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The Legal and Ethical Aspects of Utilizing Private Citizens as Bounty Hunters to Enforce a State's Societal Goal

Vincent Agnello, Niagara University

Abstract

In the case of *Roe v. Wade*, decided thirty-nine years ago, the U.S. Supreme Court granted a constitutional right to an abortion. Over the past thirty-nine years, many states have passed laws banning abortion or severely restricting the right to abortion. Until 2022, the Court had rejected all of their attempts. In 2021, the State of Texas passed Senate Bill 8, allowing private citizens to enforce an abortion ban. A constitutional right protects citizens from the government on certain types of actions. A ban enforced by citizens does not fall within that framework. This was a novel approach to sidestep issues in prior Supreme Court decisions. Senate Bill 8 incentivizes citizens with a cash bounty if they succeed in suing anyone who has helped a person get an illegal abortion. This paper analyzes the historical use of private citizens as vigilante bounty hunters. It then will discuss the legal and ethical aspects of incentivizing citizens as bounty hunters. Will the door be open to incentivize private citizens in other behaviors? What are the benefits and detriments to society as a whole?

The Post-Covid Enlightenment: Achieving Fairness and Grade Equity in Online Courses

Gwendolyn Y. Alexis, DePaul University

Abstract

The Spring 2020 semester was a watershed period for U.S. colleges and universities forced to replace their staple face-to-face courses with virtual courses due to the mounting COVID-19 menace. At most schools, the semester was well underway by mid-March when they could no longer ignore the risk of having students on campus infecting each other in classes or, even worse, in campus dormitories or in off-campus school sponsored housing. Viewed from the standpoint of the colleges and universities, it was a financial disaster. Even where students elected to finish out the Spring semester as virtual students despite enrolling for the live experience of campus life, they were due refunds for the “activity fees” the schools collected for activities that would not take place. In addition to refunds for campus housing that had to be vacated, the professors (many of whom had never taught virtual courses) had to be provided with mobile units to supplement their private home internet service if it was not capable of reliably handling the remote teaching ‘traffic’.

However, the focus of this paper is not on the institutional financial losses. Rather, the focus is on the impact virtual course attendance (whether synchronous online or asynchronous online) had on the way professors compute three components of a student’s overall course grade; namely, attendance, participation, and collaborative work. Typically, professors lump attendance and participation together and they constitute 10% of the overall course grade. However, an even higher value is placed on students’ ability to work collaboratively in a group (not of a student’s choosing). This is because it is almost certain that somewhere in the career trajectory of a college graduate, she will work in a corporate setting in which the success of the corporate team to which she is assigned will be critical to whether she earns bonuses, promotions or loses her job. With this in mind, the collaborative work component generally constitutes 20% of a student’s overall course grade.

Drawing on empirical data from online courses taught synchronously and asynchronously, this paper will recount and analyze the merger of the three distinct grade components of attendance, participation, and collaborative work into one homogeneous component measuring considerateness and collegiality. In short, this composite component measures the ability and willingness of a student to work effectively as a team member and quell the individualist instincts endemic to American culture. This paper will use comparative analysis to demonstrate that the merger of these components of face-to-face courses into one harmonized component in virtual courses is merited and just.

Mental Health Professionals' Experience of Stress During National Crises

Kristine Augustyniak, Niagara University

Lisa Kilanowski, Niagara University

Abstract

This presentation shares the results of a study exploring distinctive challenges encountered by mental health care providers within various disciplines in the recent contexts of the COVID-19 pandemic and other concurrent national crises. Study subjects reflect / discuss the ways they are managing changes during this unprecedented period. Results suggest a significant proportion of subjects evidenced characteristics of posttraumatic growth in one or more of the five domains defined by Posttraumatic Growth Theory (PGT) (i.e., appreciation of life; relating to others; personal strength; new possibilities; and spiritual, existential or philosophical change).

Study Description:

Most Americans have faced unique and sometimes harrowing trials over the course of this past year. This digital poster presentation shares the results of a study illustrating the distinctive challenges encountered by mental health care providers across various disciplines within the US and Canada in relation to the current contexts of the COVID-19 pandemic and other national crises (e.g., political unrest, humanitarian / social injustices, economic losses / disparities, educational disruption, and new challenges to health service delivery). The study is anchored by a standardized, psychometrically sound measure of general stress, the Perceived Stress Scale, with additional exploration of practice, ethical, and personal wellness measures. The resulting information was analyzed both quantitatively and qualitatively for dissemination via a slide / paper presentation. Presenters will use a constructivist approach to facilitate discussion among conference participants to illuminate personal wellness / practices needs as well as growth opportunities and resiliency factors experienced by both study subjects and presentation attendees. Implications for professional organizations, and policy makers will be discussed.

Learning Objectives:

1. Participants will be able to identify the distinctive challenges encountered by mental health care providers during this period of national crises.
2. Participants will be able to identify growth opportunities propagated from this national crisis to refine quality of care and clinician wellness strategies.
3. Participants will be able to synthesize information obtained from this study and ensuing discussion to aid themselves and other practitioners, professional organizations, and policy makers in understanding the implications of challenges encountered by mental health professionals who have been serving the widely recognized increased mental health care needs of clients and patients during these national crises.

Authors' Preparation for Presentation:

Dr. Kristine Augustyniak earned a dual Ph.D. in Counseling Psychology and School Psychology from the State University of New York at Buffalo. She is a Professor of Clinical Mental Health Counseling program at Niagara University. Dr. Augustyniak has over 20 years' experience as a counselor educator. As a licensed psychologist, she also has provided mental health services via private practice, agency, school, and community settings for the past 25 years.

Dr. Lisa Kilanowski earned her D.Ed. from Indiana University of Pennsylvania in School Psychology. She has served as an Associate Professor of School Psychology at Niagara University and has been a school psychology and counselor educator for 15 years. She routinely provides consultative services on evidence-based practice in academic and mental health services to local education agencies. Both authors have a substantial record of scholarship and service.

An Examination of The Impact of Perceived Stress During the Pandemic on Career Related Coping Efficacy and Career Decision Making Self-Efficacy Beliefs Among Trainees in the Helping Professions

Jennifer Beebe, Niagara University

Abstract

I am submitting the following proposal (abstract) entitled “An examination of the impact of perceived stress during the pandemic on career related coping efficacy and career decision making self-efficacy beliefs among trainees in the helping professions” for consideration for the 29th Annual International Vincentian Business Ethics Conference (IVBEC).

The COVID-19 pandemic has had multiple impacts on higher education. As a result of the COVID-19 pandemic, universities transitioned to remote learning resulting in multiple transitions and stressors for college students. Increased social isolation along with a host of additional stressors, have resulted in the National Alliance on Mental Illness (NAMI) to declare a crisis on mental health among college students. A recent study examining college student’s mental health found that nearly half of college-aged students reported having a psychiatric disorder in the past year (Gruttadaro & Crudo, 2021). The psychological impacts of Covid-19 include increased stress/anxiety levels, depressive symptoms, and social isolation (Sankhi & Marasine, 2020), to name a few. At the same time, the demands on the helping profession during this time of crisis have also increased. Some challenges noted by the helping profession include grief, fear about their own health, and a lack of resources to do their jobs (Donnelly et al., 2021). The American Psychological Association (APA) defines a helping profession as a career that provides health and education services to individuals and groups (VandenBos, 2007). Examples of helping profession include social work, psychology, counseling, teaching, and public health.

Relatedly, increased uncertainties and psychological distress may also impact career indecision (Hinkelman & Luzzo, 2007). Earlier research (Betz, Klein, & Taylor, 1996) indicated that psychological distress among college students may interfere with rudimentary career/vocational processes (e.g., career decision, goal development, etc.). Resulting in more serious psychiatric disorders and/or career issues if not addressed.

This proposal will discuss findings that examine the relationships between perceived stress, coping efficacy, and career decision making self-efficacy among trainees in the helping professions during a national crisis. We will explore how perceived stress during the pandemic impacts one’s career decision making self-efficacy as moderated by one’s level of coping efficacy.

Information obtained from this proposal may be helpful to educators, professors, supervisors, practitioners, public health, and professional organizations in understanding the implications of challenges encountered by students enrolled in undergraduate and graduate helping profession programs of study (e.g., business, nursing, social work, teaching, school counseling, school psychology, and clinical mental health) who have been serving the widely recognized increased healthcare needs of clients and patients during these national crises.

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The Effect of COVID-19 on Workplace Relationships, Attitudes, and Behaviors

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Abstract

Although the COVID-19 pandemic led to changes in all areas of society, one of the most dramatically affected areas was the workplace. In the present study, a questionnaire was used to examine how pandemic-related changes affected the relationships, attitudes, and behaviors of an organization's employees.

Method

Participants

The study was open to anyone above the age of 18 who worked throughout the COVID-19 pandemic. There were 121 respondents, ranging in age from 18 to 71. Fifty percent of the sample identified as female. Approximately 76% were Caucasian and the other 24% were of ethnic minorities including Asian, African American, Hispanic/Latinx, and American Indian/Alaskan Native. The participants were from a range of different states across the United States with the highest participation being from California and New York. There were 35 different fields of work reported amongst the participants, with the majority being involved in Healthcare, Sales, Technology, or Education. Participants also reported their work situation as a result of the pandemic: 20.8% changed from in the office to remote, 20.8% changed from in the office to remote then back to in the office, 30% started remote and remained remote, 20% started in the office and remained in the office, and 8.3% were laid off completely.

Materials and Procedure

A 53-item questionnaire was developed, with items addressing each of the three categories in question: relationships, attitudes, and behaviors. Participants were given 5 options for their responses, ranging from strongly disagree to strongly agree. The link to the questionnaire was posted on LinkedIn and Prolific. Once the data were collected, each participant's survey was scored and assigned a 'WRAB (workplace relationships, attitudes, and behavior) Score.'

Results and Discussion

Age

A positive correlation was found for the relationship between participants' age and their WRAB score for positive attitudes ($r(118) = .21, p = .029$), indicating a modest linear relationship between the two variables. Older participants exhibited more positive attitudes. The Pearson correlations for age and positive relationships and age and positive behaviors were not statistically significant.

The significant relationship between the participants' age and their attitude score can be explained by what is known as the 'positivity effect' (Mather & Carstensen, 2005), that older adults are better at regulating their emotions compared to younger adults. Because older adults are better at emotion regulation, they may be more likely to focus on positive things in their environment rather than focusing on negative things, such as the negative impacts of COVID.

Gender

No significant gender differences were found for any of the subscales. The mean attitude score for men was 3.31 (SD = .59) and for women 3.19 (SD = .72). The mean relationship score for men was 3.09 (SD = .41) and for women 3.02 (SD = .49). The mean behavior score for men was 3.22 (SD = .62) and for women 3.12 (SD = .61).

Ethnicity

Caucasian respondents and non-Caucasian respondents had very similar means on all the subscales. The mean attitude score for Caucasian respondents was 3.23 (SD = .67) and for non-Caucasians 3.26 (SD = .66). The mean relationship score for Caucasian respondents was 3.04 (SD = .44) and for non-Caucasians 3.10 (SD = .49). The mean behavior score for Caucasian respondents was 3.18 (SD = .65) and for non-Caucasians 3.09 (SD = .52).

Comparing Subscales

Subscale scores were also examined in relation to each other. The mean relationship subscale score was 3.04 (SD = .46); the mean attitude subscale score was 3.23 (SD = .67); and the mean behavior subscale score was 3.16 (SD = .62). The largest difference between subscale means was the difference between the relationship mean and the attitude mean, ($t(111) = 3.83, p < .001, d = .36, 95\% \text{ CI } [.09, .28]$). Attitude scores were more positive than relationship scores. A possible explanation is that individuals enjoyed working from home but working from home did not strengthen work relationships. Smaller differences were found between the mean behavior score and the other two subscale scores.

To determine whether participants experienced positive or negative changes in their relationships, attitudes, and behaviors, the mean subscale scores were compared with the neutral response of three. A significant difference was found for attitudes ($t(113) = 3.75, p < .001, d = .35, 95\% \text{ CI } [.11, .36]$) and for behaviors ($t(111) = 2.72, p = .008, d = .26, 95\% \text{ CI } [.04, .27]$). Both the mean attitude score and the mean behavior score were slightly higher than the neutral score, meaning the participants reported positive work-related attitudes and behaviors even as they experienced major changes in their work environment. The mean relationship score was not significantly higher than the neutral response of three.

Conclusion

As organizations decide when and if to return to pre-COVID practices, the organization's leaders will need to consider the consequences of those decisions for their employees' attitudes, relationships, and behaviors. The average person will spend a third of their life at work. Therefore, the quality of the work environment is critical to the mental and physical health of the employees. It is also critical to the health of the company.

Women in Coaching: Real and Perceived Barriers

Ian Burt, Associate Professor, Niagara University

Galina Boiarintseva, Assistant Professor, Niagara University

Abstract

Women's participation in sports has grown steadily since the 1970s, with a vast increase in health and fitness participation. However, the number of women in coaching and leadership roles has not reflected such an increase in sport, where the coaching profession remains particularly exclusionary to women (Carson et al., 2018). Despite the low and disproportionate representation of women coaches in the profession, minimal research exists and has been limited to largely descriptive analyses, often concerned with the proportion of men and women occupants, and work-related intentions to advance within the field or leave the occupation (Darvin et al., 2019). Previous studies suggest that despite women's increased participation, the sport remains a setting where ideas about gender differences are powerfully constructed and expressed (Moran-Miller and Flores, 2011).

Moreover, there appears to be a consensus that women experience greater barriers to both entry and ascension to senior-level positions in coaching (Taylor and Hardin, 2016). Some of the reported barriers include an unequal assumption of competence, homologous reproduction, a lack of female mentors and networking opportunities, and homophobia (Darvin & Sagas, 2017). Rare studies on this topic conclude that far more barriers than support exist for women coaches, particularly for women with systematically marginalized identities, such as race, sexuality, age, class, parenthood and ethnicity (Lavoi, 2016). These barriers are also believed to limit women's career mobility in coaching both laterally and vertically within the sport industry.

Therefore, mindful of the call to explore the barriers in the context of women in coaching profession (Lavoi, 2016) and to address the paucity of scholarly knowledge about this phenomenon, this study explores the following research questions: What real and perceived barriers exist for women in the coaching profession? What strategies can be used to reduce and/or eliminate these barriers?

Situated in social constructionism, which directly engages with the idea that perceptions and experiences of reality are socially constructed (Crotty, 1998), this study aims to broaden our understanding of the real and perceived barriers women face in the coaching profession and strategies employed to overcome those. This paper endeavors to make the following contributions: first, it sheds light on the lives of an under-researched population of women coaches. Second, building on Ecological Systems Theory (Bronfenbrenner, 1977), that is characterized by four social-ecological levels (individual, interpersonal, organizational/structural and socio-cultural), we propose that women face barriers at all of the stated levels, with some more pronounced than others. This study further demonstrates that organizational/structural and socio-cultural supports play a vital role in women coaches' perception of the barriers and their ability and desire to progress in the coaching profession.

The data for the analysis is drawn from the 22 semi-structured interviews with women coaches in USA and Canada. Interviews were conducted online and later transcribed. Transcript data was reviewed and coded using standard thematic qualitative analysis techniques (Boyatzis, 1998) and the software package QSR NVivo. This allowed for a systematic approach to new concept development and grounded theory articulation consisting of three orders of analysis (Gioia et al., 2013).

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**Intentional Kindness Among Faculty and Administration During Time of Crisis:
Harmonious Narratives and Strategies in Higher Education**

James L. Cartee, III, MA, The University of Tennessee-Knoxville
Dr. Mary Stairs Vaughn, Belmont University
Dr. Brenda Chaffin Wilson, Tennessee Technical University
Dr. Scott A. Eldredge, Western Carolina University
Dr. Jaye L. Atkinson, Georgia State University

Abstract

On March 11, 2020, the World Health Organization declared COVID-19 to be a true pandemic of unparalleled proportions. Shortly thereafter, on March 13, 2020, President Donald Trump announced the health crisis to be a national emergency in the United States. The CARES Act, which positioned the largest economic recovery assistance bill in history, was signed into effect on March 27, 2020, sending direct payments to millions of Americans to provide financial relief from challenges posed by the pandemic (American Journal of Managed Care, 2021). While this panel abstract is not meant to relive the worst scenarios of the pandemic and the global devastation that happened socially and politically, it remains paramount to provide context as a foundation for discussions that have influenced higher education and continue to do so.

In the spring semester of 2020 at the peak of campus closures, more than 1,300 universities in the United States shifted from a traditional campus environment to an online delivery system or canceled classes entirely for the rest of the spring term (Smalley, 2021). More than fourteen million college students became immediately impacted by universities that decided to transition from an on-campus format to remote learning for all their students. Final exams were conducted in an online capacity while many students were suddenly removed from on-campus housing and forced to temporarily live somewhere else. Classes with more than one hundred students suddenly on Zoom created problematic communication dilemmas when microphones were not muted during live lessons (Hess, 2020). Thousands of employees, faculty members, and staff suddenly worked from home while colleges closed for several months, delivering mostly online classes as a short-term solution to protect the health of all relevant stakeholders involved. Thus, with new virtual learning environments affecting so many higher education institutions, the communicative reactions, specifically among university administration and faculty, varied greatly. While many college campuses turned into ghost towns where only facility management employees stayed in person, other displaced staff and faculty were now required to work remotely from home.

Even today, many college leaders aim to err on the side of caution, empathy, and compassion. In addition to other times of crisis, these administrative figures give each other the benefit of the doubt when emergencies arise that involve COVID-19 issues. Students and faculty alike have been shown kindness and flexibility in a myriad of diverse ways. For example, some new faculty members were even given an extra year to attain tenure with suggested research and teaching milestones that had not yet been reached due to delays and interruptions caused by COVID-19 (Butler, 2021). Students were also provided extensions on assignments and, in some cases, an incomplete to finish a class later than originally planned. Concerning acts of kindness in practiced empathy, these examples demonstrate only a few instances that have been experienced by those in higher education over the last several months, even though numerous narratives of people helping each other have been reported upon. The focus of these endeavors often stresses acts of benevolence from university employees towards students, however, employees within a university

environment also necessitated acts of service and understanding towards one another, including faculty. In other words, as the standards continue today, faculty members have generously been assisting other faculty with acts of kindness, especially in the virtual learning format.

One could say a new way of life has continued forward in faculty relationships and on-campus student life getting back to normal. College sports proceed with full crowd capacities, and the academic calendar includes a more traditional schedule with actual breaks for students, faculty, and staff (i.e., Spring Break) (Moody, 2021). In a few ways, times remain uncertain for some people, and individuals still feel more anxious in comparison to pre-pandemic times. The practice of kindness extends a mutual understanding in efforts to place ourselves in the shoes of others. While we may not comprehend what another person experiences, we can still try to help one another no matter the circumstances. We help. We serve. We go out of our way. A kind response in times of crisis will inevitably change lives among faculty departments.

In addition to my role as a graduate student and my involvement in this panel discussion, these four additional panel participants occupy leadership positions in higher education. Therefore, because they manage departments, specific colleges within a university, and teams of individuals, their perspectives contribute practical insights on kindness in organizational environments with a leadership mindset. Through their presentations, audience members will realize kindness extended in all directions, which then produced overwhelmingly positive results and many lessons learned.

Title of Presentation: Honoring the Life's Work of our Colleagues amid Sudden and Unexpected Retirement

Name of Panel Member: Dr. Mary Stairs Vaughn

Academic Affiliation: Belmont University

Panel Topic Presentation Summary:

An October 2020 survey by *The Chronicle of Higher Education* showed that 38% of faculty seriously considered retirement because of pandemic-related matters with a range of factors that impacted their work. Many of my long-time tenured colleagues made the choice to suddenly and unexpectedly retire at the end of 2020, and I am aware of several who did so because they could not or would not teach online. Institutionally, we were presented with the challenge of marking our colleagues' transition and honoring their life's work when it was not possible to gather. It was the kind thing to do, and I will discuss the various and remarkable ways it happened, and cases where it did not.

Biographical Information:

Mary Stairs Vaughn is Chair and Professor of Communication Studies at Belmont University. She teaches courses in interpersonal communication, family communication, and public speaking. Her scholarly interests include instructional communication and power in interpersonal relationships. She has researched Montessori education, service-learning, and career readiness for communication curriculum design. She has published her work in many venues including *Communication Education*, *Communication Studies*, *Communication Teacher*, and *The Journal for Communication Administration*.

Title of Presentation: Navigating the pandemic with dedicated space, a different pace and determined grace

Name of Panel Member: Dr. Brenda Chaffin Wilson

Academic Affiliation: Tennessee Technical University

Panel Topic Presentation Summary:

Pandemic coping skills include creating dedicated physical and mental space to compartmentalize work and maintain work-life balance during quarantine and work-from-home arrangements;

realizing life will move at a different pace than what seems normal; and adhering to a practice of determined grace, intentional and sustained patience with and concern for others. These skills are not only valuable during an unusual worldwide health event, but also for professional and personal resilience during times of normal stress. Suggested readings on practices for overall wellness will be included during the panel discussion.

Biographical Summary:

Brenda Chaffin Wilson is chair of the Communication department and a professor of journalism at Tennessee Technological University in Cookeville, Tennessee, where she also advises student media, the campus magazine, and the yearbook. She holds a Bachelor of Science in English and Journalism from Tennessee Tech University, a Master of Science in mass communication from Middle Tennessee State University, and a Doctor of Philosophy in exceptional learning with a concentration in literacy from Tennessee Tech University. Her research interests include best practices for experiential learning in journalism and public relations education as well as media engagement, media literacy, and civic participation.

Title of Presentation: Faculty Communication Practices and Acts of Servitude: When Higher Education Warrants Kindness and New Perspectives in Times of Crisis

Name of Panel Member: James L. Cartee, III

Academic Affiliation: The University of Tennessee-Knoxville

Panel Topic Presentation Summary:

Plenty of research exists on the kindness shown by collegiate faculty and administrative figures to students; however, there appears to be a gap in the faculty communication arena, meaning how we support each other as a team in times of crisis. As a graduate student with a wife and two young children under two years of age, even in a virtual environment, I experienced meeting new faculty members that treated me as a colleague, entering as a new Ph.D. student. Although challenging, the faculty sought to assist me in any way possible both professionally and personally. In response to being shown kindness, I was also able to return the favor by working for and with many faculty at various academic institutions. In these efforts to serve, I assisted others with technological platforms like Zoom and student outreach attempts. Best practices about acts of kindness suggest effective ways to benefit faculty by working together when barriers and challenges arise in times of crisis.

Biographical Information:

James L. Cartee, III is currently starting his third year as a Ph.D. student in Communication at the University of Tennessee-Knoxville where his research interests include mental health in media, mental health among college students, instructional communication, students with invisible disabilities, and Pop Culture studies. In addition to academic publications and several conference presentations, James traditionally published four poetry books that focus on psychology, spirituality, and life stories. His educational career highpoints include instruction and administration at Auburn University, Virginia College, The Alabama School for the Deaf, Instructional Connections, Colorado Technical University, Grand Canyon University, and now the University of Tennessee-Knoxville.

Title of Presentation: Kindness, Collaboration, and Community: The Role of Communication in Navigating Our Way Out of the COVID Pandemic

Name of Panel Member: Dr. Scott A. Eldredge

Academic Affiliation: Western Carolina University

Panel Topic Presentation Summary:

In the Fall of 2021, universities began removing many of the boundaries and barriers implemented during the global COVID-19 pandemic. The sense of excitement surrounding a return to in-person instruction and campus life was soon replaced by the realization that we were not back to “normal.” While technology kept us working, we realized we had lost a sense of purpose, connection, and community that is proving difficult to restore. Taking a relational approach, the tension between convenience and connection will be discussed, along with suggestions for using communication to reestablish a sense of community on our campuses in this forever-changing world.

Biographical Summary:

Dr. Scott A. Eldredge is an Associate Professor and Department Head of the Communication Department at Western Carolina University. Dr. Eldredge conducts research in the areas of patient-provider interaction and health communication within the context of family relationships. His research agenda is built around issues involving intimacy, uncertainty, trust, and relational development and maintenance. His recent book chapter, “Intimacy uncertainty in a post-AIDS culture: HIV and the role it plays as an uninvited third party in serodiscordant relationships” appears in *Post-AIDS Discourse in Health Communication: Sociocultural Interpretations* (A. Basu, P. J. Dillon, & A. R. Spieldenner (Eds.)). Dr. Eldredge holds Ph.D. in Communication and Information from the University of Tennessee, Knoxville.

Title of Presentation: Faculty Kindness, Missed Deadlines, and Grade Appeals: One Administrator’s Perspective of Teaching during/after COVID

Name of Panel Member: Jaye L. Atkinson, Ph.D.

Georgia State University

Panel Topic Presentation Summary:

Dramatic changes in the mental health of students and faculty impact the instructional experience for both. The instructional modality (online vs F2F) impacts faculty-student interactions, as well as how faculty assist struggling students. In this presentation, one administrator untangles the intersections of faculty kindness and instructional standards. An analysis of grade appeals during and after COVID reveals that student arguments focused more on the perception of instructors’ lacking kindness. Instructors’ defenses overwhelmingly relied on technical data indicating leniency that eroded their instructional standards. Strategies are discussed for enhancing online instruction while maintaining immediacy, kindness, standards, and student engagement.

Biographical Summary:

Dr. Atkinson’s research seeks to understand the intersection of communication and age stereotypes by focusing on mediated portrayals. In addition to an article examining the influence of race and age stereotypes on communication and competence, she has examined mediated portrayals of older athletes and older characters in Disney animated films. She has published internationally regarding the portrayals of older adults in advertising, and she is finishing a book, *Talking Age: Examining the (Not So) Subtle Language of Ageism across Mediated Contexts* (under contract with Peter Lang). Her research also appears in a variety of prestigious communication and gerontology academic journals.

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Mental Health Responsibilities and Self-Care: The Psychological Well-Being of Higher Education Professionals Amidst the COVID-19 Pandemic

Dr. Laura Miller, The University of Tennessee-Knoxville
Dr. Timothy Hulsey, The University of Tennessee-Knoxville
Dr. Chris McCollough, Jacksonville State University
Dr. Amber Roessner, The University of Tennessee-Knoxville
James L. Cartee, III, The University of Tennessee-Knoxville
Jalen Blue, The University of Tennessee-Knoxville
Sarah Devereux, The University of Tennessee-Knoxville

Abstract

The purpose of this abstract introduction serves to demonstrate the societal struggles that evidently exist with mental health in higher education and even beyond academic circles. The abstract transitions to explain how all involved panelists will address the new psychological pandemic that the United States now faces. Relating to mental health during the height of the COVID-19 pandemic, 56% of young adults reported that they experienced depressive feelings and severe anxiety. When measured against the general adult population, young adults were already more likely to experience situations of concern with substance abuse (25% compared to 13%) and suicidal thoughts (26% compared to 11%) (Panchel et al., 2021). Concerning first-year university students, in the transition to virtual learning after expecting a traditional in-person college experience in the spring semester of 2020, Fruehwirth et al. (2021) stated that the "rates of moderate-severe anxiety increased 39.8 percent and rates of moderate-severe depression increased 47.9 percent from before to mid-pandemic" (p. 11). In community colleges across the United States, more than 50% of enrolled students exhibited one or more defined symptoms of mental illness challenges, including higher percentages among younger students 18-22 years of age. Less than 30% of those with these mental health symptoms actually participated in treatment services of any kind (Lipson et al., 2021).

In another research study with post-secondary students (n = 8,248), a survey administered across forty-two campuses reported that 95% of the students were overstressed and tired, and approximately 80% of this sample reported feeling down, lonely, and anxious (Ogrodniczuk et al., 2021). Concerning that same survey, approximately 25% of the respondents experienced suicidal ideation. Because of these mental downturns, 73% of the students reported serious struggles being able to concentrate and complete their schoolwork. Stress from the pressures of college and overwhelming anxiety served as the main causes that negatively affected academic performance, including grades (Ogrodniczuk et al., 2021). Awadalla et al. (2020) also suggested that severe depression potentially caused negative effects on grades and the genuine interest of students to learn class materials. Students often prefer to be alone when diagnosed with clinical depression, lacking self-confidence and the belief in their own self-worth (Bear et al., 2021). Chronic stress has even started to impact faculty members to the point of burnout (Flaherty, 2020), where close to 40% of instructors felt the need to potentially quit their higher education careers and endeavors (Course Hero, 2020). Concerning overall academic institutions, Al Miskry et al. (2021) quotes that "60.4% of students, 57.4% of the faculty members, and 52.3% of the staff experienced mild psychiatric problems" (p. 3). Based on these statistics, facts, examples, and observations, these mental adversities exist in ways that negatively influence students, faculty, staff, and other university stakeholders. Therefore, these unfortunate realities merit the attention of higher education administration and leadership for all affected individuals who happen to be in psychological distress, especially during times of crisis.

The tipping point of acute anxiety, clinical depression, suicidal ideation, and other mental health considerations escalated when most college campuses across the country closed during the COVID-19 pandemic (Lee et al, 2021). Mental health challenges appeared frequent among college students and faculty, especially for individuals in long-term isolation periods. While the media focused on the physical impact of the virus itself, those same news outlets often overlooked other adverse effects for the individuals who caught COVID-19, such as mental health concerns and lack of community (Su et al., 2021). Recent reports and analysis even suggest that Generation Z, which constitutes most of the general college population today, lacks access to sufficient mental health care facilities and professional services in a campus environment (Schwartz, 2019).

These realities demonstrate an evident challenge for administrators and instructors in a college environment, including those in direct contact with students facing these adverse situations and feelings about their mental health. In addition to students, university leadership figures across the United States expressed a genuine concern and responsibility for the mental health of faculty members and administrative staff. These college employees suddenly transitioned to a singular home-based virtual environment without direct contact with other people. Mental health ramifications did not only affect students; it equally impacted the working professionals and instructors who pledged to educate those same students. Real-life tragedies occurred and impacted us all, including those within the United States and those forced to suddenly come home from international destinations, such as study abroad programs. From the contributions and professional experiences of four established faculty members and three up-and-coming graduate student scholars, this panel aims to mention and assess mental health concerns on an individual, self-care level, within a department, and the university at large. Once COVID-19 struck the United States in full force across higher education institutions, mental health declined severely! Suddenly, among colleagues and leadership, there were major life lessons, tips for self-care, affirmative responses to difficulties, and best practices to protect and encourage students. The included narratives on this panel highlight helpful models and examples that extend far beyond higher education into anyone's personal and professional ambitions, endeavors, and career aspirations. Tune into these messages. And perhaps an individual's mental health will be better served with the information presented in a positive light.

Title of Presentation: Mental Health Concerns for College Students Study Abroad Programs: Best Practices and Implications to Ensure Successful Experiences

Name of Panel Member: Dr. Laura Miller

Academic Affiliation: The University of Tennessee-Knoxville

Panel Topic Presentation Summary:

Among COVID-19's many impacts on higher education, it has changed the way students experience and manage mental health crises. Now that international borders have opened and students are returning to global programs, mental health concerns will have an international reach. Due to the unfamiliarity of participating in global programs, students experience unique challenges that may influence them in new ways. Instructors who are going abroad with students will want to be prepared to assist students in navigating these uniquely uncertain circumstances. This discussion will have important implications for instructors who want to bolster students' mental health while abroad and practical tips for ways faculty can support students' mental health will be shared.

Biographical Information:

Laura E. Miller is an Associate Professor in the School of Communication Studies at the University of Tennessee. Her work intersects health and interpersonal communication, specifically exploring illness-related uncertainty, health-related disclosures, and social support among close

others. Exemplars of her research can be found in journals such as *Communication Monographs*, *Health Communication*, and *Journal of Social and Personal Relationships*.

Title of Presentation: The Ethics of Self-Care

Name of Panel Member: Dr. Timothy Hulsey

Academic Affiliation: The University of Tennessee-Knoxville

Panel Topic Presentation Summary:

Rates of depression and anxiety have increased threefold since the beginning of the COVID-19 pandemic. How do faculty remain available to and empathetic toward students when we are depressed and anxious ourselves?

Self-care is, "...any act or habit that promotes sanity, rejuvenation and/or joy" (Towery, 2016).

Engaging in self-care involves being aware of the self, acquiring knowledge, and taking responsibility for meeting our own needs. We do this primarily by spending quality time with others *in person*. Self-compassion is incredibly important, too. The more compassion we have for ourselves, the more we can be compassionate, patient, and kind toward others.

Reference

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Biographical Summary:

Timothy L. Hulsey is an Associate Professor of Psychology at the University of Tennessee. From 2013-to 2020 he also served as Provost and Director of Honors and Scholars Programs at UT. From 2004 to 2013 he served as Associate Professor and Dean of the Honors College at Virginia Commonwealth University. Before that, he served as Associate Professor and Director of the University Honors Program at Texas State University. Dr. Hulsey took his bachelor's degree at Texas A&M University-Corpus Christi, master's degree at Trinity University, and Ph.D. at the University of Tennessee. He completed pre-doctoral and post-doctoral fellowships at Dartmouth Medical School.

Title of Presentation: Challenges in Higher Education with Uncertain Times: Experiential Learning and The Psychological Well-Being of Faculty and Staff

Name of Panel Member: Dr. Chris McCollough

Academic Affiliation: Jacksonville State University

Panel Topic Presentation Summary:

Over the past two and a half years, faculty, staff, and students have all experienced a variety of adversities. With a strong demand for teaching-centered universities in the southeast to embrace experiential learning in diverse forms, many of our traditional approaches to practicing this style of learning became a challenge for a variety of logistical and resource reasons. Dr. McCollough will speak to the challenges faculty and unit administrators face in maintaining quality learning experiences in high-impact settings, while accounting for the physical and psychological well-being of faculty and students as we adapt to and reintegrate from the pandemic.

Biographical Summary:

Dr. McCollough is an Associate Professor and Head of the Department of Communication at Jacksonville State University, as well as an award-winning pedagogical scholar. His research blends the applied practice of public relations, the teaching and learning of public relations, and various forms of impact on communities through the application of high-impact learning practices. Within the study of public relations and political communication, Dr. McCollough focuses on the working relationships between state government public information officers and journalists. His work has earned him roles on two editorial boards and as an Associate Editor of *Journal of Public Relations Education*.

Title of Presentation: Bandaging Burnout: Just Make It Through This Semester

Name of Panel Member: Dr. Amber Roessner

Academic Affiliation: The University of Tennessee-Knoxville

Panel Topic Presentation Summary:

“Let’s just make it through this semester,” I told a junior colleague in fall 2021, more than eighteen months into the pandemic. As I uttered the words, I chafed at their inadequacy. After having survived an unexpected divorce, two deaths of close family friends, and a bout with the Delta variant, I was exhausted, but I told my friend and colleague what I kept telling myself. We were both suffering from burnout due to constantly turning our pedagogies on a dime and bearing increasingly heavier service workloads in higher education, and we needed a break--but we need to hold on for our students.

Biographical Information:

Lori Amber Roessner, an associate professor at the University of Tennessee’s School of Journalism and Electronic Media, teaches and studies media history and its relationship to cultural phenomena and practices, including the operation of politics, the negotiation of public images and collective memories, and the construction of race, gender, and class.

Roessner’s first book, *Inventing Baseball Heroes: Ty Cobb, Christy Mathewson and the Sporting Press in America*, was published by LSU Press in June 2014. Since 2014, she has published two books, including *Jimmy Carter and the Birth of the Marathon Media Campaign* (LSU Press, 2020), and co-edited *Political Pioneer of the Press: Ida B. Wells-Barnett and Her Transnational Crusade for Social Justice* (Lexington Books, 2018). Her earlier journal-length cultural histories appeared in *Journalism & Mass Communication Quarterly* and *Journalism History*, among others, contributing to her receiving the distinction of American Journalism’s Inaugural Rising Scholar in 2014.

Title of Presentation: Emotional Intelligence and Mental Health Self-Care: New Fatherhood Experiences and Doctoral Ambitions in the Era of COVID-19

Name of Panel Member: James L. Cartee, III

Academic Affiliation: The University of Tennessee-Knoxville

Panel Topic Presentation Summary:

This segment of the panel addresses how graduate students and faculty successfully managed their own mental health during the COVID-19 pandemic, for instance, long days of isolation sitting for hours in front of the computer for countless days. Faculty members and higher education leaders even helped colleagues, students, and others manage their own mental health. I monitored my deeper emotional intelligence from a personal, professional, and theoretical perspective, watching over my own mental health. I moved across the state of Tennessee with my family to a new city, started a Ph.D. program, and had a newborn baby delivered, my daughter, Annabelle. All these major life changes transpired amidst a national emergency and a declared pandemic. Specifically, with my daughter, Annabelle, I suddenly did not have much time to focus on myself. Through serving her as a newborn (and also serving others in the community), she consumed my mind and attention in positive ways to focus on life’s many blessings.

Biographical Information:

James L. Cartee, III is currently starting his third year as a Ph.D. student in Communication at the University of Tennessee-Knoxville where his research interests include mental health in media, mental health among college students, instructional communication, students with invisible disabilities, and Pop Culture studies. In addition to academic publications and several conference presentations, James traditionally published four poetry books that focus on psychology,

spirituality, and life stories. His educational career highpoints include instruction and administration at Auburn University, Virginia College, The Alabama School for the Deaf, Instructional Connections, Colorado Technical University, Grand Canyon University, and now the University of Tennessee-Knoxville.

Title of Presentation: Compassionate Communication During the COVID-19 Pandemic: Addressing Student Insecurities, Concerns, and Mental Health

Name of Panel Member: Jalen Blue

Panel Topic Presentation Summary:

Throughout the COVID-19 pandemic, my students have often faced challenges that have led me to embody compassionate communication in new ways. Compassionate communication is conceptualized as “one form of emotional work and is theoretically developed through a model that highlights the subprocesses of noticing, feeling, and responding” (Miller, 2007, p. 223). Each day as I begin class, I am intentional about greeting students and checking in with them. I try to notice their mood and tone, empathize with them, come to a deeper understanding of some of the struggles they encounter; and respond by providing practical assistance or connecting them to campus resources that provide emotional support.

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Biographical Summary:

Jalen Blue is a second-year Ph.D. student in the School of Communication Studies at the University of Tennessee, Knoxville. His interests lie in the intersection of organizational communication, educational leadership, equity, diversity, and inclusion. Before beginning his Ph.D. program, he worked in the Division of Communications at Vanderbilt University. He was on the leadership communications team and was responsible for equity, diversity, and inclusion communications for the university. Prior to that, he attended Vanderbilt’s Peabody College of Education and Human Development, where he completed a Master of Public Policy degree and worked as a graduate assistant for the Inclusion Initiatives and Cultural Competence office at Vanderbilt. He earned his B.S. in public administration from the Haslam College of Business at the University of Tennessee, Knoxville.

Title of Presentation: The COVID-19 Nontraditional Campus Experience: Personal Accounts of First-Year Graduate Concerns and Cognitive Dissonance

Name of Panel Member: Sarah Devereux

Panel Topic Presentation Summary:

In this panel, I plan to discuss how I balanced applying to schools during the pandemic while working full-time with my advertising job in a virtual capacity. The stress from my employment, the pandemic, and applying for and planning a cross-country move were stressful, to say the least. How exactly do I move to a new home amidst a pandemic? How long will college students continue to wear masks? After moving across the country for an on-campus experience, will I have all my classes via Zoom for the duration of my program? There were many concerns of cognitive dissonance within my own mental health arena with contradicting thoughts of what the future held for me personally and professionally. I have learned and seek to share common practical tips that will potentially assist any working colleague in higher education.

Biographical Summary:

Sarah Devereux is a first-year Ph.D. student in Communication at the University of Tennessee – Knoxville. Her research interests involve interpersonal communication, health communication, self-disclosure, and stigmatized identities. Sarah earned her master’s degree at Marquette University, located in Milwaukee, Wisconsin. Her master’s thesis focused on self-disclosure concepts in the contextual elements of clients in professional relationships with hairstylists.

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Ethics and Engineering Identity

Elaine E. Englehardt, Utah Valley University
Michael S. Pritchard, Western Michigan University

Abstract

The 6th edition of *Engineering Ethics: Concepts and Cases* (Cengage, 2018) (Harris, Pritchard, James, Englehardt, Rabins) begins with some explicit thoughts about engineering identity, particularly in relation to the concept of professional identity. Here is how #1.1 (Your Profession is Part of Your Identity) introduces this notion:

If you were asked to identify or describe yourself, how would you do it? You might give your name and family affiliation, and maybe your place of residence. If you are employed, you would probably give your occupation. “I am a salesperson for Blue Jeans, Inc.” “I am an executive with Safety First Corporation.” If you are a professional, giving your profession would probably be especially important to you. “I am a cardiologist in private practice.” “I am an accountant with Jones, Brown and Smith.” “I am a civil engineer with Galendo Engineering.”

If you are an engineer,...your professional identity will become an important part of your conception of *who you are*.

We go on to say that one’s professional identity is not completed at the moment one is first entitled to call oneself a professional (such as an engineer). Instead, it can develop slowly (but surely) during one’s entire career.

But, we now add, this development *begins* as one prepares for that career. We are currently working on a four-year National Science Foundation (NSF) project that examines the importance of an individual’s ethical identity within a profession. The focus of our efforts includes a period of self-conscious reflection on ethics as students complete an internship which precedes formal entry into their profession of choice.

Enhanced Engineering Internships

We employ and assess a pedagogy that merges professional engineering ethics training with co-curricular engineering internships. Our pedagogical innovation, which we call an enhanced internship, includes the provision of ethics workshops for engineering students immediately before they embark on their engineering internships such that the ethics training becomes an interwoven component of the internships themselves. The initial ethics workshop and subsequent internship are followed by another ethics workshop. The pre-internship workshop focuses on concepts, cases, and methods of critical analysis that can assist students in identifying and imaginatively think through ethical challenges in engineering practice. The internship itself can provide students with significant involvement in engineering practice that should enable them to reflect realistically on ethical problems they encounter or observe in an actual engineering workplace. During the internship experience, students periodically journal about ethical/critical incidents they encounter.

Contemporary issues such as the Volkswagen emissions scandal, the Florida Surfside condominium collapse, and emergency vaccine development and distribution highlight the fact that

mere technical ability is not sufficient for engineers to fully live out their mandate to serve society in the practice of their craft—ethics, indeed, is an equally important component of one’s engineering identity. The pedagogical challenge is to alter the aforementioned limited perception of the engineer and elevate the relative importance of ethical reasoning and decision-making so that it is on par with technical skills and a core component of one’s engineering identity.

Until rather late in the 20th century, the engineering accreditation process gave little explicit attention to the ethical preparedness of engineering graduates for the work they were about to undertake. Perhaps there was an assumption that the ethical background students brought with them from elsewhere would suffice, and not require any ethical instructional guidance. However, the number and severity of moral lapses in engineering practice that were brought to public attention raised serious doubts about the reliability of such assumptions. In response to this public outcry, ABET (Accreditation Board for Engineering and Technology) required engineering programs to include some ethics in a student’s development. To comply with these ABET requirements, engineering programs have developed stand-alone ethics courses—team-teaching environments where philosophers and engineers co-teach—and they have attempted embedding ethical concepts into additional courses in order to provide reinforcement and application. In addition, academics have used case studies to simulate exposure of students to engineering work. The advantages of focusing on ethics education as a strategy include: increasing awareness of responsibility, increasing knowledge about how to handle difficult situations, and creating confidence in taking responsible action. In addition, Canary et al. found that ethics education can influence students’ notions of their roles in and responsibilities to society. Much of this value is derived from discussions that increase awareness of issues or confront students with different points of view. Finally, Rulifson and Bielefeldt indicate that ethics courses, among other things, can broaden or increase a student’s sense of social responsibility as an engineer.

Interestingly, however, Rulifson and Bielefeldt also discovered that some of the experiences students had in their technical courses and during engineering internships had the result of constricting this sense of social responsibility and, for some students, elevated the importance of unreflective company loyalty. Thus, we see the potential negative impact of engineering internships without a prior opportunity to reflect on engineering ethics. We further see the positive potential of such reflection during internship experiences if it occurs in a nurturing environment that supports ethical development.

We compare a control group of students who, while embarking on engineering internships, are not exposed to our enhanced internship to a “treatment” group of students who experience the full enhanced internship. In our initial trial of our developed survey instrument, we consider measures of engineering identity, such as competence, performance and recognition measures from Godwin, centrality and regard questions from Chachra et al. We supplement these existing quantitative measures with qualitative measures used by such scholars as Rulifsen and Bielefeldt regarding socially responsible engineering, and add measures from existing surveys, such as the Engineering Professional Responsibility Assessment (ERPA). The ERPA is intended to be used by educators to assess curricular interventions aimed at changing engineering students' views of social responsibility. We have completed two years of our study and the purpose of this paper is to present the pedagogical methods used as well as the preliminary results. We also describe some of the challenges we faced in our execution of the enhanced internships.

The Role of Self-Awareness in Leadership Education: Are Business Schools Shaping Masters or Servant Leaders?

Anne Fischer, University of Navarra
Matthias P. Hühn, St. Vincent College

Abstract

Leadership education at business schools is not in good shape and we argue that is also because self-awareness, a critical concept in character development, has been stripped of its essential features. Recently, self-awareness has gotten a lot of attention by leadership scholars arguing from within a traditional psychological approach, which is focused on personality and functionality. However, self-awareness has a long history in philosophy going back 2500 years and was the specific focus of group of 19th century philosophers who linked individual development to society - maybe the central in leadership. The first of these philosophers, Immanuel Kant, warned that if we forget that the other has the same dignity as ourself, it is we who would lose our sense of dignity. In this essay, we trace the development of this Kantian idea to Hegel's master-slave dialectic and argue that today's business schools systematically turn out leaders that see themselves as masters. Masters, according to Hegel, tragically prevent themselves from 'being with themselves': they have no self-awareness. This is because they do not value their followers' acknowledgement and as a consequence they cannot reflect on their own reflected self in the slaves' eyes. The self is caught in an internal loop and these master-leaders are disconnected from self and others - they cannot lead themselves or others. True education is built on reflection and reflection is currently not encouraged in leadership trainings in business schools.

Using the Lens of Narrative Theory to Rethink Digital Ethics

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The Post-COVID Era presents a whole host of challenges around digital ethics. The need for social distancing during the pandemic forced individuals and institutions to quickly adapt to living life and conducting business online. The speed with which this transition had to be made limited the considerations of its legal and ethical consequences.

The COVID Era has accelerated the trend toward algorithmic decision making. More and more of the decisions that used to be made by humans are now being made by computer programs. Many of these decisions, ranging from employment to housing to health care to parole/probation, directly affect human beings. As algorithms make more and more employment related decisions, the risk of harm is real and well-documented. With these harms in mind, there are many unanswered questions around how the legal system should evaluate algorithmic decision-making. Some argue that an employer's failure to audit and correct its automated hiring platforms for disparate impact could serve as prima facie evidence of discriminatory intent, leading to the development of the doctrine of discrimination per se. The legal implications of algorithmic decision-making will be truly far-reaching. The complexity of algorithmic decision making may necessitate some degree of burden shifting, requiring companies using them to show how they work and prove they are accurate and fair.

The need for a definitive methodology for evaluating and auditing algorithms is well-recognized. We contend that this new problem can be solved by use of an established model...narrative theory. As James Phelan definitively defines it, a narrative is "somebody telling someone, on some occasion and for some purpose(s), that something happened." And despite the speed and complexity of "Big Data," 2 algorithms are simply "stories" told by computer programs that re-enter meatspace and affect employment, innocence or guilt, health care decisions, and ultimately our lives. Once the glitz of data and automated processes are peeled away, these algorithmic stories establish legal, political, and professional rules and norms. The same constitutional principles regarding whether a search and seizure is reasonable applies equally to a government agent in 1790 searching an American's home and an agent attempting to force someone to unlock their cell phone in 2022.

Through the lens of narrative theory – which has long been accepted as a legitimate and critical methodology within the field of legal studies – the "storytelling" element of employment algorithms when they interact with humans becomes clear: Individuals must be able to tell their stories and sell their qualifications to prospective employers. More importantly, narrative theory allows us to move beyond rudimentary and ad hoc approaches to "dangers" in employment

algorithms – the now familiar laundry lists of biases and error rates – and toward a systemic and more accurate approach: Algorithmic unreliability.

Originally conceived in the 1960s by rhetorical theorist Wayne Booth as a means to triangulate complex interpretive interactions between authors, narrators, and readers, “narrative unreliability” occurs when a narrator – such as an algorithm – misreports, misinterprets or mis-evaluates story events. Refined and developed by Phelan in the 2000s -- and authorized by contemporary narrative theory community -- unreliability is defined more simply as: “[n]arrators and audiences interact along three axes of communication that correspond to a narrator’s three main functions: reporting (along the axis of information about characters and events); interpreting (along the axis of understanding/perception of what is being reporting); and evaluating (along the axis of values).”

Moreover, Phelan’s expanded taxonomy captures not only “traditional” unreliability -- think Holden Caulfield in *Catcher in the Rye* or Humbert Humbert in *Lolita* -- but also more complex algorithmic 3 cases that occur when an AI process misinterprets, under-interprets, or over-interprets the data it is fed when it tells a “story” about a job applicant, patient, student, suspect, or citizen. In other words, narrative unreliability not only captures and signals the legal complications of misreporting, misinterpreting, and mis-evaluating but also under-reporting, under-interpreting, and under-evaluating, as well as overreporting, over-interpreting, or over-evaluating. As the pandemic itself wanes, the time has arrived to think through the nature and scope of algorithmic decision making. The evaluative systems we have built are designed around human narrators...whether in a job interview, a trial, or a bail hearing. As algorithms increasingly make more and more complex decisions, there is an increased need for those decisions to be evaluated and audited. We contend that narrative theory provides the perfect mechanism for providing algorithmic decision making with such scrutiny and rethinking digital ethics. The increasing use of algorithms to make employment decisions provides an opportunity to illustrate how this new type of algorithmic audit would work.

Employment is one of the most critical areas of modern American life. Put simply, whether you have the opportunity to work -- and what sort of work you are or are not hired to perform – is not only a singular marker of economic success, but also a matter of self-esteem, personal dignity, legal rights, and ultimately survival.

Unsurprisingly -- in the era of algorithmic decision making and the surveillance economy -- automated evaluation is rapidly replacing humans in the HR process, with an estimated 83 percent of U.S. companies using some form of employment AI.¹ Recruiters use AI to determine

¹ Dinah Wisenberg Brin, *Employers Embrace Artificial Intelligence for HR*, SHRM, Mar 22, 2019, <https://www.shrm.org/resourcesandtools/hr-topics/global-hr/pages/employers-embrace-artificial-intelligence-for-hr.aspx#:~:text=Eighty%25Deight%2520percent%2520of%2520companies,some%2520form%2520of%2520the%2520technology.>

whether a job posting is advertised to individuals.² Even after the process of finding a candidate, algorithms are used to assess an applicant's voice.³ Video of candidates is analyzed by algorithms that rank them based on facial movements, word choice, and speaking voice.⁴ As many as 73% of job candidates cannot tell whether they are interacting with a human being or a chatbot.⁵ Most candidates have no way of knowing AI was used to screen their application.⁶ Companies use algorithms to sort through applications and look for desired traits, education, experience, etc. Resume screening algorithms look for keywords, phrases, and text strings within documents in order to match applicants to a job description.⁷ One industry survey found that 55% of human resources leaders in the United States use predictive algorithms in hiring.⁸ As early as 2016, some algorithms had become so efficient at screening resumes and evaluating personality tests that 72% of resumes were weeded out without a human ever seeing them.⁹

As algorithms make more and more employment related decisions, the risk of harm is real and well-documented. With these harms in mind, there are many unanswered questions around how the legal system should evaluate algorithmic decision-making. Some argue that an employer's failure to audit and correct its automated hiring platforms for disparate impact could serve as prima facie evidence of discriminatory intent, leading to the development of the doctrine of discrimination per se.¹⁰ The legal implications of algorithmic decision-making will be truly far-reaching.¹¹ The complexity of algorithmic decision making may necessitate some degree of burden shifting, requiring companies using them to show how they work and prove they are accurate and fair.

The employment process is legally governed by what behaviors and questions are permissible for human interviewers. And yet, as we have seen repeatedly in the deployment of

² Rebecca Heilweil, Artificial intelligence will help determine if you get your next job, Vox, Dec 12, 2019, <https://www.vox.com/recode/2019/12/12/20993665/artificial-intelligence-ai-job-screen>

³ Aarti Shahani, Now Algorithms Are Deciding Whom To Hire, Based On Voice, NPR, Mar 23, 2015, <https://www.npr.org/sections/alltechconsidered/2015/03/23/394827451/now-algorithms-are-deciding-whom-to-hire-based-on-voice>

⁴ Drew Harwell, A face-scanning algorithm increasingly decides whether you deserve the job, The Washington Post, Nov 6, 2019, <https://www.washingtonpost.com/technology/2019/10/22/ai-hiring-face-scanning-algorithm-increasingly-decides-whether-you-deserve-job/>

⁵ Tonya Riley, Get ready, this year your next job interview may be with an A.I. robot, CNBC, Mar 13, 2018, <https://www.cnbc.com/2018/03/13/ai-job-recruiting-tools-offered-by-hirevue-mya-other-start-ups.html>

⁶ Katie Bishop, Your Next Job Interview May Be With a Robot- Whether You Realize It or Not, Observer, Mar 1, 2021, <https://observer.com/2021/03/artificial-intelligence-job-interview-problems-bias-tips/>

⁷ Jon Christiansen, Ph.D, SPHR, SHRM-SCP, How to algorithm optimize your resume to get past the bots, Ladders, Apr 10, 2019, <https://www.theladders.com/career-advice/how-to-algorithm-optimize-your-resume-to-get-past-the-bots> ⁸ Alex Engler, Auditing employment algorithms for discrimination, Brookings, Mar 12, 2021, <https://www.brookings.edu/research/auditing-employment-algorithms-for-discrimination/>

⁹ Gideon Mann and Cathy O'Neil, Hiring Algorithms Are Not Neutral, Harvard Business Review, Dec 08, 2016, <https://hbr.org/2016/12/hiring-algorithms-are-not-neutral>

¹⁰ Ifeoma Ajunwa, The Paradox of Automation as Anti-Bias Intervention, 41 Cardozo, L. Rev. 1671 (2020), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2746078

¹¹ Thomas J. Freeman, Aaron McKain, and Samson Hall, The Legal Implications of Algorithmic Decision-Making, The Nebraska Lawyer, May/June 2020, https://cdn.ymaws.com/www.nebar.com/resource/resmgr/nebraskalawyer_2017plus/2020/mayjune/TNL-0520f.pdf

algorithmic decision-making – e.g., in criminal, educational, and medical contexts – these established rules and norms are disregarded in the post-digital era. And while legal efforts to regulate employment AI are underway – both in the U.S. Congress and state legislatures – we know all too well that regulators will always be struggling to keep up with the pace of technology. The State of Illinois passed the Artificial Intelligence Video Interview Act which requires companies to also explain how their AI works and what “general types of characteristics” it considers when evaluating candidates.¹² The Algorithmic Accountability Act of 2019 eventually stalled out in Congress but would have required technology companies to audit their AI systems for discrimination.¹³ Nine states have followed Illinois’ lead by passing laws restricting the use of biometric data.¹⁴ Illinois requires any private entity using biometric data must properly disclose to the subject when and how their data will be used, distributed and eventually destroyed.¹⁵

Technology, as the Supreme Court indicated as early as *Frye v. U.S.*, does not fundamentally change the law. And it is clear that experts, legal authorities, and society as a whole are struggling with the problems created by algorithmic decision making. While scholars in the field of digital ethics have already begun to alert the public to the dangers of these automated processes – such as error rates, discrimination, and risk of rights deprivations – what is lacking is (1) a holistic (and interdisciplinary) methodology to triangulate the entangled legal and ethical issues involved in algorithmic decision making and (2) a bipartisan approach to algorithmic ethics in the field of employment law that is teachable to everyone – from students to lawmakers – and is programmable as a correction to the often flawed methods currently in use.

As a solution, this paper applies the algorithmic auditing methodologies developed by the Institute for Digital Humanity (IDH; www.institutefordigitalhumanity.org) to the emerging area of automated employment technology. Deploying an interdisciplinary approach – melding together the insights of narrative theory and law – the IDH’s legal, educational, and civic methods have already been incorporated into educational materials that are in use by the Anti-Defamation League, ACLU-MN, the *Coded Bias* documentary team, Indiana University, Creighton University, University of Wisconsin-LaCrosse, and North Central University.

Additionally, this method was utilized in advocacy and communication strategies that led to the successful ban on racist facial recognition technology in the City of Minneapolis. Rather than a full explanation of the “backend” formula of the IDH’s proven bi-partisan and cross-cultural

¹² Rebecca Heilwell, Illinois says you should know if AI is grading your online job interviews, Vox, Jan 1, 2020, <https://www.vox.com/recode/2020/1/1/21043000/artificial-intelligence-job-applications-illinois-video-interview-act>

¹³ H.R.2231 - Algorithmic Accountability Act of 2019, <https://www.congress.gov/bill/116th-congress/house-bill/2231>

¹⁴ Amy De La Lama, Lauren J. Caisman, and Melissa R. Whigham, United States: U.S. Biometric Laws & Pending Legislation Tracker, Mondaq, May 18, 2021, <https://www.mondaq.com/unitedstates/privacy-protection/1068486/us-biometric-laws-pending-legislation-tracker>

¹⁵ Under BIPA this must be recorded and requires a written release from the employee, or potential employee. It also provides an avenue for private action, which has been utilized over 200 times just in recent years. Texas, California, New York, Washington, and Arkansas have enacted similar regulations with varying degrees of coverage, none reaching BIPA level

approach, this paper provides a “summary” of our approach and methodology as it applies to employment algorithms.

Methodology: Rethinking Algorithmic Ethics Via Narrative Theory

As James Phelan definitively defines it for the field of narrative theory, a narrative is “somebody telling someone, on some occasion and for some purpose(s), that something happened.”¹⁶ And despite the speed and complexity of “Big Data,” algorithms are simply “stories” told by computer programs that re-enter meatspace and affect employment, innocence or guilt, health care decisions, and ultimately our lives; once the glitz of data and automated processes are peeled away, these algorithmic stories establish legal, political, and professional rules and norms (For instance, the same constitutional principles regarding whether a search and seizure is reasonable applies equally to a government agent in 1790 searching an American’s home and an agent attempting to force someone to unlock their cell phone in 2022). Through the lens of narrative theory – which has long been accepted as a legitimate and critical methodology within the field of legal studies – the “storytelling” element of employment algorithms when they interact with humans becomes clear: Individuals must be able to tell their stories and sell their qualifications to prospective employers.¹⁷ More importantly, narrative theory allows us to move beyond rudimentary and *ad hoc* approaches to “dangers” in employment algorithms – the now familiar laundry lists of biases and error rates – and toward a systemic and more accurate approach: Algorithmic unreliability.

Originally conceived in the 1960s by rhetorical theorist Wayne Booth as a means to triangulate complex interpretive interactions between authors, narrators, and readers, “narrative unreliability” occurs when a narrator – such as an algorithm – mis-reports, misinterprets or mis-evaluates story events.¹⁸ Refined and developed by Phelan in the 2000s -- and authorized by contemporary narrative theory community -- unreliability is defined more simply as: “[n]arrators and audiences interact along three axes of communication that correspond to a narrator’s three main functions: reporting (along the axis of information about characters and events); interpreting (along the axis of understanding/perception of what is being reporting); and evaluating (along the axis of values).” Moreover, Phelan’s expanded taxonomy captures not only “traditional” unreliability -- think Holden Caulfield in *Catcher in the Rye* or Humbert Humbert in *Lolita* -- but also more complex algorithmic cases that occur when an AI process *misinterprets, under-interprets, or over-interprets* the data it is fed when it tells a “story” about a job applicant, patient, student, suspect, or citizen. In other words, narrative unreliability not only captures and signals the legal complications of misreporting, misinterpreting, and misevaluating

¹⁶ Phelan 5., 2017.

¹⁷ Footnote.

¹⁸ Footnote.

but also under-reporting, under-interpreting, and under-evaluating, as well as over-reporting, over-interpreting, or over-evaluating.¹⁹

For the study of algorithmic law and ethics, the utility of “unreliability” is clear: It allows us to reframe inherent and inescapable elements of algorithmic reasoning in a teachable and publicly understandable language while always attending to -- because of the Chicago School’s methodological insistence on narrative as a rhetorical phenomena -- the legal and ethical implications of algorithms “narrating” the story of human. To make this methodology simpler for our legislative, educational, and corporate audiences, we have made three modifications to Phelan’s model (one for bi-partisan branding purposes, one for pedagogical clarity in high school curricula, one for increased compatibility with algorithmic decision-making) for the purposes of algorithmic audits and education.²⁰

Axis of Fact: Misreporting and Over-Reporting How often is the algorithm right or wrong? What are the legal or ethical consequences of the algorithm mis-reporting or over-reporting? In the realm of employment AI, we find two problems: The algorithm is so error prone it violates the Federal Rules of Evidence *or* it gathers so much data, in an effort to become factually reliable, that it violates the prospective employees’ right to not disclose protected information.

Axis of Bias: Under-Interpreting and Over-Interpreting Against whom is the algorithm biased? And what are the constitutional implications of how the algorithm under or over-interprets data about culture or identity? In the context of employment algorithms, we find a tricky legal catch-22: Either the AI over-interprets (and makes statistical stereotypical judgments about) cultural data in violation of Equal Protection principles *or* it under-interprets

intersectional cultural data and contributes to the encoded “separate but equal” digital economy known as “Algorithmic Jim Crow.”

Axis of Audience Ethics: Disrespecting Values Even if factually reliable (and free of bias) is it ethical this particular algorithm to tell a story about this particular person or category of persons? And, even if factually reliable (and free of bias), what legal or ethical consequences can emerge from having algorithms replace humans in this realm of storytelling? When auditing employment algorithms, the key question here is: Does the adoption of the AI disrespect the legal and cultural norms of economic mobility and the right to be “heard” by a jury of your peers?

A Quick but Essential Sidebar on Algorithmic Transparency

Legislatures, courts, and society as a whole will have to decide how to deal with algorithmic unreliability in employment law. As noted, tools used for hiring that utilize an algorithm may include methods such as recordings for assessment, resume reading software, and

¹⁹ Phelan 1998; Phelan 2005.

²⁰ All of which have been “conference reviewed” by the International Society for the Study of Narrative Literature [in March 2020].

evaluation tests.²¹ But before the process of assessing the unreliability of an employment algorithm can even start, we must confront the issue of transparency: If it isn't clear how such decisions are being made, it becomes difficult – if not impossible – to ensure they are being made fairly. Companies that develop algorithms are likely to treat them as trade secrets and loath to disclose to their competitors how these algorithms are designed and make decisions.²²

In some cases, the algorithms have advanced to the point there is no one who can explain how it works or why it makes a particular decision.²³ So if, for example, an African American woman brings a discrimination lawsuit against a local tech company claiming she was the victim of algorithmic discrimination in the hiring process, courts will struggle to evaluate the situation. How does one go about cross-examining an algorithm? Who is qualified to explain how the algorithm works? What if the company named as the Defendant cannot explain why this Plaintiff was not selected for the position? What if the algorithm is complex enough that experts cannot be found to provide testimony about it?

Ultimately, how algorithms are designed and make decisions must be transparent. As we trust them with more decisions, it becomes vital that people be able to understand and evaluate how those decisions are made and ensure they are being made fairly. While Maryland has recently enacted a law that requires written consent from applicants in order for a company to use facial recognition software during an interview, most states have not followed suit.²⁴ The technology is sufficiently advanced that most people interacting with an A.I. recruiting tool believe they are communicating with a human recruiter.²⁵ And when an algorithmic decision is challenged, another essential factor will be the ability for plaintiffs, attorneys, the court, and possibly the public to have access to the algorithm and its datasets in order to check its work.

While transparency is key to algorithmic auditing, one side benefit of the IDH's algorithmic unreliability method is that it can actually proceed without it: Even without access to the necessary datasets (or scholarly research) to make assessments about a given piece of AI's reliability along the Axis of Facts or Axis of Bias, legal and ethical claims can still be made along the Axis of Storytelling, which zeros in on the legal and society harms of algorithms replacing human decision makers in a particular realm of professional, criminal, or personal existence. Moreover, while the specific data about a specific algorithm is often not available, the IDH also focuses – big picture – on the ways in which algorithms (all of them) are inherently

²¹ Alexiou, Gus, Algorithmic and AI Assessment Tools- A New Front in Disability Discrimination, Forbes, Dec 13, 2020, [Algorithmic And AI Assessment Tools — A New Frontier In Disability Discrimination \(forbes.com\)](https://www.forbes.com/sites/gusalexiou/2020/12/13/algorithmic-and-ai-assessment-tools-a-new-frontier-in-disability-discrimination/)

²² Collet, Stacy, How to protect algorithms as intellectual property, CSO, Jul 13, 2020, <https://www.csoonline.com/article/3565195/how-to-protect-algorithms-as-intellectual-property.html>

²³ Nielly, Cyprien, Can we let algorithm take decisions we cannot explain, Towards Data Science, Feb 12, 2020, <https://towardsdatascience.com/can-we-let-algorithm-take-decisions-we-cannot-explain-a4e8e51e2060>

²⁴ Maryland House Bill 1202 (2020) <https://legiscan.com/MD/text/HB1202/2020>, see also Maryland Employers: Get Ready for a Host of New Employment Laws, The National Law Review, May 26, 2020, <https://www.natlawreview.com/article/maryland-employers-get-ready-host-new-employment-laws>

²⁵ Tonya Riley, Get ready, this year your next job interview may be with an A.I. robot, CNBC, Mar 13, 2018, <https://www.cnbc.com/2018/03/13/ai-job-recruiting-tools-offered-by-hirevue-mya-other-start-ups.html>

unreliable (along the Axis of Facts and Axis of Bias) by definition and design. To explain this argument, we use Mayer-Schonberger and Cukier's *Big Data: A Revolution's* easy to understand categories of algorithmic functioning – messy, more, datafication, correlation, and value – to fill in the details of the ways in which algorithms, by definition, are inescapably unreliable along each Axis.

I. Axis of Facts: Caught Between Messiness and More

How often is the algorithm right or wrong?

What are the legal or ethical consequences of the algorithm under-reporting or over-reporting?

All algorithms are -- by definition and design -- factually unreliable a certain percentage of the time. This inherent issue of “designed algorithmic unreliability” is made clear even in basic introductory publications such as Viktor Mayer-Schönberger and Kenneth Cukier's *Big Data: A Revolution*. Algorithmic computation is statistically driven: By turning all human behavior into programmable and quantifiable data, and then making high speed predictions, they are inescapably and inherently factually unreliable; Algorithms are only efficient -- in other words -- because they are [always, by design] “messy.”²⁶

Assessing algorithmic unreliability along the Axis of Facts starts with two simple (and obvious) questions: How often is this particular -- or this type -- of algorithm wrong? And what are the legal, ethical, or life consequences -- for our fellow humans and citizens -- when this algorithm is found to be factually unreliable? (These questions not only trigger algorithmic-specific considerations of the financial, educational, and health consequences of algorithmic factual unreliability, but also -- in a governmental context -- trigger issues of algorithmic transparency, standards of evidence, due process, and the right against self-incrimination.

Perhaps more importantly, by moving beyond simply considering algorithmic “incorrectness” and instead using the Axis of Fact's heuristics for both under- and over-reporting, this method allows us to also consider the legal, ethical, and Constitutional consequences of algorithmic *reliability* along the Axis of Facts.

While not publicized as much as algorithmic error rates, the potential consequences of (unchallengeable) algorithmic factual *reliability* are simple to conceptualize. For instance, in a criminal justice context, a 100% correct facial recognition algorithm could threaten Fifth Amendment protections against self-incrimination. And the Axis of Facts taxonomy of unreliability makes an intriguing catch-22 plain: If an algorithm is critiqued for its messiness (i.e., its misreporting), the natural solution will be “more.” And this “more” -- algorithms' insatiable “prime directive” to capture “all data” -- risks further intrusion into pre-digital privacy rights and expectations because the data has to come from somewhere. Perhaps more importantly, this risk further intrusion into the pre-digital realms of human decision making.

²⁶ Soonkwan Hong (2020), "Fractal Agency: Fetishization of Algorithms and the Quest For Transcendence", in NA - Advances in Consumer Research Volume 48, eds. Jennifer Argo, Tina M. Lowrey, and Hope Jensen Schau, Duluth, MN : Association for Consumer Research, Pages: 1120-1120.

Turning to the specific case of AI in employment decisions, we quickly see two inescapable issues arise: Algorithmic factual unreliability (under-reporting) triggering Federal Rules of Evidence issues. And algorithmic factual reliability (over-reporting) creating privacy violations in the realm of employment law.

A. Axis of Facts Issue One: Employment AI May Be Too Unreliable for Federal Rules of Evidence

Soon -- in the more general context of employment AI -- judges will have to make decisions about how to deal with evidence based on algorithmic assessments of job applicants as well as how to determine whether to qualify experts to offer testimony. Those decisions are guided in principle by the *Daubert* and *Frye* standards.

Frye v. U.S. -- not coincidentally -- involved the Court deciding (in 1923) whether a primitive lie detector test was admissible: The defendant's attorney sought to admit the testimony of a scientist who had performed a blood pressure test designed to determine honesty of the defendant or to replicate the test in the courtroom. The Court refused to permit such testimony (or demonstration) and held that an expert opinion is admissible if the scientific technique on which the opinion is based is "generally accepted" as reliable in the relevant scientific community.²⁷ *Daubert v. Merrell Dow Pharmaceuticals* (1993) was a birth defect case where the plaintiffs brought forth (potentially unreliable) expert testimony to prove the causal relationship between Dow's chemical and the (alleged) victim's birth defects. The court in *Daubert* determined that a more flexible standard was necessary and directed trial judges to make assessments of whether the proposed testimony was based on scientifically valid reasoning or methodology and whether the testimony can be applied properly to the issue at hand.²⁸ The *Daubert* standard allows courts the ability to craft instructions for the jury and permit cross-examination and rebuttal evidence in order to permit the jury to properly evaluate the evidence.²⁹

^{30,31} Whether the question is if the science in question is "generally accepted" by the "scientific community" (*Frye*) or if the methodology under examination is based on "scientifically valid reasoning" (and can be applied "properly to the issue at hand"), the question

²⁷ *Frye v. United States*, 293 F. 1013 (D.C. Cir. 1923).

²⁸ *Daubert v. Merrell Dow Pharmaceuticals*, 509 U.S. 579 (1993); see also Christine Funk, *Daubert Versus Frye: A National Look at Expert Evidentiary Standards*, Expert Institute, Feb 17, 2020, <https://www.theexpertinstitute.com/daubert-versus-frye-a-national-look-at-expert-evidentiary-standards/>

²⁹ Christine Funk, *Daubert Versus Frye: A National Look at Expert Evidentiary Standards*, Expert Institute, Feb 17, 2020, https://www.theexpertinstitute.com/daubert-versus-frye-a-national-look-at-expert-evidentiary-standards/#_ftn2 ³⁰ *In re: Amendments to the Florida Evidence Code*, No. SC19-107, Supreme Court of Florida, May 23, 2019; see also Raychel Lean, 'Daubert' Evidence Standard Takes Immediate Effect in Florida After High Court Turnaround, Law.com, May 23, 2019, <https://www.law.com/dailybusinessreview/2019/05/23/daubert-evidence-standard-takes-immediate-effect-in-florida-after-high-court-turnaround/>

³¹ Michael Morgenstern, *Daubert v. Frye - A State-by-State Comparison*, Expert Institute, Aug 9, 2018, <https://www.theexpertinstitute.com/daubert-v-frye-a-state-by-state-comparison/>

for all algorithms will be whether – and how – they are scientifically verified.³² To make this issue clear, we turn to a particular emerging subset of employment AI: Facial recognition and emotion detection.

Facial recognition technology is on the rise in employment AI. Companies like HireVue provide software that allows companies to use AI to analyze facial features and movements during job interviews and assess applicants against its database of about 25,000 pieces of facial and linguistic information compiled from previous interviews of successful hires.^{33,34} The 350 linguistic elements they measure include criteria like a candidate’s tone of voice, their use of passive or active words, sentence length, and the speed at which they talk. The thousands of facial features analyzed include brow furrowing, brow raising, the amount one’s eyes widen or close, lip tightening, chin raising, and smiling. This data or “facial action units” can make up 29 percent of the candidates score with the remaining score composed of language data.³⁵

We start with the *Frye* question, as it can also elucidate ethical and policy-making concerns with algorithmic unreliability. To begin -- as is the case with all algorithms -- who is the “scientific community” under question? Who are the proper experts to validate or testify about an algorithm’s reliability or reverse-engineer its built-in messiness? (The data scientists who collected the data? The social science researchers -- in criminology, psychology, or sociology -- whose statistical research was programmed into the algorithm? Experts in communication itself? All of the above?) For example, employers are using facial recognition based tools to evaluate the microexpressions of applicants and assess character traits like honesty. Yet psychologists doubt whether microexpressions are indicative of or provide an inference of deception.³⁶ (The psychological community has concluded that “[t]here is no evidence that any pattern of physiological reactions is unique to deception.”)³⁷ Criminologists also take the position that there is no evidence that monitoring microgestures on people’s faces is an accurate way to measure lying. Prof. Ray Bull from the University of Derby has opined that “[t]he technology is based on a fundamental misunderstanding of what humans do when being

³² The federal courts exclusively use the *Daubert* standard to evaluate the admissibility of evidence, while state courts are divided between the *Daubert* and *Frye* standards. The *Daubert* standard is generally held in more favor, as it is utilized in federal courts and state courts are trending toward it and away from the older *Frye* standard. (For example, recently the State of Florida held that courts in the state would abandon the *Frye* standard and move to the *Daubert* standard.)

³³ Alex Engler, Independent auditors are struggling to hold AI companies accountable, Fast Company, Jan 26, 2021, <https://www.fastcompany.com/90597594/ai-algorithm-auditing-hirevue>

³⁴ Ivan Mahokha, How using facial analysis in job interviews could reinforce inequality, PBS NewsHour, Oct 7, 2019, <https://www.pbs.org/newshour/economy/making-sense/how-using-facial-recognition-in-job-interviews-could-reinforce-inequality>

³⁵ Khetan, Ashna, Your Next Interviewer May Be a Machine: “Moneyball” in Corporate Hiring, Rewired, <https://stanfordrewired.com/post/moneyball-corporate-hiring>

³⁶ Joe Navarro (2011), *Body Language vs. Micro-Expressions*. Psychology Today. <https://www.psychologytoday.com/us/blog/spycatcher/201112/body-language-vs-micro-expressions> ³⁷*The Trust About Lie Detectors (aka Polygraph Tests)* (2004), American Psychological Association. <https://www.apa.org/research/action/polygraph>

truthful and deceptive.”³⁸ Recent studies have also shown that individuals may be able to mask or disguise many of their microexpressions.³⁹ Merve Hickok, SHRM-SCP and a lecturer and speaker on AI ethics, bias, and governance has noted that “Facial analysis has never been an independently and scientifically validated predictor of a person's ability, capacity or success in a role.”⁴⁰

The scientific community is particularly robust in its critiques of facial recognition technology being used in employment AI. The U.S. National Institute of Standards and Technology (NIST) evaluated 189 software algorithms from 99 developers and found that facial recognition algorithms had higher error rates for women than for men as well as higher error rates for people of color than for white people.⁴¹ There were particularly high error rates for intersectional groups such as women of color. In 2019, the Electronic Privacy Information Center filed a complaint against HireVue. Their algorithms were found to be negatively scoring interviews submitted by minorities due to shorter answers and less facial expressions.⁴²

When algorithms go beyond recognizing faces and try to recognize emotions, there are inevitably cultural biases built into that analysis. People from some cultures are more apt to smile, frown, laugh, furrow their brow, or respond differently to questions than others. For example, one study used a public data set of pictures of professional basketball players to test two emotion-recognition services, one from Microsoft and one from Face++, a facial-recognition company based in China.⁴³ Both consistently ascribed more negative emotions to Black players than to white players, although each did it differently: Face++ saw Black players as angry twice as often as white players; Microsoft viewed Black players as showing contempt three times as often as white players when the expression was ambiguous. Another serious concern is that those who are neurodivergent, such as individuals with autism, may respond to questions in a way an algorithm flags as inappropriate.⁴⁴ Neurodivergent individuals are already more likely to experience difficulty with the give and take of social interactions. Their facial reactions, speech patterns, and body language are more likely to be viewed by an algorithm as ‘abnormal.’

³⁸Ryan Gallagher, Ludovica Jona (2019). *We Tested Europe's New Lie Detector For Travelers — and immediately triggered a false positive*. The Intercept. <https://theintercept.com/2019/07/26/europe-border-control-ai-lie-detector/> ³⁹Judee K. Burgoon (2018), *Microexpressions Are Not the Best Way to Catch a Liar*. *Frontiers in Psychology*. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6158306/>

⁴⁰ Charlotte Bull, *Facial Recognition in Candidate Screening: What we've learned so far*, LinkedIn Pulse, Feb 13, 2021, <https://www.linkedin.com/pulse/facial-recognition-candidate-screening-what-weve-learned-bull-/>

⁴¹ Claire Meyer, *Facial Recognition Error Rates Vary by Demographic*, May 1, 2020, <https://www.asisonline.org/security-management-magazine/articles/2020/05/facial-recognition-error-rates-vary-by-demographic/>

⁴²Kahn, Jeremy. *Why HireVue Will No Longer Assess Job Seekers' Facial Expressions*. Fortune. Fortune, January 19, 2021. <https://fortune.com/2021/01/19/hirevue-drops-facial-monitoring-amid-a-i-algorithm-audit/>

⁴³ McQuaid, John, *Your Boss Wants to Spy on Your Inner Feelings*, Scientific American, Dec 1, 2021, <https://www.scientificamerican.com/article/your-boss-wants-to-spy-on-your-inner-feelings/>

⁴⁴ Autism: Impairments in Social Interaction, Interactive Autism Network at Kennedy Krieger Institute, Dec 5, 2013, https://iancommunity.org/cs/autism/impairments_in_social_interaction

Despite all of these criticisms that algorithms too often get things wrong, companies are still using algorithmic tools to judge and evaluate the faces, voices, expressions, mannerisms, and responses of job candidates. HireVue’s technology has come under criticism for not working very well and not being very accurate, but despite these concerns about its reliability – and, in some cases, the continuation of certain features such as facial analysis – companies like HireVue continue to be widely used in candidate interviews.⁴⁵ More critically: While prosecutors and courts increasingly defer to computer programmers to assess the factual reliability of their algorithms (“scientifically valid reasoning”), this choice is not so obvious. In many cases, it constitutes an instance of the (epistemological) fox guarding its own hen house. Under the *Frye* standard, employers would have to wait until AI lie detection systems are generally accepted as reliable, which is likely to take a long time. An employer could seemingly apply the *Daubert* standard however and use an AI lie detector with specific instructions to the human evaluators about the reliability of the technology and the appropriate weight to assign to it.

If algorithmic tools, including lie detectors, are to be used for employment decisions, it must be with legal and ethical guardrails to prevent their abuse. What reliability threshold must an employment algorithm reach to be trusted with important decisions that affect human lives? What reliability standard must an AI lie detector reach in order to be defensible for an employer to use as an evaluative tool for job candidates?

A. Axis of Facts Question Two: The Hiring Algorithm is So Accurate it Violates the Sphere of Privacy

The first question in the Axis of Facts analysis revolves around algorithms that don’t work insofar as they misreport or underreport data about an individual at an error rate that doesn’t pass the *Frye* or *Daubert* thresholds for rules of evidence. The second Axis of Facts question, however, deals with the opposite problem of algorithmic unreliability: What happens when AI is *too accurate*?

While seemingly esoteric, this is a critical legal and ethical point. In criminal contexts, a hypothetically “perfect” AI program would violate the right to self-incrimination or the right to a jury trial. In the context of employment algorithms, this second Axis of Facts question – and why it creates a legal catch-22 – comes into focus if we consider what the industry response is to inaccurate (i.e., “messy”) data: **More**. As argued in *Big Data: A Revolution*, “A shift is taking place from collecting some data to gathering as much as possible, and if feasible, getting everything.”⁴⁶ And this quest for “everything,” raises immediate concerns.

⁴⁵ Maurer, Roy, HireVue Discontinues Facial Analysis Screening, SHRM, Feb 3, 2021, <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/hirevue-discontinues-facial-analysis-screening.aspx#:~:text=HireVue%2C%20a%20well%2Dknown%20video,intelligence%20in%20employment%20decisions%20grow.>

⁴⁶ Mayer-Schönberger Viktor, Kenneth Cukier. 2017. *Big Data: A Revolution That Will Transform How We Live, Work, and Think*. London: John Murray. p. 26.

Individuals were traditionally able to choose what information they shared with a potential employer and paint a picture (a.k.a., telling a story) with an application, cover letter, resume or curriculum vitae, choice of references, and answers to questions during interviews. The questions that can be asked of an applicant and types of information about an applicant that can be gathered and used for an employment decision are governed by strict legal rules of engagement. The Age Discrimination in Employment Act (ADEA) prohibits employers from asking questions about the applicant's age in most circumstances.⁴⁷ The Americans with Disabilities Act of 1990 (ADA), prohibits questions regarding disabilities or medical conditions.⁴⁸ Similarly, The Genetic Information Nondiscrimination Act of 2008 (GINA) makes it illegal to ask questions regarding the applicant's medical history.⁴⁹ Questions about and discrimination based on family origin or immigration status are outlawed by The Immigration Reform and Control Act of 1986 (IRCA).⁵⁰ Title VII of the Civil Rights Act of 1964 protects applicants from questions surrounding race, religion, sexual orientation, gender, family origin, and marital status.⁵¹

In the pre-digital era, job applicants were able to choose what information not to share during an application process. But as employment algorithms gather "more" information –in a quixotic attempt to overcome their inherent error rate – they will be able to assess whether an applicant likely falls into one of these protected classes, judge that as a weakness, and then rank the applicant as a poor fit for the job. Algorithms are fed massive amounts of data in their quest to make the most accurate decisions possible. They will receive an applicant's resume or CV, a cover letter, and possible other materials, such as writing samples, past projects, etc. Algorithms will also have access to an applicant's personal and professional references and perhaps to their social media history. Algorithms will be able to tell based on a person's posts and membership in groups whether an applicant is or plans to become pregnant. Algorithms that are fed photos from LinkedIn or social media will be able to determine the race or disability status of applicants.

The implications of this are both scary and staggering. While robust employment laws were created in the pre-digital era, few laws, regulations, or corporate/civic norms currently prevent algorithms from analyzing applicants and taking this information without consent.

Looking past the glitchy obfuscation of AI's allure in employment context, and thinking about these situations in the real world, the legal and ethical implications become clear. The reason we have protected classes in employment law is to prevent employers from discriminating against those who have historically been seen as damaged or less than in some way, as a result of characteristics like race, gender, age, disability, sexual orientation, or gender identity. A woman

⁴⁷ The Age Discrimination in Employment Act of 1967 | U.S. Equal Employment Opportunity Commission.

⁴⁸ Titles I and V of the Americans with Disabilities Act of 1990 (ADA) | U.S. Equal Employment Opportunity Commission.

⁴⁹ The Genetic Information Nondiscrimination Act of 2008 (GINA) | U.S. Equal Employment Opportunity Commission.

⁵⁰ The Immigration Reform and Control Act of 1986 (IRCA) | U.S. Equal Employment Opportunity Commission.

⁵¹ Title VII of the Civil Rights Act of 1964 | U.S. Equal Employment Opportunity Commission.

who is pregnant or trying to become pregnant might not wish to volunteer that information. A job seeker who is a member of the LGBTQIA community may not want their employer to have information about their sexual orientation or gender identity. Yet algorithms are not programmed to recognize that the law forbids an employer from asking certain questions or considering certain factors about an applicant. In other words:

Employers recognize that they can't or shouldn't ask candidates about their family status or political orientation, or whether they are pregnant, straight, gay, sad, lonely, depressed, physically or mentally ill, drinking too much, abusing drugs, or sleeping too little.

However, new technologies may already be able to discern many of these factors indirectly and without proper (or even any) consent.⁵²

While it is illegal for an employer to directly ask about your membership in a protected class, as the algorithm seeks ever “more” information about a candidate, it is easy to think of a myriad of ways it could infer membership in a protected class and judge an applicant harshly as a result. For instance, it is self-evident that women posting about maternity apparel are statistically more likely to be pregnant or trying to become pregnant. The algorithm may also note that pregnant women require leave, benefits, and then tend to work less hours. Noting that correlation, it could view women looking for maternity clothing as statistically less likely to be successful at the company and not recommend them for interviews. This is clearly illegal discrimination against women based on pregnancy status. An interviewer could successfully be sued for asking a woman whether she is or plans to become pregnant. But the algorithm can gather data, draw conclusions about whether it thinks a pregnancy is likely in her future, assess that she is less likely to be as productive, and advise the company to reject her. And the company using the algorithm can claim ignorance about how it works and whether it might be discriminating against that group of women.

Moving beyond the “cross-platform” and 3rd party data sales problem – i.e., when an employment algorithm uses data from one context and imports it into the hiring process – there is also an emerging issue of predicting protected classes in employment AI. As algorithms are fed more data about applicants and learn how to predict their races, genders, and other immutable characteristics, they will almost certainly learn to discriminate against the same groups that have historically been victimized by discrimination. The law has created legal protection for members of certain ‘protected classes.’ Even in right to work states where an employee can be fired for virtually any reason, members of these classes cannot be fired or subjected to any adverse employment action because they are a racial minority, of the nation they or their family came from, for their gender, sexual orientation, gender identity, disability status, etc. But algorithms don't understand or care about those legal protections. They understand correlation and will

⁵² Dattner, B., Chamorro-Premuzic, T., Buchband, R., & Schettler, L. (2019). The Legal and Ethical Implications of Using AI in Hiring. <https://hbr.org/2019/04/the-legal-and-ethical-implications-of-using-ai-in-hiring>

mistake it for causation. By ignoring constitutional protections and federal and state anti-discrimination laws and judging applicants based on their membership in a protected class, algorithmic decision making violates the rights of job applicants.

Employment algorithms are also not immune to the feedback loop or “dirty data” problem. As they gather more and more information about an applicant, the sources for that information will tend to be less reliable, and the risk that data will be incorrect increases. An algorithm could consider blog or social media posts, social reliability scores from sketchy websites, and personality profiles from dating sites. That information is not necessarily reliable or even about the right person. Once an employment AI program has made a determination about a job candidate’s worthiness, what prevents that company from “selling” their evaluation to another, or allowing this data to become part of the “digital self” of the applicant?

Awareness of societal harms is usually seen as the first step towards a solution. But as the second question under the Axis of Facts— *what happens when an algorithm is too reliable* — makes clear, a “chilling effect” emerges as prospective employees (or anyone looking for a job to meet their basic needs) become more attuned to how their data is used for employment in this culture of surveillance capitalism.

Imagine you are searching for a job and you learn of the ways employment algorithms affect job hires. You learn that AI is judging candidates based on characteristics like expressiveness, speaking clarity, and activation of facial muscles and are concerned your mild diagnosis of ADHD might affect how you are evaluated.⁵³ In an effort to overcome the AI, you begin your next interview by mentioning your mild diagnoses and why that may affect your eye contact, but ensure that it would not affect your ability to do the job. As a result, the interviewer may make biased and uneducated assumptions about people with ADHD and thus, deem you unfitting.⁵⁴ This creates a no-win situation for the applicant. It would be illegal for an interviewer to ask if they have a disability and the little disruption in their maintaining eye contact would have likely not been picked up by a human. Therefore, if the employment algorithms were not at work, they would not have needed to volunteer information about their disability. If the applicant discloses the disability, they may be seen as a liability by the human interviewer. If they do not, they may be judged as unworthy by the algorithm. Regardless, either the human interviewer or the algorithm may become aware of the disability, resulting in a loss of privacy for the applicant.

⁵³ Melissa Locker, How to Convince a Robot to Hire You, Vice, Oct 17, 2018, <https://www.vice.com/en/article/pa94pn/robot-job-interview> (“Christoph Hohenberger, one of [Retorio’s] founders, recommends being expressive, speaking clearly, activating your facial muscles (skip the Botox), and keeping in mind that companies look for keywords...”)

⁵⁴ ADHD @ Work, Attention Deficit Disorder Association, <https://adhdwork.add.org/impact-of-adhd-at-work/>, (“Employees with with ADHD are 30% more likely to have chronic employment issues, 60% more likely to be fired from a job, and three times more likely to quit a job impulsively,” citing Barkley, R. (2008) ADHD in Adults: What the Science Says UMASS Study, p. 279.

II: Axis of Bias: Caught Between Correlation and Datafication

Against whom is the algorithm biased?

What are the Constitutional implications of how the algorithm under-interprets or over-interprets culture and identity?

The inherent “messiness” of artificial intelligence – its error rate – will often not be borne equally, which creates what is known as algorithmic bias.⁵⁵ One of the perceived advantages and chief selling points of delegating human decision making to algorithms and machine learning is that those processes are often considered “objective” and free from racial, gender, and other biases. This perception has led to thinking that algorithms could presumably analyze applications for higher education, jobs, credit information, and much more in a fair and objective manner free from human bias. The research, however, offers a different perspective: Algorithms used in the hiring process have been found to disproportionately punish the poor and those who suffer from mental illness;⁵⁶ Amazon was forced to quit using a recruiting algorithm that exhibited gender bias;⁵⁷ algorithms used by courts and parole boards to forecast future criminal behavior have noted racial and age biases⁵⁸; and algorithmic word associations – between words such as “woman” and “homemaker” – have led to gender bias.⁵⁹

Existing human biases leak back into algorithms in a number of ways. Research has shown that algorithms display the same biases as humans.⁶⁰ The open question -- for the Axis of Bias -- is whether these algorithmic biases emerge because they are programmed *by* humans or based on data *about* humans. The process of machine learning is employed in an attempt to train machines to analyze problems in the same way a human would. As machines are trained in this manner, they develop an artificial intelligence intended to resemble human intelligence. But the problem with attempting to replicate the human brain within a machine or teaching a machine to analyze like a human is the human element: When a machine is trained to respond *like* humans do – i.e., when a machine is programmed with datasets that attempt to capture the combined knowledge humans have accumulated over millennia – our human biases can get entangled and

⁵⁵ See, for instance, Algorithmic Bias Playbook, Federal Trade Commission, https://www.ftc.gov/system/files/documents/public_events/1582978/algorithmic-bias-playbook.pdf, citing Robert P. Bartlett et al. "Algorithmic Discrimination and Input Accountability under the Civil Rights Acts." Available at SSRN 3674665 (2020).

⁵⁶ Cathy O’Neil, *How algorithms rule our working lives*, The Guardian, Sep 1, 2016, <https://www.theguardian.com/science/2016/sep/01/how-algorithms-rule-our-working-lives>

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⁵⁸ Julia Angwin and Jeff Larson, *Bias in Criminal Risk Scores is Mathematically Inevitable, Researchers Say*, ProPublica, Dec 30, 2016, <https://www.propublica.org/article/bias-in-criminal-risk-scores-is-mathematically-inevitable-researchers-say>

⁵⁹ Tolga Bolukbasi, Kai-Wei Chang, James Zou, Venkatesh Saligrama, Adam Kalai, *Man is to Computer Programmer as Woman is to Homemaker? Debiasing Word Embeddings*, Cornell University, Jul 21, 2016, <https://arxiv.org/pdf/1607.06520.pdf>

⁶⁰ Daniel Newman, “Your Artificial Intelligence is Not Bias-Free,” Forbes, September 12, 2017, <https://www.forbes.com/sites/danielnewman/2017/09/12/your-artificial-intelligence-is-not-bias-free/#2d8ffcccc783>.

embedded in the code.⁶¹ With all their good intentions, data scientists aim to make this human-style thinking a positive tool, but fail to account for the human factor that results in systemic racism⁶², sexism⁶³, and other social issues to be perpetuated in code.

The prevalence of algorithmic bias being reinscribed into code leads to reasonable anxiety about encoded discrimination.⁶⁴ But while scholars and advocates in the digital ethics community have rightfully sounded the alarm over “coded bias,” the IDH’s Axis of Bias illuminates two very different (and dangerously under-acknowledged) legal and ethical questions lurking under claims of algorithmic discrimination: Over- and under-interpreting protected cultural data. On the one hand, AI’s reliance on statistical correlation necessarily over-interprets – and creates stereotypical statistical judgments about – otherwise protected employment data about legally protected identities. On the other hand, discrimination -- and potentially a more invisible, unfixable, and pernicious form of it -- can come from encoding systemic inequality at the level of datafication: This reduces the complex intersectionality of a given human into one binary plot point. As the solution to the over-interpretation of culture and identity (at the level of correlation) often becomes the under-interpretation of culture and identity (at the level of datafication), the narrative model of algorithmic unreliability attempts to head off an emerging “separate but equal” digital society that is hurtling quickly toward a system that legal scholar Margaret Hu has rightfully called “Algorithmic Jim Crow.”

A. Axis of Bias Issue One: The Employment Algorithmic Overinterprets Protected Cultural Data and Violates Equal Protection

When algorithms are trained to identify characteristics of a ‘successful’ potential hire, they are based on existing employees, inherently treating underrepresented traits as “undesired traits”⁶⁵. Bias in any and each of these tools contribute to discrimination across different populations of people, as well as creating compounded discrimination for those whose intersecting identities include more than one nondominant group. We see that the identities

experiencing greater risk of algorithmic discrimination in employment include people of Color, disabled people, members of the LGBTQIA+ community, and women/femmes. Discrimination in employment not only excludes them from those workplaces but also excludes them, by extension, from broader society.

⁶¹ John Murray, “Racist Data? Human Bias is Infecting AI Development,” Towards Data Science, April 24, 2019, <https://towardsdatascience.com/racist-data-human-bias-is-infecting-ai-development-8110c1ec50c>

⁶² Johnson, Carolyn Y., “Racial bias in medical algorithms favors white patients over sicker black patients.” *The Washington Post*. Oct 24, 2019. <https://www.washingtonpost.com/health/2019/10/24/racial-bias-medical-algorithm-favors-white-patients-over-sicker-black-patients/>

⁶³ Vigdor, Neil. “Apple Card Investigated After Gender Discrimination Complaints.” *The New York Times*. Nov 10, 2019, <https://www.nytimes.com/2019/11/10/business/apple-credit-card-investigation.html>

⁶⁴ Algorithmic Bias Initiative, The Center for Applied Artificial Intelligence, Chicago Booth School of Business, <https://www.chicagobooth.edu/research/center-for-applied-artificial-intelligence/research/algorithmic-bias>

⁶⁵ Givens, Alexandra Reeve. “How Algorithmic Bias Hurts People with Disabilities.” *Slate Magazine*. Slate, February 6, 2020. <https://slate.com/technology/2020/02/algorithmic-bias-people-with-disabilities.html>

There is a significant risk that the companies using algorithms for evaluative and decision making at different stages of their hiring processes are engaging in classic pre-digital employment discrimination, in violation of federal and state laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy, transgender status, and sexual orientation), national origin, age (40 or older), disability or genetic information.⁶⁶ Title VII of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, religion, sex, national origin, disability, or age.^[13] The U.S. Supreme Court has extended those protections to sexual orientation and sexual identity.^[14] The Americans with Disabilities Act of 1990 generally prohibits discrimination against those with disabilities.^[15] States have their own laws that likewise seek to prevent discriminatory treatment of members of these protected classes. Yet study after study has shown that algorithms contain biases and engage in discrimination.⁶⁷ A few critical short studies are as follows:

Women

Using a secret AI recruiting tool, Amazon discovered a strong bias against women.⁶⁸ In 2015 Amazon was found hiring so many men that their resume screening algorithm, trained by scanning current employee resumes, naturally learned to “downgrade resumes that included terms such as ‘women’s’” or included a degree from a women’s college⁶⁹. We also see discrimination due to how resumes are formatted, with resumes that were more ‘masculine’ in their formatting favored by hiring managers, directly disadvantaging any person who uses more ‘feminine’ formatting⁷⁰. Though this is not direct evidence of explicit algorithmic bias, there is a clear line here from managers’ preferences to the likelihood of a learned preference within resume analysis software. Its computer models had been trained to vet applicants by comparing them to others who had been historically successful at the company. Amazon is male-dominated, allowing the algorithm to teach itself male applicants were preferable.

A University of Melbourne study gave 40 recruiters resumes applying to UniBank.⁷¹ The names related to each application were switched around so that male resumes appeared with

⁶⁶ <https://www.eeoc.gov/overview>

⁶⁷ Engler, Alex, Auditing employment algorithms for discrimination, Reuters, Mar 12, 2021, <https://www.brookings.edu/research/auditing-employment-algorithms-for-discrimination/#:~:text=Algorithmic%20hiring%20systems%20are%20proliferating%2C%20and%20while%20some,guaranteed%20to%20be%20the%20case%20without%20meaningful%20standards>.

⁶⁸ Jeffrey Daston, Amazon scraps secret AI recruiting tool that showed bias against women, Reuters, Oct 10, 2018, <https://www.reuters.com/article/us-amazon-com-jobs-automation-insight/amazon-scraps-secret-ai-recruiting-tool-that-showed-bias-against-women-idUSKCN1MK08G>.

⁶⁹ Givens, Alexandra Reeve. “How Algorithmic Bias Hurts People with Disabilities.” Slate Magazine. Slate, February 6, 2020. <https://slate.com/technology/2020/02/algorithmic-bias-people-with-disabilities.html>.

⁷⁰ Luther, David. “A Look at How Resume Formatting May Affect Hiring Discrimination.” Zippia, October 26, 2017. <https://www.zippia.com/advice/resume-format-gender-discrimination/>.

⁷¹ Thomas Macaulay, “Study Shows How AI Exacerbates Recruitment Bias against Women,” TNW | Neural, May 6, 2021, <https://thenextweb.com/news/study-shows-how-ai-exacerbates-recruitment-bias-against-women>.

female names and vice versa. The recruiters consistently ranked applications connected with male names much higher than those with female names. They were then asked to use data to create an algorithm that would look through applications and the same biases were found to be built into the algorithm.⁴⁵ Even in job descriptions, we see a pattern in the way that masculine language used in job descriptions perpetuates gender inequality and division, causing gender discrimination before a resume is even analyzed or the interview recorded⁷². This combined with search engine algorithms filtering high paying job ads disproportionately to men over women⁷³ continues to confound women's inclusion. Once a resume is submitted, we see compounding potential for discriminatory impacts.

People of Color

For his 2017 article in *Business Today*, Antonio Simental exposes that the same racial biases have been at play for over 30 years, specifically African American discrimination.⁷⁴ If those prevalent biases are keyed into the algorithm by a human, then the algorithm only serves to perpetuate and encode that problem. When applying an algorithm to employment, employers have the option to select filters for their datasets so the algorithm finds what the company would consider a "good" employee. To speak more accurately, the algorithm attempts to find new employees similar to employees who have had successful careers at that particular company; if a place of work had a biased hiring system for the past 30-50 years, the algorithm only knows to operate off that that biased dataset⁷⁵.

While this makes the process of sifting through resumes more efficient, it also makes the inherently racist hiring practices more efficient, creating a never ending loop of racial discrimination that hides behind code⁷⁶. Therefore, if we allow ourselves to partner with algorithms that utilize outdated and racist information, we allow ourselves to partner with the racist practices this data represents and become culpable in amplifying this issue.

Discrimination against race did not end with desegregation, and it certainly hasn't ended with the introduction of algorithms to employment. Rather, by applying these algorithms, we've brought a new, modernized version of this bias into the 21st century.

⁷² Gaucher, Danielle, Justin Friesen, and Aaron C. Kay. "Evidence That Gendered Wording in Job Advertisements Exists and Sustains Gender Inequality." *Journal of Personality and Social Psychology* 101, no. 1 (2011): 109–28. <https://doi.org/10.1037/a0022530>.

⁷³ Spice, Byron. "Questioning the Fairness of Targeting ADS Online." Carnegie Mellon University, July 7, 2015. <https://www.cmu.edu/news/stories/archives/2015/july/online-ads-research.html>.

⁷⁴ Simental, Antonio. "Higher Standards for Hire: Algorithmic Bias in the Job Application Process." *Business Today Online Journal*. *Business Today Online Journal*, January 19, 2021. <https://journal.businesstoday.org/bt-online/2020/higher-standards-for-hire-algorithmic-bias-in-the-job-application-process>.

⁷⁵ Id.

⁷⁶ Barocas, Solon. Raghavan, Manish. "Challenges for Mitigating Bias in Algorithmic Hiring." *Brookings*. 6 December 2019. <https://www.brookings.edu/research/challenges-for-mitigating-bias-in-algorithmic-hiring/>.

Disability

Algorithmic discrimination also continues to harm disabled people, as this population is naturally difficult to model due to how unique each person's case and life factors are.⁷⁷ The use of various algorithm-based tools in hiring processes continues to replicate discrimination for disabled folks and may even produce clear violations of the Americans with Disabilities Act due to lack of reasonable accommodations.⁷⁸ For example, for those with visual and auditory impairments video interview analysis may make inaccurate assessments that don't consider the nature of a person's disability. Additionally, people with autism have been shown to test with a wide range of results due to how differently people's disabilities present.⁷⁹ AI analysis of video and audio would need to be extensively trained in order to take account for the diversity of the ways disability presents overall. Even the fact that AI predicts potential candidate performance based on pre-known people and traits that are "successful" is a clear limitation on fair treatment.⁸⁰ Then there's the issue of disclosure for individuals with disabilities, as requesting accommodations in the first place, even if available, potentially places them at a risk for stereotype threat and other concerns.⁸¹

The biases toward applicants has gotten so bad over the years that people with disabilities have been sequestered to very specific "allowable" jobs, or "jobs they can handle." The way McDonald's and others assign those with Down's Syndrome or developmental disabilities to janitorial duties are a common example. As exposure and awareness has grown, however, people with disabilities have proven themselves to be far more capable than society has labeled them as, working jobs previously thought undoable by a disabled person or starting their own businesses.⁸² There are also successful actors and musicians with the chromosomal disorder. And as the societal view of disabled persons begins to change, the way we program our algorithms must change to reflect this, rather than perpetuate inaccurate and bygone biases.

Due to this discrimination, the EEOC has fought to expand the Americans with Disabilities Act to include those with mental difficulties and impairments, including those with communication or concentration concerns.⁸³ Such traits have been known to be considered "disqualifying" by AI.

⁷⁷ Alexiou, Gus. "Algorithmic and AI Assessment Tools - A New Frontier in Disability Discrimination." Forbes. Forbes Magazine, December 13, 2020. <https://www.forbes.com/sites/gusalexiou/2020/12/13/algorithmic-and-ai-assessment-tools---a-new-frontier-in-disability-discrimination/?sh=c39d598544f7>.

⁷⁸ Mohan, Pavithra. "How Algorithm-Based Hiring Tools Can Increase Disability Discrimination." Fast Company. Fast Company, January 14, 2021. <https://www.fastcompany.com/90593541/how-algorithm-based-hiring-tools-can-increase-disability-discrimination>.

⁷⁹ Givens, Alexandra Reeve. "How Algorithmic Bias Hurts People with Disabilities." Slate Magazine. Slate, February 6, 2020. <https://slate.com/technology/2020/02/algorithmic-bias-people-with-disabilities.html>.

⁸⁰ Engler, Alex. "For Some Employment Algorithms, Disability Discrimination by Default." Brookings. Brookings, October 31, 2019. <https://www.brookings.edu/blog/techtank/2019/10/31/for-some-employment-algorithms-disability-discrimination-by-default/>.

⁸¹ Mohan, Pavithra. "How Algorithm-Based Hiring Tools Can Increase Disability Discrimination." Fast Company. Fast Company, January 14, 2021.

⁸² Getting Hired Team. "10 Businesses Created and Inspired by Individuals with Down Syndrome." Inclusive Workforce Blog, October 1, 2018. <https://blog.gettinghired.com/2018/10/10-businesses-created-and-inspired-by-individuals-with-down-syndrome>.

Language

One less-commonly discussed bias found within the world of Artificial Intelligence is that of biases toward one's spoken language. This can affect an applicant in many ways. So much so, in fact, that a simple Google search will reveal multiple websites coaching people how to prevent sending "language red flags" and avoid discrimination. Discrimination can also be based on an applicant's accent, whether they use their native tongue to speak with coworkers, and whether they speak English as a second language, which – in the eyes of some employers – makes them "hard to be understood".⁸⁴ Some might consider this to be on par with racial discrimination, but the challenges of this discrimination are unique. Being discriminated against and marginalized based on language can deter one from preserving their culture through language and maintaining family ties.

There are also significant issues with how automated speech recognition (ASR) systems produce racially disparate analysis across interviews, specifically with white and Black speakers. These systems can become "confused by the phonological, phonetic, or prosodic characteristics of African American Vernacular English," meaning Black candidates are likely to receive lower scores in the system, because its been (inadvertently) trained to recognize African American Vernacular as non-normative and therefore undesirable.⁸⁵

Age

Age bias in the workplace is evident anywhere you go. In the tech world, for instance, "ageism starts kicking around age 36."⁸⁶ That same article says that after performing a study, 29% of participants acknowledged experiencing or witnessing ageism within the tech world. As a society, we tend to write off those that we deem "too old" despite the wisdom and experience that comes with aging. Businesses have become so afraid of running the risk of an "elderly person" not being able to understand the technology they use, that this bias gets subconsciously plugged into the algorithm, causing their applications and resumes to gain detractors. We even

⁸³ Friedman, Gary, and Thomas McCarthy. "Employment Law Red Flags in the Use of Artificial Intelligence in Hiring." Americanbar.org, October 1, 2020. https://www.americanbar.org/groups/business_law/publications/blt/2020/10/ai-in-hiring.

⁸⁴ "Language Discrimination." Workplace Fairness. www.workplacefairness.org, 2022. <https://www.workplacefairness.org/language-discrimination>.

⁸⁵ Koenecke, Allison, Andrew Nam, Emily Lake, Joe Nudell, Minnie Quartey, Zion Mengesha, Connor Toups, John R. Rickford, Dan Jurafsky, and Sharad Goel. "Racial Disparities in Automated Speech Recognition." PNAS. National Academy of Sciences, April 7, 2020. <https://www.pnas.org/content/117/14/7684>.

⁸⁶ Kolakowski, Nick. "How A.I. Could Enable Ageism, Discrimination in Hiring." Dice Insights, October 3, 2019. <https://insights.dice.com/2019/10/03/ageism-discrimination-ai-enabled-hiring/>.

saw a complaint filed by EPIC against HireVue challenging many aspects of the company’s AI assessments, with particular concern for video game-based assessments created for hiring processes. With “the average age of video game players...in the mid-30s”, there is a higher likelihood that older applicants will not be able to respond quickly to the assessment even if they have played video games before.⁸⁷ With jobs now not only relying on algorithms in resume and interview analytics, but also with regard to aspects like response time, we continue to see the compounding potential for discrimination.

Our legal system has evolved over time to protect individuals from employment discrimination. We prohibit employers from treating current or prospective employees differently based on their membership in suspect classes. Algorithmic decision making creates significant risk that those protections will be ignored. A Black applicant won’t be hired not because she is Black but because the algorithm judges her speech as flawed. A disabled applicant won’t land a job not because he is autistic but because his facial expression as he responds to questions is considered odd. A female applicant will be passed over for a job not because she is a woman but because she used the word “women’s” on her resume, a characteristic the algorithm does not correlate with successful hires. Algorithms will judge such candidates harshly because they are seen as having less desirable characteristics, the precise result anti-discrimination laws are intended to prevent.

A. Axis of Bias Issue Two: Employment AI’s Under-Interpretation of Intersectional Cultural Data Triggers Due Process Concerns

The over-interpretation of cultural data – in violation of basic principles of Equal Protection – is typically seen as the hallmark of algorithmic bias. But this ignores an entire Constitutional category of discrimination claims that the Axis of Bias’s second question makes clear: The under-interpretation of cultural and identity data. As a basic principle of fairness and equity, the Due Process clause of the Fifth Amendment guarantees that all citizens be treated as individuals. Given that algorithms -- by design -- have to reduce humans to datasets – and employment AI has to take the complexity of a human candidate and turn them into programmable categories – it’s obvious that issues with regard to “under-interpreting” are unavoidable, particularly as employment algorithms attempt to “correct” the equal protection issues traditionally seen with coded bias claims.

Intersectionality provides an easy inroad to understand these “under-interpreting” Axis of Bias concerns. Originally conceptualized by Kimberle Crenshaw precisely to deal with the inability of plaintiffs in employment contexts to argue for relief across all of their categories of identity (e.g., gender, race, and age), intersectionality is the “the interconnected nature of social

⁸⁷ Barnes, Patricia. “Artificial Intelligence Poses New Threat to Equal Employment Opportunity.” Forbes. Forbes Magazine, November 10, 2019. <https://www.forbes.com/sites/patriciabarnes/2019/11/10/artificial-intelligence-poses-new-threat-to-equal-employment-opportunity/?sh=72e1bdd26488>.

categorizations such as race, class, and gender, regarded as creating overlapping and interdependent systems of discrimination or disadvantage.”⁸⁸ A case in point is the difference in pay rates from men to women and from Black women to Black men, with that intersection being Black women make sixty-one cents, on average, for every dollar a white male earns.⁸⁹ In the context of digital ethics, many scholars – the Algorithmic Justice League’s Joy Buolamwini in particular – have already sounded the alarm about the need for intersectional approaches to encoded bias. (For example, Buolamwini and Gebru’s demonstration of significantly high rates of misclassification of darker-skinned women in three commercial facial analysis programs.⁹⁰)

In the context of employment AI we can see similar issues emerging.⁹¹ If the critique is that there is discrimination against particular groups – via job ad placement, facial recognition software, or resume analysis – vis a vis heteronormative white males, the “solution” will be to create sub-categories of datasets based on those protected categories. And yet the real harm is precisely the under-interpretation of the intersectional nature of identities: A prospective employee is not “just African American” or “just a woman” or “just gay” or “just a Muslim.” They are a holistic human being. And weighting the algorithm to privilege on of these components of identity is, frankly, backwards: A pre-intersectional understanding of identity and discrimination.

The Axis of Bias’s insistence on focusing on algorithmic under-interpretation is also an example of Margaret Hu’s conceptualization of “algorithmic Jim Crow.” For Hu, algorithmic Jim Crow is, essentially, “separate but equal” masked under algorithmic opaqueness whereby “[t]hose screened or vetted will individually encounter a purportedly neutral and colorblind process but with the result that they fall into groups that can start to look much like the kinds of classifications that would normally offend the Constitution’s equal protection guarantees.”⁹² Moreover, because of the unique complexity of algorithmic discrimination, Hu also calls for novel approaches to combat it. Quoting her at length:

“Because algorithmic Jim Crow may appear to offer equality in theory, it may not be challenged successfully on equal protection grounds under the current equal protection framework...At the same time, algorithmic Jim Crow must be challenged must be challenged under other legal theories, including search and seizure of data under the fourth amendment, procedural due process and of data under the 4th amendment.”⁹³

⁸⁸Kimberle Crenshaw, “Demarginalizing the Intersection of Race and Sex:A Black Feminist Critique of Antidiscrimination Doctrine, Feminist Theory and Antiracist Politics,” *University of Chicago Legal Forum*, Vol. 1:8 (1989).

⁸⁹ Id.

⁹⁰ Id.

⁹¹ Crenshaw, 1989.

⁹² Margaret Hu, *Algorithmic Jim Crow*, 86 *Fordham L. Rev.* 633 (2017): 687

⁹³ *Ibid.* 695

At its core, our intersectionality holds the deepest and dearest part of who we are. It is where our legacies of culture – and everything mentioned above – come together to form “[s]ystemic structures of discrimination or advantage.”⁹⁴ We know there are laws in place to prevent intentional discrimination, but unfortunately, at this point, the algorithms used in the employment process are not held accountable to these laws – via non-intersectional under-interpretation of cultural data – nor are the companies that use them, no matter how much exposure their AI receives.

The faulty algorithms at use, as stated before, use a flawed sense of history in making these decisions. The information spans too great a time period to make well educated decisions. In order for these algorithms to be useful and avoid biases, they should be designed using diverse business as the platform. But instead, they typically take the information based on their own hiring history. When you have a company known for hiring White men over Black women, the white male will “perform” better, predictably. We know this is not always the case. The significant levels of success that come from people of various races, genders, and identities is undeniable, and the algorithms need to regularly reflect that.

III. Axis of Storytelling: The Dangers of Disrespecting Values

Even if factually reliable (and free of bias), is it legal or ethical for this particular person to have this particular audience told this particular algorithmic story about this particular person or persons?

Even if factually reliable (and free of bias) what legal or ethical consequences can emerge from accepting algorithms, versus people, telling these types of stories?

Even if an algorithm successfully survives the legal and ethical questions of the Axis of Facts and Axis of Bias, there are still lingering concerns re: The Axis of Storytelling. In an effort to attune audiences to these ethical, civic, and legal responsibilities in authorizing (or rejecting) algorithmic stories about fellow citizens, the Axis of Storytelling proceeds with two questions: Even if factually reliable (and free of bias) is it ethical to for this particular person to tell this particular audience this particular algorithmic story about this particular person or persons? And even if factually reliable (and free of bias) what legal or ethical consequences can emerge from society “accepting” or authorizing algorithms replacing humans in this realm of storytelling?

Big Data: A Revolution’s articulation of “value” makes the stakes of algorithmic storytelling clear: “Value” is the *modus operandi* of gathering and curating all available data, even if – at present – the utility (or ethics) of gathering it isn’t yet discernable or clear. In other words, all available data is gathered (in one context) under the auspices of finding some future

⁹⁴ Howard, Ayanna. “Real Talk: Intersectionality and Ai: Ayanna Howard.” MIT Sloan Management Review, August 24, 2021. <https://sloanreview.mit.edu/article/real-talk-intersectionality-and-ai/>.

use in another.⁹⁵ Given the current ubiquity of algorithmic storytelling -- as it emerges in educational, professional, legal, civic, and personal contexts -- the potentials for limiting the possibilities of human storytelling agency are endless. (And given the algorithmic logic of “value,” they will only expand until deemed legally or ethically unreliable.)

The Axis of Storytelling attempts to understand overarching concerns of algorithmic unreliability by considering a simple question: At what point, in the name of value, is AI disrespecting established legal or cultural norms? And in the context of employment algorithms (and to conclude this paper), two problems – one legal and one ethical – emerge from this supplanting of human storytelling by algorithmic decision-making: The Constitutional right to be judged by our peers and the *ethos* of economic mobility that is the DNA of the American Dream.

Employment AI Disregards American Norms of Economic Mobility and A Jury of Our Peers

The world we have constructed is designed based on human judgment. A person accused of a crime is entitled to make her case to a jury of her peers. The U.S. Supreme Court has weighed in on the importance of the role of (human) court members in determining credibility.⁹⁶ A federal court pointed out that “the *jury* is the lie detector.”⁹⁷ “Determining the weight and credibility of witness testimony, therefore, has long been held to be the ‘part of every case [that] belongs to the jury, who are presumed to be fitted for it by their natural intelligence and their practical knowledge of men and the ways of men.’”⁹⁸

The legal concept of hearsay helps to illustrate another problem with algorithmic assessments. If an algorithm is making a judgment, it should not be able to 'hear' out of court statements offered to prove the truth of the matter asserted. Yet algorithms will be presented with all kinds of unreliable, messy, and even flat out wrong data that will never be vetted, and then proceed to make decisions based on it.

Whether we are selected for a job interview, land a position, or receive a promotion, these are all occurrences that have been built around human interaction and processes. Even when left unstated, it is understood that we deserve the right to be judged by our fellow humans. Yet algorithms have supplanted humans in both contexts when it comes to employment decisions. Most applicants will never interact with a human or be able to tell their own story. Instead, an algorithm will be used to glean data from a resume, a CV, a cover letter, and likely social media

⁹⁵ Ravindranath, Mohana. “How your health information is sold and turned into ‘risk scores.’” *Politico*. February 3, 2019. https://www.politico.com/story/2019/02/03/health-risk-scores-opioid-abuse-1139978?fbclid=IwAR3sYcC56H3VXRnVCF9HS1zg0fYVmqBrgLKIgX9_8ABFITRD88KF1fKfYIs

⁹⁶ *U.S. v. Scheffer*, 523 U.S. 303, 309 (1998) (rejecting lie detector tests based on concerns about reliability and human determinations of credibility).

⁹⁷ *Id.*, citing *United States v. Barnard*, 490 F.2d 907, 912 (CA9 1973) (emphasis added), cert. denied, 416 U.S. 959 (1974).

⁹⁸ *Id.*, citing *Aetna Life Ins. Co. v. Ward*, 140 U.S. 76, 88 (1891).

or other online data in order to tell the applicant's story. If the applicant is chosen for an interview, another algorithm will be used to assess the applicant's voice, facial expressions, demeanor, etc. in order to add to the evaluation. In every step of this historically person-centric process an algorithm judges and influences, with the ability to speak for oneself unprecedentedly limited.

The stakes of employment – economic mobility, which is the core of the American Dream – makes the dangers of removing human decision makers even more real. Algorithms are elegant in their simplicity. They can harness the power of massive amounts of data in their decision-making, but they are unable to deal with nuance and context. Algorithms will gather facts about people, but only people themselves can explain, contextualize, and connect those facts to tell their stories. A job candidate's story is much more than a list of facts. The richness of a story comes from why a decision was made, how an effort was undertaken, and when it was finalized. The important parts of a candidate's story still require human assessment of struggles, persistence, hard work, discipline, determination, problem solving, successes and failures. Such innately human characteristics cannot be reduced to data and understood by an algorithm.

As human beings, we are entitled to represent ourselves, plead our cases, and tell our stories. Our individual narratives cannot be reduced to numbers or explained by computer code. We should be extremely cautious about letting AI make decisions about our survival and dignity in a capitalist world. If we are to be judged, such judgment should be rendered by a jury of our peers, not by a computer program.

Conclusion

In a world where algorithms are being used to make more and more decisions that affect humans, the consequences of that are just starting to become known. Companies, industries, and governments are struggling to devise new systems to determine what algorithmic fairness is and then program and audit them algorithms accordingly. In our view, the answer is much simpler and right in front of our faces. Narrative theory provides the perfect framework for allowing such assessments. Unless we can be satisfied that an algorithm is reliably accurate, free from bias, and represents individuals fairly and with proper context, there are significant risks in allowing their use.

The Economy of Communion Movement as Humanistic Management

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Abstract

In this essay, following the work of Domenec Mele in particular, we will demonstrate that the Economy of Communion movement is a very good example of Humanistic Management. EOC provides a unique lens through which to conceive of humanistic management which is extraordinarily person-centered, and which maps onto many of the key themes and principles of humanistic management practice. We will here present 9 features of Humanistic management which are clearly displayed in EOC scholarship and practice, relying in part on the key features of Humanistic Management as outlined by Domenec Mele(2016). We will show the commonalities of thought between EOC and HM through their parallel scholarly explanations of business practices, and also through concrete lived examples of EOC entrepreneurs.

Introduction

Although the humanistic management movement has recently come to the fore again, humanism itself is an old idea. In 1766 Antonio Genovesi the first economist ever to hold a chair in “civil economy” wrote,

If everyone were to look out for their own interest, no one would be able to do anything other than think of their happiness, and would be less a man; but if you can, in as much as you can, try to make the others happy. It’s the law of the universe that we cannot create our own happiness without looking for that of the others.

This statement is as true today as it was in 18th century Italy. Today we live in a globalized world where we all impact each other. As Dierksmeier et al have pointed out, this ‘globality’ is “a state of affairs where a global impact of individual actions, local business practices and national politics is no longer the exception but has become more and more the rule” (Dierksmeier et al, 2011, 1) In our interconnected world, we see that we all share challenges of inequity, poverty, terrorism, mass migration, environmental destruction and now Covid. We cannot remain isolated. In the face of this, groups like the Humanistic Management Network have sought to develop an alternative paradigm for business, “one based on the protection of dignity and the promotion of well-being rather than mere wealth.” (Pirson, 2017, 1) Humanistic Management is a movement directly challenging the economic model of thought assumed in neoclassical economics, which is considered and obsolete and even dangerous model of economic thinking (Dirksmeier 2011, 2016, Laszlo 2019, Pirson et al 2014). Rather than a transactional approach focused on profit maximization, humanistic management are concerned with the human and societal impacts of their business practices and how they contribute to the common good of community (Dyck 2020, Mele 2012, Laszlo 2019).

While humanistic management has existed in multiple forms for decades (Mele, 2003), the growth of the Humanistic Management movement in the last 15-20 years has coincided with some very exciting movements arising from the Catholic and Jesuit traditions. The International Association of Jesuit Business Schools and the United States based Colleagues in Jesuit Business Education have built up substantial networks of scholars concerned with businesses impact on the common good, based around their annual conferences and journals. Pope Benedict’s Caritas en Veritate and the offspring of that

encyclical, *Vocation of the Business Leader* have prompted an avalanche of scholarship in the field of business ethics and management scholarship

(Goodpaster, 2011, McCann 2011, Mele and Naughton, 2011)). This has coincided as well with lay movements to bring faith to bear on one's business practices, such as the Economy of Communion, a network of like-minded entrepreneurs who see entrepreneurship as an opportunity to provide dignified work, and especially to help the poor to become empowered (Lubbich 1999, 2001) . It has been said that the EOC is an attempt to develop an "Economics as if people mattered" (Zagmagni, 2010, 48)

The EOC is a living example of humanistic management and entrepreneurship at work, and while some scholarship has begun to develop this connection (Esteso-Blasco et al, 2021), we will show this by theoretical analysis and concrete examples. Building on Domenec Mele's 7 principles of Humanistic Management (2016) we will clearly show how the principles and practices of EOC parallel those of Humanistic Management, providing even some additional common principles. For the comparative theoretical analysis, we will rely on EOC scholars and also Pope Francis' 2017 talk on EOC delivered at the Vatican, and we will also provide concrete empirical EOC examples which correlate to the key features of Humanistic Management. The goal ultimately is to engage with the Humanistic Management project from the point of view of EOC, and show the unique insights of EOC thinking and practice for the development of a Humanistic Management.

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Using Alteryx to Investigate Local Governments' Financial Data in NYS around the Pandemic —A Governmental Accounting Data Analytical Case

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Abstract

Since March 2020, the NYS government has adopted many measures to contain COVID-19, including lockdowns, social distancing, stay-at home orders, travel bans, etc. Individuals, schools, businesses, as well as the local governments in the state have been impacted tremendously by the pandemic. Expectedly, during the pandemic, revenues of local governments would experience decreases due to reduced sales and individual and business incomes, and expenditures on public health would experience prominent increases.

To get a preliminary understanding about the economic implication of the pandemic on local governments in the state, an instructional case is developed to use Alteryx to gain insights from examining local governments' financial data. Alteryx is a business intelligence and analytics software with automation initiatives.

In this data analytical case, students are required to visit the website of the NYS comptroller's office, extract, transform and load (ETL) local government's financial data from "Open Book New York", and investigate revenues, expenditures, and other related accounts around the pandemic for the local governments in the state.

Through this case, students will gain hands-on experience on locating governmental financial data, extracting, transforming and loading data, and analyzing and visualizing data. The fundamental knowledge on how to operate Alteryx will be obtained. The case can be used in a governmental accounting or a data analytics course.

An Exploration of Consumer Privacy Preferences and the Impact on Buying Behavior

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Abstract

The technological advancements of the last twenty years have been nothing less than dramatic. The rate of progress will accelerate with questions and implications for public policy in the areas of consumer data privacy and the use of artificial intelligence (AI) in marketing activities directed at consumers. As digital transformation continues to rapidly change so too do consumer expectations and behaviors, thus challenging marketers to strike the right balance between leveraging data for business impact and addressing consumer needs and wants for the protection and use of personal information. In fact, the Covid-19 Pandemic only exacerbated concerns regarding data privacy. For many consumers who were in lockdown, adoption of alternative social and economic digital platforms accelerated at an astonishing rate. Thus, exposing users to opportunities and well as to the risk of data privacy issues in the areas of data storage (i.e. Persistence), potential reuse (i.e. Repurposing) and the unforeseen impact on individuals not directly involved (i.e. Spillover).

The objective of this research is to understand how consumers perceive organizations' ethical policies and practices in data privacy and AI relative to making choices in the buying process. Specifically, we seek to identify the extent of data privacy concern possessed by consumers, across various demographic categories. In addition, we aim to investigate the relationship between consumer data privacy expectations and purchase intent and any moderating influence of demographic factors.

LITERATURE REVIEW

The early literature on data privacy seemed to indicate a lack of concern by consumers regarding mere collection of their data (Varian, 1996). According to this research, consumers desire privacy upon the knowledge of their data actually being used by the collecting entity. Additionally, behavioral literature on data privacy demonstrates that certain factors may impact customers' decision-making surrounding their data (Acquisti, Taylor, and Wagman 2016). More recent research supports the view that individuals are concerned about the collection of their data such that they are willing to change their behaviors to protect privacy (Marthews and Tucker 2014; Tucker, 2018). Further, prospect theory (Kahneman and Tversky, 1979) which considers the risky choice process, has been utilized to predict consumer response to what is perceived to unethical firm behavior. The work of Creyer and Ross (2022), found evidence that the perceived ethicality of a firm's behavior does influence the purchase decision.

Thus, our hypotheses follow:

- H1:** *There is a positive relationship between age and data privacy concerns*
- H2:** *There is a positive relationship between education level and data privacy concerns*
- H3:** *There is a positive relationship between income and data privacy concerns*
- H4:** *Consumer data privacy expectations are negatively associated with purchase intent*
- H4a:** *Age positively moderates the relationship between Consumer data privacy expectations and purchase intent*
- H4b:** *Education level positively moderates the relationship between Consumer data privacy expectations and purchase intent*
- H4c:** *Income positively moderates the relationship between Consumer data privacy expectations and purchase intent*

METHODS

We intent to conduct our empirical research based on statistical analysis of survey data. The instrument will be designed as a 3-part survey including demographics, general data privacy concern, and purchase intent, respectively. The demographics section is to include questions on the respondent's demographics, including age, employment status, zip code, and others, and allowed for multiple-choice responses. The data privacy concern section is to include questions pertaining to respondents' sensitivity to data storage (i.e. Persistence), potential reuse (i.e. Repurposing) and the unforeseen impact on individuals not directly involved (i.e. Spillover). The final section is expected to examine potential relationships between privacy expectations and impact on behavior or purchase. In addition, we plan to explore the moderating impact of demographic categories.

CONCLUSION

This paper is, in part, a response to a call for further research into artificial intelligence and the economics of privacy. While previous research has been insightful in revealing the relationships between data privacy, ethicality and consumer perceptions, a gap exists in the literature in terms of our understanding of the antecedents to consumer behavioral decisions in the context of data privacy concerns. This research presents an opportunity to offer the first empirical investigation of consumers' purchase response to perceived data privacy risk in the areas of data storage (i.e. Persistence), potential reuse (i.e. Repurposing) and the unforeseen impact on individuals not directly involved (i.e. Spillover).

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Integrating Anti-Corruption and Business and Human Rights.

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Abstract

Corruption and human rights are strongly linked: high levels of corruption in a country prevent the realization of human rights and fuel human rights abuses. For a long time, the debates and reform proposals on improving corporations' social performance in these two areas were treated as separate concerns. Due to the potential for criminal liability for bribe payments, corporations treated anti-bribery as a compliance issue. Thus, not surprisingly, to combat corruption, corporations' primary (if not sole) focus was on adopting compliance programs to ensure that their employees or agents do not pay bribes.

Human rights issues, on the other hand, were often treated as a matter of corporate social responsibility and a voluntary activity under such instruments as the United Nations Global Compact. Now, due to the 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs), the field of business and human rights is rapidly evolving. The UNGPs have created widespread acceptance of the idea that businesses have a responsibility to respect human rights. This is seen with newly enacted and proposed legislation throughout Europe to require corporations to conduct human rights due diligence throughout their supply chain and face potential liability for failing to prevent human right abuses.

Although there is greater awareness of the connection between corruption and human rights as a business and human rights issue, there is still significant work to be done to integrate the two in corporate practice and public policy. This paper explores how corruption impacts a corporation's ability to respect human rights. In addition, the paper focuses on how corporations can and must incorporate corruption into "human rights due diligence" (HRDD) practices. Through these HRDD practices, corporations should not only ensure that their employees and agents do not pay bribes, but that corruption is not standing in the way of their suppliers' ability to meet human rights obligations. In addition, corporations should use HRDD to ensure that they are not linked to corrupt practices from which they receive a significant benefit.

This paper argues that corporations will have a more positive impact on human rights if these issues—corruption and human rights—are considered together. Initiatives aimed at improving corporations' human rights performance must directly consider the impact of corruption and how combating corruption can improve human rights outcomes. In other words, combating corruption should not just be considered as an end in itself, but also as a means for preventing human rights abuses. Anti-corruption efforts cannot focus only on multi-national corporations refusing to pay bribes but must also consider how anti-corruption efforts can support corporations' obligation to respect human rights. In brief, this paper argues that the anti-bribery and business and human rights agendas should be pursued jointly, and it identifies areas where public policy reforms can further that integration.

Justice House at Niagara University: An Emerging Approach to Teaching Vincentian Social Justice During and After the COVID-19 Pandemic

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Abstract

The COVID-19 pandemic has caused massive disruption in higher education. Some commentators have predicted that the pandemic’s disruptive effects will transform the landscape of higher education in the United States. For example, Scott Galloway, Professor of Marketing at NYU Stern School of Business predicts that most U.S. colleges and universities will either “go out of business or become a shadow of themselves.” Quoted in James D. Walsh, *The Coming Disruption*, N.Y. MAG. INTELLIGENCER (May 11, 2020), <https://nymag.com/intelligencer/2020/05/scottgalloway-future-of-college.html> (referring specifically to universities outside the “top50”). Professor Galloway argues that the few elite universities that survive will enter into corporate partnerships with Big Tech companies such as Google, Apple, and Meta. See *id.* (listing as possibilities “MIT@Google,” “iStanford,” and “HarvardxFacebook”). From this perspective, for the overwhelming majority of U.S. colleges and universities there won’t be a “post-pandemic recovery”—at least not in the sense of a return to anything resembling the status quo ante.

Justice House at Niagara University is a learning community centered on the pursuit of justice. The Association of American Colleges and Universities has identified learning communities as a “high-impact practice”: that is, an educational practice that “research suggests increase[s] rates of student retention and student engagement.” George D. Kuh, HIGH-IMPACT EDUCATIONAL PRACTICES: WHAT THEY ARE, WHO HAS ACCESS TO THEM, AND WHY THEY MATTER 9-10 (2008); see also *id.* at 10 (reporting that “[t]he key goals for learning communities are to encourage integration of learning across courses and to involve students with ‘big questions’ that matter beyond the classroom”). Learning communities have “the potential . . . to provide coherence to and ultimately improve undergraduate education.” Karen Kurotsuchi Inkelas et al., LIVING-LEARNING COMMUNITIES THAT WORK: A RESEARCH-BASED MODEL FOR DESIGN, DELIVERY, AND ASSESSMENT 1 (2018), citing Kuh, *supra*. Living-learning communities are an expanded version of learning communities in which “cohorts of students [are] intentionally grouped together in a residence hall [and] have a shared academic experience along with cocurricular learning activities for engagement with their peers.” *Id.* at 5, citing Karen Kurotsuchi Inkelas & Matthew Soldner, *Undergraduate Living-Learning Programs and Student Outcomes*, in 26 HIGHER EDUCATION: HANDBOOK OF THEORY AND RESEARCH 1 (John C. Smart & Michael B. Paulsen eds. 2011). Conceptually and in practice, Niagara’s Justice House program embraces many of the best practices for living-learning communities identified in the extant research, including offering an academic curriculum comprising credit-bearing courses that student-participants complete together; providing academic advisement and mentoring, along with opportunities for meaningful interactions between faculty and students in educational, cocurricular, and informal settings; and fostering engagement outside the classroom through cocurricular activities and events. See, e.g., Inkelas et al., *supra*, at 20-22; Matthew R. Wawrzynski et al., *Exploring Students’ Perceptions of Academically Based Living-Learning Communities*, 28 COLLEGE STUDENT AFFAIRS J. 138, 144-49 (2009).

Justice House’s academic curriculum—what Professor Inkelas and her coauthors call the “intellectual hub” of a living-learning community, *supra*, at 20—is a first-year undergraduate seminar designed and co-taught by the program’s faculty directors and contributors. Since fall 2020, Justice House’s first-year seminar has been offered as a pilot or experimental section of Niagara University’s newly created first-year seminar, Vincentian Social Justice. Vincentian Social Justice is a three-credit course that aims to “introduce students to college-level learning in the context of Niagara University’s Catholic and Vincentian tradition” through discipline-specific content within a framework of shared learning objectives and assessments.

The first-year seminar for student-participants in the Justice House learning community critically examines the meaning of justice, and it seeks to open students’ eyes to the reality of injustice. The seminar also introduces students to various models for the pursuit of justice—including Catholic and Vincentian models for pursuing social justice. And the seminar surveys historical examples of cases, campaigns, and movements focused on justice, drawing connections to contemporary issues. A central feature of Justice House’s first-year seminar is the use of case studies in combination with experiential and project-based learning. For example, a module on environmental justice uses the Love Canal disaster and the grassroots citizens’ movement that emerged in the affected community as a case study in organizing and advocating for environmental justice. After reading about and discussing Love Canal in the classroom, students travel to Love Canal to walk the abandoned streets, to set eyes on the so-called containment zone, and to meet and hear from Luella Kenny, whose seven-year-old son died after being exposed to toxic chemicals at Love Canal and who became a citizen-scientist and internationally recognized environmental activist and educator.

Students have reported that the Love Canal module is a highlight not only of the Vincentian Social Justice course and Justice House program, but of their entire first-year experience at Niagara University. The Love Canal module and other components of the course and program that similarly engage students in experiential and project-based learning cannot readily be duplicated or replaced in a remote-learning environment—nor in a Big Tech-enabled megauniversity whose *raison d’être* is narrowly focused on job training or career preparation. The Justice House program and its associated first-year seminar thus offer an alternative approach to reimagining higher education during and after the COVID-19 pandemic.

Health Management Project and Global Start-up-Teams as Enhancers for Modern Skill-Development of Young People in the Post-COVID-Phase

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THEMES

Technology in the Classroom, Experiential and Active Learning, Redesign of the Curriculum, Entrepreneurial Thinking in the Classroom, Project Management, Health Management

INTRODUCTION

During the COVID-19 crisis, all universities had to be online available to keep the educational life going. Therefore, the pandemic was and still is a game-changer for the higher education field. Universities now seize the opportunity to advance a new trajectory for digital transformation in and beyond the classroom (World Economic Forum, 2020). Educators are challenged to reinvent their traditional methods to enhance modern and entrepreneurial skill development through the incorporation of technology use to create experiential learning settings (Ratten, 2020). In this decade, governmental organizations need to move forward and initiate a strong change, and universities are also compelled to implement new educational programs to ensure a higher level of health- and entrepreneurship awareness for students as new skills, such as the ability to handle stress and deal with uncertainty while maintaining a positive mindset to grow the business, are required in the Post-COVID-phase (Alcañiz et al., 2018; United Nations, 2015). The main obstacle for higher education is the provision of authentic learning experiences and the integration of modern technology into the existing curriculum. To accommodate this change, the role of the traditional educator must evolve towards that of a ‘modern coach’, a facilitator, or a ‘consultant’. One way to address these challenges is project-based learning. Research has shown that students being actively involved in the learning process, e.g. by working in small groups, achieve the best learning outcomes (Dupain & Maguire, 2007). In many countries (e.g. Germany, Spain, or Switzerland), various private initiatives have been launched in the field of higher education to integrate health management as a recurring part of the curriculum (World Economic Forum, 2016). These innovative formats generate applicable solutions for health-related or social issues while students understand that their education can have a positive impact on the world (Honal et al., 2018). Therefore, innovative educational approaches, a well-developed infrastructure, and an appropriate usage of digital tools all serve to motivate today’s students. In 2022, many students want to have the option of creating a business start-up. Due to the accessibility of a variety of digital tools and social media, starting a new business is easier than in the past. People who are interested in or convinced of specific topics, can more easily start a digital initiative and cooperate with existing initiatives worldwide. Mostly, those initiatives or start-ups are based on strong interests and convictions on the part of the founders. Giving students the option of following up these interests, cooperating with peers internationally, and discussing important topics within an educational setting, are core factors in raising a new generation of more reasonable and successful students as prior projects in Germany and the UK have shown (Becker et al. 2018).

A core key learning from the COVID-19 crisis is that online teaching is a great method to educate young people when using the right tools with an adequate teaching approach and focusing on trendy themes that are part of students' daily life. Recent studies in different countries have confirmed that health management and entrepreneurship are very important topics in which students are very interested, but don't have the chance to learn more about them at university (Maritz et al., 2020; Messum et al., 2015). The integration of adaptive learning environments, practice-related lecturing units, and self-regulated approaches are acknowledged as being preferred by students (Adams Becker et al., 2018). Innovative approaches providing learners the chance of virtual experience exchange with other student groups or business people, e.g. meeting top managers online to ask questions they never would pose when meeting them in person, are noteworthy in this context. Educators and students are now accustomed to online communication and quick interaction, which can be used perfectly for new virtual teaching formats (Barbera et al., 2014; Becker et al., 2018). Besides this, teaching health management is challenging because of the interdisciplinary nature and complexity of this topic. Integrating health management in the curricula requires a new form of thinking for teachers as well as the re-design of traditional learning settings. The implementation of health management in educational curricula must take place on a flexible basis and possess an appropriate balance of theoretical input and hands-on tasks for students (Messum et al., 2015; World Economic Forum, 2016). Modern and hybrid learning environments, in which students can independently acquire new information, but also have personal exchange with their instructors, have proven to be highly effective for students (Thai et al., 2016). During the presentation, the speakers will present case studies on their approach to dealing with the mentioned challenges. They will share their experiences, their best-practice tools, and effective methods to give students a great and authentic learning experience online and in the classroom. The participants have the chance to collect new ideas for their work.

Case Topic 1: Health Management Project for Students for Authentic Learning Experiences

The speaker will showcase different ways of integrating health management topics in the curriculum and will present a multidisciplinary approach using project-based learning and a mixture of unique methods to train students effectively. Best-practices-cases and useful tools will be shared. During the presentation, these questions will be addressed and answered: 1) What are productive ways to teach health management to students and 2) how can new technologies be used in this context? 3) How can project-based learning help to meet the students' needs and increase their health awareness?

Case Topic 2: Global Blended Learning Approach with Online Start-up Teams

The speaker will shed light on a modern perspective concerning innovation and digitization beyond the classroom in a cross-cultural project setting. The presenter will explain how to develop intercultural and business skills via entrepreneurial student projects. It will be shown which methods and tools should be used to conduct such virtual projects and further educational advice will be given. A fruitful discussion will be offered and can amend the presentation at the end.

SUMMARY

This presentation focuses on currently important fields in higher education. To meet the needs of the modern workforce and the increased requirements of society, educational institutions must adapt the curriculum and implement innovative tools and approaches when training healthy and global thinking students for their future jobs. Moreover, a wide range of teaching and learning methods should be used to meet the needs of increasingly diverse student cohorts. This presentation can be seen as an idea accelerator and a networking base for participants being interested in these topics.

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Business Ethics: Between Friedman and Freeman?

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Abstract

The biggest research programme within business ethics is Corporate Social Responsibility and all its related streams (Corporate Citizenship, Social Justice etc.) While there seems to be widespread agreement that business ethics moves between the amoral or even immoral view of Milton Friedman as explicated in his 1970 paper in the NYT on the one hand, and the moral view expounded by R. Edward Freeman's writings on the subject on the other hand, this essay questions that view. Friedman, maybe owed to his flamboyant writing style and crude and purely rhetorical oversimplifications, has been misinterpreted to advocate for managers to be completely amoral maximisers of profitability. This misinterpretation has become common wisdom, despite him clearly stating that the law and the moral standards of surrounding society are to be taken into consideration. Freeman's stakeholder theory, on the other hand, is seen as being on the other end of the continuum, arguing for selflessness - another misinterpretation, we argue with Ed Freeman's help. We suggest that in truth, Friedman and Freeman both represent the virtuous mean of the business ethics continuum and not the extremes. The two vicious ends of the continuum are represented by the atomised, completely a-social and selfish individual, and, on the other end, the non-existent individual that has been replaced by the collective. It is easy to see that research in business ethics has declared the collective end to be the ideal that must guide practice and research. Much of debate in business ethics pitted the selfish and the selfless straw man against each other and has led the mainstream in business ethics into a dead end.

Introduction

Recently, Ed Freeman (with Gordon Sollars)¹ published a paper (2021) in which the reader was presented a puzzle: has the whole discipline of business ethics, that, on the surface was such an immense success story, asked the right questions? But more ominously, has business ethics asked itself the most important question, namely have we become a group of feckless activists caught in an elitist bubble? Take a couple of apparent questions that might have uncomfortable answers: Have business scandals become fewer or less severe? A good many articles in business ethics journals begin with an assertion that things are getting worse. How can that be? If one believes the mainstream in business ethics, there seems to be an inverse relationship between jobs in the business ethics industry (professorships, CSR departments, CSR advisers, etc.) and the ethicality of managerial conduct, especially in large corporations. And so Freeman asks indirectly, whether it would not have been better to take Friedman's advice and tell managers to observe the law and stick to the moral framework of the society they are part of. Freeman is clearly troubled that no one has made the connection between the success of the discipline of business ethics - which often gets attributed to his work - and the practice of business ethics and subsequently has asked whether maybe it is the very theories business ethicists have produced have caused the apparent decline of moral standards. We will make the case that Friedman's core argument, the seat of responsibility can only be the individual, was sound and that the doyen of CSR, Ed Freeman, agrees with him on that to a large degree.

In the interest of keeping this essay short, we will not attempt to summarise the business ethics debate between 1970 and 2021, but will instead revisit Milton Friedman's (1970) seminal contribution and point out where I see similarities between Friedman and Freeman. To make my argument, I will use a

¹ In most of the article, I will refer to Ed Freeman as the author. This is not to denigrate Gordon Sollars' admirable scholarship or minimise his contribution to this specific paper. I do this for rhetorical purposes and because this article looks at Freeman's lifetime work.

virtue ethical logic as it has the socially-embedded individual at its centre and is deliberative rather than declarative. My ideas go against the grain but they are not offered as a counter Truth, but as a conversation starter. I would ask the reader to consider this: if I can make a plausible argument that Friedman and Freeman stand on a similar plank; would it not be better to explore new questions rather than to discard the scholarship of Ed Freeman in order to be able to stick with old answers?

Friedman's Folly

In addition to being a Nobel Laureate, Milton Friedman was a man with a mission: to keep societies free of what he saw as the menace of socialism. His most cited work was neither about economics (it was about business ethics) nor did it appear in an academic publication but in the New York Times. Although it was a short piece it suffered a similar fate as the works of Adam Smith: it was widely cited and referenced and very little read. Scholars who do read it, find that his arguments "can be used by business ethicists to ground a vigorous line of ethical analysis" (Cosans 2009: 391) and argue that the reception needs to be reconsidered (Elrick & Thies 2018). However, instead of being used by business ethicists to rub their theories on the rough bark of Friedman's contribution to the debate, they placed his views outside the boundaries of series scholarship and began working on the strawman to Friedman's strawman: collectivism and complete selflessness must be the goal of managerial action. I will explain how Friedman's strawman was never meant to become real and how the business ethics mainstream's strawman has become a *conditio sine qua non* for being invited to the scholarly debate and how Ed Freeman - far from being the leader of this research programme - is troubled by that development.

Friedman's project began very early in his career. As has been argued elsewhere (Huehn 2016), Friedman wanted to ward off collectivism by making rational expectation economics epistemologically and ethically unassailable. He failed in both endeavours. In 1953, he published a little book on the epistemic assumptions underlying economics. He proposed concretely that a science derives its value from the quality of its predictions and its explanations.² In his essay, he simply states that economists' predictions are of very high quality. There is no big surprise here, but his logic for stating that economics is the hardest of all sciences, took many by surprise: economics' explanation for those predictions, i.e. human nature, is perfectly absurd, and therefore makes economics the hardest of all sciences. Here is the F-Twist, as it has been known since, in Friedman's own words. As outrageous as this rhetoric seems, it was accepted by the mainstream in economics (and then in business: Mäki 2002; Ghoshal 2005; Dierksmeier 2011; Rona & Zsolnai 2018) and the effect that Friedman intended: economics completely freed itself from having to deal with reality and was able to "model" whatever mathematics allowed. The definition of an individual as a completely selfish and asocial atom interacting in a predictable manner with atoms took hold. Friedman realised that he had taken care of the epistemic side, but would need to take the ethical aspect (selfishness is a value) also out of the equation to have a positive, i.e. value-free, science. This he attempted in 1970 with his piece in the New York Times Magazine, but because his audience were not theoretical economists, but people who needed reasonable arguments, he supported his misleading title with ideas that by and large were sound and coincided with the readers' moral intuitions. The business ethics community, however, reduced Friedman 1970 to the title and to the F-Twist Friedman of 1953. The result was a scholarly discourse, having completely freed itself from individualistic ideas, that systematically moved to the collectivist side. In the following, I will focus on two very sound arguments that Friedman (1970) presents and one false argument that he puts forward. The two sound arguments were ignored while the falsehood was accepted and actually became codified in law.

² The so-called "symmetry thesis" is part of the bedrock of positivist epistemology and holds that for any theory to be scientific it must explain and predict, for only what one can explain, can one predict.

The Seat of Responsibility is Only the Individual

"What does it mean to say that "business" has responsibilities? Only people have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities, even in this vague sense" (Friedman 1970: 1). David Rönnegard (2015, Rönnegard & Velasquez 2017) explains how there are two arguments, both false, in business theory that take away moral responsibility from the individual and place it on an entity, the corporation or the collective, that has no agency. The corporation as a person is a legal theory, invented some 140 years ago by German, that is known as legal fiction theory. Fiction does not become reality, even if many people insist on precisely that. The idea that groups of people have collective responsibility has been discarded by philosophers because it is illogical (the collective never acts; it is always the individual) and it is immoral (individuals are made responsible for actions of other individuals, despite them not even having knowledge of the actions). Rönnegard (2015: 10) writes, "[t]he main tenet of my argument is that the corporation cannot be considered a moral agent primarily because, metaphysically speaking, there is no moral agency that arises or exists that is distinct from the moral agency of the individual members that comprise the organization." It is a bitter irony that the man who de-philosophised economic theory (Hühn 2015) grounds his theory on CSR on rock solid philosophical ground and that business ethicists, even the few remaining moral philosophers among them, go against philosophy. What about an average person's moral intuition? Do you think that you have responsibility for the actions of someone who is a member of the same club, corporation, charitable organisation qua membership?

The Laws and the Moral Ideas of the Society should go before Profit

"That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom" (Friedman 1970: 1). The strawman argument of collectivists holds that Friedman wanted managers to be amoral profit maximisers, homines economicus. He did not and made it clear at the outset that managers have essentially three individual and competing responsibilities and the dependent of the three was making a profit. Friedman thus acknowledged that humans are not atomistic individuals propelled through their lives by utility maximisation, but that they are socially embedded individuals that should make their rent-seeking subservient to obeying the law (mainly paying taxes) and being contributing members of an ethical system. A small part for the success of the strawman Friedman, must be borne by Friedman, but the larger part, has to be accepted by scholars, who perpetuated the strawman. Friedman liked to polemicise his arguments and use hyperbole, short-cuts, and irony and thus opened himself up being caricatured. Modern scholarship, the one that is published in journals, is based on reviewing the last ten years' worth of papers, not of having read the basics, and thus Friedman, Smith, and Maslow, to name a few, are radically misunderstood by majorities. When these misunderstandings are made known, the scholarly reaction is to declare radical reinterpretations to be more real than the real writings. Wells (2020), for instance, upon reading Hühn and Dierksmeier's piece on Adam Smith angrily titled his response What Adam Smith really thought should not matter.

Shareholders are Owners

"In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business" and "in these respects he is acting as a principal, not an agent; he is spending his own money or time or energy, not the money of his employers or the time or energy he has contracted to devote to their purposes" (Friedman 1970: 1-2). Shareholders are widely assumed to be the owners of corporations and Friedman makes use of this assumption because it serves his argument that agents who take possession of what is rightfully owned by principals are stealing. It is interesting to note that

Friedman uses principal-agent theory six years before its official authors, Jensen and Meckling (1976), publish about it. What is more, Friedman, as we noted above, has already argued that an agent has two more sets of responsibilities (legal and moral) to the stockholders/principals and to other groups. Thus, Friedman's agents have responsibilities towards customers, employees, his family, his countrymen etc. That means that to Friedman the agent/managers has a wide-ranging set of principals because Friedman defines a principal as someone who is owed something by someone else: the agent has responsibilities towards principals. For merely rhetorical reasons, Friedman stresses the manager-stockholder relationship, but it seems clear from his argument that his socially-embedded agent has many principals. Towards the end of the article, Friedman signals that he has understood the problems from his focus on only one set of responsibilities (profit) towards one group (stockholders). After posing the question whether these monocausal agents should promote "social responsibility" if it raises profits, he writes: "I cannot summon much indignation to denounce them. At the same time, I can express admiration for those individual proprietors or owners of closely held corporations or stockholders of more broadly held corporations who disdain such tactics as approaching fraud. Whether blameworthy or not, the use of the cloak of social responsibility, and the nonsense spoken in its name by influential and prestigious businessmen, does clearly harm the foundations of a free society" (Friedman 1970: 5). He clearly sees the shortcoming of the "profit only" responsibility, which he had already denounced on the first page, and would wish for a wider and deeper moral grounding. What he is proposing is a stakeholder approach to management. Something that Ed Freeman would become famous for 13 years later and which forms the hardcore hypothesis of the corporate social responsibility research programme.

I would like to focus on one last aspect of this part of Friedman's argument because it allows us an insight into Milton Friedman's real view. As I explained above, I think that Friedman did not believe in the one-principal-only approach, and I also think it is a fairly safe assumption that he did not believe that stockholders are owners. I do not want to go into the whole argument, why stockholders are in fact not legal or moral owners - David Ciepley (2013a; 2013b; 2017) has done some excellent work in this regard - I will just point to one major argument. Ownership, in a legal and moral sense, comes with responsibility and accountability; stockholders have neither, unless they vote for an illegal or immoral practice to be performed by a corporate agent in the future. This is important because it highlights the common-sense assumption that to be responsible one has to have acted as an individual. It also stresses another widely held moral intuition and that is that responsibility depends on intent and on the distance from an action.

Freeman & Sollars: A Puzzle About Business Ethics

Ed Freeman let me be one of the sounding boards for an idea that became A Puzzle about Business Ethics. To me scholarship is finding new questions and so I responded to an initial draft what important questions (and tentative answers) I thought the manuscript was posing. My questions and his answers will form the basis for this chapter.

The first thought I had after reading the draft was that the two were directly building their argument on Friedman's baseline: stick to the law (third party, keeping promises) and to the ethical norms of the society that the corporation operates in. Ed Friedman's answer was, ["a]nd we can have an interesting conversation about the scope of "law and ethical custom". And, unlike Friedman I think that the scope of "business" covers stakeholders and as a pragmatist I'm not bound by the normative-positive distinction." This response opened a great chasm between the mainstream in business ethics and its arguably most influential representative and led to the main thesis of this paper. The framing of the whole debate in business ethics was that the collectivist, idealist, absolutist mainstream in business ethics must bring the atomistic, unethical/egoistical mainstream in business in line. To the godfather of CSR what is good and what works should be the focus of the conversation - he calls it a pragmatist

perspective, I call it a practical wisdom perspective. The scope of the law and ethical custom is the first debate that one should have, Freeman argues, and apparently thinks that this debate has gotten short shrift. I agree: what the mainstream in business ethics has instead done is replace ethics with legal and political theory (Hühn 2018); thereby upending the historical and logical sequence. My interpretation of Friedman, as I explained above, is that, while he did not *expressis verbis* talk about stakeholders, his thinking is in line with stakeholders being owed responsibility by the managerial agents. If Freeman would see some merit in this interpretation, he and Friedman would occupy the same metaphysical ground.

My next question was about whether the article is saying that the mainstream ignores that the sole seat of responsibility is the individual. I would describe his take as the pragmatist version of my position: "I think that they ignore the power of "accepting responsibility". It can be organizational, but I believe it is grounded in individual responsibility." I interpret this as him acknowledging that the organisational context impacts individual decisions and thus must be factored in. His very astute differentiation between "having responsibility qua agency" and "accepting responsibility" could and should spark a debate about is and ought that has been completely ignored by an ultra-prescriptive mainstream that seems to believe that ought must be is. When an individual, out of an idealistic sense of duty, great generosity, a sense of guilt, for practical reasons, etc. accepts responsibility that she does not have qua agency, this personal the decision cannot be made prescriptive for all individuals. But that is exactly what has been argued. As Friedman explains CSR seems to start beyond observing the law (decreed by the public) and ethical customs, i.e. it is charity. If CSR is what corporations have to do, charity is mandated. Another, maybe even more practical, but maybe more insidious effect of demanding collective virtue (an oxymoron), is the practice of large corporations to accept responsibility where they have none. When Toyota was accused of having defective brakes, the Chairman of Toyota immediately flew to Washington DC and formally apologised for Toyota's terrible mistake, knowing the accusations were completely baseless (ABC News 2010, USDOT 2010). Or, imagine a company being accused over decades of killing babies for profit by pushing unnecessary baby formula on mothers in Africa, when in truth they are losing brand equity, giving away almost all the formula for free, being the sole provider of free formula to barren mothers and saving thousands and thousands of lives (Melewar & Saunders 1996). These are two examples among many - all happening for the sole purpose of enforcing collective rules on all.

My next question was about a concrete issue: "Are you pointing out that shareholders are not owners and that there would be serious consequences if we make them responsible owners?" Ed Freeman's answer was, "Very much so". If this simple answer would be given serious consideration, it would have a profound impact on how we approach questions about the purpose of business(es) and the structure of the economy. For the sake of keeping the focus of this article, I cannot go into the ramifications here, but one long existing market, that which cooperatives inhabit, would be of great interest to modern business ethicists. In addition, scholars like Archie Carroll and Patricia Werhane (Carroll et al. 2012) Daryl Koehn (2019) have pointed out that America's industry was not exclusively built on anarcho-capitalist behaviour, but by publicly chartered enterprises.

My next question to the godfather of Corporate Social Responsibility was very direct and his answer was equally direct. I asked, "[a]re you saying responsibility is the only ethical question? The virtue ethicists [I am one of them] will be happy to engage with that idea. Freeman answered: "No. I am saying that it may be a sufficient question to make many others moot." His answer, I think, expresses the fundamental critique of business ethics as a research programme that is inherent in A Puzzle: business ethicists have asked mostly wrong questions (and gave irrelevant answers), despite claiming to have built the whole discipline on the very thing (responsibility) that they studiously ignored. Collective/corporate responsibility only works, as Rønnegard points out, only if the agency-responsibility nexus gets no attention. And that is exactly what Peter French's Corporation's Internal

Decision Structure does: people do not act in a vacuum, they act in a corporate structure and for no other reason than wanting to make collectives responsible (Hasnas 2017; 2018), the CID structure totally crowds out the individuals in that organisation. Individual agency is gone, and some (Hühn 2018) argue with Hannah Arendt that this is the one necessary condition to achieve totalitarianism. To be sure, I am not calling French a totalitarian; what I am saying is that in a theoretical world where individual agency is gone, not only is there no responsibility, there is no room for ethics left. Human life is governed by rules that allow no exception.

Testing just how far I could push out the boat, before meeting resistance, I asked: "Are you saying that as long as both parties can walk away from the deal, the market is the right mechanism?" One of the underlying assumptions of Freeman and Sollars's article seems to be that business ethics has neglected to engage the despised contractarian view with serious ethical arguments and thereby disregarded a large part of what is really driving everyday business activity. As Hühn (2018) has pointed out, business ethics is taught very rarely by trained philosophers, and Seele (2018) sees that as a consequence, business ethics is taught not as an applied ethic but as an exercise in critical thinking. Quite often, business ethics is taught by lawyers and that de-ethicises business ethics even further. The law is a system of answers, whereas an applied philosophy should engender an appreciation of questions (Williams 2006: 1). Ed Freeman's answer to my question is most open to interpretation, as he sounds more like an idealist liberal rather than a pragmatist: "Markets are nothing more than voluntary agreements among all the parties affected (stakeholders). Of course, what is voluntary can be contested." Taken on a stand-alone basis and at face value, Freeman sounds more Friedmanian than Friedman, but taking into context the whole paper and his lifetime scholarship, it seems safe to assume that he believes that there are important moral questions inherent in every market transaction.

My last question is connected to my previous question and is aimed at the teaching of business ethics: "Are you saying there is too much theorizing and too little reflection of and experience with real businesses?" Anyone who personally knows Ed Freeman or has merely bumped into him on a conference, understands that he wants to be a teacher-mentor to the young scholars out there, and so his answer is not surprising: "this may well be the most important thing I am saying". Business schools have become big business and one of the big success stories in business schools is the business of business ethics. Excellence in business ethics scholars is measured in the same way as it is measured in a marketing operations research or finance scholars: top journal publications that showcase the technical virtues. Two Harvard deans, Nitin Nohria and Kevin Khurana (2008) have tried (and failed) to create a professional ethos for business graduates. Ed Freeman's passionate response is most likely driven by the frustration that especially for business ethics scholars professional excellence has to be the fusion of intellectual and ethical excellences.

Conclusion

The cloth that Friedman (1970) and Freeman (2021) weave is made up of two threads: responsibility and freedom. The place where these two concepts originate is the socially embedded individual. Yet, both eminent scholars have been assigned very different roles in the business ethics play: one as villain, the other as the defender of the noble. In this article, I have tried to create a dialogue between the two around the topic that has driven scholarship the past 40 years: responsibility. My take on Ed Freeman and Gordon Sollars's article is that they think a real conversation on the topic is sorely needed. Freeman could have written (and get published) a 50-page phillipika, in which he could have mapped the field or given us a historical account of the development of business ethics and given us his ideas for all the important issues. Instead, he wrote a 2-page article that asks many questions and gives very few answers. Bernard Williams (2006: 1) opens *Ethics and the Limits of Philosophy* saying that the value of his book is not in answering questions (he focuses on Socrates' big question: how we should live), but in asking questions and helping others find their own questions. A Puzzle is doing exactly the same: it

is asking (some of) the big questions for business ethics scholarship. Not to give us answers, but to puzzle us. Freeman agrees with maybe the most important but least impactful business ethicist of all times, Adam Smith, in his view that what drives scholarship is wonder. R. Edward Freeman wants to cause us to read his Puzzle and feel "uncertain and undetermined thought" (Smith 1750/2010: 39) so that we start what Socrates defined as the only way to do science: through dialogue.

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Authenticity in Corporate Social Responsibility: The Role of a Brand's Social Purpose

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Consumers have been longing for authenticity in their daily lives including brand experiences (Beverland and Farrelly, 2010; Fritz et al., 2017; Grayson and Martinec, 2004; Morhart et al., 2015). As such, authenticity has become one of the vital ingredients for contemporary marketing (Brown et al., 2003; Gilmore and Pine, 2007). Authenticity has also gained popularity in the domain of corporate social responsibility (CSR) due to the effectiveness of a brand's social commitments as a means of a brand's marketing communication on brand authenticity perceptions (Dwivedi and McDonald, 2018; Joo et al., 2019; Morhart et al., 2015; Tarabashkina et al., 2020). Recent brand authenticity research shows that a brand's inauthentic CSR gesture can result in stakeholder distrust and undesirable effects on brand authenticity (Dwivedi and McDonald, 2018; Fritz et al., 2017). For example, while some may perceive McDonald's as an authentic brand based on its quality consistency, long brand history, and continuity around the globe, the brand encountered harsh criticism from activist groups regarding its minor contributor (20%) to its own charity, the Ronald McDonald House (Horovitz, 2013).

As such, CSR authenticity researchers argue that a brand's CSR strategy must also take into account perceived CSR authenticity rather than just simply engaging in CSR (Alhouthi et al., 2016; Joo et al., 2019). As consumers increasingly talk favorably (unfavorably) about brands that are socially responsible (irresponsible) and authentic (inauthentic), authenticity researchers have begun to acknowledge the role of a brand's social commitment on its authenticity perceptions (Dwivedi and McDonald, 2018; Fritz et al., 2017; Guèvremont and Grohmann, 2018; Joo et al. 2019; Markovic et al. 2021; Tarabashkina et al., 2020). However, although brand authenticity researchers indicate a brand's social commitments such as CSR endeavors influence brand authenticity perceptions (Dwivedi and McDonald, 2018; Fritz et al., 2017; Morhart et al., 2015), existing research examines brand authenticity and CSR authenticity separately rather than holistically.

As such, there is a lack of organic understanding of the role of CSR authenticity on brand authenticity perceptions in a single study. Further, existing studies predominantly focus on brand authenticity perceptions employing established brands (e.g., Athwal and Harris, 2018; Morhart et al., 2015; Napoli et al., 2014) and there is little understanding regarding the role of a brand's CSR authenticity on authenticity perceptions of the brand as well as consumer outcomes for new brands entering the market. Indeed, Joo et al. (2019) called for more research to explore the role of CSR authenticity on consumer outcomes, such as emotional attachment, ability to counteract undesirable associations with the brand (e.g., Wagner et al., 2009), boycotting behaviors (e.g., Alhouthi et al., 2016), and brand scandals (e.g., Guèvremont and Grohmann, 2018). More specifically, Joo et al. (2019) propose that CSR authenticity may influence consumer identification with a brand, particularly during the early stages of consumers' emotional attachment development with the brand. For example, Joo et al. (2019) indicate that CSR authenticity may first generate favorable attitudes toward a brand and its CSR program and then influence various consumer outcomes, such as purchasing/repurchasing and brandswitching behavior. The current research seeks to empirically examine the role of a brand's social purpose through CSR authenticity using a new brand. In doing so, this study contributes to the authenticity literature by advancing the knowledge regarding the role of CSR authenticity on the advancement of brand authenticity perceptions in the context of a new brand. The results, both theoretical and practical implications as well as other contributions will be discussed.

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Permissibility in Unethical or Unjust Acts: Revisiting Cooperation and Appropriation in the Context of Business Ethics

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Abstract

It seems to be an inescapable fact that persons often have to cooperate with the actions of other people they don't necessarily condone morally. Although some positions advocate that a good outcome should not be achieved through an ethically bad means, other mainly consequentialist views do not count this to be an issue once the overall good is achieved. The perennial issue of whether it is ethically permissible to cooperate with, or benefit from, acts that are ethically wrong or unjust are questions that people have had to grapple with for a very long time. Yet, in recent times, such questions have received a fresh intensity: Consumers may question whether they should buy clothing from a company that employs people in poor working conditions to produce such items; people may question whether they can accept sponsorship funds from a questionable source; governments may debate whether to purchase resources from countries engaged in unethical or unjust activities.

This paper explores two principles from theological ethics that have been used to deal with such questions: the principle of cooperation and the more recent principle of appropriation by Kaveny (2000). On the one hand, in terms of *contributing to* an unethical or unjust act, the principle of cooperation can be originally traced back to the *Theologia Moralis* of Alphonsus Liguori in the 17th century (Barrera 2011; Farrell 2019; Flannery 2013). The principle focuses on acts that contribute to, or support, another person's wrong-doing. The principle enables us to discern whether a person's cooperation with another person's act is permissible or blameworthy (Brown 2009). The principle of cooperation has numerous categories of applications such as formal or material, immediate or mediate, and implicit or explicit (see Farrell 2019; Brown 2009; Oderberg 2017). Whereas formal cooperation is deemed to be wrong at all times, material cooperation can be justified on certain grounds (see Farrell 2019; Fisher 2012; Flannery 2013; Kaveny 2000).

On the other hand, the principle of appropriation focuses on *benefitting from* an unethical or unjust act (see Kaveny 2000). Whereas the principle of cooperation is centred on the question as to whether a person should carry out an act that contributes to another's ethically wrong act (i.e. whether their act contributes as a means to someone else's end), the principle of appropriation is centred on the question as to whether a person should use the benefits arising from a morally wrong act by another, to engage in a pursuit that is valuable and morally sound (i.e. whether they should use the benefits of someone else's act as a means to their end) (Kaveny 2000). In this situation, it is argued that, a person is not a contributor to an unethical act but rather an appropriator of the benefits of that unethical act (Kaveny 2000). The question then is whether by accepting the benefits arising from an unethical act by another, does the benefactor encourage an acceptance of the immorality of the act and therefore encourage further similar unethical acts (Kaveny 2000)?

Using a case study as backdrop to this analysis, this paper will examine the principle of cooperation and the principle of appropriation and will seek to expand on the latter using the categories of the principle of cooperation and other principles. It will also further explore the condition, as well as the possible implications, of duress (see Kaveny 2000; Keenan & Kopfensteiner 1995) in the context of unethical or unjust acts.

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Vincentian Perspectives on Climate Change, Ending Fossil Fuel Use, and the Impact on the Poor

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Abstract

After briefly reviewing Vincentian Charism and Catholic Social Teaching principles, this literature review takes on the challenge of assessing how the poor are considered in the climate change response debate.

As a starting point this paper accepts that climate change is real. The question addressed here is “How do we respond to climate change and specifically how do different approaches impact the poor?” The author of this paper examines leading books and articles on the topic of climate change and looks at them through the lens of poor—how do different authors and perspectives evaluate and discuss climate change, poverty, and possible policy responses? While everyone seems to agree that society is polarized around the issue of how to respond to climate change, this paper seeks simply to inform in an unbiased manner how these different policies and positions discuss the impact on the poor. Some believe a climate crisis is imminent and rapid decarbonization and dis-investment in fossil fuels should be a policy priority. Others believe we have time to combine continued fossil fuel use with new technologies to manage and successfully adapt to climate change. Scholars on both sides of the issue seem to make valid arguments and are passionate in their desire to help all of humankind. Regardless of one’s own vision of the future and no matter how deeply one distrusts other viewpoints, this paper may enlighten its readers to a better understanding of different climate change responses, and specifically how the poor around the world will be impacted.

We are fortunate in 2022 to have recent books published by several of the top scholars on both sides of the climate change response issue. Two of the most highly respected climate scientists, Michael Mann and Katherine Hayhoe, each published books in 2021. Mann’s statement on the position of the scientific community towards the poor in his book *The New Climate War* is “environmental crises, including climate change, disproportionately impact those with the least wealth, the fewest resources, and the least resilience. So simply acting on the climate crisis is acting to alleviate social injustice (p. 266).” Hayhoe, a climate scientist at Texas Tech and a self-proclaimed Christian, extends the argument in her 2021 book *Saving Us*, “Climate change disproportionately affects the poor, the hungry, and the sick, the very ones the Bible instructs us to care for and love.” (p. 18). Another book reviewed is the 2009 classic *Storms of My Grandchildren* by the preeminent climate scientist James Hansen. Other more extreme perspectives such as Kate Aronoff’s *Overheated* and *The Uninhabitable Earth* by Wallace-Wells are also reviewed. While the degree of urgency and radicalism varies greatly even among these authors, it is fair to say they all believe a rapid transition way from fossil fuels is necessary due to a near term threat to the entirety of humankind, including the poor.

Another perspective discussed in recent books by well-known scholars is that rapid decarbonization would have highly negative impacts that are focused on the poor. In general, the argument is that dramatically curtailing fossil fuel use before alternative systems are ready would cause unreliable electricity and other significant quality of life consequences. Alex Epstein in his 2022 book *Fossil Future* spends a considerable part of the text discussing how fossil fuels have enabled “human flourishing” by harnessing non-human energy and machine work such as modern agriculture which has brought billions of people out of poverty. From a forward-looking perspective, Epstein believes we can continue to use fossil fuels to “master” any climate impacts. Bjorn Lomborg’s 2020 book *False Alarm* puts the poor right in the subtitle: “How climate change panic costs us trillions, hurts the poor, and fails to fix the planet.” The well published Steven E. Koofin’s book *Unsettled* is also reviewed.

The author is also informed by a journal article search and some of this information makes it into the paper. Examples include “The Poor Feel it the Most”: The Antilles Bishops, the Poor, and Climate Change,” by Anna Kasafi Perkins (2021), and “Looking ahead: energy, climate change and pro-poor responses by Teresa Malyshev (2009). Additionally, some references are made to recent IPCC assessment reports and what these say about the impact on the poor.

Through his own reading and the writing of this paper the author seeks to understand and present the strengths of both perspectives on how to respond to climate change. Scientists make a strong case that current CO2 levels are bringing us dangerously close to irreversible climate change; these experts advocate a rapid end to fossil use to save all humankind, including the poor. Meanwhile, other well informed policy experts warn of the negative impacts of moving too quickly to end fossil use, and the impact on the poor is often part of their discussions.

The books and other sources present data and attempt to draw logical lines of argument from facts and data. For the books, one must read these books carefully to get beyond the hyperbole, emotional appeals, animus for other visions, political frustrations, and knocking down of strawmen. The author of this paper attempts to pull out the key assumptions, policy prescriptions, and consequences of the climate change response positions, with an inquisitive eye on how they impact the poorest and most vulnerable in our world.

The author does not attempt to reconcile these two positions, only present them. The paper is designed to motivate discussion and get individuals on either side of the climate change debate to consider other perspectives and their impact on the poor. The paper ends with discussion questions that would be appropriate for upper-level undergraduate students or graduate students.

An Aristotelian Critique of Political Corporate Social Responsibility (PCSR)

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Many who argue for political corporate social responsibility (PCSR) do not bother to specify what they mean by the adjective “political.” Or they define it in circular terms: PCSR is whatever has political impacts (Frynas and Stevens 2015). This analytical sloppiness makes for a largely ungrounded approach to the issue of whether PCSR is politically legitimate or not. In this paper, I propose an Aristotelian approach to PCSR that can help us ascertain which sorts of corporate political activities are politically acceptable.

Part One sketches Aristotle’s account of the “political”. For Aristotle, the political correctly understood has two dimensions—what might be termed the “teleologically political” and “self-interestedly political.” Regimes operating in a genuinely political fashion always have a teleologically political aspect because the end or telos of the polis is to realize the best and highest potential of human beings. However, genuinely political regimes also always recognize that each human being has material interests, which we pursue in a manner that is inevitably somewhat selfish. Moreover, in any given regime, some human beings subordinate that material pursuit to the acquisition of virtue while others do not. The task of the true sovereign is to create a stable constitution that enables human beings to live a variety of lives, which will be more or less virtuous, and that functions to curtail the civil unrest that always threatens to flare up because of conflicts among citizens perceived economic interests.

Aristotelian politics turns out to have at least four key dimensions: 1) service to a common good that enables citizens to share a binding common interest; 2) a commitment to pedagogy supportive of the development of human virtue; 3) promotion of a spiritedness that enables citizens to form friendships among themselves but that also can foster personal corruption and an abuse of power best countered by a rule of law; and 4) the practice of justice that rewards with power those citizens who have made the greatest meritorious contributions to genuinely political life (Coby 1986). There are significant tensions among these four aspects of the political, tensions that are the essence of the political life and that cannot be overcome but rather must always be negotiated. When we speak of political corporate responsibility or PCSR, we should, from this Aristotelian perspective, be considering how specific behaviors accord with or undermine these four aspects of political life.

Part Two of the paper explores which forms of activity by corporations qualify as genuinely and thus acceptably political. I distinguish five kinds of corporate activity: 1) charter-related corporate initiatives that are product-centered and/or service-centered; 2) corporate initiatives that support the rule of law; 3) corporate actions to attract and retain employees in order to fulfill a corporate charter; 4) stances (e.g., boycotts) that are meant to signal a commitment to social justice but that may or may not actually promote civic justice; and 5) narrowly self-interested corporate virtue-signaling gestures. I argue that only the first three types of activities are genuinely (and thus defensibly) political from an Aristotelian perspective and that the last two types might even be characterized as anti-political for a variety of reasons. We should be careful then to specify exactly what type of PCSR should be encouraged and which corporate political actions and statements should be discouraged or even curtailed.

Decentralized Finance Ethics: Efficiency of Machine Logic Compared to a Century of Financial Ethical Traditions

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Abstract

Decentralized Finance (DeFi), a new technology based on blockchain and smart contracts, has recently been proposed as an economical alternative for consumers for financial transactions. This article discusses the ethical trade-offs of Decentralized Finance (Defi) about society and individuals. The ethical trade-offs are between the Defi transactions savings versus financial guarantees provided to investors, bank depositors, and s assuming by using Defi versus a traditional financial structure. This article will compare the financial ethics of Defi versus traditional finance such as banks or investment firms. In traditional financial markets all firms that interact with consumers are highly regulated. The goal of this regulation is to ethically balance a consumer's ability to grow wealth while managing both the consumers ability to accept risk and society's risk appetite. A key risk to investors is fraud so traditional financial ethics has led to laws and regulations that protect traditional consumers from fraud. In Defi, consumers' financial transactions such as lending, burrowing, swaps, investing in firms and yield farming are only focused on wealth creation. The consumer is considered financially sophisticated enough to understand and manage the financial risk. Unfortunately, this approach has been attempted often before and has regularly led to financial problems that have harmed society. We discuss the ethical implications of a Defi world where all financial institutions are regulations free. The study concludes that Defi is simply a new electronic financial system that countries should not prohibit, given that existing consumer safeguards are built into the new platforms.

Keywords: Financial crisis, Securitization, Regulation, and Supervision, Safety Nets, Defi, Blockchain

Introduction:

Bulls don't read. Bears read financial history. As markets fall to bits, the bears dust off the Dutch tulip mania of 1637, the Banque Royale of 1719-20, the railway speculation of the 1840s, the great crash of 1929.

- James Buchan

Almost every technology shift in the modern world has resulted in both a boom-and-bust in the financial market. New technology requires society to create a new set of ethics to manage the financial implications of this technology which provides an ethical underpinning for the boom-and-bust cycles around new technology. ³⁴ The race to free the financial world of expensive regulations started with the Satoshi Nakamoto Paper titled "Bitcoin: A Peer-to-Peer Electronic Cash System"⁵. Nakomoto describes a financial world where regulations are replaced by cryptographic proof. It was assumed that the cryptographic proof approach would replace the need for trusted intermediate parties. The cryptographic approach created the explosion in crypto currencies from a market cap of zero to a market capitalization of \$1,952,445,226,218. The market has gone from a single cryptocurrency of Bitcoin to over 17,503 cryptocurrencies. ⁶

³ Michael Davis, "Thinking Like an Engineer: The Place of a Code of Ethics in the Practice of a Profession," *Philosophy & Public Affairs* 20 (1991): 150–67.

⁴ Michael Davis, Andrew Kumiega, and Ben Van Vliet, "Ethics, Finance, and Automation: A Preliminary Survey of Problems in High Frequency Trading," *Science and Engineering Ethics* 19, no. 3 (2013): 851–74.

⁵ Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System," *Decentralized Business Review*, 2008, 21260.

⁶ Komal Sharma, "ANALYSIS OF CRYPTOCURRENCY: AN ETHICAL CONJECTURE WITH REFERENCE TO INDIAN SCENARIO," *Sachetas* 1, no. 1 (February 15, 2022): 1–7, <https://doi.org/10.55955/110001>.

This paper is agnostic to the concept of cryptocurrencies since we acknowledge usage of cryptocurrency as an alternative storage method of wealth storage. This paper views cryptocurrencies as identical to any unique alternative storage of wealth such collectibles, art, land, or commodities. We accept that wealth can be exchanged via the usage of money. Traditionally, money has come in three forms; commodity money, credit money, and fiat money.⁷ The CFTC has ruled that cryptocurrencies are commodities, so the CFTC claims to have regulatory oversight. In this paper we accept the regulatory oversight of the CFTC for Cryptocurrencies however Decentralized Finance (Defi) is currently not regulated. Defi is effectively the technology structures that allow for traditional financial transactions without the usage of banks, exchanges, insurance firms, and so on. The defi structure is completely decentralized where the transactions are effectively lines of code contained on a computer so there is no human oversight of the transactions.

A permissionless blockchains is defined as open to the public and anonymous. A trustless environment is one when there are no trusted third parties to provide clearing or financial guarantees. A smart contract is a programmatically enforced agreement between two or more parties. In this paper DeFi is defined as a permissionless blockchain that executes smart contracts in a trustless environment. Defi's stated goal is to allow customers to conduct financial tasks such as borrowing, lending, venture capital raising, and insurance without intermediaries such as banks, brokerage houses, or insurance firms without the regulations or costs of traditional finance that used third-party intermediaries.

Defi tries to include over 1.7 billion individuals globally that lack access to a financial platform such as banks or insurance.⁸ A secondary goal of Defi is the reduction in the cost to individuals by removing the traditional financial intermediaries that charge transaction fees to make the financial industry fairer and more efficient for most individuals globally. The reduction in financial transaction cost and including all individuals into a secure and low-cost financial structure should reduce poverty in the world. The goals of Defi are noble so the assumption has been that the Defi framework meet traditional financial ethics.

Ethics in the financial service industries generally demand that the custodian of wealth provides a level of protection of the wealth. The classic example is deposit insurance for banks and brokerage firms. In the financial industry most, financial regulations are based on professional standards and ethics to protect the customer against improper investments, unfair lending, guaranteeing deposits, and so on.⁹ These regulations evolved from the ethical decisions to minimize the risk of a financial crises since a crisis will hurt both the individual and society. Therefore, regardless of the technology used for the financial transaction the financial industry has an ethical responsibility to society to prevent societal upheaval due known financial failures such as bank closures, deposit theft, inappropriateness of the investments.

This paper is focusing on comparing the ethics of traditional financial structures to the evolving ethics of Defi. This paper is not intended to address the ethics of either blockchain technology or cryptocurrencies. The comparison of Defi ethics to traditional banks, exchanges, insurance companies, lending firms and etc is an important topic since a shift in financial ethics this large ethics has not occurred since the 1930's. If Defi does remove all financial intermediaries then the ethics of Defi ethics will affect every person's life as the bank, buy insurance, receive a mortgage, and so on.

⁷ "CRYPTOCURRENCY-REGULATIONS-AND-ENFORCEMENT-IN-THE-US-2.Pdf," accessed May 5, 2022, <https://www.scotthugheslaw.com/documents/CRYPTOCURRENCY-REGULATIONS-AND-ENFORCEMENT-IN-THE-US-2.pdf>.

⁸ "Can Blockchain Accelerate Financial Inclusion Globally?," no. 19 (n.d.): 8.

⁹ Julie A. Ragatz and Ronald F. Duska, "Financial Codes of Ethics," *Finance Ethics: Critical Issues in Theory and Practice*, 2010, 297–323.

The main contribution of the paper is to start the discussion between traditional finance and Defi about the individual harm and societal harm that will result from creating a financial system where the only ethics is that of a preserved cryptographic trust between parties. In such a system each party's goal is to maximize their own financial wellbeing regardless of the stability of the financial system. The current tokenization of financial systems is like the financialization of all many financial transactions in the early 2000' that lead to financial crisis.¹⁰ The premise of this paper is that regardless of the fintech used to perform a transaction the same professional financial ethics should insure the stability of the financial system.

The paper is conceptual and does not seek to create a single solution to include traditional financial ethics into the rapidly evolving world of Defi. Rather, this paper theoretical contributions hopefully will guide the creation of Defi ethics that create an even more fair and equitable financial structure for all individuals globally regardless of the regulatory framework in their country.

¹⁰ John R. Boatright, *Finance Ethics: Critical Issues in Theory and Practice*, vol. 11 (John Wiley & Sons, 2010).

Directing and Empowering: How Managers Foster Cooperation through Control and Trust-building

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Abstract

Beginning before the COVID-19 pandemic and accelerating afterward, organizations have increasingly been relying on innovative approaches to monitoring, selecting, training and communicating with their employees, while utilizing new ways to promote diversity, equity and inclusion and employing performance management analytics. While developing trends are stressing organizations to effectively adjust to new strategic demands, these trends are also fostering new types of on manager-employee relationships around emerging expectations and value propositions. As relationships evolve in these new environments, it is incumbent on organizational authorities (managers, leaders) to work and develop forms of cooperation with their employees that will help them maintain high levels of efficiency and effectiveness while they innovate to align their organizations with developing environmental demands.

We are motivated by these developments to help scholars understand the core processes by which authorities attempt to promote effective levels of manager-employee cooperation. (Bijlsma-Frankema & Costa, 2010; Blau, 1964; Long 2010; Long & Sitkin, 2006). The theory we present in this paper is distinctive because it focuses on why and how managers foster cooperation through the efforts they make to control *and* gain the trust of their subordinates. Organizational controls describe the mechanisms that managers use to direct, measure, and monitor subordinates' work efforts (Cardinal, Sitkin & Long, 2004; Fayol, 1949; Ouchi, 1979). Managers gain their subordinates' trust by providing their subordinates the confidence to be vulnerable based on positive expectations of the treatment they will receive (Rousseau, Sitkin, Burt, & Camerer, 1998).

We center our perspective on managers' efforts to promote control and trust for three primary reasons. First, because a sufficient body of research now suggests that control and trust in combination comprise key components of high-performance organizations and overall positive management-employee relationships. Specifically, control-trust scholars (e.g., Cao and Lumineau, 2015; Long & Sitkin, 2018; Long & Weibel, 2018; McEvily, Perrone, & Zaheer, 2003; Sitkin & Roth, 1993; Weibel, 2007) have argued that when managers implement controls in ways that also demonstrate their trustworthiness, they motivate subordinate identification and value congruence that engender increased levels of subordinate compliance and cooperation (e.g., Bachman, 2001; Bijlsma-Frankema & Costa, 2010; Bradach & Eccles, 1989).

A second reason we examine this perspective is that managers can often find it challenging to effectively balance the efforts they take to promote control and trust. Managers encounter these challenges because control and trust foster subordinate cooperation through distinct and often conflicting psychological mechanisms (Anderson, Christ, Dekker, & Sedatole, 2013; Coletti, et al., 2005; Emsley & Kidon, 2007; Ross, 1994; Vosselman & van der MeerKooistra, 2009; Weibel, 2007). While control and trust can be integrated as complementary mechanisms that reinforce each other (Sitkin, 1995), the inherent tensions that exist between control and trust often lead subordinates to experience them as substitutive or even antithetical forces (Anderson, et al., 2013; Emsley & Kidon, 2007; Long, 2010; Long & Sitkin, 2006; Ross, 1994; Vosselman & van der Meer-Kooistra, 2009; Weibel, 2007).

The third reason, and arguably most important motivation for this inquiry, is that while scholars generally acknowledge that managers are actively engaged in these processes, scholars have still not developed a clear picture of how managers work to balance and integrate their efforts to promote control and trust (Adler, 2001; Bradach & Eccles, 1989; Emsley & Kidon, 2007; Long & Sitkin, 2006; 2018; Ouchi, 1980; Whitener, et al, 1998). Much of this is simply because previous theory development efforts have focused almost exclusively on evaluating trustors' perspectives on control-trust dynamics (Chenhall, Hall, & Smith, 2013; Long, 2010; Long & Sitkin, 2006; 2018; Whitener, et al., 1998). In addition, research that discusses managerial perspectives has outlined primarily general relationships between concepts without specifying the processes underlying these dynamics (Long & Sitkin, 2018). As a result, scholars cannot effectively explain how managers engage the dynamics and make the "trade-offs" necessary to control and build trust with their subordinates (Bachmann, 2001; Long, 2010; Long & Sitkin, 2006; Weibel, 2007).

To address these issues, we develop the idea that a manager's sense of their own authority and legitimacy are key vulnerabilities that influence their control and trust-building activities. We argue that when managers observe (or anticipate that they will observe) their subordinates not cooperating in ways they expect and desire, they experience both real and potential challenges to their legitimacy and authority. We further contend that their desires to address those challenges lead them to actively engage in a series of motivated attributions that they use to determine how they should initiate, integrate, and balance the ways they apply controls and build trust with the subordinates they manage.

We present our arguments over several sections. The first section explores the nature of managerial legitimacy and authority before examining how managers view their subordinates' failures to cooperate as concerns that motivate managerial cognitions and actions. Second, we outline the attributional processes managers use to guide their decision-making about their control applications and trust-building activities. In the third section, we describe the processes managers use to combine and integrate their control and trust-building activities. Fourth, we conclude by discussing how our work refines and extends our understanding of control, trust, trust-building, power, conflict, and leadership.

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Breaking the Aristotle-Aquinas Pair: Two Different Visions of Management and the Common Good?

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Abstract:

This article questions the traditionally granted relationship between the Greek philosopher Aristotle and the medieval theologian Thomas Aquinas on the common good. It clarifies their visions through contextualizing their works in the broader horizon of management theory in Ancient Greece and the Patristic thought. Put simply, two different visions of management and the common good arise: the classical, Aristotelian one, directed towards happiness as wealth and well-being (or *eudaimonia*), and the Christian one, searching for a supernatural happiness which is beatitude. Lastly, the establishment of a Christian-Thomistic theory of the common good, freed from Aristotelian influences, allows us to propose a renewed theory of the common good of the firm. In a nutshell, the common good of the firm may be the conditions which allow the flourishing of all the people and of the whole person inside business organizations, to which people participate through the practice of justice and charity. It is truly a manifestation of the common good achievable at a firm's level.

KEY WORDS: common good, *oikonomia*, Patristic thought, Aristotle, Aquinas, justice

Introduction

Last decades have seen a growing interest in the common good, in very diverse fields such as for instance economy (Hodgson 2004), education (Hausmann et al. 2018) or finance (Badré 2018; Gregg 2016). In philosophy, this interest is seen in the Marxist current (Badiou and Engelmann 2019) as well as in the Christian humanism (Maritain 1947), but also within the specialists of British idealism (Brink 2003; Tyler 2017) or Asian philosophies (Solomon and Lo 2014). Management sciences are also part of this movement with ever more scholars working on the notion (La Rosa and Bernini 2021; Latemore 2020; Pinto-Garay et al. 2021 to give few recent examples). But we need to stress here the dispute around the notion of the common good. We can think at Gulick answering Velazquez about the role played by multinational corporations in the international common good (Gulick 1992; Velasquez 1992) or at Terchek and Moore answering Smith about the common good in Aristotle (T. W. Smith 1999; Terchek and Moore 2000). The common good indeed appears to be an intrinsically problematic notion.

In this article, we propose to focus on one preminent current dealing with the common good in the management field, the one that is interested in the Aristotelian-Thomistic origin of the notion. As we will see in the first section of the paper, this current, close to the Christian tradition, gathers most of the scholars working on the notion of the common good. But in this article, we take a different approach. We propose to study the common good separately in Aristotle (*eudaimonia*) and in Aquinas (*bonum commune*). We argue that only this way we will be able to highlight differences between the Aristotelian and the Thomistic understanding of the common good of the firm. To do so, we propose a new approach which is to study the common good in context, i. e. as the purpose of management. Following this logic, we present both management theory in Ancient Greece, namely classical *oikonomia*, and in the Patristic thought, or Christian *oikonomia*. Those two trends allow us to refine our vision of the common good in Aristotle and in Aquinas. Building on those findings, we may finally be able to propose a renewed vision of the common good of the firm.

This paper is divided into three sections. In the first one, we present the common good

in the literature. We show how major works on the common good in management have focused on similarities in the Aristotelian and the Thomistic trends and built what we call the Aristotle-Aquinas pair. We also present the work of Sison and Fontrodona (2012), who were the first ones to distinguish Aristotle and Aquinas, introducing and studying christianity in the works of the latter. (Section 1) After clarifying the notion of the common good in the literature, we question the context in which it occurs. We present management theory in Ancient Greece (Classical *oikonomia*), based on the works of Xenophon and Aristotle. We then compare this Classical management to the Christian one (Christian *oikonomia*) that emerges in the works of the Church fathers. (Section 2) Once this context set, we situate Aristotle in the Classical management trend and Aquinas in the Christian one. This allows us to refine their vision of management, community, happiness and the common good. (Section 3) Building on those findings, we are finally able to propose a new vision of the common good of the firm, rooted in the Christian-Thomistic theory of the firm. (Section 4)

The Common Good in the Literature

Building the Aristotle-Aquinas Pair

In management sciences, the common good has been theorized by Domènec Melé as “the Common Good Principle (CGP)”. In opposition with the “Personalist Principle (PP)” based on human dignity and human rights, the CGP is for its part related to the promotion of “conditions which enhance the opportunity for the human flourishing of all people within a community” (Melé 2009). The works of Melé about the common good are very influent and fundamental and have been continued by lots of scholars interested in the topic, including Fontrodona and Sison (Sison and Fontrodona 2011, 2012, 2013). Their works belong to the specific field of virtue-based ethics (Akrivou and Sison 2016; Ferrero et al. 2018; Sison et al. 2012) and their reflections are specifically rooted in the Aristotelian-Thomistic tradition (Fontrodona and Melé 2002; Sison and Fontrodona 2012). Their research led to the introduction of a new concept which will be discussed in this paper, namely the common good theory of the firm (Sison 2007; Sison and Fontrodona 2012, 2013). In their works, they conduct a dialogue with the Catholic Social Teaching (henceforth CST), in the same way as other scholars working on the common good like Hollenbach (1989, 2002), Keys (2014) and Frémeaux (2020; Shymko and Frémeaux 2021) to cite a few. The Christian trend actually gathers the majority of scholars working on the common good (Cahill 1987; Diddams et al. 2005; Duzer et al. 2006; Finnis 2011; Höpfl 2007; Jackson 2015; Kelly 2004; Kidwell and Doherty (eds.) 2015; Martin 2011; Pina e Cunha et al. 2017). And like Hollenbach, Keys, Frémeaux and Melé, many of them base their studies on the Aristotle-Aquinas pair (Arjoon 2010; Arjoon et al. 2018; Garay 2015; MacIntyre 2008; M. A. Smith 1995). Very few scholars indeed studied the common good only in Aquinas (Crofts 1973; Farrell 2017; Grassl 2010; Santori 2020). And very few as well studied the notion only in Aristotle (T. W. Smith 1999; Tsoukas and Cummings 1997).

The Common Good of the Firm: A Theory Rooted in the Aristotelian-Thomistic Tradition

The works of Fontrodona and Sison concerning the common good, as we said before, are numerous (Sison 2007; Sison et al. 2012; Sison and Fontrodona 2011, 2012, 2013). They strive specifically to define this notion in their important paper about “The Common Good of the Firm” (Sison and Fontrodona 2012). In this article, they detail the three major trends about the common good, namely “Aristotle and the common good of the *polis*”, “Aquinas and God as the common good” and “Catholic Social Teaching and the historically attainable common good”. From this threefold parentage of the concept of the common good, they draw an

important theory for business ethics: the common good of the firm.

The Threefold Parentage of the Common Good in the Aristotelian-Thomistic Tradition

First they root the notion of the “good” and the “common good” in Aristotle. Relying on the *Nicomachean Ethics* (Aristotle 2004; hereafter referred to as NE), they define the common good as the good of the *polis* (*versus* individual goods) (NE 1094b). In addition, the common good belongs to goods pursued in themselves (*versus* because of another) (NE 1097a). As such, *eudaimonia* (often translated by “happiness”), the most complete good to be pursued in itself, can be identified with the common good. And the authors to conclude on the common good in Aristotle : “for Aristotle, the common good is the good of the *polis* and of each citizen. Another name for it is *eudaimonia*, man’s highest good. [...] And the manner in which human beings participate in *eudaimonia* is through citizenship.” (Sison and Fontrodona 2012)

Second, they turn to Aquinas with a new interesting look, asking “what modifications [...] Aquinas [introduces] to Aristotle’s understanding of the common good” (Sison and Fontrodona 2012). They take into account the christianity of the philosopher and wonder how he may, as a Christian, shed new light on the notion. Doing so, they claim that “Aquinas’s purpose [...] is to introduce God in the Aristotelian notion of the common good” (Sison and Fontrodona 2012). They rely indeed on the well-known sentence from *On the Perfection of the Spiritual Life* in which Aquinas identifies the common good to God, saying that “the common good of the whole is God himself” (Aquinas 1902). On this basis they use the logical device of analogy to show how *eudaimonia* can be seen in Aquinas as “the political common good”. It’s characterised as an intrinsic, social and practice form of the common good (*versus* the extrinsic, ontological and speculative one, which is God) (Sison and Fontrodona 2012). Following this logic, Aquinas broadens the Aristotelian concept of *eudaimonia*, an essentially political one, to other spheres (like family). *Eudaimonia* is no more the exclusive preserve of citizens, but the common good of every human being.

Third, they present the common good in CST as rooted both in the works of Aristotle and Aquinas. The main characteristic of the common good in CST is its historical awareness. It echoes the Aristotelian approach to the common good as a concrete good and not an ideal Platonic one. For instance, CST deals with the common good of each and every historical community, from family to States, including all intermediary levels. And all those communities are interrelated. Two forces go through them, one horizontally which is solidarity, and the other vertically which is subsidiarity. Solidarity and Subsidiarity are, with the common good, the two main principles of CST. Lastly, the common good as “the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily” (Pontifical Council of Justice and Peace 2006: 164; hereafter referred to as CSDC) echoes the common good as *eudaimonia* in Aquinas. The two authors argue that those “conditions” are indeed related to the fulfillment of people, which is *eudaimonia*, the political common good (Sison and Fontrodona 2012).

To conclude on this fundamental threefold parentage of the common good, we need to stress again the fact that Sison and Fontrodona were the first ones to introduce a distinction between the Aristotelian philosophical trend and the Thomistic, Christian tradition. By recognizing the christianity of Thomas Aquinas, they opened the door to the figure of God in the political sphere, to whom the common good belongs since Aristotle. Those different traditions, the definitions of the common good that they give and their relations to each other are presented in Table 1. We may notice that both the political and the universal dimensions of the common good, based on the Aristotelian and the Thomistic trends respectively, structure the definition of the common good in CST, which is both historical and directed

towards each community. Building on those findings and by analogy with the political common good, Sison and Fontrodona (2012) propose an Aristotelian-Thomistic theory of the common good of the firm.

Table 1 The Common Good of the Political Community (Sison and Fontrodona 2012)

Aristotle	Aquinas	Catholic Social Teaching
<i>Eudaimonia</i> , the common good of the <i>polis</i>	<i>Eudaimonia</i> , the common good of every human being	<i>Eudaimonia</i> , the political common good of each community
<i>Characteristic feature</i> : political	<i>Characteristic features</i> : social, universal	<i>Characteristic feature</i> : historical awareness
<ul style="list-style-type: none"> • “that at which everything aims” (NE1094a) • “the good of the polis, which is “finer and more divine” (NE 1094b) • “<i>eudaimonia</i> or ‘happiness’” (NE1097b) 	<ul style="list-style-type: none"> • “the common good of the whole is God himself” (<i>On the Perfection of the Spiritual Life</i>) 	<ul style="list-style-type: none"> • “the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily” (CSDC 164) • “the good of all people and of the whole person” (CSDC 165)

The Common Good of the Firm in the Aristotelian-Thomistic Tradition

The Aristotelian-Thomistic theory of the common good of the firm proposed by Sison and Fontrodona (2012) is based on the threefold parentage of the common good in Aristotle, Aquinas and CST. From Aristotle, they draw a fair understanding of the common good of the political community. From Aquinas then, they borrow the logical device of analogy, allowing them to bring into business the originally political concept of the common good. Third, they borrow from CST the two central concepts of subsidiarity and solidarity, that they use to explain the relations between the firm and the State, in which *eudaimonia* or the common good may exclusively be achieved.

The common good theory of the firm is first based on the Aristotelian theory of the firm. Building on the Aristotelian dichotomy of natural/artificial and perfect/imperfect organizations, Sison and Fontrodona (2012) define business organizations as artificial and imperfect organizations, versus the natural and perfect type of organizations set by the *polis*. They are artificial organizations because they are based on mutual advantage and political friendship (T. W. Smith 1999). And they are imperfect organizations, because they cannot lead to *eudaimonia*, the common good in Aristotle which is the common good of the *polis* alone. Companies are indeed a special kind of organizations, caught between the smaller level

of political entities represented by families and the bigger level of the *polis*. Lastly, the third characteristic of business organizations is their economical focus. We may conclude on this Aristotelian definition of business organizations, saying that “firms are intermediate bodies seeking primarily economic goals” (Sison and Fontrodona 2012). As intermediate bodies, firms are not self-justifying organizations. On the contrary, the common good of the firm is subordinated to the common good of the *polis*, in such a way that “the economic ends that business corporations seek are means to the political end of the *polis*”. The common good of the firm is to contribute, “in the final instance, to a flourishing life in the State” (Sison and Fontrodona 2012).

This first Aristotelian definition of the common good of the firm is further developed, following another tradition, the Thomistic one. Following the works of Thomas Aquinas, Sison and Fontrodona (2012) argue for a more participative, virtue-oriented understanding of the common good of the firm. By analogy with the common good of the whole (God), which is extrinsic, ontological and contemplative, they draw a political form of the common good called *eudaimonia* which is intrinsic, social and practical. As social and practical first, the common good of the firm is characterised by “an activity or practice: work in common” (Sison and Fontrodona 2012). As intrinsic then, the common good of the firm is internally transforming the people participating to it. Sison and Fontrodona (2012) rely on the classical distinction between *poiesis* (making) and *praxis* (doing) to set a difference between the Aristotelian and the Thomistic way of conceptualizing work. Work in Aristotle would be an objective, externally observable *poiesis*, whereas in Aquinas, work would be a subjective *praxis*, inhering in the agent himself. Such *praxis* would be virtue-oriented, as to say oriented toward self-perfection. In the Aristotelian-Thomistic view, the common good of the firm can then be defined as “the work in common that allows human beings not only to produce goods and services (the objective dimension), but more importantly, to develop technical or artistic skills and intellectual and moral virtues (the subjective dimension)” (Sison and Fontrodona 2012).

The Aristotelian-Thomistic common good of the firm is lastly articulated with the political common good (or *eudaimonia*) through two central concepts of CST: subsidiarity and solidarity. The relationships between States and firms are relationships of subsidiarity, meaning that the State has both the duty to provide some help (or *subsidium*) to companies when needed, but also to let them solve problems at their own level as much as possible. Lastly, the relationships between firms and States, are relationships of solidarity. Solidarity integrates the common good of the firm in society. In the most radical sense, firms legitimize their own existence through participating to the common good of the polity. The production of private goods is legitimate only to the extent that those goods are means toward the achievement of *eudaimonia*, the common good of the whole society, achievable only in the political sphere. In sum, we may say that “firms are artificial and imperfect intermediate associations seeking an economic goal, the non-natural production of material means (chrematistics). As such, they are subordinated to the political community, the natural and perfect society in which flourishing (*eudaimonia*) is achieved. The common good of the firm, the production of goods and services in which human beings participate through work, is a particular good or means with respect to the ultimate common good of the political community, *eudaimonia*” (Sison and Fontrodona 2012).

As a conclusion to the presentation of the important theory of the common good of the firm, as it arises in the Aristotelian-Thomistic tradition, we may underline the fact that Fontrodona and Sison, in their fundamental works (Sison 2007; Sison and Fontrodona 2012, 2013), seem to have been more focused on the Aristotelian side of the Aristotelian-Thomistic tradition. Their understanding of the political common good, and the theory of the firm from

which they derive their theory of the common good of the firm, are mainly rooted in the political Aristotle. Aquinas is just the one from whom they borrow the logical device of analogy in order to apply the political theory of the common good to the organizational level of the firm, whereas CST provides only the two concepts of subsidiarity and solidarity as a way to legitimize the own existence of such organizations as business organizations and their appropriatedness. It seems to us that the reason why they have difficulties to fully array the contributions of Aquinas and CST to the common good of the firm is that the background of their papers is that of the purely Aristotelian dichotomy of *oikonomia* versus *chrematistike* (Dierksmeier and Pirson 2009). In other words, when they bring the political common good into the economical sphere, they bring it into the sphere of classical *oikonomia* (economy and management as it is defined in Aristotle). But they never ask the question of the possibility of a different understanding of *oikonomia* in Aristotle and in Aquinas, which would mean a different understanding of the common good (which is the purpose of *oikonomia* understood as economy and management), and possibly a different understanding of the common good of the firm. This is what we would like to investigate in this paper.

In this first section, we tended to show how the common good in the literature appears as a complex notion, traditionally related to the Aristotelian-Thomistic trend. But the recent works of Sison and Fontrodona (2012) suggest that this complex notion should be refined, through a more accurate study of the novelty brought by christianity in the western thought. This is what we are aiming to in this article. To do so, we propose a new, alternative way of thinking about the common good. We argue that the best way to deal with the common good and its definition is not “head on” but through a new approach of the whole context in which the common good is depicted. In management studies, the common good is central because it appears as the main goal of organizations, “that at which everything aims” to paraphrase Aristotle (NE 1094a). In other words, the common good could be defined as the highest purpose of organizations, which is what management itself tries to achieve. Because management is the science that helps people to rule organizations so that those organizations reach their highest purpose; if we ask the question of the purpose of management, in the same time, we consequently ask the question of the common good itself. This is what we try to do in the following section, asking the question of the purpose of management in Aristotle and Aquinas. Through a study of the concept of *oikonomia* (or management) in the Aristotelian trend and in the Christian tradition (to which Aquinas belongs), we may be able to set a new light on the common good in Aristotle and Thomas Aquinas (in the third section), and eventually on the common good of the firm (in the fourth section).

***Oikonomia* and the Common Good**

In this second section, we will examine the multifaceted concept of *oikonomia*, or management in Antiquity. Despite not very often studied in the literature, *oikonomia* is part from those concepts that are key and structure the history of thought. We will see how the originary Greek concept of *oikonomia*, theorized by Xenophon and after him Aristotle himself, reaches its *acme* during the Patristic period in the works of the Church fathers.

***Oikonomia* in the Literature**

The notion of *oikonomia* has never been studied in relation with the common good. We can mention for instance the works of Tempels, Blok and Verweij on the common good (2017). Despite the contribution of Blok, who is a specialist of *oikonomia* (Blok 2020a, 2020b), especially in Xenophon (Blok 2019), no mention of *oikonomia* is made in their paper.

There are actually very few studies on the notion of *oikonomia* in management sciences. The Classical *oikonomia* has been more investigated, both in an exploratory fashion and in relation with business management (Dierksmeier and Pirson 2009; Leshem 2013a, 2013b, 2016). But last years have seen a growing interest for the Christian *oikonomia*. We can mention the paper of Deslandes (2020) based on the works of Mondzain (2005) or the attention paid to monasteries (Mercier and Deslandes 2017; Muff 2019). In the field of political economy, we may also mention the interest of few authors in *oikonomia* (Maifreda and Mannucci 2012; Mitropoulos 2012; Tempels et al. 2017).

If we want to deepen our understanding of the notion of *oikonomia*, we need to broaden our horizons to more perspectives. Contemporary historians studied the Classical *oikonomia* in Ancient Greece (Ault 2007; Descat 1988) until the Hellenistic period (Natali 1995) and even in the Achaemenid Empire (Corsaro 1980). Some lastly broaden their study to the whole history of the West, with a special focus on the Renaissance (Maifreda and Mannucci 2012; Milbank 2017). But if we are looking for a more definitional study, we may need to turn to theologians (Orsy 1982). The Christian *oikonomia* has been very much studied both in the writings of the Church fathers (Agamben 2011; McGuire 2011; Mondzain 2005; Ohme 2008; John Reumann 1959) and in the Gospels and the Epistles (De Wet 2012; J. Reumann 1967; Richter 2005). However the largest number of studies on *oikonomia* focus on the notion in the works of one author at a time. They can focus as well on Classical authors such as Xenophon (Blok 2019; Nelsestuen 2016), Aristotle (Dierksmeier and Pirson 2009; Faraguna and Cassola 1994; Herz 2009) or Dionysius of Halicarnassus (Reid 1998), or on Christian authors among whom Paul of Tarsus (J. Reumann 1967), Origen (Trigg 2001), Gregory of Nyssa (Kees 1995; Maspero and Solano Pinzón 2018) or John of Damascus (Benjamin 2017). With those studies, we benefit from a wide range of meanings to better understand both the Classical *oikonomia* (as it is defined by the Greek authors) and the Christian *oikonomia*.

The Classical *Oikonomia*: Economics for the Sovereign Good

The word economy comes from the ancient Greek *oikonomia*, literally meaning “household management” (from *oikos* “household” and *nemein* “management and dispensation”) (Leshem 2016). It first occurred in Xenophon’s *Oeconomicus* (2013) (literally “one who knows economics”) at the end of the fifth century BCE. He’s followed by Aristotle who wrote in the fourth century the *Economics* (2003), of which only two chapters remain. But his economic thought is still well known, partly thanks to the first book of the *Politics* (Aristotle 1932). In these first chapters dealing with household management, Aristotle settles domestic life as a basis for social cohesion. It’s one of the peculiar aspects of the political Aristotelian thought that economics comes before politics (Meikle 1997).

Before going further in our journey through Greek economic thought, we may stop and listen to Meikle when he writes in introduction of his book: “The most striking fact about surviving Greek literature dealing with what today we would call ‘economics’ is how little there is of it”. And indeed, after talking about the pioneers that were Xenophon and Aristotle, we must notice that no mention of *oikonomia* is made in Homer nor Hesiod, as Mondzain (2005) noted, nor in the historians like Herodotus or Thucydides, nor in the lyric or tragic poets. The reason is that it was not the noun (*oikonomia*) but the verb (*oikonomein*) that first prevailed. We find it become noun in Aeschylus’ *Agamemnon* (2009, verse 155) and Sophocles’ *Electra* (1994, verse 105) to name a steward. The same is found in Plato’s *Phaedrus* (1999, 256e and 248d) where this notion of service is¹¹ connected to politicians and businessmen.

But we find elsewhere, as Mondzain (2005) points out, even more interesting meanings, with the use of the word *oikonomia* itself. Hippocrates, the well-known physician, uses the word to describe “the pragmatic concept to discuss the arrangements to be made concerning the sick” (1984, *Epidemics*, IV, 2, 24). There *oikonomia* becomes a *logos*. Polybius, the historian, then uses it to designate both “political administration and even the course of events”, which is not without echoing the paulinian interpretation of *oikonomia* as the plan of the incarnation. We will return to it. After Polybius, another historian, Dionysios of Halicarnassus (1985, *On Literary Composition*, 25; *Letter to Gnaeus Pompeius*, 4, 2), uses *oikonomia* to describe “the manner in which a literary work is organized”, which this time echoes the Latin translation of *oikonomia* through “*dispensatio*”, or “*dispositio*” which can also designate the parts of a speech.

After this short overview, we may be able to clarify the range of ways in which the term is used by the Classical authors. We learn, which is coherent with its etymology, that *oikonomia* first concerns the domestic life and its administration. As we can read in Xenophon, it designates the best way to manage its private fortune, especially in a rural domain. With Aristotle, and after him Polybius, the term slightly slips into the political sphere to end up designating the administration of goods in the public domain, and even for the civil or military chiefs the manner in which they can increase their profits, at a time when the political and military spheres weren't as separated as they can be separated today.

In Aristotle's *Economics* (2003: 1346a) cited by Mondzain (2005), it's made very clear that *oikonomia*'s main goal is making money. He depicts the topic of his book saying: “We have further made a collection of all the methods that we conceived to be worth mentioning, which men of former days have employed or cunningly devised in order to *provide themselves with money* (emphasis added).” The same is seen in Plato where businessmen are mentioned simultaneously with stewards (*tinou oikonomikou*). Then we can infer that in Greek thought the term *oikonomia* designates an ensemble of means implemented with an immediate material end in mind which is profit. This consideration of profit and utility plus the will to optimize expected benefits led Mondzain to conclude that: “The Classical *oikonomia* implies the functional organization of an order that has profit in mind, whether material or not.” By the mention of a non-material profit, Mondzain refers to profit in a symbolic way, following the way *oikonomia* is symbolically referred to in Plato or Aeschylus.

But whether talking about material or symbolic goods, still we remain in a mindset close to what corresponds today to utilitarianism (Mill and Bentham 1987). Following Bentham and Mill, utilitarians aim at maximizing the total sum of pleasures in their lives and in the society. Here is the same: whether in quantitative terms, as to say increasing wealth, or in qualitative ones, which is increasing well-being, Classical *oikonomia* aims at maximizing the sum of goods. And even if Mondzain characterizes this wanted well-being as a “sovereign good”, we must dig deeper and not confuse it with kind of an emerging common good (Pontifical Council of Justice and Peace 2006, § 164-170). We are more close here to the Epicurian (2012) thought for whom the sovereign good called *ataraxia* is a state where the maximum sum of pleasures is combined with a minimum of pain.

This Classical *oikonomia* devoted to the sovereign good have had a great influence on the western thought, both in terms of economy and philosophy. But it should not distract us from another tradition, which takes a new look on the sovereign good and the notion of *oikonomia*, with the advent of the Christian age. In the following part devoted to Christian *oikonomia*, we will see a drastically different aspect of *oikonomia* as it becomes a central concept of nascent theology during the iconoclastic dispute.

The Christian *Oikonomia*: Economics for People Flourishing

Paul of Tarsus is the one who first introduces the Greek notion of *oikonomia* in the Christian thought. In his letters, the term designates the Christ as the *image* of God and more broadly the plan of the incarnation. This slipping of meaning which seems to move away from the management field may surprise us but is very significant. It reveals a new mindset in which *oikonomia*, well known until then as a management concept, is perceived more precisely, with more shades in the light of Christ. The very nature of relationships changes in the Christian look and as a consequence the meaning of *oikonomia* itself, as a peculiar kind of relationship that will be placed at the center of the Christian theological thought. It's the first step of an exploratory journey that will lead the Church fathers in the eighth century to reach the largest range of meanings for the term *oikonomia*, including in the political and the economic fields.

In the wake of Paul of Tarsus, Patristic tradition still focus on Christ as the center of their theological thought and then he becomes, as Mondzain (2005) noted, "economy par excellence". He relates directly to the main three meanings of the Christian *oikonomia* which are Trinitarian economy, Christological economy and Providence. Trinitarian economy designates the principle of the organization of the three Persons interior to an indivisible unity, with an essential equality. The concept of *oikonomia* is the one which allows the maintenance of unity in triplicity. Through Christological economy and incarnation, *oikonomia* then becomes the concept of the historic manifestation and organization of God's unique will. At an organizational level, a manifestation of *oikonomia* as accomodation to circumstances could be the attitude of some manager who tries to apply an existing regulation to a particular situation. As Mercier showed, acting with economy may be then synonymous with the Ricoerian notion of practical wisdom (Mercier and Deslandes 2017).

Over time, the Patristic thought exceeded the limits of the Paulinian Christological *oikonomia*, and then arised the last form of Christian *oikonomia*, namely providential *oikonomia*. From the incarnational plan, it slips to a larger meaning in the texts of Hippolytos, the Roman theologian and martyr, and happens to designate the mystery of the divine plan from creation to redemption (1949, Against Noetus, 8, 816b). *Oikonomia* then becomes Providence as it designates the providential plan of God, including the whole universe and the history of humanity, and no longer just the incarnational plan. In his work *On the Providence of God*, John Chrysostom (2000), the eloquent archbishop of Constantinople, opens the notion of *oikonomia* to human liberty as assumed by universal providence. Thus *oikonomia* is no longer just a providential economy, as to say the organization, management and administration of God, the supreme *oikonomos*, but also a *pastoral economy*, as to say the responsibility for some to be the ministers and servants of providence (*oikonomoi*). By the service of providence, we have to understand the participation in the salvific plan of God whose economy is about saving us. In fact, both Christological and Providential economies are based on salvation.

Through providential economy, theologians affirm that the task of realising the plan of God is not only the task of God alone (through the Incarnation or the action of the transforming grace), but they open the participation in the salvific plan of God to every human being. In the first centuries AD, the nascent Church calls every person of good will to join and participate to the economy of salvation, in other words, to participate in the plan of God. From that time, in the Christian tradition, every society of men is expected to participate in the global economical movement toward salvation. And business organizations, as societies of men, despite situated in the business field, are expected to play a role in the global economy of salvation. In the Patristic view, every organization has an economical purpose,

and the financial economy is participating to the whole economy, which is the economy of salvation. There is no subordination of companies to the polity as it was the case in Aristotle. Everywhere there is a society of men: there are relationships, there is management (*oikonomia*) and there is a call for participating in the plan of God which is the economy of salvation.

To conclude on this understudied notion of Christian *oikonomia*, we may underline two important points. The first one would be the importance of understanding the global context of Christian *oikonomia* in order to discuss the question of the common good in the Christian tradition, and especially in Christian authors like Thomas Aquinas. Indeed, the call for every organization to participate in the economy of salvation has a tremendous impact on the understanding of the common good in those authors. The participation to God's salvific purposes, as to say, *the service of life*, becomes the first and key requirement for every organization. As a consequence, the common good of the firm understood a particular type of society of men, is identified with the economical purpose of serving life. The second important point would be not to stick to the theological dimension of the concept but to open Christian *oikonomia* to a natural level. As we said, the first principle of Christian *oikonomia* is the service of life, as well in the political society as at the level of the firm. Similarly, salvation which is reaching heaven, is synonymous of people flourishing. In other words, the economy of salvation is nothing but truly the economy of the full flourishing of people. As such, the purpose of Christian *oikonomia* or the economy of salvation, can be identified with the common good as it is theorized in CST, namely "the good of all people and of the whole person" (CSDC 165). The purpose (Aristotle would say the *telos*) of Christian *oikonomia* is to enable society (at each level) to reach the common good, in other words, it is to set "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily" (CSDC 164). At the end of this subsection, we realize that the common good is first and foremost the purpose of Christian *oikonomia*, in the same way that the sovereign good was the purpose of Classical *oikonomia*. This suggests that the definition of the highest good (as the sovereign good or the common good) may be different in Aristotle and in Aquinas, to the extent that each one of them belong to a different economical trend, respectively assuming a different definition of the purpose of economy.

At the end of this second section, we may summarize the inherent purposes of those two major trends : classical *oikonomia* and Christian *oikonomia*. On the one hand, classical *oikonomia* is wholly a matter of administration and as such, it's focused on increasing profit, wether material (wealth) or not (well-being). On the other hand, Christian *oikonomia* is entirely directed towards God's salvific purposes, meaning in the service of life and aiming at the common good. Those two different visions of management are presented in Table 2.

Table 2 *Oikonomia*'s meaning and purpose in Ancient and Patristic thoughts

Classical <i>oikonomia</i>	Christian <i>oikonomia</i>
<p><u>Definition</u>: the administration of goods wether in the domestic life (private fortune) or in the public domain (<i>Xenophon, Aristotle</i>)</p>	<p><u>Definition</u>: designates both the Christ and the historic manifestation and organization of God's unique will (<i>Paul of Tarsus</i>). As such, it designates all means used for salvific purposes (<i>John Chrysostom</i>). In a business context, it designates all managerial practices used in the service of life.</p>
<p><u>Purpose</u>: profit, wether material or not (<i>Plato, Aeschylus</i>). It can be increasing wealth or well-being, which is the sovereign good. (Mondzain 2005)</p>	<p><u>Purpose</u>: salvation, redemption (<i>Hippolytos's Against Noetus, 8, 816b</i>) At a natural level, salvation is kinderred to people flourishing or "the good of all people and of the whole person" (CSDC 165), which is the definition of the common good.</p>
<ul style="list-style-type: none"> • "We have further made a collection of all the methods that we conceived to be worth mentioning, which men of former days have employed or cunningly devised in order to provide themselves with money" (Aristotle's <i>Economics</i>, 1346a) 	

With those elements in mind, we may now ask the question of the common good in Aristotle and Aquinas. We have seen that the purpose of *oikonomia* in Ancient Greece, especially in Aristotle, is different from the one of management in late Antiquity, especially in the works of the Church fathers. Knowing that Aquinas has been proclaimed Doctor of the Church, which suggests that he is aligned with the Patristic thought, we should now raise the question of the possibility of a different vision of management and the common good in Aristotle and in Aquinas.

Two Different Visions of the Common Good

In this section, we will ask the question of the common good in Aristotle and Aquinas. We argue that Aristotle belongs to the classical vision of *oikonomia* whereas Aquinas belongs to the Christian one. As we have seen in section two, those two philosophical trends have

different understandings of what is the purpose of management. Does it mean that the two authors have different visions of the common good?

The Common Good in Aristotle: *Eudaimonia* as Political Friendship

Talking about the common good in Aristotle is not an easy task. And it's maybe not even what we would be naturally led to after reading the political Aristotle. Meikle for instance, in his fundamental work on *Aristotle's Economic Thought* (1997), doesn't mention the common good. We may also consider that Adler, in his major work on Aristotle (Adler 1997), places the concept of "good" in a very central place. The term "good" indeed appears 389 times in the whole book, which is almost 2 times per page. Nevertheless, the "common good" as such is referred to only two times. Each time, it designates "the common good *of the people* (emphasis added)" (*versus* "the selfish interests of those who wield the power of government" (Adler 1997, p. 122)). We need to stress here that this "common good" is not an absolute common good but the aggregation of each individual goods. And Adler precises what is the good of each individual: this is happiness or *eudaimonia* ("the good state should serve the happiness of the individuals who compose it" (Adler 1997, p. 117)).

Let's examine now which passages in Aristotle could sustain this analysis. In *The Nichomachean Ethics*, we find an interesting one in the very beginning of book V :

“στοχαζόμενοι ἢ τοῦ κοινῆ συμφέροντος πᾶσιν ἢ τοῖς ἀρίστοις ἢ τοῖς κυρίοις (κατ' ἀρετὴν ἢ κατ' ἄλλον τινὰ τρόπον τοιοῦτον)· ὥστε ἓνα μὲν τρόπον δίκαια λέγομεν τὰ ποιητικὰ καὶ φυλακτικὰ εὐδαιμονίας καὶ τῶν μοριῶν αὐτῆς τῆ πολιτικῆ κοινωνία.” (NE 1129b15-6)

(They [the laws] are striving to the mutual advantage (*to koinh sumpherontos*) of everybody, or the best ones, or those who enjoy supremacy (because of their virtue or some other similar reason). So that, in a certain way, we call just the [laws] that may produce or maintain happiness (*eudaimonias*) and its components for the political community. (*Our translation*))

We find here an example of what Adler presented as the common good of the people which is happiness. But we need to stress the fact that Aristotle doesn't use the word "common good" (*to koinon agathon*), to whom he prefers "common advantage" (*to koinon sumpheron*). It's important to notice this preference of Aristotle himself for the term *koinon sumpheron*, because even if we had to translate the term *koinon agathon* (literally "common good"), we should consider to translate it by "mutual good", due to the translation of *koinon sumpheron* by mutual advantage, which is more likely to be found in Aristotle. Thereupon, studying the concept of the common good in Aristotle seems to be inappropriate. What about the concept of *eudaimonia* then, which is so often identified with the so called common good in Aristotle (Frémeaux 2020; Sison and Fontrodona 2012, 2013 to cite a few)?

On this point, the works of Mark Hopkemie are of particular help. Commenting on NE1129b16, he first states that "justice as lawfulness, is defined grandly as whatever produces and maintains happiness and its parts for a political community" (Hopkemie 2016). But he further refines this first step, finding that in Aristotle, legal justice is always "embedded in a network of friendship". He establishes that in Aristotle, friendship precedes justice, or at least, grows simultaneously with it. Then, a mutual orientation of affection (*homonoia*), preceding justice or arising with it, would be the only way to establish a *koinônia*, a political community (Hopkemie 2016). Building on those conclusions, we argue that *eudaimonia* is the result of political friendship, as the condition of possibility and result of legal justice, which is the highest virtue.

To conclude on the common good in Aristotle, we may keep in mind that the concept as such doesn't exist and is replaced by the one of *koinon sumpheron*, literally meaning "mutual advantage". This situation of *koinon sumpheron* coincides with *eudaimonia* and occurs when legal justice and political friendship produce *koinônia*, the political community. Let's turn now to the works of Thomas Aquinas and see to what extent christianity may shed a new light on the works of Aristotle in the eyes of the theologian.

The Common Good in Aquinas: Beatitude as Friendship with God

The common good in Aquinas is called *bonum commune* (the Latin word for "common good") and not, as it can be found in other Latin authors like Cicero or Augustine, *summum bonum* (literally "the highest good"). Aquinas is actually the first one to mention the common good in the literature, and in the sense that we are familiar with today. He does so in the *Summa Theologica* (Aquinas 1981; hereafter referred to as ST).

As we have seen in Aristotle, the common good in Aquinas is related to justice. More precisely, justice is in Aquinas subordinated (*ordinare*) to the common good ("bonum commune, ad quod ordinat justitia" ST q. 58 a. 5). And not only justice is directed towards the common good but it also directs the acts of all other virtues to the common good ("Sed ad justitiam legalem pertinet quod actus omnium virtutum ordinentur ad altiorem finem; id est ad bonum commune [...]." ST II-II q. 58 a. 6). As shown by Hoipkemier, "the function of legal justice is to order the other virtues to an end beyond their proper end of perfecting the individual person." (Hoipkemier 2016) Hoipkemier shows that Aquinas, in relating legal justice to the two broad concepts of law and the common good, has widely expended the role of justice.

Aquinas indeed relates every law (there are 5 types of laws to be found in his works) to the common good ("omnis lex ad bonum commune ordinatur" ST I-II q. 90 a. 2). Doing so, he opens the common good not only to the political community (regulated by civil law) but to the whole humanity as it is governed by natural law (Hoipkemier 2016). We observe in Aquinas an universalization of the common good. Doing so, the theologian rejects the possibility of a direct, political friendship to sustain and complete justice, as it was the case in Aristotle. It would indeed be physically impossible to share friendship with everyone on earth. Let's see how the introduction of christianity in the Aristotelian logic helps the theologian to solve this dilemma : friendship as the foundation for an universal community. To solve this problem, Aquinas relies on the communion of Saints : "Since all the faithful form one body, the good of each is communicated to the others. [...] We must therefore believe that there exists a communion of goods in the Church." (Aquinas 2021: 10; in John Paul II 2020: 947; henceforth CCC (Catechism of the Catholic Church)) The expression "communion of Saints" designates the body formed by all the faithful in the communion of the Holy Spirit (*Koinônia*) (CCC 948). The political community (*koinônia*) in Aristotle is transfigured in the Christian works of Aquinas to become the communion of Saints (*Koinônia* with a capital K).

As it was in Aristotle, the *Koinônia* in Aquinas is based on friendship, but not political friendship. The communion of Saints or communion in the Holy Spirit is based on friendship with God, who is the very foundation of Christian community. As shown by Hoipkemier, justice directs all the virtues to Charity, which is divine friendship. (Aquinas 1981: II-II q. 24 a. 1; in Hoipkemier 2016) *Koinônia* in Aquinas is based on both justice and Charity, i.e. justice and friendship with God. And only Charity will allow people to act in the service of the common good.

Lastly, this divine friendship directed towards the common good leads to a form of happiness, in the same way as in Aristotle the common advantage (*koinon sumpheron*) produces and maintains *eudaimonia*. And once again, christianity has transfigured the classical notion of happiness so that it becomes beatitude (*beatitudo*). Beatitude is the result of friendship with God, as Aquinas underlines, quoting Augustine (2008, V, 4) : “Beatus est qui te novit, etiam si alia ignoret.” (*Our translation*: Happy (*beatus*) is the one who knows You, even if he doesn’t know anything else.) And Aquinas goes even further saying that the only way to beatitude is knowing God (which is divine friendship) (“ex hoc solo est aliquis beatus quod Deum intellegit” ST I-I q. 26 a. 2).

To conclude on the common good in Aquinas, we may recall first that he is the first one who uses the term *bonum commune*, from whom we inherited the modern notion of the common good. In his works, we observe two dynamics: on the one hand, a certain fidelity to the logic of Aristotle, and on the other hand, the will to shed new light on classical philosophy through the introduction of christianity in Ancient systems.

To conclude this third section, we may now compare both the Aristotelian and the Thomistic way of thinking about management and the common good. We have seen that Aquinas transforms the Aristotelian system while introducing christianity in classical philosophy. To the political nature of man in Aristotle (*zôon politikon*), Aquinas substitutes another anthropology, a Christian one, in which humanity is all about the praise of God. Henceforth, the community (*koinônia*) is no more based in Aquinas on political friendship (*homonoia*, literally “amity”), but on friendship with God, which is the only foundation of *Koinônia*, the Christian community based on the communion of Saints. There is a change of scale from the city (*polis*), a small political community, to Humanity as a whole, which is entirely governed by divine laws. Those two different visions of the community that we are living in end up in two different visions of the highest good and happiness. The *koinon sumpheron* (mutual advantage) leads in Aristotle to happiness or *eudaimonia*. Whereas in Aquinas, the common good (*bonum commune*) leads to beatitude (*beatitudo*). Those two different visions are presented in Table 3, and may refine the initial conclusions of Fontrodona and Sison (2012) (see Table 1).

Table 3 The Common Good of the Community

	Aristotle	Aquinas
<u>Highest good</u>	Mutual advantage (<i>to koinon sumpheron</i>)	Common good (<i>bonum commune</i>)
<u>Product</u>	Happiness (<i>eudaimonia</i>)	Beatitude (<i>beatitudo</i>)
<u>Foundations</u>	Justice and political friendship (<i>homonoia</i>)	Justice, Charity and friendship with God
<u>Scale</u>	City (<i>polis</i>)	Humanity (<i>multitudo</i>)

A New Vision of the Common Good of the Firm

Based on those findings, we would like to propose now a new vision of the common good of the firm. First, we should base our discussion on a renewed theory of the firm, in the light of the Christian-Thomistic economical trend. From that point, we should be able to rethink the relation between the firm, the State and the common good, in order to free the common good of the firm from the political common good (or *eudaimonia*). Only this way we may be able to set the Christian-Thomistic definition of the common good of the firm.

The Christian-Thomistic economical trend, based on both Christian *oikonomia* and the Thomistic concept of the common good, allows us to renew the Aristotelian conceptualisation of business organizations. First, the primacy of the economical focus of firms, coherent with the Classical *oikonomia*, is changed into the primary focus of human flourishing. According to Christian *oikonomia*, business organizations are no more primarily called to serve an economical end, but to focus on economy as a means used in the service of life. Profit should never be considered as an end, but always as a means. Only people flourishing should be considered as an end in itself. Christian *oikonomia* has been reversing the Classical perspective. Second, the Christian-Thomistic theory of the firm, rooted in the Paulinian theory of society as a body, is based on a holistic vision of society. As members of this body, which is called to reach the size of the whole humanity, firms (and all sorts of organizations as well) can no more be considered as intermediate associations (caught between families and States). This suggests that the common good is achievable at a firm’s level and not only at the political level. As a consequence, and this is our third point, not only States can be perfect and natural organizations. Business organizations, since they are focused on human flourishing and can lead people to achieve the common good, may be characterised as a perfect type of organizations as well. Moreover, they can also be considered as natural organizations. The friendship by which they are bound is indeed no more the artificial form of political friendship (T. W. Smith 1999) but instead the natural (maybe supernatural) friendship with God.

Friendship with God, in the Thomistic view, is the *sine qua non* condition for justice to arise, and for the common good to be achieved. Justice indeed has sometimes been identified with the common good in Aquinas (Hoipkemier 2018), since justice sets the sum total of social conditions which allow people to reach their fulfillment (CSDC 164), namely the definition of the common good in CST. We may say that while the firm is an imperfect organization based on mutual advantage (*koinon sumpheron*) and political friendship in the Aristotelian tradition, in the Thomistic tradition instead, the firm is conversely called to become a perfect organization based on friendship with God and justice, aiming at the common good. Those two different theories of the firm, their purpose and their relations to each others are presented in Table 4.

Table 4 The theory of the firm in the Aristotelian and in the Thomistic traditions

	Aristotelian theory of the firm	Thomistic theory of the firm
<u>Firm's focus</u>	economical	people flourishing
<u>Firm's status</u>	intermediate association (between family and State)	member of society as a whole (conceptualized as a body)
<u>Type of organization</u>	artificial/imperfect; based on mutual advantage (<i>koinon sumpheron</i>) and political friendship (<i>homonoia</i>).	natural, called to perfection; based on friendship with God and directed towards the common good (<i>bonum commune</i>).
<u>Relation to the common good</u>	The common good of the firm is subordinated to the political common good (<i>eudaimonia</i>).	The common good is achievable at the firm's level through people flourishing within the organization.

The Christian-Thomistic theory of the firm may help us to refine our understanding of the common good of the firm in the Thomistic tradition. As organizations whose focus is no more primarily the production of goods and services but people flourishing, firms are characterised by a common good which is primarily in the service of life (Christian *oikonomia*) and no more in the service of an economical benefit (Classical *oikonomia*). The common good of the firm is no more the production of goods, but the production of the conditions for human flourishing (as well inside and outside the organization). We can notice that the common good of the firm in the Christian-Thomistic tradition is identified with the common good of the whole society. The common good is not multifaceted but unified. Or more precisely, it is unified in all its multifaceted dimensions (political common good, common good of the firm, common good of the individuals). How could it be possible?

Thanks to *oikonomia*, the concept of unity in multiplicity and as such the very revolution brought by Christian theology in the history of thought. The common good of the firm is not subordinated to the common good of the State but is achievable at a firm's level. The legitimacy of the firm should not be subordinated to its contribution to the flourishing of people at a State's level. It means that, even in unfavorable political regimes (as dictatorships or totalitarian regimes), people can hope to achieve the common good at another, non-political level like the one of business organizations. The duty of commitment towards the common good is not primarily or exclusively the one of political representatives. On the contrary, this shared responsibility falls equally to everyone, at every level of society, including the one of business organizations. Lastly, the participation to the common good of the firm is achieved through justice and Charity (which is friendship with God). The production of goods and services should be means in the service of justice and Charity, and not ends in themselves. It means for instance that financial criteria of assessment belong to a Classical way of understanding the common good of the firm. What the Thomistic tradition suggests is to evaluate outcomes and productivity to the extent that they enforce justice and Charity, as to say, as means in the service of the common good which is the only worthy end to be pursued in itself.

To conclude this fourth section, and with those elements in mind, we may now propose a renewed definition of the common good of the firm, according to the Christian-Thomistic tradition. The common good of the firm is the production of conditions which allow the flourishing of people, inside and outside the organization, through the implementation of justice and Charity. The common good of the firm is the way to achieve, at a firm's level, the common good which is "the good of all people and of the whole person (CSDC 165).

Conclusion

At the end of this paper, we may come back to the beginning of our questioning. We have seen that the notion of the common good is a truly difficult one to address. Despite most of the time related in the literature to an Aristotelian-Thomistic trend, we have seen that it may also be studied separately in one author at a time. Following the first intuition of Sison and Fontrodona (2012), we have tried to further investigate the consequence of christianity in the works of Aquinas, one of the major commentators of Aristotle.

Doing so, we realize that the highest good in Aristotle is not exactly the same than the highest one in Aquinas. In Aristotle, the good of the *polis* is called *koinon sumpheron* (mutual advantage) and leads to a form of happiness called *eudaimonia*. In Aquinas, the scale is different and the theologian targets the good of humanity as a whole, which is the common good (*bonum commune*). As a Christian, Aquinas introduces God in the Aristotelian system. Doing so, he replaces the foundations of the community (*koinônia*), which were justice and political friendship in Aristotle, by justice and friendship with God. *Koinônia*, the Christian community, then becomes a place where the common good is synonymous with beatitude (see Table 3).

And not only their vision of the common good is different, despite the logic is quite similar, but their vision of management itself. We have seen that Aristotle is the founder (with Xenophon) of the classical vision of management (or classical *oikonomia*), oriented toward wealth and well-being. In turn, we can also relate Aquinas to the Patristic vision of management which is Christian *oikonomia*. As we have seen, the purpose of Christian management is salvation. But what is salvation a path through? Beatitude. So as to say, the

purpose of Christian management is the common good, which is beatitude. Aquinas is truly one of the major thinkers of Christian *oikonomia*. He hasn't only opened the Aristotelian system of the *polis* to the whole earth (which is abolishing space); but also he did abolish time itself. Beatitude is indeed a form of the highest good achievable even after death. The Christian trend, built around the novelty of Resurrection (which is the defeat of death), and eternal life, opened management to a new horizon of time.

At a natural level, we have seen that Christian *oikonomia* advocates for a management focused on the service of life and people flourishing. It opens the way for a new theory of the firm as a full member of society and at the level of which the common good is achievable. The firm finds its own legitamization in the production of the conditions which allow people to reach their fulfillment at an organizational level.

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The Morality of Defiance: Leaders' Complicity and Employees' Whistleblowing Intention

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Abstract

Human behaviour is sometimes antithetical to prescribed ethical standards. When organizational leaders are complicit in unethical conduct, the reaction of subordinates is either whistleblowing intention or the bleak actuality of reticence. This study investigated the relationships among leader complicity, employee whistleblowing intention, ethical judgment and awareness. A Nigerian sample of 200 respondents across sectors completed scales on complicity, awareness, judgment, and whistleblowing intention. The study indicated that awareness impacts judgment positively and judgment correlated positively to whistleblowing intention. Counter intuitively, there was a positive impact of leaders' complicity on employees' whistleblowing intention and ethical judgment. The discussion of findings against the backdrop of cultural and contextual characteristics of the sample, inspired our theoretical position of whistleblowing intention as an implicit form of moral defiance that is fundamental to ethical decision making or as a coping mechanism. Managerial and policy implications are expounded.

Keywords: whistleblowing intention; complicity, unethical behaviour; ethical judgment; ethical awareness

1. Introduction

In 2016, a former Prime Minister of Britain, described Nigeria as a fantastically corrupt nation¹. There are two notable truths in this statement. First is the common knowledge that corrupt practices are endemic in Nigeria's public and private sectors². This is evidenced by the abuse of power, misappropriation of public and private resources, and a permissive regulatory environment (Zakari & Button, 2021; Salihu & Gholami, 2018; Page, 2018), to mention a few. The second truth, which many may willfully relegate is the complicity of the statement, considering that London has been termed the financial hub of the world's dirty money³. Undoubtedly, corruption and unethical practices in general, are a global phenomenon with diverse consequences across contexts. Organizations are a sub-unit of society and it is expected that organizational leaders would provide the benchmarks for ethical behaviours and have the fiduciary duty to comply with stipulated standards. However, the media is rife with reports of complicity (and culpability) of senior management involved in different unethical behaviours. Brenner and Molander (1977) requested the readers of Harvard Business Review to rate the six most important factors that influence their ethical decisions. The behaviour of organizational leaders was rated as the most significant factor. Hence, ethical leadership will most likely culminate in an ethical organization and unethical leadership will yield the contrary.

¹ British Broadcasting Commission (2016, May 10). David Cameron calls Nigeria and Afghanistan "fantastically corrupt". <https://www.bbc.com/news/uk-politics-36260193>

² Ezeji, D. (2022, January 25). Nigeria ranks five places worse 2021 Corruption Perception Index. The Guardian Nigeria. <https://guardian.ng/news/nigeria-ranks-five-places-worse-on-2021-corruption-perceptions-index/>

³ Jenkins, S. C. (2018, October 11). London remains a safe haven for the world's dirty cash. The Guardian UK. <https://www.theguardian.com/commentisfree/2018/oct/11/london-haven-dirty-cash-unexplained-wealthorders-money-laundering>

The ethical trajectory according to the complicity theory is that employees have a moral responsibility to blow the whistle in the event that they are aware of organizational wrongdoing. However, the perceptions of unethical behaviours and attitudes may be influenced by culture and context. For instances, in high power distance cultures such as Nigeria, unethical behaviours by authority figures may be perceived as in-role privileges (Li & Cropanzano, 2009) that should not be questioned. Cases of such conduct by organizational leaders are often characterized by the possession of situational power, privileges of office, and contrived structures that provide insularity from punitive processes. This organizational reality and the fear of backlash may impact the formation of whistleblowing intention and behaviour by employees. Such a setting may potentially contravene the complicity theory which argues that whistleblowing is a moral necessity. Although studies have investigated numerous factors that influence whistleblowing intention, there is a dearth of research which relates it with the complicity theory and the peculiarities of ethical climate. This paper focuses on organizational leaders' complicity and the whistleblowing intention of employees as a reactionary outcome of ethical violations in Nigeria's business environment. In terms of cross-cultural analysis on whistleblowing intention, findings from Africa are sparsely represented. Yet, the context provides a worldview that may comparatively contribute to extant studies on whistleblowing in workplace settings. Theoretically, important contributions are made in the advancement of existing arguments albeit in the light of cultural and contextual dynamics which are often foundational to ethical posturing. In the following sections, we provide a review of extant literature and development of hypotheses; methodology and data analysis. Finally, we discuss our results, provide the managerial and policy implications, as well as suggestions for future studies.

2. Literature Review

Conceptual & Theoretical Framework

A gamut of theoretical frameworks with rich historical foundations has been used to explain organizational ethics and whistleblowing. A comprehensive review of these theories would extend beyond the scope of the present study. Therefore, our theoretical lenses are tailored to expounding specific postures and processes that may influence leaders' unethical behaviour and employees' whistleblowing intention and behaviour. The conceptualization of unethical behaviour is complex because it connotes and conveys different meanings to different people. This relativism is manifest in the divergent viewpoints of different cultures (Garcia et al., 2014; Axinn et al., 2004). A study by Lewicki and Robinson (1998) found differences in the level of significance that Americans and Non-Americans placed on falsification and selective disclosure of information. Hofstede's (2011) theory on cultural dimensions validates the variances in the interpretations and justifications of ethical and unethical behaviours. Also, the cultural variables of universalism and materialism have been suggested to have implications for the justification of unethical conduct (Cullen et al., 2004). The meanings and justification of unethical behaviour may be influenced by the gender, age or social status of the individual defining the construct or engaging in the behaviour (McNair et al., 2019). Perhaps this is why Lewis (1985) stated that defining what is ethical or unethical is like "nailing Jell-O to a wall".

For the purpose of this paper, we conceptualize unethical behaviour as any conduct or action that contravenes, breaches or violates the set standards, principles and values within an organizational setting and the broader regulatory environment. Regardless of the attributes and objectives of an organization, the flawed nature of human constituents and systems may precipitate unethical conduct. The primary actors are sometimes the members of top management who supposedly should be the models of ethics in the organization. For employees who are observers of these behaviours, there is a moral conflict of either demonstrating loyalty by looking away or being vocal by blowing the whistle. Uys and Senekal (2008) described this as the dilemma of morality of loyalty versus morality of

principle because a decision has to be made between loyalty to top management and acting ethically by whistleblowing. Generally, the position of management and employers is that the normative employment relationship is founded on mutual trust and whistleblowing by an employee is betrayal of this trust (Tavani & Grodzinsky, 2014). Carr (2014) suggested that the whistleblower employee explicitly recognizes that he/she has betrayed trust in the employment relationship. This viewpoint that whistleblower employees are untrustworthy is why they are sometimes described by leadership as “snitches, moles, spies, tattletales and may be categorised as paranoid, disloyal or disgruntled” (Garrick, 2017, p. 39). Brenkert (2010) argued that by virtue of an employee’s membership at any level in an organization, there is a need for positional responsibility and moral integrity to blow the whistle in cases of substantiated unethical behaviours. Hence, whistleblowing should not be deemed as betrayal of trust on the part of the employee but an obligation to responsibility in the interest of the organization.

Conversely, a lack of whistleblowing motivation, unwillingness or refusal to blow the whistle in substantiated cases of unethical behaviour is by itself a contribution to enabling the cycle of such behaviour. Publicised cases of corporate scandals provide evidence that the condoning (in)action of organizational members empower primary actors to succeed in perpetrating unethical behaviour. Thus, enabling misbehaviour by not whistleblowing is a requisite for the production and reproduction of such behaviour by primary actors (Kennan & McLain, 1992). This makes the enabler morally liable and complicit. St Thomas Aquinas in his treatise on justice highlighted nine dimensions of complicity in wrongdoing: by command, by counsel, by consent, by flattery, by receiving, by participation, by silence, by not preventing and by not denouncing. From a moral standpoint, these dimensions are not comparable in terms of their consequences and some of the dimensions may be perceived as non-significant. Although this subjectivity must be taken into consideration, it does not in any way attenuate the danger and moral implications that these dimensions of complicity pose (see Mellema, 2008). The last three dimensions (by silence, by not preventing and by not denouncing) signify that unwillingness to blow the whistle is complicitous. Davis’ s (2003) theory of complicity states that whistleblowing is required *to avoid being part of unethical behavior* when: (i) *the revelation is derived from your role for the organization* (ii) you are a voluntary member of the organization (iii) you believe that the organization is involved in serious unethical practices (iv) *you believe that your role in the organization will contribute to the unethical practices if what you know is not disclosed* (v) your beliefs are true and can be substantiated. Unlike DeGeorge’ s (1990) standard theory which justifies whistleblowing to prevent serious harm, the complicity theory advances that whistleblowing is necessary to avoid being a part of serious unethical conduct.

A major criticism of the complicity theory is drawn from the notion that an individual’s assigned role or work should be a part of the wrongdoing as a prerequisite to blowing the whistle. The knowledge or awareness of unethical behaviours may not be directly associated with an individual’s work and this should not disenfranchise the individual from blowing the whistle. Also, Davis’s (2003) consideration that whistleblowing should be at the instance of preventing one’s work from being part of the wrongdoing is limited. The awareness of substantiated unethical behaviour devoid of biased judgments necessitates whistleblowing intention (Kline, 2006). Rather than blowing the whistle to protect oneself from being part of wrongdoing, blowing the whistle should be to prevent or instigate the discontinuance of any observed substantiated wrongdoing. We lean towards Brenkert’s (2010) theory on integrity and positional responsibility as justification. Whistleblowing is a personal, positional, pro-social and universal imperative that should transcend the highlighted criteria of Davis (2003) and DeGeorge (1990). However, we are not blinded to the fact that the plausibility of this theoretical position does not always equate its practicability across contexts. Several multidimensional and multi-definitive variables are likely to add nuances to the argument.

Whereby the wrongdoer is an organizational leader or member of management and the observer of the wrongdoing is not, the consequentialism of power dynamics may be far-reaching. Power dynamics portend that the wrongdoer in this instance has considerable latitude and resources at disposal to employ impression management and political tactics to circumvent whistleblowing intention (Gundlach et al., 2003). The exchange process suggests that one actor in the social relationship, by virtue of social standing, has the ability to influence behaviour and overcome resistance. Employees are likely to experience a sense of powerlessness, restraint and unwillingness to rock their career boat and jeopardize future aspirations by blowing the whistle. The reality of this competitive rather than cooperative power relation is perhaps more likely in high power distance cultures and contexts which are characterized by social hierarchy, conformity conditioning and deference (Hofstede, 2011). This outlook narrows the possibility of reporting the ethical infractions of top management.

Whistleblowing is generally viewed from two angles, as an intention and as an actual behavior (Mesmer-Magnus & Viswesvaran, 2005). Whilst the former refers to the likelihood or probability that an individual will report unethical behaviour, the latter refers to the actual behavior of reporting. Ajzen's (1991) theory of planned behaviour has been adopted by a number of researchers to explain the relationship between intention and behaviour. The theory advances that intention is predicated on three independent beliefs (i) attitude towards behavior and perception of consequences of behaviour (ii) subjective norms based on normative beliefs (iii) perceived behavioural control determined by available opportunities to perform behavior (Ajzen, 1991). The theory also specifies the complex psychological dimension of intention and behavior (Gundlach et al., 2003) and the factors that impact the transition of intention to behaviour. Empirical studies that test the relationship between whistleblowing intention and whistleblowing behaviour are limited. Mesmer-Magnus and Viswesvaran's (2005) metaanalysis of whistleblowing indicated that most studies focused on whistleblowing intention rather than the relationship between whistleblowing intention and whistleblowing behaviour. Nevertheless, a number of studies have found a positive predictive relationship between whistleblowing intention and whistleblowing behaviour (Buchan, 2005; Randall & Gibson, 1991; Chiu & Erdener, 2003).

Hypotheses Development

The Schwartz integrated decision making model (2016) is a dual component of process and situational factors which determine ethical behaviour. The sequential progression of the decision making process is dependent on individual and situational factors. Hence, studies have shown that individual and situational factors such as cultural programming and social values significantly impact ethical perceptions and behavior (Roomer, 2018; Hofstede, 2011; Tavakoli et al., 2003). The cultural profile of Nigeria provides useful insights in this regard. Power distance, the most influential cultural dimension (Dickson, Hartog & Mitchelson, 2003), is described as the degree to which the less powerful members of a society expect that power is distributed unequally (Hofstede, 2001). From Hofstede's study, Nigeria has a high power distance score of 80. High power distance indicates a hierarchical social structure, where power is distributed on the basis of status and age. As organizations are embedded within a larger social context, power dynamics are often replicated at the organizational level. Employee behaviour is often impacted by the norms of power differentials, centrality and clear boundaries. Hence, the reactionary pattern is directed towards conformity and deference to authority. In cases of leaders' complicity, employees in high power distance contexts are less likely to blow the whistle because of the cultural values that guide thought and behaviour. McNab and Worthley (2008) found that employees in a high power distance culture spoke up less compared to those in low power distance cultures. Whistleblowing intention in high power distance cultures is also associated with work-related retaliation and stigma (Cortina & Magley, 2003). Employees' reporting the ethical infractions of leaders is doubtful in this context as it is perceived as an affront to authority figures who are more likely to be protected by the organization rather than disciplined. Occurrences of stigma and

retaliation after a whistleblowing situation will dissuade observers who will thereafter associate whistleblowing with backlash and hence, refrain from whistleblowing.

A related cultural dimension that may be responsible for low whistleblowing intention is the collectivist orientation, which emphasizes the importance of social relationships, ‘we’ consciousness and loyalty (Hofstede, 2011). Nigeria has a dominant collectivist orientation which signifies that that individual identity is embedded in group consciousness. This is reflective in the *Ubuntu* philosophy which is popular in many parts of Africa where there is emphasis on group solidarity, loyalty and interdependence (Metz, 2007). The interplay of collectivism and high power distance is a potential predictor of low whistleblowing intention (Ghosh, 2011), as whistleblowing intention may be perceived as being non-conformist to the prevailing social values and an affront to collective loyalty (Miceli et al., 2008). A combination of high power distance and highly collectivist values results in autocratic and paternalistic style of leadership that mandates the dependence of followers (Kaunda, 2010). With this leadership disposition, dissent is prohibited and unethical behaviour by leaders is further perpetuated (Oyewunmi & Oyewunmi, 2021; Morrison 2014; Munene et al., 2000).

It is imperative to fully appreciate the intricacies of whistleblowing intention, against the backdrop of institutional deficiencies, policy disruptions and indicting corruption profile (Transparency International, 2019) that several developing countries contend with. These contextual peculiarities have negated public trust in the competence levels of public ministries and regulatory agencies. As a developing country, Nigeria is characterized by significant trends of political interference, sub-optimal policy penetration across economic sectors and underperforming judicial and public administrative structures (Transparency International, 2019). In such disabling socio-political environments, the propensity for whistle blowing intention may be diminished. In terms of legislative symbolism and the associated aspects required to facilitate a viable whistleblowing framework, Nigeria has applicable whistleblowing policies and legislative bills at different stages of consideration (Anya & Iwanger, 2019). However, there is a deficit of legislative will and executive impetus to translate regulatory thought into tangible societal impact (Onuegbulam, 2017). Consequently, persons intending to blow the whistle may be discouraged because of the pervasive lack of confidence in the enforcement agencies or departments. This is especially so because whistleblowing intention necessitates assurances of confidentiality, safety and protection of primary and secondary interests. Whistleblowing intention is expected to be a normative reaction that should transition to actual behaviour. However, the practicability of this obligation may be influenced by several variables. In our opinion, no behaviour is context-free (Kwantes et al., 2008) and individual attitudes are subject to the normative parameters within a particular milieu. Thus, we hypothesize that:

Hypothesis 1: Leaders’ complicity will negatively impact employees’ whistleblowing intention.

Ethical judgment is described as “an individual’s personal evaluation of the degree to which some behaviour or course of action is ethical or unethical” (Sparks & Pan, 2010, p. 409). It judgments are often shaped by the national and organizational culture within which an individual is embedded. Tietjen and Myers (1998, p. 230) assert that “the values or worldview a worker carries into the job forms the foundations by which attitudes develop”. Hence, unethical behaviour may provoke dissimilar and unexpected judgments across contexts. For instance, ignoring and condoning unethical behaviour will eventually result in a *no big deal* justification and a pattern of defensive avoidance (Sims, 1992). Gundlach et al. (2003) argue that individuals differ in their behavioural and psycho-emotional attribution and interpretation of wrongdoing.

Hypothesis 2: Leaders’ complicity will negatively impact employees’ ethical judgment.

Ethical awareness is an individual's recognition of the ethicality of a situation that may impact their interest or that of others (Butterfield et al., 2000). This implies the identification of an ethical dilemma and the potential consequences of such situation for involved parties (Rest, 1984). The expectation is that ethical awareness will precipitate ethical judgment in accordance with the ethical decision-making framework. This is not always the case as a result of content and context variances. Hence, an individual may identify the ethical appropriateness of a particular situation and may be unable to demonstrate such recognition in another situation. This may affect the progression from ethical awareness to judgment. However, studies have found a positive relationship between ethical awareness and ethical judgment across a range of samples (Haines et al., 2008; Rottig et al., 2011; Singhapakdi, 1996).

Hypothesis 3: Awareness of unethical behavior will positively impact employees' ethical judgment.

The judgment of a conduct or situation as an ethical violation may lead to an inclination to report. In other words, the evaluation of an observed behaviour as unethical is an antecedent of whistleblowing intention (Zhang, Chiu & Wei, 2009). The gravity of an unethical behaviour according to an individual's judgment will inform whistleblowing as an ethical duty. In a study that appraised the relationship between the ethical judgment of Chinese managers and their whistleblowing intention, Chiu (2003) established a significant positive relationship.

Hypothesis 4: Judgment of unethical behavior will positively impact employees' whistleblowing intention.

[Insert Figure 1. Here]

3. Methodology

Research Context

Nigeria is located in the western coast of Africa with a population of over 200 million people, estimated to be about 47% of West Africa's population (World Bank, 2018). Nigeria is a multicultural society with over 200 million people and more than 300 ethnic groups (National Population Commission, 2020). The country's diversity has often generated conflicts along religio-ethnic and socio-economic lines (Kaur, 2020). Nigeria has a history of colonial administration, military dictatorship and about two decades of experimental civilian governance that have not fully yielded expected developmental outcomes. In such a context, the motivation for unethical conduct is partly founded on a combination of environmental factors (e.g. socio-economic realities, social learning and permissive ethical climate).

Data Collection

The sample for this study consisted of employees in midsize and large organizations in Nigeria. In October 2020, we collected the responses for three weeks. It was important that the responses be obtained from a cross-section of employees from different sectors. To achieve this reach, an online survey link was created and administered using social media, specifically LinkedIn and Whatsapp. Respondents were from different sectors, which include the civil service, healthcare, manufacturing, finance, services and education. The vast majority of respondents held nonmanagerial positions, and they worked in functional and specialized departments. More than 90% of the respondents attended college, and they have undergraduate and master's degrees. We received 200 completed copies of the questionnaire, with a response rate of 88%. The employees' mean age was 43 years; they had worked in their current firm for an average of 3.6 years, and they had held their current position for an average

of 2.3 years. On average, their companies employed 563 people, and 47 percent of the respondents were female. Descriptive statistics are presented in table 1.

The questionnaire included items that measured employees' opinions and perceptions about their organizations' practices with respect to whistleblowing. It was a revised version of the US Merit Systems Protection Board's survey questionnaire, which was used in a major study of employee whistleblowing within federal agencies in 1980 (USMSPB, 1981). The terminologies were changed to reflect the work environment of employees in public and private sectors. The questionnaire adopted a Likert response format. One question concerned issues related to perception of the morality of various kinds of fraud and harmful behavior. Similar questions addressed issues related to the likelihood of reporting various kinds of wrongdoing, organizational policies and practices, and individual perceptions and attitudes about whistleblowing. Questions also concerned the degree of fear of retaliation or reprisal for blowing the whistle. The second part of the questionnaire requested information on a variety of demographic issues including sex, age, education, industry type, organizational size, position, and years of experience.

[Insert table 1 here]

Measures and Scales

Twenty-three scales were used in this study. These included scales to measure the four constructs of complicity, awareness, judgment, and whistleblowing intention. Each of the scales was tested and successfully used in previous studies of whistle-blowing (Keenan, 2002, 2002; Keenan & McLain, 1992; Tavakoli et al., 2003). The reliability estimates for each of the twenty-three scales are reported in table 3. Considering that the sample sizes are quite small, the alpha and factor loading for all the scales appear to be satisfactory.

Awareness

The variable of ethical awareness was measured with five prompts. Respondents were asked whether employees are aware of their organizations' policies and procedures for reporting dishonest and fraudulent activities. Prompts included "If I observed a fraudulent/dishonest activity, I would know where to report it" and "It is in the best interest of the organization when an employee reports fraudulent / dishonest activity."

Judgment

Judgment was examined with a six-item scale that was originally based on responses of employees and leaders about various kinds of common types of fraudulent and illegal behavior. Perceptions of minor fraud, major fraud, and harm to others were each examined with three items. For example, one of the "minor fraud/illegality" items respondents were asked to rate on a five-point scale ranging from "not a fraud/illegality" to "a very serious fraud/illegality" was: "Increasing a travel expense report to cover the cost of drinks". An example of a "harm to others" item was "discriminating against another because of sex, race, age, or religion." Lastly, an example of a "serious fraud/illegality" item was "arranging for subordinates to get paid for overtime not worked in exchange for 35 percent of overtime pay."

Likelihood of Blowing the Whistle

This scale included seven items measuring the likelihood of employees reporting major fraud, the likelihood of reporting minor fraud, and the likelihood of reporting harm to others. The questionnaire had a Likert format, and respondents were asked to indicate their likelihood of reporting activities such as the following:

- Stealing company funds or property
- Bribery or kickbacks

- Using an official position for personal benefits
- Giving unfair advantage to contractors or vendors
- Reporting waste caused by buying unnecessary or deficient goods or services
- Discrimination based on sex, race, age, or religion
- Sexual harassment

Complicity

We used three items with five-point Likert scale to measure complicity variable. Respondents were asked how they reacts when they observe an unethical behavior supported by their leaders. Prompts included “if you were to observe a fraudulent/dishonest activity in your organization and you knew there was management complicity or support for the action, how likely would you be to respond with each of these items”. Respondents have three options of “directly correcting myself”, “report it to my immediate supervisor” and “report it to someone above my supervisor”.

4. Data Analysis

Partial Least Square (PLS) Path Modeling

This study utilized PLS-SEM to develop and test a model to analyze whistle-blowing intention on the part of leaders and employees in Nigeria. PLS is a family of structural equation modeling methods. Researchers use the PLS methodology for model construction and model evaluation when they have limited theoretical knowledge (Kmenta & Ramsey, 1980; Wold, 2006). This study utilized Smart-PLS (Hair, Hult, Ringle, & Sarstedt, 2017) for PLS path modeling.

We confirmed that the sample size for estimation of the model was sufficient. A sample needs to have at least one hundred data points in the PLS method, and the sample size also depends on the number of constructs and items (Hair et al., 2013). In comparison with other methods for modeling structural equations (for example, CB-SEM), PLS-SEM is more suitable for testing complex models with small sample size and it also allows researchers to consider formative and reflective models (Richter et al. 2016; Rigdon 2016). Moreover, PLS-SEM is nonparametric and works very well for data that is not normally distributed. Earlier studies of business ethics have applied PLS-SEM (Buchan, 2005; Haines et al., 2008; Latan et al., 2019a, 2019b). We follow three steps in analyzing the data. First, our measurement-model and structural-model analyses consider whether the constructs and the model are valid and reliable. Finally, we assess PLS-SEM results and check for mediation effects to determine the role of judgment and retaliation in our structural model.

Measurement-Model Assessment

In PLS-SEM, to validate our measurement model, we analyze factors loading and average variance extracted (AVE) for convergent validity. AVE larger than 0.5, and the loading factor value more than 0.7 are required for each variable indicator in the model. Loading factors value between 0.5 and 0.7 are acceptable providing that the AVE value meets the requirements to increase the content validity (Hair et al., 2013; Hair, 2018; Sarstedt et al., 2011). We also measured the reliability of constructs through rhoA. A value greater than 0.70 shows that the indicator has acceptable consistency in measuring constructs in the model. Due to Cronbach alpha’s limitations in the population, we applied Composite Reliability (CR) to measure the internal consistency reliability. Higher CR values show higher levels of reliability and the values between 0.7 and 0.95 are desirable (Hair et al., 2013). The results of our analysis (Table 2) confirm the convergent validity and reliability of indicators for whistleblowing awareness, judgment, complicity, and whistleblowing intention. These results show that indicators are consistent and can explain constructs.

[Insert Table 2 here]

We used the Fornell-Larcker criterion and Heterotrait-monotrait (HTMT) to test the discriminant validity and divergent validity for all the latent variables in the model. When the square root of AVE is larger than the correlation between the constructs, we can say that the model satisfies discriminant

validity. Results of our Fornell-Larcker analysis (see Table 3) show that each square root of AVE on the diagonal line is larger than the correlation between the constructs. These results confirm that we have satisfactory discriminant validity between the variables. We also used HTMT, which is a new procedure and is more accurate than the Fornell–Larcker criterion. The HTMT demonstrates superior performance and its results are more reliable (Henseler et al., 2015). As it is shown in Table 4, when the HTMT value is below 0.90, discriminant validity has been established between two constructs (Hair et al., 2013; Henseler et al., 2015).

[Insert Table 3 here]

[Insert Table 4 here]

Structural-Model Assessment

Having made sure that the indicators and measurement models are valid and reliable, we tested the quality of our structural model. Table 5 shows the ability of the predictor variables to explain whistleblowing intention (Hair et al., 2013). The variance inflation factor is less than 3.3 for all the independent variables in the model, which means that we do not have a collinearity problem. The Q2 predictive-relevance value is more than zero, which indicates that the model has predictive relevance and generates valid endogenous variables. The standardized root-mean-squared residual (SRMR) measure the value of goodness of fit. It is equal to 0.074 which is less than the accepted limit of 0.080.

[Insert Table 5 here]

Testing of Hypotheses

We summarize the results of our PLS-SEM analysis in table 6. We used the coefficient parameter and the significance value of 90, 95 and 99 percent for each structural path. All the path coefficients have a statistically significant value at the $p = 0.05$ level. As shown in table 6, the coefficient value (β) of complicity \rightarrow intention is 0.291, judgment \rightarrow intention is 0.369 awareness \rightarrow judgement is 0.291 at p -value < 0.01 and complicity \rightarrow judgement is 0.148 with a p -value < 0.05 . This means that hypotheses H2, H3, and H4 are supported. However, for H1, we could not find a negative impact of the complicity on whistleblowing intention. On the contrary, to our surprise, the result is positive and significant at 99 percent. Moreover, the results of total indirect effects show awareness has a positive effect on whistleblowing intention which is significant with a p -value < 0.05 . The results of measurement model analysis and testing hypotheses are summarized in Figure 2.

[Insert Table 6 here]

[Insert Figure 2 here]

5. Discussion of Results

Our study empirically examines the complicity concept's effect on whistleblowing intention. Moreover, this study tests the ethical decision-making model of Schwartz (2016) in an African country where the cultural, political, and economic factors are entirely different from the previous studies that have tested this model (Ciulli, Kolk & Boe-Lillegraven 2020; Ferrell et al. 2019; Ullah et al. 2019). Finally, this study addresses the call of Culiberg and Mihelic (2016) to extend the testing of EDM models in new contexts and with new components.

Based on the EDM model, in this paper, we argue that whistleblowing intentions depend on ethical judgment and awareness. Our analysis results show that awareness impacts judgment positively, and judgment is related positively to whistleblowing intention. These results can support hypotheses H3 and H4. We also added complicity to this model to examine its impact on whistleblowing intention and ethical judgment. Contrary to our expectations, the results of our analysis show the positive impact of leaders' complicity on whistleblowing intention and ethical judgment. These surprising results for hypotheses H1 and H2 inspired us to explore what distinct contextual factors caused these different ethical decisions in Nigeria.

Specifically, majority of the respondents indicated willingness to blow the whistle if their leaders were complicit. This is compelling in the light of earlier discussed cultural and contextual characteristics, as well as Nigeria's high corruption rating (Transparency International, 2019). However, we believe there are cogent reasons responsible for the findings. Nigeria has been affirmed as the largest economy in Africa (Naidoo, 2020). This implies a significantly greater level of socio-economic activities when compared with other countries in the region. Consequently, the high spate of local and transnational socio-economic engagements provides diverse opportunities for unethical behaviour, which expands the likelihood for whistleblowing intention. Over the years, there has been a rise in whistleblowing of unethical behavior in public and private settings with whistleblowers being rewarded (Udo, 2018). As a developing country, the heightened awareness of the capitalist tendencies of the upper class that is manifest in the impaired distributive system is a pointer to the intention to blow the whistle. The GLOBE project shows that Nigeria has a highly assertive culture with a score of 4.79, which is much higher than the average score (4.19). A culture that is high in the assertiveness dimension encourages competitiveness, confrontation and toughness (House *et al.*, 2002).

Within the organizational setting, high assertiveness indicates that individuals will be dominant, competitive, self-assured, tough rather than tender and communicate directly in social interactions. A study by Fernandez *et al.* (2008) found Nigerian participants to be very competitive with a sense of individualism and independent self-construal. This finding mirrors the high assertiveness score of the GLOBE index. We argue that the high level of assertiveness is an important reason for the results in this study as assertiveness is fundamental to intention and decision-making (Cassel, 2002). Nigerians are perceived to be expressive, strong in their convictions and sometimes aggressive in a friendly way⁴. Nigeria has a strong continental profile in Africa with the largest and one of the most diverse populations. The resourcefulness and resilience of her citizens locally and internationally is testament of an assertive and masculine culture that is driven by dominance, competition and achievement. Additionally, historical antecedents and current realities of economic disparities, class divide and social injustice contribute to high assertiveness and by extension, whistleblowing intention.

The Schwartz model of cultural values orientation scores Nigeria high in egalitarianism orientation (4.79). Schwartz (2010) describes this cultural value as the assumption of individual responsibility and the belief that social inequalities should be minimized. When cultures are more egalitarian rather than hierarchical, there is likely to be disapproval of the unequal distribution of social roles and a non-acceptance of the norms attached to these roles. In the organizational context, high egalitarianism motivates equality, fairness, engagement of minorities and therefore has the potential to influence whistleblowing intention positively in the event of wrongdoing. The existence of inequalities and hierarchical structures in Nigeria is undoubted. However, an escalated awareness of the abuse of hierarchy and the other effects of social inequalities motivates an egalitarian predisposition or an aspiration for egalitarianism. This is necessary for coping, ensuring responsible behaviour across strata and maintaining the interdependencies among members of the social context.

Social trends at the timing of data collection for this study coincided with the crystallization of activism and protests against police brutality and bad governance. Nigeria has a history of activism that is driven by many years of misrule, marginalization and abuse of fundamental human rights. The aim of the movement was to 'speak up' in a "tone of rebellion, a note of valid belligerency and a chant of unification in the Nigerian struggle against police brutality and terrible government" (Alake, 2020).

⁴ See Government of Canada (2020-12-13). Nigeria cultural insights. 11
<https://www.international.gc.ca/global-affairs-affaires-mondiales/services/cfsi-icse/cultural-insights-apercuculturelles/nigeria.aspx?lang=eng>

Speaking up in this instance was a national call to consciousness, which is synonymous with whistleblowing on unethical behaviour. This mirrors the social sentiment and culture re-shaping of a significant proportion of the Nigerian population.

Uys and Senekal's (2008) theory of morality of loyalty versus morality of principle is particularly useful for our findings for H1 and H2 which are skewed towards the latter. However, our understanding of the socio-cultural and political context informs a nuanced theoretical argument of a morality of defiance. In the case our sample, the high level of whistleblowing intention is a form of internalized defiance against the unethical behaviours of organizational leaders that mirrors the circumstance of the macro socio-political environment. An intention to blow the whistle signifies that there is an ethical judgment or perception of unethical conduct. This perception informs intention which in itself is a valuable for of moral defiance, either individually or collectively. While intention may lead to actual whistleblowing as described by Schwartz (2016), sometimes individuals may intentionally conceal their defiance to avoid exposure to backlash.

Perhaps some socio-demographic characteristics of the sample may have also contributed to the findings of this study. For instance, the profile of the respondents indicates a high educational status. It may be argued that people with higher educational status or occupational power are more likely to dissent (Miceli & Near, 2011). However, we are cautious to tow this line of argument because of the inconsistent findings on demographic variables and whistleblowing intention (Brennan & Kelly, 2007; Mesmer-Magnus & Viswesvaran, 2005).

Managerial & Policy Implications

The contributions of this study are multifaceted. To the best of our knowledge, this is the first research that specifically investigates the relationship between leader complicity and employee whistleblowing intention using an African/Nigerian sample. The findings particularly for hypotheses 1 and 2, are crucial additions to extant literature on the complexities of interaction between culture/context and ethical posturing. We advanced a nuanced theoretical angle that whistleblowing intention is a form of implicit moral defiance that is fundamental to ethical decision making or as a coping mechanism.

The occurrence of misconduct or the perception of it, is inevitable in any social context. The colossal effects of unethical practices in the workplace necessitates the provision of disclosure structures for the expression of ethical concerns. To translate intention to behaviour, organisations should adopt a policy posture that protects whistleblowers from retaliation and other forms of backlash, particularly in a high power distance culture. Employees should be adequately sensitized of such polices and assured of the commitment of top management. The many hindrances to the reportage of ethical concerns suggests that organisations must reinforce the variables that promote whistleblowing intention and behaviour such as organizational trust, fair investigative processes, leadership style, culture and job characteristics (Onakoya & Moses, 2016) . This will enhance the ethical climate by increasing the confidence of the workforce that their good-faith reporting of misconduct will be handled with confidentiality, seriously and fairly without backlash. In practice, whistleblowing in the workplace is impacted by the national regulatory environment of organizations. Nigeria does not have a dedicated umbrella legislation that addresses whistleblowing. What exists are fragmented public-driven legislations and policies that are specific to different agencies or sectors e.g. Code of Corporate Governance for Public Companies in Nigeria (2015); The Corrupt Practices and Other Related Offences Act (2000); Economic and Financial Crimes Commission Act (2004) and The Whistleblowing Guidelines for Pensions (2008). At the national level, there should be a composite legislation on whistleblowing that captures the criminal, civil and labour facets. This will serve as a reference and benchmark for organisations in designing and implementing internal reporting policies.

6. Limitations and Suggestions for Future Studies

This study is not devoid of limitations. First, it does not account empirically for the possible effects of demographic and personality characteristics on the hypothesized relationships. Also, our reliance on hypothetical scenarios of leader complicity to elicit employees' responses on whistleblowing intention is not without drawbacks. This is because responses obtained may differ from actual reactions in real situations of leader complicity. We rely significantly on existing cultural models (which are intrinsically incomplete) in hypothesis formulation and discussion of findings. Hence, there are bound to be limitations in the generalizations of findings across cultures and contexts. It is suggested that future studies investigate crosscultural variances in the factors that impact whistleblowing intention. Additionally, there is need for more research on the dynamics of organizational culture and climate that undermine or enhance the translation of intention to actual whistleblowing.

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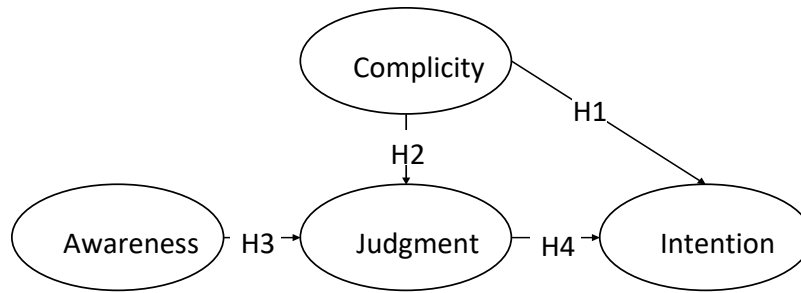


Figure 1: Ethical Decision-Making and Complicity (Partially adopted from Schwartz, 2016)

Table 1. Demographic characteristics

Survey results	Frequency	Percentage
Profile of respondents		
Gender		
Male	106	0.53
Female	94	0.47
Total	200	
Marital status		
Married	163	0.82
Unmarried	37	0.18
Industry		
Manufacturer of industrial products	8	0.04
Manufacturer of consumer products	10	0.06
Wholesale retailing	6	0.03
Service	77	0.45
Government	54	0.32
Nonprofit	14	0.08
Age		
Mean	43.29	
Standard deviation	11.26	
Years of tenure at company		
Mean	9.78	
Standard deviation	7.40	
Years of tenure in position		
Mean	4.07	
Standard deviation	3.96	
Firm Size		
Mean	563.07	
Standard deviation	913.29	

Table 2. Construct indicators and measurement model

<i>Indicators/items</i>	Code	FL*	AVE	rho_A	CR**
Complicity (COM)					
Directly correct the problem myself if I observe a fraudulent/dishonest activity in my organization and knew there was management complicity or support for the action.	COM1	0.720			
Report it to my supervisor if I observe a fraudulent/dishonest activity in my organization and knew there was management complicity or support for the action.	COM2	0.883	0.618	0.754	0.827
Report it to someone above my supervisor if I observe a fraudulent/dishonest activity in my organization and knew there was management complicity or support for the action.	COM3	0.816			
Awareness (AWA)					
I personally approve of employees reporting fraudulent/dishonest activities within the organization.	AWA1	0.802			
If I observe a fraudulent/dishonest activity I would know where to report it.	AWA2	0.720			
If I observe a fraudulent/dishonest activity I feel personally obliged to report it.	AWA3	0.755			
It is in the best interest of the organization when an employee reports fraudulent/dishonest activities.	AWA4	0.858	0.638	0.871	0.897
Employees should be encouraged to report fraudulent/dishonest activities.	AWA5	0.869			
Judgment (JUD)					
Increasing the travel expenses report to cover the cost of drinks when the firm has a written policy denying reimbursement for alcoholic beverage.	JUD1	0.781			
Increasing a travel expense report to cover a lost bet made at the insistence of one of the firm's most valuable customers.	JUD2	0.731			
Taking office supplies home to work on a business project but not returning them when the project is complete.	JUD3	0.741	0.545	0.797	0.856
Ordering office supplies far in excess of needs from a high cost, low quality vendor because s/he offers gifts to buyers.	JUD4	0.790			
A supervisor arranges for employees to get paid for overtime not worked in exchange for 35% of their overtime pay.	JUD5	0.780			

Whistle-blowing Intention (INT)

Theft of company funds	INT1	0.711			
Theft of company property	INT2	0.757			
Accepting bribes or kickbacks	INT3	0.821			
Waste caused by buying unnecessary or deficient goods or services	INT4	0.760			
Waste caused by a poorly managed department	INT5	0.758			
Use of official position for personal benefit	INT6	0.778	0.609	0.935	0.910
Unfair advantage given to a contractor, consultant, or vendor	INT7	0.862			
Tolerating a practice which poses a danger to public health or safety	INT8	0.789			
Discrimination based on sex, race, age, or religion	INT9	0.789			
Sexual harassment	INT10	0.772			

* Factor loading

** Composite Reliability

Table 3. Discriminant-validity results for constructs

Constructs	1	2	3	4
Awareness	0.799			
Complicity	0.098	0.786		
Intention	0.228	0.347	0.781	
Complicity	0.292	0.168	0.414	0.738

*Values on the diagonal (bolded) are square root of AVE while off-diagonal are correlations.

Table 4. Heterotrait–monotrait (HTMT)

Constructs	1	2	3	4
Awareness				
Complicity	0.139			
Intention	0.246			
Judgment	0.343			
		0.412		
		0.225		
			0.470	

HTMT value below 0.90 shows that discriminant validity established. Shaded boxes are the standard reporting format for HTMT procedure.

Table 5. Structural-model results (Direct Relationships)

Adjusted R2	Constructs	R2	Q2	VIF*	SRMR**	NFI***
	Judgment	0.105	0.097	0.112	1.010	---
	Complicity	---	---	---	1.029	---
	Intention	0.264	0.251	0.181	---	0.074

Notes: * variance inflation factor; ** standardized root-mean-squared residual; *** normed fit index

Table 6. Structural Estimates (Test of Hypotheses)

Structural Path	Coefficient (β)	T statistics	SD	f2	Conclusion
Complicity → Intention	0.291	4.265***	0.067	0.187	H1 Not Supported
Complicity → Judgment	0.148	2.145**	1 ² 0.071	0.091	H2 Not Supported

Awareness → Judgment	0.291	3.276***	0.085	0.107	H3 Supported
Judgment → Intention	0.369	5.241***	0.070	0.191	H4 Supported

Notes: * p<.10, ** p<.05, *** p<.01

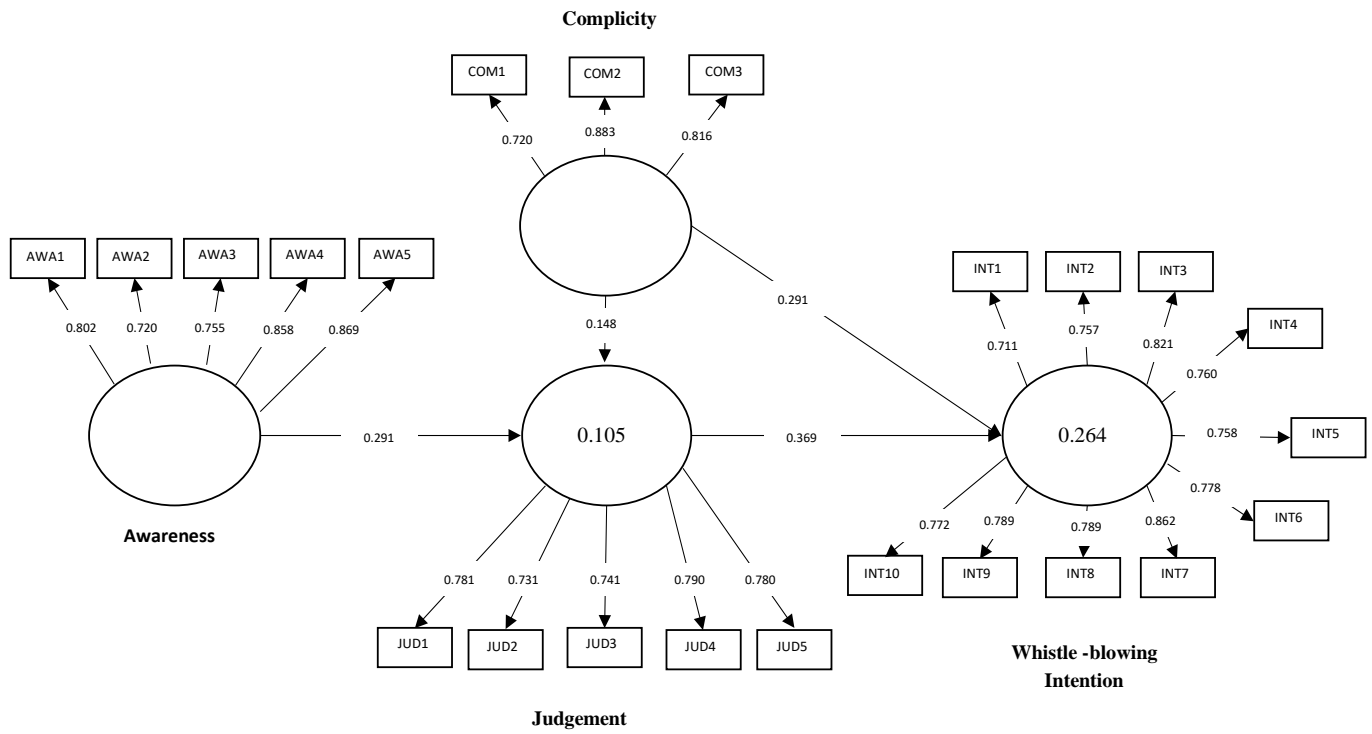


Figure 2. Evaluation of the measurement model

Can Sustainability Still Save Us?

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Introduction

As the Earth's climate gets warmer (Lindsey and Dahlman, 2021), the Sixth Great Extinction continues (Stokstad, 2019; Ceballos, Ehrlich, and Raven, 2020), and the Global Pandemic persists (Rodgers, 2022); why are we not doing more to become sustainable? Although the debate over humanity's role in the planet's future is widespread, little consensus exists over whether sustainability can be achieved (Roberts, 2018; Yeo, 2019). An amalgam of political, economic, and technological forces has emerged (e.g. G7 summit in 2022; ABB's energy initiative), simultaneously pulling for and pushing against sustainability efforts. As a result, no matter how much or how quickly change may be needed to avert further ruin, it remains unclear whether such change will occur (Mensah, 2019; McKibben, 2020). Given the dangers inherent in humanity's inability to stop degrading the planet (Jennings, 2016), this paper considers factors behind the seeming inertia—it explores how aware people are of sustainability and its future necessity. It is hoped that the paper will deepen our understanding of the sustainability movement and the role it can play in human progress.

The Concept of Sustainability Considered

Sustainability is defined in many, often aspirational ways (Moore, et al, 2017), providing a normative scenario of a desirable future (Vergragt, 2006). Generally, the intent of the Sustainability movement is to help human society thrive within the carrying capacity of its natural and socio-economic systems (Jennings, 2016). However, the specific focus of this intent has evolved. For example, the three components most consistently associated with the original concept: Environment, Social, and Economy (Morelli, 2011), have evolved into Planet, People, and Profit (Kraaijenbrink, 2019). While these subtle word changes might heighten clarity for some, they have introduced ambiguity into the model for others (Robertson, 2014). Moreover, the tactical and strategic planning for any of these components is extremely complex, making successful integration of all three into organizational or societal practice highly challenging (Potts, et al, 2014).

Another concern for the concept lies in its dynamic nature. Sustainability needs for today may not be the same as those for tomorrow. For example, while many consider electric cars far more sustainable than gas cars, the production requirements and life-cycle limits of existing electric-car batteries make them a future environmental nightmare (Bruckner, 2021).

Because of its multifaceted and dynamic nature, sustainability is also a difficult concept to assess. While scientists provide very clear measures regarding planetary degradation, sustainability mitigation efforts are less clear. Corporations advertise their noble efforts at supporting Planet, People and Profits (Whelan and Kronthal-Sacco, 2019), and governments tout the myriad sustainability projects they fund, but still, the planet deteriorates (Yeo, 2019). CO₂ levels are at 412.5 parts per million (Lindsey, 2020), the human population is still increasing (Worldometer, 2022), and income inequality is at an all-time high (Horowitz, Igielnik, and Kochhar, 2020). In fact, the wealthiest one percent produce twice the carbon emissions of the poorest fifty percent (McKibben, 2020). Consequently, it is unclear whether the movement is having the impact it intends.

Yet, despite its pitfalls, the concept of Sustainability seems to be increasing in popularity. Data indicates that consumers are willing to spend more on sustainable products (Pope, 2021), while more

corporations are focusing efforts on becoming sustainable (Bonini, 2021). In addition, a wide array of governments seemed to be embracing the UN's Sustainable Development Goals (United Nations, 2022).

Even so, significant backsliding has also been noted (Roberts, 2018). For example, the recycling industry in the U.S., Europe, and Australia prospered under decades-long agreements with China. Under these agreements, China willingly transformed the world's scrap paper, plastic, and metal into myriad products for financially lucrative export. However, because China now generates enough of its own garbage, it has stopped buying trash from other countries. Not only has this shift threatened the financial viability of the world's recycling industry but it has also led recyclers in the U.S. to burn or bury their once valuable product (Ryssdal and Purser, 2019). When the financial incentive disappeared, so too did sustainability.

Given the disparity between hope and despair for our future, this paper explores how people view the sustainability movement. Specifically, it looks at how aware they are of the concept, how they define it, what they are doing to support or ignore it, how much they believe corporate and governmental claims of sustainable practices and how much they believe scientists' claims of likely doom. Because the sustainability movement may well be our only hope for a viable future, it is important to investigate how people are interpreting and responding to the movement.

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Positive Leadership: Getting rid of today's bureaucratic manager to make a change for the better

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Abstract

Among today's most pressing issues we find financial / economic worries, environmental concerns, and the continuous uncovering of political / business scandals (Global Shapers Survey, 2017), plus, the fact that our world (of business) is undergoing humongous changes ever more quickly (technological breakthroughs, social transformation, etc.), is making things even more complicated (Sarokin, 2019).

Many companies are still struggling with the aftermath of the financial / economic disaster in 2007/2008; a crisis of such a magnitude that it simply could not have been caused by the mistakes of some very few irresponsible individuals. The roots of the problem appeared to lie much deeper and still affect us more than fifteen years later as it exposed serious problems with our capitalistic approach to understand and do business.

Environmental concerns have reached an all-time high. Pollution, natural resource depletion, inappropriate waste disposal, loss of biodiversity, deforestation and ocean acidification are just a few examples of ecological dilemmas that are not local but affecting the world. Business corporations through unsustainable manners of waste management, the destruction of the rain forests and maritime life, etc. have played an active part in taking our planet to the limit.

Business scandals are popping up everywhere: "[...] rarely has corruption been so prevalent— at least in recent memory going back to the mid-twentieth century" (Friedland, 2009: vii). Among the most notorious cases of corporate wrongdoing, we find multinational organizations such as WorldCom, Lehman Brothers, Toshiba, BP and, most recently, Volkswagen and Wirecard. "Only a few companies can proud themselves to have a robust ethical culture" (Friedland, 2009: x).

The world of business is accelerating and continuously changing. Fundamental shifts are taking place regarding technology, demographics, and the scope of business, among many others. Many employees and leaders describe their environment as both gloomy and overwhelming (Youssef-Morgan & Luthans, 2013) as things change recklessly and "the only thing certain is that the future remains uncertain" (Caza, Barker & Cameron, 2004: 170).

These problems concern business scholars and practitioners worldwide; not only because they negatively impact upon our corporations, but also because they are directly related to the way our capitalistic system is functioning. These problems did not simply appear by coincidence. They are not forced upon humanity by an invisible superior power. They are manmade and they are linked to how modern firms are led. Today's leaders have failed to ensure financial / economic stability, environmental sustainability, ethical organizational conduct, and they also missed out to find adequate solutions for dealing with change. 2020 and 2021 have been especially complicated years, and they have once more shown that, despite a greater prominence of management training and executive education (Pearce & Manz, 2014), there is still an enormous need for better governance.

For Alasdair MacIntyre this lack of leadership is best represented by today's bureaucratic manager, a certain type of office executive that MacIntyre subsequently describes as (1) a manipulator, (2) a sham expert, (3) an amoral technician, (4) a disengaged ghost, (5) as fragmented, (6) a cultivator of acquisitiveness and (7) a destroyer of communities of virtue (Beabout, 2013).

The present article contrasts MacIntyre's bureaucratic manager to the Positive Leader: A leadership style which has recently emerged from the combined contexts of Positive Psychology (PP), Positive Organizational Scholarship (POS) and Positive Organizational Behavior (POB) as a possible remedy for, at least, some of the above-mentioned troubles.

Positive Leadership shifts attention from a focus of problem solving towards “what makes life worth living” (Cameron, Quinn & Caldwell, 2017: 60). The meaning of positive has not yet been finally determined (Zbierowski, & Bratnicki, 2014), but the term positive in POS appears related to both personal self-actualization and the sustainability of people, organizations, society, and the ecosystem (Nilsson, 2015; Spreitzer & Cameron, 2012). Positive Leadership pursues improvements on multiple levels including economic, human, and environmental aspects (Meyer, 2015). Research in POS seeks to heighten individual well-being through improving the quality of life, particularly the quality of work (Robichau, 2017). The movement asserts that “individuals, through self-change, can move both themselves and their organizations to positive states that promote flexibility and enable flourishing” (Quinn and Wellman 2012, 751).

Hence, based on the claims that Positive Leadership is a possible cure to many of today’s most pressing issues, this paper examines whether the Positive Leader is a worthy alternative to today’s bureaucratic manager, or if he/she is just another (capitalistic) technique to manipulate. This comparison is carried out step by step. Each of the above named seven characteristics of MacIntyre’s manager is compared and juxtaposed to how the Positive Leader is presented in recent literature (e.g., Cameron, 2008, Cameron, 2011; Meyer, 2015; Spreitzer, 2007; Spreitzer Porath & Gibson, 2012; Spreitzer and Porath, 2014; Quinn, 2015a; 2015b).

The study reveals that the Positive leader is neither a manipulator, nor an amoral technician, nor a disengaged ghost and he/she is not a destroyer of communities of virtue either. Still, regarding MacIntyre’s accusations that today’s leaders are sham experts, fragmented and cultivators of acquisitiveness, the Positive Leader cannot be fully excused. Thus, Positive Leadership is found to be only partially a credible alternative to today’s bureaucratic manager. This paper, however, offers proposals of how to develop the positive notion of leadership to qualify as a worthy substitute to MacIntyre’s anti-hero. These suggestions are based on the qualitative idea of freedom as described by Dierksmeier (2011; 2016). Additionally, implications for business practice are discussed and future lines of research are offered.

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Abstract

In Jesus' day the Pharisees were powerful religious leaders whose primary responsibility was to provide direction and understanding to the Jewish community. However, in the Gospels they are typically viewed as self-promoting hypocrites who use their public virtue to establish dogma and control society by marginalizing perceived sinners. While the Gospels invoke Christians to behave virtuously but not to behave like the Pharisees, who "...do not practice what they preach ... they (Pharisees) tie onto people backs loads that are heavy and hard to carry, yet they aren't even willing to lift a finger to help them carry those loads" (Matthew 23).

Contemporary examples of virtue signaling and dogma are analogous to Pharisaical hypocrisy. Persons and business may be required or compelled to signal their virtue more than practice traditional virtue. As with the Pharisees, this may often include the belittlement of any group forced to the margins by contemporary dogma and actually harm the intended goal. Then as now, such an outcome is both unethical and unwise.

We first discuss contemporary examples virtue signaling and dogma in healthcare, education, and environmental regulation. Particular attention will be paid to how turning well-intentioned initiatives into dogma can lead to profound adverse consequences for individuals and society at large. We will then examine the implications for business ethics.

Key Words: Covid, education, healthcare, environmental regulation, Pharisees, virtue signaling

Introduction:

In recent years societies have been forced to confront a host of new challenges, including the pandemic and climate change. By their nature such threats create unique leadership challenges and uncertainties, which should in turn encourage policy makers to exhibit a degree of humility and charity. Unfortunately, this has not always been the case. Instead, leaders have allowed their prescriptions to take on the form of religious dogma. The virtue signaling surrounding these dogmas were often both ineffective and injurious to human dignity and social comity. We will first address several examples before discussing the ethical implications for businesses.

This presentation and paper are by design somewhat provocative. However, we were shocked and horrified by many of the facts we discovered in this research. We believe that all are often victims of *The Fallacy of Pharisees*. This fallacy causes us misdirect the resources and efforts of society that would be far better guided by understanding and the simple values of traditional religions. Possibly Covid-19 and societies reactions such as fear (which leads to the dark side – Yoda) have lessened our humanity. A critical step in recovery may well be as simple society's *Lifting fingers to help* and not pointing fingers to false virtue.

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Lean Healthcare: Post-Pandemic Preparation Capabilities and Ethics

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Abstract

This study examines how the creation of a lean organizational climate and culture underpinned on ethical principles favours the development of preparation capabilities to achieve lean competencies. We use multiple case studies in North American hospitals to illustrate how the additional cultivation of lean leadership, supervision and skills complements successful post-pandemic lean implementations.

KEYWORDS: Lean management, preparation, climate, culture, case studies

Extended Abstract

Lean Management (LM) (Krafcik, 1988) is an “integrated socio-technical system whose main objective is to eliminate waste” (Shah & Ward, 2007:791). It represents a systematic approach to managing and improving the efficient and effective throughput functionality of operational work efforts and workflows. LM has become a broadly adopted and increasingly popular operational approach in North America (Pay, 2008). In the health industry, LM adoptions have been favoured by encouragement from governments to address cost reduction, quality, time, and staff and patients satisfaction (Papadopoulos *et al.*, 2011), due to continuous challenges in terms of rising costs, decreasing personae, increasing demand, and lower payment (Snyder & McDermott, 2009), which have been recently exacerbated in the post-pandemic era.

However, the widespread adoption of LM has not been consistently linked to an incremental degree of organizational success (Shah & Ward, 2007; Pay, 2008) and there is still confusion and inconsistency in how and where LM works (Shah & Ward, 2003) and how best to deploy it (Eroglu & Hofer, 2011) to maximize desired operational and organizational objectives. Despite its reputed limited success, the adoption of LM is often undertaken with the view that effective deployment is automatic (Pay, 2008) disregarding specifically the critical role of human capital reflected in the climate and culture of each organization. Careful scrutiny of the LM journeys of many organizations highlights that effective deployment of LM in actuality is anything but a given (Kenney, 2011) and should contemplate not only operational performance goals but also ethical implications for business and society.

A few hospitals worldwide have succeeded in their lean transformations, such as Virginia Mason in Seattle, Flinders in Adelaide, Thedacare in Wisconsin, and Bolton Hospitals in Manchester. However, in some other cases, hospitals have ignored a thoughtful preliminary preparation, supported by ethical principles to establish appropriate lean climates and cultures, and launched the implementation process directly by “trying to build the airplane whilst flying it” (Fillingham, 2007). Managers unwilling to invest the requisite time and resources to prepare their organizations for successful LM deployments are usually disappointed in their results.

This paper argues that successful LM deployment is not a given. As such, this study considers that not all organizations possess the same capabilities and thus an effective implementation to guarantee a suitable post-COVID recovery does not just happen once the strategic decision is made to adopt an LM approach. A significant amount of experience-based institutional and individual LM preparation and implementation capability must be developed to strategically ready a firm for the ethical and transformational efforts that enable operational functionality and business success. We aim to discover the requisite capabilities, focused on human capital resources, for the development of an LM competency. As such, we defined the following research question: How does an LM preparation

capability support an LM implementation capability to develop an LM competence for a post-COVID recovery?

Multiple case studies were used in this study as we explored a relatively new research area, and not specifically attempted to determine causality between variables (McCutcheon & Meredith, 1993; Yin, 2018). Our study population focused on the healthcare sector, specifically on the emergency departments of North American hospitals (the US and Canada). Our results illustrate how the LM organizational culture and mindset create value and foster the development of an LM preparation capability. While the utility of multidimensional constructs has generated considerable debate, advocates argue that they provide a more holistic representation of a complex phenomenon (Edwards, 2001) and thus our results enabled us to propose that LM Preparation Capability is a multidimensional complimentary construct (Venkatraman, 1989) reflected in five linked constructs: LM Skills, LM Climate, LM Supervision, LM Culture and LM Executive Leadership. Specifically, this research dives deeper into the exploration of the dimensions of LM Culture and LM Climate as fundamental drivers for recovery to address societal challenges in the postpandemic age. LM Culture is defined as the organization's collective set of shared values and beliefs that enable the day-to-day establishment of an organization, focused on the pursuit of greater value generation for customers and the organization through continuous improvement of work flows and work efforts. It includes elements of empowerment, trust, respect, accountability, and safety embedded within a collaborative, long-term, value-driven, learning orientation. While LM Climate is the collective mindset and beliefs of the organization's employees towards the adoption and deployment of a lean approach; the perception of employees that the business is challenged, LM is needed for a post-COVID recovery, appropriate and valued, and that the hospital can succeed in its execution and that there is a shared resolve and reciprocal obligation (trust) if they get behind the adaptation.

In brief, our results show how managers are responsible for the development of the workforce as a prerequisite for lean implementations (Malik & Abdallah, 2020) to reduce resistance to change and guarantee a positive organizational climate (Joosten *et al.*, 2009) by creating awareness of the need for recovery after the pandemic, by preparing people for the transformation, and by working on employees' attitudes (Allaoui & Benmoussa, 2020) and moral beliefs that guarantee positive ethical implications to benefit business and society.

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The Agency of Leadership: The Case of a manager in Japanese Corporation

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Abstract

When COVID-19 hit the entire world, each country first showed a different strategy to cope with an unknown epidemic. Sooner than later, most countries began to follow the scientific guidelines advised by the expert institutions, such as the WHO, the ministry of health, and R&D institutions, like the CDC in the US. Although the containment tactics vary in the regions and countries, most are identical in science-based tactics. Eventually, vaccination, as a winning tool for getting out of the pandemic, tells us that the scientific challenge should conquer nature.

As vaccines indicate a scientific triumph for society living with COVID-19, though it may be hindsight, we could see that a lesson from COVID-19 makes the covert things overt. As McKinsey (2022) indicates, “Three distinct definitions of the epidemicity,” the impact of COVID-19 has caused various problems in individual, epidemiological, and economic spheres in turn. Moreover, a dovetailed problem across the spheres occurred one after another; unfortunately, the entire situation fell into complex systemic problems.

The epidemiological sphere might be better than the other two because of the global partnership. One is the global collaboration in the scientific research in epidemiology over the eradicating pandemic. The other global collaborations were the delivery of free vaccines and financial aid to the world through the world organizations, such as the UN, WHO (2022), and World Bank (2022). Even if it were a little help, undoubtedly, it could be an expression of human consciousness, such as dignity, equality, and inclusion in everyone in the world.

When seeing business and economic reactions, we notice many countries began with an identical package, most of which enacted financial aid for the victims sanctioned by the government’s containment policy. Indeed, most countries have bloated national debt, but the packages’ results appear different. Because the country is only a piece of the enormous global ecosystem, even if a package was applied to a country, such reactions to the package might be affected by global interactions. As the global surveys show (McKinsey, 2022; PwC, 2022), we could see the reactions as if reverberating ripples grow into the tsunami. It can be said that even if the epidemics were contained safely, social and economic reactions would not be the same as science did in nature. Instead, it impacts all stakeholders equally and reveals the vulnerability of many political and business leaders who were supposed to have a solid ground (Bavel et al., 2020). In that sense, the pandemic seems to strip off their confidence and urge them to transform into new leaders. In other words, the pandemic made progress in science but gave all leaders of the stakeholders the ordeal of transformation equally.

Cutting a long story short, we can say that pandemic from covid 19 shed light on an intriguing human nature. Scientific reaction in epidemiology sees it as an object to be eradicated, and a vaccine for the pandemic was invented. Social science sees it as the external obstacles threatening human nature, so our society is stuck. Over a hundred years ago, scientific lessons from the Spanish Flu suggested that a way of prevention in which people keep social distance as a means of protecting others goes against human nature (Soper, 1919; Bavel et al., 2020). Both scientific activities result in stark contrast. One keeps us from severe disease, yet the other still struggles with human nature as we did in the long past (Chan et al., 2021). Since the last pandemic, social science has ever accumulated knowledge in managing change. Then we might as well know about our behavioral change more than the last pandemic. Sadly enough, changing our behavior in the social systems will seem impossible if we do not engage in systematic reaction along with influential leadership. (McVeigh, MacLachlan, 2022). That is why leadership for change initiatives matters.

This research is a case study of a person Kondo who has meant to be true to himself while he has struggled to get through various challenges in his work. He graduated from a junior college specializing in electronics and mechanics technology in a small local town in Japan. His educational background seemed not preferable to a large public corporation like Denso. Once entering Denso, he worked at the Daian plant as technical staff of the manufacturing lines until his retirement. In his early career, he created practical inventions to save production costs, increase product quality and efficiency, and become a respected leader of inventors and change initiators. However, his career and background tell us he may not be a technological enthusiast, like a geek and rocket scientist, nor a champion of conspicuous performance to be promoted to C-Suites. Instead, despite being an upper-middle manager, it can be said that he quietly stood up for his beliefs but cultivated himself and various places for change in and outside of the corporation. His dedication lasted all his tenure as an invisible change leader for the people around him. Unfortunately, his effort had not paid off until his retirement because he did not receive any formal status for taking charge of the change initiatives.

Denso has been one of the leading corporations in the business sectors of auto parts, electronics, safety equipment, and semiconductors since 1949. Also, the corporation has contributed as a major supplier to the Toyota Corporation since then. As the auto industry evolves based on internal combustion technologies, the corporation has also grown in the parts of the electric driving systems, semiconductors, robotics, and IT network systems, like IoT. The corporation started as R&D-centered management and enjoyed a collaborative relationship with Toyota Corporation. The bureaucratic mindset sneaked to dominate as time passed, while the challenging mindset faded out gradually. Indeed, a corporation's performance is good enough to get an acceptable reputation as a public corporation. In a practical sense, it can be said that their decisions could be too late to shift their primary product lines from internal combustion engines to unrelated business fields. Because climate change was evident, some in the corporation thought they should not ignore it and fend it off. However, they were the minority. Instead of accepting small voices, the corporation kept in the same direction.

Suddenly, COVID-19 hit Denso, then its businesses slowed. From the global perspective, it would be said that a fear of the virus stopped everything we had been doing at the time. Following the evidence from the global research institutions and consulting companies, we may well say that we have struggled to understand where we have been and will be going since then. One of the hypothetical meanings is that Covid-19 has revealed what we have hidden behind the routines in everyday situations. When our habitual actions stop forcefully, we radically resist the forceful halt. Such radical resistance to change might cause adverse psychological reactions, which is "great attrition" (McKinsey, 2022) under the containment society. If we accept what we see, we will begin reflecting on what we have ever ignored. In hindsight, the pandemic might have given us time to unearth our "hidden self" through the forceful social distance. In other words, the pandemic seems to be a global change agent.

Meanwhile, through the pandemic, Denso corporation stopped its activities as it used to do, and it did not quickly shift its business domains to sustainable ones. Though Denso persevered to protect employment, its profit dropped significantly, and the senior managers were replaced. If it were inevitable reactions to their situations, the corporation would have accepted such fresh views to move forward early. With high uncertainty, a few young employees as visible change agents began sprouting in the flowerbed that Mr. Kondo left in the corporation. Although their roles are very challenging because of their age and status in the corporation, they are willing to put a light on the change in the big public corporation. So, Mr. Kondo started to be busy working as a change agent for those who try

to improve their work and life. Strange enough, despite the retired situation, he feels his calling has come. In other words, his self-developmental effort was significantly effective for the corporation and his work life. From that point of view, his career implies that he developed his capacity from a respectful inventor at the plant to a leader in change initiatives, even though the corporation did not give him a formal status for change.

Cutting a long story short, we can dub him a leader of change initiatives in the corporation. First, he was a respectful inventor at the plant operation because he invented a simple new solution despite the R&D section already giving up. He noticed that a pragmatic attitude to real situations must be the best way to find an alternative solution. Experimentations in the laboratory are significantly effective in limited conditions, like a vacuum chamber. It must be another story for him in the complex manufacturing process. He thought it worked theoretically but did not work in actual settings. His inventions were tiny but unbelievably successful for efficient production and cost-saving. At the same time, he generously transferred his experiences to people around him.

Second, climbing up to the middle manager, he took charge of the quality management for new products, like airbag sensors. At the meeting, he painstakingly recorded the minutes to be able to trace back the past decision, and he did it as his routine. Through his reflection of the records, he found that the meeting focusing on the problems and the best solution was less efficient and effective in creating new ideas. Instead, he willingly saves time for conversations with many around him to share their ideas and feelings about their work. It looks like a water cooler conversation, but strangely it works much. If we have regular conversations to hear our honest feelings, situations, and ideas, it will have nothing to do with the business but boost our morale. He noticed it and did it as much as possible.

Third, from his late 40s to his retirement, the corporation rotated his workplace from one after another within the plant. Nevertheless, his formal position was the same. Wherever he transferred, his practical role was always a leader of the change initiatives. One day he received an order to transfer his workplace to a small subsidiary company, which meant the final rotation for him, and he would never return to the plant. He accepted it and transferred to the company that was the lowest employee satisfaction. As he did in the plant, he also committed to the role of the change leader who encourages employees to become independent inventors and increase their capacity to grow by themselves. Almost three years after, the company changed into one of the most highly satisfied workplaces in the corporation. After the negotiation, the tradition was broken, and he started the same role in the plant again. The corporation could not help but allow him to engage in the role of leader in change initiatives. His position did not cover such a role, but the corporation had to acknowledge his deed and take the leadership role in the change initiatives. Naturally, he asked an external consultant to start "One Dian" as a semi-formal change program in the plant, which lasted until his retirement. The program successfully unified people in the plant and increased their sense of belongingness. At that time, he had already become a famous change leader in the corporation though his formal role did not cover such a role. On the way to designing a holistic program that drew significant attention within the corporation, unfortunately, it stopped just after his retirement. Later on, Covid-19 hit, and everything stopped.

Many theoretical explanations for this case study are available, but the most effective lens to understand the phenomenon seems to be leadership development for the change initiatives. That is why Mr. Kondo become an inventor through numerous experimentations at the manufacturing lines. Also, he challenged findings from which R&D sections concluded in the laboratory settings. In his early career, he learned about how he transformed himself into an independent problem solver and change initiator. Because of his educational background, his formal role was upper-middle technical

staff in the manufacturing process, which helped him refine the innovations coming out of the R&D section and increase productivity practically. Throughout his career, he always crafted a series of meanings for his formal position. Some were a leader in inventions, change initiatives, and change in the corporation. His formal position, dubbed by the corporation, was quite different from his actual behavior, which influenced people to take their initiatives for change. It was not his self-centered leadership but his human-centered leadership because significant people followed the idea he declared “One Daian.” Those are the reasons why the development of leadership for change initiatives from the perspective of this case study.

Arguably, leadership research has been one of the thriving research fields concerning publishing papers, books, and conferences. Also, educational and consulting industries related to the field, such as learning, training, and development programs, have flourished. (Leonard, 2014; Lacerenza et al. 2017). Accordingly, the research on its development has evolved into two specific fields. In leader development and leadership development, both fields have vigorously advanced knowledge and insights about leaders and leadership development (Day, 2000; Day et al., 2014). However, most people in the fields hesitate to acknowledge the research consequences as significantly understandable and the developmental programs highly successful (Pfeffer, 2016).

There are many criticisms available, but from academic research perspectives, relatively little research has reflected on the human developmental process, such as dynamic developmental experiences across the life span (Liu et al., 2021) and the integrative model of the multiple learning outcomes (Wallace et al., 2021). It was expected that leader and leadership development were highly linked, and the programs for leaders and leadership were also expected to encourage people to develop human capacity to grow. However, this is not the case. Day et al. (2014) say most researchers see the leader development activities from psychological personality perspectives to clarify the better correlation to a leader’s performance. Also, most consultants see it as individual training programs to get skills, knowledge, and ability from human capital perspectives (McKinsey, 2022). In other words, a leader’s development is transformed into a mathematical equation between the programs as an investment and personal productivity as the return on the investment (Marginson, 2019). It seems to be a matter of finance and not a matter of non-material human development. Therefore, research on leader development has lost the meaningful connection to becoming mature leaders and effectively achieving collective team goals for decades ago.

In addition, leadership development has focused on the capacity to manage the relationship around the group settings. It seems that the goals of leadership development cultivate social capital in which leaders, followers, and stakeholders increase a sense of belongingness and value the whole benefit far above self-interest. Unfortunately, Wallace et al. (2021) say that over the two decades, most leader and leadership development research focuses on behavior-based criteria more than learning-based practices, such as cognitive, affective, and motivational criteria. Besides, they expect a positive relation between behavioral criteria and performance-based metrics, so they focused little on the learning-based criteria and performance-based metrics. It may be true that leadership training programs to get skills and knowledge can be seen as effective behavioral change programs. However, the reality the trainees would face after the training programs went myriad beyond their capacity given by the trainers in the programs. It might well be unwilling for them to lose confidence in the capacity of leadership. It can be said that the research on leaders and leadership development and those training programs consider little about the development processes from human development perspectives (Bandura, 2006).

In summary, the dominant research field in leader and leadership development seems absent human development perspectives. Lui et al. (2021) say that research should not lean toward behavioral- and

performance-based practices because those implications can be slippery roads to very short-term training programs and quick evaluations for promotion. Instead, leaders should take time to learn leadership through practices in everyday situations and, as a leader's development, cultivate a leader's identity through life-long learning. Besides, based on an integrative view (Wallace et al. 2021), a leader's development is associated with a leader's collective skills, knowledge, and ability to mature through stakeholders' feedback. Also, leadership development should be linked with their collective practices to nurture the relational capacity of their followers and stakeholders. Because leaders' maturity and the high quality of leadership competency seem to be iterative, leaders, followers, and stakeholders naturally need a place where they can influence one another. Therefore, much research is needed to understand a leader's collective maturity and relational competencies as leadership capacity. Therefore, this case study tries to construct a hypothesis for how people develop themselves as leaders through every day but life-long experiences. It is not the learning through training programs for a few days, but it must be an iterative and collective learning process with people who influence one another to become mature. Following the social cognitive theory, we try to capture leader and leadership development as agentic way of human development. Bandura (1986; 2001; 2006) says people can be the owners of life and interact with the circumstances as not the determinants but the subjects to negotiate. As a human nature, we believe we have the power to change the situations and can craft desirable effects through our actions. It will be expected to clarify new insights that suggest further discussions about leader development from human development perspectives.

A tentative conclusion is supposed to be the following. Based on the four cores of human agency (Bandura, 2006), we can describe that Mr. Kondo's career was a process of becoming a leader of the change initiative. At first, Mr. Kondo did not think he would be a leader in change initiative; instead, he would enjoy work and life balance in Denso as most Japanese used to want. Coincidentally, his faith in work and life led him to become a well-known inventor in the plant. So, he found that he could encourage people around him to grow in their mindset through the challenges of technical innovations. Finally, he committed to transforming the plant culture through his experiential learning. From strategic action plans in the future, he was conscious of the discrepancy between his formal position and his semi-formal role at the company in his early career. Wisely, he did not depress about the distant treatment by the corporation, nor did he fight the corporation with political maneuvers. Instead, he was always mindful of his situation in the future and crafted his jobs beyond his formal position. One example appears in his transfer to the subsidiary plant because he knew how bad the plant was and how degree he had to achieve his goals in advance. Somewhat, he felt confident. However, he thought such transferring was good enough to bet on his career to become a change leader who took on changing the corporate culture. He made it, after all.

From the self-regulation, through the observations at the workshops and the extended interview, his humble demeanor to authenticity seems inherent. Besides, his educational background and his entire corporate life describe him as if he were a seeker who pursued virtues, like a monk and who persevered to accomplish his purpose. Besides, his authentic actions in business and giving voice to his colleagues appeared infectious to people in Japanese culture. Naturally, his reputation as a change leader with his demeanor fortified his conviction in how he worked, and he increasingly regulated his behavior along with his purpose.

From self-reflection, one day in his early career, his manager assigned that all his subordinates should take notes for a year about what he did or did not with their feelings. Mr. Kondo felt it bothersome but soon after embraced it as routine work. Finally, writing everything in his notes with care constructs his way of life. He believes taking time to write about his task in his notes or laptop is precious while

reflecting on the day. Although it is crucial to be aware of the task capability in terms of strength or weakness, it may well see that such reflection could be shallow. Instead, Mr. Kondo understands that he must commit to promptly shift the point of view from the first person, second person, and third person.

At the end of the proposal, a hypothetical comment can be deduced from the tentative discussions above. It is not a complete conclusion, but the direction of the comments is expected to be true. We are feeble creatures who are easily affected by external situations. At the same time, we are principled creatures who seek to be consistent with what we trust, regardless of whether it would be morally right. Both perspectives can be conflicting as if both sides of the same coin. As the medical guideline in Spain Flu and Covid 19 teaches us, we may well come to ignore the issues that suggest outside our conscious. So, it affected us but did not change our behavior.

However, Mr. Kondo understood his situation designed by the corporation and used his skills, knowledge, and ability dexterously to craft quite different meanings in his jobs. So, the corporation designed his job, which he followed somewhat, but he crafted it differently and, in fact, became a leader in change initiatives. Furthermore, he committed to encouraging people to change their behavior, influencing most people, and changing scores of people's behaviors. Following human agency (Bandura, 2006), we can say it must be the agency that Mr. Kondo had apprehended throughout his career. At the same time, the agency by which people were influenced was a reverent way of his life, as a target of vicarious learning.

Thus, if we see leadership as living human agency, human development is critical for leaders and followers to nurture their agency through everyday experiences and life-long learning. Regardless of whether all efforts need to spend a long time or significant observers exist, developers for the leaders must commit to cultivating their agentic foundation.

Remark: The author uses a real corporation's name and the person's name because this is not the final paper that can be exposed to a group of people. The author plans to use the pseudo name after receiving formal permission to use pseudo names on the paper. It is sure such formal permissions must be attached to the final paper.

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The Emergent Virtual Workplace: The Ethics of Telecommuting Practices in a Post-Pandemic World

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Abstract

As businesses and nonprofits grappled with finding ways of safeguarding employee health as the COVID-19 pandemic took hold globally, and particularly prior to the development of effective vaccinations, telecommuting options for employees were greatly expanded within many organizations. While telecommuting was certainly an option already existing for some employees prior to the outbreak of COVID-19, the pandemic greatly, and swiftly, accelerated the number and kinds of employees who began to work from home. Many businesses and organizations quickly discovered that

much more ‘virtual work’ was possible than they had previously believed (and technologies to support that work quickly expanded as well). Indeed, one positive outcome of the pandemic might be found in the greater flexibility that employers have found in providing for a greatly expanded role for telecommuting in the workplace and many employees find such arrangements attractive as well. Certainly, from one point of view, the new world of telecommuting provides for a more supportive, and thus more just, workplace for employees as well.

However, as the pandemic has entered its later stages, and as vaccinations have become widely available, some businesses and organizations have been grappling with how to continue their expanded telecommuting practices beyond the pandemic. While telecommuting can often have a positive impact on employees, it can also raise new problems, including ethical issues, for employers and employees as well. Thus, many organizations are working to set longer term standards for telecommuting that are fair and just. This paper examines the ethics of telecommuting practices with an eye toward both clarifying the underlying ethical issues involved as well as providing some guidance to organizations in developing fair telecommuting policies. In doing so, the paper will argue that there are several distinct ethical issues that telecommuting practices can engender; including issues of workplace parity; fairness in compensation, privacy and security, and ethical issues involving the work/personal life balance. In addition, remote work can have an impact on the overall culture of organizations that has ethical implications. While expanded telecommuting options offer significant benefits to some employees and employers, these potential ethical problems should be addressed early to help assure a fair, equitable, and just workplace.

Post-Covid Management Re-Education: A Pedagogical Strategy for the Teaching of Agent-Centered Managerial Practices in the Future of Work Scenario

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Abstract

The covid pandemic and rising digitalization gave the opportunity of experimenting new forms of work and of work organization (World Economic Forum, 2020). How should business schools react to these changes, offering an up-to-date teaching curriculum that takes into account recent developments in work design and organization? This article aims at answering this question by taking the perspective

of a business ethics module, and it provides a ready-to-use teaching tool to enable reflective discussion in the class regarding new modes of work.

The theoretical basis for the mentioned pedagogy is an agent-centered ethical framework based on goods, norms, and virtues for the future of work (Rocchi & Bernacchio, forthcoming).

The recent changes in how work is performed show the need to reframe the discussion on the purpose and place of work within the narrative of workers' individual and social life (the *goods* that work generates). While technology brought a clear change in the "how" work is performed, the reflection on the "why", on the purpose, on the goods originated while working, needs to be considered from an ethical perspective (Bertolaso & Rocchi, 2020; González, 2021). Indeed, it is the desire for human flourishing and for the contribution to the good of society that constitute the final goods of any kind of work, whether or not this work is technology-enabled. So the purpose of work in itself does not change; and the renewed conditions (working from home, or technology-enabled work) through which work is currently performed are the opportunity, according to González (2021), for the development of a "more integral consideration of work" and for highlighting "its most distinctively human dimensions, namely its capacity to generate meaningful activity and social integration" (p.1). As this author argues, the current circumstances provide the opportunity to reconsider the fact that human work not only generates material goods and services, but also generate goods which are moral and relational (González, 2021).

As González suggests (2021), unlinking the concepts of work and employment helps rediscovering the real meaning of work in this renewed scenario. Indeed, if it is true that the value of work goes beyond the mere concept of employment (thinking, for example, of volunteer work or care work, when performed for relational reasons instead of for a remuneration), it is also true that work needs to be codified in formal institutions (contracts, employment relationships, duties, and rights). Likewise, the reflection on the *norms* that regulate the renewed workplace and the new labour market needs to be shaped not just by regulatory expertise, but also by ethical insights concerning the need for norms to enable workers to flourish and to contribute to the good of society.

Taking the perspective of workers in the discussion regarding ethics and the future of work means to inquiry into the specifically human traits that enable people to flourish and contribute to the good of society through their work, now and in the future. In the person-centered approach to ethics, these traits of character are named *virtues*. The workers in the (present and) future of work need to develop these habitual dispositions if they are to fulfil the purpose of work within the existing institutional and technological context.

In light of this goods-norms-virtues framework, this article sketches a pedagogical strategy to bring the framework in the class by means of reflective exercises and practical examples.

The teaching strategy would move from an individual level of reflection to an in-class discussion. Table 1 synthesises the pillars of the teaching strategy, and it shows how the strategy changes if teaching to professionals or undergraduate students. Movies like *The Circle* (Ponsoldt, 2017) can also be very effective means to stimulate students' reflections regarding the three domains of ethical analysis captured by the questions in the reflective exercises. This movie, for instance, describes a young worker in a high tech company, facing different kind of issues in a completely technology-enabled environment. The session can also begin with the reflective exercises and then move to explaining the theoretical content. In this case, it is suggested that the students watch the movie in

advance, and that the questions are provided beforehand so that they are prepared for the in-class discussion.

Table 1: Reflective teaching strategy for each of the three dimensions of the ethical reflection on the future of work

Dimension	Domain	Relevant question for a person-centered ethical reflection	Reflective exercises for professionals	Reflective exercises for undergraduates (after watching the movie <i>The Circle</i>)
Goods	Technology-enabled work	Is technology-enabled work helping the person to flourish? Is technology-enabled work contributing to the good of society?	Think about your current job and how it is transformed by technology: is this job helping you becoming the best person of yourself? Are you contributing to the good of society through your work?	Is the job in <i>The Circle</i> helping the protagonist to become the best version of herself? Is she contributing to the good of society through her work?
Norms	Future workplace and new labour market	Are the current norms enabling the realization of the purpose of work? Do institutions incentivize the adoption of norms that help workers and companies to flourish and to contribute to the good of society?	Do you think your current employment is favourable to the realization of the purpose of work (your own flourishing and a genuine contribution to the good of society)? Is your company incentivizing behaviour that helps you fulfil the purpose of work, beyond merely productive targets?	Do you think that the work environment in <i>The Circle</i> is favourable to the realization of the purpose of work (i.e. the flourishing of the workers and the good of society)? Is <i>The Circle</i> incentivizing behaviour that help its workers fulfil the purpose of work, beyond merely productive targets?
Virtues	Workers	What are the dispositions that workers need to develop to achieve excellence in a future of work context? Are working conditions favourable to the cultivation of such dispositions?	Do you think that your current job is rewarding virtuous behaviours? If not, what would need to be changed?	Do you think that workers in <i>The Circle</i> are rewarded for virtuous behaviours? If not, what should be changed?

The availability of a ready-to-use teaching strategy regarding ethics and the future of work is the main contribution of this article. Looking at the potential contributions that this chapter has for industry, it aims to be the basis for new ways of approaching continuous professional development within firms, through the implementation of educational programs aimed at promoting the good of the worker and the awareness of the contribution of work to the good of society.

Further research can work on specifying each area of the presented framework, with the intention to offer a deeper understanding of the goods, norms, and virtues in the future of work. Additionally, it is

recommended that lecturers track and measure the effectiveness of the session, as presented in the chapter, and to work towards an improvement of the current proposal in light of data collected for this purpose.

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How do I Desire the Common Good? A Pedagogical Exploration

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Abstract

In this essay, I strive to model a process of thinking, drawn from the discipline of ethics and ordinary language philosophy, that might be adopted and adapted by college teachers tasked with giving students relative mastery in the use of the phrase “the common good,” or the abilities of grasping its point of application and of projecting it into new contexts. It is organized around three kinds of difficulty confronted by teachers and students that I have culled from my own experience teaching ethics at a Catholic university, committed to making the church’s social teaching a part of its curriculum. I have given these difficulties, which reflect key cultural assumptions of our time, the somewhat coy but purposeful names of “economism/instrumentalism,” “end-in-itself-ism,” and “where-the-heck-is-it?-ism.” The first two identify cultural assumptions that often derail a student’s effort to grasp the common good, while the third category considers understanding the common good

as an activity of imagination and desire formation. The third and primary category presents grasping the common good in terms of skills in the use of language. To illuminate how epistemological and formative aspects are intertwined as a human agent comes to recognize, enjoy and value common goods, I utilize MacIntyre's concept of an internal good of a practice and Wittgenstein's concept of aspect-seeing.

How do terms lose their concrete meanings, even as we continue to employ them? I suggest that this condition is perilously close to an accurate description of our use of 'the common good' at my university. I suggest that this is a symptom that the term is losing its connection in the imagination of those employing it from ordinary practice. Moral speech especially succumbs to emptiness in such circumstances because of the close links among knowledge, desire and action they presuppose. A gap opens between our lives and our thinking. Further, phrases like "the common good" become easy targets for ideological re-appropriation and manipulation.¹¹ Whatever such words, might be said to *mean*, their *use* (thus, actual meaning) is conflated in some contexts with the tacit agendas of their users, generating confusion among all participants in the language game.¹²

The way in which neoliberals like Margaret Thatcher have refused to grant meaning to the common good and cognate concepts such as society is itself an interesting topic. Their accusation that the phrase hides an agenda is instructive even for those supportive of the concept, though I am convinced it stems from its own ideological program. But even among those sympathetic to the concept of the common good, one finds a good deal of confusion regarding the phrase's use. Such confusion is the condition for the longing for a definition. While authoritative definitions, such as the one in *Gaudium et Spes*, can be found, their usefulness will be limited. Layering of clarificatory addendums such as can be found in the compendium attest to the author's struggle to capture the concept *in nuce*. Definitions will be useful only so long as a specific context of application is assumed, and when it is assumed that part of the context is the presence of speakers who possess the relevant linguistic skill for using the term.

My own interest is in teaching college students, and here I suggest taking "meaningless" to specify a state of a mind wherein a certain desire has been aroused, or perhaps a proto-desire--the desire for a more determinate desire--, and yet the object of that desire or proto-desire remains too vague to serve as a goal of practical choice. When we teach students in our university classrooms to value "the common good," I wish to suggest, they may take our words as directing their minds simultaneously in two, divergent ways. On one hand, we direct them toward something moral and practical, an "end" or good of action. On the other, we direct them toward something abstract, a principle or norm that is meant to cover a variety of cases. A student with a mind so directed may find herself frustrated by its combination of a call to respond as an agent, who at the same is confronted with an end of which her practical grasp is insufficient to make the clear the kind of response required of her.

¹¹ Here we might make a long list of terms such as "sincerity," "innovation" or "integrity" in current corporate and political discourse.

¹² My essay's approach is indebted to Wittgenstein's ideas on the relation between grasping a word or phrase and the ability to apply it appropriately in a variety of contexts with no single criterion governing them all, as well as his remarks on "seeing-aspects." The phrase "language game" is one of Wittgenstein's key ways of referring to his method of doing philosophy.

At this stage the urge for clarity makes it tempting to ask for a definition. However, as stated above, an essay into the abstraction of an essence at this point only solidifies the gap between concept and practice. To the contrary, like identifying the common good as a “principle,” the search for a definition sets the stage for a fantastical relationship with “the common good.” Here, we might again call to mind Thatcher’s claim that the deployment of terms that refer to society as such are shadowy concepts that conceal political agendas of a different stripe. The point here is that speakers such as I will go on using the phrase without a clear sense of what we mean by it (what we are *doing* with our words).¹³

As a response, I will argue for the benefit in our teaching of the common good of introducing what Alasdair MacIntyre calls practices.¹⁴ His concept of a practice allows the teacher to re-direct students’ attention away from essences toward areas within their own experiences wherein the grammar of “the common good” has been already been successfully applied. Practices include games like chess, sports like soccer, and academic pursuits like chemistry. What’s more, for MacIntyre, a philosopher thoroughly cognizant of the hold economism has over the popular imagination, the existence of practices is good news. However fragile, they are sites within neoliberal orders where virtues (and the common good, I might add) are still intelligible.

After the discussion of how thinking through practices might help students to move beyond their intellectual frustration and begin to learn the basic grammar of the phrase “the common good,” I put one aspect of a practice, “internal good,” in conversation with the idea of “aspect-seeing,” found in Wittgenstein and Wittgensteinian scholarship. The purpose of this link is found in the light it sheds on the tie that binds together the agent’s knowledge (epistemology) with her desire, especially as this occurs within practices.

Organizational Resilience in the Face of the Great Resignation

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Abstract

Introduction

In corporate boardrooms, hospital emergency rooms, school classrooms and technology centers, attention is centered on the phenomenon referred to as “the great resignation” – an exodus from the workforce by employees suffering pandemic stress, burnout, and lack of an acceptable work-life balance (Barley & Sullivan, 2022). Organizations are engaging in deep self-reflection and analysis to identify the root causes of this new trend and to arrive at strategic solutions that would preserve organizational integrity and stem the tide of exit. This migration of workers from the formal workplace may impact industries differently and may exhibit demographic differences in the composition of those leaving (age, race, gender); but the ultimate challenge for organizations is to find the relevant

¹³ Russell Hittinger responds to the perplexity found in Thatcher by elucidating an ontology of social “organisms” analogous to physical organisms. My turns to practices has something in common with this, yet I hope avoids the way Hittinger’s approach resurrects the problem of striving for firm boundaries found in the pursuit of definitions more generally. Social organisms have an openness that belies Hittinger’s ontological approach. See, Hittinger, R. (2009). “The coherence of the four basic principles of Catholic social doctrine: An interpretation.” *Nova et Vetera*, 7 (4), 791–838.

¹⁴ Alasdair MacIntyre, *After Virtue: A Study in Moral Theory* (Notre Dame, IN: The University of Notre Dame Press, 1981), 187-203.

metrics for their particular context, and work to customize solutions that target solutions accordingly (Cook, 2021). Organizations that can successfully navigate the consequences of the Great Resignation are deemed as “resilient” and are better prepared to effectively tackle future disruptions to their systems.

In this paper, we join in this analysis, reviewing the available data and narratives to reveal what factors are perpetuating the Great Resignation; and we share strategies that organizations are employing to address its impact that inform future recruitment and retention policies in the wake of an environmental shock. While our level of analysis is the organization, we also look at the individual worker at a micro level to tease out key motivations for “resigning”, and at a macro level, we suggest implications of the Great Resignation’s disturbance for the larger economy and societal norms, particularly social justice norms given the disproportionate impact of this event on marginalized populations.

The Great Resignation – A Tidal Wave of Change

Since early 2021 record numbers of employees in the U.S. have voluntarily resigned from their jobs, with a high of 4.5 million resignations (3% of the total U.S. workforce) reported for November 2021. According to data from the Bureau of Labor Statistics (Kraus 2022), almost 48 million people quit their jobs in 2021. To add perspective as to the magnitude of the great resignation, the *Wall Street Journal* reported that worker resignations (excluding retirements) between April and August 2021 were 60% higher when compared with the same time period in 2020. The report suggests that many people are switching jobs, as the U.S. labor force gained about 2 million employed people between April and August (Dill, 2021). Some experts are suggesting that this trend will accelerate in 2022 after year-end bonuses and the holiday season (Fox 2021). This significant shift in workforce dynamics is being called “Great Resignation”, the “Big Quit”, and the “Great Reshuffle”.

As reported by CNN Business (March 2022), the great resignation continues, with a reported 4.4 million Americans quitting their jobs in February 2022. Worker shortages also continue, with U.S. businesses reporting 11.3 million job openings in February 2022 and 6.7 million hires, resulting in approximately 1.8 positions available per job seeker.

Cook (2021) found the highest resignation rates among employees between 30 and 45 years of age, an increase of 20% from 2020 to 2021. The *Wall Street Journal* reports that resignations increased more than 53% for workers with job tenure up to 15 years and that resignation rates for workers between 40 and 50 years of age increased by more than 38% in 2021, a divergence from previous trends in which this age group was less likely to quit their jobs than younger employees. Further, resignations vary across industry, with lower numbers of workers leaving finance and insurance jobs and higher numbers of workers leaving jobs in manufacturing and state/local government education jobs (Dill, 2021).

While some believe that the great resignation is a temporary condition that will reverse itself, others believe the change is permanent. Citing pandemic-induced baby-boomer retirements, lower birth rates, and reduced immigration, Julia Pollak, chief economist at ZipRecruiter, predicts that this is a turning point in the way we work (Fox 2022). Indeed, we suggest that even as current trends in the U.S. workforce evolve, organizations will feel long-lasting effects that will require strength and resilience in order to succeed through the current and future workforce disruptions. This research paper

contributes to the conversation by providing relevant information as businesses consider the economic and social implications of the COVID-19 pandemic.

Motivations for the Exodus – the Worker’s Perspective

There are numerous reports that aim to explain the reasons behind the Great Resignation. Some attribute the attrition to factors previously thought to be important to retention—pay, promotions, training. Rosenberg (2022), for instance, likens the Great Resignation to a massive worker strike, citing reasons such as stagnant wages, minimal social safety net, and low rates of unionization. More often, though, investigators suggest that it results from widespread employee job dissatisfaction and an increasing desire for a healthier work-life balance as people rethink what they want from their jobs in the post COVID-19 era (Fox, 2022).

Barley and Sullivan (2022) contend that, while employees cite burnout, focus on work-life balance, and alignment of values as the reasons for quitting their jobs, behind these assertions are powerful but unacknowledged emotions that are driving the resignations. Barley and Sullivan (2022) associate burnout with stress, exhaustion, frustration; work-life balance with uncertainty, optimism about change, desire to seize the moment; value alignment with disconnect, boredom, disappointment. Miller and Davis-Howard (2022) believe that the conjunction of COVID and the power movements exacerbated employees’ dissatisfaction with workplace culture.

A significant negative result of the imposed COVID-19 isolation was the reduction of employees’ informal interaction and socialization with peers. Mitchell et. al. (2001) cite social connectedness as the primary reason for employee “embeddedness”, the tendency to stay with a job. Pal et. al. (2022) describe the importance of these connections as the “informal, interpersonal behaviors and exchanges between employees and leaders, and among coworkers” that enable employees to feel connected with the workplace (p. 31). In virtual or hybrid work, there are no unscheduled interactions with others because every interaction must be planned. Carnevale and Hatak (2020) point out that working virtually provides job autonomy, which can be empowering, but it may also minimize needed social interaction and affirmations.

Interestingly, in seeking new jobs, LinkedIn (2022) reports that 63% of current job-seekers surveyed cite work-life balance as the most important priority when looking for a new job, followed by compensation and benefits cited by 60% of job-seekers, and colleagues and culture cited by 40%. Employees’ and prospective employees’ concern with their own well-being is clearly paramount, and this focus is likely to continue.

Organizational Response in the Face of the Great Resignation

Organizations have various options for effective responses to the Great Resignation and similar environmental disruptions to recruitment and retention of personnel. The organizational change literature informs us on how organizations can adapt to new phenomena and can maintain organizational resilience (Barasa et. al., 2016; Ruiz-Martin et.al., 2018; Sutcliffe et.al., 2003) in the face of these stark challenges.

Organizational Change

Organizational change literature is surveyed in this paper (c.f. Gwaka et.al. 2016 for a critical review of the literature) and suggests that adaptive change in response to relatively unprecedented phenomena such as the Great Resignation requires cultural change as well as process and structural changes (Sull et.al. 2022). For example, with workers' motivations for exit being centered around concerns with their well-being, work-life balance, and burnout, organizations must examine the degree to which their culture contributes to and exacerbates these concerns. In fact, in an analysis of the exodus between the months of April and September 2021—a period during which a record number of employees left their jobs—corporate culture was identified as a “reliable predictor” of attrition, and a toxic corporate culture was “10.4 times more powerful than compensation in predicting a company’s attrition rate compared with its industry” (Sull et.al., 2022).

We acknowledge that changing organizational culture or structure constitute strategic processes that represent longer-term solutions and advance planning. Seminal approaches to strategic change identified a three-stage process of unfreezing, introducing change, and refreezing (Lewin, 1951). Others have built on this model to add stages of change and to better address the current complexities of organizational environments (Swanson & Creed, 2014). However, one aspect all models have in common is that the process is deliberate, strategic, and accompanied by clear communication policies (Gwaka et.al., 2016; Caligiuri et.al., 2020). While these processes are critical for maintaining organizational resilience, they cannot happen overnight. Organizations are compelled to identify other shorter-term initiatives they might employ to stem the tide of retreat and improve retention. These may include establishing favorable remote work options (Sull et.al., 2022) and improving engagement of workers in hybrid environments (Hopkins & Figaro, 2021; Caligiuri et.al., 2020); providing opportunities for employee learning and growth (Thomas, 2009); revamping recruitment processes; and implementing team-building exercises.

Organizational Resilience

We hark back to how organizations adapted to other major crises such as September 11th and the 2008 financial crisis, and comparisons are made in this paper to determine what have been the most effective responses to what organizations define as the greatest challenges to organizational survival in the face of significant disruptions to operations. Ultimately, we adopt the definition of the organizational resilience concept advanced by Sutcliffe and Vogus (2003: 95) to mean “how organizations successfully adapt in the face of adversity” and apply this to current-day management of the impact that the COVID-19 crisis has had on organizations.

It is interesting to note that the concept of resilience has been applied primarily in the literature to explain organizational response to systemic shocks in the health sector; however, the term derives from the physical sciences, “where it refers to a physical system’s capacity to return to its original form after a disturbance” (Barasa, et al., 2018: 491). While this conceptualization in its origins offers a mechanical algorithm for “bouncing back” after an environmental disturbance, we assert that it does not constitute true organizational resilience that would allow for long-term survivability and even thriving. When viewing resilience through the lens of not just absorbing a shock and returning to a previous prototype, but rather learning from and adapting to the changes wrought by the shock, organizations can face challenges better prepared to survive them. This point is made persuasively in both Barasa et.al. (2018) and Evenseth et.al. (2022), with the latter explicitly linking organizational learning to organizational resilience.

In our investigation, we seek to first understand the factors that may allow an organization to emerge intact from the breaking away of workers from their organizational moorings at an alarming rate; as

well as distinguishing those adaptive practices they undertake to buffer against future, similar shocks. Ultimately, our research goal is to identify transformative change agents that most influence sustainable, organizational resilience, so that we have a framework for building resilient, adaptive organizational systems as part the fabric of a healthy economy and a fair and just society.

Concluding Thoughts and Future Research

The final section of our paper would summarize key points and suggest follow-on research that would help to validate the paper's key suppositions through conducting semi-structured interviews of organizational managers from different industry sectors. A confirmatory factor analysis would allow us to identify and assess key measures of organizational resilience in the face of highly disruptive change. We contemplate applying the scale of Organizational Resilience already developed by Kantur and Iseri-Say (2015), who came up with a three-factor model of the organizational Resilience construct -- those being Robustness, Agility, and Integrity -- to test its validity and to see if our own analysis reveals any new, predictive factors.

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A Catholic Vision of Health Care After COVID-19 that Accords with the Dignity of the Human Person

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Abstract

After World War II, “human dignity” became an important concept for international and national law. The Universal Declaration of Human Rights enshrines it in its first article;¹⁵ and many national Constitutions stipulate its protection and defense. Nevertheless, human dignity is a notion that could become devaluated by inflationary use. In Switzerland, e.g., the association *Dignitas* advocates for active euthanasia; in the US, dignity was an important argument for the majority of judges on the Supreme Court to mandate gay marriage as human right; globally, some national Constitutions make false promises or even reinterpret human dignity to mean its opposite. Such use of the notion of human dignity leaves the boundaries marked by Christian anthropology, and thus undermines its meaning and strength. In this paper, I wish to explore what human dignity might contribute when we reflect on COVID-19 and the public health response to it.

The Christian concept of human dignity is based on the Bible but was essentially elaborated by the early Church fathers. Man and woman are created in the image of God, and thus they make God present on earth. They represent the absolute, the unconditional. This notion was combined with the Roman legal term of *dignitas*. This gave the imago Dei the explosive force of social relevance and in effect turned the antique pyramid of social honor on its head. Thomas Aquinas already described all the elements of human dignity that modernity transposed into a modern legal framework.

In contemporary Catholic social thought, human dignity is considered as the central principle of social ethics. It has given rise to personalism, that places the human person and her needs and the center of all social institutions, also and in particular of health care.

The Christian notion of human dignity is more a consequence of charity than of justice, for respecting every person, even the contagious sick person, as someone whom we must not abandon or humiliate, goes beyond what we owe strictly in justice. Christian concern for the poor, the sick, the marginalized and for all those whose rights are downtrodden, has been present in the Church from the first community of followers of Christ in Jerusalem. His words at the Final Judgment are clear: what we have done for the sick, that we have done to Him, to God. Christ bestowed the charism of healing on the Church, and this has been with us over the centuries, leading to a diffusion of health care institutions.

In contemporary culture, the role of the medical profession has evolved, and not only for the better. Additionally, COVID-19 has deeply affected health care: The drastic measures during the near worldwide lock-down, the vaccination mandates, the obligation to wear masks indoors, and, most painfully, death in isolation from loved ones touched, sometimes in an inevitable way, the dignity of billions of people.

The Christian sense of illness adds a supernatural element to suffering. The death of Christ has given suffering a dignity that mere human reason cannot discover. Human Dignity in health care means: Bring Christ to the sickbed. If you only bring medicine, you will have brought too little.

A Critical Evaluation of Tesla’s Self-Driving Electric Vehicles Through a Business and Society Lens

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¹⁵ “All human beings are born free and equal in dignity and rights.”

Abstract

Over the past few decades, the world has developed several remarkable new technologies. Examples include: electric aviation; artificial intelligence; virtual and augmented reality; solar power; cloud technology; advanced robotics; biometric identification technologies; 3D printing; genomics and DNA sequencing; the Internet of Things (IoT); 5G networks; blockchain (e.g., cryptocurrency); and quantum computing, among others (McKinsey Global Institute, 2013; World Economic Forum, 2021). One other significant innovation however is that of electric vehicles (EV), with several companies now on the cusp of manufacturing self-driving electric vehicles (SDEV). While the sale of EVs remains only a small percent of current total vehicles being sold, the growth of EVs will surely intensify given that several countries around the world are planning to eventually ban the sale of fuel-burning new cars. This includes: Britain by 2030, Canada by 2035, and California, with the largest U.S. auto market, moving to exclusively EVs also beginning in 2035 (Scherer, 2021). While once merely a fantasy, EVs are now a reality with the sales of such vehicles growing quickly, with over 10 million EVs already on the road worldwide by the end of 2021 (Kuchta, 2022).

The paper will critically examine this new phenomenon of electric vehicles, which may, at least initially, appear to be a technological development that can only be praised and supported based on a series of business and society lenses. Those business and society frameworks include business ethics, corporate social responsibility, and sustainability. In engaging in the analysis, special emphasis will be placed on the most prominent EV car manufacturer, Tesla, Inc. The firm, which was founded in 2003 and then joined by investor Elon Musk in 2004 (later to become CEO in 2008), began as an EV manufacturer but has now also expanded into clean energy as well (e.g., solar panels and battery energy storage). Despite losing money for a number of years, Tesla is now the largest automobile manufacturer in the world with a market capitalization of nearly US\$800 billion, which is larger than General Motors, Ford, the Volkswagen Group, as well as Toyota. Tesla sold nearly 1 million units in 2021, representing a 14 percent market share of all EVs sold (Carrier, 2022).

In terms of their net environmental impact, at least on the surface, EVs appear to be affecting the world only in a positive manner. This is accomplished primarily by helping protect the natural environment through reducing the amount of toxins and chemicals such as carbon dioxide released into the air by gas-powered vehicles (Malmgren, 2016). The other major benefit of self-driving vehicles consists of saving lives and money as pointed out on Tesla's website:

Self-driving vehicles will play a crucial role in improving transportation safety and accelerating the world's transition to a sustainable future. Full autonomy will enable a Tesla to be substantially safer than a human driver, lower the financial cost of transportation for those who own a car and provide low-cost on-demand mobility for those who do not (Tesla, 2016, online).

A more careful examination, however, reveals that not everything is positive with regard to Tesla's EVs. The generation of electricity required for EVs, for example, typically uses environmentally harmful elements such as coal, petroleum, or natural gas, rather than more environmentally-friendly sources such as wind, solar, hydro, tidal, geothermal, or biomass. The disposal of EV batteries also leads to significant long-term environmental harm, although efforts to recycle and reuse components of EV batteries are now beginning to emerge. Other questions to be explored in the paper include: Is the production and use of electric vehicles ethically justified? (Javed et al., 2020). What new ethical issues have arisen with respect to EVs, and in particular with self-driving vehicles? For example, can

or should a vehicle's on-board computer determine who should live and who should be injured (or even die) based on a pre-determined algorithm? (i.e., similar to the famous 'trolley dilemma').

While financially Tesla, Inc. has been a huge success, on the business and society front, one might ask a series of important questions: Are EV firms like Tesla living up to their ethical, social responsibility, and sustainability claims? (Baffour-Adwuah, 2020). For example, Tesla's *Code of Business Ethics* states (2022, p.2): "Tesla always strives to conduct business with integrity and in compliance with all laws and regulations where we operate. This applies to every business decision in every area of the company." The code appeared to be lived up to by Tesla back in 2013, when two battery fires of Tesla's Model S occurred due to metal road debris puncturing the battery. CEO Musk complained on Twitter: "Why does a Tesla fire [with] no injur[ies] get more media headlines than 100,000 gas car fires that kill 100s of people per year?" (Krishner, 2013, online). Despite Tesla being found to be not at fault and with no recall being ordered, Tesla nonetheless voluntarily retrofitted all Model S cars with new battery shields, at no cost to the owners, along with a software update raising the Model S ride height (*CBC News*, 2014).

Tesla points out its commitment to protect the natural environment in its code of ethics which states: "We care about our communities and recognize our role to protect the environment in day-to-day operations. We are committed to reducing pollution in all forms - whether in the air, water, or on land. Finding innovative ways to manage our waste streams and recycle materials such as batteries are at the heart of our sustainability strategy" (Tesla, 2022, p.7). In accordance with its commitment to respect the environment, Tesla CEO Musk expressed his hesitation towards accepting cryptocurrency as payment for its vehicles: "We are concerned about rapidly increasing use of fossil fuels for Bitcoin mining and transactions, especially coal, which has the worst emissions of any fuel. Cryptocurrency is a good idea on many levels and we believe it has a promising future, but this cannot come at great cost to the environment" (White, 2021, online).

Not all of Tesla's actions are necessarily ethical or socially responsible however. For example, Tesla's CEO Elon Musk despite any potential risks and contrary to many other companies (Berstien, 2022), ordered Tesla executives back to work on May 31st, 2022 during the COVID-19 pandemic. Musk stated: "Remote work is no longer acceptable" and argued that "...for the company to succeed, executives need to be back in Tesla's main offices" (Todd, 2022, online). Musk went even further: "...everyone at Tesla is required to spend a minimum (and I mean *minimum*) of 40 hours in the office per week, and if you don't show up, we will assume you have resigned" (Kaye, 2022, online). The paper concludes with an overall assessment of the EV industry and Tesla in particular from a business and society perspective, along with suggestions for future research.

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Integrating Agility with Sustainability: A Study on Educational Continuity in Response to the COVID-19 Pandemic

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Abstract

Like most social organizations, higher education institutions are operating in a world full of uncertainty, and it has become increasingly important for universities to build educational continuity plans and consider in these plans disruptions caused by pandemics (Mitroff, Diamond, & Alpaslan, 2006). Because school closure is a typical measure to mitigate pandemic spread, universities will have no choice but to cancel in-person classes and faculty will be asked to move these classes online at short notice, as reported in a study on 20 U.S. universities' continuity plans in response to the 2009 H1N1 pandemic (Ekmekci & Bergstrand, 2010).

It should be noted that none of the above-mentioned 20 universities implemented their continuity plans, and simulation modeling was used to test the effects of continuity plans in the H1N1 outbreak (Araz, Lant, Fowler, & Jehn, 2013). Therefore, it still remains largely unknown as to how to best formulate, execute, and improve educational continuity in response to a pandemic. The COVID-19 pandemic, which is far more disruptive than the 2009 H1N1 pandemic, provides a unique opportunity to advance our knowledge in continuity management as universities nationwide had to move all course offerings online at the outbreak of the pandemic as part of their continuity plans. Of particularly interest here is to explore this subject matter through an agility-sustainability perspective.

Agility is often defined as the ability to be creative and competitive in an environment characterized with continuous and unpredicted changes, and information technology is identified as a key enabler of agility (Sambamurthy, Bharadwaj, & Grover, 2003) and is heavily emphasized in educational continuity plans (Ekmekci & Bergstrand, 2010). It can be well argued that due to the steady growth of online programs, universities are now better equipped with information technology than ever, and therefore are much more agile and prepared than ever in dealing with pandemics. Furthermore, the agility of online learning may coincidentally improve sustainability, for example, reduced commuting needs, greener delivery of handouts and exams, and lower operational costs (Hechinger & Lorin, 2020), but it is important to point out that the notion of agility originates from a business efficiency point of view, and it hardly addresses the triple bottom line objectives of sustainability (Singh & Vinodh, 2017). In fact, there have been ongoing debates about the sustainability of online learning, particularly from the people aspect of the triple bottom line framework (Eom & Ashill, 2016).

Specifically, both polling and teaching evaluation data have consistently indicated low satisfaction with online learning among students (Larmuseau, Desmet, & Depaepe, 2019), and low quality of an offering means low sustainability of the offering (García-Dastugue & Eroglu, 2019). While both are essential to an organization's success, agility may be in conflict with sustainability (Flumerfelt, Anna Bella, & Kahlen, 2012), and a thorough understanding on how to integrate agility with sustainability is particularly important for online learning, especially

given the fact that online learning is likely to be one of the most important components in universities' continuity plans against the COVID-19 pandemic.

In this study, surveys were conducted to collect data from students about their personal experiences with online learning due to the COVID-19 pandemic. Measurement metrics from previous research on agility, sustainability, and online learning were reviewed, reworded, and integrated on the surveys. The results indicated a positive relationship among agility, sustainability, and online learning experiences, that is, students who reported more favorable perceptions of their university's agility also reported more favorable evaluations of their university's sustainability, and the students who reported more favorable responses about agility and sustainability were also more satisfied with their online learning experiences.

This study makes several important contributions. First, to the best of the authors' knowledge, no previous studies have ever explored how agility and sustainability could complement each other in online learning; this study is clearly a worthwhile attempt to fill this gap in the literature, and insights from this study will be particularly useful to address the controversies about online learning. Second, in a recent review of higher education institutions' participation in the United Nations Sustainable Development Goals, universities are criticized for not engaging the exploration of sustainability holistically or including sustainability in their own organization activities (Moon, Walmsley, & Apostolopoulos, 2018). It is clearly a worthwhile effort for universities to address this criticism by examining and improving sustainability in online learning and educational continuity management. While the world is recovering from the COVID-19 pandemic, the need for social organizations including higher education institutions to develop and validate continuity strategies and procedures remains unchanged (Regehr & McCahan, 2020), and it should be not surprising that the organizations that are successfully managing the disruptions caused by COVID-19 are those that established agile and sustainable continuity systems before the outbreak (Vogel, 2022).

Keywords

educational continuity, agility, sustainability, online learning, COVID-19

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Compliance, Corporate Social Responsibility, and Patronage Intention: A Study about the Effects of Regulatory Focus and Self-Construal on Restaurant Diners' Responses to Mask Mandates

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Abstract

Since the outbreak of COVID-19, the CDC has released multiple mitigation guidelines and urged the public to take protective measures, such as handwashing, mask wearing, and social distancing, to control the spread of the pandemic (Shoenberger, Kim, & Sun, 2021). While these measures are proven to be effective, they are nevertheless also subject to political controversies and there are individuals who have made it a political statement to defy mask mandates (Kahane, 2021). As a result, there has been considerable interest in examining the public's compliance with mask mandates and a number of demographic and psychographic factors have been identified in this line of research (Bright & Schau, 2021).

The purpose of this study is to investigate the effects of regulatory focus (promotion versus prevention) and self-construal (independent versus interdependent) on restaurant diners' intentions to comply with mask mandates, perceived corporate social responsibility, and patronage intentions. The research topic is important and relevant due to the inconsistent findings regarding regulatory focus and self-construal and the urgency for the restaurant industry to recover from COVID-19.

According to regulatory focus theory (Higgins, 1997), people are guided by two distinct self-regulation strategies: one is promotion focus and the promotion-focused are eager to acquire gains and sensitive to positive outcomes, for example, the benefits of complying with the mask mandate; the other is prevention focus and the prevention-focused are vigilant to avoid losses and sensitive to negative outcomes, for example, the harms of not complying with the mask mandate. Although it is generally believed that prevention-focused messages are more persuasive than promotion-focused messages, the available evidence is rather inconclusive regarding the superiority of prevention in general (Jung & Villegas, 2011) and the superiority of loss in particular (Jiang & Doodoo, 2021).

According to theories about self-construal (Markus & Kitayama, 1991), people are also guided by two types of self-construal: one is independent and independent goals are often related to autonomy and achieving success by showing how one is different from others; the other is interdependent and interdependent goals are often related to a desire to belong to a collective group and fulfilling one's obligations and responsibilities to others. Although it is generally believed that the promotion focus is more compatible with the independent self-construal and the prevention focus is more compatible with the interdependent self-construal, the available evidence is again rather inconclusive regarding the compatibility between regulatory focus and self-construal in general (Kareklas, Carlson, & Muehling, 2012) and the compatibility between gain/loss and self/other in particular (Jiang & Doodoo, 2021).

The restaurant industry has been severely impaired by COVID-19 and reported a steep decline of sales by more than 15% in 2020 (Bryant, 2021). Recent research indicates that business closure mandates, which significantly impacted the restaurant industry (Kim, Yang, Min, & White, 2022), not only hurt the economy but also have much weaker efficacy than mask mandates to contain the spread of COVID-19 (An, Porcher, Tang, & Kim, 2021). Therefore, a better understanding on how patrons respond to mask mandates has implications for both public health and economic recovery.

In this study, four signs for a fictitious restaurant were created, and each of the signs contained a mask mandate as well as a justification message based on a 2(regulatory focus: promotion versus prevention) ×2 (self-construal: independent versus interdependent) factorial design. Measurement metrics from previous research on regulatory focus and self-construal were reviewed, reworded, and integrated on the questionnaire. An interaction effect was discovered in the analysis, that is, in the promotion condition, the independent self-construal resulted in higher intentions to comply with the mask mandate, higher perceptions of the restaurant's corporate social responsibility, and higher patronage intentions than did the interdependent self-construal. Furthermore, the above-mentioned responses were the most favorable when the promotion focus was paired with the independent self-construal.

This study makes several important contributions. First, to the best of the authors' knowledge, no previous studies have ever explored how regulatory focus and self-construal could influence restaurant diners' intentions to comply with mask mandates, perceived corporate social responsibility, and patronage intentions. Second, based on the results of this study, restaurants should combine the promotion focus with the independent self-construal when communicating a mask mandate to their patrons, and such a combination is likely to generate more compliance with the mandate, a better perception of the restaurants' corporate social responsibility, and more sales revenue. While the world is recovering from the COVID-19 pandemic, we have nevertheless entered a pandemic era and novel infectious diseases are likely to periodically emerge (Morens & Fauci, 2020). As a result, mitigation measures such as mask mandates are also likely to be reimplemented, making it crucial to investigate the public's responses to the mandates in terms of compliance, corporate social responsibility, and patronage intention.

Keywords

regulatory focus, self-construal, mask mandate compliance, corporate social responsibility, patronage intention, the restaurant industry, COVID-19

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Case Study of Japanese University Students' Perception toward Studying Abroad and its Impact on the Career Development during the Pandemic

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Abstract

The large-scale retrospective survey of Japanese who had studied abroad shows that study abroad experiences have a positive impact on students' subsequent career development and lives. However, the COVID-19 pandemic made it difficult for international student mobility programs, and the impact on international education has been enormous. This paper aims to present the results of quantitative and qualitative studies on the impact of the COVID-19 on Japanese university student perception toward study abroad and career development and discuss the future challenges in the implementation of study abroad programs.

The author addressed the questionnaire to 286 Japanese university students for whom studying abroad is part of their curriculum in October 2021. We have received 159 completed questionnaires with a response rate of 55.6 percent. The survey result shows that the pandemic has caused a significant impact on students' decisions on studying abroad and priorities when deciding on a study abroad program. While 66 percent of the students responded that they would like to study abroad once the pandemic is over, 18 percent of the students chose to take the course involving online study abroad-like experiences as an alternative to studying abroad. Also, the cost was the most important factor in selecting a study abroad program, followed by program content, destination, length of stay, local support, and availability of credit exchange.

The author interviewed six students to undertake qualitative research. The result indicates that the pandemic forced students to change their plans regarding studying abroad and graduation, which in turn had a significant impact on their career plans. As the students who wish to study abroad while in university value the benefits of the university's study abroad systems including academic, administrative as well as financial support, they want to extend their expected date of graduation for another year to get ready for job-hunting in the following year. Another finding is that the pandemic had a significant impact not only on students' study abroad plans but also on their career plans. In addition, psychological concerns were observed that shifting graduation dates to allow for study abroad would increase competition among students for the study abroad programs run by the university, which may lead to fewer opportunities for the students who wish to study abroad.

On the other hand, students who wish to study abroad after graduating from university in four years had two major reasons regarding their career planning. The first reason relates to concerns about the prolonged job-hunting process. The students who want to participate in a one-year privately funded study abroad program need to take a leave of absence from the university, which will lead to a longer time spent at the university resulting in a lengthy job search. This is because the academic calendar in Japan is different from that in many other countries. This makes it difficult for students to plan their career paths if they want to find a job in Japan. The second reason is about the timing of recruitment and selection activities. Japanese companies start publicizing their recruitment activities in March of the third year of university. Recruitment and selection activities begin in June of the senior year. Under this system, the period of study abroad, generally, one year from fall of junior year to summer of senior year, overlaps with the period of job hunting, and students may miss the opportunities.

It is natural that the students show grave concern over career planning amid difficult employment conditions hit by the pandemic. According to the data from the Ministry of Education, the college graduates who found jobs in 2021 went down by 3.5 percent compared to the previous year for the

second consecutive year. The number of college graduates who did not get a job or proceed to graduate school went up by 9.6 percent from the year before. For university students who wish to study abroad despite these difficult circumstances, the government and educational institutions must respond flexibly, not only by providing scholarships and other financial support but also by offering more options in terms of the length of study abroad and the timing of departure. In addition, from the perspective of international competitiveness, it is also important for Japanese companies to cooperate by utilizing online interviews and offering multiple recruitment periods, rather than sticking to the unique recruitment system for new graduates in Japan.

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Abstract

Recent research has focused on the importance of employee engagement (e.g., Stefanidis et al., 2021), and its impact on individual and organizational outcomes. According to Baker (2009), engaged employees are characterized by increased energy and activity levels, they are self-efficacious, and they actively work to influence events relevant for their lives. At the same time, the personality trait of “grit,” which Duckworth et al. (2007) have defined as the perseverance of effort and consistency of interest for long-term goals, has been attracting increasing interest among researchers and practitioners. Moreover, several studies have been emphasizing the positive role that workplace ethics hold for employee engagement (e.g., Roof, 2015). In this context, the purpose of this research is to examine the relationship between ethical idealism and employee engagement, assessing the role of grit in this relationship. We build our conceptual model, drawing on ethics position theory and social exchange theory. Ethics position theory holds that individuals’ moral philosophies influence their judgments, actions, and emotions. Specifically, idealistic individuals “assume that desirable consequences can, with the ‘right’ action, always be obtained” (Forsyth, 1980, p. 176). Thus, ethical idealism may positively influence grit. Moreover, grittier individuals are more concerned with what they achieved and learned at a personal and intrinsic level, which leads them to a higher level of engagement. We, thus, examine whether the positive influence of ethical idealism on work engagement is mediated by employees’ levels of grit. We test our conceptual model employing an online questionnaire distributed among managers in Lebanon. Based on a sample of 317 responses, our results provide support to both the direct and the indirect effects of ethical idealism on work engagement, highlighting the mediating role of grit. Several theoretical and practical implications are offered, identifying directions for future research.

Keywords

Work engagement, employee engagement, ethics, ethical idealism, grit, Lebanon.

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Abstract

In the spring of 2022, Florida passed the Parental Rights in Education Act, otherwise known as the “Don’t Say Gay” law. It requires public schools in the state of Florida to refrain from any discussion of LGBTQ issues in the classroom until third grade with strong limitations placed upon any such discussion thereafter. Many Disney employees were outraged that the company did not voice its opposition publicly. In response to the outcry, Disney CEO Bob Chapek pledged to oppose the bill on the grounds that it unfairly targets lesbian, gay, bisexual, nonbinary, and trans kids as well as their families. He noted that they had hoped to work behind the scenes to oppose the bill, but in response to outcry the company took a more public position (Blair 2022). This move, however, prompted Governor De Santis to revoke Disney’s legal right to govern the land around the Disney World Theme Park which was originally granted in the 1970s. The revoking of legislative authority over the area will cost Disney tens of millions of dollars annually. Conservative Republican activists called it a fight against “woke capital” (Guynn 2022). These activists also pushed the state of Florida to pass a law limiting what private corporations can teach their own employees about race (Guynn, 2022).

But Disney’s response in this case is not under attack simply by conservatives. Others argue that the company is far from morally consistent since it did not publicly oppose the bill until it seemed to have been forced to do so, perhaps too little too late. And the company spent \$197,162 in just the last two years funding the very same politicians who voted for the measure (Blair 2022). In response, leaders have reportedly pledged to reevaluate corporate support of political campaigns and the structure according to which such decisions are made (Hall 2022). Disney’s position on the matter is further complicated by more personal ties as well. One of the heirs of the Walt Disney Company, Charlee Disney, publicly came out as transgender amidst the very public dispute between the company and the Florida legislature. Charlee apologized for not speaking out sooner and pledged, along with their parents, to make a donation to the HRC Campaign to combat the law (Abcarian 2022).

Public attempts to pressure companies to take a stand on hot button political and moral issues are nothing new. For example, in spring of 2021, shareholder activists from Engine No 1 successfully targeted board members at ExxonMobil to install new leaders who would take carbon emissions reductions more seriously and Follow This was also able to force Chevron, Conoco Phillips, and Phillips 66 to commit to greater reductions in carbon emissions (Ambrose 2021). Socially focused shareholder activism on racial equity grew in 2020 in the wake of Black Lives Matter protests as well (Moats *et. al.* 2021). Before that, many companies including Angie’s List publicly opposed Indiana’s Religious Freedom Restoration Act on the grounds that it was unjust to LGBTQ individuals (Blair 2022). Going back even further, the Interfaith Center on Corporate Responsibility played a crucial role in ending apartheid in South Africa by pushing companies towards more socially responsible business practices (ICCR 2021).

But while navigating how to get business standing on the right side of history in fights for social justice is nothing new, the political vitriol of the current context makes navigating the terrain more difficult. In this case study, I will examine from both a Utilitarian and Kantian stakeholder theoretic analysis the challenges faced by corporate leadership. Utilitarian concerns would seem to argue for doing whatever is most likely to gain best results, even if that might mean not publicly opposing the law in order to avoid the backlash from De Santis and claims of inconsistency given past campaign donations. But shirking the duty to stand up against a perceived injustice may also be

experienced as a slight to LGBTQ employees who cannot easily exercise rights of exit from the company when it publicly assists in anti-LGBTQ legislation through campaign donations and refusal to speak out against such measures. It could also be especially harmful to LGBT members of the Disney family. When the company's very name is one's own, corporate efforts that work against respecting LGBTQ dignity may be especially harmful. Right of exit is essentially impossible barring a legal name change. While there may be no easy answers, I will examine the moral risks and harms of various approaches corporate leadership may have taken. Given the power and reach of Disney as a global media company known for content directed towards children, the moral stakes in this case are quite high.

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Gender Disparity in the Mutual Fund Industry: US and China*

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Abstract

This paper studies gender disparity in the mutual fund industry. During 2001-2018, the percentage of women fund managers decreases from 13% to 9% in the US but increases from 3% to 23% in China. Equity funds with women managers underperform those without by 50 basis points a year in the US. This performance gap is not present in China, and shrinks in the US if women managers at a fund firm reach a critical mass. We build a model to rationalize these results and explain why the gender status quo in the US mutual fund industry is unlikely optimal.

JEL classifications: G11, G23, J24, J31, J33, J70, J71

Keywords: Mutual Funds; Gender Disparity; Tokenism; Critical Mass; Labor Economics

* We thank Ray Ball, Jean Tirole, and Lu Zheng for helpful discussions. Fang is at fangw@umn.edu, Carlson School of Management, University of Minnesota, Minneapolis, MN 55455; Sun is at sunj@stjohns.edu, Peter J. Tobin College of Business, St. John's University, Queens, NY 11439; Xue is at xuejian@sem.tsinghua.edu.cn, School of Economics and Management, Tsinghua University, Beijing, China 100084; and Zhang is at zhangg@umn.edu, Carlson School of Management, University of Minnesota, Minneapolis, MN 55455. This study adopts a binary definition of gender due to the practical reason that our data do not allow us to identify non-binary gender types. We are grateful to John Barnard, Garfield Ge, John Kong, and Madison Sargis for answering numerous questions about the Morningstar US mutual fund data and Andrea Walbaum of Boston Consulting Group for sharing statistics on the global assets under management. Xue gratefully acknowledges financial support from the School of Economics and Management, Tsinghua University. No authors have material interest in the results of this study.

Introduction

The US financial services industry, along with its symbolic Wall Street, is often portrayed as the pinnacle of money and power. In particular, the US asset management sector is unrivaled in its global presence. According to a Boston Consulting Group report (BCG (2018)), US managers control nearly half of the global assets under management (AUM). For decades, this sector has carried a reputation of being tough for women. Survey evidence consistently paints a grim picture: very few women reach the upper echelons of investment services. Morningstar (2015) reveals that women account for less than 10% of US mutual fund managers, markedly underrepresented relative to other professions that require comparable education—US Bureau of Labor statistics report that women represent 37% of medical doctors, 33% of lawyers, and 65% of accountants and auditors in 2015.¹⁶

This paper takes a close look at the gender status quo in the US mutual fund industry and assesses its optimality. In all analyses, we compare the US and China markets. China serves as an interesting benchmark for two reasons. First, as the world's second largest economy, China is the host to a thriving fund industry and many practitioners see it growing into the second largest market for asset management (BCG (2018)). Second, China's asset management market likely features a greater representation of women. Although we are unaware of any study of gender distribution for mutual funds in the mainland China, Morningstar (2016) reports a much higher percentage of women fund managers in Asia Pacific countries and regions: 30% for Singapore and 26% for Hong Kong.¹⁷ In comparison, this number is significantly lower for other commonly used benchmark countries for the US, such as Canada (11%) and the two largest financial centers in Europe (13% for the UK and 9% for Germany). Since our study centers on gender disparity, contrasting the US with China is likely to yield more insights.

We begin by conducting a time-series analysis of gender representation in mutual fund managers for both markets. Both our US sample and China sample have a broad coverage of the entire industry and span eighteen years from 2001 to 2018. Gender representation in mutual fund leadership clearly diverges between the two markets. Starting with the US, the percentage of women fund managers has been trending down from 13% in early 2000s to 11% during the 2008 financial crisis to consistently below 10% after 2012. In contrast, China had no women fund managers until 2001 but then saw the percentage of women fund managers increasing by 6-7% every six years until reaching 23% in 2018. Both markets have experienced significant growth in the mutual fund industry over the sample period but women representation grows only in China.

Three shifts underlie this diverging pattern. First, during 2001-2018, the percentage of funds with only female managers—labeled all women funds—decreases from 7% to 2% in the US but increases from 2% to 18% in China. Second, the percentage of funds with only male managers—labeled all men funds—increases from 77% to 79% in the US but decreases from 96% to 66% in China. The size of the

¹⁶ Other survey based reports of gender disparity in asset management include, but are not limited to, Lietz (2011), Adams, Barber, and Odean (2016), Jaekel and St-Onge (2016), Mercer (2016), Oliver Wyman (2016), McKinsey & Company (2018), IMF (International Monetary Fund, 2018), and a joint report of IFC (International Finance Corporation), Oliver Wyman, and RockCreek (2019). Compared to mutual funds, women appear to occupy an even lower percentage of senior management roles in hedge funds, venture capital, and private equity (e.g., Lietz (2011)).

¹⁷ Morningstar (2016) excludes the mainland China market from its analysis because there is no easy way to tell gender from Chinese names based on their pronunciations or English spellings. Even though some Chinese characters may be perceived as more feminine (or masculine) than others, there are no common rules to naming.

management team expands at all men funds only in the US. Third, the percentage of funds with both female and male managers—labeled mixed gender funds—increases from 2% to 16% in China but only from 16% to 19% in the US. More important, US mixed gender funds hire significantly more male managers over time: the average number of men reaches 3.4 in 2018 but the number of women remains stable around 1.2 throughout the sample period. The practice of hiring one “token woman” on a male-dominated team is often referred to as “tokenism” (e.g., Adams and Ferreira (2009)).¹⁸

The diverging pattern between the two markets can also be seen from the gender divide of the industry’s assets. By 2018, the percentage of AUM controlled by women managers in China exceeds 32% while this number drops below 9% in the US. The diverging patterns between the two markets, in terms of both fund leadership and AUM, are present across all major fund categories but are more pronounced in fixed income and allocation funds than equity funds. The diverging patterns persist after controlling for observable characteristics of funds and fund firms.

One possible explanation for these diverging patterns is performance: if women underperform their male peers in delivering returns in the US, hiring fewer women managers in this market may be justifiable. Compared with other settings in which performance measurement is often debatable, the fund industry provides a unique opportunity to assess a performance-based explanation because it is competitive and performance metrics are relatively uniform, objective, and transparent. Our results show that funds with managers of different gender mix deliver similar returns in China, but funds with women managers underperform those without in the US. The results are robust to using different approaches to measure performance and controlling for observable characteristics of funds, fund firms, and fund managers as well as fund and year-quarter fixed effects. Further analyses show that the performance gap between funds with and without women managers in the US is limited to equity funds; the average difference is 50 basis points a year from our primary specification.

The performance results in the US prompt the question: would US funds benefit from hiring fewer women managers if they on average underperform men managers? This is a difficult question that requires careful deliberation. In further exploration, we find that all women and all men funds perform similarly but mixed gender funds underperform both. This, combined with the observation that US mixed gender funds tend to hire one woman on male-dominated teams, suggests the possibility of tokenism affecting fund performance. When linking fund performance to the percentage of women managers in a fund firm in a nonlinear fashion, the data reveal a critical mass of 8-10% (depending on the specification), beyond which fund performance starts to increase with women representation in the firm. The optimal percentage of women managers in a US fund firm lies between 20 and 25%. In our primary specification, conditional on a US equity fund having a woman manager, increasing the percentage of women managers in the fund firm from the critical mass to the optimal percentage increases the fund performance by 49 basis points a year.

The revelation of a critical mass implies possible economy of scale among women fund managers. We build a model to endogenize this economy of scale and reconcile the results. Consider a fund firm that selects a management team from two pools of candidates, with one consisting of women and the other consisting of men. The firm appoints one manager for each of its member funds, with the goal of maximizing information regarding investments. This information depends on managers’ individual

¹⁸ In this paper, we use the term “token woman” to refer to underrepresented women in mixed gender teams without making any inference about their abilities and qualification.

abilities as well as the communication effectiveness among them. Communication process, modeled following Dewatripont and Tirole (2005), is assumed to be more effective (information maximizing) when managers are of the same gender than when they are of opposite gender.¹⁹

The model formally demonstrates the possibility of a critical mass and an optimal point coexisting in the percentage of women managers in a fund firm and offers additional insights. First, the existence of a critical mass necessitates differential strategic complementarities (a term from economic theory indicating how well agents work together) between genders, while the existence of an optimal point precludes a naïve supply constraint interpretation that the marginal productivity is strictly lower for a female candidate than a male candidate. Second, predictions about fund performance and marginal productivity of the two genders vary depending on where the gender ratio lies in the data. If women managers do not reach the critical mass in a firm, we expect them to underperform men managers because they are unable to achieve the full benefits of strategic complementarity. More important, funds are worse off hiring more women managers as their marginal productivity is lower than men in this region. If the gender ratio is between the critical mass and the optimal point, women managers may still underperform on average but hiring more of them is beneficial because their marginal productivity is higher than men in this region. Results from the US mutual funds can be consistent with either of these predictions. If the gender ratio reaches the optimal point, the marginal productivity of a woman equals that of a man and we expect no difference in performance between women and men managers. Results from China mutual funds are either consistent with this equilibrium outcome or that women and men managers are interchangeable (e.g., they possess similar abilities).

Our paper adds to the literature on gender disparity, particularly the subfield focusing on the status of women in business. While the consensus from this research is that women are underrepresented in all business fields,²⁰ gender disparity is noticeably widening in the US asset management industry.²¹ Several hypotheses are formulated and examined. Some concern the biological and/or psychological differences between women and men: Niederle and Vesterlund (2007) find evidence that women shun competition and opt out competitive industries. Philippon and Reshef (2012) find that women's risk aversion partly explains their underrepresentation in finance given the industry's volatile earnings. Sapienza, Zingales, and Maestripieri (2009) and Reuben, Sapienza, and Zingales (2015) link MBA graduates' career choices to their testosterone levels, risk aversion, and taste for competition. Others investigate gender stereotypes: Bertrand, Kamenica, and Pan (2015) show that women refrain from pursuing high paying jobs to avoid earning more than their husbands. Adams, Barber, and Odean (2016) find that women's desire to conform to traditional roles in family and society discourages them from entering the investment professions. Additionally, women underrepresentation in investment is partly attributed to their lack of math skills and training (Ellison and Swanson (2010); Wai, Cacchio, Putallaz, and Makel

¹⁹ We motivate this assumption in Section 5. Further, to be consistent with our tests, our model also adopts a narrow, binary definition of gender; modeling gender as a continuous type is possible but will significantly complicate the analysis.

²⁰ In addition to surveys cited, see Rhode and Packer (2014), Adams (2016), and Adams and Kirchmaier (2016) for reviews of recent studies on gender distribution of board members, Adams and Kim (2018) for gender distribution of mutual fund managers, Stumpp (2013) for gender distribution of investment professionals, Egan, Matvos, and Seru (2018) for gender distribution of financial advisors, and Fang and Hope (2019) for gender distribution of financial analysts.

²¹ For comparison, von Meyerinck, Niessen-Ruenzi, Schmid, and Solomon (2019) show a steady improvement on gender diversity in the US boardrooms. From 2008 to 2018Q2, female board representation increases from less than 9% to 17% for firms in the Russell 3000 index and from 13% to 23% for firms in the Russell 1000 index.

(2010); Adams, Barber, and Odean (2019)) or their perceived inability to do math (Reuben, Sapienza, and Zingales (2014)), and partly attributed to a harsher attrition rate (Adams and Kim (2018); Egan, Matvos, and Seru (2018)).

Our paper complements these studies but focuses on evaluating the optimality of the gender status quo in the US mutual fund industry. Although our primary goal is not to identify contributing factors, the diverging trends between the two markets indicate that the gender disparity in the US mutual fund industry is unlikely due to biological differences between two genders. Our headline finding is that although US funds with women managers underperform those without, hiring more women managers could be beneficial once they reach a critical mass. We build a model to rationalize this finding, in which productivity depends on not only managers' individual abilities but also their abilities to work together. The latter construct—strategic complementarity—is the centerpiece. In essence, the model views women and men as two types of agents and assumes a higher level of strategic complementarity within-type than between-type. The model sheds light on the analytical conditions for a critical mass and for an optimal point, and demonstrates why results from the US mutual fund industry unlikely reflect an optimal outcome. Our approach is most similar to that of Egan, Matvos, and Seru (2018), which shows that gender disparity of misconduct punishment in the financial advisory industry is inconsistent with predictions from a simple Bayesian model in the absence of gender bias.

The persistently declining status of women in the US investment professions is hard to overlook. Just as our study draws its motivation from industry observations, our results can be translated into practical implications for the industry. First, our analyses show that the US mutual fund industry will likely benefit from changing the gender status quo as the average gender ratio in a fund firm appears to be near the critical mass where the average productivity of a woman manager is low. Second, our model reveals an insight that the performance gap between the US women and men managers need not reflect the gap between their individual abilities because even the most talented manager, male or female, may need to work with a population of his/her gender to realize the benefits of economy of scale. When such benefits are compromised, performance is not a fair metric of individual abilities.²²

Data

We obtain data on US mutual funds and fund managers from the Morningstar Inc. and data on China mutual funds and managers from the CSMAR database. These data have a broad coverage of both active and inactive mutual funds and are thus free of survivor bias. Our analyses begin in 2001—although the mutual fund industry dates back to 1930s in the US, it did not begin to flourish in China until the beginning of 21st century—and end in 2018, the last year of the CSMAR data. We focus on the open-end mutual funds because closed-end funds are structured and traded very differently.

Appendix A summarizes the sample selection procedure. The two samples used in the univariate analyses, which require only the availability of fund managers' gender, contain 14,855 unique funds and 15,818 unique managers from the US and 5,833 unique funds and 3,834 unique managers from China. The samples used in the multivariate analyses to study fund performance, which further require data on returns, AUM, and managers' educational background, include 10,694 unique US funds and 3,288

²² In ongoing work, Moisson and Tirole (2019) build a dynamic model to derive the conditions for entrenched equilibrium (i.e., members in majority continue to hire candidates of their type) and meritocratic equilibrium (i.e., candidates are hired solely based on their merits). Our finding of a persistently declining representation of women managers in the US mutual fund industry is consistent with the dynamic feature of the model.

unique China funds. Excluded from the performance analyses are index funds, China ETF funds, China money market funds, China Qualified Domestic Institutional Funds (QDII), because the investment models of these funds significantly differ from those of other funds. Returns are available for US funds for the entire sample period and for China funds till September 2018. AUM are available at the monthly level for US funds but only available at the semi-annual level for China funds in June and December so we approximate AUM for China funds in March and September assuming equal rate of growth between two quarters. Appendix B defines the main variables used in our analyses.

Gender Representation in the Mutual Fund Industry: US and China

1.1 Univariate analyses

We start by examining the gender distribution in the mutual fund industry for both markets. Table 1 reports, by year, the number of women and men managers and the percentage of women managers among all managers separately for the US and China. The number of managers is first calculated at the monthly level and then averaged over a year. There exists a clear diverging pattern between the two markets: the percentage of women fund managers in the US decreases from 13% in 2001 to 11% during the 2008 financial crisis and further to below 10% after 2012. In contrast, while the percentage of women fund managers in China starts low at 3% in 2001, it catches up to 11% during the 2008 financial crisis and continues to rise beyond 23% in 2018. Figure 1 graphically demonstrates this pattern by plotting the percentage of women fund managers for the two markets (solid lines).

Table 1 also tracks the industry size for both markets; Figure 1 illustrates the trend (dashed lines). The mutual fund industry has grown in both markets: the number of funds increases from 6,112 in 2001 to 7,750 in 2018 in the US (with a slight setback during the 2008 financial crisis), and more rapidly in China from 45 in 2001 to 5,421 in 2018. The number of funds is also the yearly average of monthly sums. A contrast between the percentage of women fund managers and the number of funds in Figure 1 shows that the growth of the mutual fund industry leads to hiring disproportionately more men managers in the US but proportionately more women managers in China.

To gauge the changes underlying the diverging gender distributions between the two markets, we divide the samples into all women, all men, and mixed gender funds and study how the representation of women managers evolves within each type of funds. Again, all women/men funds are funds with only women/men manager(s) and mixed gender funds have both. Table 2 Panel A reports, by year, the number of funds and gender distribution of fund managers within each fund type for the US. As shown, the number of all women funds drops more than half from 409 in 2001 to 193 in 2018, and as a percentage of the total funds, drops from 7% to 2%. For the remaining funds, the management team on average hires one woman. In contrast, the number of all men funds, the predominant type in the US, increases by 30% from 4,698 to 6,110 and from 77% to 79% relative to the industry; the number of men per management team at these funds also increases from 1.8 to 2.3. The number of mixed gender funds increases by 44% from 1,005 to 1,447 but only from 16% to 19% relative to the industry. The management teams at these funds, however, increase hiring of only men (on average by one from 2.5 to 3.4) while maintaining an average of 1.2 women throughout the sample period.

Table 2 Panel B similarly reports the number of funds and gender distribution of fund managers by year and fund type for China. While all three types of funds have proliferated in China, all men funds exhibit the slowest growth rate: all women, all men, mixed gender funds has multiplied by 5, 3, and 8 times in the last six years, respectively. Interestingly, the management teams at all types of funds hire approximately either one woman, one man, or one of each throughout the sample period. Combined, results from Tables 1-2 show that the growth of the mutual fund industry has created more management

positions in both markets. While men capture most of these jobs in the US, women and men are equally competitive in China.

Table 3 reports the gender divide of the industry's assets for both markets. We observe an even more pronounced diverging pattern between the two markets: the percentage of AUM controlled by women managers in the US decreases from 11% in 2001 to below 9% in 2018 in the US while this number increases from 2% to over 32% in China over the same period. Figure 2 graphically illustrates this pattern by plotting the percentage of AUM by women managers for the two markets.

In the Online Appendix, we repeat the analyses above for three major categories of mutual funds in both markets: equity, fixed income, and allocation funds.²³ Tables OA1 is analogous to Table 1, with Panels A-C studying each of the three fund categories. The diverging gender distributions of fund managers between the two markets are present in all three categories, most pronounced in fixed income funds and least pronounced in equity funds. Tables OA2 is analogous to Table 2, with Panels A-B, Panels C-D, and Panels E-F studying each of the three categories separately for the two markets. We continue to observe diverging patterns in all three categories. Out of the three, US equity funds hire the most men managers over time. Tables OA3 is analogous to Table 3, with Panels A-C studying each of the three categories. The diverging gender distributions of AUM are again present in all three categories, most pronounced in fixed income funds and least pronounced in allocation funds.

1.2 Multivariate analyses

The univariate analyses in the previous section reveal diverging patterns of gender representation in the mutual fund industry between the US and China. We next assess whether these patterns persist after controlling for fund and fund firm characteristics in multivariate analyses.

We first study the prevalence of women managers in a US mutual fund relative to a China mutual fund by estimating the following ordinary least squares (OLS) regression:

$$Fund\ women\ mgr\%_{j,q} = \alpha + \beta_1 US\ fund_j + \beta_2 Fund\ \&\ Firm\ Characteristics_{j,q} + \beta_3 Category_j + \beta_4 YQ_q + \varepsilon_{j,q}, \quad (1)$$

where subscript j indexes mutual fund and q indexes quarter. The dependent variable, *Fund women mgr%*, is the percentage of women managers for fund j in quarter q , which ranges from zero to one. The key independent variable, *US fund*, is an indicator that equals one if fund j is domiciled in the US and zero if the fund is domiciled in China. For fund and fund firm characteristics, we include *Fund fee%*, the fund's management fee; *Fund age*, the fund's age since inception; *Firm age*, the fund firm's age since inception; *Fund size*, the fund's AUM; and *Firm size*, the fund firm's AUM. Management fees are in percentage points, age variables are in increments of 0.25 year, and size variables are in natural logarithm. Table 4 reports summary statistics of these variables separately for the US sample in Panel A and the China sample in Panel B. In estimating the equation, we include fund category fixed effects (denoting equity, fixed income, allocation/mixed, alternative, commodity, convertible, money market, fund of funds, and miscellaneous funds) to control for time-invariant characteristics that explain differences in funds' tendency to hire women managers across different categories and year-quarter fixed effects to control for intertemporal variation. We are unable to include fund fixed effects in this equation because *US fund* is fund specific and does not change over time. We cluster standard errors by year-quarter and adjust for heteroscedasticity.

²³ Morningstar divides the US mutual funds into six categories, including equity, fixed income, allocation, alternative, commodities, and convertibles. The CSMAR database also divides the China mutual funds into six categories, including equity, fixed income, mixed, fund of funds, money market, and miscellaneous. Mixed funds in China are comparable to allocation funds in the US. For supplementary analyses, we focus on the three major categories.

We estimate equation (1) using the pooled sample of US and China mutual funds, which consists of 502,417 fund-quarter observations between 2001 and 2018. Column (1) of Table 5 Panel A presents the regression results. As shown, *US fund* exhibits a negative coefficient estimate, significant at the 1% level. Based on its magnitude, the percentage of women managers in a mutual fund is 10% lower in the US than in China, after controlling for observable fund and fund firm characteristics.

As in the univariate analyses, we then study how the proportions of all women and mixed gender funds differ between the two markets. We do not separately examine all men funds because women representation at these funds is zero by default. We first estimate the following probit regression:

$$All\ women_{j,q} = \alpha + \beta_1 US\ fund_j + \beta_2 Fund\ \&\ Firm\ Characteristics_{j,q} + \beta_3 Category_j + \beta_4 YQ_q + \varepsilon_{j,q}, \quad (2)$$

where subscripts are as previously defined. Differing from equation (1), the dependent variable, *All women*, is an indicator that equals one if fund *j* has an all women management team in quarter *q* and zero otherwise. We similarly include fund category and year-quarter fixed effects, cluster standard errors by year-quarter, and adjust standard errors for heteroscedasticity. Column (2) of Table 5 Panel A presents the regression results of estimating equation (2). *US fund* again exhibits a negative coefficient estimate, significant at the 1% level. Based on the marginal effect, the percentage of all women funds is 12.6% lower in the US than in China. A lower presence of all women funds in the US helps explain differences in the gender representation of fund managers between the two markets.

We then replace *All women* in equation (2) with *Mixed gender*, an indicator denoting whether the fund has a mixed gender management team. Column (3) of Table 5 Panel A reports the regression results. Interestingly, *US fund* now carries a positive coefficient estimate, significant at the 1% level. The marginal effect indicates that the average percentage of mixed gender funds is 9.5% higher in the US than in China. However, when we reestimate equation (1) using the subsample of mixed gender funds, results in Column (4) of Table 5 Panel A indicate that the percentage of women fund managers at these funds is 17.1% lower in the US. That is, there are proportionately more mixed gender funds in US than in China on average, US gender mixed funds tend to hire a lower percentage of women managers. This is consistent with the univariate observation that there appears to be more token women on the management team of US mixed gender funds.

Table 5 Panel A examines the average differences in the representation of women fund managers between the two markets. Next, we examine how these differences evolve over time. We divide the eighteen-year sample period into three six-year sub-periods (respectively, 2001-2006, 2007-2012, and 2013-2018) and create two indicators to denote the second and the third sub-periods. We rerun the analyses in Table 5 Panel A including these two indicators and their interaction terms with *US fund*. The results are reported in Table 5 Panel B. As shown, the US features a greater percentage of women fund managers and mixed gender funds than China during 2001-2006. The trend starts reversing during 2007-2012 and the reversing trend accelerates during 2013-2018. We also rerun the analyses in Table 5 separately for the equity, fixed income, and allocation funds. Results, in Table OA4 Panels A-F, again report diverging gender distributions of fund managers between the two markets in all three categories.

In terms of controls, funds in larger firms and funds that charge a lower percentage of management fee tend to hire a greater percentage of women managers, and are more likely to have all women and mixed gender management teams. Older funds (and smaller funds controlling for fund age) are more likely to have a greater percentage of women fund managers and all women management teams, but are less likely to have mixed gender teams.

Overall, results in this section are consistent with the univariate observations that mutual funds in China feature a greater representation of women managers than those in the US. The results are partly due to the US sharply decreasing its percentage of all women funds and partly due to the US limiting the growth of mixed gender funds and hiring a lower percentage of women managers at these funds.

2. Gender Representation of Fund Managers and Fund Performance: US and China

Results in Section 3 reveal diverging patterns of gender representation in the mutual fund industry between the US and China. From an economic perspective, it may be justifiable for US funds to hire fewer women if they underperform their male peers in delivering returns. To evaluate this possibility, we link fund performance to gender representation of fund management team in the US.

We start with a simple linear model as follows:

$$Return_{j,q+1} = \alpha + \beta_1 Women\ mgr\ Y/N_{j,q} + \beta_2 Fund, Firm \& Mgr\ Characteristics_{j,q} + \beta_3 Fund_j + \beta_4 YQ_q + \varepsilon_{j,q}, \quad (3)$$

where subscripts are as before. The dependent variable, *Return*, represents a measure of performance for fund j in quarter $q+1$. The key independent variable, *Women mgr Y/N*, is an indicator that denotes whether fund j has at least one woman on the management team in quarter q . We control for fund and fund firm characteristics as in Table 5 and characteristics of the fund management team (averaged across all managers on the team), including *Mgr exp in fund*, the team's managing experience within the fund, *Mgr exp in firm*, the team's managing experience within the firm, *N of funds managed*, the average number of funds managed, and *Graduate degree*, the percentage of the managers on the team having a graduate degree. Experience variables are in increments of 0.25 year. Table 4 reports summary statistics of these variables separately for the US sample in Panel A and for the China sample in Panel B. All controls are measured at the end of quarter q . We include fund fixed effects and year-quarter fixed effects. We cluster standard errors by year-quarter and adjust for heteroscedasticity.

Prior literature develops two approaches to measure fund performance: one derives alpha from a pricing model and the other adjusts a fund's return by investment style. The first approach is generally considered a better one because it is rooted in the asset pricing theory (e.g., Fama and French (1993); Carhart (1997)). We thus calculate our first measure of fund performance, *Alpha from 4-factor model*, by regressing a fund's returns on four pricing factors (including market, style, size, and momentum) and estimating the alpha. This measure is based on the popular four-factor pricing model of Carhart (1997). We also follow Aggarwal and Jorion (2010) and construct two style-adjusted performance measures. Specifically, we compute *Alpha over equal-(value-) weighted index* by regressing fund j 's returns on the corresponding returns on the equally-(value-) weighted portfolio of the funds in the same category and estimating the alpha. Because pricing factors are available only for equity funds, using these two measures allows us to examine both equity and non-equity funds.²⁴

Table 6 Panel A reports the regression results of estimating equation (3) for US funds. The sample includes only equity funds when fund performance is measured with *Alpha from 4-factor model* in Column (1), and all categories of funds when the two style-adjusted performance measures are used in Column (2) and Column (3), respectively. Across all three columns, the coefficient estimate on the indicator for the presence of women managers, *Women mgr Y/N*, is negative and significant at the 5%

²⁴ The four pricing factors are available at https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html. We acknowledge that the literature has not settled on the best set of pricing factors (Hou, Mo, Xue, and Zhang (2018)), so using style-adjusted measures helps triangulate our results by mitigating concerns about omitted/misspecified factors.

level or lower; its magnitude is largest in Column (1) where only US equity funds are included. Within this subsample, funds with women managers underperform those without by 12.5 basis points a quarter (50 basis points annualized). For the broad sample, US funds with women managers underperform those without by 19 basis points a year. Given that the economic significance appears to be the strongest among equity funds, we repeat the analyses in Columns (2)-(3) dividing the broad sample into equity funds and non-equity funds. Results, reported in Table 6 Panel B, confirm that the performance gap between US funds with and without women managers is limited to equity funds. Turning to the controls, fund performance is negatively associated with fund size in all columns.

Results from Table 6 Panel A stand in contrast with those of Morningstar (2018), which finds no significant differences in the performance of US funds with managers of different gender mix and thus concludes that performance does not explain the lack of diversity in the US mutual fund industry. Our approach differs from that of Morningstar (2018) in two important aspects. First, we adopt more sophisticated measures of fund performance developed by the academic literature while Morningstar (2018) uses a simple style-adjusted performance measure—a fund’s quarterly return minus the corresponding return on the category benchmark assigned by Morningstar. Our measures arguably better control for risk. Second, we include a long list of controls, as well as fund and year-quarter fixed effects. The inclusion of these controls and fixed effects helps address differences between funds, fund firms, and managers’ experience and educational background.

In the next analysis, we check whether the observed performance gap between US funds with and without women managers is attributed to underperformance by all women funds, mixed gender funds, or both (relative to all men funds). We include only equity funds in this analysis since the performance gap is limited to these funds to begin with. We reestimate equation (3) breaking *Women mgr Y/N* into *All women*, the indicator for all women funds, and *Mixed gender*, the indicator for mixed gender funds. The results are reported in Table 6 Panel C. Interestingly, while *All women* is significantly negative in only one column, *Mixed gender* remains significantly negative in all three columns.²⁵ The results thus suggest that all women funds perform no differently than all men funds but mixed gender funds underperform both. Economically, this performance gap is 54 basis points a year within the subsample of equity funds when fund performance is measured using *Alpha from 4-factor model*.

The findings that all women funds and all men funds deliver comparable returns but mixed gender funds underperform both suggest that the relation between fund performance and the representation of women fund managers on the fund management team may not be linear.²⁶ Recall that, a notable pattern from earlier analyses about US mixed gender funds is that they tend to hire significantly more men managers than women managers over time: the average number of men reaches 3.4 in 2018 but the number of women is kept around 1.2 throughout the sample period. Can this pattern help explain the underperformance of US mixed gender funds? In other words, might there exist economy of scale among women managers but tokenism prevents women from fully realizing such benefits?

²⁵ A t-test shows that the coefficient estimates on the two indicators are statistically different from each other when fund performance is measured using *Alpha from 4-factor model*.

²⁶ Aggarwal and Boyson (2016) similarly find that US hedge funds with all women managers perform no differently than those with all men managers but for single style hedge funds, those with gender mixed management teams underperform funds with all men managers on both a raw and risk-adjusted basis. They, however, do not pursue the idea of critical mass.

To assess the possibility of economy of scale, we estimate the following OLS model linking fund performance to the percentage of women funds managers in a fund firm:

$$Return_{j,q+1} = \alpha + \beta_1 Women\ mgr\ Y/N_{j,q} + \beta_2 Firm\ women\ mgr\ \%_{j,q} + \beta_3 Firm\ women\ mgr\ \%_{j,q}^2 + \beta_4 Firm\ women\ mgr\ \%_{j,q}^3 + \beta_5 Fund,\ Firm\ \&\ Mgr\ Characteristics_{j,q} + \beta_6 Fund_j + \beta_7 YQ_q + \varepsilon_{j,q}, \quad (4)$$

where subscripts are as before. As in Panel C, we include only US equity funds in this analysis. Two empirical choices in this specification warrant discussion. First, we use *Firm women mgr%*, the percentage of women fund managers in a fund firm, instead of *Fund women mgr%*, the percentage of women fund managers in the fund, to capture the economy of scale among women managers in the firm. This choice is partly motivated by industry insights that individual managers' performance is linked to the organizational structure of the whole firm²⁷ and partly limited by the distribution of *Fund women mgr%*, which is extremely skewed towards zero. Second, we include both *Firm women mgr* and its second- and third-order polynomial as regressors. The second-order polynomial, *Firm women mgr%*², is our most interested regressor because a positive coefficient estimate indicates economy of scale among women managers in a firm while a negative coefficient estimate indicates diseconomy of scale. The inclusion of the third-order polynomial allows us to assess the potential diminishing marginal productivity of women managers. This specification fits the data well as it outperforms an OLS model with only linear regressors and models with even higher order polynomial regressors, based on both the Akaike information criterion and Bayesian information criterion. We continue to include fund and year-quarter fixed effects, cluster standard errors by year-quarter, and adjust for heteroscedasticity.

Table 6 Panel D reports the regression results of estimating equation (4) with all three measures of fund performance. We observe a negative coefficient estimate on *Firm women mgr%*, a positive coefficient estimate on its second-order polynomial, and a negative coefficient estimate on its third-order polynomial, all significant at the 10% level or lower. To better understand this result, we plot the fit in Figure 3 based on the coefficient estimates from Column (1). The figure reveals two turning points—8% and 25% in the percentage of women managers in a fund firm—which we label critical mass and optimal point, respectively. Conditional on a US equity fund having a woman manager, increasing *Firm women mgr%* from the critical mass to the optimal point increases the fund performance by 49 basis points a year, which almost offsets the average performance gap observed from column (1) of Table 6 Panel A. More important, the first decreasing part of the figure resembles the classic pattern of economy of scale: funds are worse off hiring additional women managers unless their population reaches the critical mass. The increasing part of the figure illustrates that funds are better off hiring additional women managers after their population falls between the critical mass and the optimal point. The plots, based on the coefficient estimates from Columns (2)-(3), are similarly shaped. The two turning points are 10% and 20% for Column (2) and 9% and 21% for Column (3), respectively.

To summarize, our headline finding in this section is that although US equity funds with women managers underperform those without, this performance gap shrinks once women managers reach a certain population in the fund firm. This finding is robust—it persists when we use alternative pricing models (e.g., Fama and French's (1993) three-factor model and Fama and French's (2015) five-factor model) to measure fund performance or replace fund fixed effects with fund category fixed effects or cluster standard errors by fund instead of year-quarter. This finding is also thought-provoking. Taking

²⁷ We are informed by practitioners in the US mutual fund industry that fund managers often rely on research support from the firm and sometimes have to compete for top analysts. Further, fund managers in the same firm routinely work with each other to share information for portfolio selection and allocation, attract new clients, and retain existing clients.

the finding at face value, it suggests that whether a US fund benefits from hiring more women managers partly depends on whether the firm has already hired a critical mass of women managers. Since the average representation of women in a US fund firm appears to be right around the critical mass as revealed by the data, the industry will likely benefit from changing the gender status quo.

Finally, we link fund performance to gender representation of fund management team for China to provide a comparison. Results, reported in Table 7, are drastically different from those observed from the US market. In short, none of the gender related variables exhibit significant coefficient estimates. Specifically, results in Panel A suggest that funds with or without women managers deliver similar returns in China, including equity funds. Second, results in Panel B further reinforce the inference that gender mix of the management team is not associated with fund performance in China. Third, results in Panel C are consistent with either that women and men managers are interchangeable (e.g., they possess similar abilities) in China or that the gender status quo is close to being optimal.

A Model of Gender Representation in Mutual Funds

One of the most intriguing findings in Section 4 is that there appears to be a point of critical mass in the US mutual fund industry, beyond which US funds start to gain from hiring women managers. The revelation of this critical mass indicates the existence of economy of scale among women fund managers in a firm. We build a model to endogenize this economy of scale, which helps reconcile the results and allows us to derive additional implications. The model focuses on stock investment, which is motivated by the empirical finding that the performance gap between US funds with and without women managers is limited to equity funds.

2.1 Model setup

Consider a fund firm that is selecting a management team from two pools of candidates, with one consisting of women and the other consisting of men. The firm has N member funds, and we assume that the firm hires only one manager for each of its funds for simplicity. Given the size of the firm, the total number of managers to be hired is N . Denote the number of women managers hired F , the number of men managers hired is thus $N - F$. Further, denote the fraction of women managers in the firm $p = \frac{F}{N} \in [0,1]$, the fraction of men managers is thus $1 - p$. Note that p is discretely distributed; however, if N is sufficiently large (e.g., consider a firm with a continuum of funds in the unit interval $i \in [0,1]$), we can approximate the distribution of p with a continuous distribution. This helps simplify the analysis and avoids discussions of multiple discrete cases.

Firm's hiring is assumed to be meritocratic such that candidates are ranked by their abilities (from top to bottom) within their respective pool and hired according to this rank. We denote women and men candidates' ability $q_F(i)$ and $q_M(i)$, respectively, with i representing the candidate of top i^{th} percentile ability in her/his pool. By definition, both $q_F(i)$ and $q_M(i)$ are strictly decreasing in i , i.e., $q'_F < 0$ and $q'_M < 0$.

A fund manager, if hired, is responsible for implementing an investment strategy and managing trading activities. Again, tying to our empirical findings, we focus on stock selection and trading, the key uncertainty of which is regarding stocks' terminal cash flows. Denoting a representative stock's information uncertainty $\theta \sim N\left(\bar{\theta}, \frac{1}{q\theta}\right)$, each fund manager i has some information regarding θ :

$$s_i = \theta + \varepsilon_i,$$

where $\varepsilon_i \sim N\left(0, \frac{1}{q(i)}\right)$. $q(i) \in \{q_F(i), q_M(i)\}$. In forming investment decisions, manager i relies on her/his own information s_i as well as s_j communicated to her/him by peer managers $j \in [0,1]$ in the same firm. We model this communication process in a fund i in the style of Dewatripont and Tirole (2005). Specifically, communication of s_j requires efforts from both the receiver (manager i) and the senders (peer managers $j \in [0,1]$). The information sent by a peer manager j to manager i is:

$$s'_j = \theta + \frac{\varepsilon_j}{\sqrt{h(x_j, y)}}$$

where $h(x_j, y) = x_j y$ if sender j and receiver i are of the same gender, and $h(x_j, y) = \delta x_j y$ if they are of opposite gender. x_j and y captures the sender's and the receiver's communication effort, respectively. We assume that $x_j, y \in (0,1)$ such that the communicated signal s'_j is less precise than the original signal s_j . We further assume that $\delta \in (0,1)$ such that communication between managers of opposite gender is less effective than that between managers of the same gender. This discount δ is a critical parameter in our model, which may reflect simple differences between genders or barriers that women face in male-dominated industries such as biases, gender-role expectations, and practices of organizational cultures shaped by mostly male executives over decades (e.g., Jaekel and St-Onge (2016); Elting (2018)). δ is assumed to be symmetric for men, who may face similar differences and barriers working in female-dominated industries. The cost of communication is $c(\cdot)$, with the following standard properties: $c' > 0$, $c'(0) = 0$, $c'(1) = \infty$, $c'' > 0$, $c''(0) = 0$, $c''(1) = \infty$ and $c''' > 0$. An example of $c(\cdot)$ that satisfies all these properties is $c(x) = \frac{c}{3}x^3$ with a sufficiently large coefficient c .

The total amount of information available to a fund manager i is represented by the conditional precision of estimating θ given both the manager's own information and the information communicated to her/him by other managers. Standard Bayesian updating gives that

$$\frac{1}{\text{var}(\theta | s_i, s'_j, j \in [0,1])} = q(i) + \sum_{j \in [0,1]} h_j q(j).$$

We assume that the performance (expected trading profit) of the fund is an increasing function of the total amount of information available to its fund manager:

$$\pi_i = \Pi\left(q(i) + \sum_{j \in [0,1]} h_j q(j)\right),$$

where $\Pi' > 0$. That is, a more informed manager is able to generate higher returns. This is consistent with a standard Kyle (1985) model in which the expected trading profit to fund i is:

$$\pi_i = \frac{\sigma_\xi}{2\sqrt{q_\theta}} \sqrt{\frac{q(i) + \sum_{j \in [0,1]} h_j q(j)}{q_\theta + q(i) + \sum_{j \in [0,1]} h_j q(j)}}$$

where σ_ξ denotes the standard deviation of the noise trades. We assume that managers choose their communication efforts to maximize the expected trading profit π_i , which is equivalent to assuming that managers choose communication efforts to maximize the total precision $\sum_{j \in [0,1]} h_j q(j)$. Note that for N sufficiently large,

$$\sum_{j \in [0,1]} h_j q(j) = N \sum_{j \in [0,1]} h_j q(j) \frac{1}{N} \approx N \int_0^1 h_j q(j) dj.$$

The timeline is as follows. At $t = 0$, the firm hires managers for its funds. At $t = 1$, managers communicate information among each other. At $t = 2$, managers trade in the financial market. We solve the model by backward induction and the equilibrium is fully characterized in Lemma 1 of Appendix C.

2.2 The effect of women manager prevalence on fund performance

In analyzing the possible effects of gender representation on fund performance, we start with the simple scenario in which there is no communication discount between women and men, i.e., $\delta = 1$. This leads to our first proposition:

Proposition 1 *With no communication discount, i.e., $\delta = 1$, fund firm performance π is hump-shaped in its percentage of women fund managers, i.e., there exists a unique threshold \hat{p} , $\frac{d\pi}{dp} > 0$ if and only if $p < \hat{p}$.*

Proofs are in Appendix C. Intuitively, in the absence of communication discount, the two pools of candidates differ only in the distribution of their abilities. The fund firm should hire to the optimal point where the marginal productivity of a woman manager equals that of a man manager, at which fund performance is maximized. This proposition thus posits that fund performance is hump-shaped in the percentage of women managers. Figure C.1-C.2, as generic plots, illustrate the marginal productivity of a woman and a man manager and the relation between fund performance and the percentage of women managers in this scenario, respectively. As the figures show, this scenario does not admit the possibility of a critical mass, and is thus inconsistent with the US data.

We then consider a more realistic scenario in which communication between a woman manager and a man manager is at a discount relative to that between women managers themselves, i.e., $\delta \in (0,1)$. This leads to our second proposition:

Proposition 2 *For the number of managers N sufficiently large, there exist two thresholds $\underline{\delta}$ and $\bar{\delta}$ such that if the communication discount $\delta \in (\underline{\delta}, \bar{\delta})$, fund firm performance π admits both a critical mass and an optimal point in its percentage of women fund managers.*

Proofs are also in Appendix C. The intuitions are as such. In the presence of communication discount, the marginal productivity of a woman manager depends not only on her individual ability but also on the degree of communication effectiveness with other managers in the firm, which increases with the percentage of women managers. With two determining factors, the marginal productivity of a woman manager is in itself hump-shaped in the percentage of women managers. The similar intuitions apply to the marginal productivity of a man manager, which is U-shaped in the percentage of women managers. Figure C.4-C.5, as generic plots, illustrate the marginal productivity of a woman and a man manager and the possible relation between fund performance and the percentage of women managers in this scenario, respectively. With the two marginal productivity lines intersecting twice, it is possible that fund performance first decreases with the percentage of women managers and then increases with it. In other words, this scenario does admit the possibility of a critical mass and an optimal point co-existing, and is thus more consistent with the US data. Appendix C also gives a parametric example to graphically demonstrate this possibility.

To summarize, we develop a model of gender representation for equity funds. The model provides a framework to discuss the intuition about why there may coexist a critical mass and an optimal point in the percentage of women managers in a fund firm. In short, the existence of a point of critical mass necessitates differential strategic complementarities between genders and the existence of an optimal point comes from diminishing marginal productivity within both pools of candidates.

Conclusion

Gender disparity in the US asset management industry is a controversial issue. Numerous industry reports have been drafted to call attention to the issue. Efforts are seen on the demand side to address the issue—a recent *Wall Street Journal* article reports a marked increase by prospective clients of US asset management firms demanding to work with women financial advisors (Dagher (2019)). Efforts are also seen on the supply side—the same article reports that US asset management firms respond to clients’ demands by actively recruiting women. *Girls Who Invest*, a non-profit organization founded in 2015, is “dedicated to increasing the number of women in portfolio management and executive leadership in the asset management industry.”²⁸ Despite all the efforts, women remain severely underrepresented in the US investment services and the trend persists or even worsens in some areas.

Motivated by these industry observations, this paper investigates the gender status quo in the US mutual fund industry and assesses its optimality. We begin by conducting a time-series analysis of the gender representation in mutual fund managers for the US and compares it to China. We observe a clear diverging pattern between the two markets: during 2001-2018, the percentage of women fund managers decreases from 13% to 9% in the US but increases from 3% to 23% in China. This pattern cannot be explained by differences in the observable characteristics of funds and fund firms. In further analyses, we find that this pattern is partly due to the US sharply decreasing its percentage of all women funds and partly due to the US limiting the growth of mixed gender funds and hiring a lower percentage of women managers (and a greater percentage of token women) at these funds.

In probing the possible interpretations of the declining representation of women in the US mutual fund industry, we link fund performance to gender representation of fund management team. Results from a simple linear model suggest that US funds with women managers underperform those without. This finding is robust to using different measures of fund performance and controlling for observable characteristics of funds, fund firms, and fund managers and various fixed effects. This performance gap is limited to equity funds and amounts to 50 basis points a year.

In further exploration, we find that all women funds perform no differently than all men funds but mixed gender funds underperform both. This, combined with univariate observation that US mixed gender funds have a high tendency to hire only one woman, suggests the possibility of tokenism affecting fund performance. Indeed, the data reveal both a critical mass and an optimal point in the percentage of women managers in a fund firm. Conditional on a US equity fund having a woman manager, increasing the percentage of women managers in the firm from the critical mass to the optimal percentage increases the fund performance by 49 basis points a year.

²⁸ More background about the organization is at <http://www.girlswhoinvest.org>.

The revelation of a critical mass indicates the existence of economy of scale among women fund managers. We build a model to endogenize this economy of scale in the style of Dewatripont and Tirole (2005) and to help reconcile the results. The model assumes meritocratic hiring and posits that there is a higher level of strategic complementarity between women managers than between women and men managers. The model formally shows that differential strategic complementarities give rise to the possibility of a critical mass, which, combined with diminishing marginal productivity within both women and men managers, could also give rise to the optimal point.

Our study should be viewed as exploratory and any efforts to derive policy implications from our findings should proceed with caution. The results, at face value, suggest that the gender representation in the US mutual fund industry is likely suboptimal, since the average percentage of women in a US fund firm appears to be near the critical mass as revealed by the data where the average productivity of women managers is low and fund performance undermined. In the absence of supply constraints, the US asset management firms should strive to increase hiring of women managers to the optimal point. We, however, acknowledge that individual firms may face unique supply constraints and/or political and social pressures in which case our study is unable to provide guidance as to which direction they should move away from their gender status quo. Careful analyses are needed to study these frictions.

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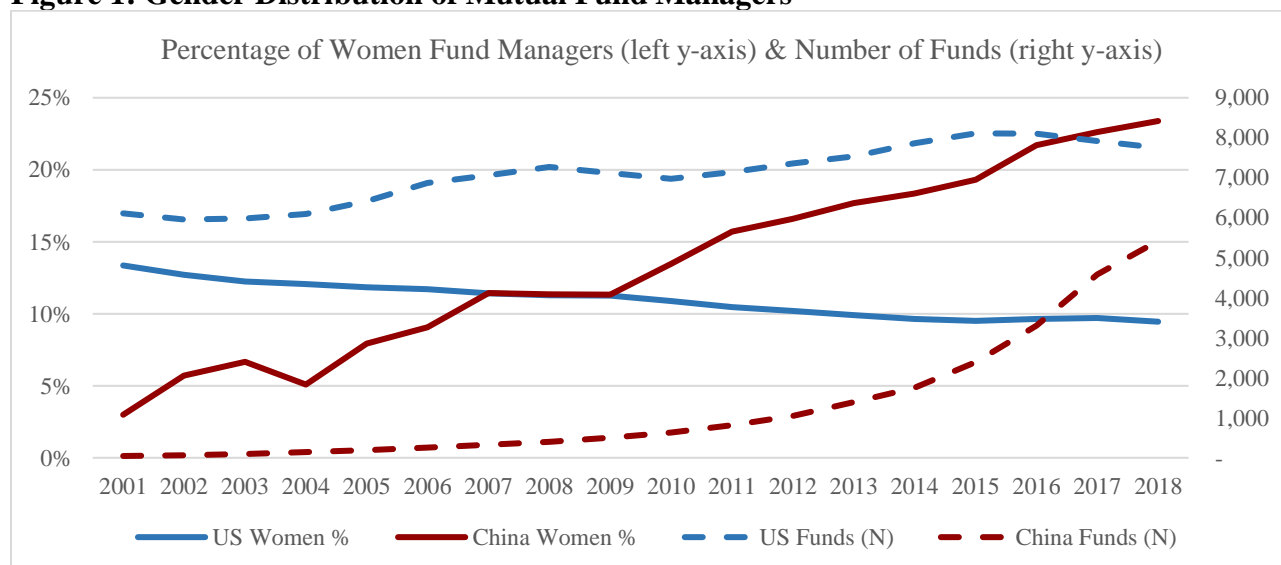
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Table 1. Gender Distribution of Mutual Fund Managers

Year	US				China			
	Women (N)	Men (N)	Women (%)	Funds (N)	Women (N)	Men (N)	Women (%)	Funds (N)
2001	889	5,767	13.4%	6,112	1	43	3.0%	45
2002	872	5,990	12.7%	5,957	4	63	5.7%	61
2003	851	6,100	12.2%	5,984	7	95	6.7%	93
2004	867	6,320	12.1%	6,097	8	143	5.1%	145
2005	948	7,055	11.8%	6,414	16	182	7.9%	194
2006	1,062	8,015	11.7%	6,867	23	231	9.1%	260
2007	1,052	8,171	11.4%	7,061	38	293	11.5%	328
2008	1,057	8,298	11.3%	7,273	45	349	11.3%	397
2009	1,027	8,083	11.3%	7,117	54	423	11.3%	507
2010	965	7,890	10.9%	6,976	76	486	13.5%	634
2011	955	8,160	10.5%	7,143	104	560	15.7%	818
2012	970	8,540	10.2%	7,355	128	645	16.6%	1,045
2013	966	8,796	9.9%	7,537	159	739	17.7%	1,393
2014	983	9,211	9.6%	7,860	182	811	18.4%	1,755
2015	998	9,504	9.5%	8,110	222	928	19.3%	2,392
2016	956	8,948	9.7%	8,106	297	1,070	21.7%	3,305
2017	891	8,283	9.7%	7,919	358	1,225	22.6%	4,584
2018	824	7,897	9.5%	7,750	433	1,417	23.4%	5,421

Figure 1: Gender Distribution of Mutual Fund Managers



This table reports, by year, the gender distribution of mutual fund managers and the number of funds separately for the US and China. The number (N) of women managers/men managers/funds is first calculated at the monthly level and then averaged over a year, rounded to the nearest integer. Women (%) is the ratio of the number of women managers to the total number of managers in a year. Figure 1 plots Women (%) and Funds (N) for both markets. The US sample contains 14,855 unique funds and 15,818 unique managers and the China sample contains 5,833 unique funds and 3,834 unique managers, both from 2001 to 2018.

Table 2. Gender Distribution of Mutual Fund Managers by Fund Type

Panel A: US

Year	All Women		All Men		Mixed Gender			
	Funds (N)	Women/Fund	Funds (N)	Men/Fund	Funds (N)	Women (%)	Women/Fund	Men/Fund
2001	409	1.1	4,698	1.8	1,005	33%	1.2	2.5
2002	360	1.1	4,610	1.8	987	32%	1.3	2.6
2003	340	1.1	4,659	1.8	985	32%	1.2	2.6
2004	336	1.1	4,748	1.9	1,013	31%	1.2	2.7
2005	306	1.1	4,920	2.1	1,188	30%	1.3	3.0
2006	278	1.1	5,247	2.2	1,342	28%	1.3	3.3
2007	269	1.1	5,418	2.3	1,374	27%	1.3	3.6
2008	285	1.1	5,572	2.4	1,416	27%	1.3	3.4
2009	287	1.1	5,405	2.4	1,424	27%	1.3	3.4
2010	230	1.1	5,370	2.4	1,376	28%	1.3	3.4
2011	198	1.2	5,556	2.4	1,388	28%	1.3	3.4
2012	196	1.2	5,757	2.5	1,403	27%	1.3	3.5
2013	204	1.1	5,845	2.5	1,488	27%	1.3	3.4
2014	197	1.1	6,082	2.5	1,581	27%	1.3	3.4
2015	188	1.2	6,234	2.5	1,688	26%	1.2	3.5
2016	190	1.2	6,242	2.5	1,675	27%	1.2	3.4
2017	195	1.1	6,138	2.4	1,587	27%	1.2	3.3
2018	193	1.1	6,110	2.3	1,447	26%	1.2	3.4

This panel reports, by year and fund type, the gender distribution of mutual fund managers and the number of funds for the US. The three types of funds are all women funds (i.e., funds with only women manager(s)), all men funds (i.e., funds with only men manager(s)), and mixed gender funds (i.e., funds with both women and men manager(s)). The number (N) of funds is first calculated at the monthly level and then averaged over a year, rounded to the nearest integer. For all women funds, Women/Fund is the average number of women managers per fund. For all men funds, Men/Fund is the average number of men managers per fund. For mixed gender funds, Women (%) is the ratio of the yearly average number of women managers to the yearly average number of total managers per fund. The US sample contains 14,855 unique funds and 15,818 unique managers from 2001 to 2018.

Table 2 – Cont'd

Panel B: China

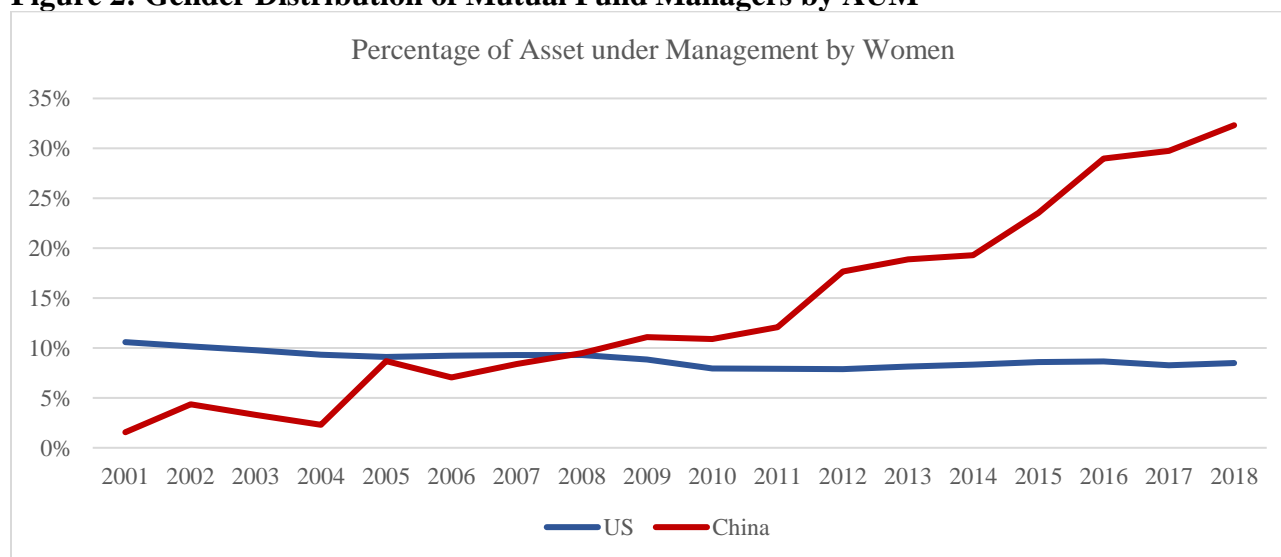
Year	All Women		All Men		Mixed Gender			
	Funds (N)	Women/Fund	Funds (N)	Men/Fund	Funds (N)	Women (%)	Women/Fund	Men/Fund
2001	1	1.5	44	1.1	1	40%	3.0	4.5
2002	2	1.0	56	1.2	3	42%	1.0	1.4
2003	3	1.0	85	1.2	6	42%	1.0	1.4
2004	5	1.0	135	1.2	6	46%	1.0	1.2
2005	13	1.1	172	1.2	9	47%	1.0	1.2
2006	18	1.2	229	1.2	13	44%	1.0	1.3
2007	26	1.0	278	1.3	24	42%	1.1	1.5
2008	29	1.0	337	1.3	31	43%	1.0	1.3
2009	36	1.0	435	1.3	37	44%	1.0	1.3
2010	55	1.0	530	1.3	49	44%	1.0	1.3
2011	92	1.0	667	1.3	59	47%	1.0	1.1
2012	136	1.0	837	1.2	72	48%	1.0	1.1
2013	200	1.0	1,080	1.2	113	48%	1.0	1.1
2014	260	1.1	1,345	1.2	150	48%	1.0	1.1
2015	355	1.1	1,778	1.3	259	48%	1.1	1.1
2016	543	1.1	2,328	1.3	433	47%	1.1	1.2
2017	814	1.1	3,100	1.3	670	47%	1.1	1.2
2018	975	1.2	3,598	1.3	848	47%	1.1	1.2

This panel reports, by year and fund type, the gender distribution of mutual fund managers and the number of funds for China. The three types of funds are all women funds (i.e., funds with only women manager(s)), all men funds (i.e., funds with only men manager(s)), and mixed gender funds (i.e., funds with both women and men manager(s)). The number (N) of funds is first calculated at the monthly level and then averaged over a year, rounded to the nearest integer. For all women funds, Women/Fund is the average number of women managers per fund. For all men funds, Men/Fund is the average number of men managers per fund. For mixed gender funds, Women (%) is the ratio of the yearly average number of women managers to the yearly average number of total managers per fund. The China sample contains 5,833 unique funds and 3,834 unique managers from 2001 to 2018.

Table 3. Gender Distribution of Mutual Fund Managers by AUM

Year	US			China		
	Women (\$ billion)	Men (\$ billion)	Women (%)	Women (¥ billion)	Men (¥ billion)	Women (%)
2001	422.71	3,569.76	10.6%	0.96	60.37	1.6%
2002	381.49	3,372.86	10.2%	3.82	83.70	4.4%
2003	393.37	3,635.48	9.8%	4.11	120.08	3.3%
2004	467.89	4,553.61	9.3%	5.54	234.76	2.3%
2005	531.21	5,312.14	9.1%	34.36	361.10	8.7%
2006	638.92	6,291.49	9.2%	33.69	444.36	7.0%
2007	764.80	7,468.37	9.3%	164.86	1,798.95	8.4%
2008	680.45	6,642.82	9.3%	196.85	1,876.05	9.5%
2009	562.99	5,797.07	8.9%	250.60	2,007.00	11.1%
2010	638.82	7,386.74	8.0%	239.34	1,957.87	10.9%
2011	719.22	8,381.99	7.9%	261.17	1,898.89	12.1%
2012	771.93	9,022.64	7.9%	414.00	1,929.44	17.7%
2013	934.52	10,539.54	8.1%	473.85	2,037.67	18.9%
2014	1,089.48	11,970.13	8.3%	703.03	2,940.86	19.3%
2015	1,161.67	12,365.25	8.6%	1,474.73	4,793.83	23.5%
2016	1,165.66	12,302.96	8.7%	2,271.45	5,564.89	29.0%
2017	1,262.81	14,022.28	8.3%	2,938.23	6,934.60	29.8%
2018	1,407.70	15,179.21	8.5%	3,876.75	8,121.41	32.3%

Figure 2: Gender Distribution of Mutual Fund Managers by AUM



This table reports, by year, the gender distribution of assets under management (AUM) separately for the US (in billions of US dollars \$) and China (in billions of Chinese RMB ¥). AUM is first calculated at the monthly level and then averaged over a year. We allocate AUM equally among all managers for funds with more than one manager. Women (%) is the ratio of total AUM by women managers to the industry’s total AUM in a year. Figure 2 plots Women (%) for both markets. The US sample contains 14,855 unique funds and 15,818 unique managers and the China sample contains 5,833 unique funds and 3,834 unique managers, both from 2001 to 2018.

Table 4. Summary Statistics for Variables used in Multivariate Analyses

Panel A: US

Variables	N	Mean	SD	25%	Median	75%
<i>Propensity of having women funds managers and characteristics of women managers</i>						
<i>Fund women mgr%</i>	426,022	0.10	0.23	0.00	0.00	0.00
<i>All women</i>	426,022	0.04	0.19	0.00	0.00	0.00
<i>Mixed gender</i>	426,022	0.19	0.39	0.00	0.00	0.00
<i>Fund & firm characteristics</i>						
<i>Fund fee%</i>	426,022	1.03	0.52	0.69	1.00	1.33
<i>Fund age</i>	426,022	11.33	8.39	4.50	9.75	16.50
<i>Firm age</i>	426,022	31.46	16.02	19.50	30.75	42.50
<i>Fund size</i>	426,022	19.20	1.97	17.91	19.26	20.57
<i>Firm size</i>	426,022	23.72	2.53	22.20	24.33	25.36
<i>Additional variables used in fund performance analyses</i>						
<i>Alpha from 4-factor model</i>	196,739	0.12	4.05	-1.82	0.11	2.06
<i>Alpha over equal-weighted index</i>	368,909	-0.25	2.02	-0.99	-0.20	0.51
<i>Alpha over value-weighted index</i>	368,909	-0.27	2.09	-1.05	-0.21	0.51
<i>Women mgr Y/N</i>	426,022	0.23	0.42	0.00	0.00	0.00
<i>Mgr exp in fund</i>	426,022	5.16	4.18	2.00	4.00	7.14
<i>Mgr exp in firm</i>	426,022	7.36	5.03	3.50	6.33	10.20
<i>N of funds managed</i>	426,022	6.44	9.62	1.50	3.00	6.00
<i>Graduate degree</i>	426,022	0.76	0.42	1.00	1.00	1.00
<i>Firm women mgr%</i>	426,022	0.11	0.07	0.07	0.11	0.15

This panel reports the number of observations, mean, standard deviation, 25th percentile, median, and 75th percentile for the main variables used in the regression analyses, limited to the US samples. *Fund women mgr%* is the percentage of women managers on the fund management team. *All women* is an indicator denoting whether the fund has only women manager(s). *Mixed gender* is an indicator denoting whether the fund has both women and men manager(s). *Fund fee%* is the fund's management fee, in percentage points. *Fund age* is the fund's age since inception and *Firm age* is the fund firm's age since inception, both in increments of 0.25 year. *Fund size* is the fund's AUM and *Firm size* is the fund firm's AUM, both in natural logarithm. *Alpha from 4-factor model* is the alpha from the Carhart's (1997) four-factor pricing model, available only for equity funds. *Alpha over equal-weighted index* (*Alpha over value-weighted index*) is the alpha using beta estimated from regressing a fund's returns on the corresponding returns from the equally-(value-) weighted portfolio of funds in the same category assigned by Morningstar. All three alphas are in percentage points. *Women mgr Y/N* is an indicator denoting whether the fund has at least one woman manager. *Mgr exp in fund* is the fund team's managing experience within the fund and *Mgr exp in firm* is the fund team's managing experience within the firm, averaged across all managers on the team; individual managers' experiences are in increments of 0.25 year. *N of funds managed* is the number of funds managed, averaged across all managers on the team. *Graduate degree* is the percentage of managers on the fund's management team having a graduate degree. *Firm women mgr%* is the percentage of women managers in a fund firm. Detailed variable definitions are in Appendix B. All variables are measured at the end of quarter q , except that alphas are measured for quarter $q+1$.

Table 4 – Cont'd

Panel B: China

Variables	N	Mean	SD	25%	Median	75%
<i>Propensity of having women funds managers and characteristics of women managers</i>						
<i>Fund women mgr%</i>	76,395	0.21	0.37	0.00	0.00	0.50
<i>All women</i>	76,395	0.15	0.36	0.00	0.00	0.00
<i>Mixed gender</i>	76,395	0.12	0.33	0.00	0.00	0.00
<i>Fund & firm characteristics</i>						
<i>Fund fee%</i>	76,395	1.25	0.51	0.78	1.25	1.75
<i>Fund age</i>	76,395	3.69	3.12	1.25	2.75	5.25
<i>Firm age</i>	76,395	11.54	4.82	8.25	12.00	15.00
<i>Fund size</i>	76,395	20.28	1.67	19.07	20.29	21.50
<i>Firm size</i>	76,395	24.89	1.38	24.12	24.97	25.94
<i>Additional variables used in fund performance analyses</i>						
<i>Alpha from 4-factor model</i>	6,405	1.70	5.61	-1.72	1.36	4.87
<i>Alpha over equal-weighted index</i>	43,173	-0.20	4.41	-2.20	-0.01	1.57
<i>Alpha over value-weighted index</i>	43,173	-0.33	4.60	-2.31	-0.09	1.53
<i>Women mgr Y/N</i>	76,395	0.27	0.44	0.00	0.00	1.00
<i>Mgr exp in fund</i>	76,395	1.74	1.46	0.75	1.25	2.25
<i>Mgr exp in firm</i>	76,395	2.94	2.08	1.38	2.50	4.00
<i>N of funds managed</i>	76,395	4.88	4.05	2.00	3.50	6.50
<i>Graduate degree</i>	76,395	0.95	0.22	1.00	1.00	1.00
<i>Firm women mgr%</i>	76,395	0.19	0.11	0.13	0.18	0.27

This panel reports the number of observations, mean, standard deviation, 25th percentile, median, and 75th percentile for the main variables used in the regression analyses, limited to the China samples. *Fund women mgr%* is the percentage of women managers on the fund management team. *All women* is an indicator denoting whether the fund has only women manager(s). *Mixed gender* is an indicator denoting whether the fund has both women and men manager(s). *Fund fee%* is the fund's management fee, in percentage points. *Fund age* is the fund's age since inception and *Firm age* is the fund firm's age since inception, both in increments of 0.25 year. *Fund size* is the fund's AUM and *Firm size* is the fund firm's AUM, both in natural logarithm. *Alpha from 4-factor model* is the alpha from the Carhart's (1997) four-factor pricing model, available only for equity funds. *Alpha over equal-weighted index* (*Alpha over value-weighted index*) is the alpha using beta estimated from regressing a fund's returns on the corresponding returns from the equally-(value-) weighted portfolio of funds in the same category assigned by CSMAR. All three alphas are in percentage points. *Women mgr Y/N* is an indicator denoting whether the fund has at least one woman manager. *Mgr exp in fund* is the fund team's managing experience within the fund and *Mgr exp in firm* is the fund team's managing experience within the firm, averaged across all managers on the team; individual managers' experiences are in increments of 0.25 year. *N of funds managed* is the number of funds managed, averaged across all managers on the team. *Graduate degree* is the percentage of managers on the fund's management team having a graduate degree. *Firm women mgr%* is the percentage of women managers in a fund firm. Detailed variable definitions are in Appendix B. All variables are measured at the end of quarter q , except that alphas are measured for quarter $q+1$.

Table 5. Gender Distribution of Mutual Fund Managers: US versus China

Panel A: Average effect

Dependent Variables	(1)	Pooled Sample		(4)
	<i>Fund women mgr%</i>	<i>All women</i>	<i>Mixed gender</i>	<i>Fund women mgr%</i>
<i>US fund</i>	-0.100 ^{***} (0.009)	-0.855 ^{***} (0.027)	0.425 ^{***} (0.041)	-0.171 ^{***} (0.002)
		[-0.126]	[0.095]	
<i>Fund fee%</i>	-0.024 ^{***} (0.003)	-0.098 ^{***} (0.017)	-0.090 ^{***} (0.008)	-0.007 ^{***} (0.002)
<i>Fund age</i>	0.001 ^{***} (0.000)	0.013 ^{***} (0.001)	-0.006 ^{***} (0.000)	0.001 ^{***} (0.000)
<i>Firm age</i>	0.000 (0.000)	-0.001 ^{***} (0.000)	-0.001 (0.001)	0.001 ^{***} (0.000)
<i>Fund size</i>	-0.007 ^{***} (0.000)	-0.071 ^{***} (0.003)	0.029 ^{***} (0.002)	-0.013 ^{***} (0.001)
<i>Firm size</i>	0.005 ^{***} (0.001)	0.050 ^{***} (0.003)	0.017 ^{***} (0.002)	-0.001 [*] (0.001)
<i>Intercept</i>	0.234 ^{***} (0.017)	-0.694 ^{***} (0.084)	-2.068 ^{***} (0.069)	0.786 ^{***} (0.013)
Category & YQ FE	Yes	Yes	Yes	Yes
No. of Obs.	502,417	502,417	502,417	90,576
Adjusted (Pseudo) R ²	0.039	0.090	0.014	0.135

This panel reports the regression results on the relation between the prevalence of women on the fund management team and fund location. The pooled sample comprises 502,417 fund-quarters between 2001 and 2018 and the subsample with mixed gender management teams comprises 90,576 fund-quarters. We use probit models when the dependent variable is an indicator and ordinary least squares (OLS) models when the dependent variable is continuous. *US fund* denotes whether the fund is domiciled in the US. The prevalence of women fund managers is measured using *Fund women mgr%* in columns (1) and (4), *All women* in column (2), and *Mixed gender* in column (3), respectively. Controls include the fund and firm characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. For *US fund* in probit models, the marginal effects (df/dx) are displayed below the standard errors. “YQ” stands for year-quarter and “FE” stands for fixed effects hereafter. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 5 – Cont'd

Panel B: Time trends

Dependent Variables	(1)	(2)	(3)	(4)
	<i>Fund women mgr%</i>	Pooled Sample <i>All women</i>	<i>Mixed gender</i>	Mixed Gender Only <i>Fund women mgr%</i>
<i>US fund</i>	0.030 ^{***} (0.006)	-0.213 ^{***} (0.065) [-0.022]	0.886 ^{***} (0.026) [0.167]	-0.142 ^{***} (0.006)
<i>US fund</i> × <i>Y2007-2012</i>	-0.076 ^{***} (0.009)	-0.474 ^{***} (0.076) [-0.036]	-0.215 ^{***} (0.025) [-0.053]	-0.040 ^{***} (0.006)
<i>US fund</i> × <i>Y2013-2018</i>	-0.155 ^{***} (0.008)	-0.752 ^{***} (0.064) [-0.055]	-0.539 ^{***} (0.041) [-0.126]	-0.027 ^{***} (0.006)
<i>Y2007-2012</i>	0.048 ^{***} (0.008)	0.109 (0.072)	0.286 ^{***} (0.025)	-0.006 (0.006)
<i>Y2013-2018</i>	0.111 ^{***} (0.007)	0.269 ^{***} (0.064)	0.621 ^{***} (0.030)	-0.021 ^{***} (0.006)
<i>Fund fee%</i>	-0.024 ^{***} (0.003)	-0.096 ^{***} (0.017)	-0.087 ^{***} (0.008)	-0.007 ^{***} (0.002)
<i>Fund age</i>	0.001 ^{***} (0.000)	0.013 ^{***} (0.001)	-0.006 ^{***} (0.000)	0.001 ^{***} (0.000)
<i>Firm age</i>	0.000 [*] (0.000)	-0.000 ^{**} (0.000)	-0.001 (0.001)	0.001 ^{***} (0.000)
<i>Fund size</i>	-0.005 ^{***} (0.000)	-0.066 ^{***} (0.003)	0.032 ^{***} (0.002)	-0.014 ^{***} (0.001)
<i>Firm size</i>	0.004 ^{***} (0.001)	0.045 ^{***} (0.003)	0.015 ^{***} (0.002)	-0.001 [*] (0.001)
<i>Intercept</i>	0.100 ^{***} (0.012)	-1.326 ^{***} (0.088)	-2.542 ^{***} (0.046)	0.758 ^{***} (0.013)
Category & YQ FE	Yes	Yes	Yes	Yes
No. of Obs.	502,417	502,417	502,417	90,576
Adjusted (Pseudo) R ²	0.042	0.092	0.015	0.135

This panel reports the regression results on the relation between the prevalence of women on the fund management team and fund location, including two indicators for the sub-period of 2007-2012 (*Y2007-2012*) and the sub-period of 2013-2018 (*Y2013-2018*) and their interactions with *US fund*. The pooled sample comprises 502,417 fund-quarters between 2001 and 2018 and the subsample with mixed gender management teams comprises 90,576 fund-quarters. We use probit models when the dependent variable is an indicator and OLS models when the dependent variable is continuous. *US fund* denotes whether the fund is domiciled in the US. The prevalence of women fund managers is measured using *Fund women mgr%* in columns (1) and (4), *All women* in column (2), and *Mixed gender* in column (3), respectively. Controls include the fund and firm characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. For *US fund* and its interactions with sub-period indicators in probit models, the marginal effects (df/dx) are displayed below the standard errors. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 6. Gender Representation of US Fund Managers and US Fund Performance

Panel A: Presence of women managers and fund performance

Dependent Variables	(1)	(2)	(3)
	<i>from 4-factor model</i>	<i>Alpha over equal-weighted index</i>	<i>Alpha over value-weighted index</i>
<i>Women mgr Y/N</i>	-0.125^{***} (0.048)	-0.047^{**} (0.018)	-0.048^{***} (0.018)
<i>Fund fee%</i>	-0.077 (0.138)	-0.087 ^{**} (0.039)	-0.071 [*] (0.042)
<i>Fund age</i>	-0.009 (0.023)	0.012 (0.008)	0.013 [*] (0.008)
<i>Firm age</i>	0.028 (0.033)	-0.011 (0.012)	-0.011 (0.012)
<i>Fund size</i>	-0.421 ^{***} (0.052)	-0.237 ^{***} (0.017)	-0.253 ^{***} (0.018)
<i>Firm size</i>	-0.048 (0.040)	-0.045 [*] (0.023)	-0.052 ^{**} (0.023)
<i>Mgr exp in fund</i>	-0.003 (0.006)	-0.004 (0.003)	-0.003 (0.003)
<i>Mgr exp in firm</i>	-0.001 (0.007)	-0.004 [*] (0.002)	-0.004 [*] (0.002)
<i>N of funds managed</i>	-0.004 (0.007)	0.006 ^{***} (0.002)	0.006 ^{***} (0.002)
<i>Graduate degree</i>	-0.014 (0.047)	0.006 (0.017)	0.009 (0.018)
<i>Intercept</i>	8.784 ^{***} (1.552)	5.652 ^{***} (0.712)	6.243 ^{***} (0.727)
Fund & YQ FE	Yes	Yes	Yes
No. of Obs.	196,739	368,909	368,909
Adjusted R ²	0.176	0.038	0.042

This panel reports the OLS regression results on the relation between fund performance and the presence of women on the fund management team, using the samples of US funds. The sample in column (1) comprises 196,739 equity fund-quarters, and the sample in columns (2)-(3) comprises 368,909 fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha from 4-factor model* in column (1), *Alpha over equal-weighted index* in column (2), and *Alpha over value-weighted index* in column (3). The presence of women managers on the fund management team is measured using *Women mgr Y/N*. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 6 – Cont'd

Panel B: Equity funds versus non-equity funds

Dependent Variables	(1)	(2)	(3)	(4)
	Equity Funds <i>Alpha over equal-weighted index</i>	Non-equity Funds	Equity Funds <i>Alpha over value-weighted index</i>	Non-equity Funds
<i>Women mgr Y/N</i>	-0.091 ^{***} (0.030)	0.004 (0.017)	-0.100 ^{***} (0.029)	0.011 (0.018)
<i>Fund fee%</i>	-0.167 ^{**} (0.064)	-0.071 (0.044)	-0.158 ^{**} (0.066)	-0.070 (0.049)
<i>Fund age</i>	0.020 ^{**} (0.009)	-0.011 (0.013)	0.020 ^{**} (0.008)	-0.010 (0.011)
<i>Firm age</i>	-0.007 (0.017)	-0.013 (0.013)	-0.003 (0.018)	-0.017 (0.014)
<i>Fund size</i>	-0.295 ^{***} (0.022)	-0.162 ^{***} (0.016)	-0.312 ^{***} (0.024)	-0.168 ^{***} (0.017)
<i>Firm size</i>	-0.049 (0.034)	-0.036 ^{**} (0.016)	-0.055 (0.033)	-0.044 ^{***} (0.016)
<i>Mgr exp in fund</i>	-0.009 [*] (0.005)	0.002 (0.003)	-0.008 [*] (0.005)	0.002 (0.003)
<i>Mgr exp in firm</i>	-0.004 (0.004)	-0.003 [*] (0.002)	-0.005 (0.005)	-0.003 (0.002)
<i>N of funds managed</i>	0.004 (0.004)	0.005 ^{***} (0.002)	0.004 (0.004)	0.004 ^{**} (0.002)
<i>Graduate degree</i>	-0.001 (0.028)	0.014 (0.016)	0.010 (0.028)	0.007 (0.018)
<i>Intercept</i>	6.874 ^{***} (1.035)	4.075 ^{***} (0.559)	7.542 ^{***} (1.032)	4.429 ^{***} (0.620)
Fund & YQ FE	YES	YES	YES	YES
No. of Obs.	196,739	172,170	196,739	172,170
Adjusted R ²	0.037	0.046	0.042	0.050

This panel reports the OLS regression results on the relation between fund performance and the presence of women on the fund management team, using the subsamples of US equity funds and US non-equity funds. The sample in columns (1) and (3) comprises 196,739 equity fund-quarters, and the sample in columns (2) and (4) comprises 172,170 non-equity fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha over equal-weighted index* in columns (1)-(2) and *Alpha over value-weighted index* in columns (3)-(4). The presence of women managers on the fund management team is measured using *Women mgr Y/N*. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 6 – Cont'd

Panel C: All women/mixed gender equity funds versus all men equity funds

Dependent Variables	(1)	(2)	(3)
	<i>from 4-factor model</i>	<i>Alpha over equal-weighted index</i>	<i>Alpha over value-weighted index</i>
<i>All women</i>	-0.076 (0.122)	-0.089 (0.060)	-0.130** (0.059)
<i>Mixed gender</i>	-0.134** (0.052)	-0.092*** (0.030)	-0.094*** (0.031)
<i>Fund fee%</i>	-0.077 (0.137)	-0.167** (0.064)	-0.158** (0.066)
<i>Fund age</i>	-0.009 (0.023)	0.020** (0.009)	0.020** (0.008)
<i>Firm age</i>	0.028 (0.033)	-0.007 (0.017)	-0.003 (0.018)
<i>Fund size</i>	-0.421*** (0.052)	-0.295*** (0.022)	-0.313*** (0.024)
<i>Firm size</i>	-0.048 (0.040)	-0.049 (0.034)	-0.055 (0.033)
<i>Mgr exp in fund</i>	-0.003 (0.006)	-0.009* (0.005)	-0.008* (0.005)
<i>Mgr exp in firm</i>	-0.001 (0.007)	-0.004 (0.004)	-0.005 (0.005)
<i>N of funds managed</i>	-0.004 (0.006)	0.004 (0.004)	0.004 (0.004)
<i>Graduate degree</i>	-0.012 (0.048)	-0.001 (0.029)	0.008 (0.029)
<i>Intercept</i>	8.776*** (1.559)	6.874*** (1.036)	7.547*** (1.034)
Fund & YQ FE	Yes	Yes	Yes
No. of Obs.	196,739	196,739	196,739
Adjusted R ²	0.176	0.037	0.042

This panel reports the OLS regression results on the relation between fund performance and the presence of women on the fund management team, using the sample of US equity funds. The sample comprises 196,739 equity fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha from 4-factor model* in column (1), *Alpha over equal-weighted index* in column (2), and *Alpha over value-weighted index* in column (3). The presence of women managers on the fund management team is measured using *All women* and *Mixed gender*. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter.

*** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 6 – Cont'd

Panel D: High-order polynomial regressions

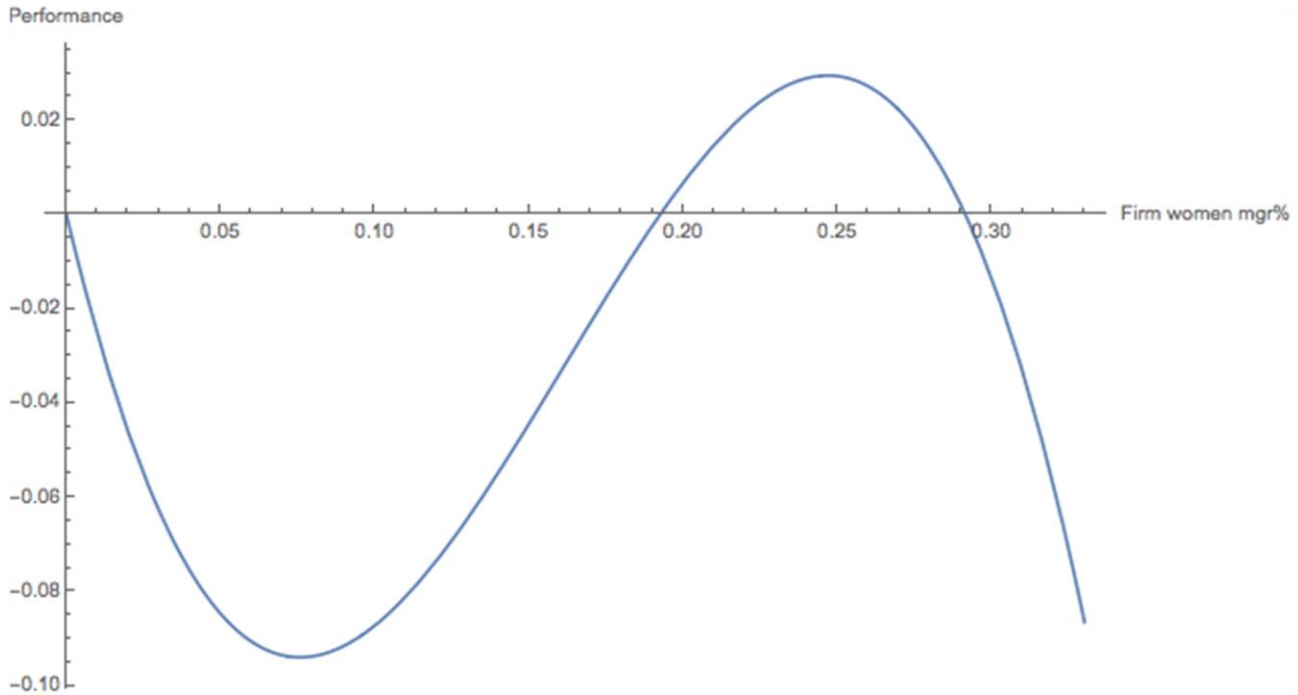
Dependent Variables	(1)	(2)	(3)
	<i>from 4-factor model</i>	<i>Alpha over equal-weighted index</i>	<i>Alpha over value-weighted index</i>
<i>Women mgr Y/N</i>	-0.119** (0.050)	-0.066** (0.028)	-0.077*** (0.028)
<i>Firm women mgr%</i>	-2.765* (1.403)	-2.565*** (0.748)	-2.542*** (0.810)
<i>Firm women mgr%²</i>	23.863** (10.179)	19.105*** (5.560)	19.936*** (6.042)
<i>Firm women mgr%³</i>	-49.329** (19.983)	-42.024*** (11.613)	-44.562*** (12.461)
<i>Fund fee%</i>	-0.078 (0.137)	-0.171** (0.065)	-0.162** (0.067)
<i>Fund age</i>	-0.010 (0.023)	0.019** (0.009)	0.019** (0.008)
<i>Firm age</i>	0.028 (0.033)	-0.007 (0.017)	-0.003 (0.018)
<i>Fund size</i>	-0.421*** (0.052)	-0.296*** (0.022)	-0.313*** (0.024)
<i>Firm size</i>	-0.046 (0.040)	-0.048 (0.034)	-0.054 (0.033)
<i>Mgr exp in fund</i>	-0.003 (0.006)	-0.009* (0.005)	-0.008* (0.005)
<i>Mgr exp in firm</i>	-0.001 (0.007)	-0.004 (0.004)	-0.004 (0.005)
<i>N of funds managed</i>	-0.005 (0.006)	0.002 (0.003)	0.001 (0.003)
<i>Graduate degree</i>	-0.014 (0.047)	-0.003 (0.028)	0.008 (0.028)
<i>Intercept</i>	8.776*** (1.563)	6.949*** (1.037)	7.619*** (1.031)
Fund & YQ FE	Yes	Yes	Yes
No. of Obs.	196,739	196,739	196,739
Adjusted R ²	0.176	0.037	0.042

This panel reports the OLS regression results on the relation between fund performance and the percentage of women managers in the fund firm, using the sample of US equity funds. The sample comprises 196,739 equity fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha from 4-factor model* in column (1), *Alpha over equal-weighted index* in column (2), and *Alpha over value-weighted index* in column (3). The percentage of women managers is measured using *Firm women mgr%* and its second- and third-order polynomial. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter.

*** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Figure 3. A Plot of the High-order Polynomial Regressions for US Equity Funds

This figure is a general plot that depicts the relation between fund performance, measured using *Alpha from 4-factor model*,



and the percentage of women managers, measured using *Firm women mgr%* and its second- and third-order polynomial. Coefficient estimates are from Column (1) of Table 6 Panel A. The figure omits the intercept and the effects of controls and fixed effects.

Table 7. Gender Representation of China Fund Managers and China Fund Performance

Panel A: Presence of women managers and fund performance

Dependent Variables	(1)	(2)	(3)
	<i>from 4-factor model</i>	<i>Alpha over equal-weighted index</i>	<i>Alpha over value-weighted index</i>
<i>Women mgr Y/N</i>	-0.287 (0.285)	0.126 (0.082)	0.134 (0.083)
<i>Fund fee%</i>	2.139** (0.856)	-0.444 (0.414)	-0.357 (0.418)
<i>Fund age</i>	0.193 (0.218)	-0.325** (0.149)	-0.416** (0.177)
<i>Firm age</i>	5.425* (3.051)	1.511 (1.155)	1.819 (1.138)
<i>Fund size</i>	-0.352* (0.192)	-0.250*** (0.073)	-0.251*** (0.076)
<i>Firm size</i>	-0.277 (0.189)	-0.043 (0.113)	-0.024 (0.128)
<i>Mgr exp in fund</i>	-0.088 (0.092)	-0.096*** (0.034)	-0.093** (0.037)
<i>Mgr exp in firm</i>	0.043 (0.053)	-0.004 (0.027)	-0.002 (0.029)
<i>N of funds managed</i>	-0.166** (0.072)	0.005 (0.028)	-0.004 (0.032)
<i>Graduate degree</i>	0.249 (0.409)	-0.039 (0.150)	-0.042 (0.155)
<i>Intercept</i>	3.891 (7.464)	3.235 (3.549)	1.785 (3.721)
Fund & YQ FE	Yes	Yes	Yes
No. of Obs.	6,405	43,173	43,173
Adjusted R ²	0.255	0.044	0.067

This panel reports the OLS regression results on the relation between fund performance and the presence of women on the fund management team, using the samples of China funds. The sample in column (1) comprises 6,405 equity fund-quarters, and the sample in columns (2)-(3) comprises 43,173 fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha from 4-factor model* in column (1), *Alpha over equal-weighted index* in column (2), and *Alpha over value-weighted index* in column (3). The presence of women managers on the fund management team is measured using *Women mgr Y/N*. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 7 – Cont'd

Panel B: All women/mixed gender funds versus all men funds

Dependent Variables	(1)	(2)	(3)
	<i>from 4-factor model</i>	<i>Alpha over equal-weighted index</i>	<i>Alpha over value-weighted index</i>
<i>All women</i>	-0.408 (0.345)	0.217 (0.132)	0.242* (0.134)
<i>Mixed gender</i>	-0.140 (0.362)	0.042 (0.072)	0.033 (0.072)
<i>Fund fee%</i>	2.117** (0.862)	-0.441 (0.414)	-0.354 (0.418)
<i>Fund age</i>	0.193 (0.218)	-0.326** (0.149)	-0.418** (0.178)
<i>Firm age</i>	5.431* (3.053)	1.509 (1.155)	1.817 (1.137)
<i>Fund size</i>	-0.356* (0.191)	-0.250*** (0.073)	-0.251*** (0.076)
<i>Firm size</i>	-0.276 (0.189)	-0.044 (0.113)	-0.025 (0.128)
<i>Mgr exp in fund</i>	-0.089 (0.092)	-0.098*** (0.035)	-0.095** (0.038)
<i>Mgr exp in firm</i>	0.044 (0.053)	-0.003 (0.027)	-0.001 (0.029)
<i>N of funds managed</i>	-0.169** (0.072)	0.005 (0.028)	-0.003 (0.032)
<i>Graduate degree</i>	0.236 (0.406)	-0.021 (0.147)	-0.020 (0.153)
<i>Intercept</i>	3.996 (7.434)	3.227 (3.545)	1.775 (3.717)
Fund & YQ FE	Yes	Yes	Yes
No. of Obs.	6,405	43,173	43,173
Adjusted R ²	0.255	0.044	0.067

This panel reports the OLS regression results on the relation between fund performance and the presence of women on the fund management team, using the sample of China equity funds. The sample in column (1) comprises 6,405 equity fund-quarters, and the sample in columns (2)-(3) comprises 43,173 fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha from 4-factor model* in column (1), *Alpha over equal-weighted index* in column (2), and *Alpha over value-weighted index* in column (3). The presence of women managers on the fund management team is measured using *All women* and *Mixed gender*. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Table 7 – Cont'd

Panel C: High-order polynomial regressions

Dependent Variables	(1)	(2)	(3)
	<i>from 4-factor model</i>	<i>Alpha</i> <i>over equal-weighted index</i>	<i>over value-weighted index</i>
<i>Women mgr Y/N</i>	-0.311 (0.276)	0.084 (0.080)	0.090 (0.081)
<i>Firm women mgr%</i>	-1.782 (5.156)	2.847 (1.906)	2.300 (1.835)
<i>Firm women mgr%²</i>	23.168 (31.087)	-8.157 (10.549)	-4.602 (10.257)
<i>Firm women mgr%³</i>	-41.730 (48.389)	8.222 (16.903)	2.685 (17.041)
<i>Fund fee%</i>	2.025** (0.907)	-0.437 (0.416)	-0.352 (0.420)
<i>Fund age</i>	0.189 (0.221)	-0.323** (0.148)	-0.414** (0.177)
<i>Firm age</i>	5.587* (3.096)	1.615 (1.146)	1.921* (1.137)
<i>Fund size</i>	-0.350* (0.192)	-0.250*** (0.073)	-0.251*** (0.076)
<i>Firm size</i>	-0.281 (0.191)	-0.051 (0.112)	-0.031 (0.126)
<i>Mgr exp in fund</i>	-0.089 (0.093)	-0.098*** (0.034)	-0.095** (0.037)
<i>Mgr exp in firm</i>	0.044 (0.053)	-0.002 (0.027)	0.000 (0.029)
<i>N of funds managed</i>	-0.170** (0.073)	0.005 (0.028)	-0.003 (0.032)
<i>Graduate degree</i>	0.226 (0.401)	-0.034 (0.150)	-0.036 (0.155)
<i>Intercept</i>	3.836 (7.491)	3.232 (3.565)	1.779 (3.734)
Fund & YQ FE	Yes	Yes	Yes
No. of Obs.	6,405	43,173	43,173
Adjusted R ²	0.255	0.044	0.067

This panel reports the OLS regression results on the relation between fund performance and the percentage of women managers in the fund firm, using the sample of China equity funds. The sample in column (1) comprises 6,405 equity fund-quarters, and the sample in columns (2)-(3) comprises 43,173 fund-quarters between 2001 and 2018. Fund performance is measured using *Alpha from 4-factor model* in column (1), *Alpha over equal-weighted index* in column (2), and *Alpha over value-weighted index* in column (3). The percentage of women managers is measured using *Firm women mgr%* and its second- and third-order polynomial. Controls include the fund, firm, and manager characteristics described in Table 4 as well as fixed effects as indicated. Detailed variable definitions are in Appendix B. Standard errors, in parentheses below coefficient estimates, are adjusted for heteroscedasticity and clustered by year-quarter. *** (**) (*) indicates significance at the 1% (5%) (10%) level using the two-tailed tests.

Appendix A. Sample selection

	US	China
Unique number of managers with gender data during 2001-2018	15,818	3,834
(-) Funds missing net assets, fees, and managers' background information	(4,698)	(217)
Unique number of managers in multivariate gender distribution analysis	11,120	3,617
	US	China
Unique number of funds with managers' gender data during 2001-2018	14,855	5,833
(-) Funds missing net assets, fees, and managers' background information	(2,772)	(681)
Unique number of funds in multivariate gender distribution analysis	12,083	5,152
(-) ETF, money market funds, Chinese Qualified Domestic Institutional Funds (QDII), and index funds	(641)	(1,118)
(-) Funds missing returns (China returns available through to 2018/9)	(748)	(746)
Unique number of funds in multivariate performance analysis	10,694	3,288

Appendix B: Variable Definitions**This appendix describes the calculation of the variables used in the main analyses.**

Variable	Definition
$US\ fund_j$	An indicator that equals one if fund j is domiciled in the US and zero if fund j is domiciled in China.
$Fund\ women\ mgr\ \%_{j,q}$	The percentage of women managers on fund j 's management team at the end of quarter q .
$All\ women_{j,q}$	An indicator that equals one if fund j has only women manager(s) at the end of quarter q and zero otherwise.
$Mixed\ gender_{j,q}$	An indicator that equals one if fund j has both women and men manager(s) at the end of quarter q and zero otherwise.
$Fund\ fee\ \%_{j,q}$	Management fee for fund j at the end of quarter q , in percentage points. <i>Fund fee</i> includes 12b-1 marketing and distribution fees in the US and sales fees in China. It does not include the front-end load and back-end load fees.
$Fund\ age_{j,q}$	Age of fund j through the end of quarter q since inception, in increments of 0.25 year.
$Firm\ age_{j,q}$	Age of the firm to which fund j belongs through the end of quarter q since inception, in increments of 0.25 year.
$Fund\ size_{j,q}$	Total assets under management (AUM) by fund j at the end of quarter q , in natural logarithm. AUM are available at the quarterly level for US funds but only available at the semi-annual level for China funds in June and December so we approximate TNA for China funds in March and September assuming equal rate of growth between two quarters, i.e., $AUM_q = \sqrt{AUM_{q+1}/AUM_{q-1}} \times AUM_{q-1}$.
$Firm\ size_{j,q}$	Total AUM by the firm to which fund j belongs at the end of quarter q , in natural logarithm. Quarterly AUM for China funds in March and September are approximated as $AUM_q = \sqrt{AUM_{q+1}/AUM_{q-1}} \times AUM_{q-1}$.
$Y2007-2012_q$	An indicator that equals one if quarter q falls between year 2007 and 2012 and zero otherwise.
$Y2013-2018_q$	An indicator that equals one if quarter q falls between year 2013 and 2018 and zero otherwise.
$Alpha\ from\ 4-factor\ model_{j,q+1}$	Alpha is computed for equity funds in three steps following Carhart (1997). First, fund j 's before-fee monthly returns are regressed on four monthly pricing factors (including market, style, size, and momentum) over the past 24 months from quarter $q-7$ to q . Second, fund j 's monthly alpha is computed as the fund's net-of-fee return in the month minus the corresponding fitted return. Third, monthly alphas are compounded over the three months during quarter $q+1$ for fund j to derive its quarterly alpha, which is then expressed in percentage points. Four factors are downloaded from Kenneth French's data library for the US market and the China Asset Management at the Central University of Finance and Economics for the Chinese market.
$Alpha\ over\ equal-weighted\ index_{j,q+1}$	Alpha is computed for all funds in three steps following Aggarwal and Jorion (2010). First, fund j 's beta in quarter q is estimated by regressing its monthly before-fee returns on the corresponding returns on an equally-weighted portfolio of funds in the same fund category over the past 24 months from quarter $q-7$ to q (requiring at least 12 months of data). Second, fund j 's monthly alpha is computed as the fund's net-of-fee return in the month minus the product of monthly equally-weighted portfolio return and beta. Third, monthly alphas are compounded over the three months during quarter $q+1$ for fund j to derive its quarterly alpha, which is then expressed in percentage points. Categories are assigned by Morningstar for US funds and by CSMAR for China funds.
$Alpha\ over\ value-weighted\ index_{j,q+1}$	Similar to <i>Alpha over equal-weighted index</i> , except that we use the returns on a value-weighted portfolio of funds in the same fund category to estimate beta and derive alpha.

<i>Women mgr Y/N_{j,q}</i>	An indicator that equals one if fund <i>j</i> has at least one woman manager at the end of quarter <i>q</i> and zero otherwise.
<i>Mgr exp in fund_{j,q}</i>	The management team's managing experience within fund <i>j</i> through the end of quarter <i>q</i> , averaged across all managers on the team. Individual managers' experiences are in increments of 0.25 year.
<i>Mgr exp in firm_{j,q}</i>	The management team's managing experience within the firm of fund <i>j</i> through the end of quarter <i>q</i> , averaged across all managers on the team. Individual managers' experiences are in increments of 0.25 year.
<i>N of funds managed_{j,q}</i>	Number of funds managed by fund <i>j</i> 's management team at of the end of quarter <i>q</i> , averaged across all managers on the team.
<i>Graduate degree_{j,q}</i>	Percentage of managers having a graduate degree on fund <i>j</i> 's management team at the end of quarter <i>q</i> .
<i>Firm women mgr%_{j,q}</i>	The percentage of women managers in the firm to which fund <i>j</i> belongs at the end of quarter <i>q</i> .

Appendix C: Proofs and a Parametric Example

We first characterize the equilibrium of the model in the following lemma:

Lemma 1 *There exists a unique interior equilibrium of communication choices, such that, when receiving communication from other managers, a woman manager chooses a communication effort $y_F^* > 0$, whereas a man manager chooses a communication effort $y_M^* > 0$. The set of $\{y_F^*, y_M^*\}$ solves the following equations:*

$$\int_0^p q_F(j) c'^{-1}(q_F(j) y_F^*) dj + \int_0^{1-p} \delta q_M(j) c'^{-1}(\delta q_M(j) y_F^*) dj = \frac{c'(y_F^*)}{N},$$

$$\int_0^p \delta q_F(j) c'^{-1}(\delta q_F(j) y_M^*) dj + \int_0^{1-p} q_M(j) c'^{-1}(q_M(j) y_M^*) dj = \frac{c'(y_M^*)}{N}.$$

Given an equilibrium receiving effort $y_i^* \in \{y_F^*, y_M^*\}$, a manager of ability $q(j)$ chooses a communication effort x_S^* when communicating to another manager of the same gender and a communication effort x_D^* when communicating to another manager of the opposite gender. The set of $\{x_S^*, x_D^*\}$ solves the following equations:

$$y_i^* q(j) = c'(x_S^*(q(j))),$$

$$\delta y_i^* q(j) = c'(x_D^*(q(j))).$$

Proof. We solve the model by backward induction. At $t = 1$, all managers choose communication effort. Consider first the communication process in a fund managed by a woman manager with ability $q_F(i)$, where $i \in [0, p]$. For a woman manager $j \in [0, p]$, she chooses x_j to maximize

$$x_j y q_F(j) - c(x_j).$$

Taking the first-order condition gives that

$$y q_F(j) = c'(x_S^*),$$

where $x_S^*(q_F(j))$ denotes the optimal communication effort by a sender who has the same gender with the receiver.

For a man manager $j \in [0, 1 - p]$, he chooses x_j to maximize

$$\delta x_j y q_M(j) - c(x_j).$$

Taking the first-order condition gives that

$$\delta y q_M(j) = c'(x_D^*),$$

where $x_D^*(q_M(j))$ denotes the optimal communication effort by a sender who has the opposite gender to the receiver.

The woman manager of fund i chooses y to maximize

$$N \left[\int_0^p x_j y q_F(j) dj + \int_0^{1-p} \delta x_j y q_M(j) dj \right] - c(y).$$

Taking the first-order condition gives that

$$N \left[\int_0^p x_j q_F(j) dj + \int_0^{1-p} \delta x_j q_M(j) dj \right] = c'(y_F^*).$$

In sum, the equilibrium communication efforts $\{x_D^*(q_M(j)), x_S^*(q_F(j)), y_F^*\}$ are governed by:

$$N \left[\int_0^p x_S^*(q_F(j)) q_F(j) dj + \int_0^{1-p} \delta x_D^*(q_M(j)) q_M(j) dj \right] = c'(y_F^*), \quad (1)$$

$$y_F^* q_F(j) = c'(x_S^*(q_F(j))),$$

$$\delta y_F^* q_M(j) = c'(x_D^*(q_M(j))).$$

Denote the inverse of c' as ϕ . We obtain that

$$x_S^*(q_F(j)) = \phi(q_F(j) y_F^*),$$

$$x_D^*(q_M(j)) = \phi(\delta q_M(j) y_F^*).$$

Note that a higher y_F^* leads to higher x_S^* and x_D^* and vice versa (a strategic complementarity). Such complementarity is stronger for managers with the same gender than with the opposite gender.

Plugging the two conditions into the first-order condition for y_F^* gives that:

$$N \left[\int_0^p q_F(j) \phi(q_F(j) y_F^*) dj + \int_0^{1-p} \delta q_M(j) \phi(\delta q_M(j) y_F^*) dj \right] = c'(y_F^*). \quad (2)$$

Since ϕ is increasing in y_F^* , both the LHS and the RHS of (2) are increasing in y_F^* . At $y_F^* = 0$, both the LHS and the RHS are zero. So $y_F^* = 0$ is obviously an equilibrium. Since the corner equilibrium $y_F^* = 0$ (no communication) is uninteresting, following Dewatripont and Tirole (2005), we focus instead on characterizing a unique interior equilibrium, i.e., $y_F^* > 0$. To see this, note that the slope of LHS-RHS of (2) is

$$N \left[\int_0^p \frac{(q_F(j))^2}{c''(q_F(j) y_F^*)} dj + \int_0^{1-p} \frac{(\delta q_M(j))^2}{c''(\delta q_M(j) y_F^*)} dj \right] - c''(y_F^*).$$

At $y_F^* = 0$, the slope becomes

$$N \left[\frac{\int_0^p (q_F(j))^2 dj + \int_0^{1-p} (\delta q_M(j))^2 dj - [c''(0)]^2}{c''(0)} \right] > 0.$$

The inequality is due to $c''(0) = 0$.

At $y_F^* = 1$, the slope becomes

$$\frac{N \left[\int_0^p (q_F(j))^2 dj + \int_0^{1-p} (\delta q_M(j))^2 dj \right] - [c''(1)]^2}{c''(1)} < 0.$$

The inequality is due to $c''(1) = \infty$. The derivative of the slope is

$$-N \left[\int_0^p \frac{c'''(q_F(j) y_F^*)}{[c''(q_F(j) y_F^*)]^2} (q_F(j))^3 dj + \int_0^{1-p} \frac{c'''(\delta q_M(j) y_F^*)}{[c''(\delta q_M(j) y_F^*)]^2} (\delta q_M(j))^3 dj \right] - c'''(y_F^*) < 0.$$

The inequality is due to $c''' > 0$. These conditions jointly imply that there exists a unique interior equilibrium $y_F^* > 0$.

In equilibrium, the return to fund i is thus given by

$$\pi(q_F(i)) = \Pi \left(q(i) + N \left[\int_0^p x_S^*(q_F(j)) q_F(j) dj + \int_0^{1-p} \delta x_D^*(q_M(j)) q_M(j) dj \right] y_F^* \right).$$

Using (2), we obtain that

$$\begin{aligned} \pi(q_F(i)) &= \Pi(q_F(i) + c'(y_F^*) y_F^*), \\ s. t., \int_0^p q_F(j) \phi(q_F(j) y_F^*) dj + \int_0^{1-p} \delta q_M(j) \phi(\delta q_M(j) y_F^*) dj &= \frac{c'(y_F^*)}{N}. \end{aligned} \quad (3)$$

That is, the fund return is determined by both the manager's ability $q_F(i)$ and her communication effort y_F^* . The latter, in turn, depends on others' communication effort and abilities. Note that y_F^* is independent of manager i 's own ability.

The analysis for a man manager with an ability $q_M(i)$ is symmetric. We similarly obtain that

$$\begin{aligned} \pi(q_M(i)) &= \Pi(q_M(i) + c'(y_M^*) y_M^*), \\ s. t., \int_0^{1-p} q_M(j) \phi(q_M(j) y_M^*) dj + \int_0^p \delta q_F(j) \phi(\delta q_F(j) y_M^*) dj &= \frac{c'(y_M^*)}{N}. \end{aligned} \quad (4)$$

The performance of the fund firm is thus given by

$$\pi(p) = \int_0^p \pi(q_F(i)) di + \int_0^{1-p} \pi(q_M(i)) di.$$

Plugging in the expressions for π_i gives the fund firm performance:

$$\begin{aligned} \pi(p) &= \int_0^p \Pi(q_F(i) + c'(y_F^*) y_F^*) di + \int_0^{1-p} \Pi(q_M(i) + c'(y_M^*) y_M^*) di, \\ s. t., \int_0^p q_F(j) \phi(q_F(j) y_F^*) dj + \int_0^{1-p} \delta q_M(j) \phi(\delta q_M(j) y_F^*) dj &= \frac{c'(y_F^*)}{N}, \\ \int_0^{1-p} q_M(j) \phi(q_M(j) y_M^*) dj + \int_0^p \delta q_F(j) \phi(\delta q_F(j) y_M^*) dj &= \frac{c'(y_M^*)}{N}. \end{aligned} \quad (5)$$

Proof. Of Proposition 1: From (5), at $\delta = 1$, $y_F^* = y_M^* \equiv y^*$. The optimization program at the fund firm level is reduced into:

$$\begin{aligned} \pi(p) &= \int_0^p \Pi(q_F(i) + c'(y^*)y^*)di + \int_0^{1-p} \Pi(q_M(i) + c'(y^*)y^*)di, \\ s. t., \int_0^p q_F(j)\phi(q_F(j)y^*)dj + \int_0^{1-p} q_M(j)\phi(q_M(j)y^*)dj &= \frac{c'(y^*)}{N}. \end{aligned} \quad (6)$$

The effect of p on π is given by:

$$\begin{aligned} \frac{d\pi}{dp} &= \Pi(q_F(p) + c'(y^*)y^*) - \Pi(q_M(1-p) + c'(y^*)y^*) \\ &+ \left[\int_0^p \Pi' di + \int_0^{1-p} \Pi' di \right] (c''y^* + c') \frac{\partial y^*}{\partial p}. \end{aligned}$$

Note that, from (6), using the implicit function theorem gives that:

$$\frac{\partial y^*}{\partial p} = - \frac{q_F(p)\phi(q_F(p)y^*) - q_M(1-p)\phi(q_M(1-p)y^*)}{\int_0^p \frac{(q_F(j))^2}{c''(q_F(j)y^*)} dj + \int_0^{1-p} \frac{(q_M(j))^2}{c''(q_M(j)y^*)} dj - \frac{1}{N}c''(y^*)}$$

The denominator is negative by the second-order condition at the equilibrium y^* . Therefore, $\frac{\partial y^*}{\partial p} > 0$ if and only if $q_F(p) > q_M(1-p)$. Similarly, the first line of $\frac{d\pi}{dp}$ is positive if and only if $q_F(p) > q_M(1-p)$. Note that $q_F(p) > q_M(1-p)$ if and only if $p < \hat{p}$ where \hat{p} solves

$$q_F(\hat{p}) = q_M(1 - \hat{p}). \quad (7)$$

Therefore, $\frac{d\pi}{dp} > 0$ if and only if $p < \hat{p}$.

Figure C.1-C.2, as generic plots, illustrate the marginal productivity of a woman and a man manager and the relation between fund performance and the percentage of women managers in this scenario, respectively.

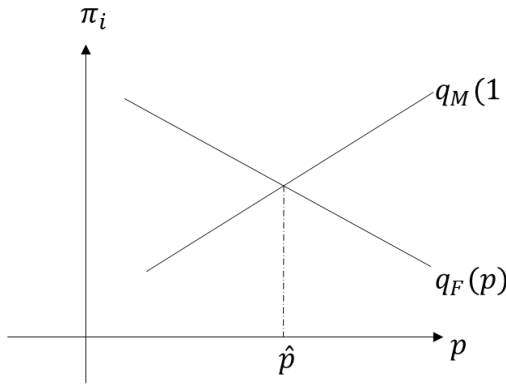


Figure C.1

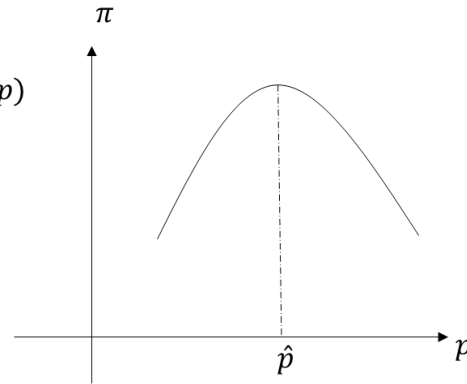


Figure C.2

Figure C.1 is a generic plot of the marginal productivity of a woman manager and the marginal productivity of a man manager in the simple scenario without communication discount. Figure C.2 is a generic plot of the relation between fund performance and the percentage of women managers.

Proof. Of Proposition 2: We first derive how the percentage of women managers p affects the overall performance of the fund firm. Changing p has three effects on the fund firm performance. First, it directly changes the distribution of abilities of the managers in the fund firm. Second, it indirectly changes the communication effort by the women and the men managers, y_F^* and y_M^* .

We first derive the indirect effects. From (2), using the implicit function theorem gives that:

$$\frac{\partial y_F^*}{\partial p} = - \frac{q_F(p)\phi(q_F(p)y_F^*) - \delta q_M(1-p)\phi(\delta q_M(1-p)y_F^*)}{\int_0^p \frac{(q_F(j))^2}{c''(q_F(j)y_F^*)} dj + \int_0^{1-p} \frac{(\delta q_M(j))^2}{c''(\delta q_M(j)y_F^*)} dj - \frac{1}{N}c''(y_F^*)}$$

The denominator is negative by the second-order condition at the equilibrium y_F^* . As such, the sign of $\frac{\partial y_F^*}{\partial p}$ is determined by its numerator:

$$q_F(p)\phi(q_F(p)y_F^*) - \delta q_M(1-p)\phi(\delta q_M(1-p)y_F^*).$$

Note that the numerator is positive if and only if

$$q_F(p) > \delta q_M(1-p).$$

If $p < p_F^*$, $\frac{\partial y_F^*}{\partial p} > 0$, where p_F^* solves $q_F(p_F^*) = \delta q_M(1-p_F^*)$. Note that at $\delta = 1$, $p_F^* = \hat{p}$ defined in (7).

For $\delta < 1$, $p_F^* > \hat{p}$. In addition, p_F^* decreases in δ . The sign of $\frac{\partial y_F^*}{\partial p}$ is illustrated in the first plot of Figure C.3.

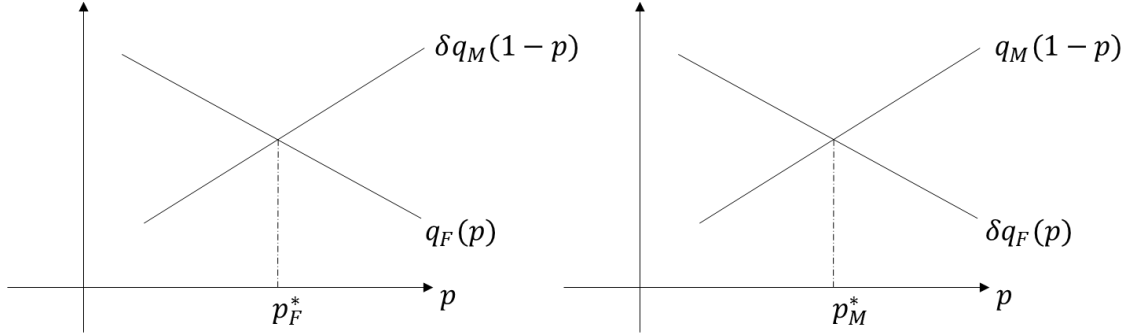


Figure C.3

Figure C.3 is a generic plot that illustrates the signs of $\frac{\partial y_F^*}{\partial p}$ and $\frac{\partial y_M^*}{\partial p}$.

The effect of y_F^* on π is given by

$$\frac{\partial \pi}{\partial y_F^*} = \int_0^p \Pi'(c'(y_F^*) + c''(y_F^*)y_F^*)di > 0.$$

Similarly, as for men managers,

$$\begin{aligned} \frac{\partial y_M^*}{\partial p} &= \frac{q_M(1-p)\phi(q_M(1-p)y_M^*) - \delta q_F(p)\phi(\delta q_F(p)y_M^*)}{\int_0^{1-p} \frac{(q_M(j))^2}{c''(q_M(j)y_M^*)}dj + \int_0^p \frac{(\delta q_F(j))^2}{c''(\delta q_F(j)y_M^*)}dj - \frac{1}{N}c''(y_M^*)}, \\ \frac{\partial \pi}{\partial y_M^*} &= \int_0^{1-p} \Pi'(c'(y_M^*) + c''(y_M^*)y_M^*)di > 0. \end{aligned}$$

Note that $\frac{\partial y_M^*}{\partial p} < 0$ if and only if $p > p_M^*$, where p_M^* solves $q_M(1-p_M^*) = \delta q_F(p_M^*)$. Note that at $\delta = 1$,

$p_M^* = \hat{p}$ defined in (7). For $\delta < 1$, $p_M^* < \hat{p}$. In addition, p_M^* increases in δ . The sign of $\frac{\partial y_M^*}{\partial p}$ is illustrated in the second plot of Figure C.3.

Finally, the direct effect is given by

$$\frac{\partial \pi}{\partial p} = \Pi(q_F(p) + c'(y_F^*)y_F^*) - \Pi(q_M(1-p) + c'(y_M^*)y_M^*).$$

In sum, The effect of p on π is given by:

$$\begin{aligned} \frac{d\pi}{dp} &= \frac{\partial \pi}{\partial p} + \frac{\partial \pi}{\partial y_F^*} \frac{\partial y_F^*}{\partial p} + \frac{\partial \pi}{\partial y_M^*} \frac{\partial y_M^*}{\partial p} \\ &= \Pi(q_F(p) + c'(y_F^*)y_F^*) - \Pi(q_M(1-p) + c'(y_M^*)y_M^*) \\ &\quad - (c'(y_F^*) + c''(y_F^*)y_F^*) \frac{q_F(p)\phi(q_F(p)y_F^*) - \delta q_M(1-p)\phi(\delta q_M(1-p)y_F^*)}{\int_0^p \frac{(q_F(j))^2}{c''(q_F(j)y_F^*)}dj + \int_0^{1-p} \frac{(\delta q_M(j))^2}{c''(\delta q_M(j)y_F^*)}dj - \frac{1}{N}c''(y_F^*)} \int_0^p \Pi' di \\ &\quad + (c'(y_M^*) + c''(y_M^*)y_M^*) \frac{q_M(1-p)\phi(q_M(1-p)y_M^*) - \delta q_F(p)\phi(\delta q_F(p)y_M^*)}{\int_0^{1-p} \frac{(q_M(j))^2}{c''(q_M(j)y_M^*)}dj + \int_0^p \frac{(\delta q_F(j))^2}{c''(\delta q_F(j)y_M^*)}dj - \frac{1}{N}c''(y_M^*)} \int_0^{1-p} \Pi' di. \end{aligned}$$

Now I derive a set of sufficient conditions under which π admits both an optimal level and a critical mass in the percentage of women managers. Consider first the extreme that $\delta = 1$. From the proof of Proposition 1, at $\delta = 1$, $\frac{d\pi}{dp} > 0$ if $p < \hat{p}$ and at $p = 1$, $\frac{d\pi}{dp} < 0$. By continuity, there exist some p' and some $\underline{\delta} < 1$ such that for $\delta > \underline{\delta}$, $\frac{d\pi}{dp}|_{p=p'} > 0$ and $\frac{d\pi}{dp}|_{p=1} < 0$.

Consider next the other extreme that $\delta = 0$. The first-order conditions for y_F^* and y_M^* are reduced into:

$$\int_0^p q_F(j)\phi(q_F(j)y_F^*)dj = \frac{c'(y_F^*)}{N},$$

$$\int_0^{1-p} q_M(j)\phi(q_M(j)y_M^*)dj = \frac{c'(y_M^*)}{N}.$$

The effect of p on π is reduced into:

$$\begin{aligned} \frac{d\pi}{dp} = & \Pi(q_F(p) + c'(y_F^*)y_F^*) - \Pi(q_M(1-p) + c'(y_M^*)y_M^*) \\ & - (c'(y_F^*) + c''(y_F^*)y_F^*) \frac{q_F(p)\phi(q_F(p)y_F^*)}{\int_0^p \frac{(q_F(j))^2}{c''(q_F(j)y_F^*)}dj - \frac{c''(y_F^*)}{N}} \int_0^p \Pi' di \\ & + (c'(y_M^*) + c''(y_M^*)y_M^*) \frac{q_M(1-p)\phi(q_M(1-p)y_M^*)}{\int_0^{1-p} \frac{(q_M(j))^2}{c''(q_M(j)y_M^*)}dj - \frac{c''(y_M^*)}{N}} \int_0^{1-p} \Pi' di. \end{aligned}$$

At $p = 0$,

$$0 = c'(y_F^*),$$

$$\int_0^1 q_M(j)\phi(q_M(j)y_M^*)dj = \frac{c'(y_M^*)}{N}.$$

Therefore, $y_F^* = 0$. In addition,

$$\begin{aligned} \frac{d\pi}{dp}|_{p=0} = & \Pi(q_F(0)) - \Pi\left(q_M(1) + N \int_0^1 y_M^* q_M(j)\phi(q_M(j)y_M^*)dj\right) \\ & + (c'(y_M^*) + c''(y_M^*)y_M^*) \frac{q_M(1)\phi(q_M(1)y_M^*)}{\int_0^1 \frac{(q_M(j))^2}{c''(q_M(j)y_M^*)}dj - \frac{c''(y_M^*)}{N}} \int_0^1 \Pi' di. \end{aligned}$$

The second term is negative. The first term is negative if and only if

$$q_M(1) + N \int_0^1 y_M^* q_M(j)\phi(q_M(j)y_M^*)dj > q_F(0). \quad (8)$$

Note that $N \int_0^1 y_M^* q_M(j)\phi(q_M(j)y_M^*)dj$ is strictly increasing in N since y_M^* is increasing in N . Therefore, (8) holds if and only if N is sufficiently large. That is, we require that N is sufficiently large such that the man manager with the lowest ability, with the communications from all the other men managers, is better informed than the best woman manager who receives no communication. Under this condition, $\frac{d\pi}{dp}|_{p=0} < 0$. By continuity, there exists some $\bar{\delta} > 0$ such that for $\delta < \bar{\delta}$, $\frac{d\pi}{dp}|_{p=0} < 0$.

In sum, for N sufficiently large and $\delta \in (\underline{\delta}, \bar{\delta})$, $\frac{d\pi}{dp}|_{p=p'} > 0$, $\frac{d\pi}{dp}|_{p=0} < 0$ and $\frac{d\pi}{dp}|_{p=1} < 0$. We also verify that, using numerical examples, that this set of conditions is not empty. By the intermediate value theorem, there exist at least two solutions that solve $\frac{d\pi}{dp} = 0$. Denote \underline{p} the smallest solution. \underline{p} is a critical mass for hiring women managers to be beneficial in the sense that for $p < \underline{p}$, $\frac{d\pi}{dp} < 0$ and in a neighborhood of $p \in (\underline{p}, \underline{p} + \eta)$, $\frac{d\pi}{dp} > 0$. Since $\frac{d\pi}{dp}|_{p=1} < 0$, there must exist an interior optimal point in the percentage of women managers ($p^* < 1$) that maximizes the fund firm performance.

Figure C.4-C.5, as generic plots, illustrate the marginal productivity of a woman and a man manager and the possible relation between fund performance and the percentage of women managers in the scenario with communication discount, respectively.

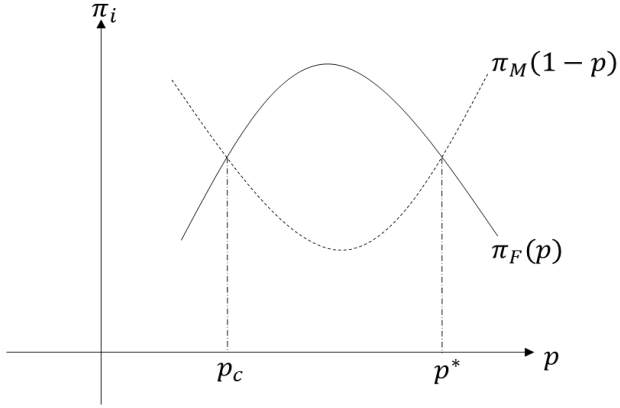


Figure C.4

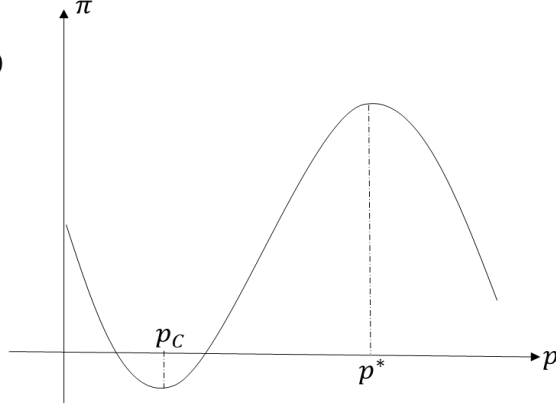


Figure C.5

Figure C.4 is a generic plot of the marginal productivity of a woman manager and the marginal productivity of a man manager in the simple scenario without communication discount. Figure C.5 is a generic plot of the possible relation between fund performance and the percentage of women managers.

A parametric example

For numerical analysis, we consider the following parametric example, i.e.,

$$\begin{aligned}
 c(x) &= \frac{c}{3}x^3, \\
 q_F(i) &= a_F + b_F i, \\
 q_M(i) &= a_M + b_M i, \\
 \Pi &= a_\Pi + b_\Pi \left(q(i) + N \int_0^1 h_j q(j) dj \right),
 \end{aligned}$$

where $b_F, b_M < 0$ and $b_\Pi > 0$.

We now plug the parametric assumptions into the equilibrium actions derived in Lemma 1. The equilibrium communication efforts $\{x_D^*(j), x_S^*(j), y_F^*\}$ are governed by:

$$\begin{aligned}
 \int_0^p q_F(j) x_S^*(j) dj + \int_0^{1-p} \delta q_M(j) x_D^*(j) dj &= \frac{c(y_F^*)^2}{N}, \\
 x_S^*(j) &= \sqrt{\frac{y_F^* q_F(j)}{c}}, \\
 x_D^*(j) &= \sqrt{\frac{\delta y_F^* q_M(j)}{c}}.
 \end{aligned}$$

Solving the set of equations gives that

$$\begin{aligned}
 \frac{(c y_F^*)^{\frac{3}{2}}}{N} &= \int_0^p (q_F(j))^{\frac{3}{2}} dj + \int_0^{1-p} (\delta q_M(j))^{\frac{3}{2}} dj \\
 &= \int_0^p (a_F + b_F j)^{\frac{3}{2}} dj + \delta^{\frac{3}{2}} \int_0^{1-p} (a_M + b_M j)^{\frac{3}{2}} dj \\
 &= \frac{2 \left[(a_F + b_F p)^{\frac{5}{2}} - a_F^{\frac{5}{2}} \right]}{5 b_F} + \delta^{\frac{3}{2}} \frac{2 \left[(a_M + b_M (1-p))^{\frac{5}{2}} - a_M^{\frac{5}{2}} \right]}{5 b_M}.
 \end{aligned}$$

The fund firm return is given by

$$\begin{aligned}
 \pi(p) &= \int_0^p \Pi(q_F(i) + c'(y_F^*) y_F^*) di + \int_0^{1-p} \Pi(q_M(i) + c'(y_M^*) y_M^*) di \\
 &= a_\Pi + b_\Pi \left[\int_0^p (q_F(i) + c(y_F^*)^3) di + \int_0^{1-p} (q_M(i) + c(y_M^*)^3) di \right]
 \end{aligned}$$

$$= a_{\Pi} + b_{\Pi} \int_0^p \left((a_F + b_F i) + \frac{4N^2}{25c^2} \left[\frac{(a_F + b_F p)^{\frac{5}{2}} - a_F^{\frac{5}{2}}}{b_F} + \delta^{\frac{3}{2}} \frac{(a_M + b_M(1-p))^{\frac{5}{2}} - a_M^{\frac{5}{2}}}{b_M} \right]^2 \right) di$$

$$+ b_{\Pi} \int_0^{1-p} \left((a_M + b_M i) + \frac{4N^2}{25c^2} \left[\delta^{\frac{3}{2}} \frac{(a_F + b_F p)^{\frac{5}{2}} - a_F^{\frac{5}{2}}}{b_F} + \frac{(a_M + b_M(1-p))^{\frac{5}{2}} - a_M^{\frac{5}{2}}}{b_M} \right]^2 \right) di.$$

Taking the derivative gives the effect of women manager percentage on performance:

$$\frac{d\pi}{dp} = (a_F + b_F p) - (a_M + b_M(1-p))$$

$$+ \frac{4N^2(1-\delta^3)}{25c^2} \left\{ \frac{\left[(a_F + b_F p)^{\frac{5}{2}} - a_F^{\frac{5}{2}} \right]^2}{b_F^2} - \frac{\left[(a_M + b_M(1-p))^{\frac{5}{2}} - a_M^{\frac{5}{2}} \right]^2}{b_M^2} \right\}$$

$$+ \frac{4N^2}{5c^2} \left[\delta^{\frac{3}{2}} \frac{(a_F + b_F p)^{\frac{5}{2}} - a_F^{\frac{5}{2}}}{b_F} + \frac{(a_M + b_M(1-p))^{\frac{5}{2}} - a_M^{\frac{5}{2}}}{b_M} \right] \left(\delta^{\frac{3}{2}} (a_F + b_F p)^{\frac{3}{2}} - (a_M + b_M(1-p))^{\frac{3}{2}} \right)$$

$$+ p \frac{4N^2(1-\delta^3)}{5c^2} \left[\frac{(a_F + b_F p)^4 - a_F^{\frac{5}{2}}(a_F + b_F p)^{\frac{3}{2}}}{b_F} + \frac{(a_M + b_M(1-p))^4 - a_M^{\frac{5}{2}}(a_M + b_M(1-p))^{\frac{3}{2}}}{b_M} \right].$$

Figure C.6 graphically illustrates this parametric example and demonstrates the possibility of a critical mass and an optimal point coexisting.

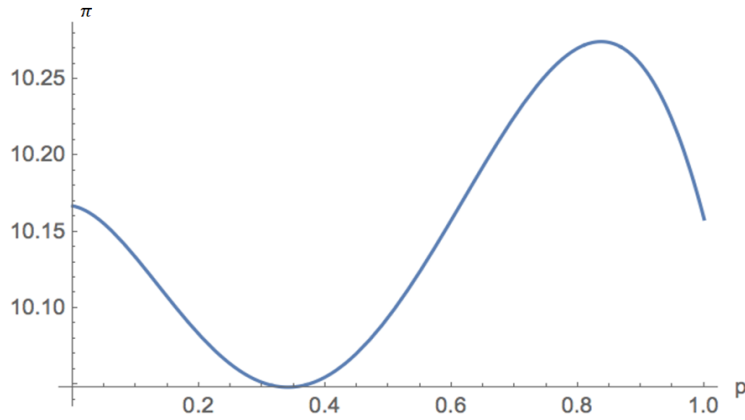


Figure C.6

Ethical Strategy: A Pragmatic Phenomenon or Logical Phenomenon or Misnomer?

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Abstract

Changes are inevitable in the market. To gain a competitive advantage, a marketer is required to adapt to the given changes. The intended strategies must be *pre-sensitive* to many of such unforeseen changes. The absence of the attribute of pre-sensitivity would land the marketer on frequent unrealized strategies. To become pre-sensitive, the marketer is required to foresee the future states of the intended strategies along with a methodical SWOT (strengths, weaknesses, opportunities, threats) analysis, a comprehensive PEST (political, economic, social, and technological) analysis, a thoroughgoing MOST (mission, objective, strategies, and tactics) analysis, and a systematic SCRS (strategies, current state, requirements and solution) analysis. Such a strategy of the marketer having qualified with all these analyses and considerations and having reflected on the wellbeing of the stakeholders is construed as an ethical strategy. The ethical strategy brings a long-lasting competitive advantage for the concerned marketer and has a positive impact on the stakeholders of the marketer.

But, a comprehensive strategy like the one couched within the concept of ethical strategy looks to be a misnomer for the thinkers like Herbert Simon (Simon 2000, 1990). Each marketer is a rational being. Even if it is granted that a rational being can come up with the best possible action plan, it may not be possible for her to execute it because the world around her is neither fully predictable nor deterministic. Simon believes that rationality that a human being deploys in various decision-making and problem-solving procedures is, *de facto*, not ideal or perfect; rather, it is restricted by various limitations (Swain 2013). This restricted form of rationality is characterized by Simon as ‘bounded rationality.

Whereas, Cherniak (1981, 1992) holds that a rational being can be effective with less than the perfect ability to deduce consequences from the beliefs and intentions that one is committed to. The rationality that a human being exhibits as well as required during different decision-making and problem-solving procedures is instead of a minimal kind (Swain, 2013). The deductive ability that enables a rational being to bring in effective decision-making and problem-solving procedures consists of a “*minimal inference condition*” (Cherniak 1992, 10). Going along the lines of Cherniak, Gigerenzer (2010) argues that morality, required for and is discussed in the context of a rational being, can at least be considered as “satisficing”. The state of satisficing holds that the decision-making strategy of a rational being must aim for a satisfying and adequate result, rather than the optimal ones. Putting Cherniak and Gigerenzer together, we can hold that for a marketer – a rational being – to bring ethical strategy, she must have minimal inference condition and must be aiming for the satisfying and adequate results.

Leaning on these two conditions laid by Cherniak and Gigerenzer, the study proffers a roadmap for a marketer having the desire to bring ethical strategies. The roadmap has the potential to prove that ethical strategy is no more a misnomer, more than a logical phenomenon, and genuinely a pragmatic phenomenon.

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Failing Grade for Diversity, Equity and Inclusion Initiatives: Case Study of Native American Institution

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Keywords: Diversity, Native Americans, Higher Education

Abstract

Introduction

Many colleges and universities are promoting Diversity, Equity, and Inclusion (DEI). The US Department of Education (2016) reports that a diverse faculty plays an important role in fostering inclusive climates including curricular decisions and pedagogy, and students need to see curriculum to create a sense of belonging (US Department of Education 2016). It also recommends that institutions provide cultural competency training in new student orientation and require that students take coursework in diversity as freshmen (pp.2-3). Recommendations include that we need to consider “how historical and current policies and practices may serve as barriers to diversity goals” and that we may need to “expand the hiring pool to retain diverse administrators and faculty.” (US Department of Education, 2016, p. 37)

Failing Diversity and Inclusion

Hallman (2017) argues that millennial teachers are open to diversity and multiculturalism by honoring difference. However, she claims that millennial teachers will struggle with “diversity as a uniting but also a dividing force” (as cited in Hallman, p.203). Other scholars have a different view toward diversity. For example, Mac Donald (2018) in her book, *The Diversity Delusion*, argues that classroom and scholarship are inappropriately used to address social justice in higher education, and she claims, some diversity trainings to overcome implicit biases and avoid microaggressions are a “insulting and mindless exercise” (p. 82). King (2022) argues that many organizations fail in DEI. First of all, they fail to acknowledge implicit bias exists which leads to discrimination and inequity in the workplace. He pointed out that good intention was poorly communicated, lack of financial support was an issue, transparency and trust are missing, response was not quick enough, as a result, DEI looks like a performance.

Native American Students in Higher Education

Native American students are likely to attend public institutions, however, bachelor’s degree completion rates for Native American students is 41% which is significantly lower than their white counterparts of 63% (Postsecondary National Policy Institute, 2021). The author teaches international courses at a Native American Institution in Colorado USA (Hereafter, the author calls it “The College”). The College is a public liberal arts college with approximately 3500 students, and 46% of the student body is Native American. U.S. News & World Report (2022) listed the college as #9 in Campus Ethnic Diversity at Liberal Arts Colleges.

During the pandemic in fall 2020, the College bucked national enrollment trends and increased the number of first year Native American students by intentionally working on “sense of community.” (West, 2021). As a post pandemic recovery, the College experienced a record high number of incoming freshman students in the fall 2021 with 12 % up from the previous year. However, the first-year retention percentage to the second year fell to 54% in the 2021-2022 academic year, from the previous year 68%, and the Native American rate was even worse (48%). Native Americans historically held tenaciously to their language and their customs and resisted the Americanization (Watras, 2002, p. 206). Consequently, Native American students constantly experience prejudice (PBS, 2022) and hear derogatory comments about their presence in public education while getting free education (West, 2021). According to the Chronicle of Higher Education (2022, April 27), the College has 186 full time faculty members. The overwhelmingly 78.2% is white, following 5.9% (Hispanic), 4.3% (American Indian/Alaska Native), 2.1% (Asian), and 0.5% (Black). Most administrators (President, Provost, Associate deans, Department chairs) are white at the College. There is no diverse administrators and faculty, as suggested by the US Department of Education (2016). Clearly this is a huge struggle for the College in terms of diversity, equity and inclusion initiatives, considering that fact that 46% student body is Native American, and 39% are white, and 13% are Hispanic.

The Role of Asians in Global Education at a Native American Institution

There are many reports about failing grades for diversity across the colleges and universities and they call for major changes to meet growing calls for more inclusive campuses. However, much of the conversation tends to focus on black and white (2020, Patel). Additionally, some definitions “do not consider Asians (as the entire racial group—regardless of gender) as an underrepresented minority,” for that reason, Asians tend to be excluded from DEI efforts (Iporac, 2020).

Keeping this in mind, the author argues the following points as part of discussion. **First**, at her campus, diversity means White vs Native American. Asians are not part of the diversity conversation. There is constant friction between white administrators and Native American students as well as Native American faculty members. The author capitalizes on this opportunity. Native American students do not regard Asian faculty members as educators that impose Americanization. Asians share similar cultural values with Native Americans such as collectiveness, hierarchy and respect, and Asians, as minority members, understand diversity issues better than white faculty members who tend to carry implicit bias and Native American students also witness the same phenomena. **Second**, the author teaches international courses to raise global awareness on campus. Native American students are willing to learn about global issues and do not resist global education because it is not regarded as Americanization. This is a very positive outcome. Asian faculty members can play an important role as mediators on campus. **Third**, a couple of challenges include that the author still needs to deal with white administrators in terms of tenure/promotion personnel reviews. Minority faculty members tend to carry a heavier service burden than their colleagues, more often engaging in committee work, community engagement activities, and mentorship of students, yet, most administrators refuse to recognize the overloaded service work, which leads to their departure and the low rate of minority faculty retention (Griffin, 2019). **Finally**, administrators need to recognize faculty members who are not White or Native Americans as minority members. I agree with Rantz (2020) who points out, “Unless you address the root causes of why you're not diverse now, you deserve no medal for a press release announcing your social justice bona fides.”

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In search of the perfect case study: A pilot combined assessment of Ethics and Diversity, Equity and Inclusion (DEI) learning objectives.

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Abstract

Growing support for Black Lives Matter, the #MeToo movement and Indigenous rights is “pushing organizations to examine their own practices around recognizing and working to eliminate social inequities and systemic racism (Clark et al., 2021).” Businesses are faced with challenges that require true organizational change and efforts to redefine their culture around inclusivity. This type of shift demands that future leaders understand the importance, relevance and sensitivity of this topic – as well as the relationship to the broader efforts around business ethics and ethical decision-making. Although Diversity, Equity and Inclusion (DEI) has made its way into the broader cultural and societal dialogue, the facts on the ground suggests dramatic strides need to be made to fully realize it within Corporate America and workplaces in general (Smith, Tyrone & McCool, Jeremy C., 2021). Recent research shows that workforces with a more “diverse workplace were significantly more likely to report high financial returns (Hunt, Vivian et al., 2015).” The premier discipline-based conference, Academy of Management, notes in their call for scholarship in 2021 that “perhaps this year more than ever, race- and power-based activism and injustice are on our minds, and we as scholars can use our knowledge to educate others (Hoobler, Jenny, 2021).” Further, the accrediting body AACSB, has called upon business schools to make DEI an “integral part of their missions (Bisoux, Tricia, 2020).” Finally, it could be said that DEI is aligned with business school’s mission to promote ethical behavior and develop ethical leaders. DEI initiatives are rooted in ethical values around autonomy, respect for persons and beneficence and we must work proactively to bridge the gap in perception of the two goals as being separate (Devonish-Mills, Linda, 2020).

A commitment to build competency in Diversity, Equity and Inclusion (DEI) is a critical tool and skillset for graduates moving into the workforce of tomorrow. In 2021, the school of business faculty at our university voted to incorporate new learning objectives for all students in our undergraduate & graduate majors that would focus on DEI:

- a. Students will understand the importance of diversity, equity, and inclusion awareness in a business situation.
- b. Students will identify issues related to diversity, equity and inclusion that occur in business.
- c. Students will recognize methods to address these issues in business.

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For purposes of efficiency, minimizing student and faculty burden, and a belief in the aligned relationship between both DEI and Ethics, the decision was made to identify a case study to be used in overall assessment that could address both the new learning objectives as well as the existing Ethics learning objectives:

- a. Students will identify ethical issues presented by a business situation.
- b. Students will explain the differential impacts of a business situation on various stakeholders.
- c. Students will generate alternatives to address the ethical issues in the business situation.
- d. Students will recommend and defend their approach to the business situation.

A parallel process was undertaken for the assessment of graduate learning objectives.

Although using a singular case study for the purposes of assessing both sets of learning objectives may initially appear pragmatic, the reality of identifying and implementing a new case of this nature had its challenges. This work seeks to document the process of choosing a case – including the roadblocks, limited availability of existing cases and ultimate rationale for our chosen options. We will share faculty responses and concerns regarding the selected cases from our pilot first semester assessment. Additionally, we will provide preliminary evidence of student ability to demonstrate learning using these cases. Finally, we will outline our suggested best practices for other faculty and schools looking to make strides in developing similar learning goals and assessment protocols.

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Transformative Reimagination: A Framework for a Vincentian Business Education

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Introduction

As seen through the rise of the ESG (environmental social governance) movement and various calls for a more socially conscious capitalism, society and the business community are reckoning with the consequences of marginalizing ethics from the commercial domain. A key actor in responding to the systemic breakdown of business ethics are business schools. These institutions serve as incubators for business professionals. In this capacity, business schools are responsible for more than just the transmission of discipline-specific knowledge to their future alumni. Indeed, given the emphasis placed on societal impact and business ethics by leading international organizations of business schools, the duties of these institutions include the moral formation of community minded and socially responsible corporate leaders.

While all schools of higher education are called to deepen their commitment to business ethics and corporate social consciousness in their curricula, Catholic business schools are uniquely positioned to serve as thought leaders within this domain. Their unique positioning to develop innovative approaches for transmitting business ethics and social consciousness stems from two legacies of the Church. First, the intellectual contributions of Catholic Social Teaching to the morality of market exchange. Second, the Church's integral role in higher education, particularly its charisms' emphasis on holistic, interdisciplinary education.

This paper posits a transformative reimagination of how Vincentian business schools can better serve society and their institutional stakeholders through reclaiming the potential of their Vincentian mission identity. To accomplish this goal, this paper begins by establishing the pernicious prevalence of business ethics failures and the role of business education in responding to this breakdown in section one. Section two lays out the unique social opportunity afforded to Vincentian business schools in drawing on its mission to re-envision both the importance and presence of business ethics throughout its curriculum. As a means of offering discrete examples of a Vincentian mission-informed curriculum, section three describes four case studies from Niagara University's Faculty Learning Community (FLC). The FLC empowered each of the authors of this paper to facilitate mission-centered curricular innovations in their business classrooms. Drawing on these experiences, section four offers a set of three guiding pillars – community-centered, innovative, solution oriented – that synthesize common thematic elements of the FLC case studies and serves as a foundation for a mission-centered Vincentian business education. Finally, the paper concludes with recommendations for Vincentian business school administrators and faculty leaders in successfully facilitating a mission-centered curriculum. These recommendations, summarized by the acronym HEET (Hire, Equip, Encourage, Teach), focus on the critical need for mission-integration initiatives to be nurtured at the university, college, and departmental levels.

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1. Business Education as Conduit for a Reinvigorated Business Ethics

In recent years, cases of unethical business organizations have been dominant in the news. Extant research across fields have argued that the propensity of unethical conduct in organizations has reached ‘crisis proportions’ (Floyd et al., 2013: 753). There has been a spate of corporate governance cases involving high profile companies in the past decade that have shocked people worldwide with the extent of unethical behavior exhibited by business leaders in these organizations. One such instance is Volkswagen’s diesel gate scandal where they admitted to rigging their emission testing results which violated the company’s own mission statement and core values of ‘integrity’ (“we always strive to do the right thing”) and ‘accountability’ (“doing it right the first time is not our goal, but our standard”) and having to pay millions of dollars in fines (Volkswagen, 2022; Ridley, 2022). And then there is one of the more recent corporate scandals with founder Elizabeth Holmes and her company Theranos, in what has been described as “one of the most epic failures in corporate governance in the annals of American capitalism” (Waiker, 2018). Following recent trials, Elizabeth Holmes and her partner Sunny Balwani were recently convicted of defrauding investors and other stakeholders of millions of dollars and putting patient’s lives at risk. However, these incidents are by no means isolated in the business world; it’s not just a case of a few rotten apples. Research looking into ethical practices in businesses has found that a significant proportion of businesses engage in unethical practices (McCabe, Butterfield & Treviño, 2006; Rahman, Hussein & Esa, 2014).

As a solution to reduce unethical behavior and prioritize ethics in the business world through business education, the UN Principles of Responsible Management Education (PRIME) was created in 2007 to bring together business schools around the world for shaping the skills and mindset of future business leaders. The mission of PRIME is to “inspire and champion responsible management education, research, and thought leadership globally while promoting awareness about the Sustainable Development Goals, and developing the responsible business leaders of tomorrow” (UN Global Impact, 2022).

Furthermore, ethics in recent years has been prioritized more in business school curriculum. This is best demonstrated by the requirements set by the two most prestigious international accreditation bodies for business school higher education: Association to Advance Collegiate School of Business (AACSB) and Accreditation for Business Schools and Programs (ACBSP). Both accreditation bodies require business schools to incorporate ethics into their curricula to attain membership. For instance, under the AACSB requirements, ethics education is required “as part of the general knowledge and skills portion of the standards for undergraduates, and in the management-specific portion of the standards for undergraduate and master’s students” and requires competencies in the following subject areas: “(a) responsibility of business and society, (b) ethical leadership, (c) ethical corporate governance, and (d) ethical decision-making” (Franks et al., 2013).

However, despite these positive efforts, one of the most significant concerns for the business discipline remains the provision of robust business ethics education (Holland and Albrecht, 2013). And the preponderance of recent business ethics scandals has continued to raise concerns and highlight the importance of faculty teaching ethics in business schools and exploring novel, effective and transformative pedagogical methods in business school curriculum to help reduce the propensity of future unethical behavior (Adler 2002, Lau 2010). Speaking to the current pitfalls of incorporating business ethics into curricula, White (2020) observes that “courses on business ethics are really courses on business taming or business bashing” (p. 138). Arguing for a holistic adaption of business ethics throughout the curriculum, where students should be taught “how the technical skills that they learn ... aim at the creation

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of value. Instructors of business ethics need to cultivate an idealism in their students for their chosen profession” (p. 194).

2. The Potential of Catholicism’s Contribution to Business Ethics

One institution of higher education that is uniquely positioned to lead a curricular renaissance in holistic business ethics is the Roman Catholic Church. Indeed, the Catholic Church’s primary intellectual contributions to commercial affairs has pertained to business ethics and the morality of market exchange. This is best witnessed intellectually through papal encyclicals devoted to questions of business ethics. Pope Pius XI’s (1931) *Quadragesimo Anno*, Pope John XXIII’s (1961) *Mater Et Magistra*, Pope Benedict XVI’s (2009) *Caritas In Veritate*, and Pope Francis’s (2015) *Laudato Si* have all contributed to the development of Catholic Social Teaching on the morality of markets.

Alongside doctrinal developments, Pope Francis has recently advocated for the Catholic Church’s unique ability to serve as an intellectual leader in this movement. In 2020, Francis formed an alliance with the *Council for Inclusive Capitalism*. This is a partnership between business leaders and the Vatican to “make economies more inclusive and sustainable with a movement of bold, business-led actions that span the economic ecosystem.” Alongside bearing witness to the need to center ethics in commercial life, Roman Catholicism’s extensive higher education mission uniquely positions the Church to serve as a leader in the conscious capitalism movement. The Church can promote the importance of business ethics by virtue of its training many business professionals around the world.

Catholic Higher Education and Business Education Model

The primary tool for Catholic higher education’s remoralization of commercial activity is its incorporation of ethics and values into the business curriculum. Rejecting the tendency to reduce business ethics to a standalone course, a mission-driven Roman Catholic business curriculum would weave ethics throughout each student’s classroom experience. In doing so, Roman Catholic business schools can promote the distinctive mission promises of Catholic higher education identified by Cardinal John Henry Newman. Cardinal Newman, in his seminal 1852 text *The Idea of a University*, asserted that Catholic higher education was distinctive from the secular academy across two aspects of its mission orientation. First, he asserts that Roman Catholic institutions are better equipped to promote holistic education. Just as Roman Catholic higher education recognizes the importance of the spiritual and sacred to many facets of human knowledge outside theology, it should draw on this insight to promote interdisciplinary inquiry. Second, Roman Catholic higher education is centered around the goal of social mobility and the promotion of human flourishing. Catholic higher education expands and transmits knowledge for its instrumental value in uplifting individuals and societies, rather than as an end in itself.

While Newman’s dual mandate guides the mission of all Roman Catholic institutions of higher education, different charisms within the Church hold a comparative advantage for innovation within either mandate. As the primary charism associated with Catholic higher education, the Jesuit order’s intellectual identity and mission best supports Newman’s first mandate of holistic education. This follows directly from many tenets of the Jesuit educational model such as its commitment to “finding God in all things” and caring for the whole person (*cura personalis*). Both of these core Ignatian values follow from recognizing the intersectional nature of the human experience and the inherent need for holistic reflection and inquiry to grapple with this complexity.

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Unlocking the Opportunities of an Authentically Vincentian Education

Relevant for this paper's contribution, the Vincentian charism is ideally positioned for intellectual leadership on Newman's social mobility mandate. Per Sullivan (1995), education was so central to the Vincentian mission that it was deemed as "the most far-reaching form of service since it enabled the poor to break the cycle of poverty, find meaningful employment and thus enhance their self-respect and confidence." (Sullivan, 1995:179). Furthermore, education was seen as a means to transmit "vision of service to others" and be able to carry it forward in their own lives (Sullivan, 1995: 179). As guiding principles for achieving this mission, Sullivan (1995) identifies eight core tenets of the Vincentian educational tradition. These include constructing an educational product that is holistic, integrated, creative, flexible, excellent, person oriented, collaborative, and focused.

However, Saint Vincent de Paul and Saint Louise de Marillac's legacy transcended simply extending the opportunity of a college education to those in underserved communities. Rather, "as Vincentian educators, we are advocates of education for social transformation. Our intent is to educate students who will be agents of change and catalysts in the transformation of society - not to create a class apart nor to perpetuate the vicious cycles that marginalize the poor" (Banaga, 2008). Achieving this goal will lead to the fulfillment of one of the main purposes of Vincentian higher education which is the "creation of a vast alumni who leave our institutions with a Vincentian heart, wanting to make a real difference in their communities" (Holt Schneider, 2012).

Overarching the Vincentian commitment to social transformation, is the papal document *Ex corde Ecclesiae*, written by Pope John Paul II in 1990. This document created norms that were to be followed by Catholic higher education institutions beginning with the 1991 academic year. The pontiff challenged these institutions to the study of serious contemporary problems in areas such as the dignity of human life, the promotion of justice for all, the quality of personal and family life, the protection of nature, the search for peace and political stability, a more just sharing in the world's resources, and a new economic and political order that will better serve the human community at a national and international level" (par. 34).

Involving more than just academic research, this commitment to social justice was to be instilled in the students:

The Christian spirit of service to others for the promotion of social justice is of particular importance for each Catholic University, to be shared by its teachers and developed in its students. (par. 34)

Despite the pontiff's charge in *Ex corde Ecclesiae*, there remains room for improvement. Naughton (2009) laments:

As a matter of mission, policy, or strategy, few schools of business in Catholic universities engage their courses with questions and issues within the Catholic social tradition and, in particular, a Catholic vision of the person and the just society. Individual professors may do so as a matter of personal choice, but few schools have taken the particular tradition on which their university was founded and strategically engaged this tradition with the business curriculum. (p.29)

The main contribution of this paper is to provide a framework by which Vincentian colleges of businesses can more robustly incorporate both our charism and Catholic Social Teaching into their curriculum and

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cultures. We begin by first describing an initiative at Niagara University to help achieve this goal and the experiences of three professors who participated in this pilot program.

3. Reimagining Vincentian Business Education: Case Studies from Niagara University's Faculty Learning Community

Faculty are central to this mission, with a responsibility to not only to impart content knowledge, but also help “create” Vincentians. While the Vincentian mission of preparing change agents and empowering those at the margins of society applies to all its institutions' graduates, this mission is particularly relevant to the role its business schools can play in promoting the value of ethical business practices.

It is therefore crucial for business faculty to be willing to incorporate the Vincentian mission into their courses. One such model of how social transformation and ethics can be woven throughout a business curriculum can be seen in our series of case studies from Niagara University. Starting in Fall 2019, Niagara created its Faculty Learning Community (FLC) initiative. The FLC was directed to assist faculty with creating class elements focused on facilitating either a mission focused class component or a project-based service opportunity for students in classrooms across several disciplines. The goals of Niagara's FLC were:

1. To further faculty's understanding of Niagara University's Catholic and Vincentian mission and its place in the curriculum.
2. To assist faculty in exploring how their disciplines address mission-related issues such as systemic causes of poverty.

The authors of this article participated in different cohorts of the FLC program. A management professor and an economics professor participated in the first 2019 FLC cohort while a second economics professor completed the program in 2020.

Our projects span a wide variety of topics and courses – both undergraduate and graduate. We each took a different approach to incorporating project-based learning and Niagara's Vincentian heritage into our courses. While the first three case studies involved direct community engagement for the purposes of addressing social or economic need, the final project involved incorporating contributions from the Catholic intellectual tradition into the curriculum.

Case 1: Social Entrepreneurship

As part of the Fall 2019 Faculty Learning Curriculum, one of the authors of this paper (a tenure-track Management faculty member) opted to design a project for implementation in the Fall 2019 Entrepreneurship course Business incorporating community-centered project-based learning in cooperation with the Niagara University Impact Office/Levesque Institute.

The undergraduate business elective in Entrepreneurship, offered in the Fall semesters, is about designing, launching and founding organizations that aim to create profit or foster social change through innovative solutions. This three-credit elective course with primarily junior and senior year undergraduate management students focuses on the foundations and key concepts of entrepreneurship. The delivery format of the class is primarily via in-class workshops with the instructor where students work

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collaboratively with their self-selected teams each class to step-by-step generate a conceptual business plan for their product (with steps such as innovation idea generation, developing a beachhead market, market segmentation, product specification etc.). Several teaching tools are employed to assist students in their projects such as guided lectures, interactive team exercises, relevant entrepreneurship video cases, guest lectures and a field trip which help students learn about fundamental theories and topics in entrepreneurship as well as basic tools for founding their own venture. At the end of this course, students will have the necessary knowledge and skills to help identify the steps necessary to conceptualize and create an entrepreneurial venture.

The focus of the FLC project in Entrepreneurship was on the topic of Social Entrepreneurship which can be defined as “the pursuit of social objectives with innovative methods through the creation of products, organizations, and practices that yield and sustain social benefits” (Guo and Bielefeld, 2019). As part of the project, students participated in a Social Entrepreneurship field trip that centered on various community-based organizations that serve the needy in the Niagara Falls region. Based on a field trip, small, self-selected teams of two students complete their 5-6-page Social Entrepreneurship report. The report was based on the *Social Entrepreneurship Opportunity Identification and Idea Generation Framework* that was developed by the author. In the report, teams first identified and analyzed a social problem (for e.g., low-income housing, primary school education, employment assistance, health care etc.) in the Niagara Falls region. Then using the steps in the framework, each team created a business idea based on a social innovation for a social venture to address the identified problem.

The FLC project in Social Entrepreneurship highlights several key Vincentian core values such as being holistic, “where Vincentian education seeks to respond to the intellectual, spiritual, moral and affective needs of the students—educat[ing] the heart as well as the head” (Sullivan, 1995: 179). The project also focused on where “Vincentian education is ever viewed as central to the Vincentian mission of service to the poor” (Sullivan, 1995: 179). Through the ability of students to identify social needs in the Niagara Falls region, students were able to think beyond their own pursuits and focus on giving back to the community and finding solutions to better conditions for the underprivileged which is at the heart of the Vincentian mission. This sense of purpose is important to create more ethical and inclusive future business leaders who care not just about the bottom line and profit maximization but also place emphasis on addressing the needs of other stakeholders, such as customers, investors, partners, suppliers, and the community in which they operate as they pursue growth.

Another key tenet of Vincentian education demonstrated by this social entrepreneurship project is creativity. As Sullivan notes “Vincentian education is ever seeking new and renewed ways to meet changing needs among the student population while maintaining a clear ‘sense of the possible’” (Sullivan, 1995: 179). Employing the *Social Entrepreneurship Idea Generation Framework* developed by the instructor, students came up with unique and innovative social innovations to address existing issues. Traditional business school courses typically employ lectures and case studies that focus on existing theories and models to teach students business principles. However, a key tenet of project-based learning is to allow students to think out of the box and activate participate in their own learning rather than merely gain information second-hand through the instructor and existing materials. In this project, students proactively researched an existing issue, engaged in root causes analysis by analyzing the past and current social, political, legal and economic factors impacting the targeted social problem. Students were then required to conduct primary research through interviews with community stakeholders and identify key barriers affecting the progress of their target social problem. Finally, students had to come up with a social innovation that can effectively address the problem identified and is unique and different from existing

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products and services available. By exploring real-world problems and challenges on their own, students in this class were able to acquire valuable experiential knowledge which cannot be accessed through pursuing traditional learning methods.

There are a few key-takeaways from this project. The first is the need for financial and administrative support to help instructors formulate such creative projects that allow students to gain first-hand experiential knowledge rather than resort to traditional classroom teaching methods. Without the support of the IMPACT Office at Niagara University and senior faculty and staff for the resources required for this project (such as transportation, key contacts of community services providers in the region, and guidance from local staff), this project would not have been feasible. This is particularly relevant for new professors who may incur steep learning and experience curves, in addition to lacking adequate knowledge of the community and resources to create such projects on their own. So, for project-learning initiatives such as this to be a long term part of the business school curriculum, there is a critical need for ongoing institutional investment that encourages and rewards instructors (through stipends and staff support) to sacrifice time and energy to create new experiences for their students; without these initiatives will not be feasible to sustain in the long term. A second take-away is that creating learning that can impact students for a lifetime and re-orient the way they look at the world requires time and flexibility. To develop this project, instructors and departments have to be willing to rearrange their scheduled course materials, work collaboratively, allow for last minute changes in plans such as losing class time that they may have planned for some other learning and be willing to work outside of the classroom to come up with new frameworks (such as *the Social Entrepreneurship Idea Generation framework*) that can effectively address new project goals. A final takeaway from this case study is that implementing such experimental and daunting changes to course curriculum cannot be heralded by the individual instructor alone. However, through the collaboration and support from various university and community stakeholders (such as department and university colleagues, administrators, staff, community partners, board of trustees etc.) it is possible to transform a student's learning experience in a way that potentially create ethical and conscientious business leaders of the future who can transform society for the better.

Case 2: Econometrics

Our second project-based learning case study offers another example of how course assessments can be intentionally designed to address existing needs within the broader community. As a primary component of the final exam for an applied econometrics class, the instructor asked a multistep question where students had to offer recommendations after analyzing anonymized student records data from the university. This intervention took part in a cross-listed course composed of upper division business undergraduate students and both Masters of Finance and MBA graduate students. It was held during the Spring 2021 semester and was composed of 12 students in total. The class met in-person and met once a week for a 2.75-hour evening session.

This project entailed students applying their acquired econometric knowledge to indirectly offer recommendations to Niagara University for incoming student class placement. In Spring 2021, Niagara University administrators contacted the econometrics class instructor and inquired if he would facilitate an assessment of the university's first year class assignment protocols. Particularly, they were interested if a superior course assignment mechanism could be designed to increase the probability of student success in first year math courses, which would likely boost the retention rate of freshmen students. Administrators provided detailed historical datasets on previous cohorts of first year students to the instructor. These datasets included information on student demographics, high school academic performance, SAT scores, and performance in first year math or writing courses at Niagara.

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As the instructor was simultaneously approaching local nonprofits in search of an opportunity for the econometrics students to conduct a data analysis service project, he facilitated an arrangement with university administrators to include students in the assessment project. Given the privacy and legal restrictions on disseminating student records data to other students, the instructor used the records data to run a logit regression. This regression aimed at estimating the correlation and its statistical significance between different student variables and the probability of successfully passing an introductory statistics course. Results from this regression could be used to consider how different components of a student's background translate into their success. It could also be used to determine the overall probability of a student successfully passing the class.

As implementing and interpreting logit regressions was covered in the second half of the applied econometrics class, questions on this topic were incorporated as a multipart short answer question within the final exam. Students were provided the aforementioned regression results and were asked a series of questions on interpreting these results. For example, these included questions on how important it was that students completed at least algebra 2 in high school or the benefit of being placed in a statistics section meeting four times per week (rather than three times). Their answers could then be passed along by the instructor to university administrators as an input to the broader question of redesigning their course assignment mechanism.

Based on both solicited student feedback and instructor perceptions, there are three primary takeaways from this econometrics case study. First, consistent with Sullivan's (1995) observation that integration is a key tenet of Vincentian education, students appreciated and were inspired by the ability to work on projects with real world implications. Unlike other exam questions, whose importance and impact are constrained to the still important task of measuring student mastery and comprehension, the econometrics case study illustrates the potential opportunity of classroom assessments to transcend the classroom. This possibility offers symbiotic benefits to both the service and learning measurement dimensions of the assessment activity. By incorporating service components within course assessments, students can appreciate the applied business or social value of class concepts (like logit regression) outside of their abstract presentation in classrooms. This holds specific relevance to institutions like Niagara, whose Catholic and Vincentian mission identity aims towards preparing graduates to be transformational members of their community. Equally, by adding the external benefit of assisting the community to the individual reward of an assessment, students may be motivated to invest more effort on the assessment. Given that the importance of their deliverable extends beyond merely their earned grade, students motivated by the social value of the assessment will allow the assessment to offer a superior measure of a student's actual mastery.

A second conclusion from the econometric case study is a recognition that fully immersive assessments offer greater potential for student investment. This insight directly follows from the logic of the project-based learning literature. At its best, project-based learning is primarily student driven and will incorporate students throughout as many dimensions of the project as possible. Students in the econometrics case study were only able to marginally participate in the broader assessment reform project due to data privacy limitations. However, similar projects in future versions of the class would ideally differ from the discussed assessment in three key dimensions. First, rather than be constrained to an exam, the service-driven assessment would take place across an entire semester. This would likely entail a community partner sharing data that could be used to answer a key question relevant to their mission. Second, if at all possible, students would directly dictate the data analysis decisions. Even if the data could not be directly provided to them, the students could outline what they would do to the instructor, who would then carry out their intentions. Finally, there should be opportunities for the students to directly

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interact with the community partner. This is key to both facilitating student investment in the project and to offer them an explicit example of how their developed skill sets can directly address community needs.

The final takeaway from this case study centers on the need for resources and institutional support for any similar project to be successful. A major limitation underlying why a more extensive project was not pursued was the challenge of identifying an opportunity for data analysis service. While the instructor was assisted by Niagara's IMPACT office, which focuses on service projects involving members of the university's community, many potential partners either lacked the necessary data or were unwilling to share their data with students. In order for a similar project to fully meet its potential, instructors require both institutional support to successfully identify community partners and sufficient time to implement the intended project. Given the numerous demands already placed on instructors and their potentially limited social networks within the community, it is imperative that administrators offer this support if they wish for faculty to provide transformational project-based learning experiences to their students. This touches on Sullivan's (1995) collaborative tenet of Vincentian education, as student opportunities to participate in a transformative educational experience often rely on engagement with others outside the classroom.

Case 3: MBA Health Policy

Similar to the econometrics case study, our third case study also involved students assisting a university office with a campus initiative. In the summer of 2019, Niagara started a food pantry for students which operated out of residence life. During the fall 2019 semester, MBA students in the healthcare management concentration did research and provided recommendations to the newly opened campus food pantry. The project took place in a healthcare policy and management MBA course. This course is required for all MBA students completing the healthcare management concentration. In the fall of 2019, there were seven students enrolled and the course ran as a hybrid.

Why did MBA healthcare management students provide guidance on a student food pantry? This project allowed the students to synthesize two research streams. The Grossman model (1972) first recognized that health status is not solely determined by genetics and medical care. More recently, the social determinants of health are now being recognized as important determinants of health status. The CDC defines the social determinants of health as "conditions in the places where people live, learn, work, and play that affect a wide range of health risks and outcomes," (CDC, 2021). Economic stability is one of these conditions, and food security is considered to be a component of economic stability. The American Hospital Association (2017) provides resources to health systems to inform their efforts addressing deficiencies in the social determinants of health for their patient population, including case studies illustrating best practices in how some hospital systems are addressing food insecurity.

There is also, unfortunately, a growing literature documenting food insecurity among college students (Freudenberg et al., 2019; Payne-Sturges et al., 2018; Nikolaus et al., 2020). Students had to search the peer-reviewed literature on how both college campuses and hospital systems were addressing food insecurity in their respective populations, finding between four and six journal articles on each topic. Students then had to review the AHA case studies on food insecurity and search the websites of large hospital systems to identify best practices. Armed with this research, students made recommendations for a successful operation of NU's recently started food pantry.

Two student groups presented their recommendations to a representative from Niagara University's IMPACT office, which coordinates service learning for the university. Although their recommendations were varied, three overarching themes emerged. Some recommendations were proactive – trying to identify at risk students. For example, one suggestion was to include food insecurity screening in the

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online health portal where students upload required health documents. Other proposals were service oriented, focusing on donations. For example, one group recommended a “Pay it Forward” program, where students could donate unused meal plan meals to students in need. This group noted that many meal plan meals have been paid for and end up unused or spent frivolously at the end of the semester. The third category involved proposals that monetized food pantry donations. For instance, one group suggested that food pantry donations could be accepted to pay off student parking fines.

For Vincent, “growth in virtue had to accompany growth in knowledge,” (Sullivan, p. 166). Sullivan (1995) identifies the core tenets of a Vincentian education. These include the properties of being holistic and integrated. This project was holistic in that it contributed to students’ moral growth by drawing their attention to an unmet need on the campus and challenging them to offer solutions. The project was integrated as it required the students to synthesize two academic research streams and apply best practices to a local problem.

Finally, Vincentian education must be excellent- which includes not only dedicated faculty, but also in methodology which should be active and challenging (Sullivan, p. 179). Project based learning meets this criterion. According to the Buck Institute for Education, “project-based learning is a teaching method in which students gain knowledge and skills by working for an extended period of time to investigate and respond to an authentic, engaging, and complex question, problem, or challenge.” This graduate assignment meets many of these standards. Campus food insecurity is a meaningful problem. It is authentic as it involves an issue relevant to students’ lives. The assignment required sustained inquiry, as students had to find resources from two distinct research streams. Finally, consistent with project-based learning, the students presented not just to fellow students and the professor, but a representative from a university office.

Case 4: Labor Economics

Our fourth and final project-based learning case study offers an example of explicitly integrating institutional mission into the business curriculum. Within a course on labor economics, the instructor embedded primary source material from Catholic Social Teaching into a unit on wage dispersion and labor market inequality. This course was an upper division elective course held during the Spring 2020 semester and was composed of 15 students from business majors. While the class was originally held in-person and met for 80-minute sessions twice a week, the integration of Catholic Social Teaching into the class occurred during the COVID pandemic, where class periods were held virtually over Zoom.

As one of the final units of the semester, students were assigned to read and engage with several germane selections from Saint John Paul II’s 1991 encyclical *Centessimus Annus*. *Centessimus Annus* (CA) represents John Paul II’s theological and moral analysis of capitalism and contemporary mixed-market economic systems. The former Pope systematically commended and criticized the contemporary global economic order throughout the encyclical. While his analysis surveyed several dimensions at the intersection of economics and ethics, such as capitalism’s implications for global poverty and ecology, John Paul II devoted considerable attention in the encyclical to the morality of labor markets under contemporary forms of capitalism. For John Paul II, work and labor represented a means of safeguarding each person’s inherent dignity, cultivating their divinely-endowed talents, and providing a communal locus for social and familial engagement.

Students engaged with the Pope’s arguments on labor market ethics in *Centessimus Annus* through two elements of the labor economics class. First, after being assigned selections from the encyclical to

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read outside of class, students participated in an open-ended class discussion on the material. This discussion constituted both a means of determining student comprehension of John Paul II's arguments and encouraged them to identify its relevance to our concurrent exploration of inequality in labor markets. Second, as an essay component embedded within the final exam, students composed short answer responses to question prompts based on the encyclical excerpts. The question prompts included both objective and subjective questions. Objective questions intended to evaluate student comprehension of John Paul II's moral and theological assessment of the strengths and weaknesses of modern labor markets. Subjective questions aimed to elicit feedback regarding the students' perceived value of integrating Catholic Social Teaching into the curriculum of a business elective course.

Three takeaways emerged from student responses to the subjective component of the assignment. First, students identified finding value in the *Centessimus Annus* unit, as a means of incorporating business ethics to the curriculum. Independent of whether the discussion was philosophically grounded in the Roman Catholic or other secular moral traditions, the students appreciated a curriculum that elevated the topical salience of business ethics. This coincides with Sullivan's (1995) holistic tenet of Vincentian education, with curricula transcending any course's blinkered disciplinary perspective. A student respondent, for instance, mentioned that:

I find value in exercises like (the) discussion of CA, and would find it interesting to have some of these discussions in other business classes... These activities allow me to take information on ethical practices and apply them to topics relevant for my career. By doing so I am better equipped for ethical challenges I may face out in the community or within my work.

Rather than siloing this topic within the domain of classes solely dedicated to the topic (traditionally, taking the form of either a class on business ethics or introductory philosophy coursework), the students wished that ethics was consistently integrated throughout their entire business education.

The second takeaway from the student exam responses focused on incorporating Roman Catholic ideas and its intellectual tradition into a business classroom. While some students did identify that they would prefer no inclusion of the university's mission identity into the business curriculum, a second conclusion from the student exam responses was that an overwhelming majority of students did appreciate integrating germane elements of the Roman Catholic social tradition into business classrooms. The intentional inclusion of Catholic Social Teaching into the curriculum was particularly desirable to students drawn to Niagara University's religious identity and mission. Offering testimony consistent with this sentiment, a student offered the following feedback related to this theme:

I would like to see more implementation in Vincentian ethics being taught or at least somewhat implemented into business cases at school. There are many of us that chose this school specifically due to its affiliation with the Catholic Church and what we were expecting as an education based on the values of that institution. There are many here that are not Catholic, but that doesn't mean the values should be left out of the classroom.

To the extent that an institution has a unique mission identity, such as Niagara's religious identity as a Catholic and Vincentian institution, students drawn to that institution likely expect that this identity will be integrated throughout their educational experience. This is particularly the case when an institution markets to prospective students that its mission represents a key component in differentiating its educational product from institutions without distinctive mission identities.

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A final conclusion from this intervention, inherently linked to the second theme, was the importance of ensuring that the use of Catholic or religious source material should be intentionally inclusive of non-Catholic members of the academic community. A primary goal of incorporating the Catholic intellectual tradition into business classrooms is presumably to demonstrate its relevance for understanding and engaging with the areligious concepts in the business world. It can only succeed in that goal if members of a pluralistic classroom universally appreciate its contribution to student mastery of classroom concepts, independent of whether or not they agree with the orthogonal metaphysical claims of Roman Catholicism (or other faith traditions). This observation coincides with Sullivan's (1995) tenet of a Vincentian education being person centered, as all students need to feel included and valued for a classroom to be truly Vincentian.

4. Three Pillars for a Transformative Vincentian Business Education

As noted throughout the previous section, each of Sullivan's (1995) key tenets were present within our case. However, to provide a streamlined set of principles upon which a transformative Vincentian business education can be founded, we discerned three common themes after reflecting upon our four case studies. First, our projects were *community-centered* in their orientation. Drawing upon Niagara's Catholic and Vincentian mission, the project-based learning cases focused on engagement within the local and university communities. As seen through the food pantry and social entrepreneurship projects, this primarily involved students using project-based learning opportunities as a vehicle for engaging and empowering marginalized members of either community. In order to enrich these experiences, inculcating a lifelong disposition for our students towards transformative community engagement, it is beneficial to highlight the intellectual traditions motivating the Vincentian ethos. The labor economics case study offers an example of this, demonstrating how Catholic Social Thought offers a unique interrogative lens for considering the challenges of inequality. This follows the example of Saint Vincent de Paul and Saint Louise de Marillac, whose respective ministries were intellectually derived out of their theological commitments to social mobility and the marginalized.

Second, our projects were *innovative* in their design. The creative dimension of these projects impacted both students and faculty alike. For students, these projects transcended banal assessment alternatives, providing immersive and interactive opportunities that satisfied pedagogical assessment needs. Project based learning's principle of unstructured learning also compelled students to thoughtfully engage in their projects. This cultivates a resourcefulness that is not only consistent with the Vincentian model of education's emphasis on flexibility, but also with employer demands for hiring a situationally nimble workforce. For faculty, these projects required careful planning and a non-trivial dedication of time to project logistics. As these opportunities often cannot be replicated across semesters, instructors must continuously search for innovative ways to retool their project-based learning or mission activity for future cohorts of students.

As a third and final theme, our case studies were *solution oriented*. Students across these projects were required to propose or execute actions to address identified sources of adversity. This often entailed our students drafting action plan deliverables, such as their formulating a social entrepreneurship report or providing recommendations to the university for reforming its class assignment mechanism. The campus food bank case also offers an example of enacting these plans when feasible. Either way, the classroom projects we surveyed were aimed towards solving critical problems impacting those in our community. This follows directly from the Vincentian pedagogical tradition, emphasizing the role of action and implementation towards each individual's moral formation.

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Alongside relating to the particular experiences of our cases, these themes – community centered, innovative, solution oriented – offer a set of guiding pillars for crafting a distinctively Vincentian business curriculum. While the application of these three themes will necessarily differ across courses, the pillars offer support in discerning a transformative reimagination of Vincentian business education. By drawing on the guidance of these pillars to restore the centrality of mission to their institutions, Vincentian business schools’ draw on Christ’s imagery of salt and light in Matthew 5:13-16. Just as salt without its saltiness offers no value in Jesus’ metaphor, the same logic extends to Vincentian business schools that dilute the transformative opportunities embedded in their Catholic and Vincentian identity. In deemphasizing their rich Catholic and Vincentian traditions, these institutions may become indistinguishable from their secular peers outside of history and aesthetics. More impactfully, this forgoes opportunities to contribute to human progress and thought leadership, such as potential Vincentian contributions to business ethics.

5. Providing the HEET: Administrators’ Role in Vincentian Business Education

However, reinvigorating the Vincentian essence within Vincentian business schools hinges on administrators prioritizing mission integration within their strategic vision. Leadership matters in promoting changes to institutional culture and curricula. Returning to Christ’s invocation of salt and light, administrators are essential in ensuring that the ‘light’ of the Vincentian mission is vividly visible to all institutional stakeholders and the broader human community. Just as Christ commands his followers in Matthew 5:16 to “let your light shine before others, that they may see your good deeds,” administrators are key in facilitating the opportunity and promise of an authentically Vincentian business education.

In order to offer concrete examples of the role for administrators, one can analogize that administrators provide a necessary source of HEET, fueling the integral light of mission within their institutions. The HEET acronym (Hire Equip Encourage Train) refers to the responsibilities of administrators in successfully recentring Vincentian business schools around mission and ethics. Starting with Hire, this component of HEET focuses on pursuing a mission-driven human resource strategy. Following Roche (2017) and Flanagan (2010), administrators can and should emphasize the consideration of mission as a hiring process criterion. Indeed, hiring for mission represents a major component of John Paul II’s vision in *Ex Corde Ecclesiae*. This does not mean that Vincentian business schools should follow a policy of primarily hiring Catholic faculty (Porth, McCall, and DiAngelo 2009). Rather, to ensure that its faculty will actively facilitate the Vincentian business school’s mission, administrators may encourage candidate recruitment policies that take into consideration Catholic and non-Catholic candidate’s interest and openness to mission (such as, the importance of incorporating ethics to a candidate’s classroom).

The second component of the HEET strategy, Equip, refers to administrators providing sufficient logistical and financial resources to the faculty and staff of the Vincentian business school. As demonstrated throughout all the examples of our case studies, there must be sufficient resources to support faculty members in crafting immersive classroom activities like the surveyed case studies. A common theme across all our cases was the pivotal support offered by those within Niagara’s service-learning center. Beyond introducing us to the concepts of project-based learning and creating a space for cross-disciplinary pedagogical dialogue, the service-learning center offered invaluable logistical support. This included assisting faculty in organizing student transportation to community sites or identifying organizational partners for collaboration. However, these sources of faculty support all exist at the university level, rather than at the college level. The expansion of college-specific faculty support

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programs holds two opportunities for infusing mission-driven curricular innovation throughout the college. First, providing resources within the business college allows for the development of specialized programs and curriculum that foster creative business solutions to systemic societal challenges. Second, providing support within the college of business will improve the salience of these opportunities to all faculty members. This will promote the broad adoption of the Vincentian mission throughout the college, rather than limiting the potential of these programs to those who self-select into university-wide initiatives.

HEET's third component, Encourage, focuses on the role of administrators in transforming institutional culture. Even in colleges and universities where decisions are made through a bottom-up deliberative process, institutional leaders play an essential role in determining the strategic vision and goals of the institution. Consistent with Rizzi's (2019) advocacy for "values-based decision making," if a Vincentian business school wishes to fully integrate mission into its curriculum and initiatives, it should be led by administrators that recognize the value of mission and draw upon it as a guide for strategic planning. To assist in this process, Rizzi highlights the value of designating administrators (Vice Presidents for Mission) whose remit primarily focuses on mission integration throughout the institution. While these positions generally function at the university level, time and institutional knowledge inherently constrain the ability of any university-level administrator to integrate mission throughout all activities of the institution. Furthermore, as curricular change is driven by choices at the departmental and college level per university governance structures, university-level mission administrators may not be well positioned to promote the adoption of mission-centered curricular innovation. Administrators charged with promoting mission adoption within a Vincentian business school, such as a college or department-level faculty mission director, may be able to address both of these limitations. These mission directors could also serve as liaisons between their college/department colleagues and university mission administrators, ensuring successful dissemination of mission-supporting resources throughout all levels of the university community.

However, even if a Vincentian business school's leadership is convinced of its mission identity's value, a successful transformation requires buy-in from stakeholders throughout the institution. While changing institutional culture is a challenging task for any organization, incentives can prove useful in encouraging curricular adaptation. Using Niagara's Holzschuh College of Business as an example, the Vincentian mission is incentivized through the college's faculty review accreditation process. Faculty publishing articles germane to its Vincentian mission or related emphases, such as ethics or pedagogical scholarship, receive additional points towards meeting expectations of tenured or tenure-track faculty. Vincentian colleges of business could draw on this example to create similar incentives for mission-driven innovation. In addition to supporting scholarship, Vincentian schools of business could support mission integration into the curriculum. This could include offering incentives to adapting faculty and supporting their efforts through curricular development grants. It is also important that the college consider a faculty member's efforts on integrating mission into their classroom and scholarship as a relevant component for promotion and tenure recommendations. Alongside encouraging adaptation, these incentives may promote institutional cultural change by persuading skeptical faculty of the value of mission integration.

Train, the final component of HEET, recognizes the necessary role of professional development in ensuring the adaptation of an innovatively mission-driven curriculum. Many faculty, regardless of religious affiliation, are unlikely to join a Vincentian business school with a pre-existing mastery of the Vincentian mission or the Catholic intellectual tradition (Porth, McCall, and DiAngelo 2009). This builds off Naughton's (2009) observation that most Catholic institutions hire faculty primarily on the basis of

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their field-specific expertise, rather than mastery of mission. One can consider this a challenge of “mission fluency,” which must be addressed through training and professional development as a foundational component of any mission integration initiative.

All of the Vincentian institutions have wonderful institutional resources. We describe a few here and this is far from a complete listing. Collectively, the three universities offer the Vincentian Mission Institute (VMI) program. Each school also offers a Vincentian Certificate Program (VMC). These programs aim to develop lay leader mastery of the Vincentian mission. DePaul University also runs the Vincentian Studies Institute of the United States. All three schools promote the charism through various activities during Vincentian Heritage Week. We are all engaged with our local communities as well. For example (and not an exhaustive list), St. John’s has their Vincentian Institute for Social Action and Niagara recently started the Rose Bente Lee Ostapenko Center for Race, Quality and Mission. Depaul operates the Community Peacemakers (CPM) program. In addition, all three institutions have specific initiatives to develop Vincentian knowledge in the faculty. Niagara University has a Faculty Mission Director that works closely with our VP of Mission. Interested faculty apply for this three-year position and implement a project of their choosing. The FLC that all three authors participated in was the initiative of the faculty mission director. Consistent with the discussion in Whitney and Laboe (2014), DePaul invites both interested faculty and staff to become “Mission Ambassadors,” “who serve as vital agents of the work of mission integration and mission effectiveness across the institution.” St. John’s has several areas where interested faculty can be involved in the work of mission integration. The St. John’s Office of Academic Service-Learning has a faculty advisory board, while the St. John’s Vincentian Institute for Social Action has a Faculty Research Consortium (FRC).

However, all of the aforementioned examples are limited in extending mission-centered professional development opportunities to a subset of faculty self-selecting into these university-level initiatives. This suggests that another role for a college or department-level faculty mission directors would be expanding awareness and encouraging participation in mission-centered professional development for all faculty and staff stakeholders. Part of this charge would be to develop and facilitate discipline specific forms of mission training that are responsive to disciplinespecific needs.

Lighting the Flame: A Call to Action for All Vincentian College of Business Stakeholders

From our collective experiences in Niagara University’s Faculty Learning Community, we developed three pillars for a uniquely Vincentian college of business education: community oriented, innovative and solution oriented. As a set of preconditions for implementing the pillars, our proposed HEET strategy guides Vincentian colleges of Business toward a more cohesive integration of the charism into business curriculum. HEET stands for “hire”, “equip”, “encourage, and “train.” This strategy stems from Christ’s message in Matthew 5:16 to “let your light shine before others, that they may see your good deeds.”

We believe that Figure 1 provides a visual representation of our suggested strategy. The candle represents a Vincentian college of business. The candle’s flame reflects the Vincentian charism as lived out by both the university community as well as the alumni. It signifies, in the words of Father Holtschneider (2012), a “Vincentian heart.” The match’s flame signifies the ignition of the Vincentian charism in the college of business alumni. A Vincentian college of business can light the flame by implementing HEET (the four fingers), thereby engaging the students during their time with us (the

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thumb). We believe the successful implementation of HEET involves college level faculty mission directors, serving as a liaison between the University level mission resources and the faculty.

One of the striking conclusions taken from Figure 1 is the interconnected nature of how all stakeholders in a Vincentian school of business are required for the HEET strategy's success. The candle is dark until it is lit by the match. Neither the fingers nor the thumb can light the candle by itself – each contributes to the action. Business alumni cannot fully live out the charism without the business faculty integrating the mission into their courses. The faculty can't light the candle through only scholarship and community activities, they must engage the student to fully ignite the flame.

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Figure 1: HEET: A Strategy for Mission Integration in a Vincentian College of Business



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Assessing Conduct Risk: Reinventing Internal Audit to Predict and Prevent Misconduct

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Abstract

This study focuses on a change in the role of Internal Auditing (IA) from a simple compliance mindset to a more forward-looking, conduct-focused approach. It uses action research to investigate how this change was implemented in a financial institution. We examine the conditions that facilitate the process of changing internal auditors' mindset and make recommendations for approaching conduct risk in a sustainable way.

SUMMARY OF THE STUDY

The internal audit (IA) profession, as a practice, was created to protect organizations by providing “assurance that internal controls in place are adequate to mitigate the risks, governance processes are effective and efficient, and organizational goals and objectives are met.” (Institute of Internal Auditors, n.d.). However, IAs have not performed these duties well enough to prevent persistent corporate wrongdoing (Christopher, 2019), especially in financial institutions, as evidenced by a never-ending series of corporate fraud scandals such as Freddie Mac, American International Group, Lehman Brothers, Bernie Madoff, Wells Fargo, and others.

This study focuses on the changing role of internal auditors beyond a rules-bound, checklist-driven, *detect-and-correct* mindset to a *predict-and-prevent* approach that seeks to curb conduct risk to forestall widespread governance failure. Based on an action research methodology (Coghlan, 2011), we explore the following research question regarding the role of internal auditors:

“How does a Conduct-Focused approach to Internal Auditing help organizations avert misconduct and enhance Conduct Risk management?”

Conduct risk (CR) encompasses three forms of financial crime risk (Gittfried, Lienke, Seiferlein, Leiendecker, & Gehra, 2022, pp. 52-53): market conduct risk (“the risk of the market’s integrity and transparency being harmed by unfair or abusive behavior towards fellow market participants”); client conduct risk (“the risk of harm to clients by resolving conflicts of interest to their disadvantage, causing them financial loss or other detriment.”); and employee conduct risk (“the risk of harm to the organization by employees falling prey to conflicts of interests or violations of the code of conduct.”). IA in financial sectors globally need to move away from “detecting misconduct” to “preventing misconduct.” We hope that our study will contribute to alerting researchers (see the literature review on IA research by Kotb, Elbardan, & Halabi, 2020) and practitioners about the need for more consideration regarding CR, especially as it affects the way IA typically functions in organizations.

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Financial institutions depend on three lines of defense (Institute of Internal Auditors, 2020) to manage CR and identify its source: the first line is the responsibility of management who owns and manages risks at the business unit level; the second line is the responsibility of corporate management to ensure proper monitoring of these risks; and the third line is where IA operates independently from management. IA has thus become “the most important internal control to help prevent and detect financial statement fraud” (Mintz & Morris, 2020, p. 499).

The first two lines of defense have often adopted the Compliance-Based approach, which has contributed to their ineffectiveness in identifying and preventing past and current CR issues with the goal of screening activities for failure to comply with existing policies and procedures. This compliance approach typically assumes, mistakenly, that the same “rules” apply to every situation (Sama & Shoaf, 2005). In contrast, a Conduct-Focused IA approach may be better suited to a predict-and-prevent mindset, where IA becomes more reflexive, customer-centric, and nimble enough to anticipate and address potential CR issues before they become unwieldy (Coffey, Bergin, Aoyagi & McHale, 2020; Daly & O’Sullivan, 2020; Gittfried et al., 2022; Miles, 2017; Mitchell, 2016; Packin & Nippani, 2022; Roussy & Rodrigue, 2018; Scott & Reader, 2021).

Our research question allows for the possibility that both the traditional compliance practices and innovative conduct-focused approaches to IA may complement each other across the three lines of defense. We addressed this research question by examining how IA changed in a financial institution, in the trading and sales teams.

The empirical literature on the Conduct-Based IA approach to managing CR is still in its infancy, which makes qualitative research methods particularly appropriate (Patton, 2002; Yin, 2014). Therefore, Action Research (AR) inquiry was the primary methodology for data collection and analysis. AR is suitable for addressing our Research Question because both reflexivity and reflection are integral to the Conduct-Focused approach (Coghlan, 2011). AR inquiries allow participants to reexamine traditional dispositions and values of the auditing field, changing the ‘logic of theory’ to the ‘logic of practice’ (Sklaveniti & Steyaert, 2020) and thus providing a fresh foundation for rethinking organizational practices. In particular, our AR methodology focused on problem-solving using reflexivity and recursive questioning of assumptions.

We found that the use of non-career auditors, improved bottom-up communications, collaboration with the researchers and other factors contributed to the success of this Conduct-Focused approach implementation. The conduct-focused IA approach enabled the identification of misconduct and led to recommendations of preventive measures to address the root causes of conduct problems. CR consciousness led to the assessment of HR processes and enhancements in IA’s governance role, among other positive outcomes that would not have been attainable with a simple compliance mindset.

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The Messy Common Good: Constitutionalism Balancing Markets and Democracy

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Abstract

Tomorrow's world depends on how well democracy and civil associations, constitutionalism, and capitalism work together – combined with science and technology. This study is a theoretical investigation into the nature of the common good. There are three arguments. (1) The common good is unavoidably a messy resultant of complex interactions. (2) Business, like science and technology, should retain a relatively independent role. (3) Constitutionalism is an essential ethical framework for balancing markets and democracy. Competing perspectives differ concerning whether common good occurs through relatively free markets and limited government (a conservative view), relatively broad-scope government strongly regulating markets (a progressive view), or some mix of the two (a pragmatic view). Unrestrained democracy tends toward authoritarianism. Unrestrained capitalism tends toward inequality and exploitation. Constitutionalism combines normative law with a system of checks and balances that together can be quite undemocratic. Strict subordination to democracy of business, like science and technology, is problematic theory and practice.

Introduction

The 2022 conference theme is “Ethical Implications for Business and Society of a Post-COVID Recovery.” Constitutionalism is the balance between democracy and capitalism (Dahl, 1992; MacLeod, 2006). All three domains are subject to different kinds of failures (Buchanan, 1988). Idealized capitalism is conscious, enlightened, inclusive, and stakeholder oriented. Publicly traded corporations emphasize shareholder value maximization. Idealized democracy is rational discourse for identification of best policies. Real politics increasingly features polarization, identity, and ruthless contest for governmental power. The baseline conception for this paper is that constitutionalism is the ethical framework within which democracy and the market economy can work in the same direction toward common good. Unless stakeholder-citizens and leaders are virtuous, ethics resides in constitutionalism, not in democracy or capitalism. Otherwise, democracy works against capitalism, or vice versa.

One can separate between formal ethics and personal morality (Goodpaster, 1984, p. 5). There are two different formal theories of ethics developed logically and thus independently of belief about divine order. *Consequentialism* includes both egoism (i.e., self-interest) and utilitarianism (i.e., aggregation of self-interest into social welfare). *Social contract theory* culminates in Kantian moral duty rules, also captured in professional and business codes of conduct. Personal morality, effectively informal theories of ethics, are often grouped under the rubric of *pluralism*, to include religion, care, natural law, and virtue. Economics, the foundation for capitalism, is a moral science, aimed at improving aggregate welfare (Boulding, 1969).

Both government and market approaches to determining social welfare outcomes are mechanical applications of self-interest. Both approaches are simply aggregation of individual preferences, through voting in government and pricing in markets. Each approach disregards ethics in practice, albeit in violation of ill-supported assumptions about mutual forbearance or corporate social responsibility (CSR). Governments and markets are about aggregating individual preferences (i.e., utilitarianism); government additionally is about outcomes (i.e., consequentialism) in the form of distribution of power, benefits, and burdens. Moral beliefs and virtues must reside in citizens and stakeholders for democracy and markets to

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operate other than mechanically (Evensky, 2005). Ethics requires *other-regardingness*, personal concern for one's right and wrong actions in relationship to good and bad outcomes for others (Saunders, 2016, citing Mill, 1859). Constitutionalism addresses norms, principles, rules, values, and natural law.

The conference theme posits two assumptions. First, post-pandemic recovery is an opportunity for reinventing social outcomes within an ethical society of behavioral norms. Second, the “seemingly intractable problems” confronting civil society must be tackled directly in future. The future is not one of recovery from a specific pandemic but one of future “wicked problems” not susceptible to easy solution (Rittel & Webber, 1973), and calling for new understandings (Moritz & Kawa, 2022). A key issue is whether the best social approach is coordinated planning (whether centralized or decentralized) or a checks-and-balances system of contest among multiple actors of different kinds.

The term “the common good” or alternatively “the public interest” or “the commonwealth” is a vague notion (Glazer, 2007) suggesting that all citizens in a society have shared interests or welfares in a way that is superior to self-interest. The conditions for this notion to function politically are quite stringent. Lippmann (1955, p. 42) defined public interest as follows: “the public interest may be presumed to be what men would choose if they saw clearly, thought rationally, acted disinterestedly and benevolently.” The market economy can deliver goods, services, and innovations to individuals – for aggregated welfare. But the market economy does not effectively address inequity and exploitation.

This paper argues that the “common good” is inevitably messy; and that the common good is a resultant of complex interactions among multiple dimensions. A simple common good can take concrete definition in either of two conditions: (1) everyone gains; or (2) if someone gains, no one loses. Otherwise, if someone gains and someone loses, common good is a matter of subjective interpretation and self-interest. Reinvention cannot be readily designed; direct tackling must be by organizations – including governments and NGOs that empirically will behave politically rather than constitutionally. The proper prescription for businesses is to behave ethically. These observations require defining politics, constitutionalism, and ethics in the context of a civil society. Politics is self-beneficial maneuvering; constitutionalism is adherence to norms, rules, and principles. Ethics is three-dimensional: avoid wrong and harm to others; obey civil authority except in instances of civil disobedience; attempt to accomplish some social contribution beyond market conduct (Windsor, 2013).

The paper develops the findings in steps as follows. The next section explains the key dimensions of a messy common good. The third section addresses the role of business in shaping a messy common good. The fourth section discusses problems of democracy. The final section explicates the fundamental role of constitutionalism.

Key Dimensions of a Messy Common Good

Basic elements of the common good are democracy (citizen voting), market economy (capitalism), stakeholder-citizens (self-interested or other-regarding), and civil society (associations of stakeholder-citizens). Constitutionalism – meaning norms, principles, rules, values, and natural law of a social contract – is the influence nudging toward a common good.

The common good is, at best, a messy resultant. Democracy and market economy are utilitarian institutions: each aggregates individual preferences (see Vincke, 1982) – votes in democracy (defined as majority wins), and dollars in market economy (defined as disposable income wins). Capitalism, the dominant market economy model, emphasizes business profit orientation. Any individual within the society is both a stakeholder (of various organizations, including businesses) and a citizen (with legal and

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civil rights). The stakeholder-citizens are the ones whose preferences democracy and market economy aggregate. Soma and Vatn (2014) keep stakeholders and citizens separated as different forms of participation. Democracy and market economy outcomes can differ. Civil society is a set of non-profit organizations and similar informal organizations (or groups) operating as glue binding individuals together.

The notion of messy common good conveys two conditions. First, the outcomes are inequitable. There can be an aggregative improvement in welfare due to a combination of individual gains and losses. There is not necessarily a Pareto improvement in individual welfares. A Pareto improvement is a change from the status quo in which at least one individual gains something without another individual losing something. In a Pareto improvement, there is necessarily a gain in aggregate welfare: the change is positive. In a messy process, someone can lose. Evaluating aggregate welfare is then a problem in determining that the gain and the loss are both prescriptively desirable. Even if the gain is more positive than the loss, such that there is a net increase in aggregate welfare, the distribution of gains and losses must be evaluated. Even if everyone gains from a change, and no one loses, there remains the problem of assessing any differences in gains. Even one individual gains more than another individual, the question is whether this distribution of gains (rather than distribution of gains and losses) is fair.

Second, the social decision-making process is not necessarily anything resembling either a rational discourse among informed participants seeking to determine the common or a negotiated compromise in which the participants get their minimum requirements, and which are generally consistent with a common good. Rather, the process is more akin to a brawl. Participants' requirements are incompatible and may additionally be ideologically or identity driven in a way that prevents compromise or collaboration. The brawl is an infinite game, repeated, unless extreme actions occur such as secession (the 1814 Hartford Convention and the American Civil War), insurrection (January 6), or riots over unsolvable policy issues.

A messy process is not elegant or ideal, and outcomes do not satisfy everyone. Figure 1 provides a sketch of the key dimensions of a messy common good. The essential problem of civil society is to combine protection of individual rights and willingness to self-sacrifice with production of a common good benefiting all citizens (or at least a super-majority of the commonwealth). The fundamental institutions for this production process are markets and democracy. The figure depicts these dimensions as balanced in the center by constitutionalism: a set of rules and principles for how to weigh individual rights and self-sacrifice against common good, and to weigh markets against democracy. Markets can operate as competitive (tending to foster more amoral actors) or cooperative (tending to foster more enlightened actors). Democracy can operate as deliberative (tending to foster greater cooperation) or interest group (tending to foster greater competition for power and wealth).

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Figure 1. Key Dimensions of a Messy Common Good CIVIL SOCIETY

individual rights and self-sacrifice	constitutionalism governs the balance horizontally and vertically [Burke, 1790]	common good benefiting all citizens
MARKETS	<i>competitive</i>	<i>cooperative</i>
amoral actors (self-interest)		[ruthless monopolization]
enlightened actors [other-regarding]		[CSR and social enterprises]
DEMOCRACY	<i>competitive</i>	<i>cooperative</i>
deliberative	[Adam Smith’s 1759 “impartial spectator”]	[Rousseau, Habermas]
interest group	[ruthless self-benefit from public policy]	[compromise in balance of power]

Options for markets and democracy lie along an ideal-type continuum: real institutions are messy combinations of competition and cooperation, amoral and enlightened actors, and deliberation and interest group competition. A constitutional republic subdivides powers and functions. A majoritarian democracy tends to merge such powers and functions into a stronger unified state, in which individual rights tend correspondingly to be diminished. Diminution of rights is at work whether one is considering regulation of firearms access (i.e., save lives) or regulation of abortion (i.e., approve termination of lives).

Competitive markets tend to foster (and reflect) ruthless monopolization. Cooperative markets tend to foster (and reflect) CSR and social enterprises. Interest group competition tends to foster (and reflect) ruthless self-benefit. Interest group cooperation tends to foster (and reflect) compromise, but typically aligned with balance of power.

Deliberation aligns with Adam Smith’s “impartial spectator” (*The Theory of Moral Sentiments*, 1759): one tries to appreciate another’s considerations. Social cooperation aligns with the social contract tradition leading through Hobbes, Locke, Rousseau, and Kant to Habermas. Edmund Burke (1790) counseled being careful about revolutionary changes to evolved institutions considering the French revolution (Claeys, 1989).

The Role of Business in a Messy Common Good

Business should retain an independent role rather than being strictly subordinated to democracy. The same argument applies to science and technology. Business executives possess both discretion and interest in political and social issue action (Bennett, 2022; Hambrick & Wowak, 2021). The theory of political CSR expounded by Scherer and Palazzo (2011; Scherer, Rasche, Palazzo, & Spicer, 2016) advocates expanding the democratic role of business. The theory of deliberative democracy (Elkin, 2004) must address the question of the appropriate role of business in the deliberation process (Gombert, 2022). The conception of this deliberation process also embraces discourse between managers and stakeholders as a model of corporate governance (see Freeman, 2017). An extension of U.S. federalism may be to formulate a theory of a “federated” CSR intended as some set of institutional devices for constraining corporations

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in their pursuit of social responsibilities (Caulfield & Lynn, 2022). The Caulfield and Lynn proposal is a counter to the expansive business role envisioned in political CSR.

The fundamental question concerning the role of business in a messy common good is whether business should be viewed as strictly subordinated to society as captured in the term “business in society” or as an independent influence on society as captured in the term “business and society.” This question is the centerpiece of Hussain and Moriarty’s (2018) criticism of political CSR theory. In political CSR, the approach is that businesses have duties to provide public goods when government, especially in developing countries, is incapable of doing so and to improve democracy both within the business and in society in all countries. Hussain and Moriarty argue that business should be strictly accountable to democracy.

“We argue that their model of integration has a fundamental problem. Instead of treating business corporations as agents that must be held accountable to the democratic reasoning of affected parties, it treats corporations as agents who can hold others accountable. In our terminology, it treats business corporations as “supervising authorities” rather than “functionaries.”” (Hussain & Moriarty, 2018, p. 519)

This paper argues that business should not be subordinated to democracy, although subject to appropriate regulation, but rather must be an autonomous force in shaping social change. However, the argument does not extend to endorsing Scherer and Palazzo’s broad view of political CSR. The distinction is between independence of business and subordination of governments (at least those exhibiting incapacity) to business. The paper advocates for independence but not for dominance of business.

A difficulty is that the academic study of business-society relations is a constellation of multiple approaches, some competing and some complementary (Schwartz & Carroll, 2008). Schwartz and Carroll propose an integrative approach for five approaches: CSR, business ethics, stakeholder management, sustainability, and corporate citizenship. The integrative approach combines value, balance, and accountability (VBA). Businesses provide value and balance considerations, while being accountable to society.

Consider the question of defining the public interest and the ethical obligations of business in lobbying government. The public interest does not involve the right procedure or context for control of self-interest (Amit & Singer, 2020). Rather the ethical standard for business lobbying is narrowly avoidance of corruption, defined broadly to include corruption of procedures and norms for democracy (Amit & Singer, 2020). Trying to extend the ethical standard to “truthfulness” or “public interest” is not workable.

This inquiry considers the role of business in a messy common good. One approach subordinates business and constitutionalism to democracy, the will of the majority. This paper raises two objections. First, drawing on Adam Smith, *The Wealth of Nations* (1776), relatively free markets play a semi-independent role not only in producing material wealth but in demolishing serfdom, slavery, monopolizing guilds, and governmental monopolies. Progress since 1776 has been material, technical, and social. Subordinating business wholly to society presumes that a majority knows what it is doing. A constitutional order balances powers and functions. Second, the responsibilities of business – beyond profit seeking – involve multiple dimensions of different characters. Drawing on Windsor (2013), businesses should not engage in wrong or harm and should obey public policy except in instances of morally necessary civil disobedience. The problems lie in expecting non-profitable social contribution and excluding business from political

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participation. Drawing on Freeman (2017), businesses perform better when engaging positively with specific stakeholders.

Figure 2. Self-Regarding and Other-Regarding Interpretations		Other-Regarding (Mill, 1859)	
Self-Regarding (Edgeworth, 1881)			
Selfishly amoral in the sense of harm to others	Moral in the sense of no harm to others (Mill, 1859)	Altruism in the sense of helping others in need (Edgeworth, 1881)	Good citizenship in promoting the general welfare (Smith, 1759)
(Smith, 1759)			
<ul style="list-style-type: none"> • Compliance citizenship • Moral sentiments 			

Edgeworth (1881, p. 16; cited by Sen, 1977, p. 317) emphasized self-interest in economic behavior as a first principle. However, Edgeworth also recognized that a real person is “an impure egoist, a mixed utilitarian” (1881, p. 104; cited by Sen, 1977, p. 317). Collard (1975; cited by Sen, 1977, p. 317) discusses Edgeworth’s altruism perspective. There is a comparison of selfishness and “otherishness” in Crocker, Canevello, and Brown (2017).

Mill linked a principle of harm prevention (1859, p. 223) to a distinction between self-regardingness and other-regardingness (1859, p. 224). This conception is here treated as broader than a conventional notion of other-regardingness regarded as synonymous with altruism in the form of philanthropy (see Basu, 2010). Figure 2, designed as a logic table, expands on the notions of self-regarding and other-regarding behavior. There are two kinds of self-regardingness. A strong form suggests selfishly amoral behavior encompassing harm to others. A softer form suggests compliance with laws and norms and possibly moral sentiments (Smith, 1759). This softer form seeks to avoid harm to others. There are two kinds of other-regardingness. A softer form suggests altruism in the sense of helping others in need. A stronger form suggests good citizenship in the sense of being concerned to promote the general welfare. Smith (1759) explains the distinction between compliance citizenship and good citizenship as follows: “He is not a citizen who is not disposed to respect the laws and obey the civil magistrate; and he is certainly not a good citizen who does not wish to promote, by every means in his power, the welfare of the whole society of his fellow-citizens” (Smith, 1759, VI.ii.2, Paragraph 11, cited by West, 1976, p. 193).

Problems of Democracy

Democratic theory is popular sovereignty superior to government or constitution. The reality is more complicated. “Public opinion sets bounds to every government, and is the real sovereign in every free one” (James Madison, 1791; cited in Bowie and Renan, 2022). However, other actors – including government and business – can influence public opinion (Madison, 1791). This section examines whether democracy can manage the political tasks facing society today. Modern democracy arguably confronts internal polarization, identity politics, and partisan news media, in addition to external challenges. The problem is how to interpret democratic politics in such conditions (Eckstein, 1956). The market economy is more compatible with a commercial republic than with a direct democracy (Elkin, 2001). There are important differences among representative democracy in a parliamentary system, representative democracy in a federal republic, and direct democracy. One school of thought is that

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democracy must be direct for democratic citizenship to be truly “democratic” (Holston, 2022). In modern conditions, direct democracy suggests referenda on policy choices. Democracy is ideologically contested. China and Russia assert that they are “real” democracies. The Chinese foreign minister reportedly stated via video link at a China-Russia think tank summit, attended by the Russian foreign minister “China is willing to work together with Russia and the global community to promote real democracy based on nations’ own conditions” (Bloomberg News, 2022).

There are different conceptions of how the democratic process can or should work. Peterson (2022) compares the approaches of Dewey, Habermas, and Rawls to “the public sphere” defined as the realm in which public opinion emerges. Habermas (Rasche & Scherer, 2014; Verovšek, 2022) emphasizes “discursive interaction in the marketplace of ideas” and the role of media (Peterson, 2022, p. 142). His approach posits that democracies engage in a rational process. Rawls (1987), in contrast, posits emergence of an “overlapping consensus” within a pluralism operating through reciprocity and some sense of shared identity or destiny. Peterson points out that a failure of communication whether in the media or group interaction undermines either approach. Dewey (1927, p. 314) viewed multiple “publics” as self-emergent sharing a “common interest” in controlling consequences of behavior. Democracy is the culture of living in a community. If there are problems in democracy, then the more democracy, the better (Dewey, 1927, p. 327). Democracy is a process of communication. In this context, interest group lobbying arguably improves equality of political influence (Havasy, 2022).

One interpretation of voting outcomes in a democracy is that the extremes (left versus right) succeed in debilitating the center. For example, in the May 2019 elections for the European Parliament, the highest turnout in 25 years resulted in a loss of majority for the first time for the combination of center-left and center-right representatives. The majority went to the combination of “social liberals” (such as Greens) and “far right” parties. European Parliament elections occur every five years. The centrist majority fell from 53% in 2014 to 43% in 2019; the turnout rose from 42.6% in 2014 to 51% in 2019. However, the “social liberal” parties support both environment and the European Union, in contrast to the “far right” parties tending to opposition with the European Union. “Social liberal” gains were substantial, while “far right” gains were incremental. (The information in this paragraph comes from Birnbaum, Witte, Harlan, and McAuley, 2019).

Destruction of the center was arguably one strategy and outcome of the struggle between Nazis and Communists in Weimar Germany in the lead up to the Hitler dictatorship. Civil society, defined as associations among individuals, may work against rather than for democracy (Berman, 1997). A longitudinal study (Stögbauer, 2001) of major party and party bloc voting shares in 830 localities in the Weimar Republic traces the regime’s political collapse to the economic crisis of the Great Depression in Germany. Unemployment favored the Nazis.

A problem with subordinating business and civil society to democracy is that there is then little method for marshaling opposition to expanding dictatorship. There may be two roads to dictatorship. The classical and readily recognized road is the seizure of power by or development of a totalitarian-oriented party, whether fascist or communist. China, under the Xi regime, is in process of building a neo-totalitarian party-state of new design arguable based on surveillance technology (Béja, 2019; Cain, 2021; Clarke, 2018; Kang, 2018; Ringen, 2016. 2017). Xi is now effectively president for life, in a shift from the traditional two-term limitation. The China model differs from the Russia model of authoritarianism and nationalism under Putin.

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The other road is more difficult to describe and forecast, since that road involves movement from majoritarian democracy to majoritarian dictatorship. The chief elements along this road involve marked expansion of the administrative and regulatory state, use of executive emergency powers, and erosion of constitutional safeguards. This road differs greatly from the scenario of central planning and socialist ownership of the means of production pictured in Hayek (1944). A central argument in Hayek is that what unifies forms of fascism and communism is totalitarian control of society emphasizing central planning as distinct from simply negative reactions to capitalism. The state does not need to own very much of the economy, in the conventional socialism sense. On the contrary, with majority support the state can tax and regulate the private sector of both the market economy and civil society. Additionally, some ideologically oriented civil associations would be mobilized in support of the regime. In this approach, the state is cloaked within democracy. The problem is that the ideal of democracy is control of the state by the people; the reality of majoritarian dictatorship is that the state, even with circulation of elites, controls the people.

The Madison approach is simple majority voting. In 1860, Lincoln received only the largest plurality of the national vote, just under 40% although receiving an Electoral College majority. A Condorcet approach aims at electing a candidate most preferred by a majority of the electorate and at minimizing election of an authoritarian candidate representing only a minority of the electorate (Foley, 2022; Hansson, 2022; Sen, 2020). Condorcet advocated a unicameral legislature and assumed rational discourse among educated citizens. A bicameral legislature may reflect classes (in the UK the Lords and the Commons) or states in a federal republic (in the US the Senate and the House); a multi-cameral legislature may reflect a conception of legally defined estates. The intermittent French Estates General (1302-1484, 1560-1614, and 1789), a purely advisory or consulting institution without legal authority concerning taxation or legislation, comprised three chambers for clergy, nobles, and commoners. The Swedish Riksdag of the Estates (1436-1866) comprised four chambers for clergy, nobles, burghers, and peasants – dividing the commons into two kinds (town and rural).

Constitutionalism

The people retain a supreme power and right to effect revolutionary change of government (Locke, *Second Treatise*, 1689). A fundamental principle of the Federalist Papers was rejection of extra-constitutional democracy: assertions of formal or informal authority should have legal foundations (Wilson, 2022). Government is a fiduciary agent and officials should feature impartiality, integrity, and virtue. The role of constitutionalism is to balance democracy and capitalism toward the common good. Habermas (2004) advocated a constitution for Europe. A cynical or skeptical approach to defining democracy is to envision having a pack of wolves and a lamb vote on what to have for lunch. Variants of two wolves attributed to Benjamin Franklin and four wolves attributed to Ambrose Bierce can be located online. Accurate attribution is less important than the idea itself. The minimum set is two wolves and one lamb, as the vote to eat the lamb is a two-thirds strong majority; four wolves increase the majority and one can keep adding wolves while not adding lambs. At some point the wolves will fall out over the limited availability of lambs. A dictatorship is, by analogy, a wolf selecting which of four lambs to eat. A constitution defends lambs against wolves (see Orwell, 1945), defining what the wolves cannot or should not in principle do (Faigman, 1992).

The essential notion of a constitutional polity is a set of widely agreed norms or principles for the governance of the society. There are three features of constitutionalism. First, there is a conception of some fundamental law superior to politics and government officials. Second, there is a conception that

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government must have the consent of the people. Third, protection of individual rights, and especially of political minorities, is a key dimension of constitutionalism. Law and consent regulate government officials; protection of rights regulates government officials and the majority. A constitution may be a written document as in the US or an unwritten institution as in the UK (Walters, 2012).

A point of contention is the appropriate role for the judiciary, and specifically of judicial review of executive and legislative actions. Waldron (2006) is an advocate for judicial minimalism in place of judicial review, as antithetical to democratic principles better located in the legislature. Another view characterized the case for judicial review as uneasy (Fallon, 2008). Fallon's argument is that both legislatures and courts should protect individual rights, an argument that diminishes somewhat the traditional theory for judicial review. Judicial processes contribute to democratic disaffection when court decisions are unpopular (Jones, 2023).

A review of two books (Gould, 2022) suggests three different perspectives on the political role of a constitution. In one view, constitutionalism is a governance ideology: a supreme court helps decide policy issues and national values. The judiciary can impede broad transformation. In a second view, constitutionalism results in arguments for policies framed in constitutional terms. The policies might occur through either judicial or legislative branches. The judiciary sets constraints on how policy cases can be presented. In the third view, a constitutional design sets "the rules of the political game that dictate how lawmaking takes place" (Gould, 2022, p. 2054). The judiciary sets constraints on institutional reform.

The essence of common good constitutionalism is that originalism in the sense of a fixed meaning constitution should be succeeded by an understanding that strong government is necessary to advance the common good due to changes in circumstances (Casey & Vermeule, 2022; Vermeule, 2020). This understanding links back to the natural law tradition of common good and justice (Foran & Casey, 2022, p. 1): "We argue that debates over unwritten constitutional principles cannot be resolved without some resource to the philosophical or theoretical concept of a constitution: What it is, what it does, what it is for, and whom it is for." Governments can operate through genuine or manufactured emergencies enjoying judicial deference (Tsai, 2020) and arguably without facing much judiciary capacity to constrain authoritarian tendencies (Tsai, 2022). The constraint is respect for the judiciary and the constitution as superior to specific policy preferences.

A democracy may substitute directive principles for legislation. In Ireland, directive principles (Kenny & Musgrove McCann, 2022) attempted to protect "economic, social, and cultural rights" and to shift protection of such rights from courts to cultivation of a political culture supportive of such rights. There are constitutions that make moral commitments to redistribution, social minimums, or some religious or secular identity (Khaitan, 2019). There are different possible foundations for political legitimacy (Fossen, 2022). Moralism and realism are arguably both forms of normative reasoning, in the sense that each form dictates the principles for legitimacy. Fossen argues that Rawls and Habermas express legitimacy of a regime rather than solving the problem of legitimacy. Fossen (2022, p. 89) argues that pragmatism addresses legitimacy through "practical engagement" with issues. Self-enforcing democracy requires that political parties refrain from exploiting legal opportunities to tilt electoral rules (Helmke, Kroeger, & Paine, 2022). Helmke et al. (2022, p. 434) formally model an interaction of "informal norms of mutual forbearance and formal constitutional rules ... via a logic of deterrence." The logic of deterrence can fail when "the foundations for forbearance crumble" (Helmke et al., 2022, p. 434).

Theories of democracy and the market economy impute different kinds of rationality to those institutions (Elkin, 1985; Rommetvedt, 2006). The economic theory of markets models a mechanical efficiency in

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which the interactions of ideally large numbers of buyers and sellers establish prices and volumes. Arguably, there will be a tendency toward monopolization (see Ordover & Saloner, 1989). The (F. Y.) Edgeworth conjecture is that as the number of traders grows toward infinity the core of the economy reduces toward competitive outcomes (Aumann, 1964; Debreu & Scharf, 1963). The political theory of democracy models a process of rational discourse leading to widely acceptable outcomes, such as Rousseau's general will (Grofman & Feld, 1988) or Habermas's conception of deliberative democracy (Rasche & Scherer, 2014). There can be a tendency toward the extremes (left and right) disrupting the center. For instance, consider rational discourse concerning Roe v. Wade abortion policy. The policy has been effectively to divide pregnancy into three phases by grouping of three months. That policy is under contest, as anti-abortionists seek to prohibit abortion entirely and pro-abortionists seek to extend abortion up to birth, if not beyond – due to opposed moral perspectives. The U.S. Constitution divides between governmental machinery of powers and responsibilities and a federal “bill of rights”: some amendments are about machinery and some amendments are about rights (beginning with the initial ten amendments). State bills of rights do not operate to protect rights in the same way, functioning instead as devices for democratic majorities to control government (Marshfield, 2022). The machinery includes issues such as the electoral college, impeachment (Rathey, 2022), indirect or direct election of the Senate, and delegation to the houses to determine voting procedures such as the Senate filibuster.

What holds a society together may be a sense of national identity defined by history, traditions, and shared values (Pitts, 2022). Loss of such national identity does not necessarily mean descent into civil war (Olsen, 2022). One solution is that leaders and citizens recognize and appreciate that higher values supersede binary moral disputes (Olsen, 2022). A binary moral dispute is one which two sides have irreconcilable moral positions. In the American civil war, the North viewed slavery as morally wrong while the South viewed slavery as morally acceptable (Olsen, 2022). Southern secession arguably expressed that preservation of slavery was more important preservation of union. However, since secession occurred in state conventions, the political arithmetic of controlling those conventions may have outweighed slavery as a determinant of the outcomes (Chacón & Jensen, 2020). A contrary view holds that secession was a defense of states' rights and resistance to economic exploitation by the North and this defense was independent of or subordinate to slavery.

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Transparency and Accountability in Media Organizations

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Up until a few years ago, there were no systematic or comprehensive studies on how media firms implement corporate social responsibility (CSR). Given this lack of empirical work, in 2020, we began a series of studies meant to delve into the social responsibility of media organizations. During the 28th Annual International Vincentian Business Ethics Conference, we presented *Guardians and Custodians: The Media and Diversity*, the first of those studies. In it, we compared diversity statements with the composition of newsroom employees. Since the presentation, new data has emerged relative to the corpus of statistics we used as the basis for the study. This new information shines an even brighter spotlight on the lack of transparency and consequently accountability within the media industry. The current presentation will discuss this evolving situation and propose a solution to enhance the transparency of media organizations.

Revisiting *Guardians and Custodians: The Media and Diversity*

Journalism is a mechanism for monitoring, scrutinizing, and holding those in power accountable for the actions and information relative to corporate social responsibility (CSR). In truth, although journalism is quite apt to report on CSR at large, little is known about the practices that news organizations implement to institutionalize social responsibility. In hopes of reversing this trend, last year we presented a large-scale textual analysis of CSR communication on diversity from the U.S. news organizations that participated in the 2018 ASNE Newspaper Diversity Survey. More specifically, the analysis compared the characteristics of diversity statements among two groups of news organizations: those that reflect the demographics of their audience and those that don't. Almost all (93%) of diversity statements from organizations that have adopted and implemented diversity practices make reference to diversity; whereas, only 61% of organizations that have not adopted and implemented diversity practices (at least, according to the threshold used in this research), mention the word diversity. The biggest difference comes with the term "inclusion." Here, 90% of the CSR communication on diversity from news organizations that have adopted and implemented diversity practices make reference to inclusion, compared to just 54% from those that have not. The results suggest that while the CSR communication on diversity from news organizations in our sample contain some of the same general types of information, they express this information in different ways. The differences are especially apparent when comparing the most common terms of the entire corpus as stated by the organizations that have adopted and implemented diversity practices to those organizations that have not. There is indeed a mismatch in the congruency of news organizations and diversity when comparing the two lists (Kosterich & Ziek, 2021).

The major limitation of our study was the use of the ASNE Newspaper Diversity Survey. First, the low survey participation rate from the 2018 ASNE Newspaper Diversity Survey is troubling (i.e., 17%). Of all the media organizations in the US, only 283 provided data on diversity. In addition, the survey data is based on self-reported transparency, or when an organization is providing information on its own behaviors (Mitchell, 2002). This means there are questions of the reliability since many organizations are worried that the data will be used as a negative reflection on management performance as opposed to a benchmark. This limitation was balanced by two factors. First, there needs to be a starting point and the ASNE Newspaper Diversity Survey is the only large-scale examination of diversity practices in U.S. Second, published lists are often used as a viable sampling frame when it is not possible to get an accurate

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count of the total population (Ornebring & Mellado, 2016). However, over the past year new ASNE data has emerged that points to a larger, more troubling trend – a trend that dovetails the limitations and take-aways from our original study while at the same time advances an entirely new set of concerns.

ASNE Newspaper Diversity Survey

ASNE Newspaper Diversity Survey was established in 1978 after the Johnson administration commissioned a report that investigated diversity in newsrooms. The survey measures the percentage of women and minority (specifically, Hispanic, Black, and Asian) journalists, as well as newsroom leaders working in US newsrooms, and compares those percentages to the distribution of audience demographics in each newsroom's hometown based on the latest census data (Clark, 2018). Given the historically low response rate in 2018, the new publishers of the survey, The News Leaders Association, decided to retool and push deadlines to increase participation (Scire, 2022). In the end, none of the tactics worked and after reaching out to over 2,500 organizations only 303 responded. The 12% response rate, which is lower than any previous year, prompted the director of the survey to explain that crushing resistance is due to a lack of incentivization about demographic transparency. More importantly though is that without transparency there can be no accountability since the two factors are inextricably linked and vary together. Accountability is a communicative behavior that consists of questioning powerholders in contextual circumstances. According to Keohane (2006), there are both internal and external forms of accountability in addition to many facilitatory mechanisms including supervisory, legal and peer. However, without the release of information there can be no doubts raised - no opportunity to request additional accounts – no opportunity to hold an organization liable for behaviors (Heritage, 1984).

The question that arises is how do you improve transparency among media organizations so there can be accountability? Clearly there needs to be more stringent approaches to transparency which can be done through forms such as other-reporting (when information is provided by one actor on other actors' behaviors) and problem-reporting (when actors monitor the trends of an entire problem) (Mitchell, 2002). It should be clear that this is not the first time the idea has been raised. For example, Open Source started a petition that asked Pulitzer to require any nominated organizations complete the ASNE Newspaper Diversity Survey. To this point, Pulitzer is only considering the request, but it speaks to the acknowledgement that intermediary organizations need to play a role in forcing the news media to provide diversity data. One possible, and achievable approach is to have industry organizations such as News Media Alliance, National Newspaper Association, and the National Association of Broadcasters, to name some, increase pressure on organizations by both adopting standards and publishing lists of organizations that either satisfy or fail to satisfy those standards. These third part intermediaries can certainly assume latitude and begin publishing ratings relative to transparency much like the media organizations do in the area of CSR with the World's Most Admired Companies, World's Most Reputable Companies or The Responsibility 100 Index. The potential here comes from the development of a rating system that would mirror those produced by the media organizations themselves. The methodologies behind any rating system is out of the scope of this presentation especially considering that each agency has its own way of scrutinizing businesses (Escrig-Olmedo, Fernández-Izquierdo, Ferrero-Ferrero, Rivera-Lirio & Muñoz-Torres, 2019). The upshot is that great potential lies in the creation of ratings and rankings because they are admitted to be one of the few comparable sources of data on a wide range of social responsibility policies, practices and performances (Clementino & Perkins, 2021). Indeed, if done correctly, media organization can be held accountable to their peers, sources, people involved in the news and users (Bertrand, 2018).

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