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A HANDS-ON APPROACH TO BUILDING DEI AWARENESS

Sumjit Barat, Pennsylvania State University

ABSTRACT

The author argues that we do precious little when it comes to practicing Inclusion, Diversity, Equity, & Access (IDEA) in our classrooms. What is even more concerning is the fact that our infrastructure and education system does not provide enough opportunities for the younger generation to appreciate, understand and experience the significance of an inclusive society. Inevitably, our students do not get an opportunity to apply what they learn in the classroom for the betterment of marginalized and minoritized communities to foster a more diverse and inclusive world.

Based on feedback received from education stakeholders, students and from DEI proponents, the author presents a model that not only helps students' understanding and appreciation of DEI, but also allows them to apply their academic knowledge to the real world. The author's model is innovative in approach and underscores the importance of IDEA across different cultures, settings and contexts.

While providing valuable ideas for future research in this field, the author believes that the current model will plug a significant gap in our attitude towards DEI practice and implementation and spur educators and practitioners to consider adopting similar measures while designing their respective curricula.

Keywords: diversity, equity, inclusion, access, higher education

INTRODUCTION

Inclusion, Diversity, Equity and Access (IDEA) *in education*: The topic of Inclusion, Diversity, Equity and Access (IDEA, referred to as DEI for diversity, equity and inclusion in short, henceforth) has garnered considerable research and attention in academia and industry. Nonetheless, since research suggests slightly different interpretations and connotations of these terms (depending on the individual's background, culture, beliefs, and upbringing), it is important that we first define our perspective of 'diversity', 'equity' and 'inclusion' and 'equity'.

'Diversity' refers to absence of uniformity or homogeneity in the composition of the subject matter of a study. Such diversity, therefore, can arise from (but not necessarily limited to) sex, sexual identity and orientation, physical and mental ability, location, income, race, ethnicity, national identity, religion, age, religious, and socio-economic background, native spoken language, and color (Clayes-Kulick et al., 2019). In the present context, our focus is on individuals who are different from us in terms ethnicity, physical location, socio-economic background and native language. Diversity has been studied extensively in education in general (Porayska-Pomsta & Rajendran, 2019; Buchholtz & Frønes, 2020; Felder, 2021; Kovner et al., 2018; Dreamson, 2021) and in varied fields of education such as healthcare (Kirui and McGee, 2021; Estime et al., 2021; Elliott, 2021) engineering (Hess et al., 2021; Harteveld et al., 2020;

Cross, 2020), management (Abrams, 2022; Okręglicka, 2018) as well as from a multitude of perspectives such as disability (Sasseville, 2022; Brennan, 2012); age or ethnicity (Neumark, 2019; Marino, 2022; Campbell-Montalvo, 20) and gender (Santhosh et al., 2020; Anicha et al., 2020; Kress et al., 2022).

'Equity', as we understand, refers to justice and fairness. Not all of us are born with equal resources or opportunities. However, the goal should be to offer everybody access to a level playing field from where every individual, irrespective of what they are endowed with, can have access to better resources and opportunities in working towards their cherished goal (Ainscow, 2020; Nadler, 2021; Smith, 2020; Kirui & McGee, 2021; Cook-Sather, 2018).

Finally, we refer to 'inclusion' as the act of actively involving minorities and under-represented individuals in an initiative, irrespective of the individual's sex, sexual identity and orientation, physical and mental ability, location, income, race, ethnicity, national identity, religion, age, religious and socio-economic background, native spoken language, and color (Estime et al., 2021). It must be noted that the concept of inclusion goes beyond individuals with special needs and, in fact, can be based on the levels (basic vs advanced), types (school vs outside communities) and degrees (limited, moderate and extensive) (Qvortrup et al., 2018; Juvonen et al., 2019; Cobb et al., 2022; Barnett, 2020).

There is considerable discussion about enhancing our understanding, appreciation and support of DEI in our schools, colleges and other institutions of higher education both at the pedagogical and practitioner levels. Higher education institutes (including the author's) often exhibit their commitment to this cause by making DEI a benchmark of their mission and vision, by instituting a DEI (or similar) committee whose goal is to promote diversity at all levels such as in recruitment, retention, graduation, by hiring a more diverse workforce and by admitting more students from minority or underrepresented communities. Local and federal governments do their respective parts by providing special incentives to promote such initiatives such as the Work Opportunity Tax Credit (WOTC) (U.S. Department Of Labor Employment and Training Administration), while rewarding those who have exhibited exceptional progress in this regard, such as David and the Lucile Packard Foundation, Hewlett Foundation, The American Philosophical Association, Ms. Foundation and the like (Grants for Organizational Diversity, Equity, and Inclusion).

Such lofty goals notwithstanding, we have made limited progress. We sometimes tend to forget that charity begins at home, and have so far largely failed to create a welcoming, conducive and encouraging environment and infrastructure where our students can fully understand and appreciate the importance of working with diverse and an inclusive population. Our students do not always understand the concept of 'equity' as it pertains to everybody getting a fair chance to succeed. As such, even though DEI may be part of the curriculum, it fails to involve the students wholeheartedly and elicit their sincere commitment to the DEI cause. In other words, DEI is considered as just 'another thing to do' by many in the higher education setting. Not unexpectedly, our collective failure to promote diversity and inclusion in US higher education is corroborated through extensive research (McGee, 2020; Banks & Dohy, 2019; Fuentes et al. 2021). At the same time, researchers have identified a plethora of reasons and issues related to such failure, such as ingrained bias in STEM programs (Campos et al., 2021), gender (Barone & Assirelli, 2020), systemic and cultural reasons (Iyer, 2022) as well as lack of intent by university administration (Singleton et al., 2021).

From a broader perspective, this is a concern not just with the American education system but outside as well. For example, until very recently, no more than five European countries (Austria, Netherlands, Sweden, Ireland and Croatia) have taken active steps to prioritize inclusivity in their respective higher education systems (Claeys-Kulik et al., 2019), not to mention that many of their Asian, African and Latin American counterparts are farther behind in this regard.

The author, through his fifteen years of active involvement with diversity, multi-cultural and outreach initiatives with students in a university-setting, has noticed that the campus population (i.e. students, faculty and staff) has remained predominantly White, rarely featuring any international student, and almost a non-existent Black or Hispanic member in the faculty or staff population. In fact, the author notes that an overwhelming majority of the students at the author's campus have never even travelled outside of their home towns, and are not interested in doing so either!

While such a situation may be an extreme example of lack of diversity and inclusivity, it is not uncommon. A quick review of student enrollment, retention and graduation rates, and faculty and staff hiring and retention rates at major institutions within the author's home state reflect how much more we need to accomplish in terms of DEI.

Consequently, the author proposes a model that can address a gaping hole in our higher education infrastructure. To be precise, the author's model involves a step-by-step approach where the students 1. are schooled about the need for diversity, equity, and inclusion in the professional world; 2. identify and work with marginalized and minoritized communities to solve business problems in consultation with their instructor and subject matter experts and finally, 3. assess how well they have applied their academic knowledge in upholding DEI initiatives to real world business situations. Thus, instead of looking at this DEI exercise as 'another box to check off', the students take responsibility by being involved in the decision-making process from start to finish and therefore, feel invested and empowered. Consequently, the institution gets to continue to fulfill its DEI mission, while marginalized and minoritized communities get a shot at opportunities that would have otherwise been beyond their reach.

The rest of this paper is organized as follows: this introduction precedes a discussion about the 1. importance of DEI followed by 2. issues facing DEI implementation in our educational system, (focusing on lack of DEI initiatives our students are concerned about), while the next section presents compelling evidence on 3. why DEI initiatives lead to a win-win situation for everybody, which is a segue into the author's 4. proposed DEI model for a classroom and beyond. The final section discusses 5. Limitations, provides recommendations for future research, and concludes.

Importance of DEI:

Encouraging and fostering an inclusive and diverse population is not just for the institute's mission and strategic purposes but for the overall health of our education system. Excellence cannot happen without diverse thoughts, input and ideas. Creativity is stalled and boredom creeps in when we continue to interact only with people who are 'like us', or when we refuse to interact with others simply because their views are different from ours. The less we know about someone or something, the more likely we are to harbor negative feelings towards them, which becomes a dangerous self-fulfilling and downward-spiraling prophecy. In contrast, diversity fuels creativity and stimulates excitement. The United States itself was built on the philosophy that every individual irrespective of their ethnic, linguistic, cultural, sexual or religious background would be welcomed with open arms. More and more foreign students are attending US colleges; concomitantly, an increasing number of American students are opting for study abroad (Cantwell, 2019; Beech, 2018; Jackson et al., 2019; Isabelli-García et al., 2018; Hurst, 2019). Against such a backdrop, instead of asking the question 'why diversity'? we should be asking 'how can we make progress without diversity'?

More equity offers everybody a fair chance to succeed, but inequity breeds frustration and prevents talent from getting recognized and appreciated. In a world where we are recognizing more and more how diverse we are from one another, it is all the more important that we foster an inclusive environment such that nobody feels marginalized or left out. To quote Elliott, "Inclusive excellence provides an active, substantive context in which diversity, equity, and inclusion integrates into institutional and programmatic mission, culture, operations, education, engagement, and quality improvement activities." (Elliott, 2021, p-556). This is possible only when we recognize our own conscious and sub-conscious biases; doing so helps us discover our 'inner self'—and, in the process, makes us more understanding, welcoming and receptive to the people and environment around us (Clayton, 2021; US Dept. of Education, 2016; Takayama, 2017). Ironically, we run into several issues in our effort, which leads us to the next discussion.

DEI Implementation Issues

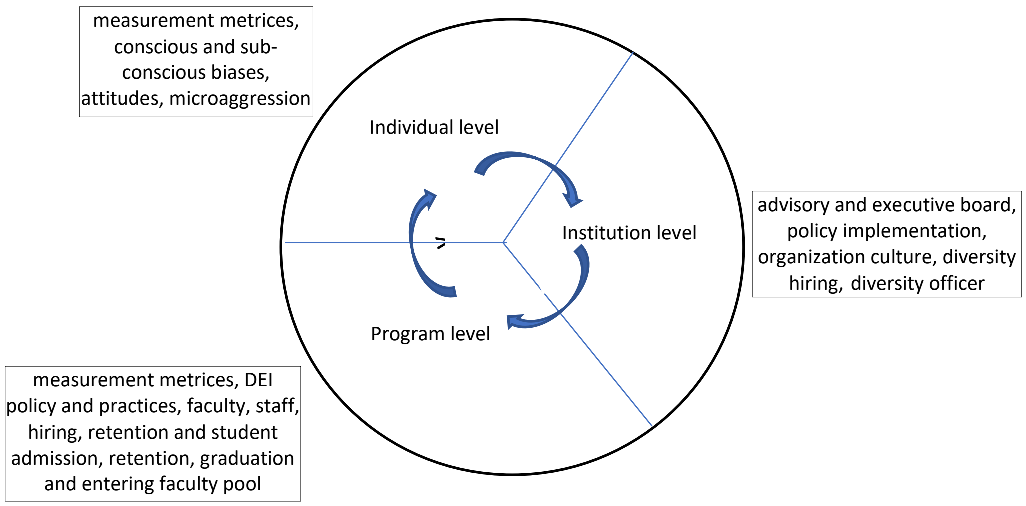
Diversity, equity and inclusion can be conceptualized and applied at multiple levels: individual, institutional, and program. At the individual level, we need to customize our messages based on the individual's attitudes, biases and beliefs. At the institutional level, we need to convince the advisory and executive board members about the importance of incorporating DEI initiatives at the core through policy implementation, organization culture, diversity hiring and retention, and preferably by hiring a diversity officer. Finally, at the program level, we need to completely overhaul the existing structure so that there exist measurement metrices in place to gauge the level of DEI policy and practices, whereas faculty and staff must be encouraged to incorporate DEI activities and policies. And let us not forget that all these three constituencies nurture, borrow from and contribute to one another, making this a 360-degree approach.

Encouraging and maintaining an atmosphere of DEI is even more critical for an institution of higher education, which thrives on ideas, input and contribution from diverse minds and intellects (Claeys-Kulik et al., 2019). The day we close our doors to fresh and diverse ideas, the citadels of higher education will become nothing more than mere relics. The following section provides detailed insight on the level-based DEI implementation challenges.

DEI implementation at Different Levels

Research shows that university-wide budget constraint, lack of administration's involvement and commitment, lack of initiative from instructors, lack of awareness and/or seriousness about the issue of DEI, challenges of collecting relevant data and of training/learning opportunities for faculty and staff, accountability issues, challenges of translating goals into actions that are practical as well as measurable, lack of time and willingness of administrators to commit more time to this issue, ambiguity with regard to free speech on campus, lack of government support and of qualified staff who can provide ideas and guidance as to how we can improve our understanding and appreciation of DEI are some (but not all) of the concerns that pose a serious threat to DEI implementation in higher education (Claeys-Kulik et al., 2019; Knight Foundation, 2018.

Fig 1: DEI Implementation at Multiple Levels



Adapted from Elliott (2021)

In other words. there are several impediments to widescale and smooth implementation of DEI policies and initiatives at our educational institutions. While a detailed analysis of such challenges is neither the main topic of this paper nor is necessary to uphold the integrity of the current research, the author feels it is important to briefly dwell on some of these challenges and discuss the most critical ones under the institution, individual and program levels as indicated in the diagram above, from a broad perspective.

Institution Level

It can be surmised that a majority of these challenges is engendered from and perpetuated by our lack of appreciation and commitment, and hesitancy to handle delicate DEI issues. According to a survey conducted by the John S. and James L. Knight Foundation in 2016, students prioritized diversity and inclusion over free speech, but the difference was insignificant (53 to 46 percent). As such, university executives feel that higher education needs to do a better job of educating students about inclusion. In addition, many universities are reluctant to tread in favor of or against existing political lines. The survey also showed that students cherish free speech more in abstract than in reality (Knight Foundation, 2018). At one of the universities who participated in the survey, the students displayed signs meant to create an unwelcoming environment for the university's 600 plus undocumented students. While the university administration stands behind providing equal opportunity to its undocumented immigrants, it also recognizes and supports (the importance of) free speech.

The author's research reveals some disturbing DEI issues that plague higher education institutes of today that do not bode well for minoritized students. For example, according to U.S. Department of Education, even though overall graduation rates among the Asian, Black, Hispanic and White adults have risen over time, the graduation rate gaps between Whites and

Blacks and between Whites and Hispanics have more than doubled. This implies that our education system is moving in a direction that is opposite to what the institutions are purportedly professing (U.S. Department of Education report, 2016). The picture is no different when we look at admissions, enrollment, hiring and retention of minority population at higher education institutes.

Individual Level

In the light of vociferous appeals and demonstrations by students across US higher education campuses in the Fall of 2015, a survey was conducted on 73 U.S. colleges and universities, three Canadian universities, one coalition of universities, and a few other regional bodies. While a detailed analysis of the results is neither necessary nor possible under the current context, it suffices to note that the survey revealed how students are deeply concerned about DEI issues at the institution level, some of which are discussed in brief below.

91% of the respondents demanded some change in university policies on campus climate and diversity practices; 89% of students demanded that campus executives acknowledge their campus's history of racism and devise more transparent actions to address student concerns; 88% demanded that more resources be diverted towards diverse and marginalized students; 86% demanded more diversity across the campus communities; 71% demanded more diversity, cultural competency and equity training of campus executives, faculty and staff; 68% students demanded that classroom curricula be overhauled to include more diversity and inclusivity issues and perspectives and finally, 61% of student respondents demanded that support be increased for marginalized students groups (Chessman & Wayt, 2016).

Echoing similar sentiments, William E. Kirwan, chancellor emeritus of the University System of Maryland, laments that during the 60-s, 70-s and perhaps the 80-s, the university system was considered as the vanguard of student progressive whom others used to look up to when it came to DEI initiatives. Regrettably, the tables have turned since then, where other constituencies such as the government, military, navy and others have trumped the higher education sector in advancing diversity and inclusion in their structure, philosophy and practice (Kirwan, 2016).

Furthermore, at the individual level, there is concerns about microaggression, which refers to indirect acts of discrimination perpetrated by the majority, through one's acts, expression, speech or lack thereof. Consequently, microaggression can take the form of microinsult, microinvalidation and micro-assault. Because microaggression typically is subtle, it is more difficult to address than brazen acts of discrimination, and requires more oversight, training of faculty and educating students, and regular monitoring of faculty, staff and students' assessment of racial environment on campus (Crandall & Garcia, 2016). In this regard, Amelia Parnell of NASPA (National Association of Student Personnel Administrators) argues that student affairs at universities have a major role to play in educating students about DEI issues, which are exacerbated by the fact that a whopping 89 percent of students in a recent survey demanded that universities appoint campus executives to serve as diversity leaders both on and off-campus. There seems to be some concerns among students with regard to free speech as well. For example, a majority (61%) of students believe that not all students can speak freely on campus. Specially, more students feel that political liberals can speak more freely on campus than political conservatives (92% vs 69%). We next explore program level issues that DEI implementation is facing in higher education.

Program Level

There is serious lacuna in our system when it comes to diversity among faculty, which appears to trail behind that among the student population. However, universities have grappled to address this problem because this is more of a 'pipeline problem' than a hiring problem (Griffin, 2016).

Minority and non-white students score disproportionately lower than their White (even Asian) counterparts in entrance exams such SAT, ACT, GRE, GMAT etc. (Woo et al., 2020; Rosinger et al., 2022). Therefore, fewer minority students 'qualify' for the acceptance pool to start with. Interestingly, even though there appears to be comparable interest among White and minority students in finishing the program, the retention and graduating numbers reflect proportionately fewer minority students completing their degrees (Banks & Dohy, 2019; Duranczyk et al., 2004). Griffin (2016) surmises that since minority students see fewer minority faculty members on campus, they feel that faculty jobs in higher education are not meant for them. In other words, when fewer minority students enter the pipeline to start with, obviously even fewer will eventually qualify to become faculty members.

Therefore, there needs to be a sea-change at the program level to minimize such biased and inequitable admissions system, if we are to see a more diverse and inclusive faculty population on our campuses (Griffin, 2016). DEI issues, for the most part, are still considered as 'one more thing to do' by many in the higher educational environment and administration. As a result, even though DEI objectives garner strong intent among the establishment personnel and are featured in the mission and strategy of many universities, actual initiatives and concrete action continue to be a footnote in the grander scheme of things (Elliott, 2021; Claeys-Kulik et al., 2019).

Our lack of understanding, appreciation and implementation of DEI objectives impacts the students most significantly, because they are already stressed out about rising tuition costs, grades, the uncertain job market, and post-Covid complications in everyday life. Consequently, students are least interested in something that arguably does not directly impact their grades or ability to graduate on time.

However, the author argues that greater DEI is better not just for the academic community but also for the society at large. For example, lack of diversity breeds stereotypes and reinforces misconceptions and biases about people who are different from us. In contrast, nurturing diversity and including underrepresented populations is not just the right thing to do but it also welcomes ideas and thoughts that we would not have otherwise considered, and gives the marginalized individuals an opportunity for their voices to be heard (Washington, 2020; Asmal et al., 2022; Poole et al., 2021).

We also need to recognize that our educational environment should reflect changing demographics. For example, by the year 2030, 20 percent of the US population aged 65 years or older will identify as female; by the year 2044, more than 50 percent of the US population will identify as minority; by the year 2060, one in five in the US population will identify as foreign born (Colby & Ortman, 2015; NCCC, 2009); further, currently 22 percent of the US population aged five years or older speak a non-English language at home. Ironically, despite such diversity trends in the general population, there is distinct lack of the same in our higher education system. For example, in the University computing departments and in the tech industry, Whites and Asians garner 68 percent of total undergrad enrollment, 72 percent of total bachelor's degrees awarded and as high as 85 percent of computing faculty (2018 Taulbee Survey, 2018; Washington et al., 2015; Washington et al., 2016; Washington, A., 2020).

Better diversity and inclusion practices can also potentially minimize income disparity. For example, certain professions (such as information technology) enjoy a disproportionately higher salary than most of the others (Bureau of Labor Statistics, 2022; Code.org, 2022). Given the lack of diversity in such fields, income tends to remain within and circulate among the privileged few. Every effort, therefore, must be made to recruit more diverse and marginalized students into those disciplines when it comes to higher education, which can potentially lead to a more equitable distribution of income (Moses & Cobb, 2001; Bobb, 2017). Given the relation between higher incomes and improvements in the standard of living as well as job retention (Frye et al., 2020; Kurdi & Alshurideh, 2020; Rodríguez-Sánchez et al., 2020), such a step can lead to a more content and productive workforce.

Research shows that increasing diversity leads to better connections being built, a sense of belonging and camaraderie, improved mental health and productivity (Meeuwisse et al., 2010; Sowa & McCann, 2021; Jordan et al., 2021). As such, employees tend to stay in their current positions longer, become more productive and efficient, and improve the morale of the entire organization they work for. In the long run, this significantly reduces operational costs, hiring costs, job search costs and employee turnover costs for companies, which can eventually translate into lower prices for the common people. As such, the benefits of an inclusive and diverse society can hardly be overestimated (Gushue & Whitson, 2006; Phinney, 1992; Phinney & Ong, 2007; Roberts et al., 1999; Washington & Romanova, 2018).

Consequently, it is argued that fostering and welcoming an inclusive and diverse higher education learning environment can minimize if not eliminate indication or intent of bias both in structure and execution, when it comes to policies and instructional methodology in institutes of higher education (Myers, 2012; Fishman, 2022). Overall, therefore, we can infer that an open and diverse learning environment is essential not just for the healthy growth of mind, body and creativity for students in higher education, but also for the future of humanity, so we can continue to flourish in an equitable and harmonious manner. The fruits of growth and development must be shared among all, irrespective of their ethnic, national, linguistic, sexual or professional backgrounds. Therefore, in the next section, the author presents a model of how we can help enhance students' DEI learning process through innovative course design and delivery.

A DEI model for the Classroom and Beyond

Rationale

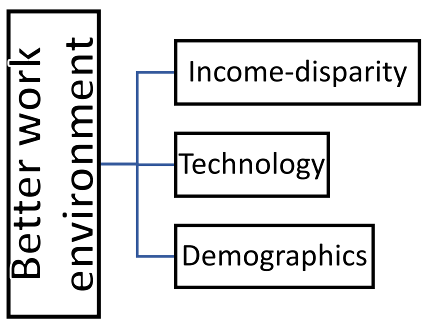
Based on our discussion of extant research, the importance of DEI education at the classroom level can hardly be overemphasized. With the goal of increasing DEI awareness in the classroom in the most efficient and effective manner, the author contemplated several alternatives, which commenced with gathering of informal feedback from students in the author's instructional courses.

This feedback is based on a semester-long project for the writing-intensive Principles of Marketing (Mktg 301W) course offered every semester. The author offered 2 bonus points as a reward for filling out a one-question survey as follows: "For the purpose of Diversity, Equity and Inclusion (DEI) awareness enhancement through classroom instruction, do you prefer hands-on learning (H), theory-based learning (T) or either is fine?" The comprehensive results of the survey (from 2015 onwards) are shown in Table 1:

Table 1: Student preference of Hands-on vs theoretical instructions

Year	H>T (%)	T>H(%)	Either(%)	n
2015	18(53)	15(44)	1(3)	34
2016	18(60)	12(40)	1(0)	30
2017	17(46)	17(46)	3(8)	37
2018	20(51)	17(44)	2(5)	39
2019	12(52)	9(39)	2(9)	23
2020	22(58)	16(42)	0(0)	38
2021	20(59)	14(41)	0(0)	34
2022	19(70)	8(30)	0(0)	27

Fig 2: A Win-win situation for all constituencies



While sophisticated statistical analysis is beyond the scope of this data, nonetheless, the results indicate that students are more interested in participating in hands-on projects instead of theoretical instruction regarding DEI awareness. It may also be noted that starting from 2020, there appears to be a stronger shift in favor of hands-on training compared to previous years. Once again, whether this is the result of the pandemic or not is subject to debate, but an issue we must further investigate.

Similar sentiment was echoed by Furst and Lefkoff (2021), who found in a survey of students that more than 70% preferred a simulate consulting project was more rewarding than regular classroom instruction, and the whole experience was more rewarding and better organized. Moreover, according to feedback from educators received by Ferreira et al. (2023), there are mainly two avenues to improving student DEI awareness: pedagogy and curriculum design considerations. Similarly, Everett et al. (2023) reports on a study where students were tasked with a project focused on individual bias, social justice and the like, and document their learning outcomes. The results, according to Everett et al. (2023) can be categorized as the '3A' approach: students became more 'aware' of their personal biases and stereotypes, eventually allowing them to transform their personal views; secondly, students could 'apply' what they learnt in this exercise to enhance their social interaction experiences; and finally, students felt empowered as to how they could make a difference to the environment and society that they would thrust into, after graduation. Scott & Sandell (2023) suggest a slightly different model of increasing intercultural competency through study abroad classes but nonetheless, drive home the importance of formal pedagogy and curriculum change to effectuate diversity initiatives among our student population. In other words, the literature is rife with evidence that classroom initiatives improve student DEI awareness and make them better prepared for the future that lies ahead.

As is the case at many other campuses in the author's state, the student population at the author's university is overwhelmingly White, and the students are unaware of the world outside of their resident counties, where they have resided for generations. In addition, our education system does not offer much of an opportunity for students to apply their learning in the real world. As Hutchings (1990) wrote, "What's at stake is the capacity to perform, to put what one knows into practice (p. 1)." To help students become capable and competent practitioners requires that they have training in self-awareness, knowledge acquisition, and skill building (Kramer, 1998). Moreover, according to the National Association of Colleges and Employers, as Bauer-Wolf (2018) points out, no more than 42.5% of our graduating students are professionally proficient (for a detailed analysis of this survey, please refer to "Job Outlook: Fall Recruiting for The Class Of 2018" available at https://www.naceweb.org/job-market/trends-and-predictions/job-outlook-fall-recruiting-for-the-class-of-2018/).

As such, the author's proposed model addresses the dual issues: lack of DEI awareness in the classroom and inability to apply in-class learning tools on real-world challenges. The added benefit of this innovative approach is that students get to work marginalized and minoritized businesses outside of the classroom as part of the curricular instruction. The students, in consultation with the instructor and a third-party vendor, identify marginalized and minoritized struggling businesses. These businesses need our help because they do not have access to the skills, resources and infrastructure.

Methodology

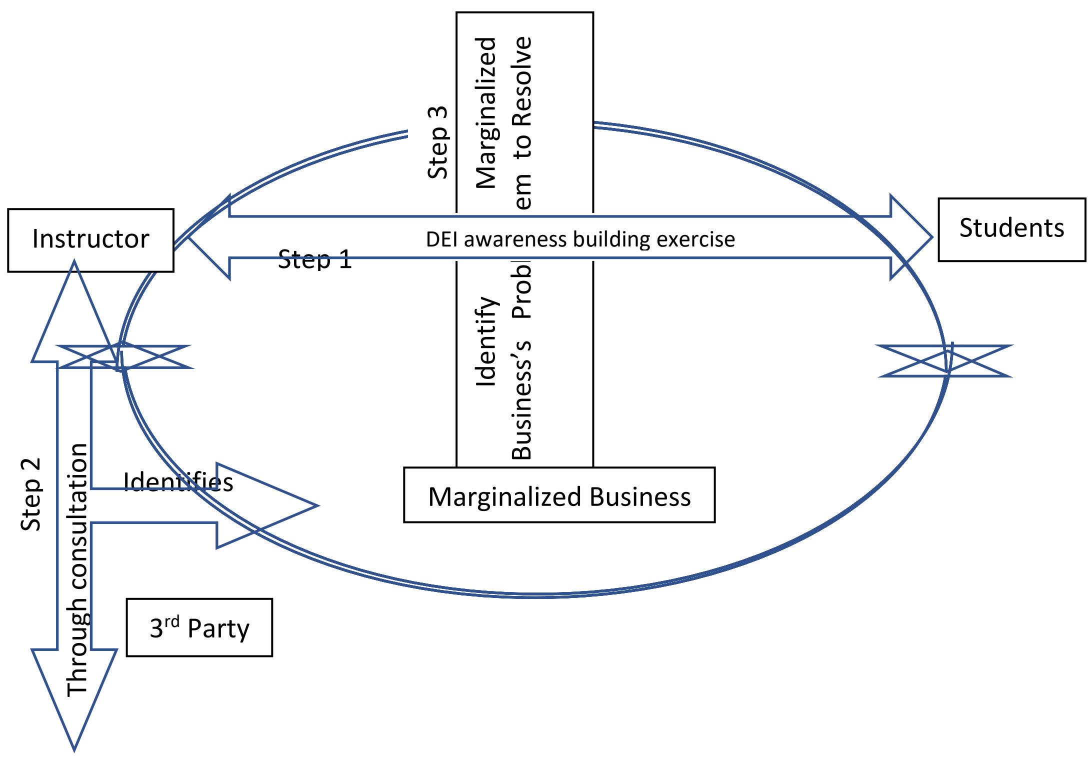
To begin with, students identify an appropriate marginalized and minoritized business to work with in consultation and collaboration with an outside partner, who works as a professional liaison between academic institutions and marginalized businesses. Next, students assess challenges faced by the businesses and create a report of which specific issues to address in consultation with business representative and their instructor. In the third step, student designs and develops a timeline of small, measurable benchmarks to be achieved at different points during the semester in consultation with instructor, after which, the student implements new measures to address the identified challenges that the minority business is facing. As a final step, the marginalized business rep and the instructor validate whether the action plan has been fully implemented, which concludes the student-business collaboration at the end of the semester, and the student receives an appropriate grade from the instructor of the course.

SMART Objectives

Specific: Students first explore different minority businesses and then identify the ones that fit the criteria set forth in the course requirements/parameters.
Measurable: Every step of the minority business's problems as well as the solutions suggested, are meticulously documented, and tracked.

Achievable: The instructor mentors/monitors the students to ensure that all stakeholders are on track and there is regular, clear communication between the students and the minority businesses.
Realistic: Only those marginalized and minoritized businesses for whom we can deliver a customized solution within the parameters of the coursework, will be carefully chosen, and students can complete the entire process remotely, which is critical in a post-Covid world.
Time-sensitive: The entire process is completed within the 15-week timeframe of a regular semester

Fig 3: Applying DEI in the Classroom and Beyond



Limitations, Conclusions and Future Directions

While locating a marginalized business struggling to keep its doors open may not be a problem, finding one that may agree to work with our students may prove challenging, because of differences in perceptions and how to achieve common goals. Working in collaboration with our external partner and the marginalized business may be logistically difficult as well, due to language and time differences. It may also take some effort and creative collaboration to mutually agree on whether the problem identified in the initial stages of the project were successfully resolved at the end of the semester. However, the author hopes that given the university's support for diversity, equity and inclusion in its policies, carefully laying the syllabus guidelines and expectations, and the remote communication technologies available to us, these challenges can be mostly overcome.

To conclude, the author notes that despite what many higher education institutions claim on paper, they are severely lacking in implementation, especially when it comes to student awareness of DEI challenges in our society; nor do we, as faculty, actively engage with our students to inculcate such values. Consequently, we are educating a whole generation of future citizens who are oblivious to, and insulated against, the realities of life and are simply not equipped well enough to work with people who are more different from us than they are similar, have none or little access to resources that we take for granted, and have never received an equitable playing field from where they can improve their lives. Thus, the ground reality in higher education is far from 'IDEAL' and we the author sincerely hopes that his model closes a gaping hole in policy implementation, and opens boundaries and tears down walls of ignorance and myopia.

The author's future plans to continue enhancing the cause of DEI awareness includes collecting data on the success of the proposed project. Specifically, given that the project will be implemented in 2023, the author will collect detailed data regarding the outcomes of the project initiatives. In this regard, the author will conduct pre- and post-completion of project surveys on the students in order to measure change in DEI awareness. The author has in-built flexibility in the course design and implementation such that changes can and will be made if the desired results in terms of DEI awareness have not been achieved. The author sincerely hopes that the results will spur similar initiatives by colleagues in the School of Business, who share a common goal of educating our students on the importance of DEI awareness.

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THE ROLE THAT ROLE-PLAYING PLAYS IN ACCOUNTING PEDAGOGY

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ABSTRACT

The use of role-playing pedagogy in advanced accounting courses to facilitate collaborative learning styles and provide teaching activities that are more student-focused, rather than professor-focused, such as lectures, is considered. A brief literature review concerning this pedagogy is provided, and the authors describe its use in their income tax course and their fraud examination course. Anecdotal evidence of evaluation of these role plays in fulfilling educational goals is provided. The paper concludes with an identification of the limitations of this research and a discussion of opportunities for further research.

INTRODUCTION

Perhaps it is a universally recognized challenge that university educators continually seek to beneficially engage students with pedagogy that interests them while fulfilling the primary objective of helping them learn what they need to learn. This statement is true in the field of accounting to an extent that likely at least equals that of other disciplines. O' Callaghan, Elson, and Walker (2012) point out that prior research results state that "today's college students are more collaborative in their learning styles and enjoy working on teams and in groups to solve a common problem" (Black, 2010). They further note that college students, as individuals dependent on digital technology to an extent not found with earlier generations, find traditional classroom lectures boring. Students are looking for interactive play that is enjoyable; they expect this in the college classroom. Current professors find these statements from over a decade ago to be true, perhaps even more true than when they were earlier published.

Accounting professors may struggle to separate this rejection by current students of pedagogy of the type with which the professors learned from an implicit accusation that students find the professors boring themselves, or the field of accounting boring. This is often a delicate task since the field of accounting is, by its very nature, founded on constructs and conventions and linked to traditional concepts, terminology, and approaches. The successful blending of this nature of the field of accounting with pedagogy that is creative, fast-paced, and experiential is uniquely challenging.

Mark Billings, in his book review of *Creative accounting, fraud, and international accounting scandals*, noted that "the term 'creative accounting' is sometimes considered an oxymoron and the familiar Monty Python-like stereotypes depict accountants as dull number-crunchers who count paper clips" (Billings, 2011). Billings goes on to point out that this book's distinction between creative accounting and fraud being analogous to the distinction usually made between tax avoidance and tax evasion.

The added challenge for professors teaching more advanced courses in accounting curricula such as tax, fraud examination, and auditing is heightened by the fact that "students are accustomed to problem-solving (one right answer) approaches in their past accounting courses" (O'Callaghan et al., 2012). As accounting professors know, upper-division courses such as auditing and fraud examination confront students with "relatively ambiguous ranges of answers" (O'Callaghan et al., 2012) that these students find unsettling. While today's college students may desire pedagogy that departs from traditional, lecture-based, professor-focused, "one-right-answer" approaches, they often nevertheless struggle when they receive this pedagogy they desire in advanced topics in accounting.

BRIEF LITERATURE REVIEW

O'Callaghan et al. (2012) note that experiential learning is a pedagogy consistent with the American Accounting Association publication, *The Pathways Commission'*s suggestions, and is consistent with student-preferred learning styles. O'Callaghan et al. cite previous research (Hawtrey, 2007) which states that experiential learning is "the incorporation of active, participative opportunities in a course and occurs when students are transformed from the role of passive learners to that of active respondents." Even earlier studies found that experiential learning resulted in longer retention of accounting constructs than that produced with traditional, lecture and problem-solving methods (Specht & Sandlin, 1991). O'Callaghan et al. (2012) also point out that Janvrin (2003) specifically used role-playing to consider internal controls and fraud detection concepts. Besides the application of role-playing as an experiential learning tool to auditing by O'Callaghan et al. (2012) and Alkafaji and Gleason (2019), Shanahan (2016) applied it to interviewing in fraud examination. Even the Surgent IncomeTaxSchool blog discusses role-playing in a 2020 post by Chuck McCabe titled "The Benefits of Role-Playing for Tax Preparers," and provides an instructive video of approximately seventeen minutes portraying role-playing with a client and her tax preparer.

Multiple online resources note the use of role-playing as pedagogy in a variety of disciplines. The University of Tennessee Knoxville Teaching & Learning Innovation (n.d.) site references studies of role-playing as useful and effective pedagogy in history (Morris, 2003), geography (Oberle, 2004), international relations (Shaw, 2004), engineering (McConville et al., 2017), and social work (Moss, 2000). The Starting Point Teaching Entry Level Geoscience page of The Science Education Resource Center at Carleton College (SERC, n.d.) site references the use of role-playing as pedagogy in the discipline of economics to teach about the price elasticity of demand.

The University of Tennessee Knoxville (n.d.) website mentions, as an advantage of the role-playing pedagogy, that it can promote deeper self-reflection, awareness, and empathy (Westrup & Planander, 2013 and Sogunro, 2004). It further notes that role-playing can help students make more explicit connections between content and that this leads to greater retention and ability to apply that knowledge retained (Pavey & Donoghue, 2003). Role-playing promotes cognitive, affective, and behavioral learning (Maier, 2002 and Rao & Stupans, 2012), as referenced by the UT Knoxville online site. This "Teaching & Learning Innovation" site also references earlier work by Shapiro & Leopold (2012) to explain that professors should consider role-playing to be especially good for higher-order learning outcomes.

Similarly, the University of New Brunswick Center for Enhanced Teaching & Learning (n.d.) identifies role-playing as an example of active and collaborative teaching pedagogy, and notes that research has confirmed it to be effective for "deep learning" necessary for students to be able to remember and apply concepts once "they have finished your course". This site identifies the purpose of pedagogy such as role-playing being "to increase student interest and involvement." This University of New Brunswick Center (n.d.) also states that pedagogy such as role-playing often results in students achieving a better understanding of the complexity of situations and is helpful in "keeping things fresh and interesting" for students. Interestingly, it even attributes the use of role-playing to better teacher/student relations, stating that students "come to see the instructor in a more positive light."

The Surgent IncomeTaxSchool (n.d.) blog recommends role-playing for its students so that they can practice interviewing with all types of new clients, stating that it "helps you figure out what you need and what to say, and pinpoints what you might be forgetting." This blog post terms role-playing as a "rehearsal into the real world," and identifies the benefit of role-playing as "adding additional moments of realism that you won't get anywhere else." This site goes on to discuss the importance of tax professionals being able to communicate effectively and to give constructive feedback and recommends role-playing as a means of practicing these skills.

DESCRIPTION OF ROLE-PLAYING ASSIGNMENTS

The authors of this paper offer descriptions of role-playing assignments in two of their courses, and discussions of how the details of these assignments match recommendations of other authors about how to structure and conduct role-playing pedagogy, as well as how these authors' role-playing pedagogy is instead somewhat innovative. In the following section of this paper, the authors offer evaluations of the perceived effectiveness of these two role-playing activities. The authors conclude in the final section of this paper with recognized limitations regarding this research about their use of the role-playing pedagogy in the two courses, and their identification of opportunities for future research on the question of the effectiveness of this educational activity.

In a Principles of Taxation I course taught by one of the authors, two tax client simulation projects provide 27 percent of the course grade. The projects consist of a "trial run" earlier in the semester that provides 7 percent of the course grade, and a final project that yields 20 percent. This capstone project takes the place of a traditional final exam and utilizes a comprehensive tax return assigned by the professor; each student works with student partners to complete the return. During the time of final exams of the university, each student presents his/her work with the return in a boardroom to an actor posing as the client. Client actors intentionally provide, at times, difficult questions about their tax returns, and occasionally demonstrate behavior that likely is challenging for students/preparers to handle effectively. Both the actor and the professor evaluate each student's presentation utilizing a rubric developed by the professor. The rubric assigns a range of 10 points (for the criterion termed "Wow" Factor") to 100 points (for the criterion termed "Knowledge"), out of 250 possible points. The total of seven criteria includes, besides the two just identified, "Clarity," "Teamwork," "Professionalism," "Adaptability," and "Interaction."

For both projects, the professor provides students with written instructions, labeled "Best Practices for you to Implement." For the final project, these detailed instructions consist of fifteen points discussed in approximately three pages of detail. These instructions describe time limitations, client/preparer relationships, professional dress for the student/preparer, cell phone etiquette, and confidentiality.

The details of this role-playing pedagogy utilized in the tax course reveal ways that the activity agrees with points made by authors cited in the Brief Literature Review section of this paper, and ways that may be considered innovative instead. The Starting Point Teaching Entry Level Geoscience (n.d.) site advises educators to "Offer a relevant scenario to students," and the

University of Tennessee Knoxville (n.d.) site notes that "students may need to research their characters"—explaining the question "How much time do you have to dedicate to the teaching and learning process?" Also, one "step you want to take to prepare" encourages educators to "show examples of role plays from your field." This step further explains that the educator should "share what you expect them to think about and learn from the exercise." Another "step you want to take to prepare" discussed in the UT Knoxville site states that "role-playing is well-suited for complex problems or issues with multiple perspectives and opinions," admonishing educators to "choose a role play that will be particularly thought-provoking or will cause students to engage in metacognition or deep reflection." It further states that the problem or issue chosen by the educator should "be relevant and relatable to your students' experience and the content of the course." The University of New Brunswick Center site provides "Five Cs of role-playing." One of those five points is termed "controversy," described as the need for students to prepare for situations that may be upsetting. The role-playing pedagogy in the tax course essentially follows each of these points of advice offered by authors identified in the literature review.

The New Brunswick Center site describes, as "Foundational considerations," "well-structured" or "ill-structured" role plays. The site defines the former as having "an optimal solution and only relevant information … given, and it is usually labeled or otherwise easily identified." The "ill-structured" role plays are identified as tending to be complex, with both relevant and irrelevant information in them. Part of the student's job is to decide what is relevant, how it is relevant, and to reach a solution to a problem that is based on evidence. With this type of role-play, the student should reach a solution that is appropriate for the context and that can be defended using the student's knowledge of the discipline. This site states that well-structured role-playing assignments should be used to demonstrate understanding and application within the discipline. The role-playing pedagogy utilized in the tax course by one of this paper's authors seems to have more characteristics of the "ill-structured" role-play, but with the "optimal solution" feature of the "well-structured" role-play.

In the "Five Cs of role-playing" offered by the New Brunswick Center site, educators are admonished to assure students that they will not be graded on their acting and to state to the students that there is no single correct way to play the character. However, since a major goal of the income tax course's role-playing pedagogy is to develop professionalism in the students and appropriate interaction with the client, grading does—in contrast to the instructions offered by the New Brunswick Center site—consider "slow starts, gaps in the action, and awkward moments." Also, this site encourages educators to use role-playing to offer "an out"—allowing students participating in the pedagogy to fulfill roles in technical support, props, etc. instead of actually acting a role. In contrast, the income tax course role-playing assignment is performed in a manner that requires all students to step up to the hot seat of an income tax return preparer interacting with the client. While all students in the income tax course are required to participate in the interaction, speaking times are not required to be equal. Nonetheless, even the students who are more comfortable with research and less comfortable with leading a discussion are required to take an active role in the client meeting.

O'Callaghan et al. (2012) extol the benefits of using role-playing to introduce students to auditing. They describe their role-playing exercise conducted on the first day of class. While this is in marked contrast to the use of role-playing in the income tax course, utilized by one of the authors of this paper as a capstone project, this certainly should not be seen as a disagreement with points offered by O'Callaghan, Elson, and Walker. The authors of the auditing role-playing article describe their use of the pedagogy to "quickly clarify the purpose of an audit, the audit process, various types of evidence, and audit reporting" … "all in the first hour of the first audit class." They further state that "until students have developed some grasp of what the audit process involves, they appear to flounder in their ability to connect the concepts studied." In other words, O'Callaghan, Elson, and Walker use role-playing pedagogy to introduce an upper-level accounting course, and the author of this paper who uses role-playing pedagogy in his income tax course does so as a finale of sorts to allow and require students to exercise and demonstrate knowledge and skills learned throughout the earlier weeks of the income tax course. Much like the Surgent IncomeTaxSchool blog the professor of the income tax course co-authoring this paper uses role-playing pedagogy as a "rehearsal into the real world," "adding additional moments of realism" not encountered earlier in his course.

In the Fraud Examination course taught by another of the authors of this paper, a role-playing assignment provides ten percent of the final course grade for the students. The professor provides for viewing in class early in the semester one or a few recorded role-playing presentations done by Fraud Examination course students in previous years. He typically shows at least one that was especially successful in meeting goals for the assignment, and at least one that fell short of meeting those goals in one or more areas. He refrains from actively criticizing the latter work of previous students as he shows the recording to the current students—choosing instead for the weaknesses that he considers having been glaring to "speak for themselves" as current students watch the recording.

Students are given the option of presenting their role-play live in the classroom or instead presenting their previously-recorded audio/visual presentation of their role-play. In recent years, most students have chosen the latter option, seemingly because of their comfort with, even happy reliance upon, digital technology that they have readily available to them. Students are instructed to provide any needed props and are advised in the course syllabus that all props utilized must be "appropriate" for the university campus culture. As an example, the syllabus states "A weapon such as a gun—even a non-functioning or toy one—is NOT an 'appropriate prop.'" (The professor frequently observes with amused approval that students sometimes, when their fraud scenario includes one actor shooting another, have the shooter point a finger or even a banana and yell "bang.")

The timing of this role-playing assignment is near the end of the semester, with the assignment intentionally serving as somewhat of a capstone for the course. Students are instructed, both in the course syllabus and by the professor personally in class, that the scenario of the fraud role play "should demonstrate multiple aspects of one or a very few fraud schemes, red flags of such fraud, motive(s) for the fraud, lessons to be learned about the opportunity leading to the commission of the fraud(s), etc." These instructions intentionally track the well-known "Fraud Triangle" that has been discussed earlier in the semester course. During the conduct of the course, students study various types of fraud schemes, red flags that typically accompany these, and internal control weaknesses that provide opportunities for these schemes. Students are directed to devise the fraud scenario of their own choosing—considering what they have learned during the semester about fraud examination—and to write their own script to be used by the actors in the role play. Students are asked to provide their script to the professor before the day of their role-play presentation and to follow their script during the actual presentation very conscientiously. The professor requires a minimum length of time for the role-playing presentation.

Students in the course are divided into teams of approximately five students, with students choosing their team members. This team construct is accomplished very early in the semester, and students are encouraged to begin work on the assignment soon and to continue work during the duration of the course as students learn more about terminology and concepts of fraud examination. Students are instructed both in the course syllabus and personally by the professor that "successful completion of this assignment will require many hours of preparation outside of class."

As with the role-playing pedagogy of the tax course, there are ways in which the assignment in the fraud examination course matches details of works cited in the Brief Literature Review of this paper, and ways that this assignment is different from role-playing pedagogy described favorably by other authors. The UT Knoxville (n.d.) site notes that "students may need to research their characters"—explaining the question "How much time do you have to dedicate to the teaching and learning process?" This site also identifies a "step you want to take to prepare," which encourages educators to "show examples of role plays from your field." This step further explains that the educator should "share what you expect them to think about and learn from the exercise." Another "step you want to take to prepare" discussed in the UT Knoxville site states that "role-playing is well-suited for complex problems or issues with multiple perspectives and opinions." The role-playing assignment of the Fraud Examination course meets the advice offered by this UT Knoxville site.

Returning to consider again the New Brunswick Center site's "well-structured" or "ill-structured" role plays, differences emerge between the two role-playing assignments utilized by the authors of this paper. As stated previously, the site defines "well-structured" role plays as having "an optimal solution and only relevant information … given, and it is usually labeled or otherwise easily identified." The "ill-structured" role plays are identified as tending to be complex, with both relevant and irrelevant information in them. Part of the student's job is to decide what is relevant, how it is relevant, and to reach a solution to a problem that is based on evidence. With this type of role-play, the student should reach a solution that is appropriate for the context and that can be defended using the student's knowledge of the discipline. Using this dichotomy, the role-playing pedagogy of the author's Fraud Examination course more likely should be labeled "ill-structured" than "well-structured," primarily due to the strong latitude that it provides. Students being allowed—and also required—to define for themselves the nature of the role play, including specifically what fraud scheme is to be presented, is a striking difference as compared to the income tax course assignment. The professor of the Fraud Examination course also does not provide as detailed instructions ("Best Practices") as does the professor of the income tax course.

The Starting Point Teaching Entry Level Geoscience site advises educators to "Offer a relevant scenario to students," and the UT Knoxville site admonishes educators to "choose a role play that will be particularly thought-provoking or will cause students to engage in metacognition or deep reflection." It further states that the problem or issue chosen by the educator should "be relevant and relatable to your students' experience and the content of the course." These points also identify differences between the role-playing assignment of the income tax course and that of the fraud examination course since the latter requires students to choose their own role-play.

The University of New Brunswick Center site provides "Five Cs of role-playing." One of those five points is termed "controversy," described as the need for students to prepare for situations that may be upsetting." The details of the assignment for the fraud examination course certainly incorporate this point. Another of the "Cs" provided by this site is "control." As an explanation, the following statements are provided, "Role plays often take on a life of their own that moves them in directions other than those intended. Rehearse in your mind a few possible ways this could happen and prepare possible intervention strategies." This point has been seen with the role plays sometimes produced in the fraud examination course. The restriction against using a gun has already been discussed as a means of addressing control. Further examples for the need for this control occasionally emerge in their chosen portrayal by student actors of behavior that "crosses the line" of the culture of the university. Likewise, the students in the taxation course are encouraged to gracefully get the actors portraying clients back on topic whenever the conversation veers too far away from the discussion of tax planning.

The authors' university is a private, church-related institution; as such, actions that might be common by fraud perpetrators are nevertheless considered immoral or offensive in this university's culture. By its very nature, portrayal of a fraud is a portrayal of illegal activity. In a university culture that generally considers illegal behavior to be immoral behavior (and therefore inappropriate for students on campus), threading this needle of maintaining control is challenging for the professor. The professor in this course generally is more comfortable when students portray in their fraud presentations illegal/immoral behavior as "wrong," and when the students are implicit rather than explicit about behavior considered to be immoral by the professor during their role plays. If students seem to be majoring on immoral behavior of a fraud perpetrator rather than majoring on the lessons to be learned from the perpetrating of the illegal act, the professor considers it time for him to step in.

In another of the "Five Cs of role-playing" offered by the New Brunswick Center site, educators are admonished to assure students that they will not be graded on their acting and to state to the students that there is no single correct way to play the character. As previously discussed, a major goal of the income tax course's role-playing pedagogy is to develop professionalism in the students and appropriate interaction with the client. Therefore, grading does—in contrast to the instructions offered by the New Brunswick Center site—consider "slow starts, gaps in the action, and awkward moments." This is less true with the purpose of the assignment in the fraud examination course. Evaluation of effective communication is somewhat included in the fraud examination assignment, but primarily to the extent and by means of students achieving clarity of the content for their peers and the professor. Also, this site encourages educators using role-playing to offer "an out"—allowing students participating in the pedagogy to fulfill roles in technical support, props, etc. instead of actually acting a role. As previously discussed, the income tax course role-playing assignment somewhat contrasts with this, but the fraud examination course assignment does allow a student who has a very strong aversion to speaking in front of a group to serve his/her team primarily in the preparation of the script, technical support, securing of props, etc.

Another source of recommended steps for preparing and executing classroom role-playing is uniquely tailored to the pedagogy of the fraud examination course. Published in *Fraud Magazine,* a publication of the Association of Certified Fraud Examiners, in the July/August 2016 edition, Tim Shanahan, a special agent for the U.S. Department of the Treasury, IRS Criminal Investigation Division authored, and Patricia A. Johnson, program coordinator of the Master's in Science in Forensic Accounting program at Canisius College edited, a paper discussing this exact activity (Shanahan, 2016). Interestingly, many of their recommended steps for the role-playing assignment mirror those admonished by other authors previously discussed. Some steps recommended by Shanahan and Johnson deserve emphasis for comparing the pedagogy of these authors' income tax course with that of these authors' fraud examination course. Shanahan and Johnson state that the educator should create the financial books and records for the scenario, acknowledging that this is probably the most time-consuming aspect of the activity. The role-playing pedagogy for the income tax course described in this paper does complete this step—in keeping with the "well-structured" characteristic discussed earlier. The pedagogy of the fraud examination course described in this paper does not complete such a step. Shanahan and Johnson also encourage educators to provide scripts to role players. The role-playing activity of the income tax course described in this paper utilizes no formal script, while the activity of the fraud examination course described in this paper does utilize a formal script but calls upon the students to develop it themselves.

Of interest further in the work by Shanahan and Johnson (2016) is the time to be devoted to the pedagogy. Both the income tax course role-playing assignment and the fraud examination course assignment have time requirements for the students' presentations. That of the fraud examination course calls for student presentations of approximately thirty minutes; the income tax course requires substantially shorter student presentations. In contrast, Shanahan and Johnson recommend the exercise be designed to run for approximately an hour and a half. Those two writers do, however, offer the summary advice at the end of their article to "adjust to fit your situations," noting that the information offered in their article is just a guide.

Transitioning into the next section of this paper, "Evaluation," Shanahan and Johnson (2016) offer the following information in their step titled "Post-interview write-up": I require my students to provide reports that are due at the next class that summarizes the interviews and include an analysis on the type of fraud and evidence uncovered. Better than hours of lectures. During the 11 years I've been using scenario-based interviewing practical exercises in the classroom, students have praised the activity in their semester-end student evaluations. Many students are nervous before and during the interviews, but most eventually love the exercise.

EVALUATION

As discussed in the "Limitations and Future Research" section of this paper, the data addressing the question of the effectiveness of these authors' role-playing pedagogy is exclusively anecdotal. Most of this anecdotal data has been provided via optional student comments offered in the university student evaluations of courses at semester end. As somewhat of an exception to this, the written instructions provided by the professor ("Best Practices for you to Implement") for the final project in the tax course concludes with the statement, "I've never had a student tell me that they did not enjoy this experience."

Analysis of the university student evaluations' comments for the income tax course for several years provides over thirty student comments specifically about the role-playing assignment. Almost all of these are favorable. A few comments, while primarily favorable about the assignment in general, offered minor complaints/suggestions for improvement (in the student's opinion). Some excerpts from these income tax course students follow:

- extremely practical
- great practice
- stressful and scary
- helped me really learn instead of only memorizing for a test
- very hands-on
- useful; made us think critically … in a realistic scenario
- I learned A LOT.
- (student suggestion) do more role-play practice to prepare for the final
- (student suggestion) more simulations than just the two at the end of the semester … I think I learned the majority of the semester's material in the last two weeks of the semester.
- nothing helps you learn like having to actively research and answer your own questions

- one of my favorite things about the class
- it pushed me
- presenting a tax return to a fake client was very beneficial to me
- the simulation with the client was great and really helped me understand how to apply the material
- helped us know what it would be like in the real world
- actually a lot of fun
- super engaging
- really awesome; working in groups is definitely very helpful
- an amazing and stressful experience
- almost enjoyable … odd … cool
- (student suggestion) maybe doing away with the audience on the practice round would be good … really adds to the pressure
- (student suggestion) just use the actual presentation of the tax return as a smaller portion of the grade because it is so subjective
- they were a pain, but it helped me learn the material
- (student suggestion) Students should not have had to present the first tax simulator in front of both classes. It should have been presented to the professor and client only, especially if he is going to tell the client to "question everything" before a certain group came in
- helpful but needs to be something we go over more in class beforehand
- (student suggestion) I felt like I was not prepared to talk about what was going on. I wish that he would have explained better on what needed to be said when it came to explaining the tax return to our client.
- forced me to spend much time learning the content and I feel like I have a much greater knowledge of how money works than before I took this class

Analysis of the university student evaluations' comments for the fraud examination course for several years provides very few student comments specifically about the role-playing pedagogy. The professor of the fraud examination course had observed body language (e.g., laughter, smiles, attentiveness during other students' presentations, etc.) each semester which led him to conclude that students valued the role-playing assignment. Also, students in several semesters demonstrated obvious pride of ownership by being eager to share their recorded role-playing presentations with professors and students outside the fraud examination course.

However, almost all of these few student comments gleaned from the university student evaluations were mostly or entirely unfavorable. One student commented that he/she "really liked the purpose of the role-playing assignment," but went ahead to complain that the requirement of the role-play being thirty minutes in length was inappropriate. This student also stated that there was too much focus on "entertainment value" and not enough information about how the activity would be graded—calling for a peer review to address members of the group not sufficiently doing their part.

Another student commented that the role-playing assignments "were fun to watch," but went ahead to opine that writing a script and acting out a scenario is a skill that he/she didn't "feel … I will need in my career." This student further stated, "I put more work into that assignment than any other in the class, possibly my entire semester of classes, but I don't know that it benefitted my future career significantly."

The requirement that the role-playing presentation be approximately thirty minutes in length was the most criticized aspect with the remaining student comments. A few called the assignment "a waste of time." One student stated that the assignment "wasn't the most effective in showing our knowledge of the course." Perhaps the most insightful student comment was the emotion-laden statement, "You somehow found my least favorite thing to do in the whole world and force me to do it in front of people at 9 in the morning. The process didn't help me understand the process of fraud any better."

LIMITATIONS AND FUTURE RESEARCH

As any educator who has engaged in research to any extent knows, there are important limitations with anecdotal evidence. These authors believe that anecdotal data should not be dismissed when considering a question, especially with a question that has only a qualitative, even opinion-based, answer. However, these data provide at best inconclusive hints of possible answers to the question. The nature of anecdotal data means that a researcher has possible answers that are likely incomplete and might be biased, and the researcher cannot arrive at a conclusion upon which he/she can totally rely. Stated colloquially, "You don't know what you don't know."

With the evaluation of the role-playing pedagogy employed in the two courses described in this paper, positive comments from students about the pedagogy might facilitate a belief that it is very successful in achieving the objectives. However, it is equally possible that many students—possibly even more students than the number who offered positive comments—had negative reactions to the pedagogy but simply did not offer their comments at all, for a variety of reasons. Conversely, a small number of negative comments provided by students, with few or no positive ones, might mask a possible reality that many, even many more, students had favorable views of the pedagogy employed but simply did not provide those data, again, for a variety of reasons.

The authors recognize these limitations, and eagerly anticipate gathering more and perhaps a different type of data that allows measures of statistical validity. For example, the authors have discussed and have begun planning a process of soliciting evaluative data about the past use of the role-playing pedagogy from alumni of the courses in which it was employed—rather than relying on the optional offering of comments in the university-required, semester-end student evaluations of courses that served as the source of the anecdotal data described in the Evaluation section of this paper. While this source provides the benefit of being anonymous—somewhat reducing some reasons for bias—it retains the detrimental nature of being possibly biased in other ways since the university's student evaluation forms are intentionally broadly worded. For example, there were certainly no questions on the student evaluation instruments that asked specifically for student feedback about the role-playing pedagogy utilized in the course during the semester. Student comments about the role-playing pedagogy, summarized in the Evaluation section of the paper, came primarily from sections of the university student evaluation instruments that were worded "The thing that benefitted me the most about the course was ___ because ___," or similarly for "the least." Clearly, only a student who chose to complete the university student evaluation and who was thinking about the role-playing pedagogy at the time of completing the student evaluations near the end of the semester, and who had strong views about that pedagogy, would likely have offered a comment in this section of the university student evaluation instrument.

Retaining anonymity in the gathering of data would be beneficial to the viability of future research regarding success with the role-playing pedagogy in the selected accounting courses. Even with a population of alumni of the selected courses—rather than students completing the course in a semester in which they offer comments about the pedagogy and who have final course grades that are yet to be assigned by the professor—a possibility of bias could exist with data that can be matched with those alumni offering their feedback. In a university in which professors who taught recently-graduated students have a great deal of influence in the process of students and recent alumni getting jobs in the locations they desire, paying salaries that they desire, etc., a motivation could exist for recent alumni to provide answers that the researching professors would want to hear. This might be even more true with students who completed the specific course in a previous semester but who have not yet graduated from the university.

Also beneficial in future research regarding success with the role-playing pedagogy in the identified accounting courses would be the development and utilization of a research instrument that facilitates the quantification of student/alumni-provided data about the success of this pedagogy. Quantification would help reduce some of the limitations of anecdotal data and would allow for the application of statistical methods to validate and interpret the results of the research. The authors anticipate developing and employing such an instrument that provides robust research results.

O'Callaghan et al. (2012) provide an example of the type of further research that the authors of this paper might pursue in the future. O'Callaghan, Elson, and Walker developed and utilized a fourteen-question research instrument that covered key learning outcomes of their role-playing exercise in a graduate auditing course of 76 students at a private university in a large metropolitan area during the fall of 2010. Those authors presented their statistically significant research results of nine of the fourteen questions reflecting successful fulfillment of the authors' goals at the 95% confidence interval.

For now, these authors offer this discussion of role-playing pedagogy used in two of their upper-level accounting courses, including anecdotal evidence of its usefulness in meeting the desired objectives. The authors further note that the research leading to the writing of this paper has been a definite success. It has led to the author(s) gaining a picture, seen "in a mirror dimly" (I Corinthians 13:12, Holy Bible) of changes to the role-playing assignments that likely would be improvements in the teaching of future students. This is, after all, the overarching goal for these authors.

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VALUATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE, (ESG) INVESTMENT, PARAMETRIC INSURANCE AND THE IMPACT ON INSURANCE UNDERWRITING AND DIRECT INVESTMENT INTO UNUSTAINABLE ORGANIZATIONS

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ABSTRACT

This research includes the valuation and regulatory oversight of investments in Environmental, Social, and Governance assets, (ESG). The paper explores both the investor valuation in terms of portfolio management and regulation. These underwriting and direct investment risks are substantial. The emphasis on zero carbon sustainable business practices is becoming much more prevalent. Expectations are significantly increasing that unsustainable practices are priced into increased costs of doing business and a diminishing ability to raise capital or secure insurance underwriting capacity to cover risks. As the valuation of ESG investments is studied it will provide a comparison of ESG investment returns relative to the general market and a subset of companies with less sustainable practices. It will also consider the regulatory environment for ESG investment protocols.

INTRODUCTION

In the energy sector, more companies are divesting assets that are likely to become stranded assets. This research will demonstrate the performance of the valuation of ESG strategies and investing as well as the means of evaluating differences within industries that are traditionally not ESG investment quality. ESG investment projects, with an emphasis on climate related or catastrophe environmental and sustainability impacts can be radically different and innovative, so the underwriting and investment of those projects is significant. This is a relevant factor in evaluating environmentally sustainable research and development. The catastrophe and climate risk predicaments may be better addressed through the inclusion of parametric insurance.

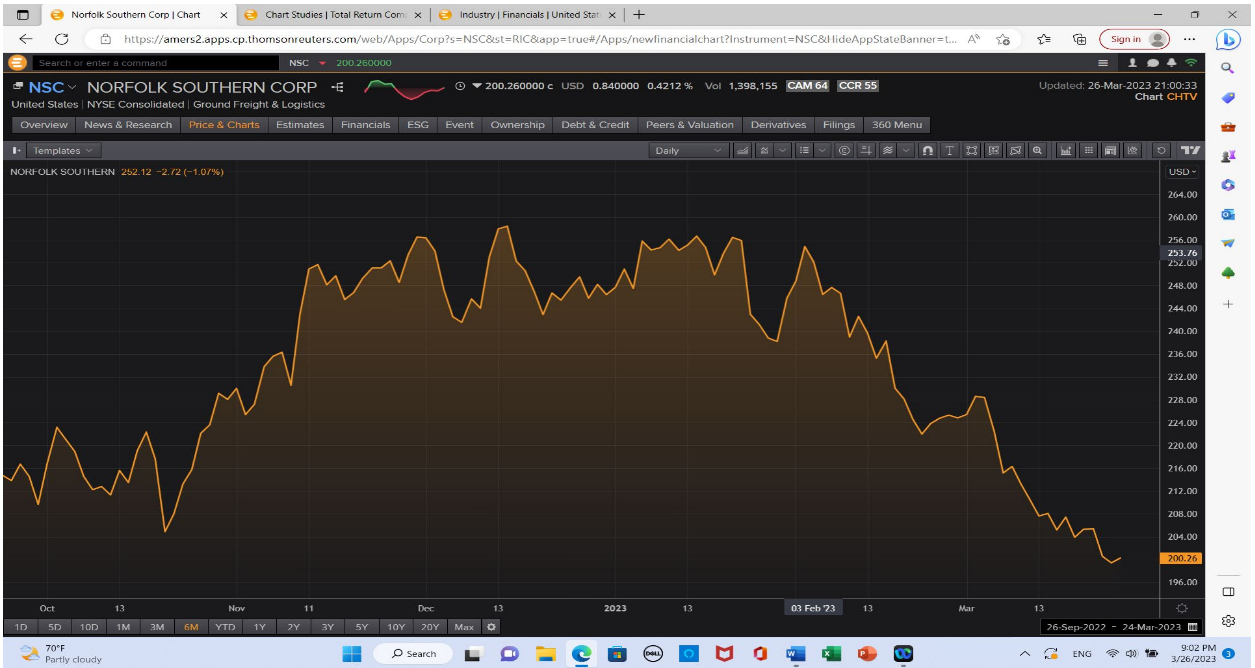
This study will consider the impact on insurance company investment allocation pledges and returns related to ESG investing. There is also a compounding impact with higher yields from ESG momentum investing and a greater disparity between acceptable climate risks and unsustainable practices. There are numerous industries that are major contributors to climate change including energy, aviation, retail clothing, and chemical sectors. How insurance companies value ESG investing and underwriting performance as well as facilitating the unsustainable practices, if and when, they underwrite those unsustainable business risks exacerbates the underpricing of climate deleterious effects and further enables the practices. In turn creating higher claims and reducing profitability from both underwriting and investment sources of income. It also has other adverse risk externalities that ESG valuation may help to accurately price into underwriting or investment decision making.

This research studies the proposed impact of sustainable underwriting and direct investment frameworks, by better pricing the true costs of unsustainable risks that are needed to be included in the valuation of financial assets, innovative projects, and underwriting/ actuarial risk transfer costs. The prioritization of ESG classes of assets is expected to have a negative impact on underwriting and direct investment into unsustainable organizations. There is greater liability for those companies and industries that lead to pollution.

Norfolk Southern Derailment Environmental Impact

On February 3, 2023 Southern Norfolk had one of their train derailments this year, in Ohio. These adverse consequences from vinyl chloride (a well-documented carcinogen), butyl acrylate, ethylene glycol, monobutyl ether, ethylhexyl acrylate, and isobutylene were all hazardous chemicals being transported by the derailed train. (Arcadis, 2023). There were train cars that were not properly labeled for the transportation of hazardous chemicals further impeding the disaster planning response. (Simeon et al, 2023). The recent share repurchase programs should not have been the best use of cash, when there is a clear need for improved safety and risk mitigation in both assessment of hazards (overheating ball bearings or sensors) or innovations on the risk mitigation and reduction in the event of a derailment or other disaster. There could have been an investment in requiring chemicals with means of neutralizing them to be transported together or more resilient container innovations. There is certainly a need for more investment, and the underwriting of these risks may have contributed to more complacency. Costs are anticipated to exceed $50 million in environmental damages and payments to the East Palestine community and share prices have decreased by $5 billion. (Business Insider, 2023). This has adversely and drastically impacted shareholder value as a direct effect of not adhering to environmental, (E) risk mitigation principles.

Chart One: Norfolk Southern Stock Chart



Source: Advisen (2023a)[Norfolk Southern Corp | Chart (thomsonreuters.com)]

There are insufficient risk mitigation plans in place, for example methods of neutralizing chemicals transported by train, sealed fireproof cases, or other means of safely disposing of chemicals or neutralizing those hazardous chemicals in transit or in production. These exacerbate both climate change and deleterious impacts on the environment and lives. The long-term consequences for water, land and air contamination, as well as the impact on health or those chemicals that bind with organic matter are extensive. These accidents can cause long-term increased probabilities of disease or premature death as well as suffering and genetic malformations. Underwriting these businesses facilitates the continuation of the organization as a viable ongoing concern and may provide adverse selection as well as moral hazard problems with respect to risk management and prevention of loss. Direct investment into less environmentally sound organizations also helps to perpetuate the lack of mitigation and investment into alternatives and more sustainable solutions.

The CFO of Southern Norfolk, (NSC), Mark George, was openly reassuring investors on the March 8, 2023 investor call there will be "no financial impact." He also indicated NSC has 1.1 billion US dollars of insurance coverage. (Daily Mail, 2023). The former CFO was compensated $13.3 million in 2021 (Daily Mail, 2023), yet heated ball bearings are credited with causing the derailment, a very cheap part, but costly to take the trains out of commission for repairs or checking for maintenance or overheating issues. They could have invested in sensors and might have been more likely to do so, if underwriting standards required it or if coverage was unavailable or exclusions were part of the contract. Especially for railcars transporting hazardous materials. There are other means of neutralizing or disposing of materials or safer rail containers that through innovation could withstand impacts. Yet Southern Norfolk opted for $4 billion in share repurchases and had authorized $10 billion in share buybacks, although in a recent senate hearing that was halted until safety measures have been completed. (Environment and Public Works, 2023) Share repurchases should not provide the best return on investment for shareholders. The incentive to invest is risk mitigation and loss control is minimal. The following table does not adequately reflect the risks and compliance in an ESG framework. This highlights the difficulty in identifying reliable classifications of ESG investments. Their relatively high B+ environmental score would most likely not have deterred an ESG investor from investing in NSC.

There was a second derailment in Ohio within weeks of a major chemical spill. These are not sustainable practices. They result is contamination of air, water, and soil; as well as serious short- and long-term health consequences. In addition to the direct losses of the trains, repairs to the tracks, damage to inventory, and consequential liability, there are many environmental impacts.

The time for environmentally clean air, water and soil for sustainability is not a future cost or one that can be mispriced. We cannot afford to burn dangerous chemicals to avert explosions, these are not 500-year events, trains derail and it is a reasonable risk to mitigate, trucks also have accidents. What insurers are willing to underwrite encourages investment on behalf of organizations and individuals. Direct investment of premium income into asset classes that are in industries without sound ESG practices should not be included in risk-based capital, (RBC), when it is inherently risky for the climate, how can it be perceived as investment grade behalf of organizations and individuals. Direct investment of premium income into asset classes that are in industries without sound ESG practices should not be included in risk-based capital, (RBC), when it is inherently risky for the climate, how can it be perceived as investment grade for RBC purposes. There also needs to be increased awareness of carbon production and it should be priced accordingly. Backyard recreational burning of wood is one of the highest forms of carbon producing fuels, and some people burn other chemicals, such as POI balls with Teflon.

Table One: ESG Ratings for NSC

REFINITIV ESG STATEMENT - NORFOLK SOUTHERN CORP (NSC)

Scoring Measure	2021	2020	2019	2018	2017
Period End Date	2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Reporting Currency	USD	--	--	--	--
Period Status	Complete	Complete	Complete	Complete	Complete
ESG Report	Yes	Yes	Yes	Yes	Yes
ESG Reporting Scope	100%	100%	100%	100%	100%
ESG Report Auditor Name	KPMG LLP	KPMG LLP	KPMG	KPMG LLP	KPMG LLP
ESG Combined Score	C	B	B	B+	B+
ESG Score (Weight: 100.0%)	B	B	B	B+	B+
Environmental Pillar Score (Weight: 34.3%)	B+	B+	B+	B+	A-
Social Pillar Score (Weight: 37.1%)	B-	B-	B-	B-	B-
Governance Pillar Score (Weight: 28.6%)	B+	B+	A-	A-	A-
ESG Controversies Score	D-	B	B	A+	A+
Resource Use Score (Weight: 10.5%)	A-	B+	B+	A-	A+
Resource Reduction Policy	TRUE	TRUE	TRUE	TRUE	TRUE
Policy Water Efficiency	FALSE	FALSE	FALSE	FALSE	TRUE
Policy Energy Efficiency	TRUE	TRUE	TRUE	TRUE	TRUE
Policy Sustainable Packaging	FALSE	FALSE	FALSE	FALSE	FALSE
Policy Environmental Supply Chain	TRUE	TRUE	TRUE	TRUE	TRUE
Resource Reduction Targets	FALSE	FALSE	TRUE	TRUE	TRUE
Targets Water Efficiency	FALSE	FALSE	FALSE	FALSE	FALSE
Targets Energy Efficiency	FALSE	FALSE	TRUE	TRUE	TRUE
Environment Management Team	TRUE	TRUE	TRUE	TRUE	TRUE
Environment Management Training	TRUE	TRUE	TRUE	TRUE	TRUE
Environmental Materials Sourcing	TRUE	TRUE	TRUE	TRUE	TRUE

Source: Advisen (2023b)[Norfolk Southern Corp | Environmental, Social & Governance (thomsonreuters.com)]

controlled substances and priced to reflect that they are not environmentally sustainable.

Underwriting criteria need to be updated to reflect that climate change and catastrophes are correlated. Fracking and seismic activity are correlated. The National Association of Insurance Commissioners, (NAIC), and regulators assess rate making, so the underwriting criteria and rate making can easily be reflected in revised standards for rate making and premium efficacy.

Parametric Insurance

The use of parametric insurance has predetermined weather and climate triggers for coverage. It builds upon catastrophe bond or weather futures types of contract structures; however, the payment is triggered by the event in a preset amount giving the contract an optionality. This differs from the insured actually suffering a loss and being indemnified. The insured does not have to have an insurable interest and the trigger event must be fortuitous. Parametric insurance can be applied to pandemics or other traditionally uninsured events, it also works as a derivative product in most cases. For insureds looking to reduce the basis risk they may have an insurable interest and have deductibles or indirect costs that the parametric insurance payout can reduce the financial burden, for what would otherwise be uninsured. Such as airport delays or transit or downtime for the internet and interruptions in online orders from a region during storms, there would be an automatic payout for risk management purposes that does not have to be demonstrated or measurable. Payments are also paid out on a timelier basis. For this type of insurance to be profitable insurance companies should be adept with derivatives and very good at predicting and diversifying the triggers. As weather and catastrophe related events are increasingly common this will provide a means for individuals and organizations to receive a payout, this is particularly advantageous for things like crop risks or uninsurable locations, perhaps the gulf coast against hurricanes where it is likely to be an exclusion on a traditional policy. This once again can result in a profit or speculative gain if there is substantial basis risk or no insurable interest. It also creates a disincentive to manage environmental risks well or any ESG as you can profit from the protection of a significant trigger event and have less financial incentive to mitigate the risk and may not even have an exposure that would encourage you to profit from the potential payout. So polluting companies that increase the likelihood of catastrophe climate related events can also profit from the existence of the parametric insurance payout; further eroding the financial incentives to reduce catastrophe related carbon emissions or other negative climate impact activities.

Insurance is typically reserved for pure risks; parametric insurance can be used for speculative risks or to speculate. Not having an insurable interest makes this very different from a traditional insurance contract in that it has a speculative component and basis risk. It is an alternative to utilizing the capital markets for hedging so it must be cheaper or easier to use, the idea being that it does provide some risk transfer to address an exposure to the parametric insurance contract trigger event. The contracts are for events that are not under the purview of individuals or corporations, but it could also work to transfer the risks of companies that exacerbate climate change or pollute the environment as they receive a payout for the trigger event that they may have a positive correlation to, so it can be subsequently used to offset any losses or even some liability associated with the events. It also can provide more income for those companies or individuals who are not prudent with risk mitigation or management or who have a disincentive to be concerned about the environment as they are paid for negative events. The requirement of insurable interest is the key to reducing moral hazard.

ESG Investing Regulation

Government regulations have addressed investing criteria pertaining to ESG and climate related investing factors and have created debate about the use of the criteria and the potential impact on portfolio return performance. "Executive Order (E.O.) 13990, "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis," which was signed on January 20, 2021." (U.S. Department of Labor 2022). One of the policy implications is to be used to enhance health, improve climate change resilience and protect the environment. (White House 2021b). Executive Order 14030 signed May 20, 2021, titled "Climate-Related Financial Risk," addressed climate financial risks directly and those indirect climate related financial risks that could adversely impact the financial security and well-being in terms of savings (or financial security) and retirement investment assets of individuals and their families. (White House 2021b).

ESG investing has become a political issue when it should not be. Pension fund managers should be able to consider E factors in investing, as well as profitability, return on equity, risks, long-term investment opportunities, and even diversification of assets to hedge to a limited extent. Perfect hedges would effectively hedge away profits as much as they are used in risk management to reduce downside risk and losses. International stocks have often underperformed and are included in funds, ESG investments have not underperformed historically. ESG classification should not supersede or eliminate due diligence with investing. There are certainly climate friendly innovations and those that mitigate catastrophic storm damages, companies that have promising or proven technology for retrofitting risk mitigation improvements or flood prevention or clean energy or improved battery life or clean water technologies are sound investments regardless of one's political or climate beliefs. Many companies in industries such as retail, oil and gas, and chemicals are pledging more carbon neutral practices. Fund managers, pension fund managers, and insurance companies should be permitted to consider ESG investments free from government interference and in conjunction with risk-based capital (RBC) requirements for insurance companies. The E for environment in ESG investing is particularly crucial for climate change and that directly impacts insurance claims and covered catastrophe events. These climate change related events are becoming more frequent and more severe. Momentum investing at a minimum is likely to push ESG investments higher in terms of profitability. It should be easier to identify investment grade E for environmental investment assets. Nearly 75% of sovereign funds have a policy for investing in ESG. (Jessop, 2023). In a recent study insurance, risk management and finance professionals were concerned about climate change and the impact on increasing catastrophe events and resulting financial exposures and were pursuing an environmental or carbon investment strategy and would support regulatory change that permitted consideration of ESG investments. (Hurley 2021).

Insurance Underwriting and Insurance Direct Investment

Insurance companies are starting to restrict capacity in their books of business for less sustainable companies and sectors and lines of insurance. Underwriting standards are beginning to reflect the cost of doing business with companies that exacerbate climate change, impacting catastrophe events, and ultimately increasing claims, therefore reducing insurance profitability. Insurance companies underwriting classifies the risk into pools to use the law of large numbers to predict probabilities and uses multi factor actuarial models to determine premiums and rate making. The underwriting sorts and accepts risk transfer resulting in a company being able to accept the risk of operating and doing business for the covered peril or liability. When the underwriting process excludes, restricts, or charges high premiums for coverage, the insurance company is refusing to transfer some or all of the risk. That will necessitate a company taking additional measures to modify their operations, seek to risk pool, form a captive or find another means to transfer residual risks besides retention and avoidance. Loss control measures impact premium already, companies that have poor safety ratings or have poor routine maintenance and spills or accidents typically have higher premiums, while safer lower claims counterparts have positive experience rating effects. This is an extension of business practices to reflect that non-E compliant companies and serious E offender companies are too risky to continue business as usual with. Loss control and underwriting changes are necessary. Insurance companies have long excluded the nuclear sector and have to expand the underwriting restrictions to companies that are not moving forward with an E friendly strategy. Capacity for unsustainable businesses is prolonging the ability for those companies to have unsustainable practices. Punitive damages are excluded in many states. Companies that increase global temperatures, or that pollute, are not ideal for risk transfer criteria.

Insurance companies should also reserve direct investment of premium income into companies that do not exacerbate conditions that increase their own claim payouts. Companies in certain sectors will change their strategy, risk mitigation, loss control, E impact and they will remain insurable and investment grade worthy. We need some of these sectors as a society and those companies that are more conscientious have remained more insurable and receive preferential ratings. It creates a moral hazard situation if the increase in premium is lower that the costly maintenance of equipment and opportunity cost of shutdowns of chemical or oil and gas plants to avert a spill. The perception is that a spill will be insured and is unlikely, manager fallacy of success (Rubenstein, 2001), and that the event will be an insurable loss.

Insurance companies have the dual impact from underwriting selection criteria that provides coverage for more insurable (more E friendly organizations) and those that have or are improving loss experience and direct investment to fund E and ESG organizations. Not underwriting and not investing in organizations with adverse climate impacts will incentivize greater efforts with respect to environmental impacts. Insurers can also include more opportunities to support those industries investing in technology to ameliorate climate impacts or improve efficiency and energy generation, or clean water and other infrastructure for a more resilient future. Insurance companies also have expertise in risk management and underwriting and can assist companies that are currently receiving coverage in their book of business to transition and provide guidance on underwriting criteria and decision making that improves their expected loss ratios and climate ratings. This will not penalize industries that are in less sustainable industries and sectors that are making progress and investments into protecting the environment and more sustainable practices and climate friendly advances.

ESG investments can also be selected for profitability and capital gains, there are no guarantees with regards to performance of equity asset classes. It is possible to be selective within ESG asset classes and to select equities with strong returns and good performance. It is currently a bear market and very steep declines are evident in nearly all pension funds. Certainly, ESG asset performance is not significantly decreasing values. In the long run it is likely those companies that are more E friendly and do not exacerbate climate change will outperform less sustainable counterparts. The market deterioration should be expected to continue, so hedging, counter cyclical diversification and investment in environmentally friendly asset classes are strategic pension and institutional investor selections. Asset allocation by insurance companies is reasonable into environmentally sustainable organizations. The stock market is in a current bear market, inflationary pressures are increasing, and the costs of raw materials is increasing, as well as scarcity of critical resources such as clean air and water. There are more cancer clusters and greater accountability for those issues and pollution liabilities. This makes a solid case for investing in asset classes for organizations that are environmentally sustainable and climate friendly, especially those that improve efficiency, resilience, or combat climate change successfully. Those companies that are major offenders on the climate change front are likely to suffer from declines as their unsustainable conduct costs are greater due to liability, aging infrastructure, climate change, natural disasters and more frequent and severe catastrophe events forcing change. Innovation in the resources sector, in risk mitigation, and in energy will be key drivers of the market going forward. It makes financial sense to move into asset classes that have momentum. In a strategic financial asset allocation with sound viable innovations. There are progressive energy companies investing in sustainable transition and efficiency practices, and these companies will remain worthy of direct investment. Those that invest in risk mitigation, loss control and innovation will be worth continuing to underwrite, as this is an essential industry and energy independence is a strong factor in resiliency.

Underwriting

Insurance companies are in a unique position to influence business practices. Underwriting directly impacts the exposures organizations are willing to accept in their business. It impacts how risk management and mitigation techniques are selected and implemented and how enticing loss control activities are; in addition to the creation of innovations related to safety and liability for climate impacts. Companies are heavily influenced by the ability to procure risk transfer or self-insurance, by investors, by regulators and by consumers. There are positive and negative financial pressures that create pressure; as is evident in the Paris Accord (Paris Agreement, 2015), there is momentum for climate friendly carbon neutral change; therefore the ability to invest in ESG asset classes is a prudent financial allocation decision. This is truer as companies in this economy are seeing steep declines, high inflation, and the costs associated with fixed cost artificial intelligence, (AI), alternatives are becoming cheaper than variable cost labor. There are fewer errors associated with AI and less downtime, training, and variability. In this environment the most successful companies will be those that innovate in the sectors and within sectors that improve safety, resilience, protect critical infrastructure, improve efficiency, improve the quality of life and clean natural resources, and provide for energy in a sustainable way. Risk management practices are embedded in each of these areas and naturally those principles are compatible with ESG principles. Risk management has also received more conscious and deliberate planning since the pandemic. A study by Hurley on re-engineering the insurance industry for innovation demonstrated refinement of underwriting criteria and use of expertise in risk can facilitate innovation. (Hurley, 2020).

Environmental Impact

Catastrophe events also lead to safety risk management plans in a responsive reactive, in lieu of preventative way. It is costly to shut down and interrupt operations to repair railway lines or check for damages or evaluate railway cars. Derailments can have railway cargo cars a mile off the tracks and it is not unforeseeable that it could occur for a myriad of preventable and less preventable reasons. There are also additional expenses with building trains that are better able to handle derailment without chemical leaks or with additional materials transported to bind with or neutralize chemicals. The downtime for repairs or routine maintenance impacts many industries and for those with hazardous chemicals or oil or other substances that are harmful, should be better managed. The potential for litigation is a probability that is not known and to forego short term profits in the present for long term future benefits for an unknown and under anticipated event with short term financial pressures imposed in the capital markets and bailouts, bankruptcy, or transfer or even the time value of money has not deterred poor risk management practices. Insurance companies have the advantage of big data and years of claim data and can very adeptly offer risk management loss control mitigation plans or approval of plans, share data on the costs of losses and litigation versus temporary interruptions for maintenance or additional safety related expenses. Insurance companies have access to catastrophe and accident and environmental data. This data and routine air, land, and water tests should be made accessible to organizations and the public sector. Cancer cluster and health related information should also be part of the financial costs included in the analysis. Aggregate data is beneficial in recognizing the costs associated with large correlated losses, in predicting risks, and for improving risk mitigation. The cost of risk management and need for retro fit risk and safety products should be factored into the cost of doing business and those companies should have more favorable underwriting that engage in more sustainable risk management practices. It would also encourage more innovation in materials and process improvements and efficiency if the underwriting and costs were more explicitly and quantitatively applied. These companies pay a premium and have insurance transfer so they are able to continue to procure insurance and liability coverage and continue with an unsustainable and non-environmentally friendly business model. These companies do not invest adequately in fire department hazardous material treatment training and resources, they do not sufficiently invest in water cleanup efforts or chemical mitigation plans. Assessed fines could be used to invest in clean water solutions. Much like building a neighborhood in a flood prone area requires a retention pond or other solution, we could have enhanced approvals for non-environmentally friendly organizations. There could be underwriting scores and subcategory pooling for those that are not utilizing risk mitigation compliance for an industry standard. Insurance companies have the requisite data to quantify the losses. There needs to be accountability for unsustainable organizations. They are clearly more expensive and should have lower ROE than other ESG companies that are profitable. Risk management is not an optionally process that theoretically an investor can diversify away, it can result in investing in an unsustainable organization. The unsustainable organizations have a moral hazard correlated relationship with catastrophe events and they should not be able to profit from their non ESG practices and magnify that when they profit from catastrophe or other trigger events. This over indemnifies the organization and further incentivizes the unsustainable practices. They do not have the necessary objective risk and if they are going to speculate should be constrained to open capital markets subject to, any and all, trading rules and restriction.

ESG

Not all ESG companies are solid investments, it varies and should be evaluated independently with fiduciary protocols. The government intervention into investing or not investing in ESG is not objective, if they are receiving campaign financing or lobby funds from any organizations, ESG or not. In a free capital market, the flow of money will determine the direction and if it is financially viable to invest in ESG and to be able to strategically determine what constitutes ESG. It is important that the asset classes are available for insurance and pension funds to consider. Pension funds can invest in hedge funds and hedge fund of funds so why not freely into unsustainable companies or ESG. What constitutes ESG also needs refinement criteria. The unsustainable companies in many instances will have stranded assets as we cannot burn all of the fuel, we have without dangerously increasing carbon. There are industries that should not and cannot move forward into the upcoming decades without changing. Not investing in companies that are not part of the solution to climate change will eventually experience a devaluation. Clean water mitigation and innovative companies finding superior materials that make use of less harmful chemicals will also find a place in a society that values clean water as a scarce resource.

Regulatory oversight

Rating agencies are often slow to downgrade assets. The financial crisis and housing issues in the early to mid-2000's created significant solvency risks for insurance investors. The banks and industries exposed to the financial crisis loans resulting from poor lending underwriting suffered significant portfolio losses. Although the large unsustainable industries continue to be invested in, they are inherently riskier assets. Insurance companies with extremely strong operations were very much adversely impacted by the financial crisis exposure although the asset liability matching should have been a great investment allocation and was classified as investment grade and permitted by RBC regulators. If some early banks were permitted to fail it would have naturally tightened loan underwriting standards and could have averted the issue. Advocating for insurance underwriting standards to be stricter on unsustainable practices, may lead to improvements and better overall financial performance.

Resilience and sustainability recommendations

The United States can establish objectives for providing access to clean potable water for everyone, so it should not be restricting ESG investments when there are sound financially strong rationales for doing so. Innovation in risk management, catastrophe mitigation, resilience, sustainability, critical natural resource protection, and climate change are precisely the challenges that the unsustainable (embracing change) and ESG companies can address; and those that do so successfully will be the best investments for pension funds, insurance funds, and individuals. That is where the funding should be focused. Underwriting and direct investment by insurance companies with the data and expertise can constrain the direction by making good choices easy and poor choices expensive. The government can work with the private sector and fund university research into these areas as well and commercialize technologies that combat climate change and energy and resource issues. That is a much better use of resources and ESG investing should not be a government issue. There are companies in traditionally unsustainable industries that are being proactive and working towards a sustainable future in their sector, these can also eventually constitute ESG companies. Risk management is a dynamic field and companies that are agile and interested in marketable innovation and solutions will continue to evolve and remain viable and successful. Forcing investment into companies that are resistant to change and will be incumbent in not going to induce the structural changes that need to be designed and can be expected to result in financial losses. Retirement funds have been facing huge losses and are unable to hedge using derivatives products and need to be able to invest prudently into asset classes that are expected to be profitable. Current retirees may struggle to be unable to recuperate losses and in many cases are subsidizing working age family members. Pension funds are certainly far better off investing for a sustainable future of retirement payouts than banking on funding companies that may have current profits, but are harming the health of those impacted by spills, accidents, and other hazardous events. That could reduce retirement payouts and certainly has adverse health consequences. Chemicals, contaminants and environmental pollutants are directly implicated as causation agents in cancers and other chronic life altering illnesses. (Environmental Protections, 2022).

Credit Suisse

AM Best issued a report titled, "SVB Collapse Highlights Critical Lessons for the Insurance Industry," (Advisen, 2023d), indicating that insurance companies also need to explicitly consider ERM, liquidity, solvency, and asset-liability risks. Credit Suisse secured a 50 billion Swiss franc loan from the Swiss Central Bank, in an effort to increase emergency solvency needs and to avert financial collapse. (Advisen, 2023b). This is after the collapse of Silicon Valley Bank SVB and crypto bank failures. Government regulatory oversight has not prevented financial crises, lending and underwriting integrity must be a solid foundation in the financial sector. Investments in environmentally viable and sustainable technologies are inherently valuable, and will become increasingly significant. The stock market has faced steep declines and retirement portfolio values are dropping with them. This also means insurance companies are going to need to harden the insurance market and be stricter with underwriting. Lending underwriting must also be subject to improved practices and the idea that deposits are guaranteed with FDIC up to $250,000 per person per financial institution is insufficient protection and a disincentive to saving, while loan forgiveness at negligible interest rates is strongly advocated. There are disincentives to be fiscally responsible. This can further exacerbate insurance liquidity and solvency issues for insurance companies, particularly those with exposures to climate impacted losses and those with exposure to companies with unsustainable practices. The government intervention and regulatory oversight of ESG investments is not justifiable. If the government cannot operate a fiscally balanced budget how can they be relied on to make decisions that will alleviate market pressures, inflation, or banking failures. It is prudent that insurance companies move towards more stringent ESG underwriting standards and investments. Chubb is limiting coverage for oil and gas extraction in conservation regions and is mandating restrictions on Methane output. (Advisen, 2023ac)

A new study concluded that the extreme weather-related intensity of water related events is highly and significantly correlated to a global increase in temperatures using satellite measurements over the previous 20 years. This study supports this research paper in promoting the management of insured catastrophe and climate related losses through improved environmental underwriting and through careful and deliberate environmental investment while avoiding direct investment with limited underwriting of unsustainable enterprises to promote solvency and reduce further exacerbating the catastrophe losses attributable to climate change. (Advisen, 2023). The majority of climate change attributed to greenhouse gas emissions impact results from the following sectors: retail, energy, transportation, fashion, and technology. (Environmental Protection, 2022). Companies and individuals who are profiting from pollution can further profit if financial institutions directly subsidize those enterprises, if insurance companies underwrite their practices and transfer liability, and even more so if they can use parametric insurance without an insurable interest for triggers that they directly influence and increase the probability of occurrence.

Conclusion

The recent ESG investing regulations have been modified within the Department of Labor Employee Retirement Income Security Act of 1974 (ERISA). There has been increased emphasis on fund managers and corporations being more cognizant of climate change and the sustainability implications of investing. There are clear fiduciary responsibilities and an objective of earning positive returns on retirement investments. The decision to permit ESG as a consideration for investing has become the subject of political debate. ESG investing should be compatible with fiduciary responsibility, if the price and cost of financial risks are fully calculated, it is also not mutually exclusive with profitability. ESG investing should be done using prudent fiduciary financial principles. It cannot be the only consideration and should not be precluded as a consideration. New and emerging technologies and companies even within less sustainable or environmentally friendly sectors that engage in risk management and efforts to protect against financial and climate risks should be invested in preferentially as they are more likely to be correlated with higher expected returns. This is expected to be evident in the authors next quantitative study comparing companies with sound E policies and risk mitigation experience, having fewer catastrophic incidents and have fewer liabilities and less expensive insurance premiums and should lose less shareholder value. This is expected to be demonstrated by comparing companies with fewer incidents impacting climate, evaluating impact on shareholder value pre and post event. NSC experienced significant declines in shareholder value, and it was due to overheated ball bearings and inadequate safety measures. This is expected to demonstrate that investing in companies scoring high on E should also translate to better long-term performance for shareholders. Investing with these principles considers risk adjusted returns if done within a fiduciary context. Emerging technologies that are going to make improvements in E are also expected to perform favorably and are solid investment choices. It does not preclude investment in sectors such as energy, it simply rewards those companies that are proactive at protecting shareholder value through prudent E and risk management investment initiatives. This is likely to become more and more relevant as underwriting standards reflect the pricing of environmental impacts and catastrophe climate change inducing activity as part of the true underlying cost of doing business. These costs have been minimized or not quantified. E should not be a political agenda, it is imperative that investing in clean, air, water, land, and health are recognized as essential not political. Vinyl chloride in your water pervasively causes cancer irrespective of political ideologies.

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CZECH AIRLINES: GOING TO CRASH OR FINALLY TAKE-OFF? A CASE STUDY

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CASE DESCRIPTION

The primary subject matter of this case concerns organizational growth and strategy, with a focus on international strategic brand management. The case examines a European company operating in the airlines industry. The organization's origin story as well as its growth and development are overviewed. The influence of competitive actions, industry developments and factors from the external environment on the organization and its strategy are examined. The case is appropriate for use in an international marketing or strategic marketing course (levels 5 or 6). It may also be used with upper division marketing courses (level 4). The case is designed to be taught in one class session of 90-minutes. Students should expect to invest approximately two to three hours outside of class in preparation for the case discussion.

CASE SYNOPSIS

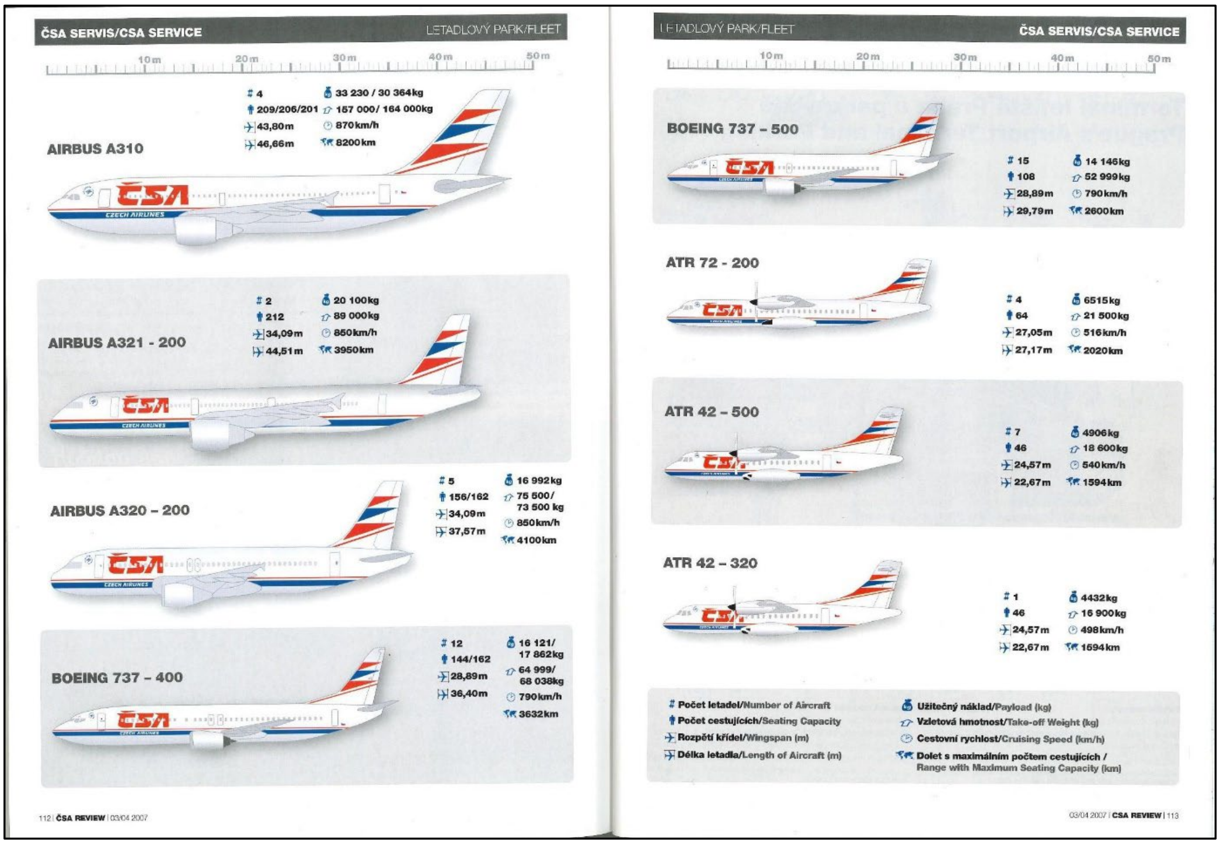
Founded in 1923 as Czechoslovak State Airlines, Czech Airlines (CSA) is one of the oldest airlines still flying globally. Over the years, the airline had its ups and downs, but was always a source of national pride. In the early 2000s. CSA was awarded "The Best Airline based in Central/Eastern Europe" for several years in a row, and the airline brought more than 5 million passengers to its home airport in Prague each year. Nevertheless, industry and environmental changes brought some significant challenges to the airline, and CSA struggled to survive for the entire next decade as it tried to reduce losses and find a viable business model. In fact, by the end of 2022, the airline had only one plane and one route: Prague – Paris.

This case discusses CSA's origin story, and its growth and development spanning three decades. Rapid expansion brought with it serious growth challenges and financial troubles. The growth of charter airlines and low-cost operators also had a significant impact on the industry and consequently CSA. CSA was acquired by Travel Service / Smartwings and the organizations started the process of merging into one group. However, maintaining three separate brands has proven to be quite costly and complicated from a strategic perspective. The organization is in need a thorough review of its international brand strategy. Recent events such as the Covid-19 pandemic, rising inflation and the war in Ukraine have increased the urgency of the Group's situation.

CASE INTRODUCTION

Once awarded "The Best Airline based in Central/Eastern Europe" for six consecutive years (2004 – 2009), Czech Airlines (CSA) brought more than 5 million passengers to its home airport in Prague each year. Nevertheless, CSA struggled to survive for the entire next decade as it tried to reduce losses and find a viable business model. Reducing its fleet from more than 50 to just 14 planes between 2007 and 2019 resulted in a sharp decrease in passenger figures to approximately 2 million annually. Consequently, in 2018, the airline ultimately ended up in the hands of its rival Travel Service, a charter airline that the management of CSA had just recently considered taking over in 2008.

Figure 1: Czech Airlines' fleet in 2007



Source: Czech Airlines Review (onboard magazine), March- April 2007

The drastic reduction of services provided to passengers (e.g. no drinks or free onboard meal) and abandoning almost half of its destinations (including its very first route Prague-Bratislava, which had been consecutively flown since 1923) resulted in the company being able to make an operational profit again in 2017, after more than a decade of collecting operational losses.

In those days, there were new owners in place - Mr. Simane and Mr. Vik. The Group consisted of Travel Service and Czech Airlines as well as one other brand – "Smartwings" – created in 2004 as the low-cost brand of Travel Service. The Group as a whole faced a challenge related to the brand architecture of its three individual brands – each with unclear positioning, a different history and divergent though overlapping target markets. To complicate matters even more, they still shared a fleet of almost 70 airliners.

Czech Airlines' story

Founded in 1923 as Czechoslovak State Airlines, Czech Airlines is one of the oldest airlines still flying globally. Czechoslovak Airlines was the founding member of IATA (International Air Transport Association). The airline had its ups and downs, but was always a source of national pride (working for the airline in communist times represented one of the few opportunities for Czechoslovak citizens to travel abroad beyond the Iron Curtain). In its best years, the airline offered service to New York, Montreal, the Far and Middle East, Africa, and almost all European capitals. Czech Republic's entry into the EU in 2004 and Sky Team membership in 2001 propelled the airline into a period of rapid development. The passenger numbers were growing by approximately 15% annually, finally reaching a peak of 5.5 million passengers in 2006. At that time, the airline connected Prague with over 100 destinations in 50 countries on four continents.

However, this quick expansion and orders for new aircrafts brought the airline into financial trouble despite the growing passenger numbers. In 2006, the company was forced to sell its cargo terminal in Prague (which had been opened just two years before), its catering and its duty-free shop divisions in order to obtain the financing it needed to lease the newly purchased airliners. The new management in place continued to reduce the company's size, selling off the handling division, the maintenance, and finally, the company's recently built HQ building. Many destinations (some of them having been served for decades) were abandoned (including flights to New York, Dubai, and London), and landing slots at the airports were sold to the competitors. The staff was drastically reduced, following the airline's destiny, from over 5000 employees in 2006 to not even 700 in 2017.

The whole story was carefully followed by the Czech public and covered in detail by the media. In particular, the protests by the labor union and former airline employees attracted a lot of attention. This was especially the case since many of these people had worked their entire lives for the airline, and these jobs were frequently passed from one generation to the next.

The story of Travel Service

The airline Travel Service was founded in 1997 as a charter airline renting one plane from the Czech government. In the following years, the airline had continuously grown, providing charter flights for travel agencies bringing passengers from the Czech Republic and later from throughout Central Europe to tourist destinations, mainly in the Mediterranean. Branches were established in Hungary, Poland and Slovakia. The company soon became the market leader in charter flights in Hungary and the Czech Republic, and one of Poland's TOP charter providers. In 2004, the new brand "Smartwings" was created, as a low-cost brand, primarily to sell the remaining capacities on Travel Service's charter flights to holiday destinations. Two Travel Service jets received the new "Smartwings" livery, but the flight attendants and ground staff still wore the uniforms of Travel Service.

In 2018, Travel Service was rebranded to the Smartwings Group, which connected together all three brands: Travel Service, Smartwings, and Czech Airlines. The airlines within the Group share the fleet and code-share their flights while still maintaining all three separate plane liveries. In 2018 the Smartwings and Travel Service branded planes transported 6.1 million passengers on regular and charter flights. At the end of 2018, the Travel Service brand was finally abandoned, and since then, the Group has used only two brands – Smartwings (for both charter and regular flights) and Czech Airlines (for select regular flights only).

Figure 2: Czech Airlines' network in summer 2010

Source: Czech Airlines Review (onboard magazine), May-June 2010

After the acquisition: the Czech Airlines' story continues

Finally, in 2015 it was clear that the airline must change its business model; otherwise, it would not survive. The market had become more competitive with low-cost carriers such as Easy Jet and Ryanair investing in new planes and opening new flights all across Europe. In addition, the EU Open Skies policy had turned all major European airlines (such as Lufthansa Group, British Airways or Air France - KLM) into direct competitors. As a result, many destinations were abandoned by Czech Airlines, the fleet and staff reduced, and the pricing model was changed completely. Instead of concentrating on transfer passengers, which had represented half of its business in the past, Czech Airlines now focused on point-to-point connections to and from Prague, aiming to be the number one or two for passengers traveling to Prague. New low-cost tariffs were introduced, and drinks and free meals were eliminated in economy class. Similar to other low-cost carriers, the company introduced a stringent oversize luggage policy, and did not tolerate even a single gram over the weight limit. However, many passengers found themselves disappointed to have booked a flight with Czech Airlines only to discover it being operated by Smartwings, with a correspondingly lower level of service standards.

Nevertheless, due to these changes, the financial results of Czech Airlines and the whole Group significantly improved. The number of passengers started to increase as well, reaching 2.7 million in 2018. On the other hand, quite ironically, the more passengers the airline transported and the more the financial results improved, the worse the quality rankings and ratings became (Figure 3). Nowadays, the airline can only dream of being the Best Airline based in Central/ Eastern Europe. Skytrax now rates the airline as only a three-star airline. On the other hand, this result is still better than the rating of its sister brand Smartwings, awarded with only two stars and selected as among the world's 21 worst airlines in 2016.

Figure 3:
Quotes from latest SKYTRAX passenger reviews on Czech Airlines

"The plane was a bit dated."	"Not enough leg space."
"They took my cabin luggage."	"A horrible experience."
"Not really an on-line check-in."	"Check-in staff extremely rude."
"Worst company I've dealt with."	"Delayed every single time."
"Will avoid them in the future."	

Source: SKYTRAX rating, www.airlinequality.com (2019)

The years 2020/21 and the COVID-19 pandemic

Spring 2020 found the Smartwings Group in good shape. The passenger figures grew in 2019 despite the continuing troubles with the grounded fleet of brand-new Boeing MAX planes. In October 2019, after many years of fleet reduction, Czech Airlines even placed an order for seven new Airbus planes to be delivered between 2021 and 2025.

However, the COVID-19 pandemic drastically changed the situation of the Group once again. All Group flights were canceled in early March 2020, and the airplanes stayed grounded at Prague airport for more than a month and a half. Since May 2020, the Group has re-started its operations to several destinations (starting with Paris, Amsterdam and Frankfurt on 18th May, and adding other destinations in late May and June). During the summer season, the Group re-launched connections to almost 40 destinations in Europe, including London Heathrow (after ten years), while the long-haul flights remained canceled due to strict travel restrictions. Despite these efforts, the number of transported passengers over the summer of 2020 represented just a fraction of the 2019 figures. At the end of the summer season, new travel restrictions were announced, forcing the Group to again cancel the flights that had been re-introduced just few weeks before.

In reaction to the crisis, the Smartwings Group announced the displacement of almost 700 employees (out of 2,500) by the end of 2020 and warned that other jobs might be reduced. Simultaneously, the Group raised the idea of governmental support to help it survive on the market and stay competitive. In fact, almost all major European airlines did receive some help from their governments during summer 2020 (for example, Lufthansa Group received governmental support of 9 billion EUR in 2020).

The topic resonated in the media. The debate was joined by the prime minister, several government members and members of the Parliament, and even by the Czech President who supported governmental help for the Smartwings Group, but only if the Group was re-named from Smartwings to Czech Airlines.

However, as the Group did not receive state support, they struggled throughout the rest of 2020, and in February 2021 Czech Airlines finally announced its bankruptcy. Almost all remaining employees were laid off, but the operations of the Group continued. The Group did receive funding of 2 billion CZK (app. 40 Million EUR) from the banks; 80 percent of this credit was guaranteed by EGAP (Export Guarantee and Insurance Corporation, which is owned by the State).

As of the beginning of 2023, Czech Airlines is operating with just 100 employees and one single plane — within the Smartwings Group. The owners of the group have recently provided 125 Million CZK (approximately 5 Million EUR) of additional funding in order to help the airline survive. Due to the war in Ukraine – which started in February 2022 – the Group had to cease all of its flights to both Ukraine and Russia. These routes have always served as "profit pillars" of the Czech Airlines network, so this has had a big financial impact. Currently the airline operates just one route from Prague to Paris.

On the other hand, the airline still has not given up on its plans to modernize the fleet and expand its operations. Another Airbus 320 will be added to the fleet in the spring 2023, followed by four brand new Airbus A220 planes in 2024. Recently Czech Airlines also announced that they were hiring new flight attendants for their operations in order to be able to satisfy the growing demand in the European market after the years of pandemic and travel restrictions.

Despite the fact that the Group did not receive any support from the government, it was able to survive the biggest crisis in aviation history – the COVID-19 pandemic, high inflation and the war in Ukraine, which disabled some of the most profitable flights the Group used to operate. In 2022 the Group transported 5.2 million passengers (more than double compared to 2021 and over 92% of the pre-pandemic figures). For 2023, the Group expects to reach pre-pandemic levels and to continue growing.

Nevertheless, the open question about how the entire Group should go forward given its current organization and brands still remains relevant and the increasing competitive pressures make it even more urgent as Eurowings (a subsidiary of the Lufthansa Group) recently opened a new base in Prague.

INSTRUCTOR'S NOTES

CASE DESCRIPTION

The primary subject matter of this case concerns organizational growth and strategy, with a focus on international strategic brand management. The case examines a European company operating in the airlines industry. The organization's origin story as well as its growth and development are overviewed. The influence of competitive actions, industry developments and factors from the external environment on the organization and its strategy are examined. The case is appropriate for use in an international marketing or strategic marketing course (levels 5 or 6). It may also be used with upper division marketing courses (level 4). The case is designed to be taught in one class session of 90-minutes. Students should expect to invest approximately two to three hours outside of class in preparation for the case discussion.

CASE SYNOPSIS

Founded in 1923 as Czechoslovak State Airlines, Czech Airlines (CSA) is one of the oldest airlines still flying globally. Over the years, the airline had its ups and downs, but was always a source of national pride. In the early 2000s. CSA was awarded "The Best Airline based in Central/Eastern Europe" for several years in a row, and the airline brought more than 5 million passengers to its home airport in Prague each year. Nevertheless, industry and environmental changes brought some significant challenges to the airline, and CSA struggled to *survive for the entire next decade as it tried to reduce losses and find a viable business model. In fact, by the end of 2022, the airline had only one plane and one route: Prague – Paris.*

This case discusses CSA's origin story, and its growth and development spanning three decades. Rapid expansion brought with it serious growth challenges and financial troubles. The growth of charter airlines and low-cost operators also had a significant impact on the industry and consequently CSA. CSA was acquired by Travel Service / Smartwings and the organizations started the process of merging into one group. However, maintaining three separate brands has proven to be quite costly and complicated from a strategic perspective. The organization is in need a thorough review of its international brand strategy. Recent events such as the Covid-19 pandemic, rising inflation and the war in Ukraine have increased the urgency of the Group's situation.

RECOMMENDED TEACHING APPROACHES

This case is designed to be used for an interactive discussion-based type seminar class. Students should be asked to thoroughly read the case at home prior to the class session. They will also need to complete some desk research online in preparation for the group discussion.

STUDENT PREPARATION PRIOR TO CLASS

For each of the two areas below, students should come prepared with a minimum of five specific points addressing the topics. Instructors are recommended to ask students to have their work in written form as this has shown to be helpful in group discussions.

1. Situation Analyses (Internal): Find as much information as you can on: Czech Airlines and Smartwings. Use their official websites as well as the media and other sources. Check the passenger reviews for both brands, look at their ratings on Skytrax and similar websites.
2. Situation Analyses (External) – Competitive Review related to branding: Check the websites of the leading EU airlines such as Ryanair, EasyJet, WizzAir, Lufthansa Group, Air France-KLM, and the International Airlines Group (IAG). Concentrate especially on their branding strategies (you may consider exploring the structure of different airline groups in terms of the brands they operate and (*in particular: how those brands are differentiated*).

Instructor's Status Note: As of 2023, the crucial question for the entire Group remains the same as before the pandemic: How to go forward with the "Czech Airlines" and "Smartwings" brands? Should these brands be kept or retired? And if they are both kept, what role should they play within the Group? These questions are even more urgent now than before due to COVID-19 pandemic and the biggest crisis in aviation history. Many of the Group's competitors such as AirFrance- KLM group or Lufthansa group recovered quickly in 2022 and even plan to exceed their pre-pandemic figures in 2023. Furthermore, in 2021, Eurowings (a subsidiary of the Lufthansa Group) opened a new base in Prague.

IN-CLASS TASKS

It is recommended that instructors start with a brief overview of the case study and key events. They should then do a review of key branding concepts such as:

1. Define: *Brand Identity* - defining different brands and their positions in the hierarchy.
2. Review: *Hierarchy of brands* – Corporate brand, Umbrella brand, Brands of product lines and Brands of products / models.
3. Overview: *Brand Identity Prism* (Kapferer): the facets of the brand's identity spectrum are organized between: facets controlled by the brand (e.g. physical, personality and culture) and facets resulting from the consumer's perception (relationship, reflection and self-image).

Students should then be divided into groups of 4-6 students. Each team may be assigned one airline brand, or all teams can be assigned to complete the following for each brand. The student questions / tasks are:

1. You were hired as a brand specialist to suggest the branding strategy for the Smartwings Group. You will have to prepare a recommendation and defend your decision.
2. Who are the main stakeholders, and what impact on your decision do they have?

Student groups should consider a one-brand strategy (either Czech Airlines or Smartwings) and a two-brand strategy (Czech Airlines and Smartwings). They should consider the list of competitors having a similar approach in each case, and then list the pros and cons of each branding decision. After completing this task, groups should be asked to present the results of their analysis to the class and discuss their solution with the other groups who suggested a different solution. Other groups (especially those who opt for a different approach) should present their objections and concerns with the suggested solution.

The differing perspectives of the groups can make for a lively class discussion. Rather than having one correct answer, what is most important is the thoroughness of the analyses and the supporting rationale for the recommendations made.

The interesting benefit of this case is the opportunity to select three potentially viable approaches (and we do not know which one will be proven to be correct). There is a clear mismatch between the Smartwings and Czech Airlines brands. Regardless of how a manager chooses to go forward, the situation is extremely complex and challenging to deal with.

Czech Airlines will celebrate being 100 years old in October 2023, and are still perceived as a part of the national heritage, especially by older, more conservative but wealthier travelers. Smartwings, on the other hand, started as a low-cost brand relatively recently, and never has achieved the same type of reputation as Czech Airlines. Nevertheless, Smartwings can be perceived as a progressive, young brand that does not play games with its passengers (i.e. they do not offer the best services but they never have pretended to be doing so, nor have they charged service premiums). Czech Airlines do charge service premiums, i.e. they charge you for the reputation; however, the service is similar or worse than what is offered by all of the competitors). So, regardless of whether the students choose one of the brands – either one of them – it can be supported with strong rationale.

Going with a two-brand strategy could also make sense (Czech Airlines for regular flights more for business travelers and wealthier people, and Smartwings – for holiday travel and low-cost seekers). However, the challenge then comes with how to keep such different brands under one umbrella (i.e. Smartwings Group) while ensuring that operations are still kept profitable (they will have to share planes, flights, and flight attendants as otherwise they will lose the efficiency).

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MUTUAL FUND USE OF LEVERAGE

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ABSTRACT

This study examines mutual fund returns around reported changes in usage of derivative instruments and leverage. We find that when mutual funds start trading in derivatives, the returns are higher on average, with slightly greater volatility and fatter tails following a policy change to allow equity options trading. When considering borrowing money decision, we find that the mutual fund returns following the policy change to allow the borrowing are higher and less volatile than before the change. Finally, in the case where short selling is newly allowed, funds are improving their returns by using short selling to hedge against losses. In the case where the short selling is newly disallowed, the results are consistent with funds having used shorting for directional purposes, and not hedging, and losses related to such trading being eliminated by discontinuing the practice.

INTRODUCTION

Research on mutual funds has branched out in a number of different directions. Performance and persistence of performance, managerial skill, fund characteristics, investment styles and mutual fund competition have been studied in great detail. This study takes on a policy approach and examines the returns around reported changes in usage of derivative instruments and leverage.

Mutual funds are required to file a NSAR filling twice a year with the SEC allowing us to study the changes in behavior with respect to a number of variables. In this study, we are interested in whether or not and for what reasons decide to use derivative (equity options) and debt (borrowing) instruments and short selling. All these decisions have predictable hypothesis regarding the reasons on why the funds would decide to change their usage (start or stop) of aforementioned instruments.

The first decision we evaluate is the fund's decision to start or stop trading in options. Regarding the decision to start trading in derivative securities (a policy switch to YES), we find that fund returns are higher on average, with slightly greater volatility and fatter tails following a policy change to allow equity options trading. These results are consistent with funds using options to gain leverage on the underlying assets and appear inconsistent with covered call (and similar) strategies. Regarding the decision to stop trading in derivative securities (a policy switch to NO), fund returns are higher on average, with slightly lower volatility but fatter tails following a policy change to disallow equity options trading. Returns prior to the policy change are negatively skewed and remain negatively skewed after the policy change but slightly less so.

The second decision we study is the fund's decision to start or stop trading in borrowing money. We find that the returns following the policy change to allow the borrowing are higher and less volatile than before the change. Furthermore, returns go from being negatively skewed to about zero. Kurtosis indicates that tails are thin both before and after the policy change, but mildly thinner in the "after" period. These results suggest an (unexpected) desire on the part of funds to increase leverage and returns consistent with a higher degree of risk-taking would be expected following such a policy change. By contrast, all risk measures appear to indicate less risk-taking following the policy shift. The results in the policy shift of disallowing the borrowing, we find the returns following the policy shift are significantly higher and slightly more volatile. Skewness is less negative and kurtosis indicates that fat tails in returns are eliminated following the policy shift, suggesting that the funds which have been hurting their returns with large losses eliminating the risk of similar future large losses by changing policy regarding borrowing.

The third decision we evaluate is to allow or disallow the funds to conduct short selling. In case where the short selling is newly allowed, the results are consistent with funds improving their returns by using short selling to hedge against losses. In the case where the short selling is newly disallowed, the results are consistent with funds having used shorting for directional purposes, and not hedging, and losses related to such trading being eliminated by discontinuing the practice.

Data

The key data regarding fund policies on various leveraged trading practices comes from form NSAR filed by mutual funds with the SEC. Section 70 of the form requires funds to answer questions related to the use of various investment practices, all of which could be regarded as high risk or involving leverage of some kind. Exhibit A in the Appendix provides a blank copy of the questionnaire which funds must complete when filing their NSAR report.

Section 70 requires funds to answer two different questions regarding each investment practice. The first question, requiring a Yes/No answer, asks whether the fund is authorized to engage in the practice. This we refer to as the "policy" question. The second question, also requiring a Yes/No answer, asks whether the fund actually engaged in the investment practice during the reporting period. We refer to this as the "activity" question.

Note that these answers are self-reported by the funds, and that the SEC considers this gathering of information from the funds.

Matching procedure

The NSAR data and CRSP Mutual Funds data often use different identifiers for the same fund. There is also the risk of potential confusion between the name of the fund and the name of the fund family or holding company.

In order to ensure that the funds match up correctly between NSAR data and CRSP data we implement a matching procedure which evaluates the name of the funds and provides a score for how close the names are. This list of matched funds was then inspected fund by fund to confirm that the matched funds were indeed the same.

In reviewing the dataset of matched funds, the following guidelines were followed:

Funds with "index" in the name removed. This was in order to maintain the focus of the research on actively managed funds. In this framework, funds with "enhanced index" or "index plus" in the name were retained, since these were regarded as being funds with a sufficient element of active management.

Overly general names in NSAR like "aggressive fund" were deleted, and only funds where the name was sufficiently specific or unique were retained.

ETFs were deleted, but funds investing predominantly in ETFs (ETF funds) were retained.

Duplicate NSAR names were deleted. As a consequence, many instances of funds with multiple class shares were eliminated. However, this would not appear to introduce any specific bias into the analysis.

Change in policy

After matching firms on NSAR and CRSP data, we constructed datasets of firms that had undertaken a policy change during their life. This was done by looking for instances in which the Yes/No reply to a particular policy question in the NSAR form changed from one period to the next.

After constructing a dataset of funds which included such policy changes, the dataset was visually inspected to confirm that these were all legitimate and lasting policy changes. Funds were deleted from the datasets if the policy changed one period and then immediately switched back to the original policy the period thereafter. Funds with this pattern of policy were eliminated because of the high risk that the policy change was simply a reporting error and not a genuine policy shift in the fund.

Equity Options

The first policy change analyzed is regarding equity options. This policy is captured by question B of NSAR Section 70, which asks funds to indicate Yes or No to whether they are permitted to engage in "writing or investing in options on equities". We examined two different policy changes: funds which changed to a Yes after previously having a policy of not using equity options ("change to yes"), and funds with a policy change in the opposite direction ("change to no").

Motivations for changing policy to include equity options trading could include a desire to boost yield/income on stocks by writing covered calls, a desire to increase risk and expected returns with leverage on the underlying asset from long positions in calls, or a desire to protect against tail risk by buying protective puts. The menu of options trading strategies is certainly much longer, but the aforementioned are the most likely strategies to be used by a fund classified as actively managed equity.

The different strategies outlined above include different predictions for how fund returns would change following the policy shift. Protective puts are designed to reduce tail risk, so a policy shift to engage in this practice would be expected to lead to returns that are perhaps lower on average (expected returns would be reduced, but the result of comparing short-run realized returns for the fund would be less obvious), with less negative skewness and less kurtosis on returns.

A change in policy to allow for buying of call options and therefore increasing leverage on investments would likely result in higher volatility in returns, positive skewness and fatter tails. Expected return would be higher, to complement the higher risk resulting from leverage. However, note that the literature on options returns consistently documents negative average returns from long positions in call options purchased out-the-money, despite these contracts having features consistent with being most highly leveraged. Therefore, an attempt to increase expected returns via long positions in out-the-money calls would likely fail.

A policy change to follow a strategy of covered call writing would also change the distribution of returns in obvious ways. Generally, covered calls are less volatile compared to the returns on the underlying asset on which they are written. Literature documents stronger Sharpe ratios for covered calls compared to long positions in the underlying asset, typically resulting from similar average returns with significantly lower volatility. However, since the effect of a covered call is to cap the upside of the underlying asset, while only offering modest protection against the downside, an increase in negative skewness can also be expected.

Figure 1 shows the number of funds over time changing policy to allow equity options trading. There are notable spikes in the latter part of 2002, 2010 and first half of 2013. Figure 2 shows the number of funds over time changing policy to disallow equity options trading. There are notable spikes in late 2002, 2009 and 2010. These two charts imply that the same market conditions caused changes in policy in both directions. Therefore, it seems less likely that a particular policy was considered appropriate to the market conditions and more likely that a change was needed by a variety of different funds for different reasons.

Tables 1 and 2 report the change in aggregate returns statistics for funds undertaking a policy change regarding equity options. These statistics relate to two years' worth of monthly returns before and after the funds undertake the policy change. The policy change date is considered to be the month listed on the NSAR form as the reporting date, and then returns in months T-1 to T-24 and T+1 to T+24 are collected. The results reported are for all funds in those months relative to the policy change, and therefore the "before" and "after" months will often be different for each fund included.

The results in Table 1 indicate that, generally, fund returns are higher on average, with slightly greater volatility and fatter tails following a policy change to allow equity options trading. Returns prior to the policy change are negatively skewed but become positively skewed after the policy change. These returns are consistent with options being used for speculative purposes, to gain leverage on the underlying assets. High returns with positive skewness are consistent with use of long positions in call options on underlying assets. The returns appear inconsistent with writing of options, for example in covered call strategies.

The results in Table 2 indicate that, generally, fund returns are higher on average, with slightly lower volatility but fatter tails following a policy change to disallow equity options trading. Returns prior to the policy change are negatively skewed and remain negatively skewed after the policy change but slightly less so.

Borrowing Money

The second policy change analyzed is regarding borrowing money. This policy is captured by question O of NSAR Section 70. We examined two different policy changes: funds which changed to a Yes after previously having a policy of not borrowing money ("change to yes"), and funds with a policy change in the opposite direction ("change to no").

Figure 3 shows the number of funds over time that change policy to allow borrowing money. There are notable spikes in early 1999, mid 2002 and 2009, and early 2014. Figure 4 shows the number of funds over time that change policy to disallow borrowing money. Notable spikes occur in mid-1998, early 2001 and late 2002.

Table 3 reports the change in returns statistics for funds undertaking a policy change to allow borrowing of money. Returns following the policy change are higher and less volatile than beforehand. Furthermore, returns go from being negatively skewed to about zero. Kurtosis indicates that tails are thin both before and after the policy change, but mildly thinner in the "after" period. These results are unexpected, as a policy of borrowing money would appear to indicate a desire on the part of funds to increase leverage and returns consistent with a higher degree of risk-taking would be expected following such a policy change. By contrast, all risk measures appear to indicate less risk-taking following the policy shift.

Table 4 reports the change in returns statistics for funds undertaking a policy change to disallow borrowing of money. Returns following the policy shift are significantly higher and slightly more volatile. Skewness is less negative, and kurtosis indicates that fat tails in returns are eliminated following the policy shift. This paints a clear picture of funds which have been hurting their returns with large losses eliminating the risk of similar future large losses by changing policy regarding borrowing.

Short Selling

The third policy change analyzed is regarding short selling. This policy is captured by question R of NSAR Section 70. We examined two different policy changes: funds which changed to a Yes after previously having a policy of not allowing short selling ("change to yes"), and funds with a policy change in the opposite direction ("change to no").

One motivation for changing this policy to a Yes could result from times of financial crisis. A fund might argue that a policy of permitting short selling might allow them to better protect the portfolio during bad market times, and an actual financial crisis might prompt a change from funds that had previously not embraced this argument.

Figure 5 shows the number of funds over time that undertake a policy change to allow short selling. There are notable spikes in 2002, late 2008 and 2011. These are certainly all years in which the market generally performed poorly (returns on the S&P 500 for the calendar years 2002, 2008 and 2011 were approximately -23%, -38% and 0% respectively).

Figure 6 shows the number of funds over time that undertake a policy change to disallow short selling. There are notable spikes in 2002 and 2009/2010. This indicates, again, that different funds respond differently to the same market conditions. The poor performance of the stock market in 2002 and 2008 appears to prompt many funds to undertake policy changes regarding short selling, but these policy changes include both directions.

Table 5 reports the changes in returns statistics for funds undertaking a policy change to allow short selling. Returns are higher following the change, with volatility similar before and after (but slightly lowered). Skewness goes from being negative to positive, and kurtosis indicates that tails were thin before and after the policy change, but somewhat thinner in the "after" period. These results are consistent with funds improving their returns by using short selling to hedge against losses.

Table 6 reports the changes in returns statistics for funds undertaking a policy change to disallow short selling. Returns following the change are higher on average, with higher volatility. Skewness is negative prior to the change but becomes strongly positive following the change. Kurtosis indicates that tails were thin both before and after the policy change, but less so following the change. These results are somewhat surprising given that short selling can be used as a hedge against market declines. Such hedging activity would make negative skewness less likely and therefore make it surprising that a policy shift to disallow shorting leads to such a significant positive change in skewness. However, the results are consistent with funds having used shorting for directional purposes, not hedging, and losses related to such trading being eliminated by discontinuing the practice. An examination of the portfolio holdings of these funds would be revealing.

CONCLUSION

In this study, we analyze three distinct ways mutual funds change their policy and the implications of such policy changes on their returns. One striking feature of all results is that average fund returns were higher in the “after” period for all policy changes. This underscores that policy change is fund-specific, and not a “one size fits all” proposition related to specific market conditions.

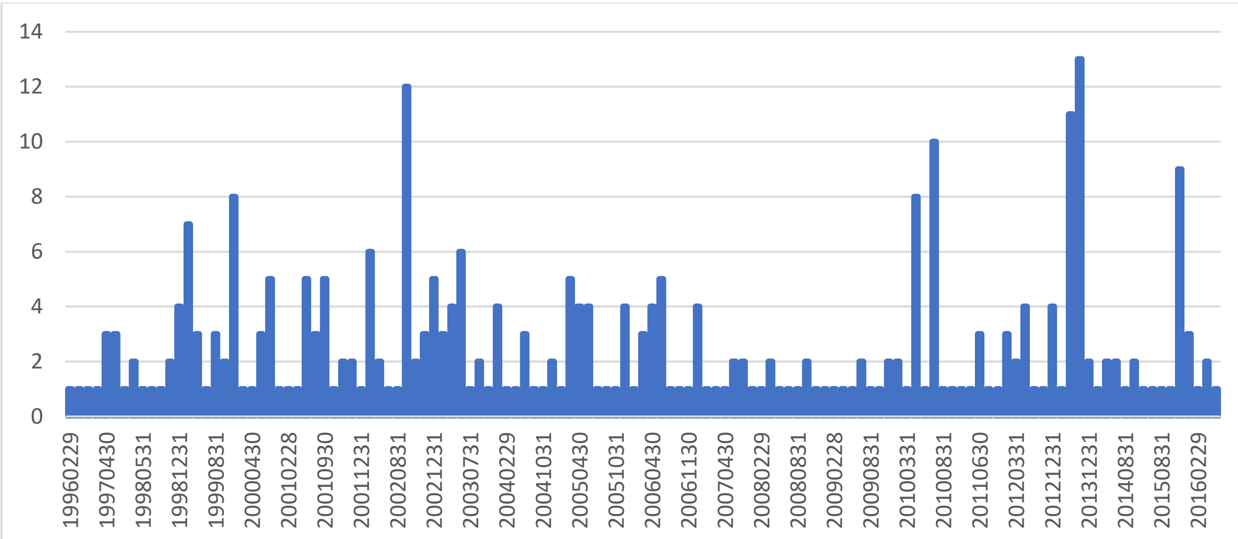

Figure 1: Number of funds over time changing policy to **allow** trading in equity options.

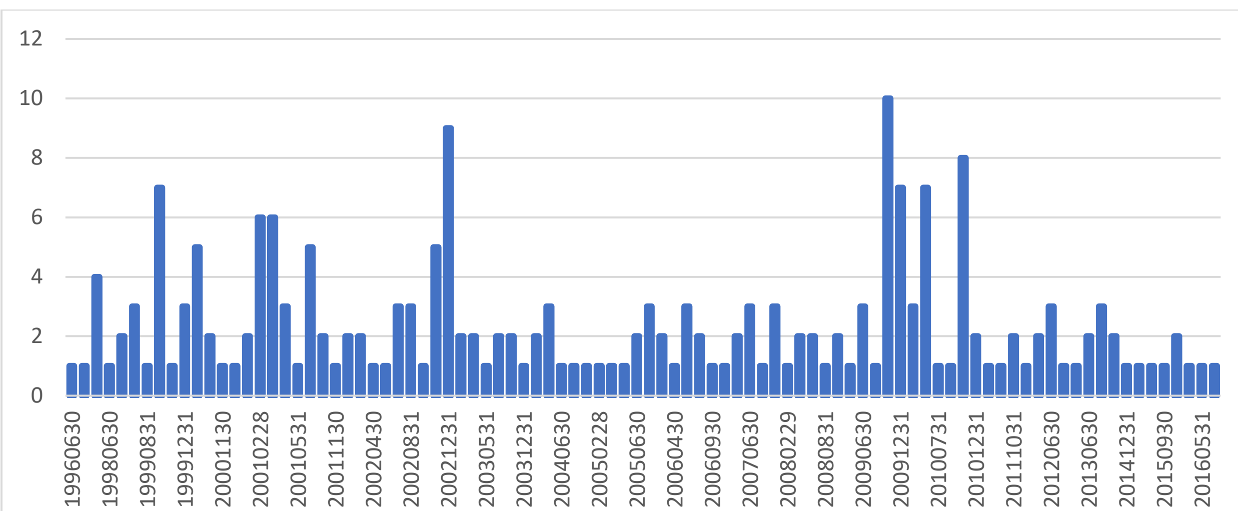

Figure 2: Number of funds over time changing policy to **disallow** trading in equity options.

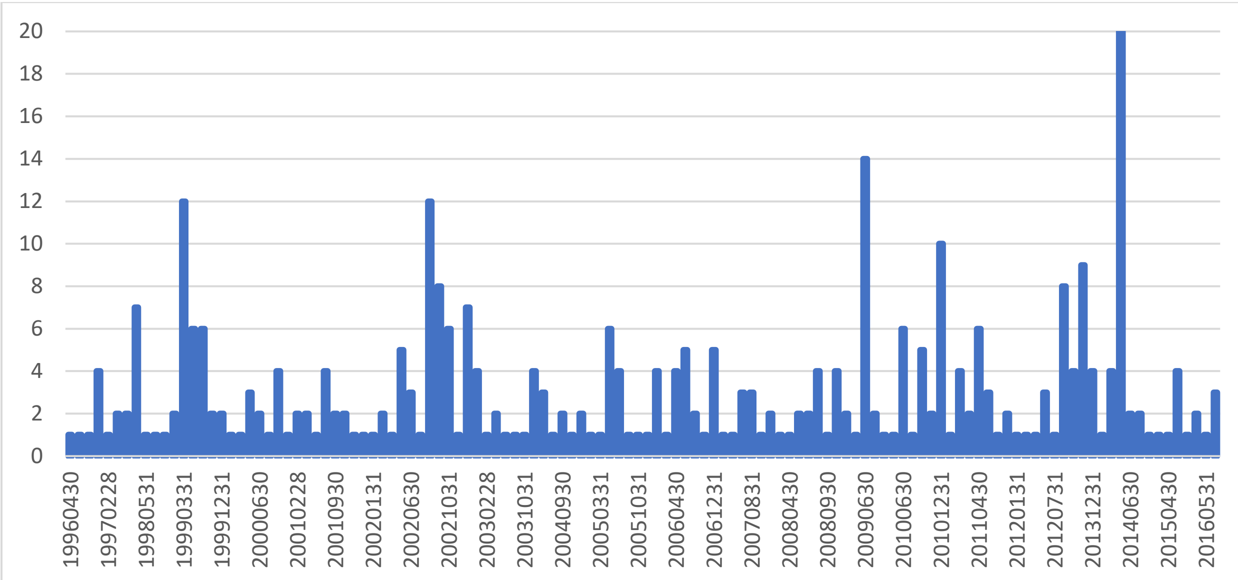

Figure 3: Number of funds over time changing policy to **allow** borrowing.

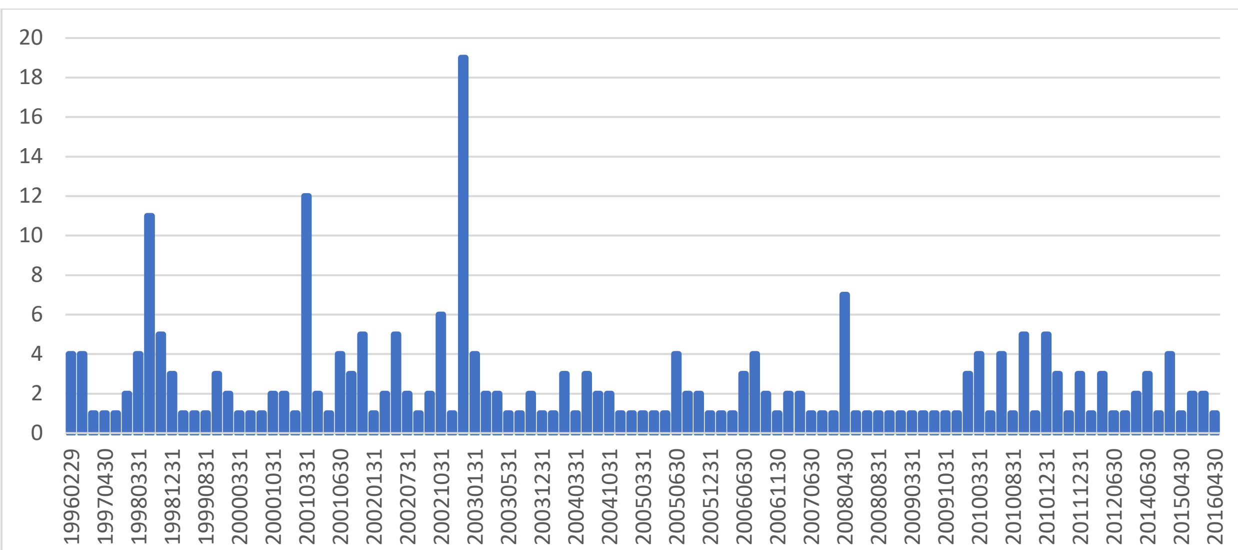

Figure 4: Number of funds over time changing policy to **disallow** borrowing.

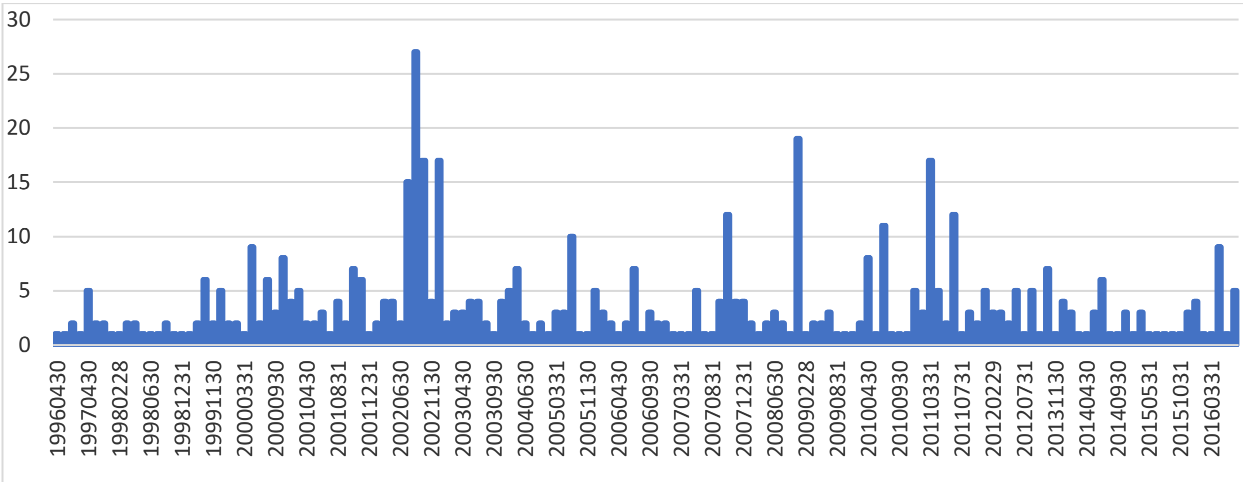

Figure 5: Number of funds over time changing policy to **allow** short selling.

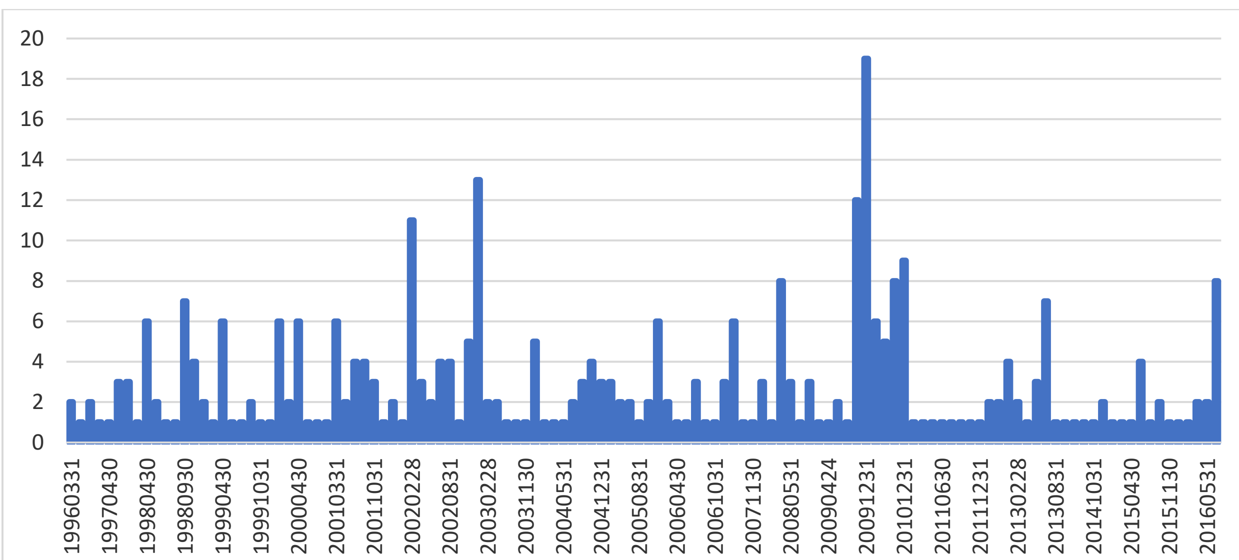

Figure 6: Number of funds over time changing policy to **disallow** short selling.

Table 1: Aggregate Returns Statistics Around Change in Equity Options Policy to Yes

The following table reports the aggregate statistics for funds that undertake a policy change regarding equity options. These results are for firms changing policy to allow equity options trading after having not previously done so, and the table reports the returns statistics for before and after the policy change. Results are for monthly returns. N is 314.

	BEFORE	AFTER
Mean	0.379%	0.586%
σ	0.456%	0.506%
Skewness	-1.0494	0.4426
Kurtosis	0.4845	1.0955

Table 2: Aggregate Returns Statistics Around Change in Equity Options Policy to No

The following table reports the aggregate statistics for funds that undertake a policy change regarding equity options. These results are for firms changing policy to disallow equity options trading after having previously been authorized to do so. The table reports the returns statistics for before and after the policy change. Results are for monthly returns. N is 213.

	BEFORE	AFTER
Mean	0.355%	0.444%
σ	0.577%	0.504%
Skewness	-0.6457	-0.5033
Kurtosis	0.0610	0.3702

Table 3: Aggregate Returns Statistics Around Change in Borrowing Money Policy to Yes

The following table reports the aggregate statistics for funds that undertake a policy change regarding borrowing money. These results are for firms changing policy to allow borrowing money after having not previously done so, and the table reports the returns statistics for before and after the policy change. Results are for monthly returns. N is 356.

	BEFORE	AFTER
Mean	0.454%	0.632%
σ	0.511%	0.420%
Skewness	-0.3208	0.0110
Kurtosis	-0.4850	-0.6436

Table 4: Aggregate Returns Statistics Around Change in Borrowing Money Policy to No

The following table reports the aggregate statistics for funds that undertake a policy change regarding borrowing money. These results are for firms changing policy to disallow borrowing money after having previously been authorized to do so. The table reports the returns statistics for before and after the policy change. Results are for monthly returns. N is 251.

	BEFORE	AFTER
Mean	0.275%	0.648%
σ	0.461%	0.547%
Skewness	-0.6005	-0.3064
Kurtosis	0.7800	-0.0456

Table 5: Aggregate Returns Statistics Around Change in Short Selling Policy to Yes

The following table reports the aggregate statistics for funds that undertake a policy change regarding short selling. These results are for firms changing policy to allow short selling after having not previously done so, and the table reports the returns statistics for before and after the policy change. Results are for monthly returns. N is 536.

	BEFORE	AFTER
Mean	0.335%	0.564%
σ	0.466%	0.428%
Skewness	-0.0915	0.1179
Kurtosis	-0.6370	-0.8218

Table 6: Aggregate Returns Statistics Around Change in Short Selling Policy to No

The following table reports the aggregate statistics for funds that undertake a policy change regarding short selling. These results are for firms changing policy to disallow short selling after having previously allowing the practice. The table reports the returns statistics for before and after the policy change. Results are for monthly returns. N is 344.

Mean	BEFORE	AFTER
σ	0.438%	0.580%
Skewness	0.402%	0.495%
Kurtosis	-0.3376	0.4498
Mean	-0.4334	-0.1819

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EXHIBIT A: Section 70 of the N-SAR form

70. Investment practices.
Answer "Y" (Yes) or "N" (No) to the following:

Activity	Permitted by Investment Policies? Y/N	If permitted by investment policies, engaged in during the reporting period? Y/N
A. Writing or investing in repurchase agreements		
B. Writing or investing in options on equities		
C. Writing or investing in options on debt securities		
D. Writing or investing in options on stock indices		
E. Writing or investing in interest rate futures		
F. Writing or investing in stock index futures		
G. Writing or investing in options on futures		
H. Writing or investing in options on stock index futures		
I. Writing or investing in other commodity futures		
J. Investments in restricted securities		
K. Investments in shares of other investment companies		

L. Investments in securities of foreign issuers _________________ ________ ________

M. Currency exchange transactions __________________________ ________ ________

N. Loaning portfolio securities ______________________________ ________ ________

O. Borrowing of money ___________________________________ ________ ________

P. Purchases/sales by certain exempted affiliated persons ________ ________ ________

Q. Margin purchases ______________________________________ _________ ________

R. Short selling ____ ________ ________

RELIGION IN THE WORKPLACE: WHEN A GUARANTY OF RELIGIOUS FREEDOM LEGITIMIZES RELIGIOUS OPPRESSION

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ABSTRACT

One person's freedom often creates another person's prison. Atrocities have been committed against non-believers in the name of religion, and the oppression of non-believers continues to the present day, even in the workplace. This paper traces the relevant history of religious oppression, demonstrates the rising tide of religious oppression being dispensed by the United States legal system, and describes how these principles are being applied in workplace conflicts. This paper explores the concept that an individual's right to observe and practice their sincerely held religious beliefs has now been granted "super-status" among Constitutional rights and against all other laws. This results in lawfully imposing religious norms, expectations, and values on non-adherents, and it has thrown into limbo any predictions about how future courts may rule in cases of employment discrimination based on religion. To contextualize this sea change, the paper unfolds the evolution of the law of religious freedom in the U.S. and discusses approaches managers can take when balancing employees' rights.

DEFINITION AND HISTORICAL CONTEXT OF RELIGIOUS OPPRESSION

Religious oppression stems from the subordination of minority religions by a dominant religion. In many cases, such as in the United States, Christianity is the dominant religion (PEW, 2022, 2014). Religious prejudice is rooted in individuals, institutions, and cultural and societal norms that support religious oppression. The result of these practices leads to religious hegemony, which normalizes values of the major religion in society while marginalizing and excluding the rights of minority religious groups. For example, in the U.S., Christian hegemony is a result of Christianity being the major religion. This paper defines oppression itself as unjust or cruel exercises of authority or power.

The first European arrivals to the U.S. did not honor religious freedom (Davis, 2010). Consequently, the drafters of the U.S. Constitution anticipated that the European practices of religious oppression would continue unless checked. They determined that freedom of and from religion was of central importance in framing the structure and delegating rights within the U.S. The U.S. Constitution guarantees both the freedom to exercise one's religion, and freedom from the government's establishment of religion. The interplay between these two freedoms is difficult to reconcile; in fact, balancing even one of these rights alone is daunting.

With the entrenchment of a more conservative and overtly Christian U.S. Supreme Court in the last decade, a tension has arisen that threatens to elevate the right of the free exercise of religion above most other constitutional rights. This perspective harkens back to the original forms of religious oppression that the founders intentionally and specifically prohibited. To explain these tensions, this paper discusses relevant employment law cases of religious freedom/oppression, analyzes their rulings and holdings, and discusses how the uncertainty around religious rights might be addressed in the workplace.

As a nation with freedom of religion guaranteed by its Constitution, one would think that religious oppression would not happen in the U.S. The foundational belief of many is that the Puritans and Pilgrims left England to come to the American colonies for religious freedom; this is partially true, but not entirely. What they were really after was trading one religion's oppression for another religion's oppression. The colonists wanted to be rid of the religious persecution of the Church of England; as such, they came to the colonies where not only could they practice their version of religion, but they could force others to follow their faith as well. The Puritans did quite well with this initially, establishing pure theocracies. "The Puritans imposed the death penalty for worshipping other gods, blasphemy, homosexuality, and adultery. That is what a Christian [Religious] government looks like: exclusive, exclusionary, divisive, hateful, severe, and lethal" (Seidel, 2019, p. 107). Freedom of choice and tolerance of other people and their beliefs are left by the wayside; perhaps banished would be a better term to use.

Fast forwarding a few years, the U.S. used Christian missionaries and alcohol as a means of influence and control over the Indigenous population during colonization (Dunbar-Ortiz, 2014). Although the Native Americans had their own religious beliefs, those beliefs were seen by the "dominant" religion as being heathen. As a result, the colonial government had no qualms with using missionaries to convert Native Americans to Christianity, in effect taming the natives (or beating them into submission) to make colonization of the newly discovered land much easier.

Religious oppression of course, did not begin in and is not confined to the U.S. From the Crusades beginning in the 1000's to the Protestant-Catholic wars of the 1500's to the Holocaust in the 1900's to the threatened banishment of transgender individuals in the U.S. in the 2000's, the Christian religion and its adherents unabashedly oppressed non-believers of other sects and religions. Considering the Protestant-Catholic wars, it seems odd at first that one Christian religion would oppose another Christian religion since their beliefs are based on the same foundational principles. However, the tenets of practicing the religions are where the major differences occur among Catholics, Protestants, Baptists, Episcopalians, Mormons, and Methodists, just to name a few.

> The religious persecution that drove settlers from Europe to the British North American colonies sprang from the conviction, held by Protestants and Catholics alike, that uniformity of religion must exist in any given society. This conviction rested on the belief that there was one true religion and it was the duty of the civil authorities to impose it, forcibly if necessary, in the interest of saving the souls of all citizens. Nonconformists could expect no mercy and might be executed as heretics (Library of Congress, n.d. para. 2).

Uniformity of religion holds appeal for many, but when dissected, it takes on a different meaning. Uniformity of religion means that all must worship the same God in the same manner based on the same tenets. Therefore, those with different belief systems would never be a part of the uniformity unless they converted to the major religious beliefs—the 'one true religion'. Unfortunately, most all religions believe that their religion is the one true religion. However, it is not possible for all religions to be the one true religion, other than by the faith in what one believes. The historical wars between Catholics and Protestants rested on the belief that there is one true religion, and all others are blasphemous. As a result, uniformity of religion, regardless of the religion, and religious oppression are almost synonymous.

Parts of the Christian Bible exemplify religious oppression. In the Book of Exodus, for example, God hands down to Moses the Ten Commandments. The first commandment states, "You shall have no other gods before me" (Exodus 20:3, Life Application Study Bible). If you are a believer in God, you might interpret this as God's will and accept it. If you are not a believer in God, you might see this as religious oppression because you are not free to practice your religion, or lack of religion in your own way. The founders sought to neutralize the imposition of uniform beliefs, while honoring both perceptions.

RELIGIOUS FREEDOM AND OPPRESSION IN THE U.S. LEGAL SYSTEM

The first guaranty made directly to the people in the First Amendment (1791) to the U.S. Constitution is that the U.S. government will neither restrict – nor impose – the practice of religious beliefs:

> Congress shall make no law respecting an establishment of religion,
> or prohibiting the free exercise thereof.

These words contain a lofty guaranty, a guaranty designed to stave off uniformity of religion and the religious intolerance from which the U.S. emerged victorious at its origins. The guaranty of freedom from religious oppression is of a dual nature. The first religious protection prohibits the government from "establishing" a particular religion (the Establishment Clause); while the second protection guarantees the right to "exercise" one's chosen religion freely (the Free Exercise Clause). Both of these provisions appear to grant freedom; in actuality, they present an inherent intellectual conflict, and they both contain an oppressive underbelly.

In conjunction with the latest Civil Rights Movement in the United States (1960's- 2018), the U.S. Supreme Court acknowledged the thorny interplay between the Free Exercise of religion and the ban on an Establishment of religion. Most often, the Court found in favor of Free Exercise and against government or employer actions that hinted at the imposition of one religion on others. The Court tried mightily to view all religions neutrally, with the aim of not preferring one over the other (Levin, 2015). This led to an expansion of individuals' rights to observe and practice whatever religious beliefs they chose and – most important for this paper – an expansive interpretation of the Establishment clause that tightened down on imposing religious norms, expectations or values on non-adherents (Tebbe, 2022).

In response, and playing out in the legislative debates about the Religious Freedom Restoration Act, the Defense of Marriage Act, and others, the Religious Right set the legal stage for the Christian religion to predominate, regardless of whether those beliefs oppressed others – or, in legal language, violated their civil rights or resulted in the Establishment of religion (Sanders, 2016). In essence, evangelicals have a "…longstanding history of pushing back against accepted ideas in the mainstream culture that they perceive as violating their core values" (Castle, 2019, p.18). In the view of some, the U.S. Supreme Court is now a strong ally to the Christian Right: "The Court's current majority, in other words, is itching for a fight over religion. And it holds little regard for established law. That means that a whole lot is likely to change, and very quickly" (Millhauser, 2022).

Consider placing this biblical instruction into action, from Exodus 22:28, “Do not blaspheme God or curse the ruler of your country” (Life Application Study Bible). Some Christian sects may abide by this instruction, some may ignore or modify it, and some may seek to impose this instruction uniformly on all people. The U.S. Constitution forbids imposing this religious tenet on others, and U.S. residents in fact take great liberty in cursing the rulers of the country. Think about some of the negative, hateful, and threatening comments some people have made about Presidents Biden, Trump, Obama, and others over the past several years. One might argue that if the ruler of your people is a bad leader, should you not curse that leader? Adolf Hitler was a bad leader in many people’s views, but some people found him to be a good leader. Hitler thought he was right in what he was doing regardless of how others felt. Should we curse him if we are Christian? Is it an example of religious oppression if we do curse him and are deemed sinners, or if we do not curse him, thereby supporting the annihilation of another religion? The passage from Exodus, among others, promotes obedience to our leaders, not self-governance. Yet, the U.S. founders committed the country to self-governance when freeing themselves from British tyranny. How do the Free Exercise clause and the Establishment clause aid in resolving inter-religious and intra-religious conflicts and, conceivably, remove the government from judging the quality or justness of the belief and – most important – whether it should be used to limit the rights of non-adherents?

The Free Exercise Clause

The Free Exercise clause of the U.S. Constitution (“Congress shall make no law prohibiting the free exercise of religion”), like many Constitutional guarantees, is not absolute. Invoking the Free Exercise clause occurs when a person or entity claims that some law prohibits it from practicing its religion freely. The Court must examine the law that is being challenged (for example, a law forbidding employment discrimination based on sexual orientation), and it must weigh the importance of that law against the religious freedom being restricted. In other words, does the government have a higher interest in protecting gays and lesbians from employment discrimination (a form of oppression), or does the anti-discrimination law unduly burden practitioners of religions who perceive homosexuality an abomination?

The Supreme Court often uses “tests” with factors when weighing one person’s rights against another’s, or against the public interest. The test for the Free Exercise clause is called the *Smith* test, and it says if a law does not prohibit a religious practice, does not advance a particular religion and applies to everyone, it is constitutional (*Employment Div., Dept. of Human Resources of Oregon v. Smith,* 494 U.S. 872 (1990)). The *Smith* case involved two men who worked for a drug rehabilitation center. The men were members of the Native American Church, whose ceremonies sometimes called for the ingestion of peyote. The men’s employer fired them for misconduct after learning of their illegal drug use. The men filed for unemployment benefits, and they were denied because they were ineligible to receive unemployment benefits because they were fired for misconduct. The men sued the state claiming that denying public benefits unconstitutionally burdened their Free Exercise of religion.

In the *Smith* decision, the Court changed the earlier test for Free Exercise cases. The earlier test required the Court to weigh the burden on the Free Exercise of religion against the reason the state wanted the law. To the Court in *Smith*, this analysis required the Court to entangle itself excessively on the values and merits of one religion over another or over a non-religion. The Court created the *Smith* test and ruled that Oregon’s law denying unemployment benefits was not designed to prohibit religious practices, it was not designed to advance a particular religion, and it applied to everyone. So, even if the law burdened the Free Exercise of someone's religion, it was still Constitutional because it wasn't designed to do so, and it applied to everyone (*Smith*, 1990).

Justice Scalia, a noted scholarly conservative and Catholic, wrote the majority opinion in *Smith*. Ringing an alarm bell about requiring a compelling government interest behind every law that might burden someone's Free Exercise of religion, he wrote:

> Any society adopting such a system would be courting anarchy, but that danger increases in direct proportion to the society's diversity of religious beliefs, and its determination to coerce or suppress none of them. Precisely because "we are a cosmopolitan nation made up of people of almost every conceivable religious preference," (citation omitted) and precisely because we value and protect that religious divergence, we cannot afford the luxury of deeming *presumptively invalid,* as applied to the religious objector, every regulation of conduct that does not protect an interest of the highest order. (*Smith,* 1990, p. 888.)

Justice Scalia further opined that requiring every law to have religious exemptions would excuse believers from civil obligations of almost every conceivable kind: compulsory military service; payment of taxes, health and safety regulation such as manslaughter and child neglect laws, compulsory vaccination laws, traffic law, social welfare legislation, minimum wage laws, child labor laws, animal cruelty laws, environmental protection laws, and laws providing for equality of opportunity for the races (*Smith*, 1990, p. 888).

It is inconceivable that a court, even more conservative than Justice Scalia, would ignore his warnings about government overreach in the area of preferring and establishing religions. And, yet, the current U.S. Supreme Court is doing exactly that, throwing away binding precedent with impunity. In 2021, the U.S. Supreme Court rendered its decision in *Fulton v. Philadelphia* (*Fulton*, 141 S. Ct. 1868 (2021)). A foster care agency in Philadelphia was affiliated with the Catholic church and licensed by the state. In accordance with its beliefs, the agency did not certify same-sex couples as foster parents. The city had an ordinance prohibiting discrimination based on sexual orientation, and it would not issue the agency a foster care license. The agency sued the city claiming the city's requirement of non-discrimination and its refusal to issue the contract violated the agency's Free Exercise rights.

Under the *Smith* test, the Court would have found that the anti-discrimination law was not unconstitutional because it did not prohibit a religious practice, it did not advance a particular religion, and it applied to everyone. End of inquiry.

Amazingly, the 2021 Supreme Court found that the city's anti-discrimination ordinance was *not* a law that applied to everyone. The Court said that, because the city had granted exceptions – any exceptions, not just religious exceptions – under the ordinance before, it was not a law of general applicability. When a law is not generally applicable, religious exceptions to the law may be granted if the government's interest in the law is compelling, and if the infringement burdened the religious practice (*Fulton*, 2021). This takes the Court to the exact place Justice Scalia warned against. And, so, the *Fulton* court weighed the importance of Philadelphia's constitutional, statutory and public interest in the equal treatment of foster parents and foster children of all sexual orientations against the adoption agency's right to Free Exercise, which meant not adopting to LGBT families. The rights Philadelphia sought to protect are contained in the Equal Protection and Due Process clauses of the 14th Amendment of the U.S.

Constitution, and in statutes; they are not ~~a~~ throwaway concepts. The *Fulton* Court weighed the due process and equal protection rights of foster parents and children against the religious rights of the Christian adoption agency believing homosexuality was an abomination and baldly said:

> The city's interest in the equal treatment of prospective foster parents and foster children, though weighty, was not a compelling interest that justified the city's burden of the agency's free exercise rights (*Fulton*, 2021, p. 1870).

In other words, Equal Protection Constitutional rights must yield to Free Exercise Constitutional rights. There is no clearer example of the Free Exercise of religion assuming its place as a super-Constitutional right. Because the Court said Equal Protection must give way to Religion, religious adherents are not required to follow laws that burden their religious practices unless the government has a compelling interest in the underlying law. This leaves a reasonable person to question how compelling an interest must be if the Constitutional rights to Equal Protection and Due Process are not important enough.

The implication of this finding by the U.S. Supreme Court is staggering. It sets up the actuality that religious organizations may discriminate at will, if their sincerely held religious beliefs so require. Consider an extreme example. In the Book of Isaiah from the Old Testament, God is talking about the judgment against pagan nations. The pagans worshiped their own Gods and did not favor worshiping the same God as the Hebrews. Therefore, God took swift action against the pagan non-believers in his destruction of Babylon in Chapter 13, versus 15 and 16: "Whoever is captured will be thrust through; all who are caught will fall by the sword (15). Their infants will be dashed to pieces before their eyes; their homes will be looted and their wives ravished (16)" (Life Application Study Bible). "The people of Samaria must bear their guilt, because they have rebelled against God. They will fall by the sword; their little ones will be dashed to the ground, their pregnant women ripped open" (Hosea 13:16, Life Application Study Bible).

Applying a literal, though extreme, construction of the U.S. Supreme Court's holding in *Fulton*, people who believe they must carry out these commands of God may be granted an excuse for murder, if anyone else is granted an excuse for murder. One thing to keep in mind though, is that it was not God who inflicted these atrocities to the Babylonians and Samarians, it was man, saying that they were doing so under the guidance and direction of God. However, it becomes strikingly clear that the Christians in the colonies used the same or similar methods as the Hebrews of the Old Testament to instill and enforce their religious practices on others (non-believers).

The Establishment Clause

The government may not make any law
"respecting an establishment of religion"

The Establishment clause is supposed to prevent the government from establishing an official religion. Also, laws cannot favor a particular religion, or a non-religion, over another. The court uses another balancing test in Establishment clause cases called the *Lemon* test ([*Lemon v. Kurtzman*, 403 U.S. 602 (1971)]). Although the *Lemon* test has been the guiding standard for Establishment clause cases, this Supreme Court's willingness to follow precedent is in great doubt. The *Lemon* test says that 1) any law with a religious *purpose* violates the Establishment Clause; 2) any law that has the primary effect of *advancing* religion is unconstitutional; and 3) any law that *excessively entangles* the government with religion violates the Establishment Clause. The Court seeks to answer these questions from the perspective of a *reasonable person*, but the definition of that concept is also a matter of huge debate.

The aspects of recent Supreme Court decisions that affect establishing Christianity as a "super right" are those that consider the purpose of the religious displays to be "historical" rather than religious. For example, the Court found that posting the Ten Commandments on the lawn of the Texas capitol was constitutional because it was a passive act for a historical purpose, not an action with a religious purpose (*Van Orden v. Perry,* 545 U.S. 677 (2005)). The court ruled that the Pittsburgh town council could open their meeting with a Christian prayer because it comported with the "tradition" of the U.S., and citizens were not compelled to pray. These rulings are easily read to prefer Christianity over all other religions. By invoking "history" and "tradition" to support government-funded, public displays and acts of Christianity, the Court treats all other non-adherents unjustly. This is oppression; this is Christian hegemony – normalizing the historical beliefs and silencing non-adherents.

HOW RELIGIOUS CONFLICT MANIFESTS IN THE WORKPLACE

Religious conflict and discrimination are a regular part of workplace dynamics. Managers within organizations are fraught with a variety of employee-related workplace issues to tackle—religious oppression among them. One might consider having the organization close on Christian holidays, such as Christmas or Easter as religious oppression of religions that do not celebrate or recognize the holiday, especially if non-Christian employees are denied taking paid time off for celebrating their own religious holidays. A Jehovah's Witness might see the celebration of the birthdays of their coworkers as religious oppression when the rest of the department is having an office party and the Jehovah's Witness is left taking care of the phones. Managers need to prepare for such possibilities to resolve disputes. While ideally managed informally with conversation among those involved, the outcome of many of these claims of oppression are handled by the legal system. Two constitutional rights are in play in the workplace conflict Scenario below. The employers are required both to accommodate religious beliefs in the workplace and not to discriminate against people on the basis of religion. Either one of these constitutional violations would/could be perceived as oppressive. Let's look a little deeper into a specific scenario where religious oppression might occur in the workplace.

<u>Scenario</u>

This scenario took place in a small white-collar organization of fewer than 500 employees and involves two coworkers we will refer to as Fred and Betty. Fred is a white male in his early 30's, is a junior officer in the organization with an office and is gay. Betty is a white woman in her late 40's, is an office assistant who is a devout Christian and works in a cubicle alongside other office assistants. Betty files a complaint with the Human Resources department (HR) saying that Fred has a picture of his gay partner on his desk, that the picture violates her religious beliefs and demands that HR force him to remove the picture. The picture is of a white male, dressed in button-down shirt and slacks standing in front of a house. To anyone coming into Fred's office, it would look like a picture of any man, and it is only because everyone in the office knows that Fred is gay and that the picture is of his partner that Betty can find the picture as offensive to her.

HR has to weigh Betty's right to Free Exercise against the prohibition of favoring one religion over a non-religion in the Establishment clause, along with Fred's statutory right not to be discriminated against because of his sexual orientation. While these rights were established to prevent religious oppression, how does one avoid the consequences of choosing one religion or non-religion over another? Courts have struggled to do this in a neutral way over the years, and so do most HR departments. Let's think about what HR might do after investigating the complaint filed by Betty against Fred and the picture on his desk. HR might:

- Tell Fred to remove the picture from his desk and place it out of sight
- Tell Fred he must remove the picture from company property
- Fire Fred for being gay
- Tell Betty the picture is not offensive and to drop the matter
- Tell Betty that there is nothing HR can do about the picture
- Tell Betty to mind her own business
- Tell Betty that her complaint about the picture is not a religious issue
- Fire Betty for filing a false complaint

Granted, some of these measures may seem extreme, but they are certainly possibilities based on historical occurrences.

What HR did to resolve the issue was none of these. After conferring with senior management and legal counsel, HR issued a policy saying that personal items could no longer be displayed in the personal workspaces of company employees. Only those items bought by the company for display can be displayed. HR was seeking to create a rule of general applicability, as established in the *Smith* test. HR was trying to not prefer one religion over a non-religion, or a religion over the right to not be discriminated against.

When Betty first read the new policy, she was ecstatic, and why not, in her mind, she won; Fred must now remove the picture from his desk. A few days after the policy's release, Betty's manager was going around the department talking to employees about the policy and ensuring its compliance. While talking to Betty, the manager also told her that she will have to remove the cross she has hanging on the wall of her cubicle. Now, Betty is angry and feels that she must remove the cross out of retaliation for filing the complaint about Fred's picture. The manager explained to Betty that it is not about retaliation, or religious discrimination, but having a policy that is fair to everyone in the workplace regardless of their personal beliefs. Here, we could debate whether the action taken by HR was the most proper, but instead, let's look at the religious oppression side of the issue.

Betty now perceives religious oppression because she had to remove the cross from her personal workspace. Being a devout Christian, she believes she has the right to display the cross regardless of what anyone else might think. She also perceives religious oppression because she believes the new policy was a way of retaliating against her for filing the complaint. Fred perceives religious oppression because he can no longer have a picture of his partner on his desk just because a Christian woman complained about it. He also perceives religious oppression because he perceives he is being forced to follow someone else's religious beliefs whether he agrees with said beliefs or not. Fred also perceives that his freedom of speech/expression is being violated because of someone else's religious beliefs.

While this case never went to court, how might the court decide in a similar case? Does one person's freedom of religion outweigh another person's freedom of speech/expression? Does one person's freedom of religion outweigh a company's rights and obligations to support a safe and harmonious workplace? Should employers be excluded from having to protect employee's religious freedoms in the workplace? Applying the rationale of the *Fulton* test leads to a far different result than HR adopted in trying to obey the *Smith* test. The *Fulton* court said the government interest in treating LGBT foster parents and children equally to non-LGBT parents and children was not compelling enough to make the agency comply with anti-discrimination laws, even if the laws violated its religious beliefs, because non-religious exceptions to the anti-discrimination law had been made. Would the *Fulton* court say that Betty's right not to be exposed to Fred's picture outweighed Fred's right not to be discriminated against? What would the *Fulton* court say about Betty's cross? If the Court ruled that Fred's picture had to come down (not a compelling enough interest in anti-discrimination), would that not establish a preference for Christianity by exempting Christians from complying with anti-discrimination laws? Is it the best course of action for HR to take in managing a diverse workforce?

CONCLUSION

Religious oppression is sometimes difficult to discuss. In fact, many people will find the examples used in this paper uncomfortable or blasphemous, while others will see them as spot on. The law about religious freedom in the United States, with all of its lofty ideals, is imperfect in application. Just as the courts must balance and accommodate competing Constitutional interests, managers must also help their employees to be as inclusive as possible. "The primary importance is that employees are aware of, and accepting of, individuals' differences beyond the surface level. Awareness of our differences could either lead to avoidance of the differences in others or perhaps a tolerance for the differences in others; but it is essential if there is to be an appreciation for the differences in others. We need to assist employees in understanding that inclusion of others and their differences or uniqueness can benefit them, as well as the organization" (Carnes & Holloway, 2008, p. 1).

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A SHARED DEFINITION OF GLOBAL CORPORATE CITIZENSHIP

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ABSTRACT

As businesses increasingly opt to be socially responsible, the United Nations Global Compact (UNGC) establishes a clear roadmap through its principles and Sustainable Development Goals (SDGs). This paper reviews and assesses the current progress of the signatories of the compact toward meeting the goals. Using archival records in triangulation with the theoretical framework of the Viable Systems Approach, we frame the concept of Global Corporate Citizenship around the Sustainable Development Goals to illustrate the gap between what the signatories principally claim and the attainment of their goals. Within the context of the global economy, corporate citizenship is examined as an evolving construct where global actors strive for a shared definition and image of what it means to be a Global Corporate Citizen. Our contribution offers these global actors a realistic assessment framework that allows them to bridge the gap between their stated aspirations and their will to enact them.

Keywords: United Nations Global Compact, Corporate Social Responsibility, Sustainable Development Goals

INTRODUCTION

As demonstrated by the number of member companies supporting the United Nations Global Compact (UNGC), businesses worldwide are attempting to be better corporate citizens. The UNGC was created in 2000 and is the world's largest corporate responsibility initiative. As of November 11, 2022, the UNGC membership includes over 21,000 business and non-business participants, such as interest groups, academics, business associations, unions, and not-for-profit organizations, representing 166 countries in the world (https://www.unglobalcompact.org/what-is-gc/participants?page=1). Although membership is voluntary, maintaining it requires embedding the UNGC's ten principles and seventeen goals into business operations and annual progress reports on multiple dimensions of seventeen sustainable development goals (SDGs). These goals were established to alleviate poverty, establish more equality, and address climate change (Annan-Aggrey, Godwin, Kilian & Emmanuel, 2022). The underlying conviction of the United Nations Global Compact (UNGC) is well characterized by UN Secretary-General Ban Ki-moon, as he argued that healthy societies need healthy markets (Haliscelik & Soytas, 2019). This message is important because it highlights the connection between society and businesses and the UNGC promoting global markets advance in ways that benefit all societies (Zaman, 2019).

In 2005, seventeen goals were established, describing various opportunities companies should look at to implement the UNGC's ten principles into their day-to-day business operations and strategy. The goals are designed to be embedded into the hiring and promotion processes in the company instead of the incremental efforts and 'one-off' initiatives like fundraising on ‘Earth Day’ or speaking about the importance of gender equality. These goals are coupled with what is known as the ‘2030 Agenda’, which sets 169 targets to be reached by 2030 (McCarthy, Bilderback, & Melton, 2022). These targets are quantitative targets for a business to meet while required to embed the principles into its day-to-day operations. As such, the goals require specific actions to be taken by a company, such as doing regular risk assessments, monitoring and evaluating success, and investigating and disciplining employees who do not follow policies and processes (Bello & Othman, 2020). The goals also generally require social investment and philanthropy, advocacy and public policy, and collaboration with other companies. In addition, companies that subscribe to the UNCG work toward institutionalizing corporate social responsibility (CSR) into their governance systems (de Graaf & Herkströter, 2007).

Although there have been various types of CSR reporting systems (Zopounidis, Garefalakis, Lemonakis, & Passas, 2020), it was not until the creation of the UNGC in 2000 that there was formal organizing of global businesses. Historically businesses saw the UN as an ideological and academic think tank that was often averse to business. The UN was also suspicious of business because they perceived gaps in corporate governance that resulted in adverse effects on the environment, human rights, people, and corporate ethics (Dandapani & Shahrokhi, 2022). Therefore, the UGC was vital because it represented a new era of cooperation between businesses and the UN. This cooperation is important. At the same time, the economy and social structures worldwide were experiencing intense globalization, which, if not regulated, could lead to massive unrest and a singular focus on profit and power vs. the health and well-being of the world and its future generations.

One of the business efficiencies the UNGC highlights is that it provides a universal framework and language to guide businesses regardless of their size, complexity, or location. For multi-jurisdictional businesses, it provides one consistent internal framework to guide their sustainability journey. This reduces complexity and can be more cost-effective than having multiple frameworks and resources across multiple countries.

VIABLE SYSTEMS APPROACH (VSA)

CSR, corporate citizenship, and sustainability efforts are frequently viewed through the lens of stakeholder theory (Kayikci et al., 2022; Lee, 2021). However, due to the complexity of a shared definition of Global Corporate Citizenship, we propose that the Viable Systems Approach (VSA) is more appropriate for discussing this construct. VSA was developed by Iladono et al. (2018) to quantify sustainable value. This theoretical framework is particularly suited for subjectively determined and unpredictable constructs. Constructs such as Global Corporate Citizenship that are perceived in use and evolve as scholars and communities deal with them can be difficult to frame. The viable systems approach can be used to frame how the UNCG and SDGs create a notion of global corporate citizenship. As Iandolo et al. (2018) defined, this theoretical framework was explicitly used to look at sustainability and value as it applies to a business system. However, we contend that the VSA approach can also be used to frame Global Corporate Citizenship (GCC) as value created in the global economy to meet sustainability goals. The core ‘umbrella’ principle of the UNGC is sustainability. From this core principle stem human rights, labor, the environment, and anti-corruption values (Wysokińska, 2017). Principles 1-9 were established with the UNGC in 2000. Principle 10 came later, in 2004. The principles are meant to guide organizations’ decisions and business operations. These values are meant to govern the way that businesses operate. The objective behind the principles is that businesses enact them in every country where they have a presence (Cavaleri & Shabana, 2018; Polistina, 2018). "By incorporating the ten principles of the UNGC into a business's strategies, policies, and procedures, and establishing a culture of integrity and a value system, companies are not only upholding their basic responsibilities to people and planet but also setting the stage for long-term success" (UNGC, 2020). When the UNGC references long-term success, they refer to the 'umbrella' principle of sustainability.

GLOBAL CORPORATE CITIZENSHIP

As CSR and corporate citizenship have evolved, Global Corporate Citizenship has gone beyond social satisfaction, as Baron (2007) explored, which was previously limited to philanthropic activities. Instead, companies have increasingly become concerned with their triple bottom line of economic, environmental, and social impact. Voluntary reporting on these dimensions has included Balanced Score Cards, Social Ratings, and Global Reporting Index (Bagnoli & Watts, 2017; Chatterji, Levine, & Toffel, 2009). In addition, some countries and local governments established corporate reporting requirements that included measuring their activities' carbon footprint. Unlike the omission by other codes or laws on social responsibility, the UNGC build a support structure for businesses attempting to implement CSR initiatives into their business, as exemplified by a community of global companies and local networks based in sixty countries comprised of UNGC representatives and local businesses. This support structure was significant for multi-national enterprises because it provided a foundation and framework for subsidiary companies to align on consistent policies and practices. However, what is most important is that the UNGC has established the business case for CSR. That business case is that it is increased profits.

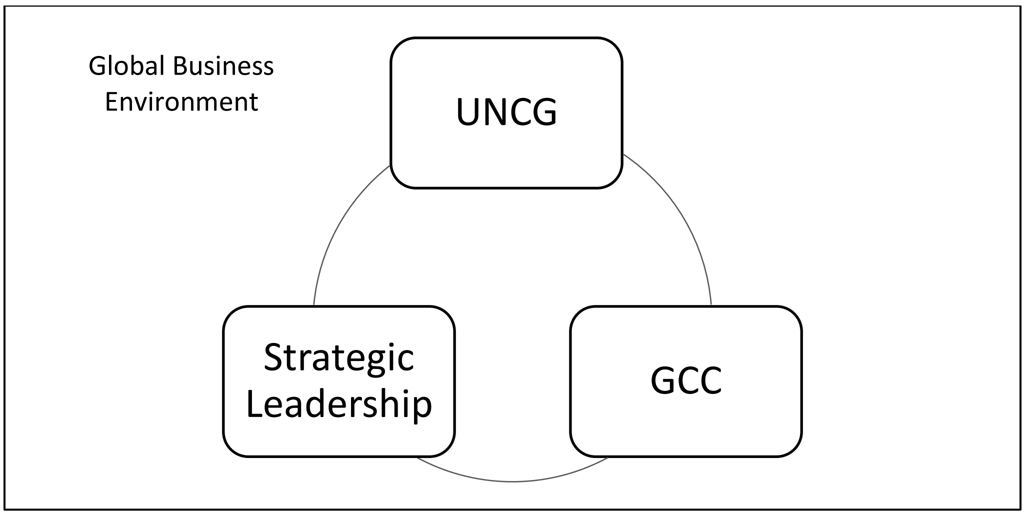
Compared to other CSR compliance mechanisms, the UNGC is not a defined standard to measure a company's compliance against (like a certification standard for social audits or compliance systems). Moreover, it is not a minimum standard like those set by compliance certifications or government regulations, with penalties for non-compliance. Instead, it is a non-bureaucratic way for organizations to build CSR into the foundation of their operations. It is about 'doing what is suitable for the long-term sustainability of the business, the environment, and society' (Arnold, 2017). If companies can implement 'fit for purpose' protocols and practices, including building sustainability into all business decisions, they create an ethical framework in which to operate. For enterprises, often short-term thinking to meet their quarterly targets is a force that drives business decisions. Compliance programs exist within businesses to ensure compliance with laws. Still, the UNGC is often a higher standard than legal requirements because it is about building responsible decision-making and corporate oversight into everyday operations. This requires a culture of ethical responsibility that starts at the company's top (not in the legal department) with the CEO and is built into the organization's governance structure. Because it is not prescriptive like a regulation, it is a more powerful tool because it can be applied very broadly to all facets of the business by all employees. In other words, it gets into the psyche of the company and its human capital. Fundamentally it is a culture of CSR where every day-to-day business decision is measured against the ten principles. Other distinguishing features of the UNGC include that it involves all sizes of companies, small, medium, and large, as well as non-businesses. This collaboration between business and non-business is unique because these groups often have competing interests (Naruetharadhol et al., 2021). Furthermore, medium and small businesses make up half of the UNCG membership. Small and medium companies are subject matter experts because they are typically less diversified than large companies. Therefore, their participation in these initiatives is generally helpful for large, global companies. Finally, the UNGC enjoys global support. The General Assembly and the G8 recognize the initiative (Lau et al., 2017). Governmental support lends credibility to the UNGC and suggests that governments and lawmakers will reflect the UNGC principles into domestic laws and regulations.

It is the largest global CSR business initiative, so businesses see the value and benefits of joining the UNGC. It would be naïve to think that companies joined for purely altruistic purposes. Instead, they saw it as a strategic business advantage that could increase profits. With some high-profile public and corporate compliance calamities illustrated by Enron, Volkswagen, and Wells Fargo, the pressure for companies to demonstrate CSR in their actions has gained unprecedented intensity and scrutiny. Enron and Wells Fargo's financial results were inflated and fraudulent, harming shareholders and consumers. Volkswagen, the company, faked environmental emissions testing and released environmentally harmful cars into the market. These very public examples of breaches of corporate ethics pressured all companies to pay attention to their processes, governance and oversight practices, and cultures that directly and indirectly facilitated or enabled the wrongdoing (Chaudhary, 2019). Why? Because the reputational damage and the impact on stock price meant that investors and shareholders demanded accountability (Huang et al., 2014). Equally importantly, evidence from extensive and repeated surveys of customers in all countries shows that customers will purchase socially responsible and local products when presented with alternatives where all other factors are comparable and even when the socially responsible products are more expensive (Moon & Parc, 2019). Research by Calveras, A., & Juan-José Ganuza. (2018) comparing external and internal CSR indicates that internal efforts related to human resources result in improved product quality. Furthermore, research indicates that in very competitive markets, companies that engage in "prosocial behavior" are viewed more favorably by stakeholders (Martin, 2019). There appears to be a preponderance of evidence that corporations are seen by stakeholders as citizens that hold both rights and responsibilities toward the local community and society in which they reside (Naruetharadhol et al., 2021). These benefits make CSR processes and leadership an important factor in a business's success. In its 2019 United Nations Global Compact Progress Report (2020), the UNGC reported that in its survey of CEOs, 73% reported that sustainable business practices build trust and reputation, and almost half said it leads to opportunities to generate revenue and meet demands from its customers (p. 10). It is clear that sustainability efforts avoid business costs and negative media and drive profits (Liu & Hsin-Feng, 2020).

The UNGC clearly understands its value proposition as well. As of April 21, 2020, the UNGC advertises the benefits of UNGC for companies on its website. The benefits span three different areas. First, joining the UNGC builds trust and transparency for consumers, allows companies to track and achieve sustainability objectives, and serves as a platform to give credit and positive branding to companies whose focus is to help shape the sustainability agenda of the world. Second, joining the UNGC offers organizations a global set of values, beliefs, and guidelines to adhere to. Third, it provides these organizations a platform to show their commitment and progress (which can be used for their social media and branding). Finally, the UNGC also allows organizations access to their tools to track their progress toward globalization and long-term sustainability and access to partnerships within the UN to help advance their sustainability objectives (Amoako, 2020; Lau et al., 2017).

Figure one below depicts a conceptual model framed within a viable system approach (VSA). The subjective and dynamic context of global business characterizes Global Corporate Citizenship. Within the global business arena, strategic leadership, the UNCG, and the corporate citizen construct evolve as actors continue to engage in decision-making that reframes each variable. For this argument, Strategic Leadership is defined as a vision that enables an organization to adapt and remain competitive in a dynamic global environment.

Figure 1: Global Corporate Citizenship a Viable Systems Approach



Yukl (2011) argued that a definition of strategic leadership should begin with organizational effectiveness and work backward. For this study, effectiveness is measured through SDG reporting. Thus, GCC is determined by combining the context (global business environment) and stakeholders. This construct is evolving as businesses and businesses continue to interact with it through the UNGC reporting on SDGs.

Iladono et al. (2018) argued that the interacting context and actors' effect on sustainable value could be quantified by measuring consonance and resonance between the variables. In the context of VSA, consonance refers to the agreement of opinion between actors. Resonance refers to the ability to evoke images and emotions. Although they have not empirically tested this model, its use is valuable for framing GCC because the construct involves agreement on SDGs' outcomes. Actors engaged in the UNGC resonate images and emotions related to embracing its principles and goals. Thus, within the context of global business, corporate strategic leadership, and membership in the UNCG, a business engages in Global Corporate Citizenship without having a clear definition.

SUMMARY & DISCUSSION

Global Corporate Citizenship (GCC) can be defined as working to fulfill the SDGs. However, businesses face many challenges when concerned with Global Corporate Citizenship. According to the *UNGC's 2019 Progress Report* (2020), awareness of the principles and goals within member companies is high, but delivery is sorely lacking. As the CEO, Lisa Kingo, stated in the executive summary of the report: "…while progress has been made, change is not being felt everywhere. And where progress has been made, it lacks the ambition and scale needed to deliver the Goals by 2030" (United Nations Global Compact, 2020, p. 3). Kingo challenged businesses to radically reimagine our way of life on this planet, calling on businesses to make the Principles and Goals a top priority and warning that there has been a deterioration in commitment and cooperation since 2015. The bulk of the report detailed the awareness vs. operational commitment gap.

To illustrate it best, approximately 90% of companies have embedded the ten Principles into their Businesses by establishing high-level written policies and practices in their organization (United Nations Global Compact, 2020, p.14). However, embedding the Principles into the day-to-day operations of their business is not as positive a story. This requires training the business and, in many cases changing the way that business is done, including how partners and suppliers are chosen, how the office buildings are run, how people are hired, how products are developed, and services are delivered. This is where the results are not as positive, with only 53% implementing training and 27% embedding the principles into their supply chain contracts (United Nations Global Compact, 2020, p. 14). In summary, the policies and practices are written but are not being lived daily.

As far as the goals are concerned, although 81% of companies report acting to support goals (up from 27% in 2017), the progress on the goals is not as optimistic. Of the 17 goals, participation ranges from as low as 13% to, at best, 66%. Moreover, compared to 2017, the action taken has not improved on any goal, and it has gotten worse on 6/17 goals (United Nations Global Compact,2020, p. 32).

When looking at this data, it is essential to recognize that the goals matter more than the principles. This is because the goals are the actual execution of the principles.
It is easy to draft a corporate policy; the difficult part is to make it live and breathe in the business. Achieving the goals means that companies need to create a CSR culture–they need to embed the principle into the minds of their employees and leaders such that their behavior is impacted. This cannot be easy when the business is not built based on CSR principles (Izzo & Vanderwielen, 2018). In other words, the larger and older a company is, the more challenging the goals will be, without high costs such as replacing employees, long-standing business practices, and perhaps even products (Inieke, 2021). This can be costly for a business, as illustrated in table 1 below.

It is noteworthy that besides the two challenges at the bottom of table 1, which indicate forces external to the business and arguably outside the business' control, the rest of the challenges come down to money and corporate culture (Olatunji et al., 2019). Cultural challenges are exemplified by support from senior management, hiring, and firing practices, the process by which business priorities are decided, and an overall appetite for change (Amoako, 2020). Both financial and cultural challenges are entirely within the control of the company. Ultimately, there is a way where there is a will (Chen & Marquis, 2022). This data is insightful because it shows that businesses may not be as committed to the UNGC principles as they claimed from 2000 to 2015 when the goals came into effect. There is still clearly a business value proposition that is not being understood or communicated internally at these companies. However, there does not appear to be a commitment from senior leaders to prioritize the UNGC goals. As with any compliance program at a company, it is easy to draft a policy and put it on its website. The difficult part is to embed the policy into the business operations and the organization's culture.

Table 1: The *UNGC 2019 Progress Report* (2020) challenges for advancing SDGs	
Challenge	**% Reporting**
Financial Resources	69%
Embedding the goal into the supply chain	78%
Implementing strategy across business functions	64%
Competing strategic priorities	59%
Finding and communicating a clear link to business value	46%
Extending the strategy across the business' subsidiaries	27%
Lack of knowledge	47%
Lack of support from senior management	21%
Lack of recognition from investors	20%
Difficulty due to the operating environment (i.e., conflict area, poor state governance	18%

Source: UNCG Progress Report 2019, p. 36

On one level, CSR is no different from any other company's environmental, employee safety, or pay equity legislation compliance program. However, on another level, the UNGC goals and principles are about CSR, which is much more laudable altruistic, and long-term than compliance with regulations. Although there is debate on the sustainability of these goals (Jain & Jain, 2020; Krauss, Jiménez Cisneros & Requena-i-Mora, 2022), the UNCG continues to move forward with its agenda.

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Economic Development in Sub-Saharan Africa: A Social Impact Investing Perspective

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ABSTRACT

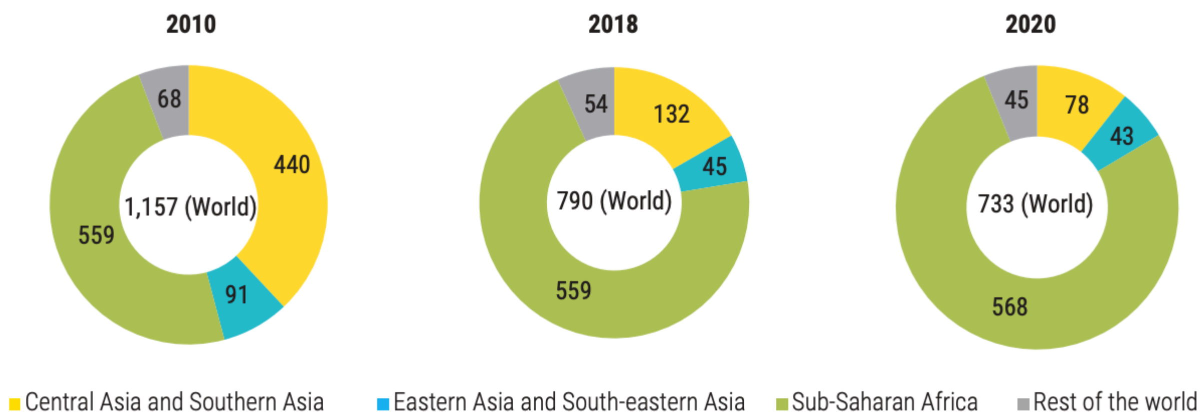
Economic development is seen from numerous perspectives: economic, financial, political, social, environmental, etc. Although each of these views has some merit, a systemic view of an interconnected and interdependent world reduces each view and/or approach to the margin. Only a systemic approach including all aspects can be viewed as relevant in a globalized, interconnected, interdependent world with limited resources. In essence, this requires a cooperative view of world economics as opposed to any isolated views. In 2015, the United Nations released a comprehensive list of goals to be achieved by 2030 known as the Sustainable Development Goals (SDGs) to guide economic development more toward our realities than towards mere theories. First and foremost, economic development can be viewed as the development of infrastructure, which stems from human innovation and technology and our need to interact with one another. The narrow views of economic development (here portrayed as opposing Western institutions and beliefs vs. China's Belt and Road Initiative) have continually led to larger issues needing solving, lending credence to William Stanley Jevons' (1835–1882) view of marginal utility, also as it is applied to technology, i.e., technological innovation does not necessarily beget greater efficiency. As humans produce more efficient vehicles, they merely feel empowered to drive more, eliminating and efficiencies the technology brought about. That is to say, our economic approaches tend to ignore many realities and we, therefore, need an alternative approach, which we will examine here, Social Impact Investing, as it applies to sub-Saharan Africa.

Keywords: Social Entrepreneurship, Sub Saharan Africa, Economic Development, UN Sustainable Development Goals (SDGs), Free Trade

INTRODUCTION

Around the world, approximately 733 million people have little to no access to reliable electricity, with approximately 568 million living throughout sub-Saharan Africa. Although a greater share of the global population has gained access to electricity, studies show that the number of people without electricity has increased in sub-Saharan Africa—accounting for three-quarters of the world's population without electricity. This is largely due to international public financial flows being concentrated in very few countries and none of which is supporting sub-Saharan Africa. In 2018, approximately $14 billion was invested into developing countries to support clean and renewable energy, but only 20% of this reached the least-developed countries—those who are furthest from reaching the United Nations Sustainable Development Goals (SDGs) targets. It is unlikely that SDGs will be achieved by the target year, leaving around 670 million without electricity in 2030 (IEA, 2022).

Source: World Bank 2022; IEA 2021.



Source: World Bank 2022.

Accessibility to energy is a primary aspect to further economic and human development in this region. It serves as the foundation of the SDGs, making impacts on a wide range of the development indicators, including heath, education, poverty reduction and more. Addressing this infrastructure gap will improve economic development by increasing productivity and providing services, which in turn enhances the quality of life (World Bank, 2020).

TECHNOLOGICAL INNOVATION WITH RENEWABLE ENERGY

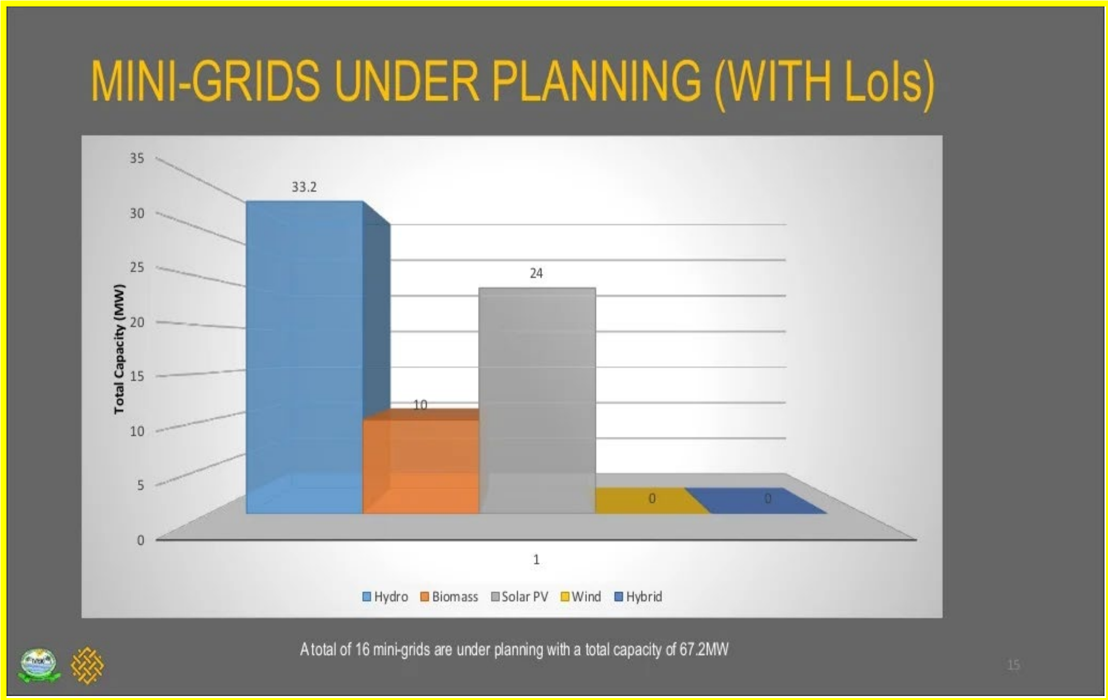
Africa has long been a stepchild of economic and human development. From colonial times which left Africa (and other regions of the world) in the position of raw materials provider, not allowed to engage in higher value economic activities to modern times where Free Trade aberrations such as patent protections, technology transfer bans as well as new paradigms of economic development are imposed. African countries and others are not allowed to develop along the same lines as modern economic giants. New ideas of sustainability prevent the building of huge factories spewing large wastes but employing many thousands of workers. “The Bottom of the Pyramid” (Christian Seelos and Johanna Mair, 2007) speaks to global distribution and business models and how they must be adapted to markets with differing demographics as well as geographical population dispersions. “Indeed, from the very beginning, the argument for BOP was to find new untapped market space that satisfied the needs for corporations to grow profitably. Several prominent BOP authors, however, argue that traditional views of economic development and business strategy may not be applicable at the BOP” (London & Hart, 2004). So, in addition to these new paradigms, the lack of economic and political power, geographic distances, and sometimes lack of social/cultural cohesion prevent many of these countries from raising their level of human development.

As Seelos and Mair illustrate in their multiplicity of examples, many subsistence farming communities do not have cash flow sufficient to allow access to many of our modern accouterments, such as constant and clean water and electricity under current economic and financial parameters. That is to say, a small rural community be it in Bangladesh, sub-Saharan Africa, or Appalachia does not generate the economic profits necessary to provide it with the same form of infrastructure as larger areas with higher economic throughput. Digging a trench for telephone or electrical cables, although there are also additional technological challenges such as attenuation which need to be considered as well, out to remote areas with no prospect of payback is not a decision to be approved according to our current financial and economic theories and paradigms. On the other hand, tapping into the purported market potential of $13 trillion (Seelos & Main) as the larger, already developed markets become saturated, becomes a priority. As the author likes to think in systems and closed loops it is interesting to note here that the developed markets, according to current accepted paradigms, eventually become the less attractive investment opportunity, which has potentially devastating effects on their ability to maintain infrastructure spending over time, classically, the USA, which has fallen far behind most other developed countries in this area, making the infrastructure debt, as it is often referred to, ever greater, and therefore ever less likely to be able to be tackled….if we maintain our current paradigmatic thinking.

The result of all of this is the fact that new economic and or development paradigms must be developed. In essence, the result must be a larger investment, longer payback, more partnerships and cooperation, and less profit.

Another aspect of the Bottom of the Pyramid which is of great importance, as Seelos and Mair point out, is the requirement for risk reduction, especially via the need for multiple partners in addressing these markets. The resources and abilities needed to adapt to these markets usually requires enlisting the aid of others with supplementary and or complementary skills and abilities. Looking at Muhammed Yunus' work (Yunus, M 2010)., especially in the field of micro loans via the Grameen Bank, in many cases there are deeply rooted customer characteristics which need to be considered. Yunus' Grameen Bank began their micro loan program by giving loans to those that seemed to be in need. It soon became clear that male loan recipients represented unacceptable levels of risk with respect to paying back the principal. Instead, male loan recipients tended to either give up more readily and not realize their goals, or alternatively, they would spend the money in alternative, non-productive ways. Or, when providing satellite phone service to small farm villages, the power over communication access could not be given to the male inhabitants as they tended to use this for political and power aggrandizing purposes instead of overall economic development. Although it sounds easy to merely change the ownership and distribution to the female(s) in the village, there are deeply rooted cultural attributes that represents hurdles in the implementation. Men are not accustomed to coming to women to ask for services in this fashion as women do not hold positions of power. Therefore, great care needed to be taken in training and cultural sensitivity in order for this project to be successful.

Almost half of Sub Saharan Africa's electricity is projected to be provided by solar mini grids by 2040 (World Bank ESMAP 2019) this represents a major shift in development and economic as well as financial paradigms. Not only is there a decoupling of economic development from the traditional fossil fuel dependency of the rest of the world utilizing solar power, there is also a decoupling from centralized control of huge utility companies and their assets, as well as looking at social, humanistic parameters of development and new thoughts on payback timeframes and overall profits to be made.

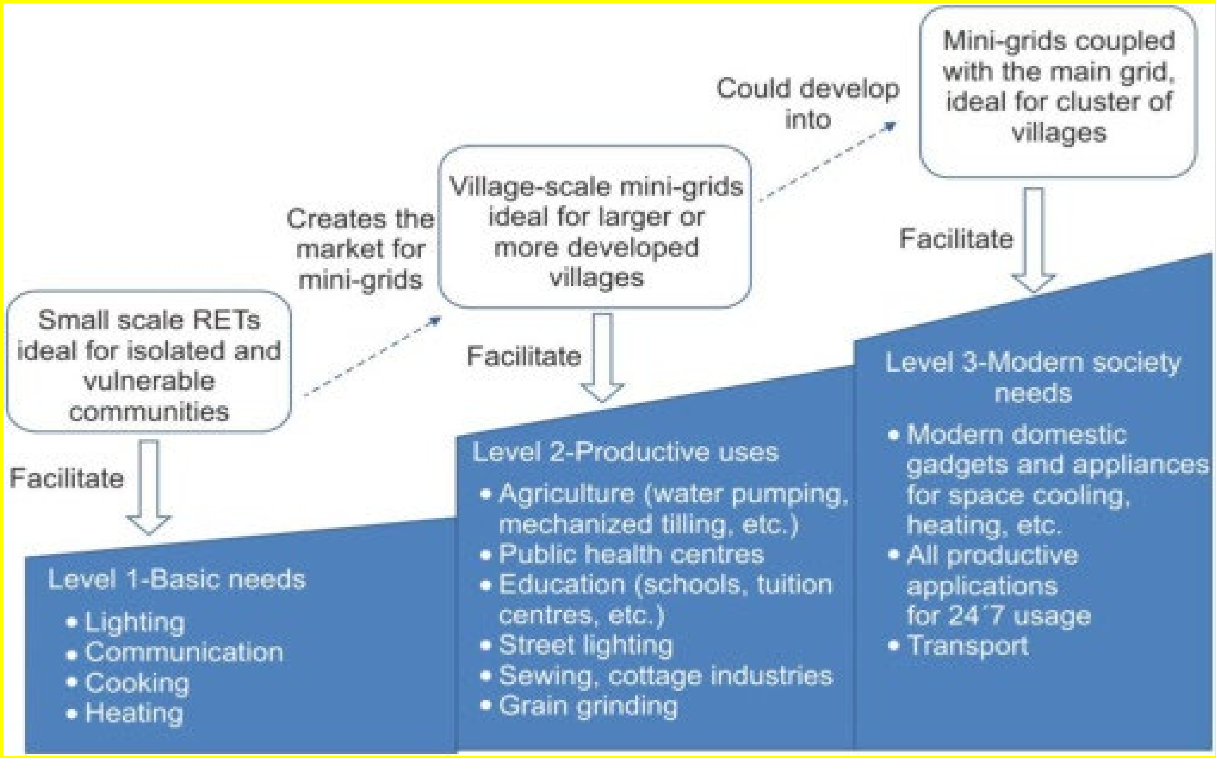


World Bank ESMAP 2019

There is a clear issue in that over half of the population in Africa lacks the access to technology and the implementation of mini grids are an integral part of economic development. The chart above breaks down the severity for different circumstances of needing an energy source. Most people in Africa lack basic forms of technology and are put in an endless cycle of poverty.

According to the UN Report on Mini Grid demand mini grids represent a more reliable, environmentally friendly, and lower cost source of energy in remote locations. Most of the remote locations in Africa demand an autonomous solution such as mini grids as the extension of main grids to remote locations is cost prohibitive. The price of mini grids vs. diesel engines is substantially less for many reasons…availability of diesel fuel and the lack of need for spare parts in addition to the 24/7 delivery of solar plus battery storage makes it more efficient on all levels. The lower cost, greater reliability, and constant availability with a lack of maintenance costs make solar-powered mini-grids the alternative of choice in sub-Saharan Africa (not to mention the plethora of sunshine!). The Energy Sector Management Assistance Program (ESMAP) predicts the cost of mini-grids to continue to decline through 2030 and this includes all the components which include the batteries, inverters, and panels.

Without the dependence on fossil fuels, they reduce overall environmental pollution and further improve day-to-day lives. Just like the price, mini-grids have a more positive impact on the environment rather than diesel engines. Lithium-ion batteries are a part of the power source and the new systems require 60% less energy compared to past ones. According to The Energy Sector Management Assistance Program (2019), all these changes would reduce carbon dioxide emissions by 1.5 billion tons (p. 7). They are a better choice for the economy because diesel generators generate numerous amounts of toxic waste such as benzene, arsenic, and



World Bank ESMAP 2019

formaldehyde. They ultimately contribute to both air and water pollution, and mini grids can be a definite upgrade to what is already in place. The development of adding mini-grids not only brings technology to areas in need but stimulates the economy by providing a more sustainable environment and job opportunities. There are clear benefits of mini-grids and as the years go on, Africa will continue to develop more sustainable processes.

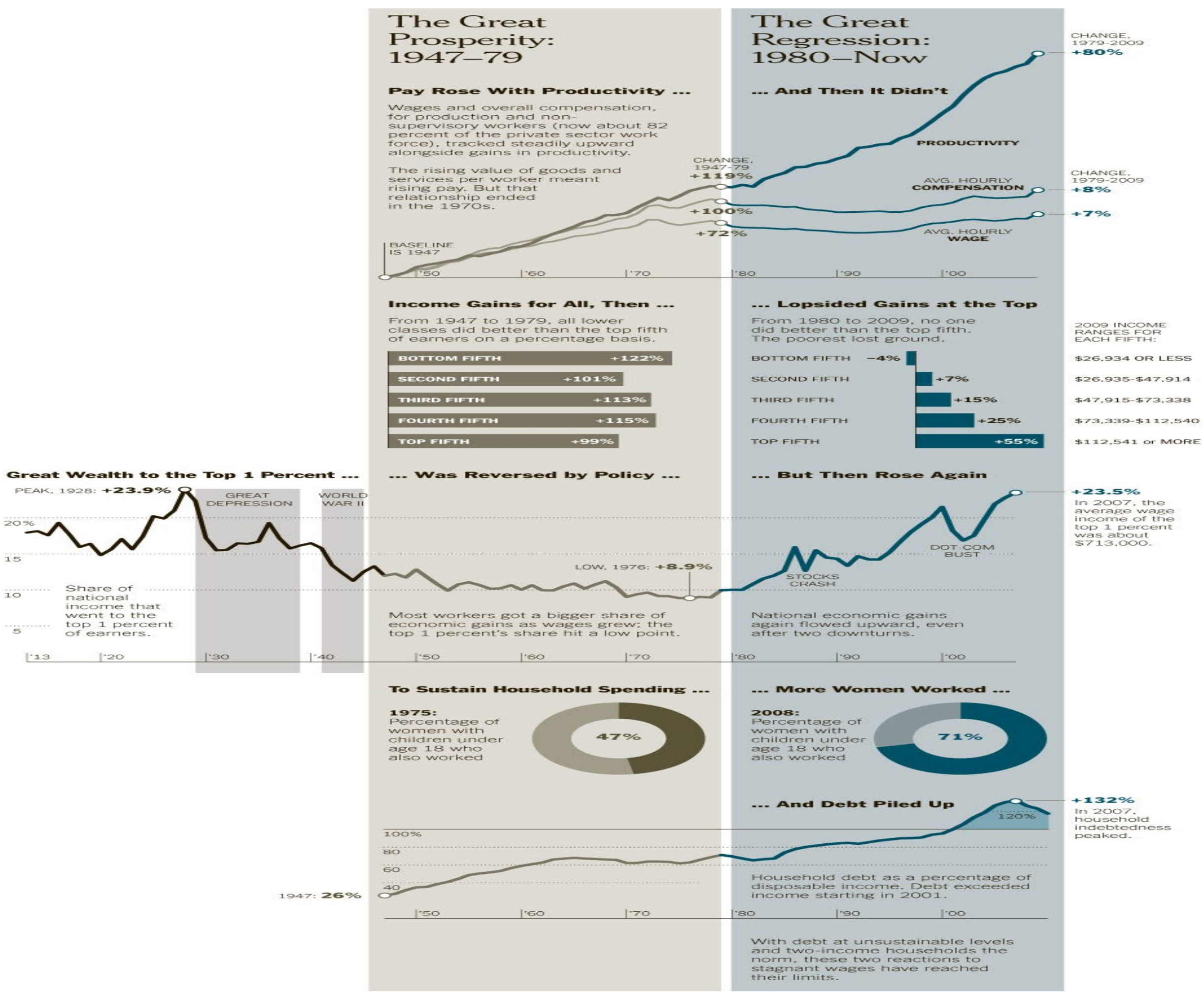
As a segue to the next section concerning the various approaches to economic development and growth, it is fitting the quote Ha- Joon Chang in his article, "*Kicking Away the Ladder: The "Real" History of Free Trade* (2007) from *Globalization and the Myths of Free Trade* (Shaikh, a. 2007, p 23), "Part of the conviction in free trade that the proponents of globalization possess comes from the belief that economic theory has irrefutably established the superiority of free trade…when they were developing countries themselves, virtually all of today's developed countries did not practice free trade (and *laissez-faire* industrial policy as its domestic counterpart) but promoted their national industries through tariffs, subsidies, and other measures". So, even as we speak about new paradigms, it must be clearly recognized that the purported paradigms have, in fact, never been successful at bringing about greater economic development and growth with any consistency.

Furthermore, one can point to the clear aspects of contradiction involved in the Western Christian tradition and the capitalist foundations of slavery and general usurpation. So, to actually be speaking about new paradigms one must wrestle ones' self away from the dogma of economic thought and practice to a more reality-based view with humanistic goals, not hedonistic ones. This, interestingly, would also form the cornerstone of the antagonistically oriented discussion between Western vs Eastern (economic, political, social….) mythologies.

WESTERN VS CHINA'S APPROACH TO ECONOMIC DEVELOPMENT/GOALS

As this subject could readily take up many volumes in itself, we will handle this subject in a somewhat perfunctory and yet salient manner. Firstly, it must be noted that the bipolar world which we have created currently only allows a choice between two unsatisfactory approaches, as each approach is geared towards a specific geopolitical hegemony as opposed to humanistic developmental criteria.

The Western world and its institutions, World Bank (WB), World Trade Organization (WTO), International Monetary Fund (IMF) and etc. have enjoyed a long period of bounty, especially since the end of WWII and the ensuing lack of alternatives. In conventional economic theory, productivity increases should result in pay increases for labor. However, an analysis of wages and productivity in the U.S. and the E.U. shows that compensation has not met the upward



Sources: Robert B. Reich, University of California, Berkeley; "The State of Working America" by the Economic Policy Institute; Thomas Piketty, Paris School of Economics, and Emmanuel Saez, University of California, Berkeley; Census Bureau; Bureau of Labor Statistics; Federal Reserve

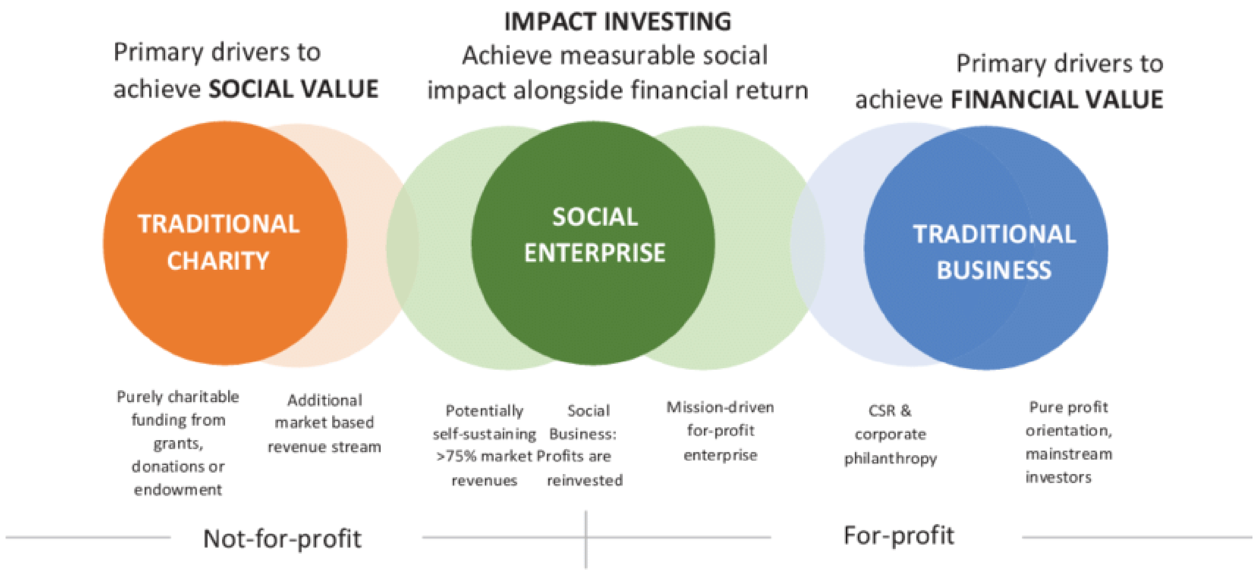
Meyerson, "gains in productivity have been apportioned by the simple arithmetic of power." Corporate governance has transformed corporate values to emphasize shareholder maximization and employee wage stagnation." productivity trends. Where conventional economic theory flounders are its failure to factor in the power of management and stockholders and the weakness of labor. According to Writer Steven Greenhouse, of the New York Times, believes "overall employee compensation — including health and retirement benefits — has also slipped badly, falling to its lowest share of national income in more than 50 years while corporate profits have climbed to their highest share over that time". This is further bolstered by research put forth by former Labor Secretary Robert Reich, et al in the following graphic which shows the growing share of value being taken by the upper echelons of the economy instead of the previously observable near parity split of value add through productivity between working class and industry leaders.

This is the very same phenomena as with colonialism as observed throughout the world with the exception that this is the taking away of wealth as opposed to the never having shared it, as in colonialism. This the trapping of Western institutions and economic belief systems and their results/goals, i.e., aggrandize capital. Unfortunately, capitalist theory presupposes a reinvestment of aggregated capital and not the sheer aggrandizement for the exertion of power. This is the aspect of Western ideology which has resulted in an overall rejection of Western values over the past few decades and given rise to the alternative, the Chinese Belt and Road Initiative (BRI).

However, when we look at the BRI there are some interesting differences, but in essence the same goals, power and control. As opposed to market interest rates as calculated by the Western International Institutions, which can range upwards to 40% for their short-term economic development, which in turn is also accompanied by "conditionality", mostly in terms of forced market liberalization and privatization. Markets that were not privatized and liberal before, usually do not possess the knowhow and financial resources to do so, leaving the new markets open to new ownership and control by Western entities. The Chinese approach has been more to offer infrastructure loans for critical logistics and supply chain components at much lower rates but with summary control of the flow of goods along the routes. As Forbes author Wade Shepard discussed in his Feb 28th, 2020 article, "It soon became clear that the laissez-faire, undefined, wide open strategy that led to the appearance of big gains in the early days of the Belt and Road is now one of its biggest barriers holding it back from becoming the paradigm-shifting international endeavor it was meant to be. Tales of corruption along the BRI have become common, the debt-trap diplomacy theory has put populations across Eurasia on guard, and the fact that dozens of major China-driven development projects across Asia have become white elephants have rendered the BRI an unattractive proposition in many markets". Along with China's aspirations for an Asian Development Bank, their attempts to replace US/Western hegemony (also in economic and political thought) seem destined to fail. So, the world is left with two paradigms, neither of which suffices to fill the needs and solve the issues brought about by former paradigms (climate change, pollution, etc.). This hits economically underdeveloped regions such as sub-Saharan Africa, especially at risk. In essence, all this is merely illustrating the insufficiency of modern economic paradigms to successfully assist in the development of previously underprivileged and even usurped countries and regions in need of development in creating sustainable living conditions for local populations.

SOCIAL ENTERPRISE AND IMPACT INVESTING

Organizations around the world are dedicated to working with Africa's underserved population by incorporating corporate social responsibility and sustainability strategies within their daily business operations. There are different types of assistance that is being offered to address the issue of electricity inaccessibility: traditional charity, social enterprise and impact investing, and traditional business. Traditional charity and business are concepts that have always been around, but social enterprise and impact investing are relatively new concepts that have been gaining traction in recent years. Social enterprise takes qualities from traditional charity and business to create an idea that will achieve measurable social impact alongside a financial return.



Africa GreenTec internal sources 2022

One company that is well known for this new concept of business is Africa GreenTec (AGT). AGT is a German social enterprise which empowers people in the Global South to achieve more self-determination and economic growth through sustainable energy solutions. Through their innovative, sustainable system solution they have developed “ImpactSites,”—which are village communities in rural areas that are equipped and empowered with electricity and modern technologies. Additionally, these communities are designed specifically for sub-Saharan Africa, and can withstand the harsh conditions of off-grid regions in Africa and even exceed modern European standards. Africa GreenTec has an extensive portfolio of products and service solutions such as state-of-the-art solar energy, smart meter technology, cooling systems, water treatment and internet access. Their systems are operated through subsidiaries or sold to project partners.

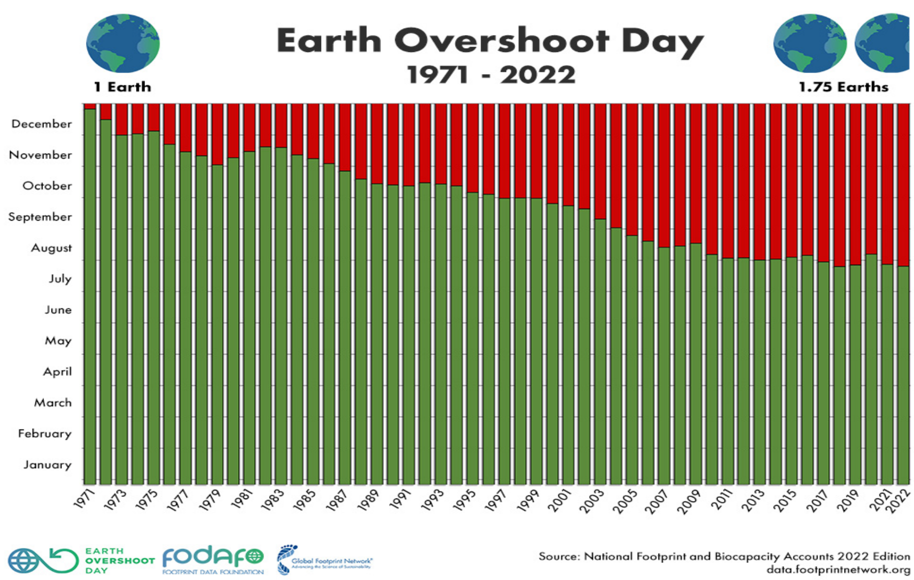
As a social enterprise, Africa GreenTec’s top priority is solving social and ecological challenges. However, this does not mean that they give away or donate our services, but rather that they interact with our customers directly. Africa GreenTec’s prices and salaries are adjusted according to the conditions of their respective locations, and calculated in such a way that an ImpactSite can be operated and maintained as financially self-sufficient as possible. Thus, they ensure that their projects are sustainable in every way, rather than failing after only a few years.

Africa GreenTec is not financed by donations, like a non-profit organization. Their business model is intended to stand on its own two feet economically and to meet the local people on an equal footing. Unlike a traditional company, Africa GreenTec follows the approach of sustainable business. So, it is a company that not only pursues financial/economic goals, but also social and ecological goals in accordance with the so-called triple bottom line of sustainability.

That is to say, as an Impact Investor, AGT is not a charity and is designed to create profit through operations. This is a critical aspect that the authors intend to bring out as the negative social implications of charity work for as opposed to economic development is the foundational principle upon which AGT's work is predicated. Much like welfare systems in more developed countries, significant negative socioeconomic and behavioral patterns emerge over time. Although this is just a superficially based anecdote, examining the effects of welfare on socio-behavioral patterns in the developed world reveals strikingly poor results which run contrary to human sociological needs.

CONCLUSION

This year 2022, Earth Overshoot Day lands on July 28 (https://www.overshootday.org/). Earth Overshoot Day marks the date when humanity has used all the biological resources that Earth regenerates during the entire year.



A new report [1] from Greenpeace Southeast Asia and the Center for Research on Energy and Clean Air (CREA) found that air pollution from burning coal, oil, and natural gas accounts for an estimated 4.5 million deaths each year worldwide. The report is the first of its kind to assess the global cost of air pollution from fossil fuels.
Researchers also estimate global economic losses from fossil fuel air pollution at $2.9 trillion each year, or approximately 3.3 percent of global GDP. In the United States alone, air pollution from burning fossil fuels is linked to an estimated 230,000 deaths and $600 billion in economic losses annually.

In conclusion, looking at Social Impact Investing seems to present an extremely viable alternative to both the US/Western as well as the Chinese economic development paradigms. Whether we are looking at the developing regions of the world, such as Sub-Saharan Africa, or anywhere else, employing business models which also encompass the UN SDGs, such as Africa

GreenTec does, is a necessary step in the right direction. Measuring impact from multiple perspectives as opposed to merely an economic or financial perspective is a necessary change in human thinking. The free trade and eternal growth paradigms have run a course and provided mostly Western societies with incomparable wealth, however, this has been mostly at the expense of other regions of the world. China's non-transparent and ill-defined BRI offers nothing new to developing countries and promises nothing better for existing developed countries, other than increased conflict over resources.

Our resources, including potable water, breathable air, and energy from fossil fuels are not infinite in nature. Economic philosophy has created its own standard operating procedures which are not in accord with the world of physics. Economic philosophy is just that, philosophy, and it must be adjusted to account for the real, physical world of physics within a closed, finite environment. Humans are not Gods that can create a new world out of thin air when they need or want it. The imperative then becomes devising economic and financial paradigms around humanistic goals, not abstract ones (profit, can be attained but should not be the primary concern) as is currently the case. Power, control, and profit are all abstract ideals that do not actually exist other than a short time-bound frame.

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GUEST SELECTION VARIABLES OF PEER-TO-PEER LODGING ACCOMMODATIONS

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ABSTRACT

This paper analyzes variables found in published literature related to the reasons why consumers choose to stay in strangers' houses when selecting travel accommodations. The sharing economy, also known as the peer-to-peer economy, continues to increase with a need for property hosts to understand the determining factors as to why travelers choose certain accommodations over others. Focusing on Airbnb and Vacation Rentals By Owner (VRBO), published scholarly literature about consumer variables is limited. Therefore, the need to extend the body of knowledge when it comes to consumer selection of accommodations in the peer- to-peer lodging sector into hospitality and tourism literature is necessary to better understand traveler decision making variables. The results of this paper will provide peer-to- peer property hosts with valuable information that will help to increase the value of their properties when marketing through an online lodging booking platform.

INTRODUCTION

Hospitality refers to a relationship between a host and guest that can be experienced when citizens open their homes to strangers. Being hospitable refers to the act or practice of welcoming guests, visitors or strangers with liberality and goodwill (Kenway & Fahey, 2009). This hospitable act has been a common practice throughout the world over centuries and can be traced back to ancient times as people traveled long distances and needed food and lodging accommodations.

In the United States, the Post World War II travel demands rapidly expanded the hotel industry. Prior to that time, lodging accommodations were owned by individual operators and were mainly motels that could be found along the major highways to attract the traveling public. As travel increased so did the size and offerings of lodging accommodations and the industry saw an increase in large multinational hotel chains that were the mainstay for decades. The hospitality industry, specifically the lodging sector, is once again seeing the increase of independently owned and operated lodging accommodations that are becoming an attractive option for travelers as marketing capabilities for small, independently owned lodging properties has become accessible through online travel "agents" and platform-based home-sharing apps. Platform-based mobile device applications (apps) are flourishing as they bring solutions to people at their fingertips. The sharing economy, also known as the collaborative consumption (Botsman & Rogers, 2010) or access-based consumption (Bardhi & Eckhardt, 2012) and the peer-to-peer (P2P) economy, are finding incredible growth on mobile applications and are liked by the masses (Bardhi & Eckhardt, 2012). There are several different research models and definitions within the literature to describe this growing global trend. For purposes of this study, the definition used for a peer-to-peer lodging accommodation or short-term property rental is, "the process whereby a homeowner makes their home or a room within their home available for others to rent for short periods of time as an alternative form of accommodation" (Washington State, 2022).

The current study focuses on the many variables that drive consumers to select overnight accommodations when traveling. This study is unique by bringing several variables together to determine which ones are most valuable for the lodging hosts to understand and implement when marketing their properties in the peer-to-peer economy. Quattrone, et al's. (2022) research on Airbnb travelers found that travelers value the same aspects of service, in equal measure, in all cities wherever they travel, e.g., location, facilities, communication with the host, hospitality. Therefore, including similar variables in the current study aids in supporting previous research outcomes and validating the findings. The variables included in the current study are cost, amenities, location, connection and belonging, customer experience over physical environment.

LITERATURE REVIEW

The sharing economy has brought about several types of companies that offer their customers a variety of different services. For example, TURO provides car sharing; UBER and Lyft provide ride sharing; Vinted exchanges used clothing, and Kickstarter lends money. Companies like Airbnb and VRBO provide the sharing of homes and other unique lodging accommodations. Airbnb, a peer-to-peer lodging platform, started in the co-founder's apartment in 2007 in San Francisco and quickly grew into an international online booking platform within four years. Airbnb reported that in 2022 there were 2.9 million hosts and over 7 million listings on Airbnb worldwide and in the same year, 14,000 new hosts were joining the platform each month in 100,00 cities, 220 countries and regions (Airbnb, 2023). In 1995, VRBO was born and is now a global vacation brand with a unique selection of more than two million whole homes all over the world (VRBO, n.d.). The growing number of properties available for travelers to select from on the platform continues to increase and the need to understand how to attract guests in the peer-to-peer economy is necessary for independent property owners also known as hosts.

Economical value

Cost as a primary variable when selecting travel accommodations is not uncommon and in the lodging industry the large multinational hotel chains set the pace when it comes to per night hotel room rates. The growth of the sharing economy has allowed for lower prices and greater options in the lodging industry. Research has shown that travelers are drawn to the peer-to-peer lodging apps to find cost efficient accommodations. Nathan, et al. (2020) found that price value is the largest predictor for tourists' behavioral intention to use Airbnb app. The economic value of the accommodation is determined by the needs of the individual traveler which may not require a host to be the cheapest option but the best fit for the traveler. For example, a family with young children and a pet may find it more valuable to rent a whole home with several bedrooms and bathrooms on Airbnb instead of renting two hotel rooms with an additional pet fee at a large hotel property.

Connection and belonging

The founders of Airbnb believe that people are not only looking for a new way to travel but they are looking for connections. There is a shared idea that Airbnb guests experience a deeper connection to the communities they visit, delivered by their hosts who provide a personal experience as a result of welcoming their guests into their homes providing a unique opportunity to experience the local community (Airbnb News, 2022). "The interaction between consumers, local residents, and residential owners, for example, is able to create knowledge exchange and co-creation experience between them" (Hastari, et al., 2020). In contrast, Quattrone et al. (2022) found social/interaction aspects of the service, such as 'Hospitality' and 'Host advice' are not a top priority of travelers. Findings suggest that the Airbnb hospitality service has now shifted into a business-oriented enterprise (akin to hotels and rental accommodation services), as opposed to a socially oriented one unlike their early days, when the business seemed to be all about sharing spaces and experiences. It is beneficial to better understand this conflicting information so hosts can offer a more personalized experience as an amenity that would attract guests.

Fear of Missing Out

The fear-of-missing-out (FOMO) or the ''pervasive apprehension that others might be having rewarding experiences from which one is absent'' (Przybylski, et al., 2013) has become an important factor for marketers to understand as the digitally savvy consumers of Generation Z (those born after 1996) gain more purchasing power. Specifically, in the hospitality industry, social media platforms such as Instagram have helped to influence travel decisions when social influencers share their travel experiences. In the shared economy, the ease of advertising a specific rental property through links and hashtags, allows almost instantly the ability for a prospective guest to book the same accommodation as the social influencer and fulfill the emotional need to belong. Sang and Wang (2019) found this to be true in their study where "the increased visibility of the experiences of one's peers is tantamount to envying those experiences and wanting to imitate them". Independent property hosts may feel the need to attract more social influencers to their properties to help market their property.

Customer experience versus physical environment.

The customer experience with a property host and the physical environment that the property provides are also contributing factors that have been found to influence travelers' decisions. Travelers can share every detail of their travel experiences, good and bad, on several different social media platforms. Past guest ratings are a top priority for property hosts because the algorithms embedded in the booking platforms position properties on the platforms according to their ratings. In addition, postings of positive past guest experiences increase the desire of other travelers to want to experience the same things. Wall et al., (2011) found that is not sufficient to just offer a basic level of products and services but the shared accommodations must be accompanied by experiences that individuals respond to, interpret and share in their own unique way. Travelers using the peer-to-peer platforms have the dilemma over whether to choose the predictable safe option in a traditional hotel property or take a risk at maximizing their experience. "In essence, in the minds of consumers, there is as much potential risk of an uncomfortable stay due to poor functional quality as there is a fear of missing out (FOMO) on staying at an accommodation that could deliver exceptional experiential and symbolic quality" (Boley & Woosnam, 2021).

RESEARCH QUESTIONS

The current study seeks to answer some of the questions peer-to-peer lodging hosts consider when listing and marketing their properties. Information regarding the desires of travelers appears to be plentiful when reviewing social media channels and peer-to-peer platforms that are driven by social media influencers and lodging companies. One is led to believe that a shared lodging property must be unique in the experiences the guests can have while staying in the property. Airbnb followed this trend by implementing a new search experience in November 2022 that categorized properties by their uniqueness. For example, categories that guests can now search on Airbnb include *OMG!, Tiny homes, Tree houses, and Off the grid* (Airbnb, 2023). Lodging hosts that do not fall within one of the new categories have seen their guest stays decline.

The second question the researchers are trying to understand through this study is the relationship between the host and the guest. Historically, positive hospitality experiences are gained through the interactions of a host and their guests on their property as a face-to-face interaction. However, the peer-to-peer platforms allow the hosts and guests to only communicate via text, email, and phone without face-to-face interaction. The founders of Airbnb would like to believe that guests to a new community and host-guest connections are enriching the lives of all the parties involved.

The general traveling public are the consumers of the majority of the lodging accommodations on peer-to-peer platforms and hosts should seek to find out their needs if they want to be successful. Therefore, the researchers seek to answer the following hypothesis to assist hosts of peer-to-peer properties:

H1: *The primary reason people book on peer-to-peer lodging sites is for the unique property experience.*

H2: *Customers booking overnight accommodations on peer-to-peer platforms want to communicate with the host and submerge themselves in the community.*

METHODOLOGY

To obtain the data needed to answer the hypotheses, the researchers used the crowdsourcing service, Amazon Mechanical Turk (AMT). Crowdsourcing for this study allowed the researchers to use the collective intelligence of a wide range of web users for the labor-intensive task of data collection through an online survey (Moss, et al., 2020). The current study also benefits from the use of the general public as research participants to understand a broader range of the traveling public. The researchers believe that research participants are valuable contributors to the discovery process, and they should be compensated for their time and effort. Therefore, the respondents were paid a competitive rate within the AMT platform once they completed the survey. 305 usable responses were collected in this study from participants that were over the age of 18.

FINDINGS

The researchers found that over half (52%) of the respondents said they travel at least monthly and between three and five times a year that travel is for pleasure. Assumptions can then be made that the majority of the travel is for business purposes. Over half of the participants responded that they spend (in US dollars) between $500 and $1,500 annually on lodging accommodations. At this rate, travelers are reporting that they are only spending $41-$125 per month on lodging accommodations which parallels the response to the survey question that asked the participants to rank in level of importance of the following factors when booking overnight accommodations: cost, location, uniqueness of property, amenities, customer reviews/ratings and convenience of booking. Cost was the primary factor in booking lodging accommodations followed by location, uniqueness of property, customer reviews/ratings, amenities and lastly convenience of booking.

Cost as a primary decision-making variable is a valuable piece of information for peer-to-peer lodging hosts to understand since there are multiple variables that need to be fulfilled when trying to market an individual property. Airbnb, VRBO and other peer-to-peer platforms are becoming increasingly trendy with travelers and with hosts trying to gain the attention of travelers. However, through the survey results in the current study, the general public is booking their overnight accommodations through online booking services such as Expedia, Travelocity, and Hotels.com or are going directly to hotel websites to book their stays. The use of peer-to-peer online platforms falls behind along with the use of travel agents.

The researchers found that the decision-making priority of travelers changed when they chose to use a peer-to-peer platform-based booking site. The primary variable was the *location* of the property (65%) with the *customer ratings* (57%) being the second most important factor and *cost* (54%) as the third most important factor. The lowest rated variable was *seeking a subversive community experience* (19%) and second lowest was *looking to experience something I saw on social media* (25%). Industry literature appears to contradict these findings, leading hosts to believe that they must give their guests a subversive community experience and encourage guests to post their experiences on their social media channels. The current study suggests that hosts should focus on marketing property locations and ensuring excellent guest experience to boost their exposure on peer-to-peer platforms.

LIMITATIONS AND FUTURE RESEARCH

One limitation that was not considered prior to this study was the peer-to-peer platform fees that are incurred by the hosts and the customers. The results of this study did show that travelers consider cost as a primary factor differently on different booking apps. It is unclear if this differentiation is due to the fees consumers are charged to book the property, rewards tied to booking on some platforms and not with others, ease of the technology, or even reputation of the platform. Newlands, et al. (2018) did find that the tripartite relationship between platform, provider, and consumer is often characterized by distributive outcomes which unilaterally favor the platform. Future research focused on the fees and consumer decision-making behaviors associated with booking on these platforms would add value to the growing literature in the sharing economy and hospitality literature.

CONCLUSION

The sharing economy is driven by the needs of the user and the value is determined by the individual consumer. In the peer-to-peer economy, hosts can also determine what they believe is valuable to a potential guest and provide unique amenities and services to attract customers. The current study shows that the platform on which a host markets their property (Airbnb, VRBO, Bookings.com, etc.) also determines the type of guests they are attracting. In addition, this study also supports the findings of Quattrone et al. (2022) that the element of the sharing economy has become professionalized reducing the founders' beliefs that communality and authenticity are no longer traveler priorities, but travelers do support predictability and efficiency.

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The Colorado and Tiber Rivers: Severe Drought Drains Two of the World's Most Famous Rivers: A Comparison of Impacts and Stakeholder Responses

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ABSTRACT

This article examines the impact of the severe droughts occurring in parts of the North American and European continents on two of the world's most famous and used rivers: the Colorado River in the Southwestern United States and the Tiber River in Central Italy. The article will provide an overview of the rivers and the legal agreements and policies governing their allocations among stakeholders, the stakeholders who depend upon them, the ongoing drought in Europe and the aridification of the southwestern United States, the challenges presented by the unprecedented ongoing drought on both continents and the responses by stakeholders, from government entities to citizens.

INTRODUCTION

The Colorado River and its tributaries provide drinking water for more than 40 million people in the Southwestern United States (American Rivers, 2022). In addition, a $5 billion agricultural industry depends upon the river to irrigate more than 8 million acres of land in its own basin and outside of the basin (Cohen, Cristian-Smith, Berggren, 2013). Eleven U.S. National Parks and 29 federally recognized tribal reservations rely on the river (American Rivers, 2022). Through a series of dams, the river generates hydropower, supplying electricity to more than 5 million people (Metz, S., Fonseca, F., 2022; Waterman, 2012; USBR, 2012). After a devasting 23-year drought exacerbated by climate change, the water flows in the Colorado River have declined by more than 20 percent.

The legal and political responses to the water crisis have been slow, although consistent over the last one hundred years. The many stakeholders—from the U.S. government, to the seven states in the basin of the river, to the large municipalities who depend on the river, to the farmers, ranchers and non-governmental entities representing ecological, environmental and recreational interests, to the indigenous tribes with claims to the river's water—have decades of working together to craft a future that can adapt to the over-demand on the river while water sources recede. All see that adapting to the water shortage with science, data and collaboration is the way forward; however, their window of opportunity to forge a future that protects this reliable source of water is closing. Without major water savings and sharing, dwindling reservoir levels could compromise water delivery on the Colorado River by the end of 2023. However, stakeholders know they can cooperate to create long-term solutions and avoid a catastrophe for ecosystems and the tens of millions of people that rely on the river.

Across the Atlantic Ocean, in central Italy, the Tiber River, the third-longest river in Italy, the longest in Central Italy, and the main watercourse of the city of Rome, is reaching record low depths. Italy's worst drought in decades has dropped the water level in Rome's Tiber River by about five feet — parched conditions that have only been exacerbated by the deadly heat wave that gripped much of Europe in the summer of 2022 and is predicted to continue through 2023 (Frost, R., Llach, L., Hughes, RA., 2023). All around Italy's biggest river, the Po in the country's north, once-fertile fields that produced risotto rice, wine, and pasta are now brittle patches of cracked soil. Water is so scarce that a barge emerged from the depths of the Po for the first time since it was sunk during World War II (myanmaritiv.com, 2022). In Rome, long-submerged ruins dating back almost 2,000 years, to the reigns of emperors Hadrian and Nero, now poke above the surface of the Tiber (myanmaritiv.com, 2022). The ancient Romans used the Tiber to navigate and supply the city — even to build it. Rome would not exist without the river, but, in 2022, the worst drought recorded in 70 years has reduced parts of it to a stagnant swamp.

Besides the fact that these rivers have rarely seen drought, one of the major problems that affects the stakeholder response to the Tiber and Po Rivers' water supply issues is the massive amount of effort it takes to overcome the bureaucratic institutions that control the rivers (Casadei, Pierloni, Belleza, 2022). Many different rules and regulations controlled by government agencies prevent citizens from making positive changes, even like simple clean-up projects focused on the massive pollution on the Tiber River (Casadei, Pierleoni, Belleza, 2022). Nevertheless, in 2022, like the U.S. federal government, the Italian government declared a state of emergency for five regions because of the drought and sent $37.5 million in relief funds to these regions (Clifford, 2022). In 2022, water companies and local councils restricted water usage in amount and time. For 2023, local farmers, residents and business owners are responding with their own answer to the water shortage: "My solution this year is to pray and hope." (Frost, Llach, Hughes, 2023). Italian and European stakeholders, from government organizations to NGOs to residents, can respond with alacrity, science and data to find relief for this parched new world, and uncover unprecedented opportunities to this crisis and long-term solutions.

THE COLORADO RIVER: OVERVIEW, LEGAL FRAMEWORK, HISTORIC DROUGHT, STAKEHOLDER RESPONSES

The Colorado River spans 260,000 square miles, about eight percent of the continental United States, all of which is in the arid Southwest except for the mountains in which it finds its source. Because of the aridity of the region and the scarcity of the water, stakeholders have worked together for more than a century in striving to find common ground on how to share and manage the river. The federal and state governments of two countries, municipalities—large and small--, farmers, ranchers, Indian tribes and environmental groups continue to collaborate on how to find solutions for the water crisis, the likes of which have not been seen in 1,200 years. The legal parameters built around the Colorado River differ vastly from that of the Italian rivers, the stakeholders of which have never seen drought like that of the last few years and, instead, have historically had to react to too much water.

The Colorado River starts in the Rocky Mountains of Colorado and flows southwest across the Colorado Plateau and through the Grand Canyon before reaching Lake Mead on the Arizona-Nevada border where it turns south toward the border between the United States and Mexico (American Rivers, 2022). The river serves more than 40 million people in the U.S. and Mexico; it irrigates more than 8 million acres of farmland; it supplies water to 29 Native American tribes; it irrigates 5.7 million acres of land in its own basin and an additional 2.5 million acres outside of the basin (Metz, S., Fonseca, F., 2022; Waterman, 2012; USBR, 2012). The Colorado River furnishes water to 11 national parks and supports an estimated $1.4 trillion economy, including a $26 billion recreation industry (American Rivers, 2022). The river and its tributaries are controlled by a system of dams, reservoirs, and aqueducts, which divert its entire flow for agricultural irrigation, domestic water supply and hydroelectric power, generating electricity for five million households across seven states, including 50 tribal suppliers that rely on one of the two major dams on the River, the Glen Canyon Dam, for hydropower (Metz, S., Fonseca, F., 2022; Waterman, 2012; USBR, 2012).

The Colorado River has declined by more than 20% in the last 20 years (AWWA, 2021). Lake Powell and Lake Mead, built to help store and deliver the water from the river, are at less than 25% of their capacity as of the Spring of 2023, despite heavy snowfall in the Western United States in the winter of 2022-2023 (Fountain, 2021; Lake Powell Water Data, 2023; Lake Mead Water Data, 2023). Overuse and a 23-year long drought, exacerbated by climate change, threaten to bring a water and power crisis to the Southwestern citizens, businesses, and farmers.

The Bureau of Reclamation, a federal agency under the U.S. Department of the Interior tasked with managing federal water rights (USBR, 2022), declared an unprecedented water shortage for the Colorado River and Lake Mead on August 16, 2021 and announced water cuts to users beginning in 2022 (Fountain, 2021). The first rounds of cutbacks, which commenced in January 2022, impacted farmers in Arizona and Nevada as well as Mexico. The Bureau then demanded that the seven basin states collaborate to find a way to cut another 2-4 million acre feet by the Fall of 2022. These cutbacks would affect people and industries in cities such as Phoenix, Las Vegas, Tucson, Denver, and parts of California as well as farmers (AWWA, 2021). After months of fruitless negotiations, the states that depend on the Colorado River failed to come to a consensus and in the Spring of 2023 the Federal government reacted by putting forth a proposal that would set aside legal precedent and save the remaining water in the river by evenly cutting the water allotment from the Colorado River (Flavelle, 2023). This proposal would reduce the water delivered to California, Arizona and Nevada by one-quarter (Flavelle, 2023). The Federal Government argues that the legal system of water allocation from the 19th and 20th centuries could not have predicted the devasting effects of climate change and that the departure from longstanding seniority rules are essential to adapt to the drought. In fact, the Federal Government has designated $4 billion for drought mitigation work in the Colorado River basin to encourage farmers to embrace water-conservation techniques (Hager, 2022, Department of the Interior, 2023).

Legal Framework for Collaboration on the Colorado River: The Law of the River

The Law of the River that dictates how the critical stakeholders on the river share and manage the river date back to the early part of the 20th century. In 1922, the seven states--the upper basin states—Colorado, Utah, New Mexico and Wyoming—and the lower basin states—Arizona, Nevada and California--entered an agreement known as the Colorado River Compact where the upper basin states and the lower basin states agreed to divide the water equally at a point known as Lee Ferry Arizona, a point on the river near the Arizona/Utah border (CRWUA, 2022).The 1922 Colorado River Compact was based on an assumption that the river produced at least 16 million acre feet of water per year on average (one acre foot is the amount of water covering an acre of land one foot deep, or 325,851 gallons of water; one acre foot of water serves approximately 4 households for one year) (CRWUA, 2022). Each basin, therefore, had the right to 7.5 million acre feet of water; both basins agreed that the deliveries to Mexico would be split equally. Ironically, the Compact was based on an analysis of one of the wettest ten-year periods in history, establishing a permanent deficit on the river (CRWUA, 2022). In 2022, an average annual flow of water in the river was measured at 13 million acre feet (CRWUA, 2022).

The Boulder Canyon Project Act of 1928 authorized construction of the Hoover Dam in Boulder Canyon, located on the Colorado River above what is now Hoover Dam, the largest dam in the United States, between the border of Nevada and Arizona. Construction of Hoover Dam started in 1931 and the final construction was completed in 1936 (Walsh, 2010). The federal government built Hoover Dam to serve many purposes: flood control, navigation, and the facilitation of agricultural development in the Colorado River Basin and outside the basin to places like the Imperial Valley, California. The dam was also key in the municipal growth of Los Angeles (Billington, Jackson, 2006). The government included the capacity for power generation from the dam to help pay for the construction of the dam; power generation continues to pay for the operation and maintenance of the dam and other infrastructure on the river (Billington, 2006). The Hoover Dam power plant produces almost 3 million units of horsepower, supplying electricity to more than 5 million people (USBR, 2022). The 1928 agreement also divided the lower basin waters among the lower basin states; per the agreement, California has the right to 4.4 million acre feet; Arizona the right to use up to 2.8 million acre feet and Nevada the right to 0.3 million acre feet (CRWUA, 1922).

In 1944, Mexico and the United States signed a treaty that gave Mexico a guaranteed allocation of the river—1.5 million acre feet—and also included a right to more water if there was a surplus year (CRWUA, 2022). Most importantly, the 1944 Treaty made clear that “in the event of extraordinary drought…the water allotted to Mexico…will be reduced in the same proportion as in the U.S. (USBR, 2022).” “Extraordinary drought” became the focus of the agreements known as Minutes 319 and 323 discussed below.

In 1948, the upper basin states signed the Upper Basin Compact that divided the upper basin share among the four upper basin states (CRWUA, 2022). Closely thereafter, Congress passed the 1956 Colorado River Storage Project Act which authorized the construction of the Colorado River Storage Project. This Act allowed for the comprehensive development of water resources in the upper basin states of Colorado, New Mexico, Utah and Wyoming and the construction of the Glen Canyon Dam, the largest of the dams that were authorized by the Colorado River Storage Project Act. Glen Canyon Dam is the second highest concrete-arch dam in the United States, second only to Hoover Dam. The 26.2 million acre-feet of water storage capacity in Lake Powell, created by Glen Canyon Dam, was to serve as a “bank account” for Lake Mead to be drawn upon in years of drought (USBR, 2022; Billington, Jackson, 2005). Both Lake Mead and Lake Powell are currently at critically low levels, threatening not only the release of water to downstream users but also the ability to generate hydropower (Department of the Interior, 2023).

The historical legal context for all the various stakeholders to cooperate, negotiate, argue and deliberate on how to share both the abundance and the scarcity of the water in this life-line to the Southwestern United States has never been tested as it is being tested now after an historical 23 year drought. In fact, the word “drought” is not used in the context of the Southwestern United States anymore because “drought” implies an end; instead, the word “aridification” has replaced “drought” as no one can see that 23 years of aridity will be replaced with multiple years of constant snow and rain (National Center for Environmental Information, 2023).

The Colorado River Stakeholders' 21st Century Collaboration: Minute 319 and Minute 323

The interested and invested stakeholders who depend upon the Colorado River are many and varied as described above: those who live and work in the seven basin states in the United States, including major municipalities like Los Angeles, Las Vegas, Phoenix and Denver, farmers engaged in the $8 billion agricultural production that feeds those in both the United States and Mexico, 29 federally recognized Indian tribes in the United States, eleven National Parks, seven non-governmental organizations (NGOs) focused on conservation and the environmental well-being of the Colorado River basin including the Environmental Defense Fund, The Nature Conservancy, the Sonoran Institute, Pronatura Noroeste, the National Audubon Society, Restuaremos el Colorado A.C., and the Redford Center (Minute 319, 2012; Minute 323, 2017). These stakeholders reached two consecutive agreements since 2012, Minute 319 and Minute 323, with the U.S. Bureau of Reclamation and the Mexican federal government leading the discussions. The agreements enlisted Mexico as an important participant in the sharing of the dry hydrology and all the basin states engaged in a process of drought contingency planning per the 1944 Treaty (Castle, A., Fleck, J., 2019). In addition, in 2019, the seven basin states and the Secretary of the Interior agreed to a series of measures aimed at contributing to a balance between supply and demand in the Colorado River Basin (USBR, 2019).

Minute 319 and Minute 323 are named "Minutes," as in "minutes" of a meeting, as opposed to being called "Acts" passed by Congress because of the need to move quickly with these agreements without the obstructions presented by the U.S. Senate in voting approval of the agreements. Minute 319, effective from 2012 through 2017, described the Mexican government's commitment to take reductions from the river (Minute 319, 2012). Minute 323, effective from 2018 through 2026, restated and continued the shortage reduction provisions set forth in Minute 319 (Minute 323, 2017). Both of these agreements included participation from environmental NGOs and for the first time in the world's history, two nations made a collaborative commitment to dedicate water to a river for environmental purposes and to take conservation actions to restore a globally significant ecosystem--the Colorado River Delta (Minute 319, 2012; Minute 323, 2017).

US Bureau of Reclamation: Historic Curtailment of 2022 and 2023

On August 16, 2021, the US Bureau of Reclamation (USBR) declared a water shortage at Lake Mead, one of the two main reservoirs of the Colorado River (Fountain, 2016). The USBR declared the shortage as it issued its predictions for the river through 2024. The declaration announced cuts in water supplies to begin in January 2022. The cuts affected Arizona farmers the harshest as their water resources upon which they had relied on for decades were severely curtailed; smaller reductions were ordered for Nevada and Mexico in 2022 as well. The shortage declaration reduced Arizona's supply of Colorado River water, delivered by a system of canals and pumping stations called the Central Arizona Project, by about 20 percent (Fountain, 2021). Arizona farmers reacted by fallowing or switching to less water-intensive crops as well as pumping more groundwater to make up for the cuts, a threat to the sustainability of the limited groundwater supplies (Fountain, 2021).

In the Spring of 2023, after months of the seven basin states failing to negotiate on how to save at least 25% of the water they currently use and come to an agreement among themselves, the Federal government reacted by putting forth a proposal that would set aside legal precedent and attempt to save the remaining water in the river by evenly cutting the water allotment from the Colorado River (Flavelle, 2023). This proposal would reduce the water delivered to California, Arizona and Nevada by one-quarter (Flavelle, 2023). The Interior Department of the U.S. Federal Government argues that the 19th century laws, the 20th century infrastructure and the 21st century climate change have come together to produce the devasting effects on the water supply of the river and, hence, presented the need to depart from the seniority rules and compact that have ruled the law of the river since the 19th and 20th centuries. In addition, the Federal Government designated $4 billion for drought mitigation work in the Colorado River basin to encourage farmers to embrace water-conservation techniques (Hager, 2022, Department of the Interior, 2023). The Bureau of Reclamation has announced plans to release an update to the compact's 2007 interim guidelines in June of 2023, empowering the agency to significantly reduce how much water it releases from lakes Powell and Mead under the compact; this will also provide legal coverage to the Bureau if states go forward with litigation—a fear of everyone (Department of Interior, 2023).

"Hang together, or hang separately": Cause for hope based on collaboration and science

Taylor Hawes, the director of the Nature Conservancy's Colorado River Program, echoes everyone's feeling of dread in thinking that the stakeholders would turn to litigation among themselves or against the federal government in trying to hold on to water that is not really there to share (Nature Conservancy, 2023). Stakeholders share a sentiment that water users understand the need to act outside of the Compact (Nature Conservancy, 2023). Taylor points to a project where New Mexico has agreed to lease 20,000-acre feet of water a year from the Jicarilla Apache Nation. This innovative agreement between a sovereign Tribal Nation, the New Mexico Interstate Stream Commission and The Nature Conservancy, an environmental NGO, will benefit threatened and endangered fish and increase water security for the state of New Mexico (Schlageter, 2022). The nation president of the Jicarilla Apaches expressed hope that "this transaction can serve as a model across the basin for collaboration (Schlageter, 2022).

Hawes expresses hope that the stakeholders can create a system in the future that builds on the sustainable use of the water that is actually available (Nature Conservancy, 2023). Likewise, Maurice Hall, the Vice President for Climate Resilient Water Systems for the Environmental Defense Fund (EDF), believes that it is possible to revitalize rivers and aquifers and their ability to provide a resilient water supply "using a combination of robust science and collaborative management approaches." (Clynes, 2023). EDF's Resilient Water Systems team works with farmers, corporations, irrigation districts, communities, policy makers and peer organizations to focus on difficult decisions to redesign water systems that work for everyone (Clynes, 2023). Programs such as the Multibenefit Land Repurposing Program, the development of OpenET, an online platform that uses satellites to help measure water consumed by crops, and the passage of the Sustainable Groundwater Management Act of 2014 evidence the optimism of many Colorado River stakeholders (Clynes, 2023). Meanwhile, at the urging from all of their stakeholders, the seven basin states of the Colorado River, reluctantly or willingly, aim towards setting a goal of using at least 25% less water by 2030 (Goldin-Dubois, 2023). Urged on by nonprofit advocacy organizations fighting climate change to concerned citizens, the states can help solve the crisis and codify policies that include: recognizing historic tribal rights to water on the river and engage the tribes in partnerships and decision-making; allow counties and municipalities to cut water use in homes and businesses for aggressive water reuse goals; and address agricultural water use and cut demand over time while ensuring farms and ranches that thrive (Goldin-Dubois, 2023). Colorado River Stakeholders see a future of opportunities.

THE TIBER AND PO RIVERS: LEGAL FRAMEWORK, HISTORIC DROUGHT, STAKEHOLDER RESPONSES

Because the history of the Tiber River, and that of its northern neighbor, the Po River, is drenched in floods and inundated with thousands of years of dealing with too much water, the focus of the stakeholders on these rivers differs drastically from that of their neighbors across the globe in the Southwestern United States. The Tiber River is the third-longest river in Italy and the longest in Central Italy, rising in the Apennine Mountains, flowing 252 miles through Tuscany, Umbria and Lazio. It drains a basin estimated at 6,709 square miles and claims its fame as being the main watercourse of Rome, which was founded on its eastern banks. The Tiber was of great importance to Roman trade and commerce because ships could reach more than 60 miles upriver; historic evidence shows the river was used to ship grain as long ago as the fifth century and was later used to ship stone and timber to Rome (Everett-Heath, 2010). Throughout history, the Tiber has provided a reliable source of fresh water.

Historically, floods were the bane of the Tiber. The Campus Martius is a flood plain that would regularly flood to a depth of almost seven feet (Long, 2018). In 1557, the river flooded to a height of 62 feet above sea level and more than 1,000 people lost their lives (Long, 2018). In response, the Italian government built high stone embankments that now confine the river (Long, 2018).

Italy's worst drought in over seventy years occurred in 2022 and dropped the water level in the Tiber River by over five feet (CBS news, 2022). In fact, long-submerged ruins dating back almost 2,000 years, to the reigns of emperors Hadrian and Nero, appeared above the surface of the Tiber in the middle of Rome (myanmaritiv.com, 2022). Meanwhile, the Tiber's sister river in Northern Italy, the Po, Italy's largest river, dropped so low that wreckage from World War II barges emerged while farm fields once filled with crops were nothing but dry, cracked soil (myanmaritiv.com, 2022). The Italian National Institute of Statistics (ISTAT) published a study showing that Italy's aqueducts lost 42 percent of the water they carried in 2020, the highest proportion ever recorded, and one out of every four towns lost more than 55 per cent of water to leaks (ISTAT, 2023). Italy draws more drinking water from its lakes, rivers and reservoirs than any other country in the European Union which makes the lack of rainfall an even more critical issue (ISTAT, 2023). Europe has been in a drought since 2018 and countries across the continent have struggled with water resources due to low rain and snowfall through the 2023 winter as dwindling water supplies have not been restored (Frost, 2023).

Towns all around Italy were evacuated in the summer of 2022 due to wildfires. The wildfires and the drought are devastating farmland. Climate change threatens global food supplies and economic industries from agriculture to tourism. Unlike the 23-year drought in the Colorado River basin, the drought in Italy, as noted above, is a new phenomenon. Historically, pollution and flooding were the most common challenges on the Tiber. However, in 2022, when Italy received only half of the average rainfall of the past 30 years, the drying of the rivers prompted Italian government bureaucracies to react. In August 2022, Italian Prime Minister Mario Draghi called his ministers to discuss the possibility of declaring a state of emergency in various regions of Italy badly hit by drought while five Italian regions, similar to the seven basin states of the Colorado River, requested state of emergency status as Italy faced its worst drought in 70 years, and then did, in fact, declare an emergency. Because Italy was devasted by the drought in the summer of 2022, the Environment Minister, Girogia Meloni, announced that the Italian government has prepared a €7.8 billion water crisis package at the beginning of 2023, aimed at implementing a "national water plan" that would include improvements to infrastructure and an awareness campaign about the need to save water resources (Frost, 2023).

The institutions involved in coming together to collaborate on solutions for the severe drought on the Tiber range from the Regione Lazio, one of the twenty regions in Italy responsible for the river and its banks, Autorita di Bacino del Fiume Tevere, which is the organization meant to be most responsible for drafting an environmental plan for the river, Protezione Civile, an organization that deals with hydraulic emergencies for the river, and La Polizia Fluviale which sends boats up and down stream to check water levels and embankment conditions. On top of all these organization, any intervention on the river entails multiple commissioners to be called in to express their opinions (Casadei, Pierleoni, Belleza, 2022). Indeed, the massive amount of effort it takes to overcome the bureaucratic institutions that control the Tiber River is one of the critical issues at hand (Engineering Rome, 2023). The drought presents a wake-up call for collaboration such as the Colorado River stakeholders have been wrestling with for over 100 years.

Concerned stakeholders are not an anomaly in Italy. Indeed, multiple research articles focused on water resource management and evaluation of solutions have been published and discussed in recent years, and, perhaps, have helped fuel the decisions behind the Italian government to act with alacrity and decision in funding changes to infrastructure and education. Following is a brief overview of a few of these:

> *Sustainability of Water Withdrawls in the Tiber River Basin (Central Italy)* by Stefano Casadei, Arnaldo Pierleoni and Michele Bellezza focuses on the problems in the sustainable use of water resources and the promises of using a WEB-GIS platform to understand how stakeholders can best manage their shared resources. This study promotes the use of "cooperative instruments" among stakeholders in the decision-making process in water resources management:
>
> > "Problems in the sustainable exploitation of water resources are mainly due to the spatial distribution of uses and are worsened by uncontrolled withdrawals by different activities. In this context, in order to evaluate and manage the available water resources, a decision support system has been developed to support the decision-making processes. This system was implemented on a web platform, in order to manage spatial data and to analyze information on water resources. The system also integrates a WEB-GIS engine for the elaboration and regionalization of data over the river network. The web architecture also makes these tools widely accessible and easily shareable by all stakeholders. The Web-based application was tested successfully in the Tiber River Basin (Central Italy) and focuses on the building of a hydrological database together with an evaluation model for surface water resources. The results provide synthetic information on the sustainability of water allocation scenarios, with particular regard to the feasibility of allowing new dissipative water withdrawal, such as dissipative water use in agricultural production for precision irrigation. The software technology of this project relies

on open-source code and can also be applied in other fields for the sustainable management of environmental resources." (Casadei, Pierleoni, Belleza, 2018).

Other recent research has included an emphasis on sharing of information and the use of scientific data sharing due to the increase in water demand from different uses, in many cases one competing against the other. All emphasize the need for shared information between stakeholders, supported by "hydroinformatics" tools with a focus on an integrated river basin management. A web-based spatial decision support systems (SDSS) framework in terms of system components and data has deepened the use of the information technology for water resources management resources (Water Resources Management Evaluation, 2023).

CONCLUDING THOUGHTS

Across the globe, stakeholders are seizing the crisis of diminishing water resources to find common ground to create new opportunities for collaboration based on scientific research, data and an optimism for a future for all. Whether in the Southwestern United States or across the European Continent, from the Colorado River to the Tiber River, compromise and creative options paint a future of possibility. Stakeholders on these two critical rivers on two different continents envision a revitalization of the rivers and the aquifers they feed for a resilient water supply with science and collaborative management leading the way.

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A BLUEPRINT FOR THE IDENTIFICATION OF AIRPORT LEADERSHIP COMPENTENCIES

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ABSTRACT

In this paper, we share our experience with the development of a Leadership Competency Model (LCM) for Denver International Airport (DEN). We detail the processes by which the competencies were identified and defined, with a particular emphasis placed on the development of core behaviors necessary for leader effectiveness across functions. The paper concludes with a reflection upon our process and the sharing of the learnings that emanated from our collaborative effort to develop an LCM in partnership with DEN's Senior Leadership Team.

INTRODUCTION

From Heathrow to Honolulu to Hong Kong, stories of overcrowded terminals, delayed and cancelled flights, stranded passengers, and lost baggage have dominated headlines since Summer 2022. The lifting of Covid-19 related restrictions and pent-up desire for travel have caused demand for air-travel to soar, while those who were previously laid off from the airports that travelers and airlines depend on have either moved on to new opportunities or are reluctant to come back amid concerns over job security (Kotoky, Whitley, & Siddharth, 2022; Sandle, 2022). The challenges that the air travel industry had already been experiencing were exacerbated by weather events and fight cancellation that plagued the late 2022 holiday travel season. To attach the label of unprecedented to the current state of air travel would be an underrepresentation of the stress that high passenger demand and staff shortages have had on airports around the globe. It has been reported that the current challenges that the air travel industry is experiencing may last well into the year 2025 (Carino, 2022).

Regardless of inherent uncertainty of air-travel demand and service interruptions, airport managers and leaders must still plan for a future where operational goals and strategies will ideally be realized. To do this it is important to identify and define the characteristics and behaviors that are conducive to leadership effectiveness within the context of a given airport environment (Phillips, 2023). These core leadership competencies should reinforce the organizational values and be written in a way that allows for them to be applied across jobs and levels. Examples of these leadership behaviors may include, but are not limited to 1) solving problems and making decisions that support the realization of operational goals; 2) communicating a compelling vision of the future that reflects the needs of would be followers; 3) demonstrating social-emotional competence while working to develop empathic and supportive relationships with stakeholders; and 4) an adaptive competency that allows one to effectively lead followers through change, delays or unexpected events (Airport Cooperative Research Program, 2013; Damayanti, Hartono, & Wijaya, 2021).

An organization's Human Resource Management processes can also be enhanced by the development of a contextually relevant and position spanning leadership competency model (LCM). The hiring of airport leaders can be bolstered by the documentation of behaviors that are exhibited by successful leaders, and competency-based interview questions can be used to ultimately select candidates who exhibit such behaviors (Katz, 2015). The use of an LCM within organizations has also been found to have a positive and significant relationship to performance; and allows performance management practices to move beyond a concern with discrete tasks towards a focus on broader competencies that contribute to organizational effectiveness (Phillips, 2023; Shet, Patil, & Chandawarkar, 2019). Such an approach can also be useful for retaining those who aspire to lead, whereas self-assessment, gap analysis, competency-based career development plans and coaching can be collectively leveraged to engage with and prepare aspiring leaders for future leadership transitions.

In this paper, we share our experience of participating in the development of an LCM for Denver International Airport (DEN). We detail the processes by which the competencies were identified and defined with particular emphasis placed on the development of core behaviors necessary for leader effectiveness across functions. The paper concludes with a reflective discussion of the learnings, challenges, considerations, and recommendations for those who might endeavor to engage in leadership competency development.

PROJECT OVERVIEW

Since 2021, Denver International Airport has been ranked the 3rd most trafficked airport in the world. In 2022, it hosted over 69,000,000 passengers – a 17.8% increase from 2021, and its busiest year on record (International Airport Review, 2023). This is a significant increase from 2019, where it was ranked 16th (Holden, 2022). To ensure the airport will have the capacity to support continued growth, in February 2022, it launched its Vision 100 strategic plan. The strategy is designed to align decision-making and accountability to ensure DEN is prepared to serve 100 million annual passengers within the next 8-10 years (International Airport Review, 2022; flydenver.com/vision100). It consists of four key pillars, each with associated strategic objectives intended to guide DEN's efforts in the next 3-5 years (see figure 1). The first of these pillars -

Figure 1: Vision 100 Pillars (Source: flydenver.com/vision100)

"Empowering our People" – emphasizes recruiting, engagement, retention, and leader development. Specific strategic objectives for this pillar include (1) developing a comprehensive workforce leadership strategy, (2) establishing a Center of Equity and Excellence in Aviation, and (3) implementing a Career Pathways program.

In fall 2022, we partnered with DEN to assist in the development of an LCM designed to reinforce and promote the strategic objectives embedded in Pillar 1. The ultimate goal of this project was to assist in the creation of a Senior Leadership Social Contract. This contract, in turn, was intended to serve as a framework to inform subsequent developmental activities on the part of DEN (e.g. recruitment, performance management, leadership development programs) and promote the realization of its strategic plan.

The project consisted of a series of activities and two half-day workshops with members of DEN's Senior Leadership Team (SLT). Workshop participants included all 26 members of the SLT, including Executive Vice Presidents and Senior Vice Presidents representing all five functional areas within the airport (Chief of Staff, Operations, Commerce, Finance, and Construction & Infrastructure). The process consisted of four key steps, outlined below, and described in detail in the following section:

1. An initial introduction that provided an overview of the project and encouraged leadership buy-in to the process
2. A preliminary workshop with the senior leadership team focused on defining and operationalizing the competencies embedded in DEN's Vision 100 Plan in terms of specific, observable, measurable and developable behaviors
3. The development of a preliminary LCM/Social Contract that outlines and defines the competencies identified in the workshop
4. A final workshop with the leadership team to review and finalize the Social Contract

METHOD AND RESULTS

After an initial introduction from DEN's Center of Excellence and Equity in Aviation, we sent a welcome message to participants. This message provided an overview of the goals of the project and what they could expect during the upcoming workshops. We followed up on this email with a virtual (Teams) meeting where we introduced ourselves, provided additional information, and answered preliminary questions. This meeting also provided us with an opportunity to gain a fuller understanding of the importance of the initiative from the perspective of DEN's CEO.

Workshop 1: Competency/Behavior Identification – Senior Leader Focus Groups

In the first workshop, we facilitated a discussion with participants to define and operationalize core behaviors necessary for leader effectiveness. As a starting point, we drew from the seven core competencies identified, but not yet defined, in the first strategic objective of Pillar 1 (Develop a Workforce Leadership Strategy), which included:

- Communication & Feedback
- Fairness, Openness, Encouraging Dissent
- Flexibility
- Appreciation
- Accountability

- Decision Making & Empowerment
- Mentorship and employee growth

Participants were broken out into six focus groups consisting of 4-5 leaders, each representing different functional areas within DEN. Each focus group was assigned two competencies. For each, they were asked to (1) brainstorm examples of specific, observable behaviors reflecting examples of effective or ineffective performance in that area, (2) identify key themes/clusters in the identified behaviors, and (3) develop a specific definition for their assigned competencies. Upon completion of the breakout sessions, we facilitated a debriefing discussion among the full group of participants.

Development of Preliminary LCM/Social Contract

Following the first workshop, we compiled a database listing all behaviors identified across focus groups. Using both qualitative data analysis software and a manual sorting process, we identified emergent themes/behavioral clusters. Our analyses indicated common themes spanning across the seven competencies that were more reflective of broader leadership *values* rather than specific behaviors and skills leaders should demonstrate in their roles. Drawing from this, we developed a preliminary social contract reflecting five core values:

- *Trust* - Our demonstrated actions will create a climate where positive expectations of collaborative behaviors serve as the basis from which we will realize our mission and vison.
- *Supportive Relationships* - Our leadership will encompass an awareness of our social surroundings.
- *Performance Leadership* - We ensure that expectations and success criteria are clear so that everyone understands how they are evaluated and experiences recognition for their accomplishments.
- *Adaptability* - We operate with a flexibility that allows for the integration of internal and external stakeholder value priorities.
- *Courage* - We maintain the confidence and conviction that is needed to lead from a place of humility.

These values formed the basis of a preliminary LCM/Social Contract, presented in Appendix A, that included (1) a broad definition of each competency and (2) specific behavioral examples reflecting each of the identified competencies. This was shared with participants in advance of the second workshop.

Workshop 2: Senior Leader Review and Feedback

In the second workshop, we facilitated a continuation of the review of the preliminary LCM. Participants were again broken out into focus groups, comprised of different members than the first workshop. Each group was asked to review the LCM in its entirety and provide feedback regarding clarity, completeness, and relevance.

The SLT expressed some immediate concern regarding the language that was used in the proposed LCM, describing it as too wordy and not necessarily reflective of the various roles and responsibilities that organizational members hold. The SLT reviewers further expressed the need for their social contract to better reflect and support both current and future needs. Finally, because the workshops resulted in a development of a new set of leader values, there were concerns regarding how it would fit within DEN’s Vision 100.

Despite these critiques, the workshop prompted valuable discussion among senior leaders regarding core values and behaviors. The overall outcome was a decision for the senior leadership team to take charge of the ownership of the development of their Social Contract and commitments. Following the workshop, members of the leadership team crafted a set of ten core values that would drive the attainment of their mission/vision. The resulting document, presented in Appendix B was consistent with the results of the focus groups, but presented in a way that would better resonate at all levels, reflected a set of values applicable for current/future needs, and better reflected their voice in expressing DEN's core values.

DISCUSSION

This project resulted in a number of important takeaways. These takeaways served to both reinforce things that we had learned during previous consulting and research pursuits and provide some new insights that can be applied to future projects that may be akin to the work we did with DEN's Senior Leadership Team.

The importance of seizing opportunities to swiftly earn the trust of the Senior Leadership Team should not be overlooked. Such opportunities came early in our work together and included; 1) the explicit support that was provided by DEN's CEO; 2) the chance for us to acknowledge previous project and leadership challenges while simultaneously building excitement for the initiative during the pre-program Teams meeting; and 3) an early arrival for our first workshop where we were to able engage in face to face conversations with various members of the SLT and get to know them not only in terms their respective roles and responsibilities but also as individuals.

The opportunity to base our efforts off of elements of the previously created Vision 100 Strategic Plan also proved to be beneficial. As noted, much of the focus was placed on Pillar 1 – Empowering our People, which serves as an acknowledgment that DEN's future success will rely upon the people who *work* at DEN and those who will *partner* with DEN. The pillar also emphasizes the creation of developmental opportunities for stakeholders. The stated elements of DENs workforce leadership strategy were an invaluable starting point for the ultimate identification of the leadership competencies needed to realize Vision 100. The periodic reintroduction of the three other pillars in the Vision 100 strategy into our discussion was useful for engaging with those who had responsibilities in certain areas (e.g. completing the concourse renewal program; expanding to disconnected destinations). The four guiding principles found in the Vision 100 Strategic Plan (i.e. Sustainability & Resiliency, Equity, Diversity, Inclusion and Accessibility, Operational Excellence, and the Enhancing the Customer Experience). The SLT had previously identified the realization of these guiding principles as being critical for success within each of the pillars. These principles were also periodically reintroduced to promote resonance with those who serve in various capacities, and to forge connectivity to personal visions and aspirations.

Our efforts to identify specific leadership competencies via a consideration of the seven internally identified elements of DEN's Workforce Development Strategy resulted in an outcome that is particularly noteworthy. Specifically in terms of what competencies and values may (or may not) have in common. While a mutually agreed upon definition of what constitutes a competency remains somewhat elusive, Table 1 is offered as a general comparison of the two concepts.

Table 1. A comparison of what constitutes a competency to common conceptualizations/ definitions of human values.

Competencies	Values
"Competencies can be used to clarify and define the 'WHAT'—the skills, the knowledge and the abilities that contribute to success within a certain job, and the 'HOW'—the approach, the behavior or the attitude that contributes to this task being carried out in the way that provides the most value and contributes to organizational success" (Sanghi, 2016).	Values are considered to be one of the main catalysts of human behavior (Kluckhorn, 1951; Rokeach, 1973); and central to most organizational phenomenon (Connor & Becker, 1994). Values are "desirable trans-situational goals, varying in importance, that serve as guiding principles in the life of a person or other social entity" (Schwartz 1994).

In our efforts to identify the behaviors that will be applied to the realization of the elements of DEN's existing Workforce Leadership Strategy (e.g., communication and feedback; appreciation; mentorship and employee growth), we chose to emphasize a conceptualization of a competency that focused on *how* a person does the job of leadership and *what* they need to be able to do in order be considered a successful performer/ leader. We also shared that identified competencies should:

- Reinforce values, culture, and behaviors that give the organization a competitive advantage.
- Help (our) people gain a clearer understanding on what is important for the organization – a focus on "what matters."
- Provide a common framework for sustaining/improving performance.
- Serve to facilitate ongoing leadership development.

A comparison of the conceptualization of a competency that we shared with the SLT to the one that appears in Table 1 serves to illuminate how our emphasis on leader behaviors may have served to deemphasize requisite skills and abilities; and our mention of the idea that competencies should reinforce values and culture (see first bullet in the list immediately above) serves as a partial explanation as to why the SLT identified leadership competencies that may also be considered values.

The application of leadership skills, knowledge and abilities, and the demonstration of certain behaviors are typically observable and rightfully used as a basis for evaluating leadership competency. However, it is also worthy to consider a competency as having characteristics that are relatively less observable, along with the idea that competencies are related to person's self-concept (their values, or self-image) and motives (Sanghi, 2016). The motivation that derives from 1) an innate need for competence (see Ryan and Deci, 2000); and 2) the pursuit of personal value imperatives (see Schultz,1994) serve as an additional explanation as to why the leadership competencies that emerged for our efforts could also be construed as values. While the extent to which motives, values, and leadership competencies are interacting certainly warrants additional exploration, we would do well to consider that an airport leader who identifies with organizational value imperatives will aspire to select leadership behaviors and demonstrate leadership competencies that promote the realization of such values.

Multiple theories were used to inform our competency identification/social contract project. The tenets of qualitative/constructivist research methodology, task and relationship-oriented leadership behaviors, servant leadership and emotional/social intelligence theories were among those that were explicitly and tacitly used to guide the SLT to the creation of its social contract. It is tempting for those of us associated with academia to default to the use of the terminology that is used to explicate the theories that inform our work. As consultants it is important for us to find the right balance between a consideration of theory and its practical application as we work with organizations to develop works that are subject to interpretation by the various members of the organizations we serve.

CONCLUSION

The uncertain and sometimes volatile nature of the air travel will not likely abate any time soon. Given the essential role that regional airports play in the air travel industry; it is necessary for their senior leaders to equip themselves and those that operate the systems on which the industry relies with the leadership competencies that are needed to execute on their strategies. DEN's Vison 100 growth strategy requires a unique set of leadership competencies that both honor where those who operate the 28-year-old facility have been and allow it to further solidify its position as the third largest airport in the world. As DEN continues to look towards its future as a globally recognized place that develops the type of talent needed to navigate the inherent complexities of leading in an airport environment, it will be important for its newly created Center of Equity and Excellence in Aviation to use the competencies that emanated for our collective efforts to further realize its stated aim of advancing its Human Resource Management and Human Resource Development processes.

We are grateful for having had the opportunity to propose and deliver on the leadership competency identification initiative for DEN and its SLT; and to have had the chance to get to know a group of unique, talented, and passionately dedicated airport leaders. It is our sincere hope that those who might pursue a comparable initiative will benefit by understanding our process, its outcomes, and our reflections upon the experience.

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Appendix A: Proposed DEN Senior Leadership Social Contract

As members of the DEN Executive Leadership Team, we individually and collectively support our mission and vision to provide excellence in service and support 100 million passengers annually. Our strategic plan is supported by a leadership mindset that promotes open communication, fairness, flexibility, appreciation, accountability, empowerment, and employee growth. Our plan is also guided by the principles of sustainability, equity, diversity, inclusion, exceeding the needs and desires of our customers and a recognition of the interdependence that exists among our stakeholders. We, the undersigned, have agreed that the realization of our mission, vision and values will be far more attainable if we collectively commit to fostering an environment rooted in the following:

Trust

Our demonstrated actions will create a climate where positive expectations of collaborative behaviors serve as the basis from which we will realize our mission and vison

1. Our environment will be a safe one, where the freedom to share information and expertise and a receptivity to new ideas will permit discourse and promote our ability to think systemically.
2. We will support risk taking when it comes to innovation and problem-solving and operate from the premise that everyone is intent on realizing what is best for the organization and its stakeholders.
3. We will seek to be and authentic and transparent with our motives and intentions as we communicate the "why" of our decisions.
4. We will own up to and keep our commitments, as we seek to maintain consistency between what we say and what we do.
5. We will systematically enact a fair and equitable approach to our interactions with all organizational stakeholders.

Supportive Relationships

Our leadership will encompass an awareness of our social surroundings.

1. We will be in service to one another as we demonstrate empathy in our relationships.
2. We will make time for one another, both in celebrating successes and providing support during difficult times.
3. We will honor the importance of seeking balance between our personal and professional lives and recognize that there may be others, outside of DEN, who depend on us.

Performance Leadership

We ensure that expectations and success criteria are clear so that everyone understands how they are evaluated and experiences recognition for their accomplishments.

1. We will apply a fair and equitable approach to our efforts to realize positive accountability.
2. We will offer authentic coaching and mentoring as we create opportunities for the meaningful development of the skills and competencies that are requisite for success.
3. We will recognize individual and collective contributions on their merits and celebrate victories while in pursuit of broader organizational goals.

Adaptability

We operate with a flexibility that allows for the integration of internal and external stakeholder value priorities.

1. We will seek to understand as we aim to empathically realize an appreciation for another's perspective
2. We will honor and celebrate differences, and actively seek out diversity of input and opinion.
3. Our approach to leadership will be introspectively tailored to address the interests of individuals, teams, the organization, and the communities we serve.

Courage

We maintain the confidence and conviction that is needed to lead from a place of humility.

1. We will take action to ensure that our unconscious biases are not adversely impacting sound judgment and decision making
2. We will acknowledge our vulnerabilities without apprehension or the prospect of reprisal
3. We will take accountability for our actions, acknowledge mistakes we may make, and strive to turn them into learning opportunities

Appendix B: Final Senior Leadership Social Contract

SENIOR LEADERSHIP
SOCIAL CONTRACT

DEN

L-R: Ken cope, Kyle Lester, Bill Poole, Michael Biel, Greg Hegarty, George Karayiannakis, Shawn Smith, Scott Morrissey, Juan Lucero, Tracy Davis, Michael Sheehan, Brandon Gainey, Jim Starling, Dave Laporte, Stu Williams, Stacey Stegman, Mark Nagel, Penny May, Cristal DeHerrera, Phil Washington, Andrea Albo, Mike Nakornkhet, Pamela Dechant, Amy Edinger (Not pictured: Chayol Ing-eram, Everett Martinez , Steve Jaquith)

As members of the DEN Senior Leadership Team, we individually and collectively support our employees, mission, and vision to provide excellence in service and support for the forecasted 100 million passengers annually. We commit to creating a culture rooted in equity and the following ten values to support the achievement of that mission and vision:

1. **Build and establish** trusting relationships at every level of the organization.
2. **Promote** a safe work environment that promotes professional communication, respectful debate, and holistic thinking.
3. **Establish a culture** where we can rely on each other's character and abilities to realize our mission and vision and communicate the "why" of our decisions.
4. **Offer authentic coaching and mentoring** as we create Career Pathway opportunities for the meaningful development of the skills and competencies that are requisite for success.
5. **Demonstrate empathy and flexibility** in our internal and external relationships, celebrate our successes, and provide support during difficult times.
6. **Honor and celebrate our differences,** and actively seek out diversity of input and opinions from individuals, teams, and the communities we serve and listen, with intent to understand, and appreciate others' perspectives while using equity as a guiding force in all aspects of our work.
7. **Support** a balance between our personal and professional lived experiences.
8. **Make decisions with sound judgment** as we preserve our public service integrity to maintain the confidence and conviction that is needed to lead from a place of humility.
9. **Acknowledge our vulnerabilities** as acts of strength and courage without apprehension and encourage dissenting or differing opinions to be heard and valued.
10. **Be accountable** for our actions, acknowledge mistakes we may make, and turn them into learning opportunities.

Welcome to the American National Business Hall of Fame

The ANBHF is a nonprofit education and research organization dedicated to creating an awareness, understanding and appreciation of exemplary business leadership. We research and promote outstanding examples of business leadership, exposing students and the public to their stories. The ANBHF also supports specific areas of academic research in management and business leadership.

One of the great strengths of the free enterprise system is its ability to create the conditions under which entrepreneurship and managerial leadership thrive. Our laureates demonstrate that lasting business success is usually based, not only upon hard work and a concern for the bottom line, but also upon a willingness to make unpopular decisions when necessary, a concern for the customer and a concern for employees. Moreover, they demonstrate that capitalism is consistent with a high standard of ethics.

Established in 1972, The American National Business Hall of Fame is dedicated to creating an awareness and appreciation of America's rich heritage of exemplary business leadership. Our organization revolves around several key programs. The foundation is our ANBHF Laureate program. We identify and induct outstanding American business leaders into the ANBHF. These exceptional business leaders' case histories offer the practical management techniques to which the laureates and historians attribute their success. In addition, the laureates' lives provide inspiration -- to take risks, to strive for excellence and to set high ethical standards.

The organization also recognizes living laureates as ANBHF Fellows. These leaders represent a career story which will be reclassified as laureates after their death. Finally, the organization recognizes Situational Role Models. These individuals represent business leaders whose careers have episodes worth remembering and celebrating but whom, for various reasons, the selection committee of the ANBHF did not feel comfortable naming the individual fellows or laureates. In this case the selection panel decided that specific ethical lapses in an otherwise memorable career were too serious to justify elevating the individual to the status of laureate. In other cases, the individual committed a management error so serious as to be of major concern to the panel of judges. Henry Ford is an example of a business leader whose extraordinary positive contributions to American economic development were seriously tarnished by several noteworthy ethical lapses and management errors. The ANBHF board recognizes the possibility that judges erred in placing persons in this category and welcomes public requests for reconsideration

The American National Business Hall of Fame program is managed by an executive office and a Board of Representatives from universities throughout the United States.
Our laureates and fellows exemplify the American tradition of business leadership. The ANBHF has published the biographies of more than 40 of our laureates and fellows. Several biographies are available online at www.anbhf.org.

SAMPLE PAPER FOR THE JOURNAL OF BUSINESS LEADERSHIP OR PROCEEDINGS PUBLICATION

Jane Smith, University of Abcdef

ABSTRACT

Each paper must start off with an abstract (with the exception of case studies). The abstract should be approximately 300 words and summarize the topic and findings of the paper. It should also be italicized and be formatted in the same manner of the rest of the document (see instructions below).

When you complete your manuscript, we will ask you to submit the "camera ready" manuscript as a MS Word file (.doc or .docx). Please work with us to make the document look great! Follow these directions carefully, and the result will be a highly professional appearance.

INTRODUCTION

The following sections of this document will give you some insight into how you can use this document as a template to create a nice looking paper. However, you do not need use this file as a template if you are mindful in how you format your own document. The aim is to make your document look "**camera ready**" so that we do not need to make any modifications. For your convenience a summary of the key elements is as follows.

- The page size for the document should be set to 8.5 by 11 inches.
- The margins should be set at one inch all around.
- The document must be single spaced.
- Turn on Widow/Orphan control and avoid headings to break over a page.
- Do not use headers or footers.
- The font used should be Times New Roman, 12 point (with the size exceptions mentioned below for quotes, tables, and references).
- The document must use full justification throughout (with the excepting of the headings that need to be centered).
- Each paragraph should begin with a left tab or first line indent of one half inch (typically the default tab option).
- There should not be any extra blank lines between paragraphs unless there is a section of text that needs to stand out from the other paragraphs.
- Title of the paper must be in ALL CAPITAL LETTERS, bolded, centered and in 18 point font.
- The Author's names and affiliations should be in 14 point font, bolded and centered. Please do not use honorifics for author names (i.e. PhD, Dr., etc.)
- Main Headings in the document should be in ALL CAPITAL LETTERS, bolded and centered in the default 12 point font. Subheadings should be in Initial Capital Letters, bolded and left justified. Pay attention not to orphan a heading from the text that follows at the bottom of a page. More information on headings can be found in the sections below.

If the paper contains hypotheses, lists, formulae, tables, figures, footnotes, etc., please read those sections below for more information.

- References should be APA style in 10 point font, single spaced between references, with hanging indents.

The important thing is to make your document look consistent with this document before it is submitted for publication.

FORMULAE

Below we have inserted some meaningless formulae just to serve as an example. In this example we offset the equation by one half inch, then set a left tab on the ruler bar at the margin to handle the display of the equation number. You change the type of tab on the ruler bar by clicking on the little icon at the far left edge of the ruler bar. The type of tab will change, and then you can click on a location within the ruler bar to insert the newly defined tab.

$$\sqrt{a^2+b^2}\ x \lim_{x\to\infty}\left(\frac{-b\pm\sqrt{b^2-4ac}}{2a}\right. \qquad (1)$$

$$\sum_{i=1}^{n} X_i = \frac{1}{n}$$

When you have certain formulaic characters that are simply italicized letters (i.e. *r, z*, etc.) that you would like to include in the body of a paragraph, it is best just to use the letter rather than a formula box. Formula boxes in the body of paragraphs can alter the line spacing, which we would like to avoid, if at all possible.

TABLES

We encourage you to submit your tables just as you would like them to appear. With that in mind, we do have a few requests to maintain some consistency from one paper to the next. We would like for the table contents to be in 10 point font (or smaller if the size of the table calls for it) and centered on the page. Tables should NOT exceed the width of the one inch margins of the document. Please include the table's title **inside** the borders of the table as shown below. The table title should be centered and bolded, and in the same size font as the rest of the table.

Left justify, center, or right justify columns in your table to make your material more readable, as you desire. Please note that an auto indent setting in your "Normal" tab will affect the contents of your table. To correct this, highlight the table, open the "Paragraph" box in the "Home" tab, and remove the first line indent instruction. Also, please place the tables in the body of the document where you would like them to appear. If the table breaks a page, move text material from above or below to keep the table on one page. If the table cannot fit on one page, set the title and descriptive rows to "repeat" on the following page.

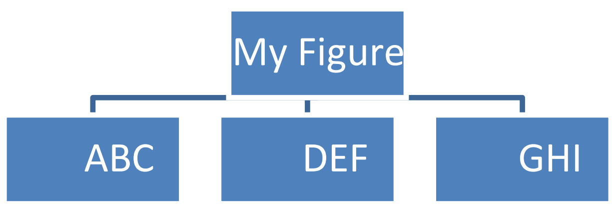
Table 1 DESCRIPTION OF STUDY Table Title on the Inside		
COMPANY	Name	DATE
ABC	A Name	1/1/2010
DEF	B Corp.	1/2/2009
GHI	C. Name	5/5/2008
WXY	D. Inc.	7/21/2007

If your table is extremely complex, or extremely large, you can try to get it to work by sizing down the font to 9 point, or even 8 point. Do NOT go below 8 point type as that will make it extremely difficult to read your table. If you are still unable to get your table to work on the page, then you must create it as a jpg and shrink it to fit.

FIGURES

Your figures should always be centered, and should have a title for reference purposes. When you create figures, remember to use Times New Roman as the font in the figure, and think about how it will look in the journal. Generally, figures should not exceed 6 inches in width. Put the figures where you want them to appear and format them the way you want them to look in the final document.

Figure 1



If you have extremely complex figures, or if you have trouble placing them in the manuscript, you may need to consider engaging us to process the figures. You may contact us for a price quote for any aspect of the formatting process.

GUIDELINES FOR CASES

Prepare cases as described above with these exceptions. First, instead of an abstract, begin the case with a “Case Description” and a “Case Synopsis,” both in italics as illustrated below. Technical information is in the Description, while the Synopsis should gain the reader's interest. The body of the case should follow the synopsis, separated by a heading. Prepare the “Instructors’ Note,” described more fully below, in accordance with these instructions as well. Never forget that the Note is actually more important than the case, at least in the perspective of accrediting agencies for your university!

CASE DESCRIPTION

The primary subject matter of this case concerns ***(describe the most important subject, i.e., entrepreneurship/conflict management/ethics/etc.)****. Secondary issues examined include* ***(list as many as the case contains just like for the primary subject)****. The case has a difficulty* *level of (**choose one of the following:** one, appropriate for freshman level courses; two, appropriate for sophomore level; three, appropriate for junior level; four, appropriate for senior level; five, appropriate for first year graduate level; six, appropriate for second year graduate level; seven, appropriate for doctoral level). The case is designed to be taught in (**indicate how many**) class hours and is expected to require (**indicate how many**) hours of outside preparation by students.*

CASE SYNOPSIS

*In this section, present a brief overview of the case (**a maximum of 300 words**). Be creative. This section will be the primary selling point of your case. Potential case users are more apt to choose cases for adoption which catch their fancy.*

The Case Description and Case Synopsis are not used when the case is assigned to students. Their purpose is to inform instructors and prospective users of the case.

CASE BODY

The body of the case will follow the description and synopsis, and should be formatted in accordance with the forgoing instructions. Avoid using photographs or extensive exhibits which will make reading the case more difficult. The general rule of thumb is, if looking at this exhibit is not important to the decision point of the case, then omit it.

Please do NOT include assignment questions in the body of the case. These should be in the Instructors' Notes. Leaving them in the case body will prejudice student readers, as they will seize on the assignments, ignoring much of the content of the case.

INSTRUCTORS' NOTES

Instructors' Notes are an important part of the referee process and must be included with all cases submitted for review or for publication in any form. Notes should be prepared in accordance with these publication guidelines and prepared as a separate manuscript and a separate file because the case notes are published in a different issue from the case.

Prepare Instructors' Notes for use by instructors who are not familiar with the case issues. The note should allow the instructor to teach the case without additional research. Begin the note with a **REPEAT** of the Case Description and Case Synopsis. Follow the Case Synopsis with Recommendations for Teaching Approaches. Specific questions, assignments or teaching methodologies should follow. Be sure to **INCLUDE ANSWERS** for all questions or assignments. Please do not include the questions and assignments in the case, but include them in the Instructor's Note instead. This gives instructors more flexibility in what to assign. Epilogues, if appropriate, should close the note. If your case is from library research, include the references for all material used in a **REFERENCES** section.

REFERENCES

References should be completed using APA style. They are to be single spaced left justified and completed in Times New Roman 11 pt. font.

AMERICAN NATIONAL BUSINESS HALL OF FAME

PUBLICATION POLICIES AND PROCEDURES

Review Process

All journal submissions undergo the double blind, peer review process by members of the Editorial Review Board. The Editor strives to maintain an acceptance rate of 20-25% or less for first time submissions. The review process is as follows:

1. The journal Editor will review papers for appropriateness, and use a plagiarism verification tool to ensure the work has not been plagiarized.
2. The Editor will send the manuscript to two reviewers, without disclosing the identities of the authors or second reviewer.
3. The review results are confidentially delivered to the Editor, who then reviews the feedback to ensure the comments are relevant and non-discriminatory. The reviewer comments are sent to the author(s) with the Editor's decision regarding publication.
4. The reviewer feedback and Editor's decision is sent to the authors. Submissions are either Accepted, Accepted with Minor Revisions, Accepted with Major Revisions, or Rejected for publication.
5. Author(s) receiving an accepted with revisions determination are instructed on the process to revise and resubmit the article.
6. Revised papers are returned to the Editor who returns the revisions to the original reviewers.
7. Feedback from the second round of reviews are processed in the same manner. In some cases, author(s) are given a second opportunity to revise and resubmit papers should they not be found acceptable after the first revision.
8. If accepted for publication, the author(s) are notified by the Editor and provided with instructions on the submittal process.

Accepted Journal Article Requirements

The requirements for journal publication include:

1. The submission must be formatted according to **SAMPLE PAPER FOR THE JOURNAL OF BUSINESS LEADERSHIP OR PROCEEDINGS PUBLICATION.**
2. All author(s) must read and agree to the **ASSIGNMENT OF COPYRIGHT TO THE JOURNAL OF BUSINESS LEADERSHIP.**

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Should any paper need to be removed or edited from the journal, the issue will be updated accordingly and republished.

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