

Letter from the Editor

BY ALBERT J. MILLS

Welcome to the fall issue of 2014. Our aim, as always, is to provide two issues per year – one in the spring and one in the fall. In this issue, as we plunge into the new academic year, we start with an article designed to make us think of the best of summer. Looking at the behaviour and characteristics of “wine tourists in an emerging wine region”, Tara Laceby (Nova Scotia Community College) and Donna Sears (Acadia University) take us on a journey of discovery to figure out the profiles and preferences of “regional wine tourists” and what a journey it is. The research involved the surveying of almost 800 people taking part in winery events in Nova Scotia throughout 2013-14 and, apart from the difficult job of collecting the data on so many people; Tara and Donna had to attend the various events and tours. . . Now how do I get funding for this! Seriously though, it is rare that we get insights into something that is so close to our own personal passions and interests that is also tied closely to the local economy.

As in research as in life, with the good things (like wine) there are often taxes. That timely reminder comes in our second article by Kirk Collins (Trent University) and Joshu Sim (Queen’s University) who seemingly jetted in from Ontario to tell us about “taxation through time”. The paper assesses “the taxation of human capital in Atlantic Canada” and warns that to date the taxation programs in place have had disincentive effects. Makes you want to open a bottle of wine!

In our regular education column we have two papers in this issue. The first, by James O’Brien and Ethan Pancer (Saint Mary’s University), grapples with the difficult and problematic character of “student evaluation of instruction”. Pointing out that this has proven highly problematic throughout the US and Canada, O’Brien and Pancer go on to describe “complementary practices that can increase our understanding of effective instruction”. We are all ears! I won’t spoil the ending for you.

In the second paper, Cathy Driscoll, Margaret McKee and Shelley Price (Saint Mary’s University) “review the literature on service learning and consider its role in students’ learning and ethical development”. Again I won’t spoil the ending but would say that the conclusions may surprise you in the authors’ unique insights into the process.

Finally, in what we hope will also be a regular feature of the *Workplace Review*, we turn to a case study by Robert MacDonald, Amy MacArthur and Graeme Ching (Crandall University). The case focuses on ethical marketing and provides instructors with a scenario for judging the ethical and legal issues involved in certain marketing practices. Once again, we hope that this new section will be of use to colleagues seeking relevant classroom materials and exercises.

Following a now established practice, papers for the *Workplace Review* are solicited from those submitted to and accepted by the annual conference of the Atlantic Schools of Business. So if you plan to present a paper at the 2015 conference, please consider sending it to the *Workplace Review*. We typically try to publish around 5 papers per issue. However, publication is not restricted to ASB papers and we encourage people to submit other contributions, including papers, cases, and even commentaries on existing contributions – please send them in for consideration to either myself (albert.mills@smu.ca) or our Managing Editor Isabella Krysa (isabella.krysa@smu.ca).

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BENCHMARKING THE BEHAVIOUR AND CHARACTERISTICS OF WINE TOURISTS IN AN EMERGING WINE REGION¹

Exploratory research was undertaken to benchmark the profiles and preferences of regional wine tourists in Nova Scotia. This paper describes the consumer profiles of three wine tourist segments in the region: Wine Lovers; Wine Interested; and Curious Tourists. The data (n = 780) were collected over an eighteen-month period at wineries, winery events, farmers markets, and on the tour bus of a popular wine tour operator. Results provide evidence supporting the wine tourist typology found in the literature and give insights for tourism bodies as well as individual businesses.

INTRODUCTION

The past 25 years have seen steady growth in the production of wine in Nova Scotia (NS) and equally consistent improvement in the quality of the wines produced. There are currently 18 wineries in the province, with at least 2 additional wineries expected to open within the next two years. Ongoing growth is anticipated: the province's wine industry strategy projects an increase of vineyard acreage in the province from 400 to 1000 acres and a corresponding increase in industry revenue from \$7.2 million to \$23 million by 2020 (Winery Association of Nova Scotia, 2009). The success of the industry is demonstrated through national and international attention brought by award-winning wines: 28 awards at the 2009 All Canadian Wine Championships and 14 awards at the 2009 International Tasters Guild Competition. Meanwhile, tourism is a significant driver of the NS economy in general (\$1.3 billion in 2008) and of the Annapolis Valley in particular, with over \$207 million in revenue and 3600 direct jobs in 2008 (Nova Scotia Ministry of Tourism, Culture, and Heritage, 2010). Furthermore, cuisine – including food, dining, wine, and agritourism – is one of NS's core tourism experiences (Nova Scotia Tourism, Culture and Heritage). And there is further evidence of the quality of the Nova Scotia wine tourism offering. In 2011, Le Caveau Restaurant (at Domaine de Grand Pré Winery) was named one of the world's top ten winery restaurants by Wine Access.

Nova Scotia is an emerging wine region, and wineries in the province are, by necessity, tourism businesses. As with other new wine regions, the marketing of products focuses on building local residents into loyal customers who then in turn further endorse and augment the region as a destination

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(Kolyesnikova, Dodd, & Duhan, 2008). Therefore, an understanding of the region's wine tourists is a key success factor as wineries seek to develop product and experience offerings that will inspire re-purchase (re-visit) intent as well as intent to engage in word of mouth behaviour. Although some wineries in the region were previously making rudimentary estimates of customer characteristics, no systematic research had been done on wine consumers in Nova Scotia prior to this study.

Wine tourism experts have emphasized the need for region-specific wine tourism research, asserting that consumer research, in particular, is not generalizable from one region to another: "...Charters and Ali-Knight (2002) admonished that wine tourist expectations are likely to vary from region to region. No one set of critical success factors will apply everywhere" (Getz & Brown, 2006, p. 148). An indepth assessment of the market is necessary to create successful marketing communications for any emerging wine region; understanding consumer attitudes contributes significantly to the commercial success of new products (Kolyesnikova, Dodd, & Duhan, 2008). Moreover, legislation regarding the distribution and sale of wine differs by region, vastly changing the business and competitive environments in which wineries operate. For instance, Nova Scotia's legislation makes it much more lucrative for wineries to sell directly to consumers at the farm gate, versus selling through Nova Scotia Liquor Commission stores. Thus, we cannot assume that wine tourism research conducted in other regions applies to Nova Scotia wine tourists and their desired experiences.

CONTEXT

Wine Tourism & Wine Tourists

According to Hall (1996) wine tourism may comprise the visiting of vineyards, wineries, wine festivals and wine shows, where the important motivating factors for visitors are wine tasting and/or experiencing the attributes of a wine region. Charters and Ali-Knight (2002) define the wine tourism experience as encompassing many characteristics including a lifestyle experience, education, links to art, wine and food, tasting and cellar door sales, winery tours, incorporation with the tourism-destination image and a marketing opportunity. Getz and Brown (2006) declare wine tourism as "simultaneously a form of consumer behavior, a strategy by which destinations develop and market wine-related attractions and imagery, and a marketing opportunity for wineries to educate, and to sell their products, directly to consumers" (p. 147). Clearly, wine tourism is a multi-faceted concept, and has not achieved a uniform approach or definition.

Getz and Brown (2006) found three key attributes required for an attractive wine region (from a consumer perspective): core wine product (visitor friendly wineries, knowledgeable winery staff, wine festivals, familiar wineries); essential destination features (attractive scenery, pleasant climate, moderately-priced accommodation, easy to obtain information, well signposted wine trails); and related cultural experiences (unique accommodation with regional character, fine dining and gourmet restaurants, traditional wine villages).

As Getz (1998 in Charters & Ali-Knight, 2002) explained, there are three perspectives to consider when approaching wine tourism: (1) destination marketing strategy; (2) consumer behaviour; and (3) opportunity for wineries to educate consumers and engage in direct sales. These perspectives are not discrete, therefore, investigation of one perspective informs the others. Wine tourists are also wine consumers in search of (lifestyle) product-related experiences; the motivations of wine tourists are considered an important aspect in the overall understanding of wine regions and wineries of the needs and expectations of their customers; (Alant & Bruwer, 2004; Charters & Ali-Knight, 2002).

The current study addresses an acknowledged gap in the literature by focusing on the consumer behaviour perspective: “Key researchers, in this emerging field of wine tourism, have commented on the lack of published research material available regarding the behaviour and characteristics of the winery visitor or the tourist” (Charters & Ali-Knight, 2002, p. 311). Despite examining the consumer behaviour perspective, results of this research can be informative for destination marketing and the development of winery product and experience as well. For example, understanding the type of wine tourist, coupled with intention, may direct wineries to the provision of products and services that will satisfy – or delight – customers (Charters & Ali-Knight, 2002). Furthermore, it is acknowledged that cooperation among destination marketing organizations, and others who promote wine tourism – including individual wineries – is a key success factor for wine tourism (Getz & Brown, 2006). Also of importance are the views expressed by destination marketers that every wine label acts as a promotional medium for the region where the wine was produced (Getz & Brown, 2006, p. 149). It is hoped that the results of this research will help to facilitate collaboration.

A comprehensive profile of Nova Scotia wine tourists and potential wine tourists will enable understanding of the key influences in the selection of Nova Scotia wines and visitation to particular Nova Scotia wineries as well as the broader Nova Scotia wine region. By recruiting participants at farm markets as well as wineries, this research overcomes a shortcoming identified in previous wine tourism research: “Most studies of wine tourists have covered only visitors to wineries, not wine consumers in general” (Getz and Brown, 2006, p. 148). The profile advances the theoretical understanding of hedonic consumption while concurrently offering guidance to tourism operators as they plan and implement hedonic experiences aimed at enhancing customer value. In doing so, the fields of marketing, tourism, entrepreneurship, and rural development are effectively combined.

The current investigation applied a previously developed wine tourism typology that sets out three types: visits of wine connoisseurs and buyers to specific vineyards for buying or scientific purposes (Wine Lovers); visits to vineyards in general, with the aim of understanding process of producing wine and/or wine tasting (Wine Interested) thereby developing long-term customer loyalty; and thirdly visits by way of scenic (wine) routes through wine producing areas linking different vineyards and wineries (Curious Tourists). Through the application of this typology, wine tourists in this emerging wine region can be effectively segmented. Such market segmentation is significant for wine tourism operators in terms of product development and marketing purposes (Mitchell et al., 2000; Williams & Kelly, 2001) as it provides an understanding of wine tourists and their behaviour.

The Grape and Wine Industry in Nova Scotia

Nova Scotia has a history of grape growing dating back over 400 years. However, commercial wine production – and wine tourism development – is a relatively new phenomenon. The industry has grown from one winery in 1980 to 18 wineries in 2013, with wine sales of \$17.4 million (2011) and wine tourism revenues of \$35 million (2010). Despite its meteoric growth, Nova Scotia’s wine industry is marked by small-production wineries and relatively small (less than 10 acre) vineyards (average size is 7 acres). Of the province’s 94 farms growing grapes (in 2011) only 10 have more than 10 acres of grapes. In total, the province has approximately 658 acres under vine. Production has grown from 56 tonnes in 1987 to 1264 tonnes in 2011, a 23-fold increase. Thus, the region represents a small – but rapidly growing – share of Canada’s \$1.2 billion in revenue and employment related to wine tourism and the grape and wine industry’s national \$6.8 billion economic impact (Frank, Rimerman +Co. LLP, 2013).

It is commonly suggested that New- and Old-World wine regions are vastly different and that the consumers may differ by New/Old World as well (Charters & Ali-Knight, 2002). Nova Scotia, of course, is considered a New World wine region. However, the characteristics of this wine region may make Nova

Scotia more similar to Old World regions such as southern Europe than new world regions such as Australia or Napa Valley (California). To illustrate: “The structure of the wine industry is substantially different in Europe, with much less concentration of capital, and – particularly in southern Europe – much more small-scale viticulture, often as part of a mixed farming set-up” (Charters & Ali-Knight, 2002, p. 313). This blend of New and Old World characteristics sets Nova Scotia apart. Thus, it is crucial for region-specific research be undertaken to explicate the characteristics, motivations, and preferences of Nova Scotia wine tourists since they are likely to differ from those in other wine regions.

METHOD

Wine tourists and potential wine tourists were queried to determine the drivers of behaviour with regard to Nova Scotia wineries. This was accomplished by administering an interview based paper-and-pencil instrument – designed to probe opinions about Nova Scotia wine/wineries, visiting (and re-visiting) intentions, demographic information, and visitor motives – at strategic points throughout the province. Teams of two undergraduate student researchers administered the face to face survey, approximately five minutes in length. Data collections took place at participating Nova Scotia wineries and at farmers’ markets, with a focus on the Wolfville Farmers’ Market (closest to the wine region) and farmers’ markets in the Halifax Regional Municipality (HRM). HRM is the most likely catchment area for day trips to Nova Scotia wineries; it is home to about 384,000 of the province’s 938,000 residents and is a reasonable day trip (60-90 minute drive) from the primary wine region (Annapolis Valley).

Participants were asked to describe both wine interest (no interest, limited interest, interested, highly interested) and wine knowledge (no knowledge, limited knowledge, knowledgeable, highly knowledgeable). Consistent with previous research (c.f. Hall, 1996; Charters & Ali-Knight, 2002), interest in wine was used to segment participants because segmentation by self-reported wine knowledge is problematic. Since Nova Scotia is a new wine region, its people are apt to have a lower level of overall wine knowledge than in regions where there has been time to develop a more knowledgeable consumer base. Furthermore, self-measures of knowledge might be skewed by personality characteristics such as self-confidence. As Charters & Ali-Knight explain,

The problem with knowledge is that it is only suggestive of the respondent’s motivation as a wine tourist, and is difficult to quantify. Visitors may be knowledgeable without being enthusiastic, and knowledge is probably less useful as an indicator of their activity levels as wine tourists and their relationship with the local tourism market than other psychographic indicators such as interest and attitudes. (Charters & Ali-Knight, 2002, p. 313)

Charters and Ali-Knight (2002) further point out the sequential link between interest and motivation, and ultimately behaviour; offering additional support for the use of wine interest as a segmenting variable.

First, descriptive statistics were employed. Then chi-square, z-tests, and ANOVA were used to identify significant differences among the groups.

RESULTS

The results of this research provide an important benchmark for wine tourists in the new wine region and provide evidence that the wine consumer typology (c.f. Hall, 1996; Charters & Ali-Knight, 2002) applies to consumers in the region. It is anticipated that this research will be repeated as the

region’s wine industry continues to grow and change. Nova Scotia is uniquely positioned as an emergent cool climate wine region whose growth is concurrent with the development of wine tourism as a research stream. Consequently, the current project develops a benchmark that will enable longitudinal study of the development of wine tourism in this new wine region.

Seven hundred eighty (780) people were surveyed at wineries (February; August and September) during special events (Ice Wine Festival; high tourist season; and Fall Wine Festival, respectively) and at Halifax and Wolfville Farmers Markets. The sample represented 40% male and 60% female participants. Most of the participants were well educated, with over 90% having at least some post-secondary education; 27% had more than a Bachelor’s degree. Household income was reflective of the educational achievements of participants. Most of the participants (66%) were married or in common-law relationships.

In general, the participants at both farm market and winery locations were interested in wine at some level (98%); only 2% indicated “no interest” in wine. Participants were largely from the Annapolis Valley wine region (37%) or the closest urban area, Halifax Regional Municipality (26%). Other parts of Nova Scotia (6%); the remainder of Atlantic Canada (3%); the rest of Canada (11%); USA (2%); and other International (1%) were also represented.

Participants were segmented primarily by wine interest but wine knowledge (self-assessed) was also recorded. Results of a cross-tabulation on these two variables are found in Table 1. Congruent with expectations – based on both previous research and intuition – those who identified as highly interested in wine were more likely to self-assess as highly knowledgeable than other groups, $\chi^2 (25, 762) = 557.974, p = .000$. To be consistent with previous research which expressed concern around segmentation by self-reported wine knowledge, the variable considered for segmentation was interest in wine. Wine knowledge was considered for one subset (highly interested/highly knowledgeable) to provide comparison to previous studies (c.f., Charters & Ali-Knight, 2002).

Table 1².

Interest in Wine	Knowledge of Wine				Total
	No knowledge	Limited knowledge	Knowledgeable	Highly knowledgeable	
No interest (curious tourist)	6	8	1	2	17
Limited interest (curious tourist)	17	75	3	0	95
Interested (wine interested)	7	314	78	1	400
Highly Interested (wine lover)	0	68	144	30	242
Total	30	465	226	33	754

² Valid n=754 of 780 total respondents for wine interest/wine knowledge questions.

The typology developed by previous researchers (c.f. Hall, 1996; Charters & Ali-Knight, 2002) is relevant to Nova Scotia wine tourists, despite concerns around generalizability. However, the member characteristics of each of these groups may differ by region. Based upon self-report of wine interest, participants were categorized as follows: wine lovers (31%); wine interested (52%); and curious tourist (12%). Table 2 summarizes the results by wine tourist type. A description of the characteristics of category members follows.

Table 2³.

	Wine Lovers	Wine Interested	Curious Tourists
Age			
19 – 24 years	11% _a	14% _{a,b,c}	22% _a
24 – 34 years	21% _b	16% _{a,b,c}	6% _b
35 – 44 years	9% _a	14% _c	9% _{a,b}
45 – 54 years	31% _b	20% _b	26% _a
55 – 64 years	17% _a	25% _{a,c}	23% _a
65 and over	10% _{a,b}	10% _{a,b,c}	13% _a
Gender			
Female	60% _a	61% _a	60% _a
Male	40% _a	39% _a	40% _a
Household Income			
Less than \$25,000	11% _{a,b,c}	12% _a	10% _{a,b,c,d,e}
\$25 000 - \$44 999	6% _{c,d}	11% _a	16% _{d,e}
\$45 000 - \$64 999	15% _{b,d}	19% _a	14% _{a,b,c,d,e}
\$65 000 - \$99 999	19% _{a,b}	17% _a	22% _{c,e}
\$100 000 - \$149 999	22% _a	16% _a	14% _{a,b,c,d,e}
\$150 000 plus	11% _a	8% _a	2% _b
Prefer not to answer	17% _{a,b,c,d}	18% _a	23% _{a,c,d,e}
Highest Level of Education Attained			
Less than Grade 9	0 _{a,b,c}	0 _{a,b}	0 _{a,b,c}
Some high school	0 _{a,b,c}	1% _{a,b}	3% _c
High school graduate	7% _c	5% _b	10% _{b,c}
Some postsecondary	9% _b	14% _{a,b}	25% _c
Postsecondary certificate or diploma	27% _{a,c}	26% _{a,b}	22% _{a,b}
Bachelor's degree	26% _{a,b,c}	28% _a	21% _a
Above bachelor's degree	30% _{a,c}	27% _{a,b}	18% _a
Marital Status			
Single	21% _a	27% _a	32% _a
Married/Common law	70% _b	65% _a	57% _a
Divorced	7% _{a,b}	5% _a	7% _a
Widowed	1% _{a,b}	3% _a	3% _a
Children in Household			
None	82% _a	80% _{a,b}	79% _a
One	7% _a	11% _b	8% _b
Two	8% _a	6% _b	10% _a
Three	2% _a	1% _{a,b}	1% _a
Four or more	0 _a	1% _{a,b}	1% _a

³ Each subscript letter denotes a subset of categories whose proportions do not differ significantly from each other at the .05 level.

	Wine Lovers	Wine Interested	Curious Tourists
Drinking wine for ...			
Less than 1 year	2% _a	2% _a	19% _a
1-5 years	9% _a	18% _b	13% _b
5-10 years	24% _b	19% _c	14% _b
10-20 years	22% _b	20% _c	15% _b
More than 20 years	43% _b	41% _c	39% _b
Typical spending per bottle			
Up to \$20	67% _a	75% _a	80% _a
\$30	30% _b	23% _a	20% _a
\$50	3% _b	1% _a	None (0 _a)
\$100	0 _{ab}	0 _a	None (0 _a)
More than \$100	0	0	None (0 _a)

Wine Lover (31%)

Wine lovers are enthusiasts and buyers who visit specific vineyards for buying or specific purposes. The wine lovers (ie. those who self-identified as highly interested) were experienced drinkers, having enjoyed drinking wine for 20+ (43%) or 10-19 years (47%). This group was well educated, with 30% having more than a Bachelor’s Degree. Most were married and travelling with spouse. The most frequent age range was 45-64 (48%) or 25-34 (21%); with the 19-24 and 65+ age groups roughly equal (11% and 10%, respectively). For wine lovers, the wine and winery are sole motivations for the visit, with a strong interest in culture (romance and elegance) as a motivation for visiting.

Previous research suggests gaining wine knowledge is a key driver for this group: “In summary, one could tentatively suggest that the entire ‘lifestyle package’ is particularly important for the ‘Wine Lovers’ – more so than the other segments. Food and gaining wine knowledge are key components of their motivation in making the visit” (Charters & Ali-Knight, 2002, p. 315). Wine tourists in NS were equally interested in gaining wine knowledge. Not unexpectedly, in their quest for knowledge, members of this group are the most likely to visit a winery website and are somewhat influenced by expert ratings. Furthermore, tastings play an important role in their winery visits. However, they are least likely to attend an event or festival at a winery; this is likely because they do not need added incentive to visit wineries and prefer to visit at less busy times when they have more opportunities to interact with winemakers/owners/staff. Farmers market booths are a key information source for this group.

Financially, wine lovers are important to wineries because they are willing to spend a bit more on a bottle of wine than the other groups: up to \$20 (67%); \$30 (30%); and \$50 (3%).

A subset of wine lovers who self-identify as highly knowledgeable was recognized by Charters and Ali-Knight (2002). This group was labeled wine connoisseurs: “Whilst the size of this group is small (3.3 percent) ... Given that 60 percent of them are in professional or managerial occupations, and therefore considered to be high-yield tourists, the attention could well yield substantial benefits to the winery” (Charters & Ali-Knight, 2002, p. 316). Connoisseurs represent 8% of the participants in the current study. Since this group represents a substantial opportunity for development – and many are apt to influence others (often referred to as market mavens) – they merit further study. Since the key determinant of membership in this category is wine knowledge, educational opportunities can move other wine lovers into this subset.

Wine Interested (52%)

Wine interested visit vineyards with the aim of understanding the process of producing wine and/or wine tasting. Like the wine lovers, the wine interested were experienced wine drinkers, with 41% having 20+ years of wine drinking experience. This is consistent with the dominant age range: 45% are ages 45-64. The other age ranges have roughly equal representation: 15% are 19-24; 16% are 25-34; and 10% are 65 and up. Most of the members of the wine interested category are travelling with a spouse (65%), but they are also the group most likely to be travelling with other family members.

For the wine interested, wine is a pastime rather than a passion, thus they are motivated by other leisure activities. Wine is not the sole focus of travel; local/artisan foods are significant activities. However, learning about wine is also important. Members of the wine interested group are the most likely to attend a festival or event at a winery. People in this category are looking to enjoy wine by the glass, but some indicated that they “rarely drink wine”. Just the same, pairing food with wine is an important purchase influence. Restaurants are an important purchase influence for this group.

Most of the members of this group spend modestly on wine: up to \$20 per bottle (75%), however, since this group comprises over half of wine tourists, they are important to winery success despite their modest spending habits.

Curious Tourist (12%)

Curious tourists happen upon vineyards for reasons other than wine, such as enjoying a scenic route. Many curious tourists have been drinking wine for over 20 years (40%) but others are relatively new wine drinkers: 19% have been drinking wine for less than a year. Although 57% of this group is married, singles were more common in this category than in the others. This group is the most likely to visit a winery with family. For curious tourists, the 45-64 age group dominates (49%); and – consistent with new wine drinkers – a further 22% of the category’s members are 19-24 years of age. The 25-34 age group represents 6% of this category; age 65 and up at 13%. Not surprisingly, this category is the most likely to have at least one child living at home.

This group considers a winery visit a novelty experience; members may attend a festival or event. When visiting a winery, curious tourists are interested in art and architecture. Since opportunity seems to drive these tourists, expert ratings are not important influences of purchase. Proximity seems important to this group as more than expected live in the local (Annapolis Valley) area. In general, findings for this group mirror those of previous research:

This suggests that merely standing at the cellar door, tasting, has less appeal for them than a more active visit to the winery. Beyond that, and their desire to eat at a winery, it is hard to find any common motivational or educational ground, which distinguishes them.... It is also probably that they would not be wine tourists unless either a wine region was immediately proximate to them, or they happened to be visiting one for more general tourism purposes – a view broadly supported by the work of Hall and Macionis (1998). (Charters & Ali-Knight, 2002, p. 316)

Serendipity, rather than planning, brings the curious tourist to the cellar door. This group shops for wine on a very modest budget, with 78% spending \$20 or less per bottle; group members do not purchase wines priced over \$30.

Common Characteristics

Despite fitting well into the previously developed wine tourist typology, participants in this study had a number of characteristics in common. There was an overall high opinion of the quality of Nova

Scotia wines, indicative of the growth and improvement across the industry. In general, enjoying local artisan foods was more influential in the wine tourism decision than restaurants. Appreciation for the rural setting was likewise an important factor in the decision to visit the wine region and its wineries.

In this study, wine tourists were not obtaining information from winery brochures, visitor guides/visitor centres, travel/consumer shows, travel agents, newspapers or other (ie. non-winery) tourism websites. However, this is more likely to be a factor of where – and in what format – information is available than a reflection of consumer preferences. In the on-going quest to be market driven, future research might profitably be directed at identifying the formats and locations where the region's wine tourists prefer to acquire information.

None of the groups sought overnight packages as a reason to visit the region. This is consistent with the whereabouts of the sample, since most were local or within a reasonable radius for day trips (ie. HRM). Although this finding might provide discouraging for accommodation providers, it is not unlike the visitor profile in more developed wine regions. For instance, 67% of visitors to Napa, California are day trip visitors (Napa Visitor Industry, 2012 Economic Impact Report). Thus, understanding day trip visitors to wine regions is a key success factor, underscoring the importance of the current study.

DISCUSSION & MANAGERIAL IMPLICATIONS

The discussion and managerial implications of this research are intrinsically linked. Therefore, the two are addressed concurrently in the following section. Each of the three wine tourist types is examined in turn, then general conclusions are drawn.

Wine Lover

Wine lovers are interested in tasting and education. Thus, wineries should be sure to provide opportunities for both in order to satisfy this group. Since wine lovers gather information at farmers markets, wineries the purpose of their market booths as advertising and creating awareness. This change of perspective – especially given the influence and lack of price sensitivity of this group – might well encourage wineries to participate in farmers markets, whether or not they see an immediate return on investment on market days. Finally, wine lovers seek reasons to re-visit. Therefore, this group might appreciate offerings such as loyalty programs or wine clubs. Wine clubs might be especially appealing to the wine connoisseur subset, since wine club membership has been related to higher wine knowledge (Getz & Brown, 2006).

Wine Interested

The wine interested group is the most likely to be influenced by festivals and events, thus, the preferences of this group should be kept in mind during the event planning process. Since members of this group are not necessarily wine drinkers, other activities – such as education about wine and how to pair wine with food – should be integrated into events and these opportunities communicated through promotional materials. While in the wine region, this group is interested in pursuing other leisure activities, indulging in local/artisan foods, and eating at restaurants. Therefore, this group may be likely customers at a winery restaurant. Furthermore, development of packages and/or cross-promotion with providers of leisure activities in the region may be a useful strategy for attracting these consumers.

Curious Tourist

Since proximity is important for curious tourists, Nova Scotia wineries should look for members of this group in their own backyards. To illustrate this point, Annapolis Valley residents make up a large proportion of the members of this group in the current research. Clearly, this has implications for promotional efforts, which might profitably be geographically targeted. Curious tourists are often traveling as a millennial and parent mix. Since many (19%) have been drinking wine for less than a year, wineries have the opportunity to convert these new drinkers to loyal customers and help move them through the typology to the wine interested group and on to wine lover group. As the province continues to advance as a wine region, the development of scenic touring routes (i.e Wine Routes) will further capitalize the economic opportunities associated with this group of curious tourists.

LIMITATIONS AND FUTURE RESEARCH

Limitations

As with any study, this research has inherent limitations that must be acknowledged. Principle among them is the choice of venues for data collections. Participants who completed the survey at farmers markets are likely to be a friendly audience with an affinity for local products. Furthermore, participants at a particular winery may be more likely to report positive feelings toward the brand due to a recent interaction with the wine product and winery experience. Thus, the choice of locations may have had a polarizing influence on the data. This potential limitation can be mitigated by using similar data collection sites during subsequent research. This strategy will ensure that data are comparable across studies.

Future Research

As previously mentioned, this same study is expected to be revisited over time. Thus, longitudinal research can examine the development of wine tourism in this New World wine region over time. The results will be helpful, not only for the grape and wine industry in Nova Scotia, but also for a more thorough theoretical understanding of the organic growth of a wine region. To our knowledge, this sort of research program has not been undertaken elsewhere in the world. Future iterations of the study should strive to verify that the typology is appropriately applied to wine tourists/consumers in the region through the use of cluster analysis, confirmatory factor analysis, and other appropriate techniques for identifying groups.

The development of a NS wine tourist profile – as described herein – forms one part of a three-pronged initiative. The other aspects of the research are: (1) a comprehensive study of NS winery websites and the elements that inspire virtual visitors to become real-life visitors (completed work funded by a Harrison McCain Foundation Emerging Scholar Award); and (2) a thorough investigation of visitors experiences at NS wineries, including desired elements of these encounters that may not currently be integrated. Some research has been conducted to explore motivations and decision making in a theoretical context, however the wine tourism product, or experience, has not yet been modeled (Getz & Brown, 2006). The investigation of visitor experiences at Nova Scotia wineries is currently underway. Student researchers administer the experience measurement instrument to wine tourists on Wolfville's Magic Winery Bus. Passengers will have visited up to four local wineries during the tour.

A more specific investigation of wine tourist motivations would also be informative. As Charters and Ali-Knight (2002) explain,

There are two things which the literature of wine tourism in the English-speaking world must encompass if it is to avoid to [sic] being one-dimensional. Wine tourism is rarely a discrete activity, but will probably be undertaken in conjunction with some or all of rural, eco-cultural or adventure tourism, and its participants are unlikely to separate the various tourism forms. Secondly, the wine tourists may come with various cultural paradigms, which might make them approach the processes with different expectations and requirements. (Charters & Ali-Knight, 2002, p. 318)

Motivation research could examine both the reasons for choosing a specific winery and the reasons for choosing to visit a wine region.

Finally, it would be beneficial to explore the factors that influence level of wine interest and attendant membership in the wine tourist categories. A deeper understanding of these influences could help destination marketing organizations and wineries to shift consumers into higher involvement – and thus more lucrative – categories. For instance, how a winery might inspire a curious tourist who happens into the winery to become a wine interested or even a wine lover. It is anticipated that both involvement and customer loyalty may play a role. For instance, a customer who becomes loyal to a particular winery may experience higher involvement with the wine category, spurring higher interest and a thirst for knowledge. More members in the wine lover category should translate to a rosier bottom line for the region's wineries.

CONCLUSION

This work provides support for the existence of different segments of wine tourists in our region (consistent with previous work by Charters and Ali-Knight (2002) and Hall (1996), among others) and evidence for the broad use of the typology that these authors developed. However, a word of caution is advised. Groups – or even couples – may represent more than one wine tourist type. It is important for tasting room staff and others responsible for the visitor experience to be cognizant that each visitor who comes through the door may have a different set of goals and expectations for the winery visit. Moreover, future research should more systematically investigate the structure of the typology, to ensure that it is appropriately applied to wine tourists in this emerging region.

Across the wine tourist types, buying local was a significant motivator for choosing Nova Scotia wine. This finding reflects the popularity of the locavore movement within the province. Since legislation makes it difficult for Nova Scotia wineries to sell their product outside the province (even in the rest of Canada), this finding is heartening.

There was a high content of wine lovers and wine interested in this study. It is imperative that local wineries meet the needs of these segments by continuing to provide high quality wines and excellent visitor experiences while interest is high. Wineries must avoid alienating the wine lovers and wine interested; they must not risk turning these potential loyal customers into curious tourists.

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TAXATION THROUGH TIME: AN INTERTEMPORAL ASSESSMENT OF THE TAXATION OF HUMAN CAPITAL IN ATLANTIC CANADA*

We examine the (dis)incentive effects created by the respective tax systems to invest in human capital in Atlantic Canada and compare this to a select group of provinces from the rest of Canada. While findings show a steady decline in effective tax rates through the years, thereby creating an incentive effect to invest in post-secondary education, disproportionately higher rate gap differentials in the Atlantic Provinces, on average, combined with negative comparative statics reveal a somewhat different undertone. The counterproductive nature of the competing policies effectively nullifies any status quo argument for education or tax policy in the Atlantic Provinces, when compared to their brethren. The graduate retention rebate provides some solace to the narrative in helping to alleviate early tax burdens and equalize returns, but is difficult to claim effectiveness in assuaging any monetary windfall associated with migration.

INTRODUCTION

The goal of this paper is to assess the (dis)incentive effects created by the provincial tax systems for human capital investment in Atlantic Canada. Our test subjects are university graduates, but we note that such methodology could be applied to any level or subset of the population that possess human capital deemed scarce and productive, in the economic sense. We do not purport to suggest that university graduates are more important in the economic well being of an economy than, say, skilled trades or college graduates, e.g., and encourage one to think of our case as a subset of a larger sample of possibilities. Our presumption, like our goal, is simple; namely, an empirical investigation of incentivizing the tax system in Atlantic Canada remains an unexplored possibility for strategic policy implementation to retain and recruit scarce resources in the market for human capital.

We use the impact on effective tax rates (ETRs) and rates of return as our policy litmus test and explore by empirical and simulation analysis the unilateral exploitation of a select number of provincial tax systems. Some may claim that this work puts the proverbial cart before the horse, as it were, since to attract workers a province needs the requisite infrastructure and such may not be currently present at the appropriate level(s) to warrant an increase in the supply of skilled labour. To that end, we suggest that a more accurate assessment (or, at least, a plausible alternative) might be akin to a “chicken or the egg” argument; namely, which comes first? We leave this debate up to the interested reader for now, and focus

* Collins acknowledges the support of a CRS-SSHRC institutional research grant while he was at St. Francis Xavier University in helping to complete this research.

on establishing the empirics of the analysis in an effort to add the requisite fodder for a more informed discussion.

While previous research has examined the disincentive effects created by the tax system for, e.g., university and college graduates (see, for instance, Burbidge et al., 2012), the current study is differentiated in a number of key ways. First, the level of detail contained within Kevin Milligan's 2012 *Canadian Tax and Credit Simulator* (CTaCS) allows us to model investment decisions for the provinces in question for an extended period of time (1962-2012), which other studies have simply not done. The focus on creating a comparative advantage for human capital investment in Atlantic Canada also distinguishes this work from its predecessors, since much of the previous research is confined to Ontario as the provincial counterfactual (e.g. Collins and Davies, 2004, 2005a/b). Research that has considered provincial implications for human capital taxation, such as Collins (2008) and Burbidge et al. (2012), have done so by means of an aggregated snapshot of one or two years.

The use of the CTaCS database ensures that all of the idiosyncratic itemized deductions are accounted for in determining the full treatment that the tax system implies for the respective provinces. For instance, we account for items such as the graduate tax credit and graduate retention rebates, whereas previous studies stopped short of examining these aspects. Finally, as means to illustrate the impact of the graduated rate structure on human capital investment, the CTaCS database affords a number of simulation opportunities to examine the implications of having an individual graduate earn at various quantiles over their lifecycle. To provide a degree of semblance with previous studies and add further fodder for discussion we also use earnings data from the 2006 Census for our empirical analysis.

Findings show that tax systems in the Atlantic Provinces tend to create additional disincentive effects, when compared to non-Atlantic; Nova Scotia and PEI have a particularly ominous outlook for taxation of human capital over the last 50 years in that their treatment remains comparatively poor, when examined in relation to other provinces in our study. Of course, this does not imply that the tax treatment of human capital has not become more favorable, when compared to, say, its treatment in 1962; indeed it has. What it is meant to imply is that when compared with what other provinces have done in terms of tax policy, these two, in particular, consistently find themselves at the highest end of the effective tax rate spectrum, which is a rather unenviable position.

In addition, we find an interesting dichotomy in our bilateral comparison of Nova Scotia and Ontario graduates. In particular, items such as the graduate tax credit and the more recent graduate retention rebate go some way to reversing the disincentive effect associated with the higher rate structures in Nova Scotia, returning both males and females to an after-tax return comparable to their Ontario counterparts. Of course, the design of the graduate retention rebate was not to reimburse individuals to a point of return neutrality, if you will. It was designed as an incentive to remain in or to potentially relocate to the respective province. In this regard, the current policy appears somewhat unsuccessful in its mandate.

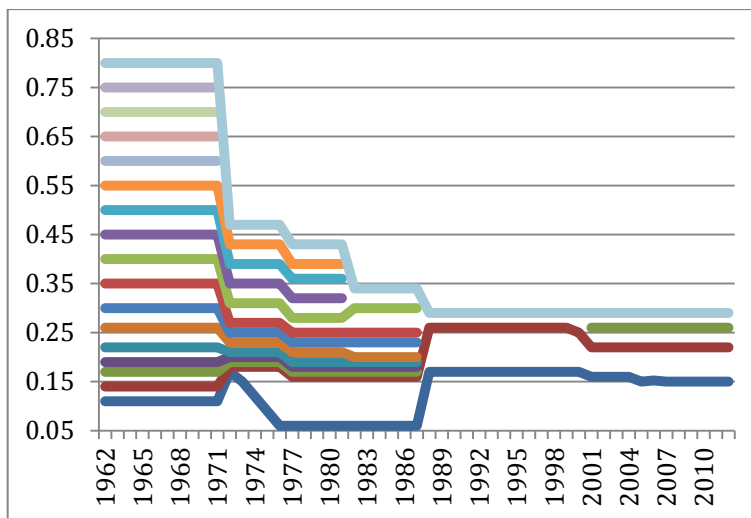
The rest of the paper is organized as follows. In the next section, we provide some motivation and a primer on relevant tax implications. We follow this with a discussion of the methodology used to assess the tax (dis)incentive effects for human capital investment. Our results follow and, finally, we conclude with some remarks and avenues for future research.

MOTIVATION AND PRIMER

Taxation has changed remarkably from the time of Carter (Figure 1). Provincial governments have largely followed the lead of the federal government, by first applying a tax on tax approach to

collecting revenue before migrating to the tax on net income approach used today (see Appendix for a detailed look at the Atlantic Provinces). Itemized deductions have increased and surtaxes have, for the most part, decreased or been eliminated.

Figure 1
Federal Tax Rates, 1962-2012



Source: Kevin Milligan's 2012 CTaCS database

During this time the corporate income tax has also undergone its own transformation, starting out at greater than 2.5 times where it currently sits (15% Federal rate). What is more is that the corporate rate has experienced a far greater reduction over the last fifty years, than the personal income tax. The result is the appearance of an increasing rate gap, since the early nineties; the corporate rate has fallen by approximately 46%, while the top personal rate has remained unchanged (Table 1).

Table 1
Federal Rate Gap, 1962-2012

	Top PIT Rate	CIT	Rate Gap
1962	80	41	39
1972	80	40	40
1982	43	36	7
1992	29	28	1
2002	29	25	4
2012	29	15	14

Sources: Authors' calculations, CTaCS database and Collins and Edgar (forthcoming)

Within the provincial landscape there are issues of inequity, as expected, but the rate gap still persists for all but one province; that being Newfoundland. It is also worth pointing out that only Nova Scotia finds itself in a position of having a rate gap anywhere close to the federal one, on any measurement (see, the gap for small businesses, Table 2). The issue is, unfortunately, systematic of a

larger problem. As authors have pointed out, for many countries the combination of imperfectly mobile physical capital and international tax competition has resulted in diverging corporate and personal rates (See, Head & Kreyer, 2009). Vertical equity and social policy being espoused as reason why the personal rates remain so high and create the all too familiar incentive compatibility problem for corporations where income shifting and tax avoidance, through corporate retentions, are concerned. The flip side to this inequity is that human capital is also affected by the resulting policy dynamic.

Table 2
Federal and Provincial Rate Gap, 2013

	Federal	BC	AB	ON	NB	NS	PE	NL
Corporate	15	11	10	11.5	11	16	16	14
M&P	15	10	10	10	10	16	16	5
Small Bus.	11	2.5	3	4.5	4.5	3.5	4.5	4
Top PTR	29	14.7	10	13.16	16.07	21	16.7	13.3
Corp Rate Gap	14	3.7	0	1.7	5.1	5	0.7	-0.7
M&P Rate Gap	14	4.7	0	3.2	6.1	5	0.7	8.3
Small Bus Rate Gap	18	12.2	7	8.7	11.6	17.5	12.2	9.3

Source: Authors' calculations, CTAcs database, and <http://www.novascotia.ca/finance/en/home/taxation/othercomparativetaxrates.aspx>

Where human capital is concerned, this classic treatment of corporate income tax on inbound investment, at rates lower than the highest personal income tax rate, creates a hold-up problem of sorts, where the government must collect the necessary revenue from alternative sources to fund social policy. The notion is to collect it by means of tax on personal income. The problem is that human capital is, to a large extent, mobile. And it is this mobility that has policymakers searching for viable alternatives to stem the flow of their best and brightest.

Using the tax system as a means capitalize on the externalities wrought by an economy that is high in human capital is something that has recently started to take shape. For instance, many provinces now provide a graduate retention supplement or rebate for those relocating or holding permanent residency after graduating from an approved institution. We perform an assessment of one such program below (for Nova Scotia), but suffice it to say, that the piecemeal approach with which such enactment has occurred, while creating (perhaps) a comparative advantage for some provinces, falls dramatically short in making any kind of substantial impact on the decisions of graduates to relocate. The inertia from relocating would have to be sufficiently weak (be that through, say, increased opportunities, money, etc.), for the current format of the policy to even enter the decision-making of recent graduates. Anecdotally, the policy appears more akin to a graduation gift, of sorts, for remaining where one already intended, since it does little in the way to level any so-called playing field, as we show below.

METHODOLOGY

Our examination of the disincentive effects of taxation on human capital investment uses the effective tax rate methodology of Collins and Davies (2004). Briefly, the methodology is predicated on the notion that the proportional reduction in after-tax internal rates of return, which manifest as a result of the inherent tax structure, will permit a snapshot of how much influence the latter exerts on lifetime

earnings. The greater the effective tax rate, the larger the disincentive effect to invest in that particular locale. Results are typically treated as a steady state due to limited empirical observations. While we maintain this assumption in order to provide some semblance with previous empirical studies, we also extend the analysis to take into account associated year effects (Figure 2).

Our earnings profiles are generated from the quantile regression of Burbidge et al. (2012), who use quartic polynomials in age, and the interested reader is directed to their study for a complete assessment. We limited ourselves to median earners for this study, but note that any quantile of the distribution could theoretically be assessed. To ensure consistency across the provinces in terms of tax treatment, the counterfactual earnings profile of the median university graduate is used. We recognize that this may bias the results insofar as earnings capacity differs, thereby permitting a bracket creep, of sorts. Our methodology is designed to confine our results to tax implications in a comparative statics environment, since our focus is on the idiosyncratic nature of the respective tax systems and not the magnitude of the earnings differential, should one exist.

For the empirical results, data on tuition and additional expenses are taken from Statistics Canada.¹

RESULTS

Canadian Tax and Credit Simulator (CTaCS) Analysis

Using Kevin Milligan’s 2012 CTaCS database, we perform a comparative statics exercise on the provinces listed in Table 3. The experiment is designed as a worst-case scenario of disincentive effects associated with the respective tax systems, if you will, since it places each graduate at the top rate upon graduation and keeps them there over their working lifetime. We start by ensuring the same before tax rate of return in each of the years listed, and then run a simulation program (in SAS) that applies all tax and education credits available to determine after-tax rates of return. The resulting ETR values are listed below.

Table 3
ETRs by Province, CTaCS Simulation, 1962-2012

	BC	AB	ON	NB	NS	PE	NL
1962	27.46%	26.25%	27.54%	28.86%	28.52%	28.18%	29.10%
1972	23.15%	21.51%	23.59%	24.21%	24.71%	24.24%	24.78%
1982	19.54%	18.61%	20.29%	20.77%	21.75%	21.41%	21.18%
1992	15.89%	15.67%	16.79%	17.49%	18.98%	18.59%	17.76%
2002	13.64%	13.57%	15.04%	15.50%	17.27%	17.07%	15.39%
2012	11.96%	11.80%	13.58%	13.88%	15.74%	15.80%	13.73%

Source: Authors’ calculations

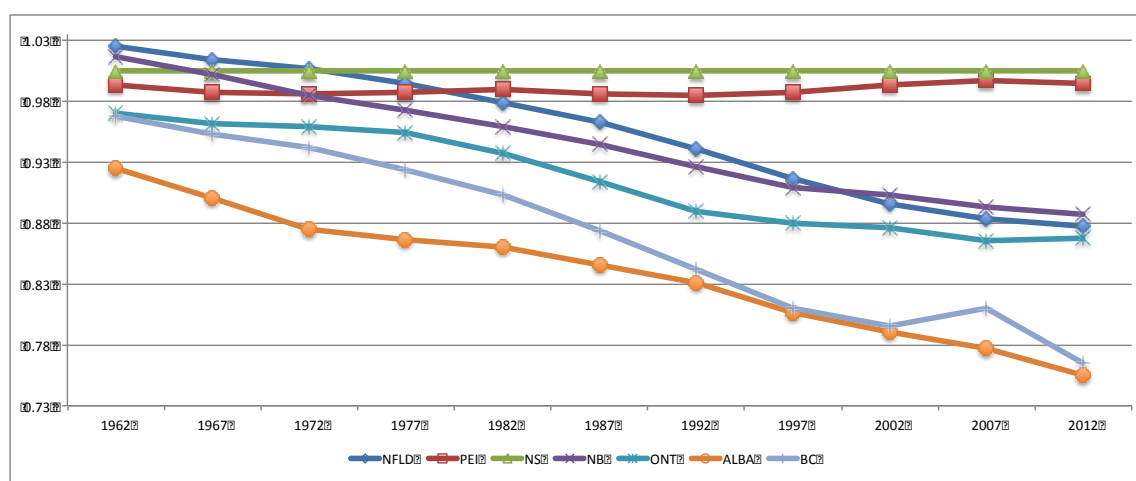
As is evident from Table 3, the situation of the top earners has progressively gotten better over the years. This outcome is largely due to a reduction in the progressivity of the personal income tax system, as opposed to by design, where education policy is concerned; the resulting benefit, in other words, is simply a positive externality of a tax system undergoing refinement. Fortunately, many itemized

¹ See Tables, Statistics Canada (2006). Alternatively, Table 12, Burbidge et al. (2012) contains a list of all relevant 2006 cost and tax parameters.

deductions specifically earmarked for education start to appear in latter years and this, in turn, helps to alleviate the burden otherwise imposed by personal income tax.

PEI and Nova Scotia are amongst those that create the largest disincentive effect, while British Columbia and Alberta find themselves at the opposite end. Upon first blush it may appear that the rates are somewhat similar in magnitude, but consider the analysis in Figure 2. It continues with the steady state assumption of Table 3, but provides comparison via a benchmark (Nova Scotia) to afford a different look at the relative numbers. The other provinces are listed relative to their ETR valuation to the benchmark. So, for example, a graduate in Alberta in 2012, assuming a steady state, would find him/herself benefiting from a 25% reduction in taxation of returns to post-secondary education, when compared to Nova Scotia. As the figure clearly indicates, the situation for graduates, while favorable when viewed over the last fifty years, is somewhat less so if one is located in the Atlantic Provinces, especially Nova Scotia and PEI.

Figure 2
Proportional ETR Comparative Statics Analysis, CTaCS Simulation, 1962-2012
(NS = 1.00)



Source: Authors' calculations

Empirical Analysis

The empirical analysis uses the tax system and associated education deductions in 2006 to derive after-tax earnings profiles of median male and female university graduates. For this paper, we explore the case of Ontario and Nova Scotia and assess the effects therein, but note that any provincial comparison is viable. In the case of Ontario this implies a three bracket system (6.05%, 9.15%, and 11.16%), compared to Nova Scotia's four (8.79%, 14.95%, 16.67% and 17.50%), with associated income thresholds of \$34,758 and \$69,517, and \$29,590, \$59,180 and \$93,000, respectively. Basic personal amounts are \$8,377 for Ontario, credited at 6.05%, with a textbook credit of \$451. For Nova Scotia, comparable amounts are \$7,231, 8.79% and \$200. Direct costs are \$5,160 for tuition and \$729 for additional fees in Ontario. In Nova Scotia, these costs are \$6,571 and \$572, respectively. Other expenses are assumed to be \$1,000, for both provinces.

The first two columns of Tables 4 and 5 represent our base case, for males and females, respectively, for Ontario and Nova Scotia and are computed via the numbers reported above. The remaining columns in our Nova Scotia case, if you will, are dealing with the added education benefit associated with the (previously in place) graduate tax credit (GTC) and (current) graduate retention rebate (GRR). For the base case, these deductions were withheld in computing the impact of the provincial tax system in an effort to make it more analogous to the Ontario treatment. The subsequent columns add these deductions back to examine the impact on incentive effects. We present sensitivity analysis around the GTC by eliminating the tax burden completely in the graduation year (GTC-All Tax). The experiment is designed, in part, to show the idiosyncratic nature of policy changes on males and females; note that the difference means very little to females, but has a larger impact on males. More on this below.

Table 4
Median University Graduate, Male, 2006

	Ontario	Nova Scotia			
		Base Case	GTC	GTC- All Tax	GRR (6yr)
Before-Tax IRR	17.9	17.1	17.1	17.1	17.1
After-Tax IRR	16.7	15.5	15.7	15.9	16.6
ETR	6.9	9.4	8.5	7.1	3.0

Source: Authors' calculations

The results show that the GRR is far better at reducing the disincentive effects associated with the tax system and investing in human capital, than the previous GTC. The findings also highlight idiosyncrasies with respect to the inequitable treatment of the tax system that are always present. In this case, though, the numbers are particularly interesting, especially insofar as the current (non-refundable) graduate retention rebate is concerned.

Table 5
Median University Graduate, Female, 2006

	Ontario	Nova Scotia			
		Base Case	GTC	GTC- All Tax	GRR (6yr)
Before-Tax IRR	22.0	20.8	20.8	20.8	20.8
After-Tax IRR	21.1	19.6	19.9	19.9	21.0
ETR	4.2	5.5	4.4	4.3	-0.9

Source: Authors' calculations

That is, despite differentiations in earnings (and the associated premiums) that result in higher rates of returns for females over males, a GRR of six year returns both of these median graduates to a(n) (approximately) similar after-tax rate of return, when compared to their Ontario counterparts. This is a rather magnanimous result and one that would seem to support a narrative of pro-retention (not necessarily, recruitment) policy. Unfortunately, when migration implications are modeled, this result falls apart somewhat (see Table 6).

Table 6 shows that the impact for those in Nova Scotia considering a move to Ontario are exacerbated due to the less progressive system; in this case, graduates in Nova Scotia are effectively being subsidized due to the differential tax treatment, to migrate. Combine this with any realized increase in compensation over the median graduate as a result of being located in Ontario and the magnitude of the

difference increases further. Note that the reverse holds, as well, for those in Ontario considering moving to Nova Scotia after graduation.

Median University Graduates, Male, Migration Results, 2006

	Ontario to Nova Scotia				Nova Scotia to Ontario
	w/o GTC/GRR	w/ GTC	w/GRR	from NS	
Before-Tax IRR	17.9	17.9	17.9	17.9	17.1
After-Tax IRR	14.9	15.1	16.0	17.0	17.2
ETR	16.6	15.9	10.6	4.8	-0.2

Table 6 Source: Authors' calculations

The current policy also creates an incentive effect for graduates, who ultimately desire to remain in Nova Scotia, to seek education *outside of the province*, since in 2006 Nova Scotia had the highest tuition of any Canadian province (see, e.g., Table 12, Burbidge et al., 2012). Going to school out-of-province would effectively increase the rate of return due to the realized decrease in outflows associated with obtaining the education. Furthermore, once opportunity costs of migration are taken into consideration, Table 6 shows that the retention and recruitment aspects of the GRR policy appear moot, given the resulting lifecycle windfall from leaving. As such, the policy in place seems more akin to rewarding those who had no intention of going anywhere, for staying.

Taken as a whole, there appears to be an incentive compatibility problem brewing in education and tax policy in Nova Scotia, particularly, if as is often espoused, such policies are designed with retention and recruitment in mind (see, e.g., CCH's Provincial Tax News, no. 5, October 2011). Consider the fact that the cost of the GRR in its first year (2009) was approximately \$3.9m, compared to the cost of the GTC of \$1.4m (NS Dept of Finance, Overview of the Nova Scotia Tax System, April 2011), then the implications of forgoing additional revenues take on a rather sinister feel, assuming no subsequent inflow from out of province has resulted; when considered in conjunction with the funding cuts of post secondary institutions in the province, the incumbent policies appear even more stark.

The above notwithstanding, the creation of the GRR is without a doubt one of the more innovative features in reducing the disincentive effect associated with the tax system in terms of human capital investment. The impact on post-graduate earnings is the key to its success and this is the most important thing to keep in mind when any revamping or further changes are to be considered. It is the impact of the tax system on the earnings lifecycle after graduation that matters; that is, after the human capital has been acquired, and not while the individual is in school. While it is true that education and textbook amounts lower ETRs, what has a far greater impact is reducing the tax burden after graduation. Provinces would be better served at reducing tax-based incentives of individuals while they are in school and focus more on alleviating the burden when they enter the marketplace. In this respect, we offer the following policy experiments in Table 7 for additional reference.

Table 7
Median University Graduates, Male, Policy Simulation, 2006

	Base Case	Deregulated Tuition (\$10,000/yr)		
		No GRR	GRR (6yr)	GRR (14yr)
Before-Tax IRR	17.1	15.4	15.4	15.4
After-Tax IRR	15.5	13.9	14.9	15.5
ETR	9.4	9.8	3.0	-1.0

Source: Authors' calculations

Table 7 effectively deregulates tuition to the tune of \$10,000 per year in 2006. Not surprisingly there is a noticeable impact on rates of return, but note the marginal impact on ETRs when no graduate retention rebate (GRR) is being offered. Again, the illustration is meant to show that anything done to students while they are in university pales in comparison to how they are treated post-graduation. Columns 3 and 4 of Table 7 attest to this latter fact. Despite the approximately 50% increase in tuition in 2006 terms, a graduate retention rebate of 14 years would effectively nullify the front loaded expense by returning the individual to the same after-tax return of 15.5%. In other words, a total increase in tuition of approximately \$7,000 realized over four years would effectively be eliminated by a tax reduction of \$35,000 spread out over 14 years; ignoring time value of money, which would effectively lower the foregone amount.

Assuming part-time students represent a third of full-time, then there were roughly 37,300 FTE university students in Nova Scotia in 2006². With each of these students paying an extra \$3,500 that equates to roughly \$130.6m. If, and it is a big if, the GRR for 2009 is indicative of the approximate yearly cost to run the program then the outflow would be roughly \$56m for the 14 years, ignoring time value of money and any growth in program expenses. In this case universities could essentially pay for the added costs, if you will, associated with the lengthening of the GRR program by means of their increased revenue and still have a substantial amount left over to fund their institution's mandate. Note that if there were a substantial increase in uptake beyond the revenue received upfront, it would necessarily imply an influx of human capital to the province that would translate into additional revenue from personal income taxes, sales taxes, etc., so the outcome might still warrant consideration of such policy changes.

CONCLUDING REMARKS

We have attempted to shed light on the relative (dis)incentive effects created by the provincial tax systems for the Atlantic Provinces. While recent measures, such as the graduate retention rebate, go some way in mitigating years of relatively high disincentive effects in relation to provinces outside of the region, they still do not do enough to impact migration incentives to any real extent. The current system in Nova Scotia also creates additional returns for graduates to receive their education outside of the province and return home, as opposed to promoting in-province education, which is rather vexing. Whether or not other this trend persists for the other provinces in Atlantic Canada is a recommendation for further research; likewise for other educational providers besides universities.

Furthermore, while increases in tuition are often espoused as unfairly credit constraining (or handicapping) future graduates, there is an argument in favor of deregulating tuition in conjunction with mitigating tax burdens upon graduation for a realized benefit. Of course, we recognize that our return-based approach does not fully encompass the credit issue. Nor does it model the subsequent changes in

² See, Statistics Canada (2009).

(opportunity and real) costs in tax revenue and expenditures that would manifest. As such, we would once again encourage more research in this important area to determine the overall impact.

Finally, while our counterfactual was to make median graduates as well off in an after-tax sense, other measures, outside of monetary ones, are also relevant to recent graduates in terms of their migration decisions (such as proximity to family and friends, job opportunities, etc.). Whether or not such characteristics override monetary ones would require a rather extensive framework to measure appropriately, but nonetheless is an interesting avenue for future research.

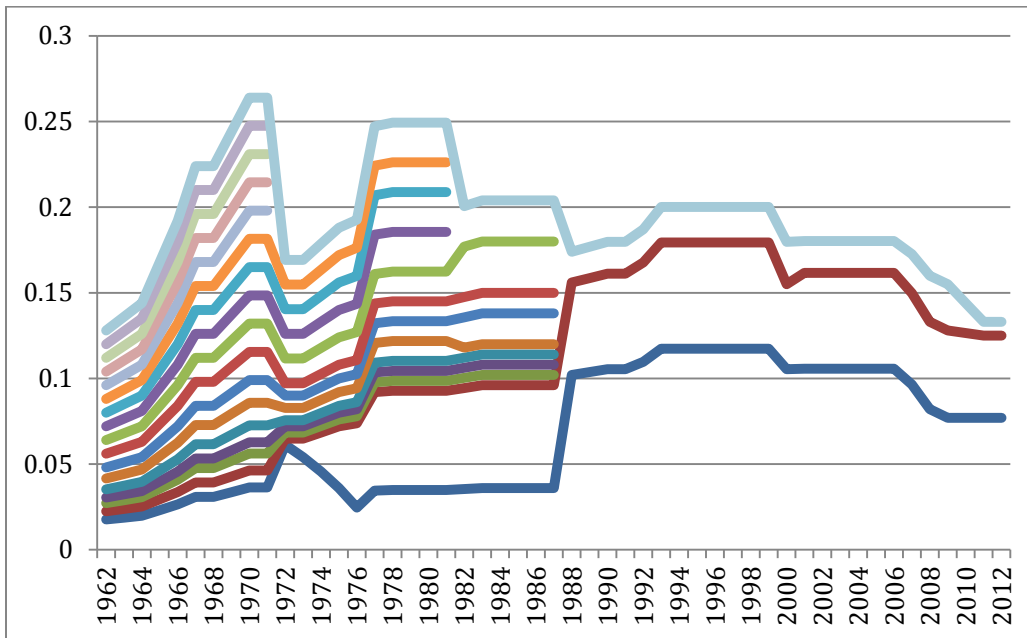
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APPENDIX

The tables below represent the evolution of tax rates within the respective provinces for the years 1962-2012. As conveyed above, the rates mimic the federal ones, if you will, up until 2000, when there was a switch from the tax on tax approach to a tax on net income one. The Tables are provided for information and derived from Kevin Milligan’s 2012 CTaCS database.

**Table 1A
Newfoundland Tax Rates, 1962-2012**



**Table 2A
PEI Tax Rates, 1962-2012**

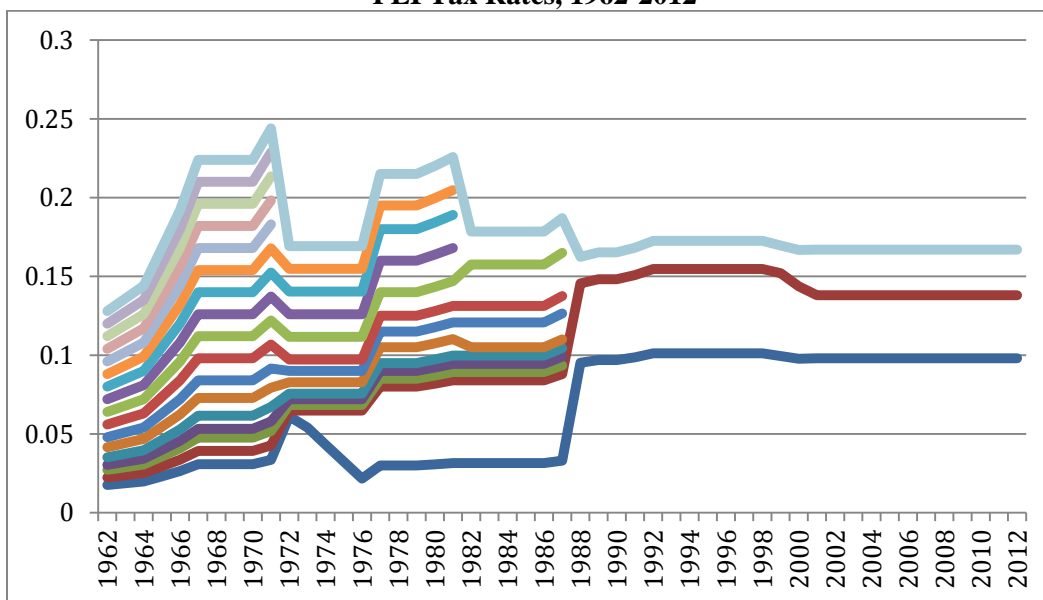


Table 3A
Nova Scotia Tax Rates, 1962-2012

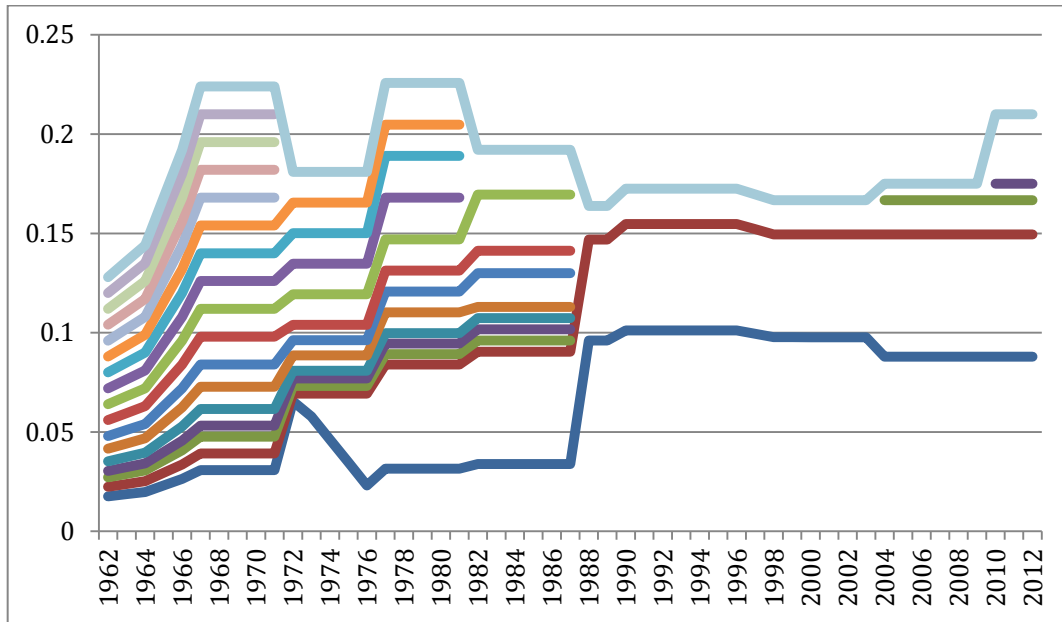
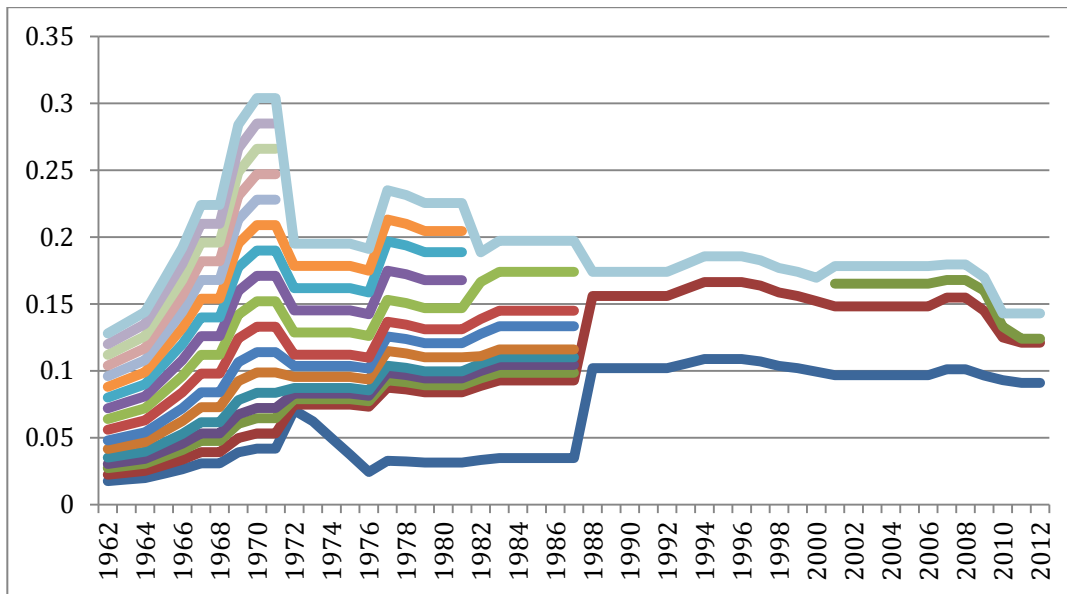


Table 4A
New Brunswick Tax Rates, 1962-2012



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COMPLEMENTS TO STUDENT EVALUATIONS OF INSTRUCTION¹

Student evaluation of instructors and courses is a pervasive feature of contemporary higher education, particularly management education, in Canada and the United States. While there are benefits associated with this practice, there are also serious drawbacks. The contribution of this paper is to describe complementary practices that can increase our understanding of effective instruction and support the development of instructors in the pursuit of learning.

“Happy are they that hear their detractions and can put them to mending.”
Much Ado About Nothing, Act 2, Sc 3, ll 197-199.

INTRODUCTION

Anonymous student evaluations of instructors and courses, which usually include numerical ratings and narrative comments, are a pervasive feature of contemporary higher education in Canadian and the United States. This practice is perhaps a matter of heightened interest in management education based on perceptions of the commodification of education and research in business schools (Connelly & Gallagher, 2007); an emphasis on rankings of schools and programs (which may directly or indirectly incorporate measures of student satisfaction); and conceptions of students as consumers and faculty as service providers (Eagle & Brennan, 2007).

The data generated by student evaluations is often interpreted as direct evidence of teaching effectiveness, which can inform hiring, promotion and tenure, and other administrative decisions.

Results of these evaluations may be publically or internally available within universities. In consequence, favorable evaluations are a source of pride for many instructors, while others may tend to view evaluations with anxiety and dread (Zimmerman, 2008). At the same time, the level of student interest and engagement with the evaluation process is unclear. Our personal experience is that response rates, particularly in large classes, can be quite low (<50%). We have also been surprised by the speed with which classes complete the forms. It is possible that students misapprehend the nature of these evaluations, and some may perceive them as futile. The literature seems to have been comparatively silent on these questions of the motivations of student raters, including the issue of how rater motivation may affect data quality.

Overall, findings related to the reliability, validity, and utility of student evaluation of instruction are perhaps best described as voluminous and equivocal, encompassing both proponents and critics of this

¹ An earlier version of the paper was presented at the 2013 Annual Conference of the Atlantic Schools of Business in Antigonish, Nova Scotia.

method in general. It has been suggested (Penny, 2003) that this issue perhaps ought to be addressed at the level of individual forms used to collect data, which vary widely in quality (i.e., theoretical basis, item construction). The contribution of our paper is to inspect and also look beyond this impasse. We take an open-minded perspective on the evaluation of instruction, and consider complementary measures and approaches.

BENEFITS AND DRAWBACKS

There are benefits to student evaluation of instruction, in its current, typical form. Institutionally, these evaluations represent an opportunity for self-expression by students, which may be interpreted as evidence that student experience in the classroom is important and that the institution is responsive to the quality of the student experience, including both adverse and praiseworthy behavior on the part of instructors. It is often asserted, despite “limited” evidence (Marsh, 1987, p. 349) that student course selection decisions are informed by the results of evaluations. In practice, these choices are likely constrained by scheduling, competing commitments, and other factors. Some instructors believe that student evaluations can reveal meaningful patterns in their teaching practice, and can serve as the basis for growth and professional development over time. There is an ample literature advocating this approach, with some thoughtful and interesting caveats (Clawson & Haskins, 2006; Boice, 2000).

Some advocate that the usefulness of student evaluations of instruction depends on format (questions that are asked, and the way they are asked) or context (the rater perspective on the purpose of the evaluation). Thus the value of student evaluations of instructions may be a matter of the design of the instrument (Catano & Harvey, 2011) and the process under which it is administered. For example, a common piece of advice offered to novice instructors is that they ought to conduct periodic informal evaluations while a course is in progress (Boice, 2000; Davis, 2009). This changes the context of the evaluation from a global, retrospective judgment, subject to biased recall from memory, to an ongoing exercise that asks students to consider and rate smaller, more manageable “chunks” of instructor behaviour. Some evaluations even permit instructors to incorporate custom questions, which could provide specific feedback, enabling instructors to adopt a prototyping approach to elements of instruction, over time.

Overall, Davis (2009, p. 534) summarizes empirical research on student evaluations as follows: “Ratings of overall teaching effectiveness are moderately correlated with independent measures of student learning and achievement.” Specifically, Marsh (1987) reports correlations from Cohen’s (1981) meta-analysis of ratings and student achievement in the .43- .50 range. While these effect sizes are in the large range, substantial variance remains unaccounted for, supporting our general position that complementary practices over and above student ratings of instruction can add value.

Student evaluations of instruction can also be problematic, for multiple reasons. In psychometric terms, this measure of learning is likely both deficient and contaminated (Austin & Villanova, 1992). It is deficient in that it does not tap the entirety of teaching performance, which includes elements not directly observed by students. These include preparation, the correspondence between instructional content and the current state of the research literature in a field, and test construction practices for assessment of student learning. The measure is also potentially contaminated by effects of instructor race (Merritt, 2008), personal attractiveness (Gurung & Vespia, 2007), and leniency effects (Greenwald & Gillmore, 1997), among other sources of rater error and bias. There is also the controversial question of whether students are competent to assess instructor performance. Ambady and Rosenthal’s (1990) research on thin-slicing, in which very brief samples of high school teacher behaviour were found to predict affective

components of teacher effectiveness ratings, is provocative in this respect. When effects like these are observed, what exactly is being rated, and how robust are the ratings?

A SAMPLE OF SPECIFIC CONCERNS FROM THE LITERATURE

Concern over the pitfalls of student evaluations of instruction is a matter of continuing interest in the education, psychological methodology, and management literatures. For example:

- a. Ware and Williams (1975), in the “Dr. Fox” study, demonstrated a positive effect of instructor “seductiveness” on both student achievement and ratings. This suggests that student raters respond favourably to instructor characteristics that are distinct from the content of teaching. The Dr. Fox research strategy is interesting, because it is seen by some as a mischievous and flawed attempt to discredit student evaluations, and has attracted continuing interest and reconsideration over time (Marsh, 1987).
- b. Birnbaum (1991) discusses student evaluations as an instance of his general methodological point that between-subjects designs in which subjects make judgments on numerical scales can lead to inconsistent conclusions. Birnbaum argues that by implication, comparisons between groups like classes, which are not formed by random assignment or controlled for contextual effects, are unreliable. This is because of the effects of multiple, confounded contextual factors within which student ratings occur. It is impossible to disentangle the effects of this confounding, which explains in part, according to Birnbaum, why student ratings of instruction within a class are often highly variable.
- c. Armstrong (1998), writing in a special edition of *American Psychologist*, concludes “There is no evidence that the use of teacher ratings improves learning in the long run.” Here, Armstrong argues that if student ratings improve learning, our most experienced teachers should be rated most highly, due to the cumulative effect of feedback. His analysis suggests that this is not the case. Further, he asserts that some evidence of an association between ratings and learning is based largely on settings in which rote learning is the goal. These findings clearly do not generalize to the domain of management education.
- d. Raelin (2006, p. 6), speaking to the issue of theatricality observed among some management instructors, called for a moratorium on charisma as the basis of instructor performance. He acknowledged that this would and did in fact lead to a decline in his evaluations, while plaintively asking the rhetorical question: “what business are we in?”
- e. In practice, the consequences associated with student evaluations can also act as a perverse incentive (Kerr, 1995), promoting gaming behavior on the part of instructors (Weiss, 2006). These behaviours may include excessive reliance on support materials provided to students, calculated use of recency effects and priming, over-simplifying course content, or avoiding discussion of deficiencies in understanding or skill. While some of these practices have neutral effects on learning and student achievement, others are less benign. They may also inhibit the development of students as self-directed learners, which is a desirable program-level goal of management education, by conditioning students to believe that responsibility for their learning rests primarily with the instructor (Armstrong, 1998).

In summary, student evaluations are noisy (Ware & Williams, 1975; Raelin, 2006); based on a fundamentally flawed design when used comparatively (Birnbaum, 1991); and unrelated to long-run learning outcomes of interest (Armstrong, 1998), although the latter conclusion is contested in sources

like Davis (2009) and the encyclopedic contribution of Marsh (1987). It is also possible that a variable standard of usefulness is applied across these sources, which leads to contestable claims of the value of student evaluations of learning.

WHAT NOW? SOME ALTERNATIVES

On balance, there is cause for concern. Pragmatists may reconcile strong positions like those held by Davis, Marsh and Armstrong by conceding that student evaluations are imperfect measures, but for practical purposes, they are good enough. This line of reasoning also may conclude that the alternatives are too costly, invasive, or otherwise untenable. The contribution of this paper is to describe multiple reasonable alternatives that challenge this position. If we seek to better understand how much and how well our students learn, in the interests of improving the quality of instruction, we can and should do better than rely on a single, contested, and sub-optimal measure.

Formal evaluation. The “gold standard” of assessing learning is taught in our courses on training and development (Thacker & Blanchard, 2006) and more generally under program evaluation (Edwards, Scott, & Raju, 2003). Managers use these formal techniques to deepen understanding of the relationships among inputs, activities, processes and outcomes, within organizational programs. Evaluation helps to ensure that resources are used effectively and that goals are met by testing a logical model against empirical evidence. Resistance to the adoption of these techniques is often based on arguments that formal evaluation is more suitable for skills-based training than higher-level learning, which often has more general cognitive goals in mind; and that the approach is too laborious to be implemented in a university environment.

To both of these points, longitudinal evaluation based on job performance, either self- or supervisor reported, could be an informative place to start evaluating the practical consequences of course instruction (also known as transfer of training). In terms of obtaining data, this approach could be no more onerous than the current methods used to communicate with alumni for other purposes. It is certainly ironic that in our own instructional efforts we hold ourselves to a lower standard than we advocate for management students by relying so extensively on what the training literature describes as “reaction measures” (Thacker & Blanchard, 2006, p. 269) over potentially more informative methods.

External validation by professional bodies. Management students frequently pursue professional designations and certifications, in accounting (CA) and human resources management (CHRP), for example. Often these certifications are based on performance in national level exams, administered by professional bodies. The relationship between achievement in related courses and performance on these exams, or on major field tests used widely in the United States, can provide independent empirical evidence of learning.

Issues of privacy and disclosure loom large here, and professional bodies may be reluctant to provide data for this purpose. Nevertheless, former students may voluntarily provide this information, and it can be cumulated over time, subject to the usual concerns about sampling and response biases. Logically, the issue of how much of student achievement to attribute to instruction is also lurking here. We will return to it in subsequent discussion of statistical and methodological issues.

Self-evaluation. There is much in the literature about the value of a metacognitive approach to teaching, perhaps epitomized by Boice (2000). The essence of this strategy, which is consistent with the approach to the teaching of management skills advocated by Whetton and Cameron (2007), is the value of self-awareness and informed reflection on teaching experiences as a basis for improvement in this domain.

Self-evaluation has the potential to integrate and build on insights obtained by other methods described here. It can draw on the full-range of teaching-related activity, including office visits, informal conversations with students, and feedback from tests and assignments. Self-evaluation is not just introspection for its own sake: It is essential to find supportive colleagues to help us interpret our experiences. In the long run, we believe that one of the most valuable aspects of self-evaluation inheres in perspective-taking and personal resilience that is created under this approach. Management teaching is certainly rewarding, but it is also demanding, and accumulated wear and tear can take a toll. Self-evaluation in a supportive social context can make us more sustainable as educators.

Peer evaluation. Some sources advocate inviting colleagues to observe classes and report on their observations (e.g., Haskins & Clawson, 2006). This approach is consistent with multi-source or 360-degree performance management systems, which are based on the general principle that different ratings sources observe and interpret different samples of behaviour in different ways (Conway & Huffcutt, 1997). Further, an aggregation of perspectives can be more informative and reliable than a single source of data. Notwithstanding, Marsh (1987) reports that the correlations between peer evaluation of teaching and student learning are weak, and recommends against their use. Marsh (p. 296) cites sources that recommend peer evaluation for formative rather than summative evaluation.

Assuming there is some value in exposing our teaching to peer scrutiny, an advantage of this approach is that it is relatively easy to implement, assuming goodwill with colleagues and interest and willingness to serve one another in this way. It can create mentoring opportunities for experienced instructors to contribute to the development of more junior peers. A collateral benefit of this approach is that in observing the teaching of others we may gain fresh insight by exposure to novel teaching techniques. On balance, the value of peer evaluation and classroom visits may be more indirect than other approaches discussed here. Specifically, peer evaluation could be a generator of social capital and a method of reinforcing shared interests in teaching and learning among instructors, rather than a strict empirical contribution to assessing instructional quality and learning.

The actual method and form of communication is an additional concern with this approach. While formal guides are available (e.g., Clawson & Haskins, 2006), we endorse an adapted version of the U.S. Army's After Action Reporting technique. This includes a short narrative write-up of what the peer observer saw, some qualified, provisional conclusions about why these things happened, and a brief discussion of what could be learned, in consequence. This technique has the advantage of simplicity, while a common format allows for a cumulative approach to observation, across multiple raters.

Identifiable feedback. It is a feature of the frame-of-reference of many student evaluation systems that responses are anonymous, and results will be non-identifiable and provided to instructors only after final grades have been submitted. This implicitly suggests that students should fear reprisals for expressing negative views, and that instructors would likely be punitive in the face of negative feedback. These are interesting and pessimistic conclusions that probably deserve an empirical test. Some believe that the anonymity provided to students under current arrangements perversely empowers some respondents to provide biased responses to scale items or to write comments that are hostile, demeaning, or inflammatory. Virtually all experienced instructors have some experience of this.

The pitfalls of anonymity suggest an alternative system in which students personally identify their reports. This could create more elaborated reasoning, consistent with an accountability effect (Lerner & Tetlock, 1999). Fries & McNinch (2003) found that signed ratings tended to be higher, which raises provocative question of the direction of the effect: are students punitive under anonymity, or more thoughtful and conscientiousness under identifiability?

Alternatively, a focus group methodology could be employed, either by the instructor or staff at a university's instructional support centre. It seems to us that there is genuine value in creating an improved climate of psychological safety, for students to report their impressions openly, honestly, and responsibly.

Statistical (and methodological) approaches. There are a number of statistical techniques that could be applied to data collected under current arrangements to promote interpretability. These include banding scores, taking sample size and variability into account (perhaps under an approach based on that described in Spiegelhalter (2005)), and considering changes in the effectiveness, both positive and negative, of instructors and courses over time. Post hoc controls for factors like class size, elective/ mandatory course, and degree of difficulty have been employed in the literature to investigate ratings effects, and may also be useful in reporting results of evaluations, acknowledging the limitations of these methods in the face of measurement and design flaws. General statistical reasoning may also be useful here, including partitioning variability, the use of comparison groups, matching designs, blocking, and random assignment.

Returning to the issue of attributing observed differences in learning to instruction and instructors, there is value in pre- and post-course tests of learning. Certainly this should be a matter of ongoing interest, particularly in programs with high admissions thresholds: Is student achievement a selection or treatment effect?

Rater training. We expect that this would be among our least preferred and most impractical suggestions, but the findings of the performance appraisal literature (Murphy & Cleveland, 1995) practically demand that we include this recommendation here. Managers are trained to use performance management instruments and procedures. Student evaluations are guided by oral instructions administered as the forms are distributed, and therefore it is difficult to conclude that all the student raters are using the scales and the form in the same way, particularly in the face of vague or imprecisely worded items. What is the student frame-of-reference for these evaluations? If the one in-use is not practical, can it be changed, in favour of something more useful? In practice, this probably accounts for some of the error variance that is typically observed in these scale scores. Establishing a common frame-of-reference for student evaluations could increase confidence in these ratings while training management students in skills related to observing, interpreting, and using scales to summarize performance.

CONCLUSIONS

Here are some simple and practical guidelines for reforms to the range of practices currently associated with evaluation of instruction.

Let's be clearer about what we're measuring. We're most interested in learning and how it is produced. Liking or affectively laden constructs like "student satisfaction, " enthusiasm, and approachability probably mediate learning, but pursuing them as ends in themselves is as misguided as dressing like a professional athlete in order to improve the caliber of your athletic performance. Consistent with program evaluation practices, all management education programs have goals, and we most want to know how instruction contributes to the achievement of those goals.

Let's adopt good measurement and analysis standards, so that we are able to make robust inferences. Let's reduce our reliance on single measures, single sources of ratings data, summary measures of multidimensional constructs, and operationalizations of convenience. We really ought to discipline our language and avoid inferential leaps associated with statements like "He's a really good teacher, because he scored 5.9 on a 7-point scale of overall effectiveness." Or: "He really improved his

teaching this year, because his evals moved from 4 to 4.6, in comparison to last year.” Part of this is a matter of applying standards of statistical reasoning that we use readily in the research context.

Let’s consider a range of alternative, complementary approaches to student evaluations. Those described here represent possibilities rather than strictly mandated alternatives. Our foray into this domain has helped us to appreciate the complexity of teaching and learning, the richness of the evidence base, and the fervor with which advocates and critics pursue their ends.

Inspired by Armstrong, we might ask a simple question: How has the data on my teaching performance made me a better teacher over time? If the answer is that the data is too flaky to base changes on, or that our most important questions are unanswered, or that we’re just chasing affect while awaiting a looming decision on promotion or tenure, then something needs to change, for the sake of all those we serve.

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COMMUNITY-BASED SERVICE-LEARNING: SERVING STUDENT AND COMMUNITY ENGAGEMENT¹

We review the literature on service-learning and consider its role in students' learning and ethical development. We additionally consider two relatively underexplored aspects of service-learning: 1) the relationship between community-based service-learning (CBSL) and international student engagement and success and 2) the contribution of aboriginal knowledge and tradition to the practice and understanding of CBSL. Insights related to implementing CBSL projects based on the authors' experience with these projects are discussed, along with implications. Audience input on CBSL and CBSL practice will be solicited.

INTRODUCTION

Interest in service-learning has been steadily increasing in academic institutions globally. This coincides with universities increasingly engaging with, and being called to engage with, their communities. For example, the Talloires Network (n.d.), an international network of academic institutions which focuses on the civic and social responsibilities of higher education, has called for greater community engagement work in universities globally.

In this symposium, we review the literature on service-learning and consider its role in students' learning, ethical development, and sense of civic responsibility, and discuss the incorporation of CBSL projects into graduate and undergraduate business ethics courses. We additionally consider two relatively underexplored aspects of service-learning. The first is the relationship between community-based service-learning (CBSL) and international student engagement and success. We also explore the contribution of aboriginal knowledge and tradition to the practice and understanding of CBSL. Implications are interwoven throughout each of the three sections. We will ask for audience input and insights with regards to CBSL practice at other institutions.

The first author has integrated CBSL projects into MBA and undergraduate management courses, as well as mentored extracurricular service learning projects intermittently over the past 16 years. The first two authors have integrated service learning into their mandatory business ethics courses over the past two years. In these particular classes, service learning projects allow for the meeting of learning outcomes as measured through reflection exercises, exam questions, and participation in class discussions. The informal reflection component of course-based projects in the MBA courses has involved student journaling. Unexpected benefits of these projects include highlighting "intractable

¹ The authors acknowledge support for the development of this paper through the Sobey School of Business Teaching and Learning Innovation Fund.

problems” and “moral conundrums” (Godfrey, 1999, p. 371), and helping to better integrate international and non-international students, as well as students from different faculties. In addition, the firsthand experience of the third author in aboriginal knowledge and tradition provides relevant insights into how an aboriginal approach to CBSL can enhance the learning experience of students. We first review some of the relevant literature on service learning in general.

SERVICE LEARNING

Service learning is reported to be increasing in popularity and academic support in institutions of higher education around the world (Helm-Stevens & Griego, 2009; Kenworthy-U’Ren, 2008; see also www.compact.org, (n.d.). This coincides with recent calls for universities to engage with their communities, especially in the area of student-community engagement (Garver et al., 2009; Mason O’Connor & Lynch, 2011; Talloires, n.d.; Thomson et al., 2011).

According to Kendall (1990, p. 20), CBSL facilitates “needed tasks in the community with intentional learning goals and with conscious reflection and critical analysis.” In a North American context, service-learning and community-engagement have their roots in the history of democracy and higher education (Zieren & Stoddard, 2004). Indeed, the original foundation of universities was to serve public needs (Pollack, 1999). Community engaged learning also has its roots in problem-based, transformative, and reflective pedagogies that focus on empowering and transforming students as well as developing critical thinking and civic responsibility (e.g., Dewey, 1997; Freire, 1970; Kolb, 1984; Mezirow, 2000). Under this perspective, students are seen as co-producers of knowledge and skills rather than consumers of products (McCulloch, 2009). Bamber & Hankin (2011) draw on transformational learning theory to show how students experience an altering of worldviews through locally-based service-learning. Additional studies have focused on how students integrate their faith-based and spiritual beliefs and values, morals and ethics with service learning (e.g., Park et al., 2009).

Although research in service learning and community engagement is reported to be relatively new and mostly theoretical rather than empirically tested (Seider, Gimour, & Rabinowicz, 2010; Thomson et al., 2011), there is an evident increase in empirical study of service-learning (Bringle, Phillips, & Hudson, 2004). In particular, there have been many recent empirical studies that consider the relationship between CBSL and knowledge transfer; CBSL and skills development such as critical thinking, mentoring, leadership, and teambuilding; and CBSL and service to community (e.g., McCarthy & Tucker, 2002; Lester et al., 2005; Flannery & Pragman, 2008; Goldberg & Coufal, 2009; Helm-Stevens & Griego, 2009; Schlesinger & Cohen, 2009; Seider, Gimour, & Rabinowicz, 2010; Casile, Hoover, & O’Neil, 2011). However, there have also been recent calls for additional empirical research, especially with regards to the relationship between CBSL and business ethics education (Seider, Gimour, & Rabinowicz, 2010).

Student-related benefits of CBSL include making curriculum relevant, clarifying values, promoting community and civic responsibility, encouraging multicultural awareness, developing critical thinking skills, developing problem solving skills, developing research skills, fostering personal development, fostering social development and building classroom community (Helm-Stevens & Taylor, 2009; see also Kolenko et al., 1996; Zlotkowski, 1996; Ward & Wendel, 2000; Waldenstein & Reihner, 2001; Mason O’Connor & Lynch, 2011). Benefits to the community include providing meaningful services, creating opportunities for community members and agencies to participate in student learning, building community awareness of university programs and services, and providing opportunities for collaboration between faculty and community (Helm-Stevens & Taylor, 2009, p. 45).

Service learning has been found to be effective in business education (Lamb, Swinth, Vinton, & Lee, 1998; McCarthy & Tucker, 2002; Salimbene et al, 2005). When linked with service learning

pedagogies, some business courses have been said to provide the business student with personal and interpersonal development; the opportunity to engage in reflective practice; and the experience of critical thinking and perspective transformation (Angelidis, Tomic & Ibrahim, 2004; Cress et al., 2010). This links well with many university mission statements and program learning goals related to critical thinking, problem solving, individual development, and civic responsibility.

The literature also addresses some of the potential barriers to integrating service-learning into curriculum and programs. Kolenko et al. (1996, cited in Kenworthy-U'Ren, 2008, p. 4) outlined the following barriers to service-learning integration: 1) faculty resistance, 2) unsuccessful and/or negatively perceived project or program outcomes, 3) workload issues, 4) selfish "limelight" issues on the part of involved faculty, 5) insufficient institutional support, 6) liability issues, 7) student resistance, 8) personal agendas for faculty, and 9) on-site resistance from community organizations. Kenworthy-U'Ren (2008) suggests that two of these barriers are still significant, namely workload issues and personal agendas for faculty. Although institutional support for service-learning has increased, there still is a perceived and actual higher workload for a course that integrates service-learning. In addition, faculty agendas continue to potentially affect effective service-learning project integration. Appendix A provides two examples of courses that have integrated a CBSL project.

ETHICS, SUSTAINABILITY, AND SERVICE-LEARNING IN BUSINESS EDUCATION

According to Godfrey, Illes, & Berry (2005, p. 309), "(1) the business curriculum focuses on functional and discrete rather than cross-functional and holistic knowledge; (2) coursework emphasizes practical problem-solving "tool kits" rather than deep theoretical knowledge; (3) the underlying paradigm of business education views humanity and human interactions in purely transactional terms; [and] (4) the grounding morality of business education asserts the supremacy of shareholder wealth." These authors suggest that the four Rs of service-learning, i.e. Reality, Reflection, Reciprocity, and Responsibility, provide a counter-point perspective, a richer learning experience, and necessary breadth in business education (Godfrey et al., 2005, p. 309).

The experiential component of service learning allows students the opportunity to re-evaluate value priorities and promote a wider approach to ethics (Kohls, 1996), emphasize social involvement and the important role businesses and business decisions play within a community (Easterling & Rudell, 1997; Fleckenstein, 1997), and increase student moral capabilities (Sims & Sims, 1991; Godfrey, 1999; Kenworthy-U'ren, 1999) (see also Solberg et al., 1995; Morton & Troppe, 1996; Smith, 1996). In other words, a CBSL project enables students to "live ethics" (Solberg et al., 1995, p. 71).

One of the guidelines Kolenko et al. (1996) suggested as critical to successful service learning is the development of a commitment among the students to serving the community and promoting ethical leadership and social responsibility. The majority of students involved with service learning projects also show an interest in committing themselves to future community service (Tucker, 2002; Crowe, 2003; McCarthy & Wittmer, 2004).

There is an increasing interest among business school faculty, administrators and students to integrate sustainability into programs and courses (Segal & Drew, 2012). The underlying principles of sustainability are beginning to guide the development of new economic and educational paradigms (Stuteville & Ikerd, 2009, p. 10). Service-learning is a pedagogical model that is "intimately integrated with society" and "is poised to respond to the global transformations that are taking place" (Stuteville & Ikerd, 2009, p. 10).

CBSL provides a highly effective pedagogical method to integrate sustainability into a course or program. Sustainability issues on campus can provide excellent opportunities for CBSL projects and provide readily available opportunities for students to engage in social and environmental change (Rands, 2009).

We also know from research that perceptions of key concepts such as leadership, democracy, community, and civic engagement can vary significantly between student populations, highlighting the need to spend time at the outset of such projects to establish a common understanding of terms (Cress et al., 2010), and to be respectful of different cultural norms and values.

ENGAGING INTERNATIONAL STUDENTS THROUGH SERVICE-LEARNING

The student populations of many universities in North America are increasingly more culturally diverse, and the situation in Eastern Canada is no different. Between 2000 and 2010, the Maritime Provinces Higher Education Council (MPHEC) reports a 129% increase in the number of international students in the region, with international students currently representing 10.9% of total student enrolment (MPHEC, 2012a). Looking specifically at Nova Scotia, Saint Mary's and Cape Breton University have some of the highest percentages of international students, at 24% and 22% respectively (MPHEC, 2012b), and other universities in the region are said to be stepping up their recruitment efforts to also attract greater numbers of international students.

Not surprisingly, the teaching and learning styles of a more diverse student population require integrating pedagogical models that recognize our complex global world and reduce international cross-cultural barriers (Pillay & Reynold, 2013). There is evidence from the literature that service learning initiatives may provide an effective alternative for addressing some of the learning preferences and specific needs of international students.

Research has suggested that CBSL activities are highly compatible with the learning styles of international students from Asian and Arabic cultures because they favour situations that allow for experimentation and concrete experience (Smith, 1986 as cited in Cress, Yamashita, Duarte & Burns, 2010). Such activities can also provide international students with an important opportunity to feel they are making significant and unique contributions to group and/or class discussions by sharing their different perspective on local and global issues and thereby enlarging the perspective of domestic students (Cress et al., 2010).

Research specific to service learning has also shown that international students see service learning programs as providing much needed opportunities for social interaction (Cress et al., 2010), as well as helping them develop greater appreciation and understanding of cultural differences (McCarthy, Damrongmanee, Pushpalatja, Chithra & Yamamoto, 2005). Such interactions are valued because they provide an opportunity to enhance English language skills, develop greater awareness of the cultural dynamics of group work and deepen understanding of textbook content (Hunter, Vickery & Smyth, 2010).

Several studies suggest that both international and domestic student populations benefit from the sustained interaction provided by CBSL initiatives. The joint benefits include not just the experience of providing service to the community alongside peers and instructors, but the additional opportunity for prolonged discussion and reflection of a variety of ethical dilemmas ranging from the political to the economic and social (Keen & Hall, 2009). Such interactions have also been demonstrated to prompt domestic participants to question some of their underlying values and assumptions, especially around the individualism and consumerism so predominant in the developed world (Bamber & Hankin, 2011).

There are many process related matters that need additional consideration when ESL students are participants. The fact that previous research has shown that international students have particular difficulty with classroom interactions with which they are unfamiliar or for which there are few academic norms or conventions (Campbell & Li, 2008) suggests that particular attention needs to be given to providing clear and frequent direction regarding CBSL projects to students so as to ensure a positive experience and promote learning. In particular, instructors need to create a climate where diversity in all its forms is valued and respectful exchanges are expected (Ryan & Viète, 2009).

Research also suggests the need to keep groups small, e.g. 4-5 members, and diverse, and, most importantly, to actively provide opportunities for team members to develop cultural awareness and sensitivity, ideally through a specific class or workshop on the topic of group processes and cultural sensitivity (Hunter, Vickery, & Smyth, 2010). This finding is consistent with earlier research that found a positive correlation between preparation for cross-cultural group work and the development of cross-cultural perspectives (Zimitat, 2008 as cited in Leask, 2009). Group tasks must be designed carefully so as to require ongoing and meaningful exchanges between students to successfully meet assignment requirements (Leask, 2009), and not inadvertently privilege domestic students (Turner, 2009).

Research into the factors that contribute to successful international experiences highlighted that students particularly valued opportunities to develop language skills as well as intercultural communication skills (Campbell & Li, 2008). Studies have also highlighted that students from Asia find it difficult to make friends with their domestic counterparts and that some do not feel they belong (Campbell & Li, 2008). CBSL programs seem to provide a natural solution to these issues, and one that actually fits very well with the learning preferences of international students from Asia and the Arab world.

Successfully incorporating CBSL initiatives into existing course curricula also requires faculty to assess their inter-cultural sensitivity and actively make efforts to promote their own engagement with international students (Leask, 2009). Becoming familiar with the experiences of other faculty who have experimented with pedagogical activities with an intercultural dimension (see for example Turner, 2009) can help faculty avoid some of the challenges associated with such initiatives and potentially reap more of the benefits for themselves and their students.

ABORIGINAL TRADITION AND CONTRIBUTIONS TO SERVICE LEARNING PEDAGOGY

We propose that Aboriginal traditional knowledge and ways of knowing are legitimate resources for expanding pedagogy and enhancing the learning experience of students in all subject matters. According to Pulpan and Rumbolt (2008), Aboriginal traditional knowledge and the Aboriginal ways of knowing are not always valued or recognized as legitimate by institutions of higher education. Connell (2007) stresses the importance of learning from local theory and not just about the theory.

In aboriginal tradition, Elders share the wisdom they have acquired, as “knowledge is spirit” and “knowledge is transferable” (Marshall, 2011, p.68); and knowledge must be shared so that it will continue on. According to an Elder at the 2010 Atlantic Policy Congress of First Nations Chiefs Secretariat Honouring Traditional Knowledge gathering, “a person does not become an Elder when they get grey hair and wrinkles; they are not an Elder until they are recognized by their community to have received all the sacred gifts of life: love, honesty, humility, respect, truth, patience and wisdom” (Marshall, 2011, p.68).

Now then, what can Aboriginal traditional knowledge teach us about pedagogy and service-learning? Is there a fundamental epistemological difference between the aboriginal ways of knowing and non-aboriginal pedagogy? Burrell and Morgan (1979) stated that positivist epistemology is characterized by the standpoint from which the learning occurs and that anti-positivist understanding “occupies the frame of reference of the participant in action” and that learning comes from “the inside rather than the outside” (p. 5). James (Sákéj) Youngblood Henderson in Battiste (2000) quoted: “As a Lakota once stated about Aboriginal knowledge, ‘We may misunderstand, but we do not misexperience’” (p. 264). This inside frame of reference strongly advocates experience as a way of knowing and a way of shaping the understanding of learners.

Does the wisdom come from an embeddedness in the experiences? According to Whiteman & Cooper (2011), embeddedness in the knowledge system may enhance resilience and survival in the system. The knowledge system in Whiteman & Cooper’s study is “local intergenerational knowledge” (p.890) and “tacit knowledge reinforced by long apprenticeship and a multigenerational storehouse of knowledge passed down through story and myth” (p. 897). Battiste (2000) suggests that “taking schooling out into the bush and bringing Elders into the classroom” (p. 201) enriches the knowledge of both students and teachers. Is service-learning then not a way to tacitly experience and sense the ‘lay of the land’? In the bush, the lay of the land may be the topographical dangers and the ecological networks; where in a business program, the lay of the land may be the ethical dilemmas and the personal networks.

How does a community focus enrich the learning experience? Graham Hingangaroa Smith in Battiste (2000) states that “the positivistic framing of the world and social relations is at odds with Indigenous ways of thinking” and “the New Right economic thinking puts emphasis on competition rather than on cooperation, on the individual rather than on the collective, on regulations rather than on responsibility” (p. 211). If the first is at odds with the Aboriginal ways of thinking, then the latter are in congruence with them, and therefore; a focus on cooperation, the collective and our responsibilities suggests the requirement of a community-based cooperative learning experience. According to a Yoruba-language ritual poem as summarized by a Nigerian sociologist Akinsola Akiwowo (in Connell, 2007), the collectivity focus is a moral obligation. He shares that the group purpose is affiliated with “the spirit of sodality”, but a “purely selfish aim is, morally speaking, an error or sin” (p. 91). Bull (2000) speaks of the development of an authentic research relationship and a co-learning environment. The research authenticity is potentially further supported where the study is “by an Aboriginal person to examine the perspectives of Aboriginal people, in an Aboriginal context, using Aboriginal methodologies” (Bull, 2000, p. 13).

Each of the aforementioned researchers suggests that the university learning experience is enhanced through an epistemological foundation that focuses on the community-based cooperative process. We suggest that pedagogy in institutions of higher education have much to learn from Aboriginal ways of knowing, the traditions of embeddedness in the experience, and a community versus self-focus approach.

We conclude our session by inviting audience participation: input and insights into CBSL, and examples of CBSL practices and projects at other institutions of higher education.

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Appendix A: Examples of Courses and SLPs (www.compact.org)

Social and Ethical Issues in Business (San Diego State University, Professor Craig P. Dunn).

SOCIAL CHANGE PROJECT

Three to four member groups are to implement a social change program within an organization of their choosing. This could include a wide range of options, from instituting a recycling program at a community business to convincing local hotel management to make excess room capacity available to the homeless to workplace AIDS education program implementation. While the group is to strive for effective implementation of their plan, the grade for this assignment is not entirely dependent on the success of the change program.

The group is to give an account of their project to the class. This debriefing is to include: (1) an overview of the social change program; (2) ethical and social reasons for its importance; and (3) an assessment of both the degree of success of the intervention as well as the reasons for the program's success or failure. A two-page executive summary of the project in both hard copy as well as electronic format, as well as written project documentation (e.g., copies of correspondence between group members and their chosen organization, e-mail and phone logs, etc.), plus copies of all reflective journals (see below), must be provided at the time of presentation. Written monthly project 'progress reports' will be due the first class session of each month.

Additionally, each group member is to keep a reflective journal on at least a weekly basis, chronicling: (1) their assessment of the project's successes and failures; (2) their interpretation of how the project can be linked to the theories presented in the course and texts; as well as (3) their personal impressions regarding how the project has transformed their thinking around social and ethical issues in business.

Group reporting will take the form of a 20 minute oral presentation followed by a 15 minute question and answer session. Be creative. Prepare the analysis as if you were presenting the information to the top management team of your company or any other fitting audience you explicitly identify, to be role-played by those students not in your group (who will be accountable for posing relevant questions to the presenting group).

Areas considered (in addition to those previously or subsequently mentioned) in grading the team case project:
adequacy of analysis, clarity and conciseness of arguments, use of ethical and social theory to support arguments, appropriateness of intervention, comprehensiveness of intervention, success of intervention, professionalism of presentation, creativity of presentation.

Managing Corporate Ethics (Merrimack College, Professor Gina Vega)

SERVICE PROJECT:

Service learning is distinct from other forms of outreach and experiential education because it attributes equal weight to both service and learning goals. It is curriculum based, meaning that the service work is profoundly connected to and enhanced by a proposed course of study. The service performed is done as a way of learning about concepts in a course or discipline. Likewise, the learning that occurs in the course or discipline is intended to improve students' ability to respond meaningfully to important real world concerns and problems such as those evident at the service site. (Virginia Tech Service Learning Handbook, www.majbill.vt.edu/sl/fachand.html).

The elderly are often overlooked as a business stakeholder group, despite their growing numbers. As of the most recent census (2000), the population over 65 Americans now accounts for more than 21.7 million people, half of whom are living in non family households (such as assisted living communities, senior housing, etc.). This represents 12.5% of the total population, up from 11.3% in 1980. In Massachusetts, people over 65 are 13.5% of the population; in Essex County, this means 99,836 people. Elderly people often feel left out, isolated, and lonely for contact with family and friends (young and old) who are far away. It has been shown that the more connected a person feels, the better they can maintain their health and the happier they will be.

The service learning project that this class will conduct is designed to help elderly members of our community connect with the larger world. We will provide computers and training in their use for email and Internet surfing to elderly residents in assisted living communities and senior centers in Lawrence, North Andover, Haverhill, and Methuen to help people reconnect to distant relationships and to feel part of the important changes that are occurring through business advances.

Students, working in teams, will design a program of training for residents of one of the centers in the communities listed above and identified by the Stevens Service Learning Center, and will teach the residents how to use basic email, how to get on to the Internet and how to find sites of interest. The centers will be responsible for providing the computers, Internet connection and the commitment to maintain the connection at the end of the term.

The design and implementation of these training programs will permit students to exhibit a variety of leadership skills, to use their business computing skills, and to provide meaningful service to the local community in direct application of theories of ethical leadership behavior. I estimate 24 hours per student of direct service during this project, amounting to a total of 575 service hours from this class. If each student team can teach six individuals during the term to use email, they will have accomplished introducing more than 70 people who previously were without access to the Internet and its communication facilitating processes. More information will be provided about this project early in the term.

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BAIT AND SWITCH MARKETING? JASON SIMMONS BUYS A CHRYSLER¹

Bait and Switch Marketing? Jason Simmons Buys a Chrysler examines the experience of one consumer in his attempt to purchase a shopping good and his perception of one vendor's promotional strategy. It encourages the reader to examine the experience from the perspective of the consumer and vendor, and to consider the legality and / or ethical nature of the marketing tactics employed in the case.

An Unsatisfied Customer

Jason Simmons angrily slammed the door of his van and reached for his seatbelt. He was furious. "How can they get away with scamming people like this?" he thought. He turned the key, shifted into gear, and turned onto the boulevard, squealing his tires slightly. "I've wasted enough time and energy on these idiots – there are other games in town."

Shopping for a Van

It was August 2009 and the motor vehicle inspection was due on Jason Simmons' 2001 Dodge Caravan SE. Jason had enjoyed his Caravan over the years, putting it to great use as his family had grown in size and number. And while he felt that the van still had lots of life left in it, the odometer was creeping steadily upward and the vehicle had been experiencing its share of repair work. He and his wife agreed that the time had come to start looking for a new vehicle.

While Jason had been driving a domestic vehicle, his thoughts had been straying lately toward foreign made products, based upon their reputation for solid performance, longevity, and retention of value. The more he looked around, however, the more he felt that the price of these vans was a little bit more than he was willing to pay.

On the afternoon of August 20th Jason returned home from a visit to the local Toyota dealership where he had been dismayed at how expensive all the vans seemed to be. Knowing that Chrysler was the only domestic automobile maker still producing vans, he was pleasantly surprised to find a flyer in his mailbox from Moncton Chrysler Superstore, announcing "The Biggest Sale of the Summer of '09" (Appendix 1). On one side of the flyer Jason had seen just what he had been looking for – a 2009 Dodge Grand Caravan that seemed to have everything: stow away seating, plenty of safety features, traction

¹ This case was prepared as a catalyst for discussion and is not intended to illustrate either effective or ineffective decision-making. It is based on actual events, although names have been changed for confidentiality purposes.

control, and so on. Next to the photo, the flyer listed the price as “only \$18,995,” with “over 80 to choose from” and a “free laptop” computer with every one sold (Appendix 2).

Jason pulled out a pad of paper to do some calculating. “\$18,995,” he thought, “plus approximately \$1,400 for delivery, \$100 for air conditioning tax, and maybe another couple hundred in miscellaneous fees. All told about \$21,000 plus HST. I can live with that.”

Down to the Dealership

The next day Jason tucked the flyer under his arm and drove down to the dealership. As he entered the attractively decorated showroom, he was greeted by a neatly dressed man who introduced himself as Randy, one of the sales staff. Jason introduced himself and opened the flyer, pointing to the Dodge Caravan pictured there. “I’d like to see one of these,” he said.

Randy had led Jason out onto the lot where they looked at a couple of vans. Jason was particularly taken with one that had a metallic wine colour, which happened to be the same base model advertised in the flyer, though with a few extra options. “I like this one,” he said. “So, if we take this advertised price and add in delivery charge, other fees, and the \$800 of options, we should have a number, right?”

Randy looked pleased. “Yes, that sounds about right” he said. “Let’s go back into the showroom and speak with the sales manager.”

The sales manager turned out to be a casually dressed younger man who introduced himself as Frank. He shook hands with Jason and sat down across from him, producing a large pad of paper and a pencil. “Let’s crunch the numbers,” he said.

After a moment or two of calculation Frank looked up with a smile. “I think we can give you a real deal today, Jason,” he said as he turned the pad around so Jason could see where he had written “\$24,500.”

Jason stared blankly at the pad, and then looked up at Frank. “\$24,500?” he said. “That price includes taxes, right?”

“Nope,” said Frank. “That’s \$24,500 before taxes and registration.”

Jason was incredulous. “Where’s that price come from?” he asked.

Frank frowned slightly. “Well, that’s just the price,” he said.

Jason pulled out the flyer and spread it on the table in front of them. “This ad says that the price is \$18,995... how did we get to \$24,500 from \$18,995? If we take \$18,995 and add delivery, options, and other usual fees, the price doesn’t add up to \$24,500.”

“Oh,” Frank said, pointing at the photo of the van in the flyer. “That’s not how it works, and besides, that price isn’t for this van.”

“Why not?” asked Jason. “It’s the same base model.”

“Right,” replied Frank, “but that price is only for specific vans.”

“So where is this van?” Jason asked, again pointing at the flyer.

Frank looked over his glasses and replied, “We don’t have any.”

“What do you mean you don’t have any?” said Jason. “The flyer says that you have over 80 to choose from.”

“That’s correct,” said Frank. “Through other dealerships we have access to over 80 different vans.”

“At this price? For \$18,995?” asked Jason.

“No,” said Frank. “At various prices.”

Jason was beginning to feel annoyed. “Alright,” he said. “Can you get me one for this price?”

“Sorry,” said Frank. “There aren’t any left.”

“But the flyer just came out yesterday,” Jason said with exasperation. “It’s good for a few weeks yet. Besides, this flyer clearly says you’re selling this van at \$18,995 with over 80 to choose from.”

Frank pointed back at the photo of the van. “If you look carefully at the flyer you’ll see that there is a lot number next to the picture. This price – \$18,995 – applies only to that lot number. The van with that lot number has already been sold, and that price doesn’t apply to anything else we’ve got.”

“Your ad doesn’t say that,” said Jason. “In any case, how do you get from \$18,995 to \$24,500 – the van I’m interested in is basically the same van as you’re advertising in the flyer, with just a few more options.”

“I’m not really sure what you mean,” Frank said testily. “\$24,500 is our price. I really can’t explain how it’s arrived at because it’s too complicated.”

“Well, in that case, I’m not really interested,” Jason said as he began to get up.

“OK, thank you,” said Frank. He stood up abruptly and strode off toward his office.

Jason looked back at Randy, who had been sitting quietly during this conversation. “If I ever buy a vehicle here,” he said, “it will be because of you, not him.” But even as he made his way to the door, he knew he would never be back.

The Old Bait and Switch?

Jason fumed as he steered his van through the afternoon traffic. He couldn’t help but feel that he’d been taken advantage of, or at least that someone had *tried* to take advantage of him. As he reviewed the encounter in his mind, he ticked off the things he felt were unfair:

- The \$18,995 price listed in the flyer next to the photo of a 2009 Grand Caravan had led him to believe that this was the price at which all of such vans were selling.

- The statement “Over 80 to Choose From!” had led him to believe that there were many such vans available.
- While a lot number did appear next to the photo, there was nothing that said that the listed price applied *only* to one particular number that belonged to one particular van.
- He had seen two prices for essentially the same van: one was not available, and the other couldn’t be explained.

“Like a con artist’s scam,” Jason thought as he turned into his driveway. “That ad was intentionally designed to lure people in under false pretenses – offering prices that the majority of customers can’t get. I wonder how many people have fallen victim to this trap.”

Jason put the van in park and cut the engine. He looked around the interior as he patted the dash. “Looks like you and I are going to be together a bit longer,” he said.

Appendix 1: Moncton Chrysler Superstore Sales Flyer

MONCTON CHRYSLER SUPERSTORE

WE BUILD CHAMPIONS FOR CHAMPIONS

OVER 80 TO CHOOSE FROM!



2009 DODGE Grand Caravan

- 175 hp 3.3L Flex Fuel V6 engine with automatic transmission
- Electronic Stability Program (ESP™) with Traction Control
- AM/FM/CD/MP3 stereo with 4 speakers • Brake assist
- Advanced multistage front air bags and side-curtain air bags
- Air conditioning • Sunscreen glass • Engine block heater
- 3rd row Stow n Go™ seat(s) • Power locks • Speed control
- 4-wheel disc brakes with ABS • Easy clean floor mats
- Rear window wiper/washer • Power heated mirrors, fold away
- Front courtesymap lamps • Tilt steering column

• Luxury steering wheel • AutoStick (R) automatic trans.

• 225/50R16 BSW all season tires • Overhead console

• Keyless entry w/windshield • Stain repel seat fabric

• Power windows, driver one-touch

• Tire pressure monitoring warning LP

• Exterior mirrors w/heating element

• 1st, 2nd bench seats w/yes fabric

ONLY **\$18,995*** OR **\$269*/mo**

0% PLUS GET financing

FREE LAPTOP WITH EVERY NEW 2009 GRAND CARAVAN SOLD!

OVER 40 TO CHOOSE FROM!



2009 JEEP Wrangler "X PKG"

- Electronic stability program • Mini floor console
- Survivor soft top • 12V auxiliary power outlet
- Tilt steering column • Fuel tank skid plate shield
- 140 amp alternator • Cargo tie down loops
- Sentry key theft-deterrent system • Body color grille
- 6 speakers • Power steering • Operator case sub plate track
- Four wheel drive (4wd) 4x4 • Sport bar w/full packing
- Command-trac shift-on-the-fly 4wd • Swing-away mirrors
- Tire pressure monitoring warning LP
- Engine block heater
- Electronic roll mitigation
- 3.0L V6 S&B® engine
- PRO-DRIFT™ OWL on/off road tires
- 17x7.5 aluminum wheels
- Traction control
- 5-speed manual NSG370 transmission

ONLY **\$18,995**** OR **\$279**/mo**

HOME OF THE WRANGLER! MONCTON CHRYSLER HAS SOLD MORE WRANGLERS IN EACH OF THE PAST 5 YEARS THAN ALL OTHER SOUTHEASTERN DEALERS COMBINED!

ATLANTIC CANADA'S #1 RAM TRUCK DEALER

OVER 50 TO CHOOSE FROM!



2009 DODGE RAM 1500 Quad Cab "4x4 WITH A HEMI"

- Electronic stability program • Air conditioning
- Power accessory delay • Tire pressure monitoring warning LP
- Front heavy duty shock absorbers • Rear spare tire
- Trailer tow w/4-pin connector wiring • Power locks
- Anti-lock 4-wheel disc brakes
- Advanced multistage front air bags
- Power heated mirrors, fold-away
- Rear heavy duty shock absorbers
- Tilt steering column • Rear view auto dim mirror
- PRO-DRIFT™ BSW all season tires • Locking tailgate
- Front height adjust shoulder belts
- Elec shift-on-the-fly 4x4 w/1-tow • Tinted glass windows
- Sentry key theft-deterrent system
- 12V auxiliary power outlet
- Power front windows, 1-touch, up/down
- MCPRO rear wheel well liners • 20 gallon fuel tank
- 8 speakers • Full size spare tire • 7 pin wiring harness
- SXT appearance group • Rear folding seat
- Heavy duty transmission oil cooler
- Electronic controlled traction • SIRIUS satellite radio
- 17x8.0 steel chrome clad wheels
- Exterior mirrors w/heating element
- Heavy duty engine cooling
- Class M receiver hitch • Chrome appearance group
- 3.7L V6 HEMI MDS V8 engine • Speed control

ONLY **\$27,224*** OR **\$379*/mo**



Where New Brunswick Comes to Save!

MONCTON
CHRYSLER JEEP DODGE

* Price & payment are plus freight taxes, fees and any additional options. Vehicle must be financed with dealer. Payment based on 84 months at 4.99% apr. OAC.

** Price & payment are plus freight taxes, fees and any additional options. Vehicle must be financed with dealer. Payment based on 84 months at 6.49% apr. OAC. Sale ends August 31st.

Appendix 2: Moncton Chrysler Superstore Sales Flyer (Detail)



OVER 80 TO CHOOSE FROM!

#9GV2769

2009 DODGE Grand Caravan

- 175 hp 3.3L Flex Fuel V6 engine with automatic transmission
- Electronic Stability Program (ESP™) with Traction Control
- AM/FM/CD/MP3 stereo with 4 speakers • Brake assist
- Advanced multistage front air bags and side-curtain air bags
- Air conditioning • Sunscreen glass • Engine block heater
- 3rd row Stow 'n Go® seating • Power locks • Speed control
- 4-wheel disc brakes with ABS • Easy clean floor mats
- Rear window wiper/washer • Power heated mirrors, fold away
- Front courtesy/map lamps • Tilt steering column
- Luxury steering wheel • AutoStick (R) automatic trans.
- 225/65R16 BSW all season tires • Overhead console
- Keyless entry w/immobilizer • Stain repel seat fabric
- Power windows, Driver one-touch
- Tire pressure monitoring warning LP
- Exterior mirrors w/heating element
- Int. child bench seats w/yes fabric

ONLY \$18,995* OR \$269*/mo

0% PLUS GET financing

FREE LAPTOP WITH EVERY NEW 2009 GRAND CARAVAN SOLD!

**BAIT AND SWITCH MARKETING?
JASON SIMMONS BUYS A CHRYSLER**

INSTRUCTOR'S MANUAL

Bait and Switch Marketing? Jason Simmons Buys a Chrysler explores claims made in print advertising for the sale of automobiles and questions whether said advertising is misleading and intentionally designed to “trap” or “lure” customers into a dealership. Students will be challenged to consider the legality of the dealer’s approach, and to determine whether the technique applied in the design of the advertising is ethical.

Objective of the Case:

This case seeks to systematically analyze advertising design and practice in order to draw conclusions regarding legality and ethics.

Basic Pedagogy:

Course: This case would be suitable for courses in introductory marketing, advertising, business law, and business ethics.

Level: Undergraduate.

Position in the course: The case would be of greatest use in that part of a course studying marketing ethics (in particular the ethics of advertising) or in conjunction with a discussion on the relationship between marketing and sales departments.

Prerequisite Knowledge Required: The student should understand how to effectively analyze strategic marketing problems, specifically those applicable to customer relationship management. The student should also be able to identify the costs and benefits associated with promotional campaigns and understand the important relationship between the marketing and sales functions.

Case Summary:

Jason Simmons is seeking to replace his aging van with a new one, and believes he has found a suitable vehicle after receiving and reviewing an advertising flyer from Moncton Chrysler Superstore. Upon arriving at the dealership, however, he finds that things are not exactly as he had perceived them to be, and is suddenly faced with the prospect of paying significantly more than he anticipated.

Jason feels that he has been the victim of false – or bait and switch – advertising, and that he is likely not the only customer to have “fallen victim” to this “trap.”

Research Methodology:

Bait and Switch Marketing? Jason Simmons Buys a Chrysler is based on historical events experienced by a real individual. Data for the case was gathered from personal interviews with the protagonist, although the individual's identity has been disguised to ensure his / her confidentiality. Secondary data was collected in the form of print advertising issued by the dealership in question.

Key Issues:

- The law and advertising practice
- The ethics of advertising practice
- Public policy and pricing

Theoretical Linkages:

- Market-based pricing calculations
- Customer relationship management strategies
- Word of Mouth Advertising
- Sales promotion and personal selling
- Marketing ethics audit

Suggested Analysis:

Instructors may choose to assign the case for the purpose of developing recommendations. One suggested approach (problem identification, analysis, alternative generation, and recommendations) follows:

Problem Identification:

The problem in this case is twofold. Jason Simmons needs a new van and although he has found one he prefers and can afford, he feels taken advantage of by the dealership in regard to their bait and switch selling tactics. On the other hand, Moncton Chrysler Superstore's marketing department has successfully attracted a customer with its promotional communication; however, the sales tactics employed by the dealership are not successfully closing the sale.

Analysis:

The following environmental analysis can be incorporated (but should not be considered all encompassing). Instructors are encouraged to consider analysis presented in the discussion questions (following this section). Analysis using the steps of the consumer decision making process or a marketing ethics audit (while touched in the discussion questions) could also be further developed.

The following SWOT (strengths, weaknesses, opportunities and threats) analysis has been conducted on Chrysler Canada with a focus on the Moncton dealership (MCS). This framework will lead to a recommendation that should remedy Jason's "taken advantage of" feeling and find him the vehicle of his (wallet's) dreams.

Environmental Analysis

Strengths for MCS	Weaknesses for MCS
<ul style="list-style-type: none"> ▪ The customer in question (Jason) has a historical positive relationship with the Caravan product. ▪ “The Biggest Sale of the Summer” campaign attracted Jason and secured a visit to the Moncton Chrysler Superstore. ▪ The advertised price was considered to be appropriate and Jason visited MCS prepared to purchase a new Grand Caravan. 	<ul style="list-style-type: none"> ▪ Randy (salesman) did not explain to Jason that the vehicle price he was interested in was not available. ▪ Frank (sales manager) did not explain why the price was so much more than advertised. ▪ Frank did not even try to satisfy Jason’s needs. ▪ Jason left MCS feeling the promotion was a con artist’s scam.
Opportunities for MCS	Threats for MCS
<ul style="list-style-type: none"> ▪ Toyota vans are considered to be too expensive by Jason. ▪ Chrysler is the only domestic (therefore less expensive) automobile manufacturer that is still producing / selling vans. 	<ul style="list-style-type: none"> ▪ A competitor will benefit from MCS’s loss as Jason has vowed not to return to the dealership. ▪ MCS will be the object of negative word of mouth advertising as Jason will likely share his experience with friends and family and encourage them not to deal with MCS. ▪ MCS faces the risk of being brought before the competition bureau of Canada for bait and switch advertising.

Alternatives:

- 1) Frank and Randy can stay the course and be content with their performance and the loss of a sale.

Pro: No extra work is required on their part.

Cons: They will not only lose Jason’s sale but also Jason’s future sales and the potential sales of those who have heard of his negative experience.

- 2) Frank can explain to Jason how the price is determined based on the market and the cost of goods sold. He can offer to find Jason a pre-owned Grand Caravan on his lot that will meet Jason’s financial restrictions.

Pros: Jason will feel better knowing how the price was selected and he will not feel as though a secret is being kept from him.

Cons: Knowing the price configuration will not necessarily secure a sale as it is will still be out of Jason’s price range. Offering Jason used vans will not successfully close the deal either because it does not satisfy Jason’s search criteria.

- 3) Randy can implement the steps in the selling process² starting with his approach - he can probe Jason as to his needs in a vehicle, likes / dislikes, preferred price and financing. Randy can then present him vehicles that meet his requirements. After answering Jason’s questions and finding him his preferred van, Randy can introduce him to Frank for the final paperwork. What Frank reveals to Jason will come as no surprise as Randy has already determined and satisfied his needs with the selected good.

² Prospecting, Pre-approach, Approach, Presentation, Handling Objections, Closing and Follow-up

Pros: Randy will truly understand what Jason is looking for in a van and offer him one that meets his needs. Jason will feel valued and most likely purchase the van. This process will save time that would otherwise be wasted showing Jason vans that do not meet his preferences. Jason will participate in positive word of mouth³ marketing for MCS.

Cons: MCS may be required to lower its price to meet the advertised price and/or bring in a van from another dealership that meets the advertised price.

- 4) Moncton Chrysler Superstore can reword its promotional advertisement to clearly state that the “\$18,995 price” refers to a limited number of vans.

Pros: Customers will be better informed and MCS will not be accused of bait and switch marketing tactics.

Con: Some customers may be turned off by the explanation and not bother to visit the dealership.

Recommendation:

A combination of alternatives (3) and (4) should be pursued. Marketing and sales departments should work closely in order to successfully deliver customer value, with specific roles described in the following table.

Marketing	<ul style="list-style-type: none">▪ Customer Awareness▪ Brand Awareness▪ Brand Consideration▪ Brand preference
Sales	<ul style="list-style-type: none">▪ Purchase Intention▪ Purchase▪ Customer Loyalty▪ Customer Advocacy

Moncton Chrysler Superstore successfully brought awareness to the customer and brand and secured a customer consideration with its “Biggest Sale of the Summer” campaign. However, it failed to encourage brand preference when it engaged in bait and switch advertising. True customers would have preferred to be dealt with honestly, and a simple addition to the flyer would eliminate false pretenses and help the sales department continue a positive relationship with the customer.

When the customer (Jason) encountered the sales team at MCS he would have already been intent on his purchase and after a helpful conversation with Randy and Frank, he would in all likelihood have finalized his purchase. During this phase, Frank could have capitalized on Randy’s pursuit to advocate for Jason and thus secure an on-going maintenance package or insurance upgrade which would have resulted in continued customer loyalty. This ongoing relationship would then have provided the MCS sales team with many opportunities to advocate for Jason and in so doing retain his business and keep him satisfied. This recommendation reflects a customer relationship management⁴ strategy that will be beneficial for both Jason and MCS and eliminate Jason’s feelings of being taken advantage of by MCS.

³ Personal recommendations for a branded product

⁴ Strategies designed to optimize profitability, revenue, customer retention, and customer satisfaction.

Discussion Questions:

- (1) **Is Jason Simmons' experience with Moncton Chrysler Superstore an example of bait and switch marketing? Compare the situation with other companies that have been accused of bait and switch (i.e. Dell, Rogers, Facebook, etc.). What are the similarities? Visit the Competition Bureau of Canada (www.competitionbureau.gc.ca) to research the bait and switch process.**
- (2) **Is bait and switch marketing unethical? Why or why not? How does one determine if a course of action is ethical?**
- (3) **How do bait and switch tactics affect you as a consumer? How do bait and switch tactics affect the competitor? How could Frank and / or Randy have turned the situation around and secured the sale?**

Suggested Responses

- (1) **Is Jason Simmons' experience with Moncton Chrysler Superstore an example of bait and switch marketing? Compare the situation with other companies that have been accused of bait and switch (i.e. Dell, Rogers, Facebook, etc.). What are the similarities? Visit the Competition Bureau of Canada (www.competitionbureau.gc.ca) to research the bait and switch process.**

Jason Simmons' experience would appear to be an example of bait and switch marketing, as described by Section 74.04 of the Competition Act:

Section 74.04 of the *Competition Act*, which is a civil provision, prohibits "bait-and-switch" selling which occurs when a product is advertised at a bargain price, but is not available for sale in reasonable quantities. The provision does not apply if the advertiser can establish that the non-availability of the product was due to circumstances beyond its control, the quantity of the product obtained was reasonable, or the customer was offered a rain check when supplies were exhausted.

If a court determines that a person has engaged in conduct contrary to section 74.04, it may order the person not to engage in such conduct, to publish a corrective notice and/or to pay an administrative monetary penalty of up to \$50,000 in the case of a first time occurrence by an individual and \$100,000 in the case of a first time occurrence by a corporation. For subsequent orders, the penalties increase to a maximum of \$100,000 in the case of an individual and \$200,000 in the case of a corporation.⁵

⁵ <http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/02801.html>

Students may examine other companies accused of engaging in bait and switch practices - the following websites may be used for discussion purposes:

Dell:

http://news.cnet.com/Dell-sued-over-bait-and-switch-charges/2100-1047_3-5587443.html

Rogers:

<http://www.highdefforum.com/canadian-providers/35309-rogers-bundle-packages-bait-switch.html>

Facebook:

http://www.pcworld.com/article/196023/how_facebook_pulled_a_privacy_bait_and_switch.html

(2) Is bait and switch marketing unethical? Why or why not? How does one determine if a course of action is ethical?

Student responses will vary; however, most should determine that bait and switch is unethical considering that the research undertaken in the question (1) will demonstrate it to be a fraudulent activity. Students might analyze the situation by answering the following three questions to determine if the action taken is indeed unethical.

- a. Is it legal?
- b. Is it balanced?
- c. How will it make me feel about myself?

These questions are subjective and student answers will vary; however the final conclusion should be that the actions taken by Moncton Chrysler Superstore are unethical.

(3) How do bait and switch tactics affect you as a consumer? How do bait and switch tactics affect the competitor? How could Frank and / or Randy have turned the situation around and secured the sale?

According to the Competition Bureau⁶, bait and switch ultimately encourages the consumer to spend more than they were hoping (or able) to. This happens when the salesperson encourages the consumer to purchase a more highly priced item since the one advertised was never meant to be available. The consumer can also end up being coerced into purchasing additional items once in the store.

This has a negative affect on competition, as consumers are enticed into stores under false pretenses and as a result, honest retailers lose sales and customer base.

Frank and Randy could have very easily turned the situation around to secure a sale. Frank could have offered to explain how the price was determined rather than just saying, "\$24,500 is our price. I really can't explain how it's arrived at because it's too complicated." He also could have tried to find a vehicle on his lot that would fit Jason's needs and financial restrictions. Randy could have offered to inquire with other dealerships to see if one of the vans with that specific lot # was still available.

⁶ <http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/00258.html>

Regardless, Frank and Randy could have managed the relationship with Jason much better to not only secure a sale that day, but also Jason's future automotive business.

Epilogue

Within a few weeks Jason Simmons contacted another Chrysler dealership where he spoke with a sales representative who took as much time as necessary to answer all his questions. In Jason's words, "every last dollar was accounted for," and he would ultimately go on to purchase a new 2010 Dodge Grand Caravan from that dealership.

Jason was so impressed by this experience that he asked for the sales representative's business cards, which he hands out to anyone he knows is seeking a new van, telling them that this is the person to deal with "if you want honest, straightforward information... no gimmicks, no tricks." Jason has never returned to the first dealership, and has relayed his unpleasant experience to many of his friends and acquaintances.