm-cause fit on CRM success in high versus low power distance cultures. As high power distance cultures emphasize belongingness to a particular social group, or firm brand, it is probable that CRM programs that match the sponsor firm brand will reap additional benefits and result in more positive affect and attitudes as categorical order is preserved. Likewise, consumers in high power distance cultures should have more negative attitudes toward CRM programs when the firm-cause fit is weak as they may feel more anxiety when confronted with a perceived “breakdown” of categorical boundaries and possible loss of social prestige.

This logic is based on the assumption that affect and knowledge transfer from the sponsor firm brand to the firm-cause partnership is probable when the firm-cause fit is high, but less probable when the firm-cause fit is low. A positive evaluation of the firm-cause partnership in turn is likely to result in more people supporting the cause, paying attention to the sponsor firm brand, and forming positive attitudes toward the sponsor firm brand (Berger, Cunningham, and Kozinets 1999; Hoeffler and Keller 2002; Gupta and Pirsch 2006). Again, in low power distance cultures, these considerations appear to play a less significant role. As a result, firm-cause fit is likely to constitute a more important determinant of CRM success in cultures high (versus low) in power distance. Therefore, we hypothesize:

- P2:** For high (versus low) power distance cultures, *firm-cause fit* constitutes a more important determinant of CRM success.

Uncertainty Avoidance

Uncertainty avoidance describes “the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations” (Hofstede 2001, p. xix). It focuses on the level of tolerance for ambiguity and uncertainty within a society. Accordingly, it describes the extent to which a culture values predictability, stability, and low stress rather than change, new experiences, surprise, and novelty. Cultures high on uncertainty avoidance tend to be less tolerant of ambiguity, more risk averse, and more resistant to change than low uncertainty avoidance cultures (Roth 1995). Members of such cultures tend to avoid uncertainty, while seeking certainty. This creates a rule-oriented society that institutes laws, regulations, rules, and controls with the purpose of reducing perceived uncertainty. The opposite is true for cultures low in uncertainty avoidance. Such cultures are more tolerant of a variety of opinions and less concerned about ambiguity and uncertainty. Moreover, they take more and greater risks and more readily accept change.

It can be argued that factors that are likely to reduce perceived uncertainty or ambiguity with regard to a particular CRM program will have a more significant effect on people from high (versus low) uncertainty avoidance cultures. This is due to their higher sensitivity level, as mentioned before. Prior research has argued that brand names constitute schemas that hold attributes and beliefs about brand-related experiences (DelVecchio and Smith 2005; Sujan and Bettman 1989). Consumers use such brand schemas with all of their stored knowledge as heuristics to reduce the perceived risk involved when making purchase decisions (Wernerfelt 1988). Therefore, assuming that a positive sponsor firm brand has the potential to significantly reduce consumers' perceived ambiguity or uncertainty, we propose that consumers' attitudes toward the sponsor firm brand constitute a more important determinant of CRM success in high (versus low) uncertainty avoidance cultures:

- P3:** For high (versus low) uncertainty avoidance cultures, *attitude toward the sponsor firm brand* constitutes a more important determinant of CRM success.

It can be further reasoned that a CRM program in which the sponsor firm selects a cause that is relatively unrelated to the sponsor firm brand will reflect more uncertainty and ambiguity than a CRM program in which the cause is relatively related to the sponsor firm brand associations. This is due to the

likelihood that consumers will have greater difficulty relating positive firm brand attributes associated with the sponsor firm brand to causes that seemingly do not have anything to do with the sponsor firm brand. Given that people in low (versus high) uncertainty avoidance cultures are more tolerant of ambiguity and uncertainty, it can be hypothesized that they will evaluate CRM programs with a low firm-cause fit more favorably. Consequently, firm-cause fit is hypothesized to constitute a more important determinant of CRM success in high (versus low) uncertainty avoidance cultures.

- P4:** For high (versus low) uncertainty avoidance cultures, *firm-cause fit* constitutes a more important determinant of CRM success.

Individualism versus Collectivism

Hofstede's (2001, p. xix) individualism/collectivism dimension describes the extent to which "individuals are supposed to look after themselves or remain integrated in groups, usually around the family." As such, individualism versus collectivism describes the degree to which a culture values independence, freedom, and personal and individual time. In other words, this value dimension focuses on the extent to which culture reinforces individual or collective achievement and interpersonal relationships. Consumers in individualist cultures tend to be independent from others and value personal goals. They also tend to form a larger number of looser relationships. In contrast, consumers in collectivist cultures tend to be more group-focused and interdependent. Conformity and group behavior are important as are extended families and collectives in which members take responsibility for each other.

Brands in collectivist cultures are often used to emphasize and reinforce group affiliation (Batra, Ramaswamy, Alden, Steenkamp and Ramachander 2000). Personal interests and choice tend to be subordinated to in-group norms. Thus, consumers in collectivist cultures are more likely to view a firm's brand as a non-diagnostic cue for the appropriateness of the CRM program. Again, support for this reasoning can be found in the brand extension literature. Therein, collectivists, but not individualists, are found to incorporate non-diagnostic cues, such as information about the CEO or the company size, into their brand extension evaluations (Han and Schmitt 1997; Yoon and Gurhan-Canli 2004). This review leads to the following proposition:

- P5:** For individualist (versus collectivist) cultures, *attitude toward the sponsor firm brand* constitutes a less important determinant of CRM success.

While attitude toward the sponsor firm brand seems to play a more important role in collectivist cultures, the opposite seems true for firm-cause fit. Research indicates that collectivist culture members tend to think more holistically than

people in individualist cultures (Chiu 1972; Ji, Peng, and Nisbett 2000; Nisbett, Peng, Choi, and Norenzayan 2001). Consequently, they take related information and context into consideration to a greater extent when making decisions. Given this, it is likely that collectivists are more tolerant toward CRM programs with a low firm-cause fit than individualists. Thus, firm-cause fit is likely to constitute a less important determinant of CRM success in collectivist (versus individualist) cultures. Support for this reasoning can be found in the brand extension literature (Han and Schmitt 1997; Monga and John 2007; Ng and Houston 2004; Yoon and Gurhan-Canli 2004) where perceived similarity between the parent brand and its extension has been shown to play a more important role for consumers in individualist than collectivist cultures. Our sixth proposition states:

- P6:** For individualist (versus collectivist) cultures, *firm-cause fit* constitutes a more important determinant of CRM success.

Socioeconomic Analysis

Differences in CRM are likely to exist not only between national cultures, but also within a particular culture. Roth (1995) acknowledges the fact that regions within countries significantly differ from one another in terms of income, mobility, media access, employment, and other socioeconomic characteristics. His research examines the effects of socioeconomics, in addition to cultural variables, on the performance of global brand image strategies. According to Roth (1995), a region's socioeconomic level can be assessed in terms of its level of development, indicated by levels of disposable income, and exposure to consumption norms and opportunities. In markets with lower levels of development, consumers are likely to be less familiar with the material aspects of consumption as well with the ability of brands to satisfy social needs. In contrast, consumers in markets with higher levels of regional development are likely to be exposed to a wider range of media and have greater mobility.

Given that consumers in less developed regions are likely to spend a larger share of their income on meeting basic needs and are less materialistic, we expect them to also be relatively less affected by sponsor firm brand attitudes. Their lack of mobility and less frequent exposure to media further substantiate this reasoning. The opposite seems true for people in more developed regions, where brands are likely to be more highly valued for their social and sensory images (Roth 1995). In such areas, brands often help people identify with a particular aspiration group. Materialistic consumption behaviors appear more likely to reinforce class affiliation and social status. As a result, we expect that sponsor firm brand attitudes constitute a more important determinant of CRM success in more (versus less) developed regions:

P7: For more (versus less) developed regions, *attitude toward the sponsor firm brand* constitutes a more important determinant of CRM success.

Consumers in less developed regions also appear likely to care less about firm-cause fit as they are less likely to participate in materialistic consumption. In contrast, consumers in more developed regions are more knowledgeable and concerned about global brands in general (Alden, Steenkamp, and Batra 2006). For them, a CRM program is likely to have more value if the cause is relatively similar to, and hence associated with, the sponsor firm brand. Therefore, we expect that firm-cause fit will constitute a more important determinant of CRM success in more (versus less) developed regions. Therefore, we hypothesize:

P8: For more (versus less) developed regions, *firm-cause fit* constitutes a more important determinant of CRM success.

A summary of our international CRM success framework is depicted in Table 1.

Table 1

International Cause-Related Marketing (CRM) Research Agenda

Cultural Value Dimensions and Socioeconomics	Attitude Toward the Firm Brand	Firm-Cause Fit
Power Distance (high vs. low)	high > low	high > low*
Uncertainty Avoidance (high vs. low)	high > low	high > low
Individualism (individualism vs. collectivism)	collect. > indiv.	indiv. > collect.
Socioeconomics (higher vs. lower levels of regional economic development [RED])	higher RED > lower RED	higher RED > lower RED

high > low indicates that firm-cause fit constitutes a more important determinant of CRM success in high (versus low) power distance cultures.

CONCLUSION AND MANAGERIAL IMPLICATIONS

In the foregoing, we proposed a framework designed to aid in the development of successful CRM strategies in markets around the world (Table 1). Our proposed framework sets the stage for future international CRM research by directing

attention to key variables and relationships. Specifically, we have hypothesized that two central predictors of success found in the national CRM literature—attitude toward the sponsor brand and firm-cause fit—are likely to be moderated by cultural and socioeconomic factors. Specifically, we hypothesized that consumer attitudes toward the sponsor firm brand matter more in national cultures characterized by high power distance, high uncertainty avoidance, collectivism, and higher levels of regional economic development. Similarly, we propose that firm-cause fit constitutes a more important determinant of CRM success in national cultures characterized by high power distance, high uncertainty avoidance, individualism, and higher levels of regional economic development.

In developing the framework, we focused on three of Hofstede's (2001) cultural dimensions as well as on Roth's (1995) socioeconomic level of development. Future research should extend this framework by also examining Hofstede's other two cultural dimensions (long- versus short-term orientation and masculinity versus femininity). In addition, future research should extend this framework by investigating the predictive relationships between CRM strategy and Schwartz's (1992; 1994) proposed value system.

Moreover, in developing the framework, we focused on *consumer attitudes toward the sponsor firm brand* and *firm-cause fit* as key determinants of CRM success. In addition to these predictors of CRM success, others are discussed in the CRM literature and should be taken into consideration in future research. For example, how does product type (Strahilevitz and Myers 1998) impact consumers' perceived importance of the cause (Lafferty 2007; Lafferty and Matulich 2002)? Do the amount of the donation (Dahl and Lavack 1995), the donation proximity (Ross, Patterson, and Stutts 1992), and message-framing cues (Chang 2008; Grau and Folse 2007) affect CRM success in the international context?

Our international CRM framework has implications for international brand managers with regard to the importance of *sponsor firm brand attitude* and *firm-cause fit*. For example, the framework suggests that, in high power distance cultures such as Malaysia (power distance index [PDI] = 104) or China (PDI = 80) and high uncertainty avoidance cultures such as Greece (uncertainty avoidance index [UAI] = 112) or Japan (UAI = 92), international brand managers may want to determine that local consumers do not have negative attitudes toward their brand prior to launching a CRM program. Once this has been established, the proposed model predicts that CRM is more likely to succeed if they select a cause that has a high fit with the existing firm associations. In low power distance cultures like Austria (PDI = 11) or New Zealand (PDI = 22) and low uncertainty avoidance cultures like Singapore (UAI = 8) or Jamaica (UAI = 13), such considerations appear less important as brand attitude and firm-cause fit are less likely to determine a firm's international CRM success. In these markets, it may be more

important to support a cause that has widespread support among consumers even if it does not have a strong fit with the firm's brand.

Finally, our framework suggests that brand managers may benefit from taking regional cultural differences into account when designing their CRM strategy. The proposed model suggests that attitude toward the firm brand and firm-cause fit are likely to constitute important determinants of CRM success in markets with higher levels of regional economic development, but less so in markets with lower levels of regional economic development.

While these normative strategies may help international brand managers make better CRM program decisions, further research is needed to understand how the different dimensions interact with each other. For example, a culture may be relatively low on power distance, yet relatively high on individualism, uncertainty avoidance, and socioeconomics (e.g., Germany). Similarly, a culture may be relatively low on power distance and uncertainty avoidance, yet relatively high on individualism and socioeconomics (e.g., the U.S.). In such instances, the desired weight of the value dimensions may not be clear. For example, individualism suggests less focus on firm brand attitude, but high power distance and high uncertainty avoidance suggest the opposite. Thus, future international CRM research should examine the interplay between the different cultural dimensions and their individual as well as aggregated effects on CRM success.

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HEALTHCARE WORKFORCE BURNOUT: INNOVATIVE SOLUTIONS PRE/DURING AND POST COVID-19 PANDEMIC

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ABSTRACT

Burnout in healthcare is a common issue impacting individuals at all levels, especially frontline healthcare workers who face greater levels of stress in the workplace which impacts their emotional, physical, and mental health. Furthermore, the pandemic created a plethora of new stressors that continue to be prevalent among healthcare employees. As organizations seek to formulate the most effective burnout reduction strategies for their staff, it is imperative to pinpoint the stressors plaguing the workplace. Addressing burnout requires a long-term strategy to tackle the multitude of stressors in the work environment and achieve buy-in from staff and executive leadership.

Keywords: burnout, pandemic, healthcare, workforce, solutions, innovative, health professionals, mental health, wellness

INTRODUCTION

The healthcare industry is a stressful field, especially for frontline healthcare employees who routinely interact with patients. When combined with the emotional and physical toll of being a healthcare worker, this high stress environment can frequently trigger stress and employee burnout. Burnout in healthcare can lead to job dissatisfaction, inadequate patient care, and impaired job performance (Leiter & Maslach, 2009). When understood as a work-related syndrome resulting from chronic exposure to job stress, it is not surprising that burnout rates in healthcare workers have increased greatly over the past decade (Cumarraze et al., 2021). This increasing prevalence of employee burnout has prompted researchers to both understand why so many healthcare workers are experiencing this phenomenon and discern practical solutions that might prevent it from occurring in the future. A recent study suggests that physicians experience high burnout symptoms, with percentages approaching 40%, and that they also exhibit high levels of stress, at a reported average of 27%, much higher than that

experienced by the general population (COURRAZE et al., 2021). Furthermore, the COVID-19 pandemic has amplified the effects of burnout, leading many healthcare professionals to leave the field entirely (PRETI et al., 2020). This mass exodus has resulted in nationwide staffing shortages and heavier workloads for those who remain (RAPP et al., 2021). Increased stress among healthcare employees can stem from many reasons such as greater workloads, lack of professional and social support, imbalance between work and home life, sleep deprivation, and loss of control (BACKUS et al., 2021). The purpose of this paper is to discuss the prevalence and causes of burnout among healthcare workers, possible solutions to reduce the high rates of burnout in this population, and strategies to effectively implement these strategies.

Description of Problem

Burnout is a multi-faceted phenomenon resulting from chronic, job-related stress (MASLACH & LEITER, 2016). Frontline healthcare workers are at significant risk of burnout due to the many stressors inherent to their profession (PORTOGHESE et al., 2014). These workers encompass a broad range of professionals, from physical therapists to pharmacists, and laboratory technologists to housekeepers, all with unique roles to play in providing and supporting patient care. Individuals across these professions have seen an increase in stress indicators and many report experiencing burnout on the job (PRASAD et al., 2021). Hence, when evaluating how burnout impacts healthcare workers, it is imperative to understand that it is not only physicians, nurses, and advanced practice care providers feeling greater levels of stress, but those working in other frontline healthcare professions as well. Levels of burnout vary among providers and healthcare professionals. Even residents and medical students report feeling burnout symptoms. A recent study of 16,000 medical students found that 44% were reportedly experiencing burnout (COTEL et al., 2021). A striking statistic as medical students are in the beginning of their healthcare careers, and to experience such high levels of burnout early on is a sign that improvements must focus on all levels in healthcare as burnout is widespread.

The high-pressure environment, long hours, and exhaustion can cause a multitude of consequences which can directly impact patient care, employee judgement, and job performance. One of the most impactful repercussions of burnout is the risk for medical error while providing patient care (DALL'ORA et al., 2020). Tragically, these errors often have the potential to place patients in danger (BRADLEY & CHAHAR, 2020). Impaired judgment hinders the ability of healthcare workers to provide a high level of care; under the duress of burnout, their ability to perform at an optimal level is negatively impacted. Moreover, the COVID-19 pandemic has elevated this concern to an even greater level as healthcare organizations are forced to endure

the burden of high infection rates, overflow in the ICU, and the ever-present risk of contracting the virus (Soto-Rubio et al., 2020; Restauri & Sheridan, 2020).

Implementing solutions to reduce burnout in healthcare employees helps prevent its negative effects on the work environment and in their personal lives. An already stressful and exhausting environment has become even more strenuous due to the pandemic, and it is crucial to uncover solutions to this rampant issue. Combating burnout is imperative to preserve the well-being and professional capability of our frontline healthcare workers. The prevalence of burnout is high among physicians, as one in three experience burnout symptoms, followed by nurses who also have a higher level of face-to-face interactions with patients (De Hert, 2020). Although, burnout can occur in any field, it is especially widespread in healthcare due to the stressful nature of the industry. Moreover, the consequences of burnout can ripple beyond the work environment and lead to personal conflicts, physical impairments, the potential for substance abuse, and even suicide (De Hert, 2020). Reducing the adverse effects of burnout requires a concerted effort between the individual, team, and institution to promote best practices and implement measures to reduce stress, improve working conditions, and provide support when needed. Healthcare leaders and organizations have begun to realize the importance of combating burnout. A better understanding of this phenomenon will contribute to effective solutions to reduce burnout rates for healthcare workers.

LITERATURE REVIEW

While burnout impacts many professions, those working in healthcare are highly susceptible due to the high stress nature of their work (Preti et al., 2020). High levels of stress stem from the fast-paced environment which creates anxiety as patient care can be a life-or-death situation. Due to the nature of the role, healthcare providers have higher levels of job-related anxiety and are three times more likely to report burnout (Goldberg et al., 2020). For employees working on the frontlines of care (emergency medicine, intensive care, internal medicine, trauma, and obstetrics/gynecology) there is a higher risk of burnout (Reith, 2018). A recent study found that 31% of physicians report feeling burnout, along with 18% of clinical support staff, followed by 17% of advanced practice providers and administrative staff (Goldberg et al., 2020). Another recent cross-sectional study of medical staff showed that 45% of healthcare professionals experience at least one physical symptom of burnout and nurses experience burnout at higher rates than physicians (Sharifi et al., 2021). Furthermore, another study indicated that one-half of physicians and one-third of nurses in the U.S. reported experiencing burnout symptoms (Reith, 2018) and many have left healthcare altogether due to the high stress environment. Medical professionals who are early on in their careers also experience burnout. A recent study uncovered that 76% of medical residents report burnout while working on the frontlines (Sharifi et al., 2021). These higher

levels of stress and burnout have led to the staffing shortages we see today and with the increase in need for medical care and aging population, there will not be enough providers to fill the gap created from this burnout epidemic (Hall et al., 2016).

The COVID-19 pandemic has created unprecedented challenges, increasing stress and burnout among those working in healthcare (Backus et al., 2021; Franza et al., 2020; Restauri & Sheridan, 2020). Research conducted by professionals at the Cleveland Clinic found that the pandemic has adversely impacted the mental health of their employees, creating worklife stress and added challenges in their home lives (Bradley & Chahar, 2020). Not surprisingly, recent studies have confirmed that the pandemic made healthcare workers even more susceptible to burnout (Soto-Rubio et al., 2020; Restauri & Sheridan, 2020), resulting in high percentages of healthcare workers experiencing burnout-related symptoms (Backus et al., 2021). A recent survey of healthcare workers found that 43% were suffering from work overload and 49% confirmed they are experiencing burnout (Prasad et al., 2021). Furthermore, the same study found that stress levels among professionals participating in support roles (such as medical assistants, social workers, and inpatient care staff) were much higher. When combined with the feeling of being undervalued, these heavier workloads have contributed to stress levels high enough to result in employee burnout.

High stress and burnout can have severe repercussions. Research indicates there is a significant correlation between employee well-being and patient safety (Hall et al., 2016). Furthermore, well-being is a contributing factor to burnout in the workplace as mental and emotional health play a critical role in promoting adequate judgement and decision-making. Prior to the pandemic, burnout related stressors mostly stemmed from high patient loads, long hours, emotional toll of the profession, and fatigue (Hall et al., 2016). The pandemic added a new set of stressors which became more commonplace in healthcare, including mass staffing shortages, budget cuts, and the threat of contracting the virus from infected patients (Cotel et al., 2021). As healthcare organizations began to focus more on the implications of the pandemic to financial and medical resources, prioritizing the health and well-being of employees became less important and led to a 37% increase in reported burnout (Cotel et al., 2021). Although burnout is commonplace in healthcare, the higher levels reported recently across the board for healthcare professionals is concerning. Furthermore, this issue requires a substantial level of attention and action from organizations as there are more stressors plaguing the healthcare industry due to the effects of the pandemic.

Mental health is another factor associated with burnout and stress (Chen et al., 2020; De Kock et al, 2021). Perceptions of risk can contribute to burnout and diminished mental health. During the height of the pandemic, many healthcare employees were at greater risk of exposure to the coronavirus. Multiple factors have contributed to perception of increased risk during the pandemic, including lack of access to appropriate personal protective equipment, feelings of isolation due to mandated quarantines, risk of exposure to the virus, the need to protect loved ones from contracting the virus, and perceived lack of support should one contract the virus themselves (De Kock et al., 2021; Restauri & Sheridan, 2020). Concern for the mental health of healthcare workers, coupled with the rise in the prevalence of burnout among health care professionals has led to increased policy interests within the United States (Goldberg et al., 2020) and is driving the need to mobilize and improve working conditions and uncover methodologies to reduce stress and improve the mental health of our healthcare workers.

MULTI-FACETED SOLUTIONS TO ADDRESS BURNOUT AMONG HEALTHCARE WORKERS

Burnout is a complex, multi-faceted phenomenon (Maslach & Leiter, 2016). There is no one singular cause of burnout; therefore, solutions to address this issue must be multi-faceted as well. The reduction of burnout begins with the implementation of evidence-based methods to create structure for employees and minimize workplace stressors. A bundled strategy approach allows organizations the ability to combat multiple stressors and address the various causes of burnout affecting staff. As such, focusing on improving mental health through rotating schedules, decreasing long hours, and allowing for wellness time can be effective methods for reducing burnout (Dall’Ora et al., 2020; Zhang et al., 2020). According to research, the most successful organizational interventions for burnout focus on managing stress through workshops, open dialogue, and reallocation of scheduling as long hours lead to exhaustion and heightened levels of stress (Dall’Ora et al., 2020; Zhang et al., 2020). In a study of 45 countries, about 80% of healthcare professionals reported feeling emotional exhaustion; furthermore, nursing staff reported the highest rates of individual emotional exhaustion in the industry (Zhang et al., 2020). The high rates of emotional exhaustion led to consequences in both the professional and personal lives of healthcare employees. The most predominant outcome of not addressing burnout is the negative effects on the delivery of patient care (Zhang et al., 2020). Improved scheduling can help reduce levels of exhaustion, leading to improved patient care.

Another form of combatting burnout is the whole strategy approach, which focuses on workplace interventions to improve the health and well-being of staff overall through a concerted effort between staff and leadership. The methodology of this strategy concentrates on health behaviors of staff rather than the environmental

and personal interventions in the bundled strategy approach (Brand et al., 2017). The United Kingdom (UK) Department of Health commissioned a study to address staff health and well-being. The study recommended five changes for healthcare workplaces, including understanding staff needs, staff engagement, strong leadership, support from senior management, and a focus on management capability and capacity (Brand et al., 2017). The study yielded an initial engagement rate of 92% from staff along with group participation in the improvement of workplace health and wellness (Brand et al., 2017). For healthcare employees, collective action helps promote participation and engagement. As seen in the UK study, the high level of initial staff engagement provided an environment for employees to be vocal about burnout symptoms and openly work together with management to uncover solutions for personal improvement (Brand et al., 2017). In focusing on the individual level, the study sought to target the mental, physical, and emotional health of employees by improving and promoting behavioral changes. Staff behaviors evolved during the course of this study and led to higher levels of exercise which combat stress, improved eating habits, stress management through working groups, and accountability from open participation and discussion (Brand et al., 2017). Therefore, targeting the stress related causes of burnout in a bundled or whole strategy approach will allow organizations to implement evidence-based methods to reduce burnout rates among staff.

Burnout symptoms encompass multiple stressors that combine to adversely affect the professional performance and personal lives of healthcare employees. Studies indicate a strong correlation between high stress levels and increased errors (Hall et al., 2016) as burnout impairs judgement and decreases morale. A lack of physical and emotional wellness contributes to the inability to perform at optimal professional capacity. As such, ensuring a safe environment for patients, maintaining equipment and testing material for safety standards, remaining vigilant in preventing medical errors, and addressing patient needs are all important and can be adversely impacted by diminished well-being (Cotel et al., 2021).

Many studies point to how burnout leads to unhappiness and demoralization which impacts overall work performance. Reducing burnout involves a concerted effort between the individual and organization to implement best practices and strategies to improve the well-being and morale of professionals in the workplace. Recent research indicates that improving the well-being and mental health of employees can be effective in reducing burnout (De Kock et al., 2021). In 2017, the Mayo clinic implemented wellness focused strategies which decreased burnout by 7% in employees (Reith, 2018). For strategies to be effective, buy-in from executive leadership is required as supportive leaders yield more engagement from employees. Therefore, some organizations have created new positions such as

chief wellness officer to support and prioritize employee well-being (Reith, 2018). Involving leadership helps to acknowledge the issue and leads to greater confidence among staff. Additionally, endorsement from executives provides adequate funding, structure, and support for burnout reduction strategies. The most researched methods of burnout reduction include encouraging work-life balance through a decrease in long-hours and eliminating inefficiencies, support from peers through working-groups, open discussions, and providing mental health and counseling services (De Kock et al., 2021; Reith, 2018). The stressors which lead to burnout are vast and implementing broad strategies to improve well-being, mental health, and work-life balance will help decrease burnout rates.

Policies that promote engagement, recognize efforts, and provide structured programs and resources yield the most improvement in reducing burnout. The American Medical Association and the World Health Organization studied the outcomes of burnout reduction as it relates to job stress, satisfaction, and wellness before and after recommended workplace interventions were implemented (Green et al., 2020). The post-intervention results showed that a greater percentage of staff reported no burnout (75%), lower levels of job-related stress (65%), and greater satisfaction with their current role (82%) (Green et al., 2020). In measuring burnout and stress levels prior to improvement measures, the researchers uncovered that combating burnout required multiple strategies as the sample included physicians, nurses, and medical assistants at a large pediatric hospital who work various hours, have differing experiences, different levels of pay, and varying level of stress (Green et al., 2020). To decrease the high rates of burnout, organizations need to address stressors in the workplace and evaluate areas of improvement. Understanding why employees are unhappy, fatigued, and mentally drained is key to outlining strategies to reduce burnout. Furthermore, this study uncovered that employees value recognition and enjoy structured huddles to promote open and active dialogue (Green et al., 2020). A well-organized strategic approach is required to improve morale and reduce stress levels in the workplace. With resources, data-driven research, and guidelines from top health agencies available, organizations have a wealth of information at their disposal to determine the most appropriate strategies for reducing workplace burnout.

IMPLEMENTING SOLUTIONS TO ADDRESS BURNOUT AMONG HEALTHCARE WORKERS

Stressors within the healthcare environment are numerous and have led to elevated rates of burnout among employees. From physicians to medical support staff, all levels of healthcare professionals are susceptible to this feeling. Therefore, reviewing approaches to improve mental health through targeting the abovementioned categories is key to formulating an effective burnout reduction strategy. In framing strategies to improve the health and wellness of employees,

focusing on improving staff engagement through reducing workplace burdens is imperative for success (Shreffler et al., 2020). Furthermore, to evolve and adapt to changing situations such as the recent coronavirus pandemic, organizations will need to address any new stressors which may arise from changing circumstances.

To combat high stress levels in healthcare, understanding which evidence-based strategies are most appropriate for the work environment will allow for success. The most effective strategies as seen in the literature are stress management training programs, promoting mindfulness, mental health programs and support, along with huddle groups to increase dialogue about burnout (West et al., 2018). Furthermore, the most successful burnout reduction strategies involve endorsement from executive leadership as buy-in from the highest levels within an organization empowers employees. The most significant consequence of healthcare burnout is the negative impact on patient care (West et al., 2018). Therefore, to provide quality care, addressing burnout in the workplace is critical. Stress reduction and mental health promotion can require professional intervention. Studies suggest providing resources such as mental health experts on staff and counseling for individual and group support sessions can improve mental health (Sultana et al., 2020). Although not all organizations have the means to provide robust mental health support programs, having some form of mental health services can make a difference.

Other successful measures implemented by healthcare organizations involve cultural interventions to address stressors in the workplace (Sultana et al., 2020). For strategies to be effective, burnout reduction, open dialogue, and engagement need to be ingrained within the organizational culture. Furthermore, inclusivity among staff and review of workloads are required for prevention measures to be fair and lead to positive change. Each healthcare organization is different and staff members experiences vary based on their role and level of interaction with patients. A recent study suggests the most effective measures to improve morale and reduce anxiety among the nursing staff were providing team building opportunities, healthy coping strategies through a wellness program, and outlines for professional expectations (Shreffler et al., 2020). Recognizing the signs of burnout and working with staff to provide effective solutions for burnout reduction will allow organizations to employ strategies endorsed and supported by staff.

A well-rounded strategic approach will be required to appropriately address burnout within the workplace. Burnout leads to many consequences in the workplace such as “poor clinical care, increased mistakes, patient dissatisfaction, dysfunctional interactions between colleagues, and depression...” (Stehman et al., 2019). As the aforementioned studies suggest, focusing on mental health and well-being is imperative to formulate an effective strategic approach to combatting

burnout. Gathering employee feedback and utilizing the collective suggestions to provide programs for stress reduction, promotion of employee engagement through huddles to increase dialogue, and endorsement from executives are required for success. Furthermore, each organization is different and burnout reduction plans will require an internal review to determine the most appropriate strategy for the workplace and staff.

CONCLUSION

Burnout within healthcare is commonplace, however, can be addressed through meaningful collaboration between staff and leadership. The recent implications of the COVID-19 pandemic created a new set of problems for the healthcare industry and organizations suffered from the effects which resulted. Frontline staff faced an increased risk of contracting the virus at a rate three times higher than the general population (Kim et al., 2021). Therefore, to retain frontline staff, improve working conditions, and provide quality care to patients; organizations are working to implement strategies to reduce burnout and improve the emotional, physical and mental health of employees. As evidence suggests, burnout reduction requires a long-term approach to combat stress and improve morale. Healthcare organizations will need to continue to evolve their approach to ensure burnout does not become a rampant issue and negatively impact the well-being and performance of employees.

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FAIR INFORMATION PRACTICES: AN EMPIRICAL REVIEW OF THE *FORTUNE 500*

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ABSTRACT

Fair Information Practices, based upon the principles of notice, choice, access, and security, are utilized to ensure effective privacy protection for individuals. However, during the past years, there has been an increasing incidence of personal data losses at major corporations. This study was conducted to examine the policies of the largest companies, the Fortune 500, to determine if the above-named principles are promoted. Findings demonstrate that nearly all the firms have their policies posted online and that most policies describe the four principles. However, although data collection is extensively used and detailed, there appears to be a disconnect with respect to security techniques.

Key Words: fair information practices, Fortune 500, empirical study

INTRODUCTION

Since 2013, major corporation data losses have escalated to disturbing levels and have garnered considerable negative media attention. Data threats can be manifested in several forms such as targeted hacking, IP address hacking, ransomware, extortion, vendor or customer impersonation, and so on (Neustar, 2018). The chronology includes major hacks of Target Corporation (40 million debit/credit cards in 2013, estimated \$252 million loss), Home Depot (56 million debit/credit cards in 2014, estimated \$62 million loss), Experian (15 million Social Security Numbers in 2015), and Yahoo (500 million accounts from 2014-2016) (Liedtke, 2016; Weiser & Conn, 2017). In 2017, the Privacy Rights Clearinghouse found that there were over 2 billion individual records exposed in 829 data breaches in the U.S. (Shadel, 2018). In 2018, a Javelin Strategy & Research study further found that identity thieves victimized 14.4 million U.S. individuals, stealing \$14.7 billion (Jenkins, 2019). Data breaches included companies such as MyFitnessPal (150 million accounts), Orbitz (880,000 customers), and Hudson Bay Company (5 million shoppers). By 2019, the Pentagon was

thwarting a million malware attacks each hour and more than 25 million data records were lost or stolen from businesses each day (Stengel, 2019).

Victimization is not user age determined. Facebook, a social media giant with users of nearly all ages over 12 years old, reached 2.3 billion active monthly users in 2019 (Lazarus, 2019). And, by the end of 2018, Facebook had approximately 20,000 employees working on security and content review (Steinmetz, 2018). However, in 2015, Facebook released the data of 87 million users to Cambridge Analytica for political purposes. In 2018, it was also discovered that Facebook was sharing user data with its business partners without user permission. Moreover, a 2018 AARP Digital Identity Survey found that 52% of adults over the age of 65 feel their personal information is less secure than it was five years prior (Shadel, 2018). This is consistent with the U.S. Senate Committee on Aging report in 2019 that estimated that older Americans lose \$3 billion to fraud each year (McLean, 2020).

To assess data collection and vulnerabilities, RiskIQ examined websites of the Financial Times Stock Exchange (FTSE) 30, the companies listed on the London Stock Exchange with the highest market capitalization (RiskIQ, 2017). The examination found over 13,000 pages with personally identifiable information collection forms, and of those pages, 34% were doing so insecurely. Data, however, can be captured overtly, such as through a user supplied collection form, but can also be captured covertly via cookies and beacons. A cookie is a text file with tracking number that is downloaded onto a user's computer hard drive and a beacon is a tiny graphic one pixel wide and one pixel deep embedded in a web page or email (Laudon and Traver, 2019). The beacon is transparent and is used to report the visitor's IP address and cookie information. Interestingly, one researcher did find a positive relationship between information security disclosure (disclosures beyond those required by regulations) in the annual report concerning information security and security performance in financial institutions (Li, 2015). In other words, online security practices were positively related to security disclosure. Practices may include SSL (Secure Sockets Layer) and TLS (Transport Layer Security), standard security technologies for establishing an encrypted link between a server and a client—typically a web server (website) and a browser (Dodd, 2019).

These are important given the European Union's General Data Protection Regulation (GDPR) implementation in 2018 (Langone, 2018). This act requires that corporations explicitly ask the individual for permission to

Case and King

collect his/her data, that the individual can inquire about data use, and the individual has the right to have the information permanently deleted.

In the U.S., the right to privacy was described in the *Harvard Law Review* in 1890. Louis Brandeis and Samuel Warren defined protection of the private realm as the foundation of individual freedom in the modern age (Warren and Brandeis, 1890).

Although not explicitly protected by the U.S. Constitution, privacy today involves the ability of an individual to control the conditions under which personal information is collected and used (Culnan & Armstrong, 1999). In this regard, fair information practice (FIP) principles have been recognized by U.S. government agencies since 1974. The Federal Trade Commission (FTC), for example, promotes adherence to the principles to insure effective privacy protection (Liu and Arnett, 2002).

The four FIP principles are:

- Notice/awareness – consumers have the right to know if personal information is being collected and how it will be used. Thus, data collectors must disclose their information practices before collecting information from consumers;
- Choice/consent – consumers must be given options with respect to whether and how information collected from them may be used for purposes beyond those for which the information was provided;
- Access/participation – consumers should be able to view and contest the accuracy and completeness of data collected about them and to correct errors; and,
- Security/integrity – data collectors must take reasonable steps to assure that information collected from consumers is secure from unauthorized use during transmission and storage.

These corporate policies regarding online collection, use, and dissemination of personal information are commonly posted on company websites. Although developing and posting a policy does not guarantee compliance, the absence of a policy violates “notice/awareness,” one of the fundamental FIPs.

Given the increasing data breaches of the major corporations, the study was conducted to examine if the fair information principles are promoted by the largest business, the *Fortune 500*. This empirical study examines several questions. Where, if at all, are privacy policies posted online? Do firms

utilize third-party compliance logos on their website? What is the incidence of each of the FIPs in their policies? Are data collection and security techniques included in the policies? Are their additional information policies? And, have there been changes in policy composition since the data breach explosion beginning in 2013? Results are important in better understanding the state of FIP policies and determining if there is a need for further modification with respect to privacy and security.

PREVIOUS *FORTUNE 500* PRIVACY POLICY RESEARCH

An initial study conducted in 2002 found that 52% of the *Fortune* 500 had a privacy policy posted on their website (Liu and Arnett, 2002). Of those with privacy policies, 11% also exhibited a seal program. These included 16 firms with TRUSTe, 10 firms with BBBOnLine, and 1 with ESRB. The majority, 87%, of policies were found on the home page. The remaining policies were found either through a site search or on subsequent pages. In terms of FIP, 92% explained information use and 91% detailed collection policies for customer information. In addition, 77% of policies addressed information disclosure, 58% provided a contact method to answer customer privacy concerns, 46% described security, 26% discussed access/correction, 26% detailed internal protection, 26% addressed children protection, and 9% detailed policy consent. Overall, 92% addressed notice/awareness, 27% addressed access/participation, and less than half complied with choice/consent and security/integrity.

A 2006 study found that 79% of the firms had a policy posted on its website with 86% of those firms with a link from the homepage, 14% with policies located elsewhere on the website, and 9% using a seal (Schwaig, Kane, & Storey, 2006). Of the firms with policies, 98% addressed notice, 61% addressed choice, 45% addressed access, and 71% addressed security.

Finally, A 2014 study by the authors found that 90% of companies had a posted privacy policy linked to the company homepage and 4% had a policy on a page not hyper-linked to the home page. In addition, 12% of companies utilized third-party privacy compliance firm logos such as the EU Safe Harbor logo, the TRUSTe logo, the BBBOnline logo, and the ESRB logo. (Case & King, 2015). A content analysis found that 91% of the firms provided notice/awareness within their policies, 81% included choice/consent, 76% described access/participation, and 70% detailed security/integrity. Policy composition, however, varied by firm size and industry sector (Case, King, & Gage, 2015). In terms of data collection and security techniques, 81% used cookies and beacons to collect data and 22%

of firms used SSL/TSL to enhance security during transmission. In addition, 30% of firms included mobile application policies and 57% of firms described children data policies.

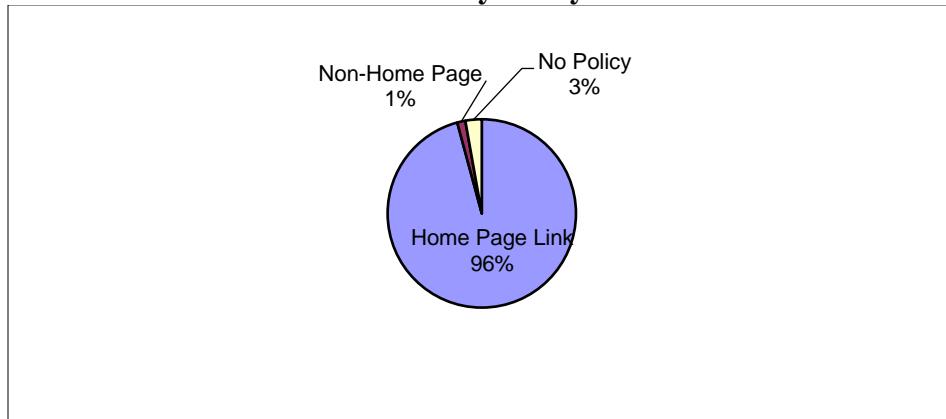
RESEARCH DESIGN

This study utilized the *Fortune* magazine website to obtain the *Fortune* 500 company directory and the corresponding company home page web address (Fortune, 2019). A two-step process was used to locate privacy policies and seal programs for each organization in November of 2019. First, each company home page was examined for privacy policy links and seals. Next, if a privacy policy link was not found on the home page, the home page's search engine was utilized to search for the policies. A content analysis of the posted privacy policies was then conducted to examine each firm's use of the FIP principles, additional policies, data collection procedures, and security techniques.

RESULTS

A review of the *Fortune* 500 found that 97% of firms have an online policy. Specifically, 479 firms (96% of companies) have a posted privacy policy that is linked to the company homepage as indicated in Chart 1. In addition, 7 firms (1% of companies) have a policy on a page that is not hyper-linked to the home page.

CHART 1
Privacy Policy



In terms of privacy logos, Table 1 illustrates that less than one percent of firms display such a logo (2 firms display the BBBOnline logo and 2 firms display the TRUSTe logo. However, 490, or 98%, of firms display at least one social networking logo on their home page.

TABLE 1
Third-Party Logos

Third-Party	Number of Firms	Percentage of Firms
BBBOnline	2	1%
TRUSTe ESRB	2	1%
Social Media	490	98%

Posted policies were subsequently evaluated in terms of content. Table 2 depicts that 91% of the *Fortune* 500 firms provide notice/awareness within their policies. Moreover, 79% include choice/consent, 76% describe access/participation, and 91% detail security/integrity.

TABLE 2
Fair Information Practice Principles

Principle	Number of Firms	Percentage of Firms
Notice/Awareness	455	91%
Choice/Consent	395	79%
Access/Participation	382	76%
Security/Integrity	456	91%

Policies were next examined to determine the prevalence of additional policies. Table 3 illustrates the inclusion of mobile application policies by 86% of firms and the description of children data policies by 97% of firms.

TABLE 3
Additional Policies

Policies	Number of Firms	Percentage of Firms
Mobile Application Policies	432	86%
Children Policies	485	97%

In terms of data collection and security techniques, two primary practices were described within the privacy policies. Table 4 illustrates that 95% use cookies and/or beacons to collect data. Moreover, 68% of firms use SSL/TLS to enhance security during transmission.

TABLE 4
Data Collection and Security Techniques

Practice	Number of Firms	Percentage of Firms
Cookies/Beacons	473	95%
SSL/TLS	342	68%

CONCLUSIONS AND FUTURE RESEARCH

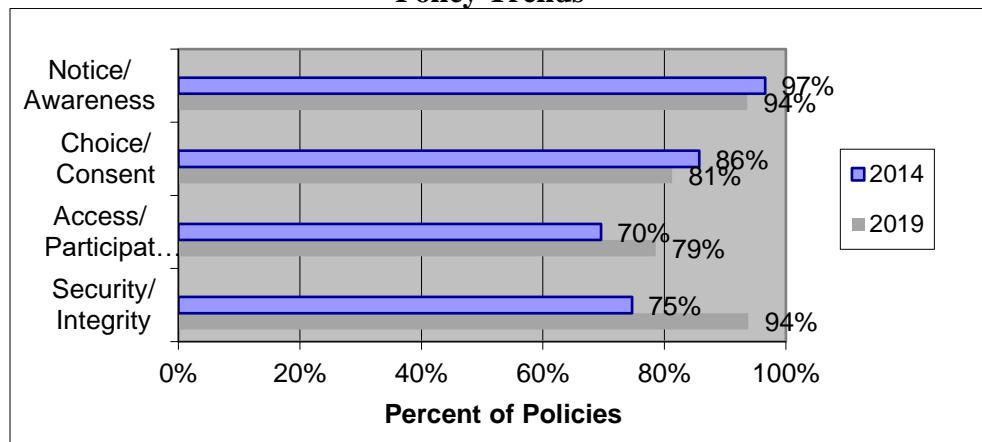
Results demonstrate that nearly all *Fortune 500* firms post their privacy policies online, with the most common protocol of using the firm's home page to link to the policies. However, although 97% of firms post privacy policies, less than one percent display third-party privacy logos. Of importance, the policies generally do cover the four fair information privacy principles. Usage varies from access/participation (76% of policies) to security/integrity (91% of policies). Results further indicate that companies detail additional policies such as those related to mobile applications and children. In terms of data collection techniques, 95% of policies describe the use of cookies/beacons. And, relative to security techniques, 68% employ SSL/TLS in the approach to establishing an encrypted link between their server and clients.

There are three important implications from the study. One implication relates to the use of visual logos on home pages. Although social media logos are ubiquitous (on 98% of home pages), less than one percent of home pages contained a compliance logo (down from 5% in 2014). This may imply that companies have determined that site users perceive little or no value in compliance (or the compliance logo).

A second implication is evident when comparing the current study to the 2014 study results. Chart 2 illustrates that although notice/awareness and choice/consent have decreased slightly in inclusion, access/participation and security/integrity have increased substantially. Access/participation increased by 17% and security/integrity increased by 30% during the five-year period. In addition, mobile application policy inclusion increased from 30% to 86% and children policies increased from 57% to 97% of policies. It is possible that this dramatic shift in policies is a result of the increasing trend of high profile and major user data breaches of the past five years. Moreover, even though there is no federal mandate in the U.S. comparable to the GDPR, the effects of the GDPR may be beginning to be seen with respect to privacy statements concerning user participation and data privacy. These trends may be a signal that the largest corporations are

evolving and preparing for the increasing possibility that personal privacy may begin to be valued and legally protected in the U.S. in the future.

CHART 2
Policy Trends



The third implication relates to data techniques utilized by companies. Results demonstrate that although nearly all firms (95%) describe the use of cookies/beacons for data collection, only two-thirds (68%) detail the use of SSL/TLS security. This implies an important disconnect between collection and security practice. As evidence by this study's findings and the increasing security breaches publicized in the media, it appears that firms are still lagging with respect to security and need to increase their vigilance. There have been strides (an increase from 22% of policies in 2014) but still nearly one-third of the largest firms are deficient in this technique. It is possible that these firms may have simply made an omission mistake in their policies but given the length and inclusiveness of their existing policies, this is not likely.

The limitations of this study are primarily a function of the sample. Only the *Fortune 500* firms were examined. The use of additional size firms and firm locations (those outside the U.S.) would increase the robustness of results. This research does, however, provide insight into current practices and suggests a blueprint for companies of all size in designing their information policies.

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EVIDENCE-BASED PRACTICE (EBP) IMPROVES PATIENT SATISFACTION IN HEALTHCARE ORGANIZATIONS

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ABSTRACT

Patient satisfaction relates to the experience of care versus actual treatment. While there is limited consensus on the methods of measure of patient satisfaction in healthcare, it has long been a critical factor in healthcare. Healthcare organizations have financial incentives tied to patient satisfaction through the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey. Patient satisfaction is an important factor in the measurement of healthcare quality. Various factors influence patient satisfaction including communication and use of evidence-based practice (EBP). As patients transit care processes, they receive information from multiple healthcare professionals, e.g. physicians and nurses. Effective communication between physicians, nurses, and patients may enhance patient satisfaction. Nurses who use EBP can positively impact patients' perception of their hospital stay. This paper will share insights into how EBP in nursing can improve patient satisfaction by focusing on effective communication between the nurse and patient.

Key words: Evidence Based, Patient Satisfaction, HCAPS, Healthcare, Quality

INTRODUCTION

Improving patient satisfaction continues to be a priority for all healthcare organizations. Patients' opinions are becoming more critical in the improvement of healthcare delivery. Enhancing the patient experience to improve patient satisfaction while improving the patient's quality of care is a challenge for a healthcare organization. Ineffective communication is the key component associated with dissatisfaction among patients with a healthcare organization. Currently, many healthcare organizations seek to improve patient satisfaction by assessing their HCAHPS, Consumer Assessment of Healthcare Providers and

Systems (CAHPS), and Press Ganey survey scores. HCAHPS and CAHPS are publicly reported and are used to measure patient experience.

In contrast, healthcare organizations use Press Ganey patient feedback scores internally to determine areas where the patient experience needs improvement. Many healthcare organizations post their Press Ganey surveys on their websites so that patients can choose potential healthcare providers.

There are many challenges in enhancing a patient's experience within a healthcare organization while continuously improving the quality of care. Some challenges are nurses being resistant to changes, lack of knowledge and understanding on using EBP. However, the guidance of leadership and engaging nurses through shared governance will help a healthcare organization change the workplace culture.

Using EBP among nurses is one way to improve patient satisfaction in a healthcare organization. EBP describes a problem-solving method for delivering healthcare that integrates well-designed studies, patient care data, and nurse expertise while incorporating patient preferences, values, and nurse expertise (Melnyk et al., 2010). This paper will discuss nurses implementing the use of EBP in patient satisfaction programs such as hourly rounding, bedside shift reports, AIDET (Acknowledge, Introduce, Duration, Explanation, Thank you), SBAR (Situation, Background, Assessment, Recommendation), and commit to sit to improve poor patient experience responses and satisfaction in a healthcare organization.

PROBLEM STATEMENT

The terms patient satisfaction and patient experience are used interchangeably. However, they are related but different concepts. Patient satisfaction is subjective, whereas patient experience is objective. To assess patient experience, healthcare organizations must determine whether an event that should happen in a healthcare setting occurred and, if it occurred, its frequency of occurrence (Agency for Healthcare Research and Quality (AHRQ), 2021). Meanwhile, patient satisfaction is about whether patients' expectations are being met.

Improving patient satisfaction involves strengthening communication, decreasing patients' risk for injury. Several methods lead to miscommunication in the healthcare setting. Disjointed methods of patient reports can lead to miscommunication of information and may put the patient at risk for injury (Radtke, 2013). Family or friends often visit patients, creating a frequent barrier to bedside shift reporting due to concerns about violating the Health Insurance Portability and Accountability Act (HIPPA). Also, some nurses have anxiety speaking in front of the patient. Many Healthcare organizations have computers on wheels that help nurses' complete documentation in real-time. However,

occasionally these computers are not in optimal working order. Non-working computers can be a source of frustration for the nurse. Some factors like nursing comfortability contributes to decrease effectiveness in communication. Nurses are initially resistant to sit at the bedside because they prefer to communicate while standing (George et al., 2018). However, nurses must accommodate patient needs to provide a better patient experience while remaining effective in their work. In addition to improving miscommunication of information, healthcare organizations should analyze star ratings on areas needed to improve the patient experience and, subsequently, patient satisfaction.

Star rating helps healthcare organizations understand their performance quality based on patient satisfaction surveys. Healthcare organizations that participate in publicly reported HCAHPS surveys are eligible to receive star ratings. HCAHPS star rating ranges from one to five stars, with one star being the lowest rating and five stars being the highest rating. The overall star rating compares a healthcare organization's performance in five quality performance measurements against all healthcare organizations within the United States (U.S.). The five quality performance measurement categories are mortality, readmission, patient experience, and timely and effective care. A healthcare organization must have at least one hundred completed surveys to qualify for an HCAHPS star rating during a twelve-month period. The Center for Medicare and Medicaid Services (CMS) updates HCAHPS star ratings quarterly.

LITERATURE REVIEW

The ability to communicate effectively is imperative to nursing concepts because it helps to reduce the possibility of medical errors, ensure a high level of patient satisfaction, and reduce the cost of patient care. (Lang, 2012). Patient satisfaction surveys such as the HCAHPS, CAHPS, and Press Ganey are important to measure a patient's experience and provide data for quality improvement. This section of the paper will analyze select research and literature reviews that examine the features of healthcare surveys that determine patient satisfaction. The HCAHPS, CAHPS, and Press Ganey surveys serve as benchmarks for improving patient experience. Patient experience is often measured by patient satisfaction (Lee et al., 2020). Enhancing the patient experience through improved communication starts with healthcare organizations effectively measuring patient satisfaction.

EBP in nursing can enhance patient satisfaction but first requires the ability of hospital organizations to measure satisfaction effectively. The ability to measure patient satisfaction is critical for all healthcare organizations. In recent years HCAHPS scores required by CMS have noticeably shifted how hospitals evaluate and manage their healthcare organization (Burgener, 2017). The HCAHPS survey is administered to a random sample of patients continuously throughout the year

(Li et al., 2016). The HCAHPS survey captures the patient's perception about their interactive experience with doctors and nurses, as well as hospital staff's pain management satisfaction, and whether their providers' have effectively communicated about medicines (Maher et al., 2015). HCAHPS is a 32-question survey to capture patients' views about their healthcare experience. The HCAHPS survey also includes questions about the cleanliness and quietness of the hospital, comprehension of discharge information, possible transition to post-hospital care, and overall hospital rating (Maher et al., 2015). Scores for the HCAHPS survey are publicly reported for patients to use as a decision-making tool. Not surprisingly, healthcare organizations are taking steps to increase their HCHAPS ratings by requiring rounding by senior leaders and clinicians, attending workshops on compassion, and regularly communicating with patients (Mason, 2015). Healthcare organizations are financially motivated to achieve good HCAHPS scores. A healthcare organization's quality metrics reflect patient satisfaction and are measured by the HCAHPS survey (Kahn et al., 2015).

The Agency for Healthcare Research and Quality first launched the CAHPS program in response to concerns about the lack of good information about the quality of health plans from the enrollees' perspective (AHRQ, 2020). Like HCAHPS, the CAHPS survey assesses healthcare quality by asking patients about their experience with providers or care for a specific health condition. CAHPS surveys are available for small hospitals, ambulatory surgery centers, dialysis centers, and nursing homes.

Press Ganey survey is a metric of patient satisfaction used widely throughout many healthcare organizations (Stephens et al., 2020). This survey involves administering a standardized patient experience form to every eligible patient following their healthcare visit via e-mail, whereas the HCAHPS survey is administered to a random sample of patients. Healthcare organizations use the information obtained through patient feedback scores to identify practice variation between providers, targeting areas for process improvement and modifying reimbursement to hospitals (Newgard et al., 2017). Patient experience data has become an accepted metric for healthcare organizations, the use of Press Ganey scores has been more controversial. Whether Press Ganey or another measure of the patient experience, the federal government enacted reimbursement models to incentivize healthcare organizations to improve their quality of care.

The federal government enacted various measures to encourage healthcare organizations to improve patient satisfaction and quality of care. The Affordable Care Act of 2010 enacted the Hospital Value-Based Purchasing (VBP) program, in which CMS partially links healthcare organizations' payments to inpatient perspective (Herrin et al., 2018). VBP initiatives have been implemented in response to escalating healthcare costs and widespread concerns about the quality

and safety of healthcare in the United States (Stimpfel et al., 2016). The value-based reimbursement model measures patient satisfaction and rewards the healthcare organization on the quality of care delivered (Martin, 2017). Medicare sets specific benchmarks for value-based reimbursement.

Patient satisfaction surveys can reveal factors that patients believe are pertinent to their care (Stephens et al., 2020). The results from all three surveys are used to monitor and improve patient experience in healthcare organizations. Also, to provide consumers with more information about healthcare providers in their area (AHRQ, 2020). While this section of the paper researches features that measure patient experience or satisfaction, many factors are not measured by HCAHPS, CAHPS, and Press Ganey surveys. For example, health status, socioeconomic status, and demographics can impact patients' perception of their healthcare experience.

IDENTIFICATION AND DISCUSSION OF CURRENT PROBLEM

As noted in the previous section, effective communication remains pivotal to healthcare outcomes, including patient safety and patient satisfaction (Burgener, 2017). Registered nurses are the most direct providers of patient care in a healthcare organization, and their involvement could potentially improve both the patient experience and performance scores (Stimpfel et al., 2016). EBP nursing solutions for improving poor patient experience, patient satisfaction, communication, and patient safety will be identified and discussed in this section of the paper. The solutions discussed are patient satisfaction, experience, and better communication initiatives to implement as a healthcare organization begins the Journey of Magnet status.

Nurses are responsible for exercising critical thinking and sound decision-making to maximize satisfaction (Yoder-Wise, 2015). Hourly rounding aims to anticipate and meet the patient's needs; this proactive mindset ensures patient safety. Hourly rounding by nurses relieves the uncertainty and anxiety associated with a vulnerable patient's hospital experience while simultaneously improving patient safety and quality of care (Fabry, 2014). The nurse will first explain to the patient that they will check on them hourly to ensure their safety and address personal needs. When a nurse enters the room, they are taught to identify themselves. In addition, the four Ps of hourly rounding should be addressed while the nurse is in the patient's room. The four Ps are pain, position, potty, and placement. On a scale of zero to ten, the nurse will ask the patient how much pain they are experiencing. After evaluating the patient pain level, the nurse will ask how they can make the patient more comfortable. The third question asked by the nurse is if the patient needed assistance to the bathroom. Ideally, the nurse also asks whether the patients'

items such as phone, water pitcher, call light, or glasses need to be moved closer to them.

Change-of-shift reports have traditionally been done at the nurses' station away from the patients, leaving patients alone for more than an hour. Bedside shift reporting can help nurses verify the patient's health history, physical assessment findings, and plan of care, including prescribed medications, and make the patient part of the process in the delivery of their care (Ofori-Atta, 2014). Critical elements of bedside shift reports include introducing nursing staff, inviting the patient and the family members to participate, opening the electronic health record at the bedside, focused patient assessment, and identifying any concerns. Bedside shift report is a back-to-basics approach to patient care that can be a simple approach to enhancing patient satisfaction (Radtke, 2013). Besides increasing patient satisfaction, compliance, and cost reduction for a Healthcare organization, bedside shift reporting also decreased over time, legal costs, medication errors, and overall improved patient experience.

The AIDET framework is a tool to enhance communication among patients, families, and medical staff (Burgener, 2017). The nurse first acknowledges the patients by full name and any family members in the room. Second, the nurse will introduce themselves by name and their role in the patient's care. Third, the nurse will explain how long the visit will be. Fourth, the nurse will explain what they are doing, how they will do it, and why they are doing it and answer any question the patient may have (Burgener, 2017). Last, the nurse will thank the patient for choosing the healthcare organization. Two effective techniques used to facilitate and enhance productive communication skills are the SBAR and AIDET, which are likely to increase patients' positive and lasting effects (Burgener, 2017). The implementation of AIDET can reduce patient and family anxiety, reduce complaints, and increase patient satisfaction.

The SBAR framework is very commonly used in patient care. First, the nurse identifies the patient, the physician, the diagnosis, and the patient's location (Yoder-Wise, 2015). Second, the nurse will provide background information about the patient's mental status, current vital signs, chief complaint, and physical assessments. Third, the nurse will assess the patients' chief complaints and the seriousness of the situation. Last, the nurse will recommend the physician such as medication, laboratory work, or that the physician come and see the patient. SBAR was introduced by the rapid response team at Kaiser Permanente in Colorado in 2002 to investigate patient safety (Achrekar et al., 2016). Nurses can communicate effectively and transfer vital information accurately with the SBAR technique. A standardized hand-off report during bedside shift reports is essential for patient safety. Nurses are vitally important in ensuring the transfer of relevant and critical information.

In s healthcare organizations, patient satisfaction, and improved outcomes must be prioritized due to changes in the industry. Effective communication between a patient and nurse is essential to establish a beneficial relationship. When a nurse talks to a patient, sitting instead of standing can be perceived as spending more time at the bedside and allows for uninterrupted conversation, thereby improving the patient's perception of the nurses' compassion. The nurse will sit with the patient for three to five minutes at the beginning of their shift while engaging the patient by reviewing their care plan (George et al., 2018). Effective communication requires active listening (Pittsenbargar et al., 2017). The research has shown that all five EBP initiatives will help a healthcare organization begin the Journey of Magnet status recognition.

IMPLEMENTATION PLAN

This section will describe the steps and timeline needed to implement the EBP, audit tools, shared governance committee, and Journey to magnet status within a healthcare organization. Developing and implementing the EBP, audit tools, and shared governance will take approximately six months. The Journey to Magnet status will take a little over four years to implement. The first month will be used to obtain data.

Leadership may encounter many challenges when implementing new EBP, such as hourly rounding, bedside shift report, SBAR, AIDET, and committing to sit with patients. The Nurse Manager and other healthcare organizational leaders play an integral role in implementing EBP. EBP allows nurses to make complex healthcare decisions based on research, clinical expertise, and patient perspectives. Translation of evidence into practice is a multidisciplinary process (Yoder-Wise, 2015).

EVIDENCE-BASED PRACTICE

The Kotter model of change was selected to guide the implementation of change due to being straightforward and easy to apply to the nursing practice. The eight-step model was organized into three phases. Each step within the Kotter model of change builds on the previous step.

In the first phase, healthcare leaders need to create a sense of urgency, develop a coalition of supporters, and create the vision for the change project. The sense of urgency was implemented by showing the staff nurse the potential for sentinel events due to poor bedside shift reports (Small et al., 2016). Staff nurses were identified by nurse managers who were asked to serve as champions in leading the patient experience and satisfaction initiative. The staff nurses were responsible for weekly observational staff audits using audit tools. The audit tools consist of measuring outcomes or process improvement. The audit aims to identify

discrepancies between actual practice and established standards so as to identify the changes that need to be made to improve the quality of care (Esposito & Dal Canton, 2014). Audit tools are part of a continuous quality improvement process focused on a specific issue within a healthcare organization. The project's vision was to improve patient satisfaction, experience, and communication among nurses to steer the change.

The vision for change, the need for action, and the service nursing bundle elements were incorporated into a one-hour class designed by the clinical educator during the second phase (Skaggs et al., 2018). The training also linked the nursing service bundle elements to the goal of raising overall quality rankings by five percent and included tactics that nurses could use to integrate EBP into their daily work (Skaggs et al., 2018). The service nursing bundle includes hourly rounding, bedside shift report, AIDET, SBAR, and committing to sitting with the patient. Kotter's model of change has been used to guide change efforts in diverse healthcare settings, including implementing nursing bedside shift reports. Healthcare leaders need to engage and enable the whole organization to make changes during the second phase. Although a vision may be effectively communicated, change adoption requires buy-in from others (Small et al., 2016). Nurses should understand the vision and be given autonomy to accomplish this step.

The final phase builds on the change and sustains the change. To solidify a change, a cultural movement should be required to institutionalize the vision. Changes implemented by a successful healthcare organization can support innovation and change while upholding the vision. This phase involves reinforcement from nurses with feedback to demonstrate the impact of the service nursing bundle. All three phases will take six months to implement.

The first step in implementing shared governance is to support nursing and senior leadership (Kroning, 2019). Engaging nurses in decision-making through a shared governance committee can increase staff morale, team building, autonomy, and accountability. A shared governance committee ensures that all employees participate and have a role in the organization's decision-making process. The shared governance will meet once a month for several months to coordinate, review and revise any new policies or procedures. A standardized template and clear guidelines are used when changing policies or processes using EBP. Effective communication keeps employees in the loop and ensures that they feel valued. Shared governance council members provide education to their constituents on best-practice recommendations for patient-centered communication (George et al., 2018). The crucial endpoint of shared governance is nursing satisfaction.

The hospital undergoes a comprehensive application process to acquire magnet recognition, which changes the nursing care structure and methodology (Stimpfel et al., 2016). The Magnet recognition program is the only national designation built on and evolving through research designed to recognize the nursing excellence of a healthcare organization through self-nominating appraisal processes (Yoder-Wise, 2015). To obtain Magnet recognition, a healthcare organization is required to demonstrate nursing excellence aligned with the framework, evidenced by empirical outcomes of nursing staff and patient care (American Nurses Association (ANA), n.d.). However, a healthcare organization must first conduct a self-assessment to evaluate each of the five Magnet components. The five Magnet components are transformational leadership, structural empowerment, exemplary professional practice, new knowledge, innovations and improvements, and empirical quality outcomes. The first component is transformational leadership. In order to qualify for Magnet recognition, a prestigious honor for nursing excellence, transformational leadership is vital. The second component is structural empowerment. Healthcare organizations can accomplish structural empowerment through their strategic plan, structure systems, policies, and procedures. An exemplary professional practice that demonstrates a comprehensive understanding of nursing and applies new knowledge and evidence comprises the third component of the Magnet recognition framework. New models of care, existing evidence, new evidence, and nursing science contributions make up the fourth component (ANA, n.d.). The last component is empirical quality results, in which outcomes are categorized in terms of clinical outcomes related to nursing, patient outcomes, and organizational outcomes (ANA, n.d.). A healthcare organization becoming Magnet-recognized will empower nurses to reach their true potential. A Magnet-recognized organization embodies a collaborative culture, where nurses are an integral partner in the patient's safe passage through their healthcare experience (ANA, n.d.). Less than eight percent of all U.S. healthcare organizations are Magnet recognized. It takes a healthcare organization over four years to reach Magnet recognition status.

The implementation of evidence-based patient satisfaction programs can make a difference in poor patient experience and satisfaction in a healthcare organization. As with any new initiative, a nurse may be reluctant or resistant to change. Nursing leaders need to promote accountability, empower continuous learners, and build a changing culture to support staff during the implementation phase of EBP.

CONCLUSION

Nurses play a critical role in improving patient satisfaction through hourly rounding, bedside shift reports, AIDET, SBAR, and committing to sit. Both SBAR and AIDET are excellent communication tools used to facilitate productive communication and increase the likelihood of positive and lasting patient changes.

Patients depend on nurses to provide them with the best possible care. The use of EBP contributes to improved patient outcomes, greater nursing satisfaction, and higher quality of care. After implementing EBP, the healthcare organization will need to monitor and evaluate positive and negative outcomes. HCAHPS scores are essential to hospitals as it is the patient's voice and give a view into the patient's perception of the care. The Press Ganey patient experience survey helps healthcare organizations understand and improve the patient's experience. Surveys of patient satisfaction can provide insight into what patients' value most about their care. Healthcare organizations recognized as Magnet status emphasize evidence-based, patient-centered care.

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THE EXPLORATION OF HOW BLACK LIVES MATTER IN HIGHER EDUCATION

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ABSTRACT

The Black Lives Matter (BLM) Movement began as a social media hashtag in 2013 in response to violence against Black people. The BLM Movement was fueled by the outrage over the 2012 murder of Trayvon Martin and the exoneration of his killer (Ransby, 2018). Much has been researched and written about the BLM Movement. The present research explores the BLM Movement with a focus on how faculty, staff and students are represented within the higher educational arena. Data will be drawn from the Department of Education and relevant institutional accrediting agencies. Additional focus will be placed on institutional, executive, and presidential responses to the BLM Movement where the present author earned degrees. Institutions explored will be Auburn University in Auburn, Alabama; Southern Methodist University in Dallas, Texas; and The University of Southern California in Los Angeles, California. Personal reflections will be included from the lens of the present author's experiences as a Black woman in various roles including student, administrator, and faculty member. Conclusions and recommendations will be drawn from the framework of what it means to *matter* coupled with institutional data and analysis.

Key Words: Black Lives Matter Movement (BLM); Racial and Ethnic Minority, Diversity; Leadership

INTRODUCTION

Black Lives Matter (BLM) formed in the United States in 2013 as an international social movement with a focus on fighting racism and anti-Black violence, especially in the form of police brutality. Statista (2022) explains that black people are far more likely to be killed by police in the United States than White people. Sadly, the rate of fatal police shootings among Black Americans is much higher than any other ethnicity. The name *Black Lives Matter* signaled the condemnation of the unjust killings of Black people by police. The BLM Movement demanded that society value the lives and humanity of Black people as much as it values the lives and humanity of White people. BLM activists have held large and influential protests in cities across the United States as well as internationally. As a decentralized grassroots movement, BLM has been led by activists in local chapters who organize their own campaigns and programs.

Sparked by the vigilante murder of Trayvon Martin in Sanford, Florida in 2012, and the police murder of Michael Brown in Ferguson, Missouri in 2014, the Black Lives Matter (BLM) Movement slogan has evolved into the battle cry of this generation of black youth activists. Ransby (2018) explains that the breath and impact of the BLM Movement has been extraordinary. It has penetrated our consciousness and conversations in a wide range of areas including professional sports, education, prime time television, corporate board rooms, and all sectors of the art and entertainment world.

George Floyd's murder in Minneapolis in May 2020 sparked the largest racial justice protests in the United States since the Civil Rights Movement. However, the movement went far beyond this nation's borders. The BLM Movement inspired a global reckoning with racism. Countries across the globe had some of the largest BLM protests in their history, all inspired by the video of the brutal death of George Floyd while in police custody. George Floyd's death is seen as a symbol of intolerance and injustice. As the 2020 summer of protests blazed throughout the United States, Washington, D.C. became a national center for the BLM Movement. The city created Black Lives Matter Plaza near the White House, and it is now a regular gathering space for protest and activism.

According to Best Colleges.com (2020), college student activists organized BLM protests nationwide. Changing campus norms – rather than simply getting campus back to normal – was the real objective. Many college student BLM activists point to the importance of racial justice as one of the most critical issues. BLM student activists urged colleges to diversify campuses and close the educational opportunity gap. In a 2020 interview with *Best Colleges*, George Washington University professor Deniece Dortch explained that she has seen a rise in activism and advocacy through protests, petitions, and scholarships. She further stated that colleges and universities often take the race-neutral position, creating task forces and committees that make surface-level recommendations with little to no accountability for actionable change.

It has become increasingly clear that, to effect change at the institution level, colleges must diversify all aspects of campus life including enrollment, faculty appointments, support staff, and curricula. Promoting racial equity in higher education means admitting and retaining more students of color, hiring more diverse faculty and staff, and expanding curricula to educate students about racial justice. The present research explores challenges and opportunities within the BLM Movement at Colleges and University including Auburn University, Southern Methodist University, and The University of Southern California.

STATUS AND TRENDS IN THE STUDENT ENROLLMENT OF RACIAL AND ETHNIC MINORITIES

The National Center for Education Statistics (NCES, 2018) is the primary federal entity for collecting, analyzing, and reporting data related to education in the

Browning

United States and other nations. The NCES activities are designed to address high priority education data needs by providing consistent, reliable, complete, and accurate indicators of education status and trends. Additionally, the NCES reports timely, useful, and high-quality data to the U.S. Department of Education, the Congress, the state, other education policymakers, practitioners, data users, and the general public (NCES, 2018).

According to the NCES (2018), over the past 25 years, the total enrollment of adults in degree-granting institutions increased for Whites, Blacks, and Hispanics. Within each racial/ethnic group, female enrollment increased more than male enrollment, although the rates of increase varied by race/ethnicity. Between 1976 and 2008, total undergraduate Fall enrollment increased for each ethnic group. Asian/Pacific Islander enrollment increased six-fold, from 169,000 in 1976 to 1,118,000 in 2008. Hispanic enrollment rose from 353,000 in 1976 to 2,103,000 in 2008 – approximately six times the enrollment in 1976. These two racial/ethnic groups had the fastest rates of enrollment growth, leading to increases in their share of total enrollment between 1976 and 2008; from 2 to 7 percent for Asians/Pacific Islanders and from 4 to 13 percent for Hispanics. During that time period, American Indian/Alaska Native enrollment more than doubled, increasing from 70,000 to 176,000. Black enrollment rose from 943,000 to 2,269,000, increasing their share of overall enrollment from 10 to 14 percent. White enrollment also increased, but at the slowest rate of all racial/ethnic groups. Although White enrollment rose from 7,740,000 to 10,339,000, White enrollment as a percentage of total enrollment declined from 82 percent in 1976 to 63 percent in 2008. As the exploration of The BLM Movement in higher education comes to the surface, a key fact is clear. Despite the increase in Black enrollment from 10 to 14 percent of overall enrollment, the number and percentage increase in black faculty, administrators and leadership has not kept pace.

STATUS AND TRENDS IN RACIAL AND ETHNIC MINORITY FACULTY, ADMINISTRATORS AND LEADERSHIP

Conversations on diversity in higher education often focus solely on student diversity, overlooking the importance of diversity among faculty, staff, and leadership. Racial diversity is critical, both for the effective management of institutions and for the quality of the teaching and learning process. Research has shown that diverse companies and teams are more productive and innovative (Lorenzo and Reeves, 2018; Hewlett, Marshall and Sherbin 2013). Diverse boards, presidential cabinets, research teams, and admissions offices are imperative for the twenty-first-century campus. Antonio (2002) explained that a diverse pool of faculty has the potential to offer a wider array of methods of inquiry, instruction, and relevant research.

The American Council on Education (ACE) is the major coordinating body for the nation's colleges and universities. Representing nearly 1800 U.S. accredited degree-granting institutions, the strength of the ACE lies in its diverse base of

member institutions. Data on trends in racial and ethnic minority of faculty, administrators and leadership for the present research are drawn from the data base of the ACE. The ACE provides evidence that, as of 2016, approximately three-quarters of full-time faculty at colleges and university were White while the undergraduate student body was just 52.0 percent White. Faculty of color were 21.1 percent of full-time faculty, of which only 5.7 percent were Black (ACE, 2017).

When considering the diversity of faculty, it is important to also look at faculty rank, a hierarchical structure that often represents a promotion and increase in salary with each upward movement (Tien, Flora, Blackburn, 1996). Across all faculty ranks, the majority of all full-time faculty were White. The total share of Whites was highest among full professors (79.8 percent). In 2016, there were over 340,000 full-time faculty at public four-year institutions. Of these, the majority were White (70.6 percent), 22.2 percent were faculty of color, 4.5 percent were international, and 2.7 percent were of unknown racial and ethnic backgrounds. Of the 22.2 percent of faculty of color, only 5.1 percent were Black. Among the nearly 219,000 full-time faculty at private nonprofit institutions in 2016, three-quarters were White (75.0 percent), 19.4 percent were faculty of color, 2.6 percent were international, and 2.5 percent were of unknown racial and ethnic backgrounds. Of the 19.4 percent faculty of color, only 5.3 percent were Black. Similar to public four-year institutions, in 2016, full-time faculty of color were more likely than White full-time faculty to hold the lower ranking assistant professor positions at these institutions (ACE, 2017).

According to The College and University Professional Association for Human Resources (CUPA-HR, 2017), Whites represented the majority of all administrative positions, although some positions had a larger percentage of people of color than others. A smaller share of chief student affairs and student life officers than of other types of administrators were White (75.0 percent). About one-quarter of individuals in these positions identified as people of color (26.0 percent). Whites represented the vast majority of chief development officers (94.0 percent White), chief facilities officers (92.0 percent White), and chief athletics administrators (90.0 percent White).

Further evidence of the disparities among race are found within the history of college and university presidents. The American College President Study (ACPS), administered by the American Council on Education (ACE), is the longest-running and most comprehensive survey of college and university presidents across the United States. ACE first conducted the survey in 1986, and subsequently published the ACPS in 1988, 1983, 2000, 2002, 2007, 2012, and 2017. The findings utilized in the present research were published in the 2017 American College President Study and represent responses from more than 1,500 presidents and chancellors (Gagliardi et al, 2017). In 1986, Whites represented 91.9 percent of all college and university presidents. While Whites remained the majority in

Browning

2016, their representation declined as the presidency became more racially and ethnically diverse. In 2016, 83.2 percent of all presidents identified as White, and 16.8 percent identified as people of color. Of those identified as people of color, 7.9 percent were Black.

HIGER EDUCATION INSTITUTIONAL RESPONSES TO THE BLACK LIVES MATTER MOVEMENT

The following is an exploration of institutional responses to the BLM Movement, including Auburn University in Auburn, Alabama; Southern Methodist University in Dallas, Texas; and The University of Southern California in Los Angeles, California. The present author earned the degree of Bachelor of Science in Music Education from Auburn University in 1981. Alabama's Black population is 26 percent of the state, however Auburn University's Black student population is only 5 percent. When a group of Black Auburn alumni came together to find a way to have an impact on diversity matters at their alma mater, the low percentage of Black students concerned them the most (St. Amour, 2020). The group, called the Coalition of Black Alumni, conducted an independent analysis of the diversity at Auburn with a focus on student enrollment, recruitment, and scholarships. The coalition had several meetings with university leaders and concluded that Auburn's efforts were insufficient. A progress report from the university recommended that department and colleges across the university created recruitment plans. Nonetheless, Black student enrollment has not improved. In 2011, the oldest available data on the Auburn University website showed that the number of new, first-time freshman Black students was 268. During the Fall of 2020, it dropped to 157. Total enrollment for Black students decreased from 1,935 in 2011 to 1,624 in 2020. Black students currently make up approximately 5.3 percent of the student population at Auburn University.

The Coalition of Black Alumni requested several changes from Auburn University including the following: Increase Black freshman enrollment by 25 percent per year starting Fall; Increase the award amounts for the diversity based Provost Leadership Undergraduate Scholarship Program, also known as PLUS; Increase the number of Black students who receive the PLUS award scholarship by 50 percent; Fire leadership in the Office of Inclusion and Diversity; Rename buildings associated with slavery or the Ku Klux Klan; and Increase the number of Black faculty and staff. Auburn had 65 Black faculty members in the Fall of 2019, out of a total 1,426 faculty. Less than 12 percent of all faculty and staff were Black. In response, Auburn University has taken several actions, such as designating 10 percent of scholarships for students with financial need and directing recruiters to visit every high school in the state.

Overall, Auburn seems to be falling behind on diversity compared to other universities. It is located near cities, like Selma and Montgomery, with large Black populations, yet it enrolls few Black students. Perhaps the answer lies in the Auburn University creed written in 1943 by George Petrie, a longtime

administrator and professor at Auburn University. It is said to embody the spirit of Auburn and seems to be a common refrain among the university community. The Auburn University creed focuses on honesty, truthfulness, and respect for all. Enacting the creed's tenets may be the answer to the challenges that lie ahead for the Auburn University Community as they work to ensure justice and equity for all.

In 1981, the present author earned her Master of Business Administration (MBA) from Southern Methodist University (SMU) in Dallas, Texas. According to Texas Monthly (2021), the university has made strides in diversifying its student body. In 2019, minority students made up 29 percent of the total enrollment, up from 26 percent in 2015, but that was almost entirely a result of growth in the number of Hispanic and Asian students. During that same time period, the Black share of undergraduates decreased slightly from 4.6 percent in 2015 to 4.4 percent in 2020. Black students have expressed feeling that they do not fit into SMU's "bubble," a term they use to describe the feeling of being Black in a sea of affluence and whiteness. The SMU student body is unusually wealthy, even for a private institution. Marked by stately homes and winding, tree-line streets, University Park, the location of the SMU campus, is more than 90 percent white and has a median income of about \$215,000. The "bubble," Black students say, creates a safe space for privileged white students and an uncomfortable, sometimes hostile, environment for Black students, especially those from working-class backgrounds.

As the SMU Fall of 2020 semester got underway, students said that #BlackAtSMU was central to their efforts to become more visible and to alert SMU's administration to the university's shortcomings. Many students expressed that they overcame their reluctance to speak out after SMU President Gerald Turner issued a statement on May 30, 2020, during a period of the most intense BLM protest. President Turner acknowledged the "continuing threat of racism," however his statement did not contain the word "Black." Turner released a second statement of acknowledging that his original message did not sufficiently express his anger at another Black person's death at the hands of police. Today at SMU, students continue to share stories of feeling invisible and unwanted. They share stories of Black women being excluded from white sororities because they do not fit in with the SMU culture. Similarly, many Black male students express feeling excluded as a "Make America Great Again" banner hung from fraternity house after the 2016 presidential election (Texas Monthly, 2021).

Black SMU alumni are now speaking out for the first time. As #BlackAtSMU spread, the Association of Black Students drafted a list of demands resulting in a cultural intelligence initiative, known as CIQ@SMU, that guides all diversity and inclusion training at the University. The changes sought by students in 2020 go well beyond sensitivity training and task forces. In the demands, student called for each minority group to have a separate presidential advisory board; not fewer than one-third of first year seminar classes to be dedicated to cultural education; more

Browning

on-campus Black mental health professionals; and the end of a student organization system that they say privileges large, community-wide events over events held by minority-led student groups. Students also requested a \$7 million endowment for need-based scholarships for Black students.

There are many additional initiatives resulting from BLM at SMU. Black students want the university to hold students and student-led organizations accountable for racially insensitive conduct in accordance with the Student Code of Conduct. Students want more Black professors, especially those that are tenured and on campus. SMU President Turner explained that he plans to hold meetings in the first two weeks of starting on campus and that it is up to every member of the SMU community to “create a culture of civility” (Texas Monthly, 2021). Turner recently created a new position of chief diversity officer. The focus of this position includes creation of a new strategic plan for diversity. As they wait for Turner’s plan to materialize, Black students say they are trying to keep their spirits up. They further express that, although the fight is not over, they will continue to hold the administration accountable.

In the Summer of 2000, the present author earned the degree of Doctor of Philosophy (Ph.D.) from The University of Southern California (USC). In response to the Black Lives Matter Movement and recent protests against police brutality, several USC student organizations have bolstered their advocacy for the Black community by sharing educational resources, collecting donations for Black nonprofits, and providing opportunities for students to voice their concerns about USC’s racial unjust against its Black community. Increased advocacy efforts are also a result of the lack of definitive actions from the administration to combat what students allege is unequal treatment from the Department of Public Safety and other University divisions. Responding to the BLM Movement, the USC Undergraduate Student Government (USG) complied an online database of contact information for resources such as the Office of Equity and Diversity, bail funds, and virtual therapy. Additionally, the USG developed the USC Diversity and Equity Climate Survey. The questionnaire consisted of 13 questions about the racial climate and diversity on campus and was open to both undergraduate and graduate students. Questions in the survey were geared to unearth students’ feelings about areas for growth in terms of equity in the USC community, serving as a launching board for ongoing collaborative conversations with USC President Folt and USC’s administrators.

The USC Black Student Assembly (BSA) is the funding board that oversees all of USC’s recognized Black student organizations and is part of the Undergraduate Student Government. The USC students’ calls to confront systemic, anti-Black racism marked a pivotal moment for USC’s Black Student Assembly (BSA). Because of the dedicated efforts by students and the collaborative conversations with USC leadership, the BLM Movement has lasting momentum at USC (Solis, 2021).

THE MEANING OF MATTERING

An essential element with the BLM Movement is the importance of mattering. Mattering is defined as the perception that, to some degree and in any of a variety of ways, we are a significant part of the world around us (Elliott, Kao, & Grant, 2010). Mattering first involves being the focus of others' attention, although such awareness is purely cognitive. We matter in the merest sense if others realize that we exist. Recognizable to others as an individual, a person who matters is distinguishable from the masses that populate the surroundings. If others greet us whenever we walk into a crowded room, we know that others are mindful of us, and we have reaffirmed the fact that we matter. In contrast, if we fail to attract the attention of others when we are in their presence, we may literally feel like a nonentity. Unacknowledged by anyone around us, we may feel that people are looking right through us, which strongly suggests that we do not matter.

Two other forms of mattering are more complex and perhaps more related to the Black Lives *Matter* Movement. They imply a relationship between the person and the others to whom one matters. With importance, we feel that we matter to others if we are the object of their concern. They may provide us with the emotional support, inconvenience themselves to see that our needs are met, or take pride in our achievements. The fact that people invest time and energy in us in order to promote our welfare suggests that we are a significant part of their world. In contrast, if people continually do not care what happens to us or will not bother to help us, we may realize how unimportant we are to others. Prilleltensky (2022) explains that feeling that we matter is one of the most defining features of humanity. Most importantly, when that feeling is present, we thrive. And if it is absent, we feel ignored and helpless. Perhaps this feeling of helplessness fuels the BLM Movement and adds to the feeling of despair and inequities felt by many Blacks.

Finally, mattering to other people can take the form of their reliance on us. We matter to others if they look to us for the satisfaction of their needs or desires (Elliott, Kao, & Grant, 2010). Reliance can be onerous. To have another depend on us in critical ways may become a burden, in that the other's needs may too often have to take precedence over our own. If, however, I am the only person who could provide for another's need, then I cannot be confident that I matter as deeply as I might like. It is possible that someone is turning to me simply because there is no one else, leaving me with the feeling of being used or taken advantage of.

Whatever the orientation taken on the self, recognition of the importance of mattering is never extinguished. Once we become cognizant of the essential nature of mattering, we never reach a point at which we no longer desire to be meaningfully connected to others. So long as the need is satisfied, the issue of mattering may never rise to the level of consciousness within us. Regarding the BLM Movement, many Black individuals feel and have evidence to the fact that

they do not matter. More must be done to ensure that there is an awareness of the value and importance of recognizing and caring about Black lives.

CONCLUSIONS AND RECOMMENDATIONS

The BLM Movement is dedicated to fighting racism. The importance of the BLM Movement within the higher educational arena is evident in the lack of representation of Black faculty, administrators, and leaders. Institutional responses to the BLM Movement are often lacking a clear plan for improvement. Auburn University's Coalition of Black Alumni assessed the diversity within its enrollments, recruitment, and scholarships. Despite this effort, the coalition found that new Black student enrollment has not improved and, in fact, has declined. Further evidence of the lack of an adequate response to the BLM Movement is found in Southern Methodist University's stated initiatives. Students noted the need for more tenured Black professors. The SMU president expressed the desire to create a "culture of civility." More than a desire is needed. Unlike Auburn University and Southern Methodist University, the USC response shines hope on the future of Black lives in higher education. As of 2021, the BLM at USC has lasting momentum. The present author strongly recommends that institutions of higher education undertake processes similar to that of USC's Undergraduate Student Government. The development of a Diversity and Equity Climate Survey in which students express their feelings about areas for growth in terms of equity in the USC community continue to serve as a launching board for real and lasting change. More is needed, but this path offers real hope for the future of the BLM Movement within higher education.

REFLECTIONS FROM THE AUTHOR: MY FRONT ROW SEAT

As I reflect on how the Black Lives Matter Movement has impacted my life, I think of the view one has in a front row seat. In this view, things are up close and often personal. This view is usually not blurred. As a Black woman in higher education, I recall many times in my role as student, administrator, and faculty member when I have witnessed other individuals of all races being treated unfairly, unjustly, and unkindly. Additionally, there are times when I, too, have experienced such treatment. I often ask myself if this treatment is due to gender inequities, age bias, level of perceived experience, race, or a combination of one or more of these characteristics. Many times, in this front row seat, I witness similar treatment to Black *men* of color. The unjust treatment and inequities I have witnessed occurring to Black men are particularly troubling to me due, in part, to the numerous times I have seen it from my front row seat. I sit in my front row seat with a crystal-clear view and often feel helpless. As a wife of 42 years and a mother of four, including three adult sons, I have a front row seat on a daily basis in settings beyond that of the higher educational arena. The Black men and women in my life are smart, talented, strong, loving and kind. I believe they are often feared and treated unfairly simply because of the color of their skin. I see it. I feel it. It makes me sad. Am I unknowingly transferring my feelings about these experiences outside of my role

in higher education to my various roles within the workplace? Are they imagined or are they real? My heart tells me, as I sit in my front row seat, that they are not imagined but they are real. So, what should I do? How can I make a positive difference in the BLM Movement? How can I make a positive difference with colleagues with whom I work? How can I make a positive difference with the students I serve? How can I make a positive difference throughout the community called the human race?

A possible solution may be found within the lens of appreciative inquiry. I utilize this process in my daily life. In this process, the focus is on what *is* working or what has worked in the past. The light is shined brightly on the stories that harvest the best from individuals, groups, and communities. I believe the formula for positive change is to explore, share, and celebrate the strengths within each of us. Many times, the assumption by others when simply seeing a Black person, is that we are uneducated, inexperienced, and poor. It is the responsibility of others to resist these assumptions. Additionally, it is the responsibility of each individual Black person to share their knowledge, experience, and education in a thoughtful manner with others. This can be done in conversation and in collaborative processes that foster growth for all. Additionally, I believe I matter. We all matter when others realize that we exist. Recognizable to others as an individual, a person who matters is distinguishable from the masses that populate the surroundings. It is our individual task to share our talents, strengths, and experiences with others to aid in ensuring that we all matter and can be respected and celebrated individually and in community with others. These interpersonal processes will aid in paving the way toward celebrating Black lives and increasing representation of Black lives within higher education and beyond.

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SIX SIGMA AND LEAN OPERATIONS IN CYBERSECURITY MANAGEMENT

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ABSTRACT

The recent rise of cyber-attacks has brought a wave of new concerns about the security of data and the need for new cybersecurity approaches focusing on protecting both systems and data in entangled supply chains, whether the data is in the cloud or inside organizations. Also, the recent integration and adoption of new technologies, such as the Internet of Things (IoT), has expanded organizations' domain vulnerability for further successful attacks. Consequently, a wave of new concerns have risen regarding the security of data and the need for boosting cybersecurity approaches and moving in the direction of focusing on protecting both systems and data. Some organizations, such as IBM, are creating centers for leveraging technology for prioritizing zero trust frameworks and cloud security. Others are trying to protect critical infrastructures and flow of information using differing new technologies, such as Blockchain. This paper explores how organizations can leverage the theories, principles, lessons, and successes of six sigma and lean operations to enhance cybersecurity in the supply chains. This paper also develops a conceptual approach for the integration of six sigma and lean operations within the frameworks of National Institute for Standards and Technology (NIST) and Department of Homeland Security - *Cybersecurity and Infrastructure Security Agency DHSCISA*, and identifies areas for further study.

Key Words: cybersecurity, six sigma quality, lean operations, business adjusted risk

INTRODUCTION

It is hard to overstate the importance of effective cybersecurity management in today's business environment. Malevolent actors small and large, private and government supported, are continually trying to gain access and capture valuable information for their benefit. Their actions force business organizations to constantly search for the right cybersecurity approach to counter malicious attempts. There is no question that cybersecurity process

management, like all other types of management approaches, can benefit from quality initiatives which can identify the needed processes and can highlight potential improvement areas of cybersecurity programs. As a matter of fact, the International Standardization Organization (ISO) has recognized the importance of quality standards and process improvement in information security management in general, and in the cybersecurity management, in particular, by offering ISO 27001 standards and certification (ISO/IEC 27001: Information Security Management, 2022). The purpose of this certification is to keep the *cybersecurity* and risk management approaches of business organizations relevant and updated. Beyond ISO 27001 initiatives, there is little evidence of any attempt by the academics or the quality and cybersecurity specialists to apply the quality programs and concepts that have been used effectively and widely in many management areas in improving the cybersecurity processes.

It is the purpose of this paper to use the techniques and concepts of six sigma quality methodology to enhance and improve well known cybersecurity methods and practices. It is argued that the application of the six sigma quality guidelines will result to tremendous improvements in the capability of the cybersecurity programs in business organizations.

CYBERSECURITY MANAGEMENT

Cybersecurity is part engineering and part inference. Cyber specialists combine electrical engineering and computer science to understand cyberspace (HBU, 2022). Additionally, they use statistical inference to make sense of data and prepare solutions. Both engineering and inference require measurements, and metrics put those measures into context. Cybersecurity and Infrastructure Security Agency (CISA) defines cybersecurity as “the art of protecting networks, devices, and data from unauthorized access or criminal use and the practice of ensuring confidentiality, integrity, and availability of information,” (CISA, 2019). To a business organization, cybersecurity means being protected against the criminal or unauthorized use of electronic data by taking appropriate managerial actions and technical measures. In a seminal paper entitled “Information Security: Why the Future Belongs to the Quants,” Geer, Hoo, and Jaquith suggest many business organizations consider information and cyber security as a concern (Geer et al., 2003). However, only the few organizations who have adequate risk management processes in place are capable of protecting themselves.

If all this is true, then it makes sense for cybersecurity professionals to identify risks, clearly define the objective of the organization to address the risk issues, and develop appropriate measurements and metrics to assess risk (Coburn et al., 2019). Given the objectives and the potential risks facing the organization, proper remedies can be identified to address the situation. Finally, it is of paramount importance to learn from the whole process, beginning to end, and use the lessons learned to improve the organizations' cybersecurity effort through application of appropriate methods.

These remarks suggest a framework for cybersecurity management that includes contribution of all stakeholders to identify the potential risks and a cost-benefit analysis to balance the cost of the risks against the cost of countermeasures. It makes sense for the security professionals to use well-known and tested quality management approaches to form and utilize such a framework.

CYBERSECURITY CHALLENGES

A survey of chief information security officers (CISOs) indicates their five top challenges include internal error and risk (risks that actually stems from inside the organization), third party risk (risks due to contractors and vendors), evolving regulations (risks due to unpredictable and costly new regulations), data governance risks (risks due to data breach in handling huge volume of data), and strategic misalignment risks (due to reactive as opposed to proactive approach to information security) (Sheth, 2020). Every one of these challenges requires a solution well beyond the basic and standard practice of security hygiene. Instead, they require a comprehensive approach to identify the potential points of weakness and protect the data on a continual basis with extended protection to The Cloud. Only such approach can reduce the cyber risks and the potential exposure to loss or harm stemming from an organization's information or communications apparatus.

CYBERSECURITY SOLUTIONS

According to IBM, the purpose of cybersecurity management is to protect critical systems and sensitive information from digital attacks, address the security issues with regard to the organization's critical infrastructure,

network, application, cloud, information, and storage, and provide means for end-user education and disaster recovery (IBM, 2022).

Moreover, the most common and evolving cyber threats include malware, ransomware, phishing/social engineering, insider threats, distributed denial-of-service (DDoS) attacks, advanced persistent threats (APTs), and man-in-the-middle attacks. IBM's technology solutions include identity and access management, comprehensive data security platform, and security information and event management.

While technology offers a very important and powerful tool in dealing with cyber risks, it must only be a part of an overall management approach that covers the conceptual and technical aspects of any cybersecurity initiative. Six sigma quality management programs offer such a comprehensive methodology that can help cybersecurity specialists in this situation. They include measures that will help to create employee mindfulness and contribution to the cybersecurity efforts and to develop the needed management approach to use data effectively and to utilize the appropriate techniques and technology tools.

SIX SIGMA QUALITY

As one of the most popular and effective quality initiatives, six sigma quality can simply be defined by its ability to help the organization to achieve 3.4 defectives per million opportunities (PPM), given the normal conditions (Jones, 2014). That is, they enable the business organization to achieve almost perfection. Most applications use a structured approach to quality management, in which black belts, green belts, yellow belts, and white belts provide guidance and assistance to the holders of the other belts based on their respective levels of knowledge. Usually, the six sigma quality programs work on many quality improvement projects that are led by the black belts, with the green belts and the others helping with the data collection and analysis in accordance to their place in the organizational structure. Among many proposed projects, usually the ones with the highest potential contribution to profit have the highest priority to be implemented.

Six sigma quality programs usually include three elements of the management philosophy, the techniques, and the methodology. The management philosophies of six sigma and TQM have very subtle but important differences. Six sigma incorporates the goals of the organization into the improvement efforts. Some experts emphasize the similarity of the

two approached and say six sigma is TQM on steroid. The main, and perhaps the most important difference, is the way in which improvement is approached. In TQM, the process is kept within the tolerance limits. Therefore, as long as the process satisfies the customer's specifications, it is capable. In six sigma, on the other hand, the center of the tolerance limits is the target and any deviation from that is not tolerated. So, in TQM, unlike six sigma, perfection is not the goal. In TQM, process excellence is the main objective, in contrast to six sigma which aims for zero defect. Another major difference between TQM and a six sigma program is that the latter has particular structures that makes it less bureaucratic. It creates an infrastructure of change agents who are not working in the quality department. They work full- and part-time on projects related to their own departments. Black belts work on six sigma for several years and continue their careers in some other area in the organization, while green belts work part-time on six sigma while holding their own jobs. Finally, practitioners view TQM as a collection of the application and synthesis of many methods, and the six sigma quality approach as a well-defined structure to help the bottom line of the organization through cost saving and quality improvement projects. This structure allows for application in almost any situation at any scale.

The tools and techniques of six sigma quality are again like TQM techniques with subtle differences. Many of the TQM tools are hardly used in six sigma. At the same time, it extends the use of the improvement tools to what is important to the organization as a whole, such as cost, cycle time, and other business issues. This is why it is so popular with top management. The last distinctive element of six sigma quality is its methodology, which represents a well-defined extension of the Deming's wheel. It includes five elements of define, measure, analyze, improve, and control. It is the application of this methodology that perhaps makes sense in cybersecurity, more than any other methodology.

BUSINESS ADJUSTED RISK (BAR)

Cybersecurity professionals recognize that cybersecurity risks are not simply technology risks (Hubbard et al., 2016). The risks extend well into all functions and levels of the organization, from the IT department to associates, and even customers. Many cybersecurity specialists use business-adjusted risk (BAR) as a key instrument in their repertoire of tools

to measure risk (Geer et al., 2003). As a measuring tool, in its simple form, BAR is similar to Failure Mode and Effect Analysis (FMEA) that has been used by quality professionals for decades. Unlike Risk Number Index (RNI) in FMEA, which is based on three elements of severity of impact, likelihood of occurrence, and detectability, BAR has two main elements and ranges from a minimum of 1, for insignificant risk to a maximum of 25 for a very high magnitude of risk. BAR is calculated by multiplying business impact, ranging from 1 (low impact) to 5 (high impact) and business exploit, also ranging from 1 (low exploit) to 5 (high exploit).

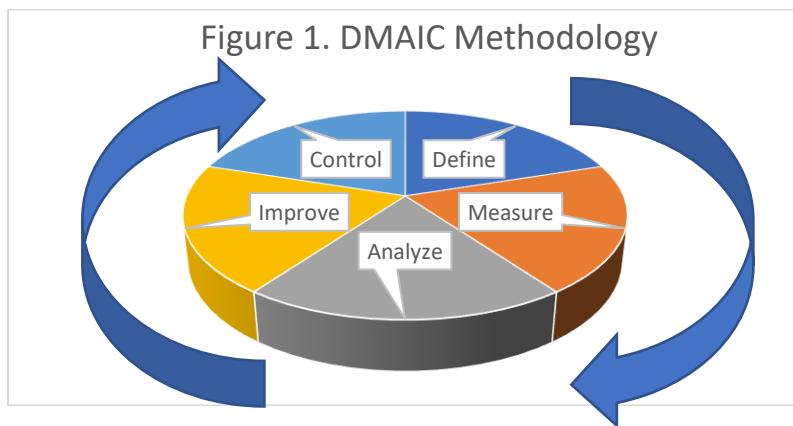
The risk of exploit measures the ease of action by a bad actor. When it is measured at 5, it indicates presence of a well-known defect that requires application of readily available tools by any attacker. On the other hand, a risk of exploit measurement of 1 suggests only skilled bad actors can exploit the defect.

Business impact measures the severity of the damage if the defect was exploited. Again, a measurement of 5, indicates significant financial and non-financial negative consequences that can very well go beyond the organization itself and affect its internal and external customers and reputation. A risk of impact measurement of 1, then again, suggests only a limited financial impact within the organization.

It is important to note that FMEA, and therefore, its more recent version of BAR, could be a significant and valuable part of the six sigma approach to quality control and cybersecurity management.

SIX SIGMA CYBERSECURITY MANAGEMENT

Measurement and data accuracy are the common threads in six sigma quality and cybersecurity management. As a matter of fact, quality guru W. Edwards Deming has been credited for saying “In God we trust. All others must bring data” (Hansen, 2019). Figure 1 shows the elements of the DMAIC methodology of six sigma quality. It includes the five repetitive stages that the project will go through in a circular direction, one after another.



Using the six sigma methodology, we start by defining the cybersecurity problem. As mentioned earlier, cybersecurity can be defined as preventing, detecting, and protecting information from cyber-attacks (CISA, 2019).

We need to recognize that unless there is an exact definition of the problems at hand, it is impossible to measure the level of security and to identify its current and desirable levels. According to GM's head of research, Charles Kettering, "a problem well-stated is half-solved," (Levy, 2022). Unfortunately, in cybersecurity, there are so many sources of internal and external threats, so many things to defend (i.e., computers, servers, mobile devices, electronic systems, networks and data), and there are so many "unknown unknowns," (Clark, 2017).

Despite these many challenges, the problems must be defined. Further, the problems must be defined in a way that is measurable. Regardless of the origin or type of the threats, they are always initiated by humans, either as bad actors or as malevolent government agents. This necessitates an understanding of the level of knowledge, of the availability of the tools, and of the motives of the likely attackers. Therefore, once the potential threats are listed, the cybersecurity specialist needs to evaluate who has the level of expertise, what type of tools are needed and are accessible, and why the attack will take place. Verification of these factors will be essential in determining the type and severity of the attack, its likelihood, and the means for its prevention or remedy. In the define stage, a charter for the project must be developed, all relevant stakeholders (internal and external to the organization) must be identified, and their voices should be heard, a capable team must be selected, and finally, the six sigma project must be launched.

The second step in DMAIC is the measurement. As mentioned earlier, we need to have a working definition of the problems that are measurable. For a typical large US corporation, data breaches and other potential cyber loss processes, such as denial of service attacks, financial transaction thefts, and network failures should be evaluated in terms of likelihood of occurrence, potential loss outcomes, and the capability of the business entity to remedy the issue.

As aforementioned, BAR is a powerful tool in dealing with risk measurement and management. Whether the loss process is due to contagious malware, data exfiltration, counterpart failure, financial theft, or denial of service, the utilized measurements can be useful only if they measure SMART goals. That is, the definitions of the issue in stage one should include criteria that are Specific, Measurable, Achievable, Realistic, and Timely. It is worth mentioning again, that unfortunately, this is a difficult task in cybersecurity due to many factors that could be the source of security defects, such as error codes, weak encryption, weak password control, etc., and also due to the wide range of capability of the sources of the threat.

We need to note that cybersecurity challenges and the way things can go awry are increasing and sometimes multiplying on a daily basis, making it necessary to evaluate, change, and replace the goals and the measurements of cybersecurity continuously. Security and safety management are closely related professional disciplines due to increased connection between cyber and physical worlds and increased importance of the IoT.

Process mapping is a powerful tool in stage 2, and provides a platform to validate the measurements, identify the value- and non-value-added activities, and process capability studies.

Stage 3, or analysis in DMAIC, is perhaps where the BAR plays the most vital role. It can be used to identify the causes, perform the cause-and-effect analysis, and determine and validate the findings using graphical and statistical tools. Only a comprehensive risk assessment can identify the potential risks and their causes, determine their potential severity, their likelihood, and the ability of the organization to deal with the risk. While the source of the threat could be difficult or impossible to identify prior to the attack, the threats themselves and their consequences should be predicted, and tools such as BAR and the Ishikawa cause-and-effect diagram should be used in this stage.

The improvement stage follows as a fourth step in six sigma quality. The team should identify the areas of improvement, create an improvement plan, establish performance targets, receive the support and approval of all stakeholders, and finally, implement changes. If the analysis in stage 3 is done well, and the results are clear and understandable, then the improvement stage, while time-consuming, is not very difficult to sell to top management and the other stakeholders. One of the main reasons for popularity of the six sigma programs with top management is their capability to demonstrate their potential impact on the organizations' bottom lines.

Unfortunately, there are so many unpredictable threats and unknowns in cybersecurity studies that could make the improvement initiatives a hard sell to the stakeholders. In particular, the top management could be unsupportive to improvements that address less likely or less important attacks. One advantage of six sigma quality programs that can address this issue is that they provide a list of the potential projects that can be prioritized based on their impact on the organization's bottom line.

The fifth step in DMAIC methodology is the control stage, and it requires measuring the results and managing changes, reporting and communicating improvements to all stakeholders to gain their future support, and identifying opportunities for further progress. One important element in this stage is to keep not only the top management, but also the suppliers and the customers, informed of cybersecurity changes and initiatives that would protect their information and make the whole chain more secure.

CONCLUSIONS

Cybersecurity professionals have been constantly trying to match or stay ahead of potential malicious actors who come with various intentions and capabilities. Tools and technologies such as Blockchains and quantum computing will perhaps in the future help in protecting the vital information assets of business organizations. However, currently, it seems the most cybersecurity specialists can do is to keep up with the ever-increasing threats by many capable attackers who have more technical expertise and are armed with more sophisticated tools. This paper shows how the six sigma approach to quality management can be used by the security experts in their attempt to predict and stop future cybersecurity threats.

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THE EXPLORATION OF SOCIAL MEDIA PLATFORMS USING MULTICRITERIA ASSESSMENT METHOD (AHP) TO IMPROVE ORGANIZATIONAL PERFORMANCE

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ABSTRACT: The use of social media platform (SMPs) is a rapidly growing and having the biggest impact on organizational performance. Even though, SMPs has been recognized as a powerful marketing platform, there is lack of understanding of how SMPs improve organizational performance. This study uses Multicriteria assessment method to evaluate the main decision criteria. Therefore, the objective of this paper is to determine the most preferred SMPs among LinkedIn, Facebook, twitter, YouTube, and Instagram by organizations with Analytic Hierarchy Process (AHP) model. This study also aims to determine the priority of decision criteria in the assessment of the organizational performance with AHP model. The decision criteria employed in this study are quality, delivery, assurance of supply, flexibility, and cost. The result of this study shows that LinkedIn the most preferred alternative policy option followed by Facebook and Twitter, based on AHP model. Quality, Assurance of Supply and Delivery are ranked as the top three influential factors in this study. The result showed that LinkedIn significantly influence social media usage, and the social media usage has a significant effect on organizational performance. The result also showed that quality variable between social media usage and organizational performance. This study is significant because it helps to determine the most preferred alternative policy options as well as the most influential decision criteria impacting organizational performance with AHP model. The result shows that organizational performance depends significantly on social media platform usages

Keywords: Social media, Performance measurement, (AHP, Multi-criteria decision making (MCDM).

INTRODUCTION

Social media platforms (SMPs) have gained prominence over the past several years. And as a result of this popularity, traditional media are undergoing a cascading decline in importance both in commerce and quality. Organizations are spending more money on SMPs, with little understanding of how it influences consumers to favor their brands or buy their products (Roxane, Edelman, & Sarrazin, 2012). The rapid growth of SMPs in recent years has had a considerable influence on consumer attitude, and organizations have embarked to take notice (Papasolomou & Melanthiou, 2012). SMPS is referred as a wide combination of two or more idea application field such as recognizing a new marketing mix and enlarging customer loyalty, there by improving product-service quality, delivery, flexibility and acquiring latest stream of business intelligence) (Madison, 2012). The influence of social media like Twitter, Facebook, LinkedIn, Instagram and others is rapidly growing and cannot be ignored in serving as an avenue of promoting and preserving connections. It can be concluded that, Best Buy and Dell have achieved success utilizing SMPS to mitigate costs, and provide goal-oriented in stimulating their employees, improve internal communications, and encourage idea that has been transformed into practical reality. (Shipilov, 2012). However, not much literature is found on exploring empirically how social media affects the communication and coordination among organizations (Aral, Dellarocas, & Godes, 2013; Dou, Niculescu, & Wu, 2013; Miller & Tucker, 2013; Madison, 2012). SMPS provides organizations an opportunity to monitor and analyze the way how consumer exchange news and ideas and derive insights from that information to improve their performance. And The purpose of this study is to analyze the application of (AHP) approach to evaluate the main question of this study "To explore, how social media usage influences organizational performance in deriving intelligence ".The contribution of this study is significant because there exists the lack of study on how intelligence from SMPs is associated to supply chain performance. The authors have considered 5 important factors for evaluation of the performance of the supply chain. The model is constructed based on the benchmarked evaluated criteria. We proceed to propose AHP based methodology to associate the organization 's performance measurement to the evaluation of the SMPs. And this helps. the organizations understand which measurement metrics are of prime importance to their organization business strategy, goals and ensure the performance measurement is aligned with their marketing strategy. And the aim of this study is to analyze the influence of SMPs in a business context, illustrating how SMPs can assist organizations improve their performance. With this end view, this study proposes the analytical hierarchy process framework to evaluate how, the influence of SMPs usage can improve organizational performance in acquiring intelligence. The rest of the paper is organized as follows. Section 2 we review relevant literature on the influence of social media on organizational performance. We then introduce the study area of supply chain organizations. Then draws concluding remarks.

THE ANALYTICAL HIERARCHY PROCESS (AHP)

AHP is a commonly used tool for multi-criteria decision making problems developed by Saaty(1980). The advantage of this technique is the relative ease with which it handles multiple criteria. AHP is easy to comprehend, and it can effectively accommodate qualitative and quantitative data. AHP involves the principles of decomposition, pairwise comparisons, and priority vector generation and synthesis. The AHP provides a framework to deal with multiple criteria scenarios that includes tangible and intangible, qualitative and quantitative features. It encompasses 3 steps: I. Decomposing the complex problem into a hierarchy of different levels of elements. II. Using a measurement methodology to develop priorities between the elements. III. Synthesizing the priorities of elements to establish the final decision. To have a clear understanding the above process is discussed as follows. A complex problem is divided into sub problems in hierarchical levels, with a set of criteria relative to each sub problem. The top level is the governing goal and consists of only one element – the overall objective. With reference to this study, the primary goal is simply the performance measurement of a supply chain to select the best possible supply chain measurement. At the subsequent levels, all the performance measures are listed. We have selected five important factors. These are all the decision factors necessary to achieve the goal.

RESEARCH OBJECTIVE

The purpose of this study was to illustrate how AHP can be used to evaluate SMPs for acquiring information to improve supply chain performance. This contribution of this study is significant because of the lack of sufficient body of knowledge on how information from SMPs links to supply chain performance. This requires evaluating performance measures, a variety of which have been suggested in the literature. Hence, it is necessary to consider the usefulness of information from SMPs for a variety of supply chain performance measures. In the next section, we review relevant literature on intelligence (I), and SMPs.

LITERATURE REVIEW

In this section, we review the literature on social media platforms and their influence on organizational performance, in obtaining intelligence. Hence, the literature review provides the theoretical background for this study. With the advancement of new technology and rapid change taking place globally, organizations are compelled to focus on their supply chain than their internal operations. Hence supply chain performance measurement plays a significant role in supply chain performance improvement. SMPs have significantly altered the relationships between customers and organization by creating and providing a two-way communication (Hoyer and MacInnis, 2010). Social media websites provide organizations with the capacity to interrelate with a prospect and present customers, to foster the sense of the closeness of the customer relationship (Mersey et al., 2010). Social media has not only

transformed the way organizations and their brands interact with customers but in several ways, it has changed the way business is conducted (Leeflang et al., 2014; Patino et al., 2012; Schulz and Peltier, 2013). Organizations are authorized to exchange information with clients at whatever time from any place were using an electronic communication (Chen et al., 2011). According to Kaplan and Haenlein (2010) social media is defined as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange, of user-generated content”. (P. 63). (SMPs encompasses a collection of internet- based work on web technology and ideological background that assists individual users to create content and share it with other potential users (Kaplan and Haenlein, 2010). SMPs have several types such as blogs, microblogs, social networks, media-sharing sites, social bookmarking and voting sites, evaluation sites, forums, and virtual worlds (Zarella, 2010). SMPs are described by user generated content, which has been found to be effective than traditional marketing communications in influencing the attitudes of other users (Thackeray et al., 2008). Therefore, organizations must know how to make use of social media sites to force traffic to their business sites (Weinberg, 2009). Accordingly, industries are using social media to promote their products in a new way, and each social media has its distinct purpose that the other media may not have. The use of social media by organization, furnishes countless advantages, and several of them have established a positive link between social media and organizational performance (Ainin et al., 2015; Paniagua and Sapena, 2014; Parveen et al., 2013; Rodrigues/ organizational et al., 2015). Organizations that are currently utilizing SMPs are changing from the customarily way of conducting organization business approach to a more advanced methods (Praveen et al., 2016). Therefore, the study poses the following question: Using the application of (AHP), the main question of this study was "How SMPs media usage influences organizational performance in deriving intelligence. We contribute to the stream of study which leverages AHP's ability to deal with multi-attribute decision problems in supply chain management by being the first to use AHP to prioritize the influence of SMPs in obtaining information to improve organizational supply chain performance. In our study, we have identified five commonly used supply chain performance measurement attributes and propose a framework for supply chain performance measurement (see Figure 1).

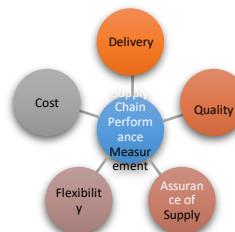


Figure 1. Framework for supply chain Performance Measurement.

The four levels of hierarchy which consists of the main objective, decision alternatives, decision criteria, and sub-criteria for the evaluation of the

SMPs are presented here. The main objective is illustrated in Figure 1 and Tables 1- 3 show the last 3 three levels of hierarchy.

Table 1: Decision Criteria for supply chain performance

Decision Criteria	Explanation
Delivery	The correct product, to the correct place, and to correct customer and manufacturer at the correct time, in perfect condition and packaging, in the correct quantity with the correct documentation, to the correct customer
Quality	Quality is customer satisfaction or fitness for use.
Assurance of supply	Intelligence on the competition between downstream firms that are competing for inputs in limited supply.
Flexibility	Flexibility is the organizational ability to meet an increasing variety of customer expectations without excessive cost, time, disruption or loss-increasing the range of products available
Cost	The cost associated with the operating the supply chain

Source: (Sarode et al., 2008).

Table 2: Sub-criteria for supply chain performance

Sub-criteria	Explanation
Demand Intelligence	Intelligence activities that the end customer values and is willing to pay for.
Process Intelligence	Intelligence that addresses the key manufacturing.
Supplier Intelligence	Intelligence ability to understand the relationships between the firm and its major suppliers.
Logistics Intelligence	Intelligence that takes the changing “landscape” in demand intelligence and determines the optimal response, maximizing customer value and how it affects manufacturing production capacity and schedules, the logistics network, and inventory policy.

Political/Economic Intelligence	Intelligence related to Political, Technological, and Economic changes at a global scale, causing dramatically increased volatility of markets which used to be considered stable and continuously growing.
Supply Chain Visibility Intelligence	Intelligence as access to high quality information that describes various factors of demand and supply.

Source: (Haydock, 2003) and (Williams et al., 2013) and (Klaus, 2011)

Table 3: Descision Alternatives: Popular Social Media Platforms

Type	Platform Types	Definition
Social Networking	Facebook, LinkedIn	Content sharing, mainly personal and business information.
Microblogging	Twitter	Blogging (online diaries), mainly text based that uses hashtags (less than 140 characters).
Media	YouTube/ Instagram	Content sharing, mainly videos and photographs.

Source: Adopted from (Kaplan and Haenlein, 2010).

In this framework, we have identified five important attributes that describes supply chain performance measurement. To ensure the organizational measurement system is aligned with its strategic plan, it is critical for us to have an approach to help companies to understand their supply chain strategy. Therefore, we propose Analytic Hierarchy Process (AHP) in determining the importance of supply chain attributes to a particular supply chain strategy. Table 1 shows the various supply chain performance attributes and metrics at different levels.

AHP Approach

The AHP provides a method to assign numerical values to subjective judgments on the relative importance of each element and then to synthesize the judgments to determine which elements have the highest priority. A high-quality computer system/software-Super Decision was used to develop the model and to conduct a sensitivity analysis of the final ranking list. Figure 2. Shows the screen shot of the AHP model.

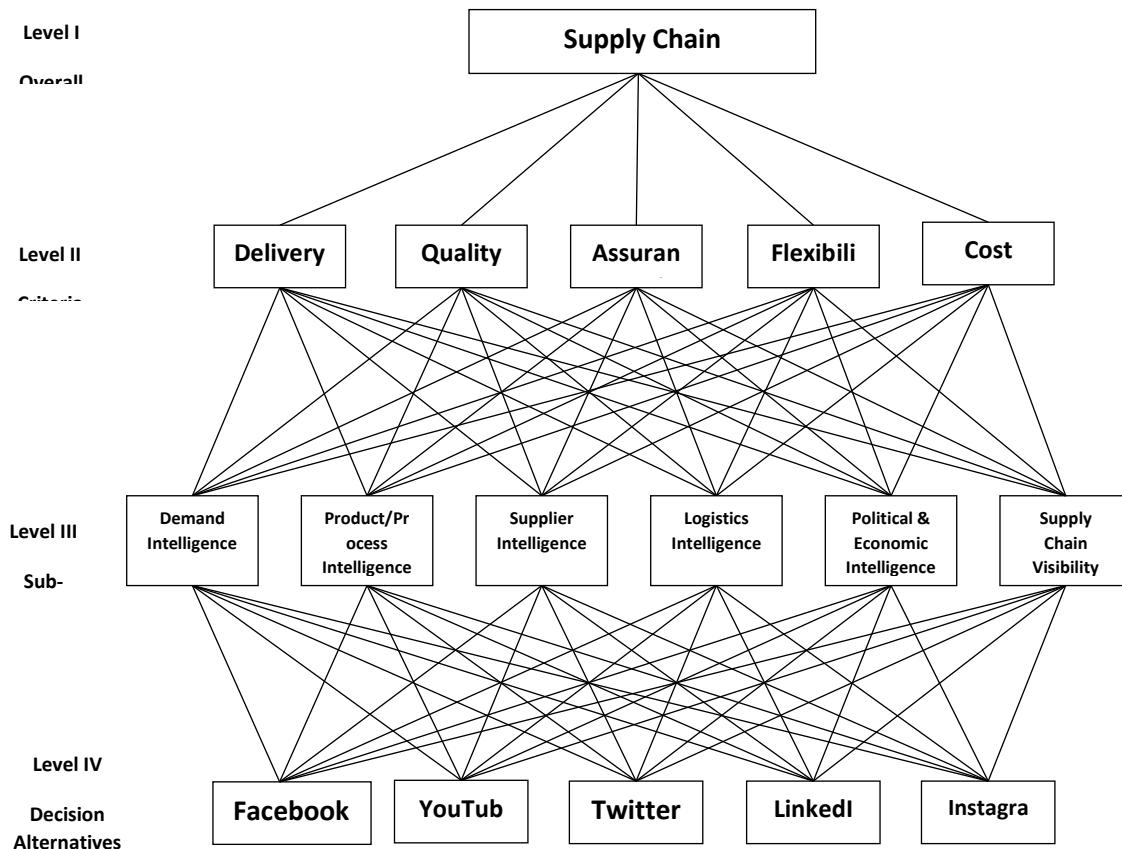


Figure 2: Hierarchical structure of the Analytical process (AHP) model

CALCULATION OF RANKINGS

Once the pairwise comparison is complete, the next step is to calculate the priority. The priority of the attributes determines the strategy of the supply chain. Table 4. shows the various priorities of the above-mentioned attributes as calculated by AHP method.

Table 4. Pairwise comparison Scale

Importance Intensity	Preference Judgement
1	Equally Important
3	Moderately Important
5	Strongly Important
7	Extremely Important
9	Extremely more Important
2, 4, 6, 8	Intermediate values between adjacent values

Source: Saaty (1980)

DATA ANALYSIS

This study uses questionnaire survey to obtain the opinions of supply chain professionals on using SMPs to obtain information to improve organizational performance. The data was collected between June 21, 2017 – September 1, 2017. The survey was conducted through Qualtrics and was sent out to 20 supply chain professionals from five different organization to provide their expert judgement. The experts provided response to several pair-wise comparisons, where two categories were compared with respect to the primary goal. Participants gave a measure of the relative importance of each decision criteria. Hence responses obtained from supply chain professionals were used as input for AHP into Excel and then read into SAS where calculations for obtaining priorities were performed. It took total of 10 judgements ($5(1)/2$) to complete the pair-wise comparisons shown in table 5. To estimates the decision criteria priorities, we used the obtained data that is reported in Table 1. The priorities give a measure of the relative importance of each decision criterion.

RESULTS AND DISCUSSION

Table 5 presents reports on the priority scores associated with main performance decision criteria (II) and the priority matrix of social media platform alternative policy options (IV). For the decision criteria, quality (0.256) is the most important supply chain competitive intelligence factor, followed by assurance of supply (0.230), and quality (0.190); respectively.

Table 5: Normalized pair wise comparison matrix for performance measures.

Criteria→↓	Delivery	Quality	Assurance of supply		
			Flexibility	Cost	
Delivery	1	5/8	5/6	1	8/5
Quality	8/5	1	7/5	7/5	7/5
Assurance of supply	6/5	5/6	1	7/5	6/5
Flexibility	1	5/7	5/7	1	1
Cost	5/8	5/7	5/8	1	1

Maximum Eigen value = 5.033 CI= 0.007

Table 6: Summary pairwise assessment matrix overall priorities for SMPs

SMPs	Priority	
	Score	Rank
LinkedIn	0.322	1
Face book	0.206	2
Twitter	0.176	3
YouTube	0.171	4
Instagram	0.153	5

Table 6 presents reports on the analyzed data with respect to the overall priority scores of the SMPs , LinkedIn (0.322) is the most preferred social media platform option, followed by Facebook (0.206), Twitter (0.176), YouTube (0.171), and Instagram (0.125), respectively. That is, LinkedIn > Facebook > Twitter > YouTube > Instagram respectively. Therefore, LinkedIn is the overall best social media platform choice option.

SUMMARY AND CONCLUSION

This study explored the influence of SMPs on supply chain performance in an organization to select the best SMPs. To achieve the desired goal requires using an MADM, specifically AHP model. This model involved modeling supply chain performance and linking it to SMPs through various types of factors. AHP was chosen as it permits decision makers to model a complex problem in a hierarchical structure describing the association of the governing goal (supply chain performance), decision criteria (supply chain performance measures), sub-criteria (types of SCI), and SMPs.

The objectives were to identify the most important SMPs (Face book, Twitter, YouTube, LinkedIn, and Instagram) and how they contribute to obtaining information about stated performance measurements Result of the pairwise

comparisons of the major criteria indicate that quality is the most important supply chain performance measure with a weight of 0.256 (26%). This finding suggests that quality is perceived as one of the most favorable factors serving to select the best SMPs for an organization. Assurance of supply and delivery are also major contributing factors for selection of SMPs with weights of 0.230 (23%) and 0.190 (19%) respectively. With respect to the major alternative policy options, on the other hand, results of the priorities indicate that LinkedIn (0.322) is the most preferable SMP, followed by Face book (0.206) and Twitter (0.176).

In this study, we apply AHP Model to analyze the priorities of the five important factors which influence the whole supply chain performance. As SMPs are increasingly becoming a stable to organizations and with the advancement in digital growth, organizations are investing more money and time into social media. Therefore, exploring the influence of SMPs in improving organizations performance is critically significant.

FUTURE RESEARCH

Based on our results there appears to be a preference for those SMPs which are professional, text-based, and stable in their content. This observation could be the foundation of a theory for describing how SMPs are used to gather information. That theory could then be tested through an empirical study. This would address the primary limitation of our study which was the low response rate with only five participants' data being used for the analysis. However, five is a commonly accepted number of participants for AHP, due to this small number, the results have limited generalizability. This can be addressed in future work by increasing the number of participants and collecting sufficient data that could be used to generalize the results of AHP model. The methodology developed has been used successfully and can be applied by organizations to assist in formulating strategic plan of action using SMPs to acquire information to improve supply chain performance.

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AN ASSESSMENT OF NON-LINEAR ROBUST WEIGHTED REGRESSION IN VALUING CORPORATE EQUITY SECURITIES

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ABSTRACT

Typical equity valuation regression models use OLS to model price as a function of balance sheet metrics. The predicted values from such regressions are deployed in a portfolio management and/or IPO process. Due to the nature of the input data, such models are often severely affected by outlying observations, skewed data, scale problems and nonlinearities, all of which result in biased predicted values of price. Here, robust weighted nonlinear regression is used to model price as a function of earnings and book value. This regression methodology mitigates the afore mentioned biases and provides better price estimates than OLS. These better price estimates, in turn, facilitate better decisions by primary and secondary market participants, as well as financial services participants in general.

Key Words: equity valuation, robust linear weighted non-linear regression, earnings per share, book value per share

INTRODUCTION

Valuation of corporate equity securities continues as a subject of theoretical, statistical, and analytical inquiry. While equity valuation is useful as an academic exercise on its own merits, equity valuation is important in the practical financial world for two specific reasons:

1. It is used to assist in valuing an Initial Public Offering for buyout price, and
2. It is used in portfolio management to select securities for inclusion in a, presumably, well diversified portfolio.

Typical valuation regression models use OLS to model the effect on price of earnings per share (eps), book value per share (bvp) or other metrics.

Due to the nature of the input data, such models are often severely affected by outlying observations, skewed data, scale problems and nonlinearities, all of which could result in biased predicted values of price. Here, robust weighted nonlinear regression is advanced to model price as a function of earnings and book value. The regression technique provides better price estimates than OLS. These better price estimates facilitate better decisions by primary and secondary market participants, as well as financial services participants in general.

PREVIOUS RESEARCH AND CONTRIBUTION

Early theoretical valuation research, (Gordon 1962) focused on discounted earnings or discounted dividend models to value securities. Discounting models suffer from choice of a discount rate as well as uncertain forward horizon forecast cash flows, be they dividends or earning growth. Alternatively, ratio models focus on some variant of Price to Earnings per Share (eps) or Price to Book Value per Share (bvp) ratios. The ratio approach has two limitations. First, there is an implicit linear assumption of price to eps or bvp. Second, and worse, the model has an implied zero intercept. Third, negative values for metrics such as eps or bvp could lead to negative price estimates. Such limitations bias all metrics and could lead to an incorrect buy/sell signal in the portfolio management process or inaccurate valuation in the IPO context.

Ohlson (2001) Collins, et. al. (1977) advance support for price being a positive function of both eps and bvp, with bvp being especially important when eps is low or negative, or when eps contain non-recurring items or transitory components. However, no estimation techniques were advanced. That work was entirely theoretical.

Contemporary equity valuation models consider equity as options with an infinite life. Russon and Bansal (2016) showed option theoretic equity valuation models to be superior to dividend discount and earning per share models in a *cross section* setting. That cross-section model yielded valuable practical application in an IPO setting in the fair pricing of securities just coming into the public world. However, while that cross-section approach provided valuable intuitive and operational insights for the IPO function, the research was *not* practical in the portfolio management process. Furthermore, it did not include a weighting scheme, with resultant concomitant biases to coefficients.

This research models equity value in the same option theoretic framework as in Russon and Bansal (2016) with a major difference. While Russon and Bansal model cross-section prices for value added to the IPO process, this research models price from a time series perspective so as to find practical usage in the portfolio management process. A time series, nonlinear, robust, weighted option theoretic valuation model *for each* SP1500 constituent is estimated and compared with other linear regression methodologies. While the cross-section, non-linear approach was useful and superior for valuation in the IPO setting,) the time series, option theoretic, non-linear, robust and weighted approach is shown to be superior to the linear models for use in portfolio management function. The research solidifies the option-theoretic equity valuation approach as more realistic for *both* IPO and Portfolio Management functions.

Russon and Bansal (2018) concluded that “the bvp is the superior metric to assess over- or undervaluation. This conclusion is robust based on size and sector”. Branch (2014) “explored the market’s ability to anticipate changes in performance and found that the market price appears to reflect anticipatory information not present in the model value”. Gottwald (2012) found that stock valuation can be performed by the use of P/E ratio.

METHODOLOGY

Time series data for price, earnings per share (eps) and book-value per share (bvp) was drawn from FactSet¹ for each of SP1500 constituents for the years 1999-2020. Thus, the dataset is pooled time series and cross section consisting of approximately 33,000 observations. Following Olhson (1995) the functional specification is given in Eqn. 1, below.

$$\text{price}_i = f(\text{eps}_i, \text{bvp}_i) \quad (1)$$

where,

price_i - time series equity price per share for the ith company
eps_i - time series earnings per share for the ith company
bvp_i - time series book value per share for the ith company

As noted above, financial data and research suffers from outlier and skewed data, scale problem, and nonlinear relationships. We address these econometric problems by incorporating the following simultaneously:

- a. Outlier and skewed data - method of moments robust regression
- b. Scale problem - weighted regression
- c. Nonlinear relationships - UNLI (Unit Normal Loss Integral) eps and bvps transformations

Five models will be estimated for each SP1500 constituent using R, the software statistical program. Each model and the associated R code are given in Exhibit 1.

Exhibit 1: Regression Models and Associated R Code

1. Ordinary Least Squares
Ols Model<-lm (price ~ eps + bvps)
2. Weighted Regression
Weighted Model<-lm(price ~ eps + bvps, weights=1/price^2)
3. Robust Regression -
Rob Model<-lmRobMM(eps +bvps)
4. Nonlinear Regression (Linear regression with nonlinear UNLI transformation)
nLin Model<-lm (price ~ UNLI (eps,0,1) + UNLI (bvps,0,1))
5. Robust and Weighted Regression with Nonlinear Transformation
RobWgtNL in Model<-lmRobMM (price~UNLI (eps,0,1) + UNLI(bvps,0,1), weights=1/price^2)

Where: lm - R code for linear model

lmRobMM - R code for MM Robust Regression

UNLI - Unit Normal Loss Integral - nonlinear transformation which mimics option prices before expiration

Adequacy of fit for each model of the i^{th} company will be determined by two metrics: Mean Percent Error (mean % Err) and Median Percent Error (med % Err). It will be shown that #5, i.e., the Robust, Weighted, Nonlinear technique, is

RESULTS

a. Descriptive Statistics

Median values of time series price (year-end), earnings per share (eps) and book value per share (beps), as well as price-eps and price-beps correlations were computed for each SP1500 constituent with more than 14 complete observations for the years 1999 to 2020. Table 1 displays data for seven large market value constituents. The resultant valid database had 1422 companies.

Table 1: 8 Individual Company and Aggregate Price, Eps, and Bvps Medians, and Correlations

Ticker	Median Price	Median eps	Median beps	Correlation EPS and Price	Correlation Bvps and Price	n
AAPL	34.25	2.194	6.815	0.967	0.975	22
DIS	40.72	1.934	17.156	0.897	0.885	22
GE	30.22	1.395	9.632	0.079	-0.607	22
JNJ	67.09	3.557	15.628	0.812	0.837	22
WFC	32.63	2.286	17.493	0.868	0.813	22
WMT	58.47	3.008	14.568	0.535	0.505	22
XOM	67.11	5.275	23.484	0.870	0.864	22

As it is well-known that, due to the non-stationarity of yearly constituent data, the median values do not provide much perspective, these are provided for inspection. However, the correlation values are informative. Note the severe negative price-bvps correlation for GE. This is an example of an extreme outlier causing a bias to an OLS metric. The large dataset is beset with many such examples. Hence the need for Robust Methods of estimation used here.

Table 2: Medians (of the medians) for the sample of 7 and for the entire SP1500.

	Median Price	Median eps	Median bbps	Correlation eps/Price	Correlation Bbps/Price	n
Sample 7	40.72	2.28	15.62	0.868	0.837	7
SP1500	28.55	1.12	11.11	0.628	0.707	1422

Note that median Bbps-Price correlation is higher than the median Eps-Price correlation for both the top seven as well as the SP1500 aggregate.

b. Regression Results

Five regression models of price on eps and bbps were estimated for each valid SP1500 constituent. Table 3 displays mean percentage errors (mean % Err) and median percentage errors (med % Err), as well as regression intercepts and coefficients for the top 7 market value companies for five regression objective functions grouped by company. Boldfaced and underlined for each company group is the least mean % Err and med % Err for each company.

Table: 3. Five Regression Model and Results for 7 Companies

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bbps
OLS	AAPL	17	1.114	0.208	3.00	2.98	3.63
Weighted	AAPL	17	0.324	0.226	-3.10	-0.82	5.47
Robust	AAPL	17	1.208	0.254	4.07	4.45	2.77
Non-Linear	AAPL	17	1.122	0.208	2.05	1.75	4.11
Weighted Robust Non-Linear	AAPL	17	0.829	0.208	0.30	-0.67	5.05

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bbps
OLS	GE	17	0.297	0.209	48.83	3.95	-2.50
Weighted	GE	17	0.287	0.319	38.31	3.18	-1.86
Robust	GE	17	0.309	0.167	39.60	20.00	-3.72
Non-Linear	GE	17	0.294	0.203	46.77	5.43	-2.53
Weighted Robust Non-Linear	GE	17	0.261	0.154	12.63	22.78	-1.93

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bvps
OLS	JNJ	17	0.099	0.087	32.28	3.91	1.34
Weighted	JNJ	17	0.093	0.088	38.49	1.73	1.31
Robust	JNJ	17	0.092	0.079	46.29	1.01	0.79
Non-Linear	JNJ	17	0.099	0.086	32.15	3.98	1.33
Weighted Robust Non-Linear	JNJ	17	0.093	0.085	38.78	1.60	1.31

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bvps
OLS	WFC	17	0.117	0.112	13.91	6.12	0.27
Weighted	WFC	17	0.119	0.113	15.66	5.00	0.24
Robust	WFC	17	0.119	0.086	10.77	10.20	-0.12
Non-Linear	WFC	17	0.114	0.095	13.23	6.68	0.23
Weighted Robust Non-Linear	WFC	17	0.113	0.069	12.02	9.13	-0.11

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bvps
OLS	WMT	17	0.107	0.097	47.57	18.00	-2.97
Weighted	WMT	17	0.103	0.072	47.38	15.46	-2.59
Robust	WMT	17	0.107	0.061	45.62	17.43	-2.89
Non-Linear	WMT	17	0.104	0.096	46.72	21.01	-3.55
Weighted Robust Non-Linear	WMT	17	0.101	0.072	47.19	18.12	-3.15

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bvps
OLS	XOM	17	0.088	0.092	22.34	4.22	0.96
Weighted	XOM	17	0.083	0.099	20.65	3.96	1.03
Robust	XOM	17	0.085	0.093	21.94	3.42	1.10
Non-Linear	XOM	17	0.087	0.092	22.24	4.23	0.96
Weighted Robust Non-Linear	XOM	17	0.082	0.098	20.53	3.99	1.03

	Ticker	N	Mean % Error	Median % error	Intercept	β EPS	β Bvps
OLS	DIS	17	0.277	0.199	-2.99	12.29	1.16
Weighted	DIS	17	0.202	0.118	-3.71	1.04	2.08
Robust	DIS	17	0.203	0.113	7.39	1.62	1.32
Non-Linear	DIS	17	0.258	0.164	3.94	18.28	0.00
Weighted Robust Non-Linear	DIS	17	0.213	0.193	7.43	10.86	0.48

Table 4 displays aggregated median intercepts, coefficients, and percent errors for all 1422 companies.

Table 4: Aggregate Regression results for SP1500 Companies

	Method	Intercept	β EPS	β Bvps	Mean % Error	Median % Error
1.	OLS	5.570	3.630	1.140	0.252	0.182
2.	Weighted	3.650	2.205	1.085	0.215	0.188
3.	Robust	3.675	3.330	1.210	0.223	0.147
4.	Non-linear	3.040	6.210	1.000	0.244	0.174
5.	Robust weighted Non-Linear	12.630	9.130	0.480	0.113	0.098

Notice that, in the aggregate, the Robust Weighted Nonlinear technique has the least mean % Error and med % Error, i.e., 0.113 and 0.098, respectively, of all techniques. Hence, we conclude that the Robust Weighted Nonlinear technique is superior for estimating and assessing value on a time series basis. Over- and undervalued securities are best identified using this algorithm instead of the more elementary algorithms.

SUMMARY AND CONCLUSION

Participants in the financial markets use quantitative methodologies to estimate price in the equity markets for both IPO and Portfolio Management purposes. Elementary analysis uses ratios while more sophisticated initiatives use regression models. The most elementary regression technique is OLS. However, given the problematic nature of financial data, more intricate models used are weighted regression, robust regression and, due to the nonlinear relationships, non-linear transformations. This research concludes that a regression model incorporating ALL of the intricacies yields the superior results in terms of model fit. Portfolio

management participants would do well to use this regression methodology in the modeling of equity valuation.

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**MULTI-FACETED HUMAN CAPITAL WORKFORCE
SOLUTIONS AND INNOVATIVE STAFFING STRATEGIES FOR
HEALTHCARE SYSTEMS DURING THE COVID-19 PANDEMIC**

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ABSTRACT

Across the Nation, hospitals were experiencing staffing shortages long before the onset of Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) or COVID-19. However, the pandemic has exacerbated these shortages. The sudden and overwhelming demand of frontline healthcare workers exploded with the surge of critically ill patients funneling into hospitals affecting all fifty states. The pandemic produced a plethora of challenges leading to increased stress levels and burnout, not to mention diminished retention of existing staff. These challenges also lead to adverse effects on patient satisfaction and patient outcomes. Staffing shortages and retention issues result from many factors and remain a complex situation for many hospitals nationwide. In some instances, activation and mobilization of the National Guard and Reserve Forces was necessary, as they offered medics to fill the shortages. Solutions are needed to the issues presented in this paper to keep our frontline healthcare workers mentally, physically, and emotionally healthy so they have the ability to serve others in their time of need. Moreover, this situation cannot be rectified with a one-size-fits-all approach. It will require a multifaceted plan of action to increase frontline healthcare workers' satisfaction and retention, leading to improved patient safety and outcomes. This paper will identify the staffing shortages and retention issues, with information leading to potential solutions, using a proposed implementation plan that has been constructed from literature, research and innovative healthcare programs that have proven effective.

Key words: Staff, Shortages, Retention, Pandemic, COVID-19, Workforce, Solutions, Healthcare

INTRODUCTION

There are many causes and substantial history behind the shortage of frontline healthcare workers in this country. Beginning as far back as thirty years ago, "1990's policies to reduce healthcare costs shifted to increase the use of managed care" (Buerhaus, 2021, p. 249). Due to the managed care era, hospitals were forced to reduce the number of frontline healthcare workers (FLHCW), as "nurses were among the most highly paid employees" (Buerhaus, 2021, p. 249). This action inhibited the growth of those looking to enter the nursing field. In the years "between 1995-2000, the enrollment in nursing education programs decreased 4%-6% yearly" (Buerhaus, 2021, p. 249). This decline set in motion the nursing shortage seen in 2000-2001, which was experienced across the Nation. The end result was on full display when the COVID-19 pandemic arrived.

There are additional factors contributing to this deficit. First, the "aging population (e.g., baby boomers), the aging workforce itself, and a greater insured population following the Affordable Care Act (ACA)" (Zhang et al., 2020, p. 1). Second, is the lack of educational opportunity from institutions with limited class sizes, insufficient numbers of teaching faculty, both inhibiting growth of educational programs.

On March 11, 2020, the "WHO (World Health Organization) officially declared the COVID-19 outbreak a global pandemic" (Froessl & Abdeen, 2021, p. 1). Fear of this unknown disease resonated throughout the country because no one knew exactly how it was transmitted. "In the face of the rapidly spreading virus, the existing medical equipment and healthcare personnel of even countries with developed medical infrastructure were insufficient against the severity and urgency of the pandemic" (Çakıcı et al., 2021, p. 315). The pandemic hit with such veracity that staffing quickly became an issue. FLHCW faced many obstacles such as "inadequate and poor quality PPE, increased staff to patient care load, relaxed measures in the normalization period increasing the risk of viral transmission, not applying rotation for nurses working at pandemic clinics, and asking nurses to work overtime" (Çakıcı et al., 2021, p. 316). Fear itself was another obstacle to overcome. Fear can be debilitating both physically and psychologically. Fear of becoming infected and possibly infecting other patients, co-workers, and family members was always a risk. "Thousands of FLHCW have died due to infection with COVID-19. Healthcare workers and their family members are significantly more likely to be infected and

hospitalized with COVID-19 than members of the general public" (Froessl & Abdeen, 2021, p. 9). It is evident that fear of this unknown disease, compounded with PPE shortages and encouragement of improper usage from upper management, has led to the decline of healthcare workers' resilience as stress levels peak. The cascade of internal and external events has inevitably caused FLHCW to exhibit and experience compassion fatigue on a level never seen or experienced before. As a result, they reach burnout level and leave the profession altogether, fueling the great healthcare resignation. Healthcare is in crisis.

ISSUES LEADING TO STAFFING SHORTAGES

Due to the rapid spread of the Coronavirus across the Nation, there was little time to anticipate the amount of proper PPE needed for long-term use in combating the steady influx of infected patients. The supply chain was quickly depleted, causing hospitals to enforce unsafe methodology, allowing the disease to spread easily. Vendor inventories disappeared, manufacturers were not able to keep up with supply chain demands, and the Department of Health and Human Services was unable to pull PPE stock from national reserves contained within the Strategic National Stockpile (SNS). The SNS is a series of twelve warehouses that "contains preparedness medications and supplies to respond to chemical, biological, radiological, and nuclear (CBRN) threats, pandemic influenza, and natural disasters. After the 2009 H1N1 influenza outbreak, key PPE supplies were not replenished within the stockpile" (Gerstein, 2020, p. 4). Thus, FLHCW have been expected to use the same masks and gowns repeatedly, for days on end, before being issued new PPE by hospital administrations. "American Nurses Association (ANA) Pres. Ernest J. Grant, PhD, RN, FAAN, testified before the US Senate committee on finance regarding the strain on the US medical supply chain during the COVID-19 pandemic and the negative impact. PPE is not being provided in the quantity or quality required for nurses to safely care for patients. More than 14,000 nurses responded to an ANA survey on access to PPE. Of those responding, 45% said their facility was still experiencing PPE shortages, and 79% were encouraged or required to reuse single-use PPE. Healthcare facilities are attempting to stretch their supply of PPE resources, but 59% of nurses said that PPE reuse makes them feel unsafe" ("ANA president testifies on PPE shortage," 2020, p. 54).

During the initial onset of COVID-19, with the surge of critically-ill patients flooding the hospitals nationwide, healthcare workers became less resilient. "Resilience is the ability to positively adjust to difficult times and the ability to cope successfully despite adversity" (Schmidt & Haglund, 2017, p. 319). FLHCW experienced trauma and death day after day, despite providing the utmost professional care to their patients. However, it has been challenging for nurses to retain their resilience in the face of two years of inaccurate information and numerous patient deaths, all leading to widespread staffing shortages. Without interventions to address these issues, institutions will fail to provide the foundation needed by FLHCW.

FLHCW are at a greater risk for developing compassion fatigue. "Increasing resilience to workplace stressors can counter compassion fatigue" (Schmidt & Haglund, 2017, p. 319). Most healthcare workers enter the field because of their compassion for others and the desire to assist those, directly and indirectly, who have encountered a health deficit. "Compassion fatigue describes the symptoms that result from providing empathetic support to patients, their families, and other caregivers" (Perregini, 2019, p. 52). With COVID-19, many FLHCW have experienced compassion fatigue due to the unpredictable nature of the disease, the losses of their patients, and the institutional restrictions in place preventing families from being with their loved ones. A significant number of workers have felt this "emotional residue or strain of exposure to working with those suffering from the consequences of traumatic events, with about 40% of frontline healthcare workers admitting the prevalence of compassion fatigue" (Powell, 2020, p. 53-54).

Individuals in the medical profession are at a higher risk of burnout. Despite their fears and PPE issues, FLHCW came out of the gates ready to serve their employers and community members affected by the Coronavirus. The first wave was a long battle, and many suffered both resilience issues and compassion fatigue like never before. When the second wave hit, the Delta variant gave no rest in-between, leading to the professional burnout. "Burnout is a disorder that is directly related to workplace conditions due to the occupational stress in which health workers are constantly under" (Garcia et al., 2019, p. 2). This stress caused some FLHCW to resign from their position or completely abandon their post. Another article describes it as a "cumulative and prolonged process, marked by emotional exhaustion and withdrawal leading to psychological responses to job-related and

interpersonal stressors, that occurs when demands exceed one's ability to cope with increased workload and institutional stress" (Powell, 2020, p. 53). Burnout is a severe syndrome stemming from internal and external factors that affect the healthcare worker and carry profound implications for the institution and patients the healthcare professional is attending. "There is an agreement that burnout in medicine is harmful to the professional, the institution, and the patient" (De Hert, 2020, p. 180).

MILITARY ACTIVATION

"While the current pandemic has demanded new, and at times unfamiliar roles for the military in many states, there is a long history of using the military to curb disease outbreaks, epidemics, and pandemics" (Wilén, 2021, p. 22). The activation and rapid deployment of the National Guard/Reserve were called upon to assist and support the public healthcare organizations during the pandemic peaks of COVID-19. "A large number of militaries have mobilized their medical expertise to combat the spread of COVID-19. In the United States, 30,000 National Guard service members offered frontline care" (Wilén, 2021, p. 23). With the deployment and support from the National Guard, they now "provide a formidable capability in crisis response, especially when the military is doctrinally trained to employ mission command. Mission command is a cornerstone of successful military operations and is key to why military medicine reacts to unprecedented crises quickly and effectively" (Torrey et al., 2021, p. 263). The men and women activated as part of the National Guard effort continue to work throughout all 50 states to reduce the strain placed on healthcare facilities. Nevertheless, it does not address the real issues of staffing shortages and retention issues that remain as internal factors within the organization.

RETENTION ISSUES

Retention issues of FLHCW have become critical across the Nation. There are very few retention efforts or incentives directed towards healthcare workers that have been implemented since the onset of the pandemic. Human Resource efforts have bolstered one-sided recruiting tactics, spending a disproportionate amount of time, energy, and money hiring new personnel. Many of these new hires have been traveling professionals, enticed with outlandish incentives, sign-on bonuses, and higher pay rates

than those currently employed with the institution. These actions are only a quick fix, with no focus on the real issues. The real issues are inadequate leadership, lack of proper education and training, insufficient opportunities, and a negative organizational culture.

Furthermore, Human Resources and hospital management have failed to provide their established FLHCW with incentives. Negative attitudes arise when new hires need current staff to educate them on the institution's layout, documentation format, automated medication dispensing system, and any other questions of acclimation. Seasoned employees are responsible for training new hires while earning less than the new hire. "Due to the pandemic, travel nurse rates jumped over 200%, with premiums elevated. Currently, hospitals are spending approximately 62.5% more for travel RNs than they did at the start of 2020" (Colosi, 2021, p. 12). This short-sided decision has led to negative attitudes within the ranks. There is a lack of genuine innovative retention efforts for existing employees. "When comparing cost difference between employed RNs versus travel RNs, the amount is staggering. For every 20 travel RNs eliminated, a hospital can save, on average, \$3,084,000.00" (Colosi, 2021, p. 12).

RESEARCH AND LITERATURE REVIEW

There are numerous reasons behind the retention issues and staffing shortages of FLHCW within the hospital setting. The pandemic has only exacerbated the issues. The aging workforce, stress and burnout, career versus family safety issues while working with COVID-positive patients are important factors to the frontline workforce. Many baby boomers are employed within the healthcare field and are beginning to retire while seeking higher levels of healthcare due to age-related conditions. This two-fold action has contributed to the shortages, straining the healthcare system. "The nursing workforce is aging; by 2025, the profession will be 260,000 short of nurses needed to meet the public demand for nursing services" (Scruth et al., 2018, p. 111). This shortage is also affecting educational institutions and "presents a unique problem leading to enrollment limitations, limiting the number of nurses that nursing schools can generate, resulting in fewer students, and the overall quality of the program in classes declining" (Haddad et al., 2020). In addition, "it is predicted that by 2030, the demand for doctors will outstrip the supply and that the United States will experience a shortage of up to 121,300 physicians" (Zhang et al., 2020, p. 1). "Respiratory Therapists (RT) have been greatly impacted by the

pandemic as well. Evidence has been provided through a cross-sectional study that demonstrated 79% prevalence of burnout among the nations RT," (Miller et al., 2021, p. 1642), with many leaving the profession. Physicians, Nurses, and RT are critical components of the front line during the pandemic.

Repercussions of the pandemic are being felt mentally, physically, and emotionally within these three disciplines due to the "high levels of stress, burnout and other mental health conditions compared to other professions" (Froessl & Abdeen, 2021, p. 5). The sheer "volume of sick patients and patient deaths due to COVID reached unprecedented and previously unseen levels, even for experienced healthcare workers" (Froessl & Abdeen, 2021, p. 8). Many healthcare workers did not self-monitor stress levels during this wave. Therefore, "medical staff have reported increased rates of psychological distress and mental health difficulties" (Cartwright & Thompson, 2020, p. 18). Furthermore, it has been shown that "compromised well-being among healthcare professionals is associated with increased medical errors, medical malpractice suits, increase in healthcare-associated infections, patient mortality, lower interpersonal teamwork, lower patient satisfaction, job dissatisfaction, reduction in professional effort and turnover of staff" (Dyrbye et al., 2018, p. 1). "Nurses' quality of life (QOL) affects patients' safety" (Tanaka et al., 2021, p. 999). This seemingly myopic view by healthcare leaders has failed to provide for FLHCW mental, physical, and emotional well-being. Administrative actions have pushed many FLHCW to the breaking point. Requiring the repeated use of single use PPE, enforcement of additional shifts, little to no time off, and staff-to-patient ratios exceeding safety recommendations jeopardizes their health and safety. "Healthcare leaders are duty-bound to understand the factors that diminish joy in work; they must nurture their workforce and address the issues that drive burnout" (Perlo & Feeley, 2018, p. 85).

Fortunately, there are measures that can be implemented by the healthcare leaders, such as the Maslach Burnout Inventory-Human Services Survey for Medical Personnel (MBI-HSS). "This is the most commonly used instrument to measure burnout in healthcare professionals" (Dyrbye et al., 2018, p. 2). There are also "several psychological interventions, such as the Acceptance and Commitment Therapy (ACT), which can be applied to improve general distress and work-related distress in healthcare

professionals" (Prudenzi et al., 2021, p. 192). There are many resources available if only those in leadership positions were to use their observational skills and see the healthcare workers in need of intervention before it is too late. Ignoring the signs of mental, physical, and emotional distress places patients in increased danger. "There is a proven relationship between poor well-being and moderate to high levels of burnout and poor patient safety resulting in assistance errors and because of the high prevalence of burnout among healthcare workers there is an increasing number of adverse events" (Garcia et al., 2019, p. 2).

There are no one-size-fits-all interventions or quick fixes to the staffing shortages and retention issues. It will need a multi-dimensional approach from all levels to begin the restructuring necessary to succeed.

SOLUTIONS TO ADDRESS THE ISSUES

"Traditional human resource strategies must evolve as external forces impinge on healthcare" (Land, 2019, p. 1). Solutions begin with improving the one-sided recruiting tactics by the Human Resource (HR) department, administration, and leaders within the institution. "Recruitment is everyone's responsibility in an organization" (McNeil et al., 2020, p. 9). With the nursing shortages, "recruiting more nursing staff may offer a quick fix, but on its own, it will not solve the problem and difficulty of staff retention" (Aparício & Nicholson, 2020, p. 1192). The introduction of a more genuine and innovative retention effort should be developed as "nurse leaders, managers, administrators, and HR departments must collaborate to create long-term recruitment strategies; working together to ensure cooperation, collaboration, and understanding of the overall recruitment strategy" (McNeil et al., 2020, p. 9-10). Yet, it is sometimes within the institution's best interest to "fill vacant nursing positions with new graduates, due to a significantly shorter wait time than waiting to fill a position with an experienced nurse" (McNeil et al., 2020, p. 13). This is sometimes a catch-22 scenario because the current staff will have to train the newly qualified nurse; on the other hand, they will also have to provide training for the new traveling nurse. Resentment could set in and play a negative factor when travel staff usage increases. "Travel salary rates can range to \$200, per hour" (Colosi, 2021, p. 5), in addition to a hefty sign-on bonus. This may be two to four times what the existing nurse is currently receiving. The result is a precarious situation that increases the difficulty of retaining staff serving multiple years with the institution, leading to more

shortages. However, it has been speculated that "a critical time for turnover of nurses is during the first year after qualification" (Brook et al., 2019, p. 47). "An alternative solution enrolls newly qualified nurses into preceptorship programs and clinical supervision programs" (Aparício & Nicholson, 2020, p. 1192). Another "promising intervention appears to be internships/residency programs and orientation/transition to practice programs, lasting between 27-52 weeks, with teaching and preceptor and mentor components" (Brook et al., 2019, p. 48). The latter could produce a substantial return on investment.

In order to reduce burnout and retain qualified staff, it is imperative to address the mental, physical and emotional well-being of those on the frontline. Providing time, if needed, for workers to seek out professional counseling as the death rate continues to climb for those infected with the virus. The use of on-site counselor(s) to assist with mental health and teach mindfulness-based relaxation techniques is a positive move towards retaining current employees. Knowing these resources are available when needed would show concern for the employees' health and well-being. An additional resource is to offer a meditation room available to all healthcare staff when needed. Even a paid comp day for mental health, once a month, would assist in the mental well-being of FLHCW. Compared to onboarding and efficiency costs, such a move could be made with minimal expense.

A solution to physical well-being could be an on-site gym or discounted gym membership, encouraging healthy exercise. "Maintaining regular, daily physical activity is a critical component of a healthy lifestyle. Exercise also mitigates the negative effects of stress and anxiety" (Ranasinghe et al., 2020, p. 1195). Exercise has been shown to have a positive effect on the body as well as the brain. This is due to the release of endorphins, which in turn can assist with reducing the adverse effects that stress has on a body. Leaders should encourage staff to take time for a short, brisk walk during their shift, maintaining physical and mental well-being on the job.

Both the mental and physical aspects of well-being can improve emotional stability. However, emotional well-being is cultivated between a healthy work and personal life balance. Leadership can contribute positive elements to this while FLHCW are on duty, *per se*, by "implementing workplace safety initiatives, recognition for a job well done and promoting

a positive culture that supports work-life balances" (Trossman, 2015, p. 7). Throughout the pandemic, there has been little time to balance personal or regular life needs for some FLHCW. One such example is to provide staff flexibility, allowing them "to self-schedule over a four-week time so that they can plan around their home life in a realistic way" (Trossman, 2015, p. 7). This would prove highly beneficial for nursing staff since "nurses generally work twelve-hour shifts" (Trossman, 2015, p. 7). Reduce staff to patient ratios, "as staffing ratios are of clinical concern, by allowing nurses to decide acceptable ratios instead of managers can lead to better job satisfaction and higher retention rates" (Haddad et al., 2020). Documentation is another source of stress within the healthcare field. Medical documentation is imperative to the continuation of patients' positive outcomes however, electronic systems are often cumbersome not to mention completing appropriate clinical documentation takes time. It has been shown that "speech-to-text conversion technology offers opportunities to improve documentation process of medical records, reduce cost and time of recording information, enhance the quality of documentation, improve the quality of services provided to patients, and support healthcare providers in legal matters" (Ajami, 2016, p. 148).

The institution should provide ongoing incentives for all FLHCW by initiating a reward and recognition system. This could be as simple as premade thank you cards that patients can fill out, thanking the medical staff. One such award, the Daisy Award, is an international recognition program recognizing exceptional nurses. Institutions can implement their own recognition programs, that acknowledge the efforts of individuals or departments. Other avenues could include "offering raises and bonuses to encourage loyalty. Report excellence in practice and provide salary increases for professional certifications" (Keith et al., 2021, p. 224).

Providing education over the causes and effects of COVID-19, can help to mitigate loss of resilience, burnout and compassion fatigue, thus reducing staff shortages and leading to increased retention. Furthermore, education provides the latest information on the use of technology and clinical protocols, assuring staff are utilizing the most up to date information about their craft.

Ongoing incentives to increase FLHCW opportunities are critical to retaining existing medical professionals. Solutions such as "offering leadership development courses for nurses not just administrators, financial

compensation for seasoned nurses to mentor new staff and design in-house nurse expert training programs for the professional development of tenured nurses" (Keith et al., 2021, p. 224). Other incentives are loan forgiveness packages for new hires and tuition reimbursement for existing healthcare professionals who seek higher-level degrees.

Providing a positive institutional culture is imperative during these unprecedented times. "A healthy work environment is not created by hope and promise but by commitment" (Sanders et al., 2013, p. 354). "Positive and supportive leadership styles can improve nurse's health, job satisfaction, organizational commitment, emotional exhaustion and intent to stay in their position" (Laschinger et al., 2014, p. 5). Providing a positive organizational culture is everyone's responsibility; however, a top-down approach is the best application with collaboration and an open communication culture. "Research adds to the growing body of knowledge documenting the key role of positive leadership practices in creating healthy work environments that promote retention of nurses in a time of a severe nursing shortage" (Laschinger et al., 2014, p. 5).

PROPOSED IMPLEMENTATION PLAN

The implementation plan begins with approval from upper management. Once approved, the development of a committee will follow. The committee will consist of representatives from Human Resources, Administration, Physician Staff, Nursing Staff (to include managers), and Respiratory Therapy. By having a multi-disciplinary team, communication and collaboration between departments and specialties will be fostered, thus breaking down the institution's silos. Successful implementation plans have incorporated weekly meetings where each department brings forth issues and debates interventions in a collaborative environment. Meeting frequently also enables the five stages of team development; forming, storming, norming, performing and adjourning.

The initial committee meeting will provide a PowerPoint presentation giving evidence based research about stress and burnout of FLHCW. Additional information will be provided on costs associated with engaging clinical agencies, authorizing overtime, offering critical pay, available interventions to assist and support FLHCW, with emphasis on Return on Investment (ROI) of implementing these interventions for staff. For

instance, "every twenty travel RNs eliminated, a hospital can save, on average, \$3,084,000" (Colosi, 2021, p. 12). Committee members will be given a summation of all presented information in handout form, allowing time to review costs and financials as well as provide intervention information to their departments.

The implementation plan will also require the selection of a recognition program. The first option is to seek the Magnet Recognition. Magnet recognition would be advantageous to the organization, since it is industry accepted as the gold standard of nursing excellence. In effect, the benefits would be hospital-wide as Magnet Recognition is highly sought after by healthcare professionals and patients. The second proposal will be to seek the Pathway to Excellent Standards, which "provides a framework for creating an ideal work environment and ensures an ongoing focus on quality to sustain excellence and encompass cultural transformation" (Dans et al., 2017, p. 49). Pathway highlights the essential mission statement of the organization. The third proposal will be to seek what the University of Colorado Hospital (UCH) implemented, the Shared Leadership Star Model program. UCH has experienced fantastic success with this model as it focuses on "patient and family-centered care, as well as the practice environment" (Sanders et al., 2013, p. 347).

As the committee addresses the pros and cons of each proposed recognition model, there will also need to be a mechanism to address ongoing efforts. Implementing an open-door policy will ensure all committee members and especially FLHCW have access to address issues of concern within and outside their respective departments. The committee will develop and implement the last topic, a Likert scale satisfaction survey, following all discharged patients from the organization. The Scale will assist the committee in establishing which department or area needs solutions and will be enacted first.

CONCLUSION

It has been said many times that the only thing constant is change. Healthcare is constantly changing, and institutions must adapt to these changes. FLHCW must be provided a safe environment while at work, treated with respect, allowed autonomy, personal and professional growth opportunities, and recognized for their accomplishments to the institution. It is imperative that leaders cultivate an environment of caring for their staff

that addresses mental, physical, and emotional well-being. There is an abundance of distress during this unprecedented pandemic era, as it has waxed and waned for the past two years. Retention issues and staffing shortages can be altered with the implementation of cultural change and building programs implemented by the institution's leadership.

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UNDERSTANDING LEADERSHIP OF REMOTE WORK: A TEACHING CASE ON HOW AUTHENTIC LEADERSHIP CAN IMPROVE REMOTE WORK OUTCOMES

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ABSTRACT

The COVID-19 pandemic forced many companies to shift to remote work. As the world opens back up, many companies found the benefits of remote work and have decided to adapt a hybrid approach or even make remote work permanent. This teaching case highlights several leadership challenges arising from a remote workforce. It explores how management can improve outcomes through Authentic Leadership. This case is designed to augment Authentic Leadership instruction as well as apply it to unique challenges that arise with a remote workforce.

Keywords: *Authentic Leadership, Management, Remote Work, COVID*

INTRODUCTION

On a cool Florida afternoon in late January 2022, Nancy, Gary, and their management team of Xcira sat in their respective houses and participated in a video conference call. Even after many months of remote meetings, it still felt odd to Nancy. She knew it was now the new normal and she needed to adapt. At the start of the COVID-19 pandemic, Xcira had decided that all employees would begin working remotely. No one expected that it would last as long as it did, or that they would be considering making remote work permanent. Within the next three months their expensive office lease would need to be renewed so they had to decide if they would make remote work permanent or if they would have their workforce go back to the office.

After a few moments of informal chitchat, Nancy began the meeting. “Our business, our culture, and our people have changed over the last several months due to the pandemic. We are an incredibly resilient bunch. Over the last several months, most of us have moved into home offices with imperfect environments, some working from their kitchen tables while their kids played games around them. This has been difficult; and we have mostly done well.”

Gary interjected, “But is this sustainable long term? I know it is beginning to take a toll on many of you and many of our employees. It has also taken a toll on our

customers and, as a result, on our business. We have learned a lot about ourselves individually, and as a company. After a short pause and a breath, Gary continued. “Over the next month, we need to decide how we operate our business long term. Do we continue with the remote work permanently, and if so, how do we change our leadership approach to support this?”

At this point, Nancy turned to the development manager and said, “Jeff, as the leader of the development organization, can you work with your team to provide a recommendation? Given our looming lease renewal timeline, we need a decision by the end of the month.”

Without hesitation, Jeff smiled, nodded, and said “absolutely.” He then got to work.

Company Background

Xcira was a Software and Services company providing technology for auction houses around the world. The company was founded in 1998 by Nancy Rabenold. As the founder, she saw an opportunity in the live auction market to embrace the internet, enabling remote bidders to participate in auctions.

At the time this was a bold idea. Their platform revolutionized several auction industries such as automotive, heavy industrial equipment, bloodstock, and livestock.

Nancy and Gary – CEO and COO

Nancy and Gary Rabenold started Xcira with many years of experience from IBM and Nancy’s background in the auction industry. Nancy grew up with auctions. Her father’s construction business gave her the opportunity to see how the auction business was run and provided her with many insights into the industry. Nancy and Gary’s background, inventiveness, and customer-focused viewpoint made them the perfect team to launch this business and modernize the industry.

Nancy and Gary have always believed in transparency and followed the beat of their own drum. Early on in their journey, they decided how they wanted the business to operate and defined corporate values to match their belief system. This system provided the moral compass to lead their day-to-day journey. Nancy and Gary fundamentally understood that as times change, they must adapt.

Jeff – Vice President of Technology

Nancy and Gary hired Jeff Whiteside as the Vice President of Technology in 2015 to lead their development organization. Jeff started his career as a software engineer. Over the years he has transitioned into leadership roles focused on transforming organizations with traditional software development lifecycles to organizations that were agile, and value driven.

Short Background on the COVID-19 Lockdown

At the start of January 2019, the world began receiving reports of a new severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). By January 2020, the first cases of COVID-19 were reported in the United States and by early February a Public Health Emergency was declared. By March, the World Health Organization identified COVID-19 as a global pandemic and the United States issued a National Emergency (Listings of WHO's response to covid-19, 2020). States and counties began to issue lockdown and quarantine orders for their businesses, events, and citizens.

Xcira's Journey with Remote Work

Once the COVID-19 pandemic hit, Xcira mandated that all employees work from home. This new work-from-home culture was embraced by many within the organization. Many liked the freedom it provided to structure their day to fit their unique needs. Others loved the time saved from not having to commute to work. This decision also created several surprising and important challenges. Many of these challenges centered around human psychology and its relationship to work. To be successful long-term, understanding these challenges, defining management and leadership models to mitigate them, and building a new leadership culture in the organization was critical.

There were several questions Xcira needed answers to. First, how would their business adapt to the expectations of a fully remote workforce? In the past, many organizations, including Xcira, have experimented with, and allowed workers to telecommute periodically. Forcing the entire workforce to “go remote,” in one breath, was a difficult challenge, and one that could have hidden and dangerous side effects if not attended to?

Second, how did these challenges impact leadership? How did fully remote organization ensure their employees were properly motivated, engaged, and productive so they maintain high performance, job satisfaction, and achieve the expected results? How did communications have to change to ensure adequate alignment, understanding, and direction?

Along with evaluating their leadership approach, Nancy tasked Jeff to recommend how to address their upcoming lease. As Jeff evaluated the situation, he saw three options:

1. Request their employees come back to the office while following CDC guidelines. This would lead them to pre-COVID-19 business operations once safe to do so.
2. Permanently close the office and have all employees work remotely. Given the experiment over the last eight months, they believe this could be successful, but would have required changes in the

leadership, organization, and processes. It would also save them significant monthly expenses.

3. Implement a hybrid approach that supported full remote work capabilities but allows for teams to gather when necessary. This would allow Xcira to downsize the office space and provide more suitable work accommodations for many employees.

Addressing Remote Work Leadership Challenges

Although leading teams is never easy, leading an all-remote team had its own unique challenges. These challenges ranged from communications to fighting procrastination, to work-home integration, to isolation and loneliness. Xcira faced several of these challenges and Jeff needed to build strategies to address them.

Work-life Integration Challenges

Sam, one of Xcira's QA engineers, had a difficult time balancing work responsibility with family duties because his son was also at home for e-learning. Much of Sam's workday was consumed by activities that take considerable focus and energy. Many tasks relied on collaboration with teammates and communication with managers as well as focused documentation and writing. He struggled each day to ensure his work responsibilities did not prevent him from being a good dad. He also struggled each day to ensure his home responsibilities did not interfere with his work performance. When Sam first started working from home, he was excited and optimistic. Now, he ended most days overwhelmed and exhausted working after he put his son to bed to catch up from what was missed throughout the day.

Jeff heard many stories like this during his weekly one-on-ones. He asked questions and looked for ideas and opportunities to solve these problems. On one occasion, Sam suggested he had difficulty focusing during the 9:00 am team meeting because he was also working with his son. Jeff felt strongly that the team should meet first thing in the morning to get a good start to the day, but clearly this was challenging Sam. Jeff decided to move the meeting to a time that better met the entire team's schedule and patterns.

Additionally, this provided Jeff an opportunity to support Sam by suggesting more job autonomy, giving him the encouragement to structure his job and schedule in a way to make it most effective for his situation, such as starting later and taking breaks when it was most helpful to his family. Also, Jeff shared that he personally set boundaries so that he started and stopped his workday at specific times so the work did not bleed into his family time. He suggested that Sam try this as well.

Isolation Related Challenges

During a weekly one-on-one with Max, a senior software engineer, Jeff noticed that Max was not as cheerful and optimistic. He took a note to continue observing

this. After several more weekly discussions, Max's demeanor had not improved. Max lived alone, which had never been an issue for him as he was a proud introvert. It had surprised Max, however, that in this new world of working remotely, he would feel a sense of isolation. This sense of isolation began to affect his attitude, his emotions, and even his job performance.

Jeff was concerned about Max's performance, but more importantly, Jeff was concerned about his wellbeing. With this heightened awareness, Jeff noticed others were similarly affected. Jeff realized that anyone could be facing these challenges and may need help to overcome them. This isolation and loneliness related to working remotely was a significant issue that the organization needed to address before it had more serious consequences. Given the mandated remote work, it was even more important to be aware and sensitive to everyone's situation, mood, and behavior changes. Listening, observing, and asking questions were crucial.

With Jeff's staff remote, he needed to heighten his awareness, be empathic, and be flexible. Going from an environment where people interact in person on a day-to-day basis, to an environment where you only interact through technology, when necessary, was an issue that needed to be addressed head on. First, Jeff wanted to improve his personal interactions with his team. He ensured that he met with each team member regularly in one-on-one meetings. Along with work discussions, Jeff made a point to make personal connections with each person.

Challenges with Social Support, Positive Psychology, and Collective Identity

Given the limited social interactions the team was able to have, Jeff became concerned that people were beginning to feel disconnected and out of touch with the organization. He saw signs of reduced motivation and engagement. There were even signs of cynicism and reduced attitudes that Jeff worried would become serious problems if not addressed.

Another challenge Xcira's management team faced was how to regain the "Xcira identity" that was eroding due to reduced community. They wanted to encourage and foster team bonding and positive social engagement. Jeff wanted to increase opportunities for social support, positive psychology, and a collective identity throughout the organization.

Authentic Leadership Overview

Jeff wanted to turn to Authentic Leadership to mitigate these problems. Authentic leaders are those that strive to be true to themselves, their ideals, and their morals as they lead and develop others. Its foundation is in positive psychology and moral reasoning and is characterized by purpose, values, and Integrity (George, 2004). Authenticity is "owning one's personal experiences (thoughts, emotions, or beliefs, "the real me inside") and acting in accordance with true self (behaving and expressing what you really think and believe)" (Cameron et al., 2003, p. 242). Authentic Leadership shares many characteristics with other positive psychology-

based leadership theories but has several distinguishing characteristics. This theoretical perspective was developed through social science research and defines four key, related components including (Walumbwa et al., 2008):

Self-awareness and Self-regulation - Self-awareness is the process where people actively attempt to understand themselves, their strengths, their weaknesses, and their motives (Northouse, 2016). Self-awareness is closely related to self-regulation in that the growth a leader gains by better understanding themselves can be applied through more measured thinking and actions (Cameron et al., 2003). Self-awareness and self-regulation together enable the leader to respond intentionally to situations instead of just reacting to them.

Internalized Moral Perspective – An Internalized Moral Perspective is the self-regulatory process where people use their internal moral standards and values to guide their actions rather than be influenced by outside sources (Cameron et al., 2003). The actions and decisions of leaders with an internal moral perspective remain consistent with their core moral standards and values (Walumbwa, 2008). Leaders exhibiting an internalized moral perspective will base their responses to situations on their values and morals instead of being unduly affected by outside influences.

Balanced Processing – Leaders exhibiting balanced processing analyze information from multiple sources objectively before making decisions (Walumbwa et al., 2008). These leaders actively seek viewpoints challenging their positions, helping them craft more balanced and complete decisions (Walumbwa et al., 2008). Leaders exhibiting balanced processing also actively avoid favoritism and seek to minimize biases in gathering data for decisions (Northouse, 2016).

Relational Transparency – Relational Transparency relies on the leader presenting their true, honest self to others in an appropriate manner (Northouse, 2016). Authentic leaders remain open and honest in sharing their feelings, motives, and opinions (Kernis, 2003). This enables the leader to build real relationships based on trust and respect.

This characterization of authentic leadership focuses on a developmental perspective emphasizing continuous development and growth of authentic leadership skills, suggesting leaders can grow and improve their skills over time (Northouse, 2016).

Xcira's Next Steps

Xcira's management team experienced many challenges with remote work causing them to change their business and how they interacted with their employees. They experienced challenges ranging from work-life balance, communication, employee procrastination, and employee mental health, among other things. As Xcira moved forward with the decision, Jeff felt he needed to be open and honest with his teams and shared his own experience and challenges. He told stories

relating his own difficulty balancing work and home life. He also shared how isolation had affected him and how he personally coped.

Xcira needed to decide if they would bring everyone back to the office, if they would close the office and continue to work remote, or if they would continue with a hybrid approach. This decision needed to be made quickly. They knew that the final decision would have lasting effects on the business, their employees, and their customers.

To quote Nancy, “If nothing else, this pandemic has taught me that reflection is a personal mandate. While watching the news, I can’t help but wonder what it must feel like to endure sitting in mile-long food lines, reading an eviction notice, losing a loved one in the hospital who died alone...Hopefully, it inspires us to reach out and do something for someone...I still believe in the biblical reference, “To whom much is given, much is expected.”

Discussion Questions

1. Identify examples of Authentic Leadership characteristics the Xcira management team embody?
2. How does Xcira’s leadership team apply Authentic Leadership characteristics to address the remote work challenges?
3. Which of the three work accommodation decisions should the Xcira management team make? Provide justification for your decision.

Teaching Notes

Synopsis

In 2020 the COVID-19 pandemic dramatically shifted how most businesses operated. Businesses were forced to mandate their employees work remotely. A remote workforce introduces different challenges for employees and their leadership. Leading remote organizations, the same way they led an on-premises workforce can produce undesired results (Kelley and Kelloway, 2012). Research has suggested that remote work has a positive effect for employers and workers alike; for employers, remote workers will work harder, put in longer hours, and be more devoted to the organization (Felstead & Henseke, 2017). Remote workers are rewarded through more flexible work arrangements leading to higher enthusiasm and job satisfaction (Felstead & Henseke, 2017). Unfortunately, the evidence for this is mostly incomplete (Felstead & Henseke, 2017). Historical remote work research was limited, mostly anecdotal, and mixed at best. COVID-19 introduced an interesting case study because it forced businesses to go remote, which provided an opportunity for new research (Wang et al., 2020).

In challenging times, like the COVID-19 pandemic, true and clear leadership are even more important (Avolio and Gardner, 2005). A remote workforce requires a

different form of engagement between leadership and their followers. For example, serendipitous, “water cooler” interactions no longer naturally occur. Since many management interactions occur this way, new approaches for communication and knowledge gathering must be developed. There are many established leadership models useful for providing a framework and guidance for remote work. This case recommends that the Authentic Leadership Development (ALD) model can be a valuable framework when leading and managing remote teams. It explores several challenges organizations face when adopting remote workers and provides practical research-based recommendations for leaders.

The case follows Xcira, a Tampa, Florida, Software and Services company as they transition to remote workers. The case illustrates several challenges Xcira’s management faced and asks how an ALD approach could be used to successfully mitigate the challenges. Most importantly this case provides opportunities to discuss how leadership must change to support the inevitable outcome of COVID-19. This idea is not merely theoretical as many technology organizations such as Facebook and LinkedIn have already indicated remote work will continue indefinitely and have even begun to hire c-suite remote work executives (Castaldo, 2020).

Case Objectives and Use

This case highlights several challenges heightened by a remote workforce and provides opportunities for applying authentic leadership theory to those challenges. It also encourages discussions on how different situations lend themselves to different leadership approaches. The case can be taught in introductory undergraduate leadership courses.

Learning Objectives

After examining this case and engaging in classroom discussions, students will gain the following skills and experiences.

1. Describe the characteristics of Authentic Leadership theory.
2. Recognize challenges of managing a remote workforce.
3. Compare and contrast how managing remote workers is different from managing non-remote workers.
4. Apply Authentic Leadership to address the three remote work challenges presented in the case.

Discussion Questions

1. Identify examples of Authentic Leadership characteristics the Xcira management team embody? (LO1)
2. How does Xcira’s leadership team apply Authentic Leadership characteristics to address the remote work challenges? (LO1, LO2)

3. Which of the three work accommodation decisions should the Xcira management team make? Provide justification for your decision. (LO3, LO4)

Linkage to Concepts and Theories

The case illustrates two main concepts in leadership theory and research: (1) Authentic Leadership Development Theory (Avolio and Gardner, 2005), and (2) Work Design (Parker, 2014). The case study highlights the importance of context in leadership and applies Authentic Leadership as a means for improving efficacy for remote work, leveraging the learnings within the Remote Work Framework (Wang et al., 2020).

Authentic Leadership

Employees are craving positive, transparent, and honest leadership to inject trust, empathy, and integrity into their work lives (Northouse, 2016). Authentic Leadership Theory can fill this need. As authentic leadership is still being researched and understood three perspectives that have taken hold: (1) Intrapersonal Perspective, (2) Interpersonal Perspective, and (3) Developmental Perspective (Northouse, 2016).

For this case, the Developmental Perspective will be applied. This perspective characterizes Authentic Leadership as something that can be learned and not just a fixed trait that a leader possesses (Northouse, 2016). This perspective describes Authentic Leadership as a pattern of leader behavior developing from a leader's positive psychology and core ethics, including Positive Psychological Capacity, Moral Reasoning, and Critical Life Events (Newhouse, 2016). This theoretical perspective was developed through social science research and defines four key, related components: self-awareness, internalized moral perspective, balanced processing, and relational transparency. (Walumbwa, 2008).

Remote Leadership – Work Design Approach

Historically, the ability for employees to work remote was periodic and based on individual's status and situation (Wang et al., 2020). Recently, due to the COVID-19 pandemic, remote work on a global scale was widespread and forced. As this trend may persist, it is crucial that leaders adapt to the new needs of their organizations and their employees. The challenges leaders face under this new reality are starkly different than the challenges they faced in the past. Leadership has been shown to be vital for remote team performance and success (Hambley et al., 2007).

This case study suggests describing the challenges of remote work through the Remote Work Framework, which outlines remote work characteristics, remote work challenges, individual factors, and expected outcomes (Wang et al., 2020). This framework is useful in evaluating how leaders can better serve their

employees and organizations in a remote work setting. The research helps recognize the challenges that remote workers face and provides valuable insight into how to interact with remote workers and design their jobs to best serve them. For example, some individuals who are not *self-disciplined* will struggle with remote work, therefore jobs may need to be tailored specifically for the individual.

Research Methodology

The methods of data collection were both primary and secondary. Primary data were collected through face to face and remote interviews with the primary subject. Secondary data were obtained through research journals and articles.

The primary case study development was produced through the primary author's firsthand discussions, interactions, and experience with Xcira. The examples and situations have been real-life examples.

Discussion Questions Answered

1. Identify examples of Authentic Leadership characteristics the Xcira management team embody? (LO1)

Strong answers will show examples of the four defined characteristics of authentic leadership:

Self-Awareness

The Xcira Core Value of “Never be content with less than your best” represented a strong narrative to understand your capabilities and work to deliver on them.

Gary’s statement that “Development and change are a process, and we will continue to learn and grow” demonstrates an understanding that self-awareness and growth is not a finite state, but a process that can change over time.

Jeff demonstrated self-awareness by reflecting on his strengths and weaknesses as well as on the remote work experiences of his teams. He reflected on the dangers remote work brought to the business and articulated the challenges that needed to be addressed.

Internalized Moral Perspective

In building their business, Nancy and Gary created, communicated, and lived by authentic leadership values. For example, *Value #2 – Do the right thing – profits should never trump virtues*, demonstrates a high level of Internalized Moral Perspective.

When Max’s performance began to suffer, Jeff demonstrated a strong internalized moral perspective as he looked at Max’s degradation in performance through an environmental context lens and saw ways to help instead of just critiquing the performance issues.

Balanced Processing

Jeff also exhibited balanced processing by listening to Sam's concern about his ability to focus during the 9:00am daily meetings. He listened and was able to make a decision that benefited the organization in the situation, even when it was contrary to his own policies.

Relational Transparency

Gary recognized and was transparent regarding the ongoing challenges the organization faced and that leadership must adapt and grow with the challenges. This highlighted an awareness and empathy for the challenges their employees faced.

Jeff shared his own experiences dealing with the challenges working remotely and how he coped.

2. How does Xcira's leadership team apply Authentic Leadership characteristics to address the remote work challenges? (LO1, LO2)

Strong answers will demonstrate how Xcira's leadership team applied authentic leadership characteristics to the three remote work challenges and describe how each challenge is addressed by the authentic leadership characteristic.

Work-life Integration

As Sam demonstrated, working from home caused challenges relating to how he would organize his work schedule with his family schedule. Jeff recognized that this was an issue, suggested to Sam that he had authority and autonomy to structure his job to best meet his situation, even as it is different than Jeff's own approach. This is an example of Balanced Processing. For example, Jeff suggested that Sam could take some time in the morning to work with his son and take breaks at helpful times during the day.

Jeff also showed Relational Transparency by sharing that he structures his workday by limiting when he starts and when he ends his day ensuring that work does not bleed into his family life.

Isolation Related Challenges

One of Xcira's core values is to "Work Together." This has become more difficult given the nature of remote work. The self-awareness that these challenges exist, and that it is leadership's job to address them, enables Xcira management to introduce policies, provide the necessary support to their employees, and be sensitive to their situation. Xcira management's internalized moral perspective also enables them to be more sensitive to their employees' circumstances and provided more personal interactions to reduce isolation.

Challenges with Social Support, Positive Psychology, and Collective Identity

Jeff recognized that, as a remote organization, more effort and focus needed to be applied to providing enhanced social support, a positive outlook, and foster an organizational identity. This awareness was supported by an internalized moral perspective and relational transparency. This provided Jeff and the Xcira management team an opportunity to encourage positive interactions. They can improve positive psychology through leveraging relational transparency in communications by highlighting stories of hope, optimism, and resiliency. They can build a strong collective identity by providing opportunities for employees to share common experiences leveraging online forums and other communications. Xcira management should increase their individual and group interactions and remain aware of potential issues, changes, or concerns. They should provide open and honest feedback as well as support as needed.

3. Which of the three work accommodation decisions should the Xcira management team make? Provide justification for your decision. (LO3, LO4)

Xcira should take option three – a hybrid approach combining both remote capabilities and face-to face opportunities. This provides them with the benefits of flexibility and best accommodation. It will also provide them with reduced expenses due to a smaller facility. Implementing a hybrid approach that supports remote work capabilities and allows for teams to gather as necessary provides the best balance for the team.

Option 1, having employees come back to the office full time, may seem reasonable and could be viable. However, Xcira has shown that they can operate effectively, remotely, and for many the flexibility that remote work provided them, was a tremendous advantage to a small software company. Also, being remote during the pandemic, afforded Xcira to hire several strong employees that were further away from the office. Forcing everyone back into the office would put an unexpected burden on them.

Option 2, Permanently close the office and have all employees work remote, significantly limits future options. Without a physical office, employees who need a space would have limited options. This choice would also make it difficult to provide facilities for teams to do collaborative activities such as planning and design activities if they wanted that flexibility.

Teaching Suggestions

This case study assumes knowledge about authentic leadership and some elementary knowledge on remote work. Once Authentic Leadership is understood and the unique challenges of remote workers have been explored, it is important to tie them together by facilitating a discussion on how authentic leadership can support and improve remote worker leadership through this case study.

After a detailed reading, examination, and completion of the discussion questions, students should be encouraged to discuss as a class or in small groups. These discussions should be influenced by the students' experiences and background as well as their knowledge of the subject matter.

Epilogue

Xcira's management recognized the strengths gained from allowing employees to work remotely. They also appreciated the unique challenges the decision posed. Xcira's leadership team decided to take a hybrid approach by allowing employees to continue to work from home most of the time. They also designated specific days employees were required to be in the office. These days corresponded to project events and other sessions that they felt were more effective through face-to-face interactions. Leadership

also decided to downsize their office to a smaller space saving them significant money. This decision gave Xcira the ability to design their office for better collaboration and allowed employees who were more comfortable coming into the office with a space to do that.

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