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PREFACE

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On behalf of the *International Academy of Business and Public Administration Disciplines*, we sincerely thank all of our reviewers for their invaluable assistance in reviewing these articles. We also express our sincere thanks to all authors who submitted their manuscripts for review.

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THE IMPACT OF INNOVATIVE EXECUTIVE SERVANT LEADERSHIP ON ORGANIZATIONAL CITIZENSHIP, AND ORGANIZATIONAL CYNICISM

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ABSTRACT

Have you ever wondered how your employees complained to their friends about how things happened in your organization? The most challenging part for Servant Leadership is to reduce organizational cynicism and nurture organizational citizenship. The major research interest for this study was to discover whether the bottom-up servant leadership theory to "serve" first and "lead" second can be truly practiced by the president of a university and whether it is valid and effective in reducing employee's organizational cynicism and enhancing employee's organizational citizenship. The results showed that the goodness of fit (GFI) was good and sufficient and adequate. The null hypotheses were rejected significantly. Conversely, this study's findings demonstrate empirically that leader-follower relationships and employee cynicism and non-citizenship problems are closely associated with servant leadership in terms of the leader's vision, philosophy, attitudes, behaviors, and management policy in the areas of interpersonal support, building community, altruism, egalitarianism, and moral integrity.

Keywords: *Executive servant leadership, organizational citizenship, organizational cynicism, higher Education, structural equation modeling*

INTRODUCTION

Have you ever wondered how your employees complained to their friends about how things happened in your organization? The most challenging part for Servant Leadership is to reduce organizational cynicism and nurture organizational citizenship.

Higher Education Institutions (HEIs) are in fierce competition. Globalization, technology development and continuously increased financial burdens force HEIs to reduce operational waste and improve efficiency. HEIs demand strategic leaders who are effective, empathic, and efficient in all aspects of the workplace. In a HEI, leaders must believe in change, innovate continuously, create a culture of transparency, and emphasize the importance of unity and

collaboration. "In highly competitive, rapidly changing environments, caring and appreciative leaders are the ones to bet on for long-term success" (Kouzes & Posner, 2003, p. 78).

Starting in the 1970s, Greenleaf asserted that servant leaders should be attentive to the concerns of their followers, first among equals, and empathize with them; they should take care of them and nurture them by emphasizing power-with through follower engagement as opposed to power-over leader authority. "Based on the seminal work of Greenleaf (1970), servant leadership marks an others-perspective of leadership actions because it is horizontally follower-centric and, therefore, different in its primary focus when compared to other more vertical, leader-centric styles" (Williams et. al., 2017, p. 180).

Greenleaf (1970, p. 7) presented the best test of the servant leader is: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And what is the effect on the least privileged in society, will he benefit, or at least, will he not be further deprived.

LITERATURE REVIEW

Servant Leadership in Higher Education Institutions

According to Hays (2008), "applying the principles, values, and practices of Servant Leadership to management education can make a profound difference on the impact of learning and in the learning experience of both students and teachers" (p. 113). If employees acknowledge a person as a caring and supportive leader, he or she will gain their trust, respect, and friendship. While leadership is easy to explain, it is not so easy to practice. Leadership is about behavior first and skills second. It all comes back to promoting positive expectations and having these expectations realized. It is important for a leader to know his or her own strengths as a "carpenter knows his tools" (Rath & Conchie, 2009, p. 13).

For a servant leader, one example of promoting positive expectations and having the expectations realized is focusing on egalitarian which is rejecting the notion that leaders are inherently superior to other organizational members and understanding that learning and influence are multi-directional processes. Greenleaf considered an egalitarian perspective both central to servant leadership and critical for preserving executive legitimacy within the firm (Reed *et al.,* 2011).

According to Barnes (2015), "servant leadership is actually much more aligned with the values of higher education institutions than other forms of leadership" (p. 132). Servant leaders are always complimenting and motivating employees and recognizing their achievements. From this outgoing and friendly behavior, it is easy for employees to open up and communicate how they feel about every aspect of the organization. Servant leaders will respect everyone's opinion, even if someone challenges an organizational policy. "Learning to understand and see things from another's perspective is absolutely crucial to building trusting relations and to career success" (Kouzes & Posner, 2003, p. 79). Servant leaders treat people as they would like to be treated. "You express joy in seeing others succeed, you cheer others along, and you offer supportive coaching, rather than being a militant authority figure who is out patrolling the neighborhood" (Kouzes & Posner, 2003, p. 77).

According to Lee (2018), "Servant leadership has received increasing attention from leadership researchers, evidenced by recent trends emphasizing the adoption of shared and relational perspectives with a focus on leader-follower interfaces" (p. 4). Servant leaders are followed because people trust and respect them, rather than the skills they possess. Leadership is

both similar and different from management. Management relies more on planning, organizing, and controlling outcomes. Leadership relies on some management skills too, but more so on qualities such as integrity, honesty, humility, courage, commitment, sincerity, passion, confidence, wisdom, determination, compassion, and sensitivity. Most people don't seek to be leaders. Those who want to be a leader can develop leadership ability. It is important to understand that "as you take the role of a caring leader; people soon begin relating to you differently" (Kouzes & Posner, 2003, p. 77). A strong leader must be able to listen, consult, involve, and explain why and how things should be done.

Leadership is both similar and different from management. Management relies more on planning, organizing, and controlling outcomes. Leadership relies on some management skills too, but more so on qualities such as integrity, honesty, humility, courage, commitment, sincerity, passion, confidence, wisdom, determination, compassion, sensitivity, and moral integrity. Greenleaf not only emphasized the importance of the ''moral man'' and the ''moral society,'' but also the ''moral organization'' as well (Reed *et al.,* 2011).

Most people don't seek to be leaders. Those who want to be a leader can develop leadership ability. It is important to understand that "as you take the role of a caring leader; people soon begin relating to you differently" (Kouzes & Posner, 2003, p. 77). A servant leader must be able to listen, consult, involve, and explain why and how things should be done. Kuhnert and Lewis (1987) describe high quality leader–follower transactions as ''augmented by an interpersonal bond'' that ''relies on the exchange of non-concrete rewards to maintain followers' performance" (p. 649).

Furthermore, Brown and Trevino (2006) have defined the ethical leader as one who demonstrates ''normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision making" (pp. 595–596). Interpersonal support offered by top executives can not only help organizational members develop their full potential, but can also foster an organizational culture conducive to growth and service. The importance of interpersonal support is captured in one of Greenleaf's central ideas about servant leadership – that those served should ''grow as persons… more likely to become servants themselves'' (Greenleaf, 1970, p. 7). Items operationalizing interpersonal support included helping others succeed, nurturing employees' leadership potential, listening carefully to others, sharing decision-making with those most affected by decisions, treating employees with dignity and respect, and recognizing when organizational morale is low (Reed *et al.,* 2011).

Citizenship Behaviors

Organizational citizenship behaviors refer to employee acts that support the broader social and psychological environment in which tasks are carried out in organizations (Organ, 1997). Citizenship behaviors are linked to organizational commitment (O'Reilly & Chatman, 1986). Citizenship behavior is when an employee "goes the extra mile by engaging in behaviors that are not within their job description—and thus do not fall under the broad heading of task performance" (Colquitt *et al.,* 2011, p. 41). Based on recent studies, there are no human factors and constructs affecting organizational outcomes more than organizational commitment (Valaei & Rezaei, 2016, p. 1667).

Some examples of organizational and interpersonal citizenship behaviors are: civic virtue, boosterism, sportsmanship, courtesy, conscientiousness, and voice. As a case in point, civic virtue refers to participating in the company's operations at a deeper-than-normal level by attending voluntary meetings, keeping up with organizational announcements, and keeping abreast of business news that will impact the company (Colquitt *et al.,* 2011). Sportsmanship involves maintaining a good attitude with coworkers at all times. Boosterism refers to promoting the image of the organization to outsiders.

Panaccio et al. (2015) found that psychological contract fulfillment mediated the relationships of servant leadership with innovative behaviors, and with individual initiative and loyal boosterism forms of OCB. Güçel and Begeç (2012) investigated 67 administrative and faculty members of a private university in Turkey with the aim of finding the effects of servant leadership on OCBs. The results demonstrated that vision and serve dimensions of the servant leadership construct have positive significant effect on sportsmanship and civic virtue dimensions of OCB. In a study by Kalshoven *et al.* (2012), the results showed the relationship between individual and group perceptions of leadership and courtesy was positive when empathic concern was high, whereas this relationship weakened when empathic concern was lower. According to Wazir *et al.* (2018), previous studies have shown that one of the Big Five Personality Traits, conscientiousness is related to employee voice.

Consequently, employees who have high levels or organizational commitment will be more likely to exhibit citizenship behaviors. Moreover, there are two types of citizenship behaviors which are: organizational and interpersonal. Citizenship behaviors are significant to all jobs and all levels. Furthermore, citizenship behaviors are needed in dynamic organizations that are constantly changing. Interestingly enough, employee citizenship behavior has been found to influence the salary and promotion recommendations people receive, over and above their task performance (Kiker & Motowildo, 1999). According to Sloan *et al.* (2017),

> Organizational commitment is considered one key characteristic of an employee's relationship to an organization. Described as an employee's psychological attachment to an organization, organizational commitment has gained substantial scholarly attention, and has been the subject of various meta-analyses in the last three decades. A large part of the reasoning for such attention is that organizational commitment predicts relevant organizational outcomes such as job satisfaction and employee turnover intentions. (p. 193)

Bolino *et al.* (2013) explain "Prior work suggests that employees may engage in organizational citizenship behaviors because they are worried about losing their job because of poor economic conditions, layoffs, or other uncertainties, and that engaging in citizenship behaviors may provide a way for workers to stand out from their peers" (p. 544). According to Mohammad et. al. (2010), "Employees' voluntary behavior is quite important in education organizations as it is in where the extra role behavior is performed as well as the official works" (p. 14).

Organizational Commitment

Mowday *et al.* (1982) conceive commitment as an attitude reflecting the nature and quality of the linkage between an employee and an organization. It is an individual's identification with a particular organization and its goals to maintain membership in order to attain these goals.

Organizational commitment has been defined as an employee's connection and loyalty to a particular organization (Porter et al., 1976; Mowday et al., 1979). It also refers to an employee's willingness to exert extra effort within the organization (Batemen & Strasser, 1984). It is a feeling of dedication, willingness to go the extra mile, and an intention to stay with the organization for a long period of time (Meyer & Allen, 1988; 1991). Organizational commitment means loyalty and intention to stay with the organization (Brewer, 1996). It is interested in the employee's willingness to leave their organization (Greenberg & Baron, 2003). It reflects the work attitudes of employees toward the organizations in which they work (Silverthorne, 2004).

Organizational commitment is an individual's willingness to dedicate efforts and loyalty to an organization (Wagner, 2007). It described as a key factor in the relationship between individuals and organizations (Sharma & Bajpai, 2010).

The three components conceptualization of organizational commitment indicated by Meyer and Allen (1991) are as follows:

- Affective commitment refers to an employee's continuing to work for an organization thanks to emotional attachment to, involvement in, and identification with that organization,

- Continuance commitment refers to the commitment based on the costs that are associated with leaving a specific organization (Greenberg & Baron, 2003).

- Normative commitment relates to feeling obligated to remain with an organization, i.e. an employee with a strong sense of normative commitment will feel obligated to stay in the organization because the organization invested a lot of time to train the employee

Meyer and Allen (1991) believe that employees can experience all three forms of commitment and that the psychological states reflecting the three components of organizational commitment will develop as the function of quite different antecedents. They will also have different implications for work behavior. Most managers would agree that it is very difficult to find employees who have both high levels of task performance and organizational commitment.

Griffeth *et al.* (1999) developed a model recognizing the four types of employees: stars, citizens, lone wolves, and apathetics in an organization. According to Kaifi (2013), stars possess high organizational commitment levels and also high task performance levels. Citizens possess high organizational commitment levels and low task performance levels. Lone wolves possess low levels of organizational commitment levels but high levels of task performance levels. Apathetics possess low levels of organizational commitment and task performance.

Raju and Srivastava (1994) believe that organizational commitment can be described as the factor that promotes the attachment of the individual to the organization. To put it differently, higher levels of performance and effectiveness at both the individual and the organizational level will be the outcome of the high levels of effort exerted by employees with high levels of organizational commitment.

Organizational commitment is beneficial for the organization as it reduces the absenteeism rate and turnover ratio, let alone enhancing the organization's productivity (Jernigan et al., 2002). Freund and Carmeli (2003) state that the employee who is highly committed to the organization contributes to the organization performance (Joiner & Bakalis, 2006).

Organizational Cynicism

Cynicism can be described as being negative and pessimistic about others. Employees

who are cynical can influence the entire organization and can hinder the organization from reaching its goals. Cynical employees believe that their colleagues are selfish and self-centered (Barefoot *et al.,* 1989). According to Aslam et al. (2016), "The strongest and prime sources of cynicism among employees are fears of the unknown or forcible removals from comfortable workplace routines" (p. 592).

Some factors that influence cynicism are: dealing with stress, disagreement with organizational expectations, lack of social support and recognition, not having a voice in the decision-making process, unbalanced distribution of power, and lack of communication (Reichers *et al.,* 1997). Biswas & Kapil (2017) state, "our findings suggest that a normally low level of negative workplace attitudes, such as organizational cynicism, is further weakened when employees trust their organization's acts, policies, and correspondence" (p. 702). Cynics also believe that employees have low-levels of critical thinking capabilities and are not worthy of trust or loyalty (Abraham, 2000). It should be mentioned that some researchers believe that cynicism is a personality trait or attitude rather than a lifestyle (Özgener *et al.,* 2008).

The two types of withdrawal behaviors are psychological withdrawal and physical withdrawal. Psychological withdrawal consists of actions that allow an individual to mentally depart from the work environment. Some examples of psychological withdrawal are: daydreaming, looking busy, moonlighting, and cyberloafing (Kaifi, 2013). Physical withdrawal, on the other hand, consists of actions that allow an individual to physically depart from the work environment. Some examples of physical withdrawal are: missing meetings, tardiness, and absenteeism.

Organizational cynicism is the belief that an organization lacks honesty causing hard-hitting reputation and critical behaviors when it is combined with a strong negative emotional reaction (Abraham, 2000). It is an estimation based on an individual's work experience of the evaluator (Cole *et al.,* 2006). It may refer to being unsatisfied with the organization.

Organizational cynicism is defined as an attitude formed by faith, feelings and behavioral tendencies. It is a negative attitude including the three dimensions developed by a person to his organization, namely; cognitive, affective, and behavioral structure of the cynical construct. The cognitive dimension of organizational cynicism is the belief that organization's lack honesty and transparency. The affective dimension of organizational cynicism refers to the emotional and sentimental reactions to the organization. The behavioral dimension of organizational cynicism refers to negative tendencies (Dean *et al.,* 1998; Stanley et al., 2005).

Organizational cynicism is defined as an attitude formed by faith, feelings and behavioral tendencies. Organizational cynicism is a negative attitude including the three dimensions developed by a person to his organization, namely; cognitive, affective, and behavioral structure of the cynical construct (Dean *et al.,* 1998, Stanley *et al.,* 2005).

▪ The cognitive dimension of organizational cynicism is the belief in the organization's lack of honesty. It is the belief that the organization's practices lack justice, honesty and sincerity. Cynics believe that those principles are mostly forfeited. They are replaced by unprincipled actions and immoral attitudes as if they are norms. Besides, cynics may believe that human beings are untrustworthy and incoherent in their behaviors.

▪ The affective dimension of organizational cynicism refers to the emotional/sentimental reactions to the organization. The sensitive/emotional consists of strong emotional reactions towards the organization. Cynics may feel disrespect and anger towards their organizations; or feel discomfort, hatred and even shame when they think about their organizations. Thus, cynicism is related to various negative senses.

- The behavioral dimension of organizational cynicism refers to negative tendencies and mainly humiliating attitudes. This dimension consists of negative and frequently critical attitudes. Strong critical expressions towards the organization are the most prominent of behavioral tendencies. These may occur in various forms, mostly expressions about the organization's lack of honesty and sincerity.

Executive Leadership – The Power, Roles and Functions of a University President

Studies have found that university presidential performance is critical to institutional effectiveness. Old ways of running universities no longer work in today's interconnected, faster-paced world. It's particularly difficult to foster organizational change when faculty are not motivated to do so. Presidents of higher education institutions are now more carefully and periodically scrutinized. Such evaluations can make presidents more accountable but may also create difficulty if not designed and implemented carefully (Friedman *et. al.,* 2017; Michael *et al.,* 2001). Furthermore, Michael *et al.* (2001) report several factors are necessary for college presidents to be successful. These include knowledge of higher education, an influence that helps to attract resources, a healthy relationship with key constituents, and effective management skills. An effective college president enhances the value of his/her college or university by being concerned with the institution's reputation.

Effective college presidents need to both remove impediments to change and encourage the transformation of their institutions into learning organizations (Friedman et. al., 2017). To encourage increased collaboration, academic departments may need to be merged. Many institutions suffer from a bloated administration which will need to be pared in order to facilitate the creation of a learning organization. Garvin (1993) defines a learning organization as one that is skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.

Characteristics of a learning organization include the utilization of shared knowledge; an emphasis on cooperation, not turf; a commitment to constant learning and personal growth; an infrastructure that allows the free flow of information and ideas; and an ability to adapt to changing conditions. The ability to adapt to changing conditions, i.e., an ability to renew, regenerate and revitalize itself is a major characteristic of a learning organization. According to Friedman *et. al.* (2017), it is ironic that institutions of higher education are teaching organizations but not learning organizations.

Servant Leadership of University Presidents

According to Lu *et. al.* (2017), current leadership models in higher education institutions (HEIs) need review. The traditional models in HEIs respond slowly to rapidly changing educational environments and cannot solve problems that occur or are created under existing leadership. Some HEI leaders have tried to adopt private sector management principles, but an HEI has a unique culture, structure, and processes. According to Griffith (2004), leadership has a direct impact on job satisfaction, which itself directly influences staff turnover and school achievement progress. Oner (2012) compares servant and paternalistic leadership styles, and finds that both are highly correlated and have positive effects on job satisfaction.

According to Chen and Silverthorne (2005), "human-oriented leadership styles increase job satisfaction, and several studies demonstrate that participative decision making can be beneficial to both workers' mental health and job satisfaction" (p. 282). Fernandez (2008) finds that job satisfaction is positively related with relations-oriented and development-oriented – but

not task-oriented – leadership behavior. Shaw and Newton (2014) claim that job satisfaction and retention is affected by servant leadership in schools.

Servant leadership style is recognized when the leader demonstrates no interest in acquiring power, and is primarily concerned with followers (Howell & Costley, 2006). Pardey (2007) describes a servant leader as a leader whose preference is not to be seen as the leader, but to understand followers, cooperate with them to achieve goals, and be engaged with them in their work. Lewis and Noble (2008) describe servant leaders as being authentic, vulnerable, accepting, present and useful, accessible, and engaging.

It is worth noting that research on the relationship between servant leadership and job satisfaction in any context is scarce and is almost absent in HEIs. According to Chan and Mak (2014), servant leadership has a positive relationship with employees' job satisfaction directly and through the trust in the leader of the business. In Schneider and George's (2011) research in a national volunteer organization in the USA, servant leadership has an impact on members' satisfaction as well as on their commitment to stay. It seems like servant leadership is preferred more than other styles in even such autocratic organizations as US police forces (Vito *et al.,* 2011). Therefore, it should not be surprising that servant leadership would be appropriate in the educational sector. Indeed, Shaw and Newton (2014) find that servant leadership affects school teachers' satisfaction and retention.

Organizational Citizenship of University Administrators, Faculty and Staff

Organizational citizenship behaviors typically are not high among faculty members due to many factors such as teaching loads, research expectations, and performing service for their department and the university itself. Faculty have called upon administrators to ensure service responsibilities are clarified and distributed equitably (Misra *et al.*, 2011). One explanation for the lack of such citizenship behaviors is that service is difficult to define; another is that administrators and faculty value service less than teaching and research (Ward 2003).

Furthermore, shifts in faculty rights and responsibilities have occurred due to the growth in the number of mid-level administrators as well as changes in hiring practices both of which have reduced the number of faculty eligible to participate in shared governance, thus strengthening a management orientation to governance (Slaughter & Rhoades 2004; Steck 2003). According to Lawrence *et. al.* (2012), it would be particularly useful to know what types of social interactions occur between faculty and administrators and among faculty on campuses where (1) there is consensus about faculty service responsibilities, (2) the majority of faculty believe institutional service is valued, and (3) where faculty believe institutional service is not valued.

Organizational Cynicism of University Administrators, Faculty and Staff

Studies of organizational cynicism have found that the highest mean calculated is for the item of "I believe that things done and told are different in my organization" (x=3.65) (Mete, 2013). Kalağan's (2009) thesis research investigating the relationship between research assistants' organizational support and organizational cynicism attitudes is consistent with the data of Mete's study. In Kalağan's (2009) study, the highest mean for organizational cynicism is also for the item of "things that are done and told are different in my organization" (x=3.41).

Based on this finding, it could be stated that the relationship between academics' ethical leadership perceptions and organizational cynicism attitudes is high and significant. However, it appears 78% of academics' cynicism attitudes are dependent on administrators' ethical leadership behaviors. It may also be that, when organizational ethical leadership behaviors of administrators increase, academics' organizational cynicism behaviors decrease.

According to Andersson and Bateman (1997), when employees do not trust their administrators and have a feeling of being stymied, their cynicism attitudes increase. In another study, when administrators do not behave ethically in decision-making, cynicism attitudes rise (Andersson, 1996; Reichers *et. al.,* 1997). Broken promises trigger employees' cynicism attitudes. In their research, Bommer et al. (2005) and Davis and Gardner (2004) note that when employees do not receive administrators' help and leaders are seen as hypocritical, negative attitudes between employees increase. Finally, the quality of communication between leader and employee triggers employees' cynicism attitudes.

Impact of Servant Leadership on Organizational Citizenship at the University Level

One study by Farris (2011) finds that the impact of servant leadership was measurable in several universities, with the attribute of *Humility* being the strongest. Employees' intrinsic job satisfaction was slightly higher than their extrinsic job satisfaction. The highest correlations between being led by a servant leader and resulting job satisfaction were found in those employees who are older, have more education, have worked longer, and/or are employed in positions of greater responsibility within the organization.

Impact of Servant Leadership on Organizational Cynicism at the University Level

In the study conducted by Ye and Min (2014), a director`s usage of the servant leadership style, teachers' empowerment, and organizational cynicism have a direct influence on organizational commitment. Also, the director`s servant leadership directly influences teachers' empowerment and organizational cynicism. Lastly, the director`s servant leadership style indirectly influences teachers' empowerment and organizational cynicism in terms of the level of organizational commitment.

Conceptual Framework and Hypotheses

A servant leader serves his or her followers first and then leads second (Negron, 2012). As Lao-Tzu (the father of Taoism) expressed, the key qualities that great leaders possess are selflessness, unbiased leadership, acting as a midwife, and being like water (Wren, 1995, p. 70). In selflessness, the wise leader is not egocentric, which equates to being more understanding and open-minded. Unbiased leadership means treating everyone equally without having preconceived notions. By being midwives, leaders do not intervene in all organizational affairs and instead allow employees to resolve issues on their own. A leader is like water because a leader cleanses, purifies, and refreshes an organization's climate. Being able to deliver a warm style of leadership and paying attention to everyone are key elements of gaining the trust and respect of employees.

Paying attention shows people that the leader cares. The best way to do this is to focus on what employees are doing, how they're feeling, who they are, and what they like and dislike. "Paying attention demands that you put others first" (Kouzes & Posner, 2003, p. 79). Paying

attention is not "patrolling" or "inspecting" but instead being there by supporting, coaching, and directing employees. Leadership is a style of management aimed at assisting individuals in discovering and pursuing their own developmental needs rather than at controlling employees (Denhardt, 1993, p. 204).

According to Jago (1982), "Leadership is expressed or displayed through interaction between people and necessarily implies its complement, followership. For one to influence, another must permit himself to be influenced" (p. 316). A servant leadership style can also be considered for leading higher education institutions because of the nurturing style that is needed to help faculty develop, achieve student outcomes, and create an institution with high levels of organizational commitment and low levels of organizational cynicism. From the literature review, we developed the following hypotheses concerning the relationships between servant leadership and organizational commitment and organizational cynicism.

The proper hypotheses have been developed to be tested by the authors. Through the perceptions and lived experiences a sample of two-university employees, this study examines whether the president's perceived executive "servant leadership" has an effect on both "organizational citizen ship" and "organizational cynicism".

Hypothesis 1: *Interpersonal support offered by servant leadership is positively related to the five dimensions of organizational citizenship (altruism, civic virtue, courtesy, conscientiousness, and sportsmanship) and is negatively related to three dimensions of organizational cynicism (cognitive, affective and behavior) among university employees.*

According to the research, interpersonal support offered by top executives fosters an organizational culture conducive to growth and service as well as helps organizational members develop their full potential. The importance of interpersonal support is captured in one of Greenleaf's central ideas about servant leadership – that those served should ''grow as persons… more likely to become servants themselves" (Reed *et al.,* 2011). Kuhnert and Lewis (1987) describe high quality leader–follower transactions as ''augmented by an interpersonal bond'' that ''relies on the exchange of non-concrete rewards to maintain followers' performance'' (p. 649). Moreover, Reed *et al.* (2011) explain how their measure of executive servant leadership, grounded in Greenleaf's ideas regarding the diffusion of interpersonal support and egalitarianism throughout an organization, does just that, thus offering an ideal mechanism to test this supposition and advance understanding of the relationship between CEO leadership and corporate social performance.

Hypothesis 2: *Community-building through servant leadership is positively related to the five dimensions of organizational citizenship and is negatively related to three dimensions of organizational cynicism among university employees.*

Studies have found three key themes of servant leadership. According to Parris and Peachey (2012), these themes of servant leadership, and its influence on volunteer motivation, are generating a shared vision dedicated to helping others, building a caring and loving community, and creating the freedom and resources for followers to become servants themselves. Greenleaf (1977) argued that serving others requires unconditional love and a community. The association with others who choose first to serve helps form a desire to participate in community-building events and to the culture created by this servant volunteer

community. This supports findings that affiliation is a strong motivator in volunteering at special events (Haski-Leventhal & Cnaan, 2009; Monga, 2006; Wilson, 2000). Furthermore, the motivation of serving others illustrates the distinguishing attribute of servant leadership (Russell & Stone, 2002). Such volunteer-driven events support Haski-Leventhal & Cnann's (2009) claim that social and community norms affect an individual's tendency to volunteer. Built around the serving culture, the founder along with his volunteers has created a loving community that shows multiple generations the powerful gift of service.

Hypothesis 3: *Altruism of servant leaders is positively related to the five dimensions of organizational citizenship and is negatively related to three dimensions of organizational cynicism among university employees*

Studies have found that a servant leader – with reported behavioral characteristics such as empathy, compassion, and altruism – builds not only a mentally and emotionally healthy workforce but also inculcates a sense of cohesiveness, collaboration, and sustainable relationships among the followers by understanding and addressing their feelings and emotions (Jit *et al.,* 2017). Cohesiveness and collaboration in a servant-led organization increases pro-social and altruistic behavior among followers that in turn improves organizational performance (Ebener & O'Connell, 2010; Ehrhart, 2004; Hu & Liden, 2011; Walumbwa, Hartnell, & Oke, 2010) and overall team effectiveness (Mayer *et al.,* 2008; McCuddy & Cavin, 2008; Taylor *et al.,* 2007).

Hypothesis 4: *Egalitarianism of servant leadership is positively related to the five dimensions of organizational citizenship and three dimensions of organizational cynicism among university employees.*

Strong social interactions between leader and follower enhance the diversity of knowledge exchanged, according to the research. The egalitarianism underlying servant leadership (Smith *et al.,* 2004; De Clercq *et al.,* 2014) encourages followers to engage more meaningfully with their work because they feel valued by the leader (Kahn, 1990). Servant leadership builds employee attachment to their work through the egalitarianism expressed by the work culture created by the servant leader. All employees feel equally valued, with the same rights as others in the organization. The leaders' belief systems are not assumed to be superior to those of their followers (Smith *et al.,* 2004), which furthers the sense of equality between all organizational members.

Hypothesis 5: *The moral integrity of servant leadership is positively related to the five dimensions of organizational citizenship and three dimensions of organizational cynicism among university employees.*

Studies have found that without ethical organizational norms established by top management, individuals are left to make decisions alone relying only on their personal beliefs and moral reasoning abilities (Martin & Cullen, 2006). The results of the Andreoli and Lefkowitz (2009) study further indicate that promoting a moral organization can best be achieved through combining formal mechanisms, such as codes of conduct, with modeling ethical leadership (e.g., ''through words and actions of senior managers''). According to Brown and Trevino (2006, p.

599), the moral management aspect of ethical leadership extends beyond the usual influence of organizational leaders.

Outcomes are achieved through setting standards, by leading by example, and by holding the followers or employees accountable, either through rewards or through disciplinary measures. This shows that ethical leadership is often more consistent with transactional styles of management rather than transformational styles The moral conduct of top executives is particularly critical in creating a servant organization – earning stakeholder trust by demonstrating and encouraging transparency and by freely admitting mistakes at both the personal and organizational level (Greenleaf, 1972).

Bass and Steidlmeier (1999) distinguish between pseudo and authentic transformational leaders, arguing that authentic transformational leaders are moral leaders who embrace values such as fairness and honesty, but pseudo transformational leaders are ''more selfishly and politically motivated'' (Brown & Trevino, 2006, p. 598). One theme for servant leadership is ''behaving ethically,'' which infers that servant leaders should interact with followers fairly and honestly (Liden *et al.,* 2008).

Hypothesis 6: *University employees' perceptions of five servant leadership factors are correlated with their experience of the five dimensions of organizational citizenship and three dimensions of organizational cynicism.*

Studies note two practical solutions for companies in their managerial practice: the provision of servant leadership and social support at work. First, organizations and managers should identify and implement the key behaviors of servant leadership, such as placing the primary focus on the needs of employees, providing personalized support for their development, and listening to and helping with their emotional problems. Second, organizations and managers should implement both formal and informal workplace practices to create a socially supportive environment. In line with the development of servant leadership and job social support, the positive effects of the servant leadership culture also positively affect the families of employees in the form of enhanced satisfaction and quality of life.

Resolving issues of burnout, turnover, and performance is necessary since they are crucially correlated with employee satisfaction (Halbesleben & Buckley, 2004; Judge *et al.,* 2001; Lee & Ashforth, 1996). Since servant leaders focus on the interest of others rather than on their own self-interest, they are welcomed in the organization (Hale & Fields 2007). Servant leaders create a salient context for employee learning and development (Luthans & Avolio, 2003). Employee skills and competence are enhanced by observing servant leaders demonstrating and disseminating knowledge at work. In addition, servant leadership encourages employee learning by providing opportunities and empowering employees to make self-directed decisions (Konczak *et al.,* 2000) from which they develop the required skills, knowledge, needs, and abilities to achieve their personal career goals. These circumstances make it more likely that employees can perform successfully.

METHODOLOGY
Sample and Data Collection

Little research was used to examine the structural components and linkages among these three latent concepts, executive servant leadership, organizational citizenship and organizational cynicism. The methodology of the study was to examine the perceptions and lived experiences

of the university employees and examine whether the president's executive servant leadership perceived can be effectively functioning and impacting on the both organizational citizenship and organizational cynicism.

This research went through two institutional research review boards with permission from the provost and university presidents to review the university names (Guangdong Medical University and Andrews University for the administrative approval of data collection and an online survey was randomly sampled and administered to 475 full-time employees of two universities. Responses to the survey was anonymous. The missing data was replaced by 9 in the data set and 9 was defined as the missing data. Respondents younger than 18 years or form other vulnerable population were excluded by the Human Resource Department. The online survey was distributed by the researchers with the assistant of provost's announcement and facilitation during the regular semester to full-time employees who had an official university account. Data was collected between Jan 8, 2018-March 30, 2018. Institutional Review Board and resource supported were obtained from Andrews University, Berrien Springs, Michigan.

The respondents were encouraged to participate in this research on a voluntary basis and were told that the general results would be shared with them in the Andrews University Creative Research Exhibition with the poster presentation, which was held October 30, 2018. Power Analysis determined that an effective sample size 420 would maximize the chance of achieving statistically significant results at a significance level of 0.05 level. There are 475 full-time faculty and staff participating in this research. Forty-five percent of respondents are male and 55% are female. Thirty eight percent of respondents had worked at these two universities for 1-5 years. Caucasian (36%) and Chinese (30%) were the two dominant ethic groups. All the responses were transmitted electronically to an SPSS database and LISEL/AMOS/EQS software for analysis. Because the data analysis specification of Structural Equation Modeling, any responses missing data were dismissed from the data set.

Instrumentation and Measures

The permission to use validated Organizational Citizenship Behavior (OCB) and Organizational Cynicism (OCN) and Executive Servant Leadership (ESL) were initially granted by the primary author.

Unobserved Variables-Exogenous (Independent Variates)
Latent Concept: Executive Servant Leadership (ESLS)
Observed Variable 1: Interpersonal Support (IS)
Observed Variable 2: Building community (BC)
Observed Variable 3: Altruism (AL)
Observed Variable 4: Egalitarianism (EG)
Observed Variable 5: Moral Integrity (MI)

Unobserved Variables-Endogenous 1 (Dependent Variates)-Measured by Organizational Citizenship Behavior (OCB)
Latent Concept 1: Organizational Citizenship Behavior
Observed Variable 1: Altruism (AOCB)
Observed Variable 2: Civic Virtue (VOCB)
Observed Variable 3: Courtesy (ROCB)

Observed Variable 4: Conscientiousness (NOCB)
Observed Variable 5: Sportsmanship (SOCB)

Unobserved Variables-Endogenous 2 (Dependent Variates) Latent Concept 1: Organizational Cynicism (OCN)
Observed Variable 1: Cognitive (COCN)
Observed Variable 2: Affective (AOCN)
Observed Variable 3: Behavioral (BOCN)
Organ (1988) identified and validated five dimensions of OCBs with Cronbach's alpha value: altruism (0.78), courtesy (0.75), sportsmanship (0.75), conscientiousness (0.86), and civic virtue (0.75). The measured statements were listed below and were categorized as:

- Altruism: discretionary behaviors that have the effect of helping a specific other person with an organizationally relevant task or problem.

- Conscientiousness: discretionary behaviors on the part of the employee that go well beyond the minimum role requirements of the organization in the areas of attendance, obeying rules and regulations, taking breaks, and so forth.

- Sportsmanship: willingness of the employee to tolerate less than ideal circumstances without complaining

- Courtesy: discretionary behavior on the part of an individual aimed at preventing work-related problems with others from occurring

- Civic virtue: behavior on the part of an individual that indicates that he/she responsibly participates in, is involved in, or is concerned about the life of the company.

Table 1
Organizational Citizenship Behavior Scale

Observed Variable	Latent Construct
1. I help others who have been absent from work.	Factor 1: Altruism (AOCB)
2. I help others who have a heavy workload.	Factor 1: Altruism (AOCB)
3. I help orient new people even though it is not required.	Factor 1: Altruism (AOCB)
4. I am willing to help others who have work related problems	Factor 1: Altruism (AOCB)
5. I am always ready to lend a helping hand to those around me.	Factor 1: Altruism (AOCB)
6. I attend meetings that are not mandatory, but are considered important.	Factor 2: Civic Virtue (VOCB)
7. I attend functions that are not required, but help the organization's image.	Factor 2: Civic Virtue (VOCB)
8. I keep abreast of changes in the organization.	Factor 2: Civic Virtue (VOCB)
9. I read and keep up with organization	Factor 2: Civic Virtue (VOCB)

announcement, memos, and so on.	
10. I take steps to try to prevent problems with other workers.	Factor 3: Courtesy (ROCB)
11. I am mindful of how my behavior affects other people's jobs.	Factor 3: Courtesy (ROCB)
12. I do not abuse the rights of others.	Factor 3: Courtesy (ROCB)
13. I try to avoid creating problems for coworkers.	Factor 3: Courtesy (ROCB)
14. I consider the impact of my actions on coworkers.	Factor 3: Courtesy (ROCB)
15. My attendance at work is above the norm.	Factor 4: Conscientiousness (NOCB)
16. I do not take extra breaks.	Factor 4: Conscientiousness (NOCB)
17. I obey organization rules and regulations even when no one is watching.	Factor 4: Conscientiousness (NOCB)
18. I believe that I am one of the most conscientious employees at my organization.	Factor 4: Conscientiousness (NOCB)
19. I believe in an honest day's work for an honest day's pay.	Factor 4: Conscientiousness (NOCB)
20. I consume a lot of time complaining about trivial matters.	Factor 5: Sportsmanship (SOCB)
21. I always focus on what's wrong, rather than the positive.	Factor 5: Sportsmanship (SOCB)
22. I tend to "make mountains of molehills"	Factor 5: Sportsmanship (SOCB)
23. I always find fault with what organization is doing	Factor 5: Sportsmanship (SOCB)
24. I am the classic "squeaking wheel" that always needs greasing.	Factor 5: Sportsmanship (SOCB)

Organizational cynicism was measured using a 14-item scale in Table 2 developed by Dean *et al.* (1998) with Cronbach's Alpha values: Cognitive (0.90, six items), affective (0.94, four items), and behavioral dimensions (0.89, four items) of organizational cynicism were examined. A five-point Likert scale was used, ranging from strongly disagree (score of 1) to strongly agree (score of 5) with a midpoint labeled neither agree nor disagree (score of 3).

Table 2
Organizational Cynicism Behavior Scale

Observed Variable	Latent Construct
1. I see little similarity between what my organization says it will do and what is actually does.	Factor 1: Cognitive (COCN)
2. Attempts to make things better around here won't produce good results.	Factor 1: Cognitive (COCN)
3. I believe my organization management syas one things and does another.	Factor 1: Cognitive (COCN)
4. My organization's policies, goals, and practices seem to have little in common.	Factor 1: Cognitive (COCN)
5. When my organization says it's going to do something, I	Factor 1: Cognitive (COCN)

wonder if it will really happen.	
6. My organization expects one thing of its employees, but rewards another.	Factor 1: Cognitive (COCN)
7. When I think about my organization, I feel angry.	Factor 2: Affective (AOCN)
8. When I think about my organization, I experience aggravation.	Factor 2: Affective (AOCN)
9. I often experience tension when I think about my organization.	Factor 2: Affective (AOCN)
10. I often experience tension when I think about my organization.	Factor 2: Affective (AOCN)
11. I complain about things happen in my organization to friends outside the organization.	Factor 3: Behavioral (BOCN)
12. I often talk to others about the way things are run in my organization.	Factor 3: Behavioral (BOCN)
13. I criticize my organization's practices and policies with others.	Factor 3: Behavioral (BOCN)
14. I find myself mocking my organization's slogans and initiatives.	Factor 3: Behavioral (BOCN)

Servant leadership was measured by the 55 items in Table 3 identified by Reed et al. (2011). The ESLS is composed of five dimensions: (1) interpersonal support (Cronbach $\alpha=0.94$), (2) building community (Cronbach $\alpha=0.90$), (3) altruism (Cronbach $\alpha=0.93$), (4) egalitarianism (Cronbach $\alpha=0.94$), and (5) moral integrity (Cronbach $\alpha=0.95$). Respondents were asked to indicate how frequently they experience a particular aspect of servant leadership using a 4-point scale (1 = strongly disagree, 2 = disagree, 3 = agree, 4 = strongly agree).

Table 3
Executive Servant Leadership (ESLS)

Observed Variable	Latent Construct
6. Recognize low morale	Factor 1: Interpersonal Support
7. Make other succeed	Factor 1: Interpersonal Support
15. Nurtures employee leadership	Factor 1: Interpersonal Support
25. Dignity and respect	Factor 1: Interpersonal Support
29. Decision-making control to most affected	Factor 1: Interpersonal Support
37. Listen carefully	Factor 1: Interpersonal Support
2. Effects of decisions on community	Factor 2: Building Community
20. Spirit of cooperation	Factor 2: Building Community
21. Organizational commitment	Factor 2: Building Community
45. Improve community	Factor 2: Building Community
46. Value diversity and differences	Factor 2: Building Community
9. Sacrifice personal benefit	Factor 3: Altruism
11. Serve with no expectation of reward	Factor 3: Altruism
22. Others interest over self	Factor 3: Altruism
42. Serving others over being served	Factor 3: Altruism
10. Encourages debate	Factor 4: Egalitarianism

13. Invites constructive criticism	Factor 4: Egalitarianism
27. Learns from employees at all levels	Factor 4: Egalitarianism
52. Welcomes input from all levels	Factor 4: Egalitarianism
12. Inspire trust	Factor 5: Moral Integrity
18. Refuses manipulation and deceit	Factor 5: Moral Integrity
32. Admits mistakes	Factor 5: Moral Integrity
33. Transparency and honesty in organization	Factor 5: Moral Integrity
40. Integrity over profit	Factor 5: Moral Integrity
55. Models expected behavior (walk the walk)	Factor 5: Moral Integrity

In reference to model fit, it is necessary to validate each latent variable and use several goodness of fit indicator to assess the model. Table 1 presents CFI indicators to verify each latent concepts and variables. The endogenous variable (dependent variables) are the variables affected by exogenous variables (independent variables). Confirmatory Factor Analysis (CFA) was used to construct the structural equation model (SEM), and all the observed variables and components were confirmed before putting them together. As part of the process, Chi-Square, comparative fit index (CFI), possibilities, and Cronbach α were estimated in Table 4.

In term of individual latent concepts, the results in Table 4 showed that all observed variables functioned properly and effectively for testing the theoretical proposition and examining the extent of interrelationships among variable. The factor loadings with CFI greater than 0.95, Cronbach α greater than 0.80 and possibilities less than 0.05 are accepted statistically.

Unobserved Variables-Exogenous (Independent Variates)

Latent Concept: Executive Servant Leadership (ESLS); Observed Variable 1: Interpersonal Support (IS) ; Observed Variable 2: Building community (BC); Observed Variable 3: Altruism (AL) ; Observed Variable 4: Egalitarianism (EG); Observed Variable 5: Moral Integrity (MI)

Unobserved Variables-Endogenous 1 (Dependent Variates)

Measured by Organizational Citizenship Behavior (OCB)
Latent Concept 1: Organizational Citizenship Behavior; Observed Variable 1: Altruism (AOCB); Observed Variable 2: Civic Virtue (VOCB); Observed Variable 3: Courtesy (ROCB) ; Observed Variable 4: Conscientiousness (NOCB); Observed Variable 5: Sportsmanship (SOCB)

Unobserved Variables-Endogenous 2 (Dependent Variates)

Latent Concept 1: Organizational Cynicism (OCN); Observed Variable 1: Cognitive (COCN); Observed Variable 2: Affective (AOCN); Observed Variable 3: Behavioral (BOCN)

Table 4
Validation of Observed Variables through SEM and Reliability Analysis

Categories	χ2	CFI	P	Current Cronbach α
Unobserved Variables-Exogenous (Independent Variates)				
Latent Concept: Executive Servant Leadership	16.342	0.951	0.038**	
Observed Variable 1: Interpersonal Support (IS)	6.343	0.953	0.035**	0.92
Observed Variable 2: Building community (BC)	5.232	0.954	0.024**	0.87
Observed Variable 3: Altruism (AL)	4.543	0.959	0.000**	0.85
Observed Variable 4: Egalitarianism (EG)	3.232	0.950	0.047**	0.80
Observed Variable 5: Moral Integrity (MI)	4.556	0.965	0.033**	0.88
Unobserved Variables-Endogenous 1 (Dependent Variates)-Measured by Organizational Citizenship Behavior (OCB)				
Latent Concept 1: Organizational Citizenship Behavior	24.323	0.951	0.022**	
Observed Variable 1: Altruism (AOCB)	5.345	0.953	0.000**	0.88
Observed Variable 2: Civic Virtue (VOCB)	4.343	0.954	0.015**	0.92
Observed Variable 3: Courtesy (ROCB)	5.677	0.951	0.000**	0.86
Observed Variable 4: Conscientiousness (NOCB)	5.124	0.966	0.033**	0.84
Observed Variable 5: Sportsmanship (SOCB)	5.678	0.955	0.000**	0.87
Unobserved Variables-Endogenous 2 (Dependent Variates) Latent Concept 1: Organizational Cynicism (OCN)	13.234	0.962	0.000**	
Observed Variable 1: Cognitive (COCN)	6.454	0.953	0.000**	0.88
Observed Variable 2: Affective (AOCN)	4.122	0.965	0.014**	0.85
Observed Variable 3: Behavioral (BOCN)	4.675	0.953	0.006**	0.81

*Note: ** indicated that the probability of each latent concept is less than 0.05 at a significant level. Chi-Square and CFI values were provided by SEM AMOS output results when the confirmatory factorial analysis (CFA) was running to verify each factor.*

Figure 1
Default Structural Equation Model (SEM) of Executive Servant Leadership (ESLS),
Organizational Citizenship Behavior (OCBS) and Organizational Cynicism (OCN)
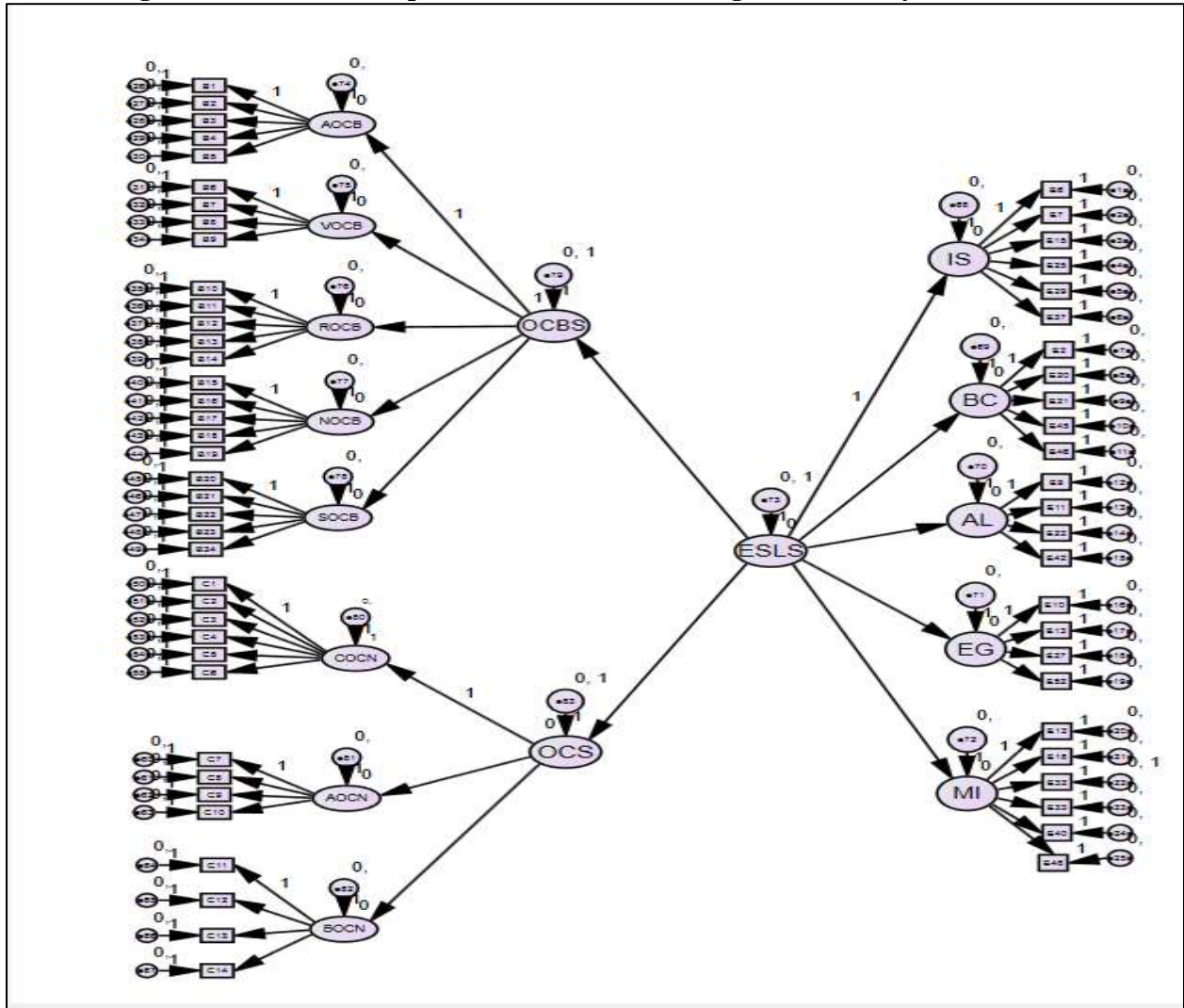
Figure 2
Findings of Structural Equation Model (SEM) of Executive Servant Leadership (ESLS),
Organizational Citizenship Behavior (OCBS) and Organizational Cynicism (OCN)
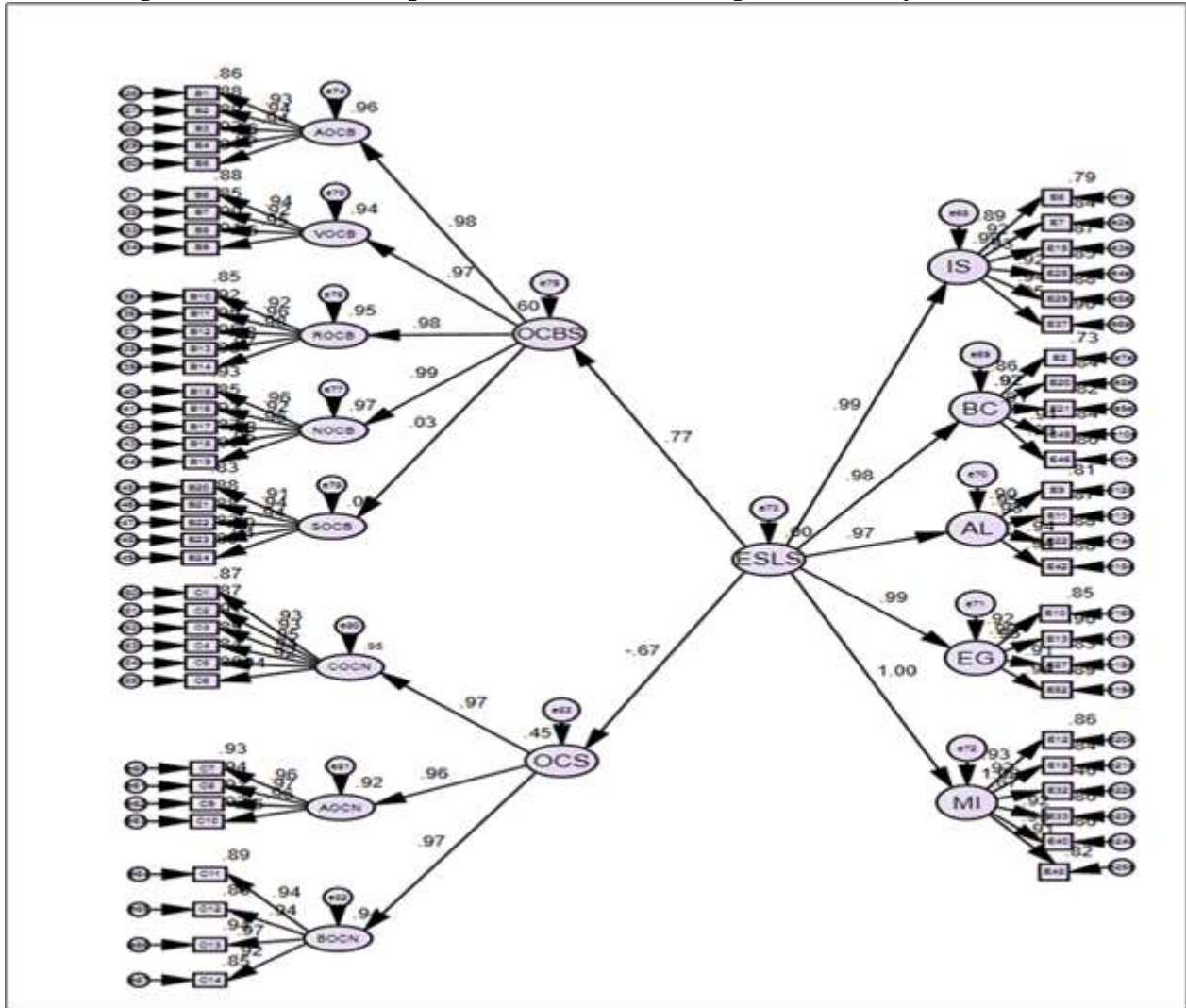
The SEM was adopted with a maximum likelihood method. IBA SPSS 22.0 and IBM AMOS 24 have been used to perform instrument validation, descript statistics, confirmatory factory analysis and structural equation analysis.

η (Latent Concepts) = β(Regression)x η (endogenous)+ Γx ξ (Structural Error) + ξ (Errors)

X (Measured Items)= Λ x ξ (Exogenous) + δ (Errors)

Organizational Citizenship Behavior OCBS (One Level)=Executive Servant Leadership ESLS (Five Factor)+ Error (Disturbance Variance)

Organizational Cynicism OCN (One Level)=Executive Servant Leadership ESLS (Five Factor)+ Error (Disturbance Variance)

In terms of Confirmatory Factorial Analysis (CFA), all the measured items support observed variables with standardized regression values:

Latent Concept: Executive Servant Leadership (ESLS)
Observed Variable 1: Interpersonal Support (IS) , β Beta Value, .99
Observed Variable 2: Building community (BC) , β Beta Value, .98
Observed Variable 3: Altruism (AL) , β Beta Value, β Beta Value, 97
Observed Variable 4: Egalitarianism (EG) , β Beta Value, β Beta Value, .99
Observed Variable 5: Moral Integrity (MI) , β Beta Value, β Beta Value, Constant 1.00

Latent Concept 1: Organizational Citizenship Behavior
Observed Variable 1: Altruism (AOCB), β Beta Value, .98
Observed Variable 2: Civic Virtue (VOCB), β Beta Value, .97
Observed Variable 3: Courtesy (ROCB), β Beta Value, .98
Observed Variable 4: Conscientiousness (NOCB), β Beta Value, .99
Observed Variable 5: Sportsmanship (SOCB), β Beta Value, .03

Latent Concept 2: Organizational Cynicism (OCN)
Observed Variable 1: Cognitive (COCN) , β Beta Value, .97
Observed Variable 2: Affective (AOCN) , β Beta Value, .96
Observed Variable 3: Behavioral (BOCN) , β Beta Value, .97

The results showed that the goodness of fit (GFI) in Figure 2 was good and sufficient and adequate: CFI = 0.951 χ^2=8348.895, degrees of freedom = 1879, probability level (p) = 0.000, RMSEA =0.039, NFI = 0.950, IFI = 0.953, TLI = 0.958. The SEM results support the hypothesis individually and holistically.

The standardized regression .77 showed that executive servant leadership is contributing to organizational citizenship. The standardized regression value, -.67 showed that executive servant leadership is contributing to organizational cynicism. The Confirmatory Factorial Analysis (CFA) showed that all the subsets and measured items support the individual latent concept and each individual latent concept support the whole model with high validity.

DISCUSSION
Results and Implications

The findings of this SEM model convey an important message. The organizational citizenship behaviors and organizational cynicism are determined and significantly contributed by the well-formulated ethical climate and well-supported university president's executive servant leadership. Hypothesis 1-6 were tested and accepted on the basis of statistical analysis, with a significance level of 0.01 and high goodness of fit (CFI=0.951).

Organizational citizenship with standardized regression value, 0.77, implies psychological attachment, organizational commitment and sense of belongingness while organizational cynicism with standardized regression value, -.67, represents psychological detachment and job dissatisfaction. Both are closely associated servant leadership

The roles and functions of a university president serve as an ombudsman with a good brain, peacemaker with good heart to balance and justify all the interest groups, internal conflicts, and problems. The most challenging part for a servant leader is to reduce cynicism.

The research findings showed the negative correlation between a servant leadership and organizational cynicism. A good servant leader will do not create impression that the university just want to smooth out things and care for outcome regardless of justice and fairness. A good servant leader will not say one thing and does another with hidden agenda. A good servant leader will always keep promises and make things happened. A good servant leader will lead the organization to be consistent with policies, goals and practices consistently. A good servant leader will make his employees believe that good efforts will deserve the rewards. A good servant will create a healthy work environment so employees will not feel tensed, angry, aggressive, hostile or anxious. A good servant leader will reduce all the grievance, complaints, disrespect and mockery towards the organization.

On the opposite, a good servant leader will be nurturing citizenship so everyone has the sense of belonging as a citizen of country, member of a club or member of a family. A good servant leader will make everyone to lend a helping hand to resolve the issues voluntarily, advocate organizational images, uphold the value and changes care for other's welfare consciously and courteously and do not make mountains out of molehills.

To be effective, an administrator must maintain organizational operations and internal stability by securing valuable human resources. Therefore, the administrator generally wants to be very explicit in policies and procedures and set the tone as an ethical leader and ombudsman (Nwabueze, 2011) in resolving conflicts and tension among employees (Sobol, 2009; Tidball, 2012). Clarity in leadership style is favorable to the administrator's effectiveness in preserving ethical values, practicing leadership power, and enhancing follower's attitudes toward institutional responsibilities (Groves & LaRocca, 2011), as well as reducing the worker's turnover intentions and burnout risk (Babakus, Yavas, & Ashill, 2011).

From the point of view of employees, what makes the servant leader unique? The tone of servant leadership is special, motivating and encouraging subordinates to understand individual potential and to find the best fit for his/her own position in the organization (Babakus *et al.,* 2011). Savage-Austin and Honeycut (2011) conducted qualitative interviews with 15 organizational leaders who practice the servant leadership concept and discovered that these business leaders attribute their organizations' effectiveness in meeting both organizational goals and followers' needs to these practices, if barriers such as organizational culture, fear of changes, lack of knowledge of the servant leadership concept, and lack of confidence can be overcome.

LIMITATIONS OF THE STUDY

This study demonstrates the validity, power, and contribution of servant leadership in reducing organizational cynicism and promote organizational citizenship behaviors. However, several limitations should be addressed. First, this study relied on validated, single-source, self-reported questionnaires with content and construct validity. These findings must be validated on repeat measures by showing consistency with the findings in other populations using the same instruments. The social desirability of creating common variance might be in play.

Secondly, the cross-construct validity must be established, such that our findings are consistent with those obtained by other measures and instruments, both quantitative and qualitative approaches. Third, respondents were all recruited from both universities in USA and China. The cultures of China and USA might be regarded as extraneous factors that limit the generalizability of the findings. Fourth, increasing sample size and using repeated measures will ensure that the population mean is close to sample means and give statistical power adequate for rejecting the null hypothesis. Since this was a single-source measurement, because of resource

and time constraints, the power analysis was used to determine the effective sample size for a one-time measure. This is theoretically acceptable and durable, but there are some extraneous variables such as internal events, seasonality, or leadership tenure on the position limiting and intervening the validity of findings. Fifth, even though the response rate was good, the responses are based on voluntary participation rather than randomized selection.

RECOMMENDATIONS FOR FUTURE RESEARCH

The findings about servant leadership and the structural equation model could be applied to other service organizations to discover whether servant leadership can be regarded as a valid strategy for reducing the intensity of organizational cynicism and improve the levels of organizational citizenship. They also could be used to identify multivariate correlations among background factors, perception of servant leadership, and job burnout levels.

Organizational cynicism can lead to human resource issues such as job turnover intention, job dissatisfaction, and insubordination. Future research might explore how servant leadership affects the quality of employee's work life and create more sense of belongingness. Future studies also might explore other ways in which bottom-up servant leadership might be superior to the traditional top-down leadership or other leadership styles such as situational, charismatic, transformational, or transactional.

CONCLUSION

This study's findings demonstrate empirically that leader-follower relationships and employee cynicism and non-citizenship problems are closely associated with servant leadership in terms of the leader's vision, philosophy, attitudes, behaviors, and management policy in the areas of interpersonal support, building community, altruism, egalitarianism, and moral integrity.

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ARE PSYCHOLOGICAL CAPITAL AND PSYCHOLOGICAL OWNERSHIP PREDICTORS OF THE PASSIVE AVOIDANT LEADERSHIP STYLE?

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ABSTRACT

This study investigates the impact of the Psychological Capital and Psychological Ownership of University Professors and Academic Leaders on the Passive Avoidant Leadership style. Specifically, this study intends to find out whether Psychological Capital (consisting of four facets) and Psychological Ownership (consisting of five facets) can predict the Passive Avoidant Leadership style. Utilizing a sample of academicians and university administrators and controlling for four demographic variables (gender, age, education, and ethnicity), the results of this study revealed that certain facets of 'Composite Psychological Capital and Composite Psychological Ownership' are predictors of the Passive Avoidant Leadership style.

Keywords: Psychological Capital, Psychological Ownership, Passive Avoidant Leadership

INTRODUCTION

Much is expected and needed in the realization of the world stage of teaching, research and service. Specifically, the argument emphasized that the Organizational Behavior field that applies psychology and organizational commitment for excellence in performance needs a proactive approach to thinking. It also needs a positive approach to the application of Psychological Capital as well as Psychological Ownership of university faculty in demonstrating outcomes of leadership. This outcome should increase strengths and effectiveness in job performance using personal development and organizational commitment (Luthans, 2002).

Luthans (2002) invented a paradigm of positive organizational behavior that provides strength to organizational behavior using empirical research driven by modern research methodologies. Additional criteria for new positive organizational behavior in the form of Psychological Capital and Psychological Ownership have contributed significant empirical research and application in the field. Luthans asserted that such positive organizational behaviors are to identify unique psychological capacities that can not only be validly measured, but also be open to development and performance management.

Four distinct facets of hope, optimism, resiliency, and self-efficacy: attitudinal are integrated into one *construct* called *Psychological Capital*. Five distinct facets of: territoriality, ease of belonging, accountability, self-efficacy-behavior and relational identity are also integrated into one *construct* called *Psychological Ownership*. The overall intent of this research is to prove that Psychological Capital and Psychological Ownership can predict academicians' leadership styles (Avey & Avolio, 2007).

This process of screening faculty to succeed in future leadership positions have been examined by Luthans and Avolio (2004) using empirical research on the effect of Psychological Capital and Psychological Ownership on the leadership styles. It is believed that the American university faculty will benefit from this paradigm of predictive relationships used in this

research. This research is a small step toward identifying as to why such excellence of faculty can perhaps be predicted.

American universities have always treated high caliber human resources of faculty as a capital investment for competitive advantage. (Furby, 1978). However, research has not yet explored the connection between Psychological Capital and Psychological Ownership of faculty in their excellent leadership styles in the job they are doing in the form of teaching, research and service. Luthans and Youssef (2004) have extensively explored such concept in human, social, and now in positive Psychological Capital management which starts with investing in human resources for excellent leadership and competitive advantage. Khan (1996 and 2018) has studied management development of executives, and leadership development of university faculty members and administrators in two of his doctoral dissertations, respectively.

The focus of this research is to examine *the relationship between two psychological variables* (Psychological Capital and Psychological Ownership) and the Passive Avoidant Leadership style, controlling for four demographic variables (gender, age, education and ethnicity). Specifically, this study intends to find out whether Psychological Capital and Psychological Ownership dimensions can predict the Passive Avoidant Leadership style of academicians and university administrators

BACKGROUND OF THIS STUDY

Previous Research

Luthans *et al.* (2007) argued that the four facets of Psychological Capital (hope, optimism, resiliency, and self-efficacy: attitudinal) form a higher order construct that is a better predictor of performance and satisfaction factors. It is assumed that the Psychological Capital dimensions together will identify university faculty who believe in their professional abilities and skills; they are goal oriented and confident with a strong willingness to adjust to changes and hardships surmounted during their formative years as college faculty. From the very nature and intense competitiveness of the university as their workplace, it is expected that Psychological Capital will contribute to identify university faculty who deliver their duties with a strong focus on academic performance in the three areas of expertise, teaching, research, and service.

Psychological Ownership, authored by Avey and Avolio (2007), constitutes five facets of territoriality, ease of belonging, accountability, self-efficacy-behavior, and relational identity to spur the facets of Psychological Capital for effective behavior. The target subject of the ownership concept is either preventive or promotive. Territoriality facet is considered as the preventive psychological behavior, whereas the other four facets are considered promotive psychological behavior. Psychological Ownership constructs deviate from Psychological Capital construct. Whereas the *Psychological Capital* is the primary source of motivation for leaders, the *Psychological Ownership* construct is the primary source of implementation for leader. So, the Psychological Ownership construct may be considered as a process, whereas Psychological Capital is considered as an asset. Neither construct can work alone. Both constructs (Psychological Capital and Psychological Ownership) together can lead and motivate followers (Brown, Lawrence, & Robinson, 2005).

Recently, some studies have found that high score on Psychological Capital is related to leadership outcomes (Employee Performance and Job Satisfaction). Other studies have found also that high score on Psychological Ownership is related to leadership outcomes (employee trust and engagement, organizational citizenship behavior). At the university setting, much of the

work that faculty do encompasses aspects of Psychological Capital (hope, optimism, resilience, and self-efficacy-a) as well as their Psychological Ownership (territoriality, ease of belonging, accountability, self-efficacy-behavior, and relational identity). While Psychological Capital and Psychological Ownership of faculty may predict faculty leadership styles, there is a paucity of research that addresses which of these nine facets is the strongest predictors of the leadership styles. No studies have simultaneously studied faculty's' self-rated Psychological Capital, Psychological Ownership and their impact on leadership styles in the university setting (Anbazaghan & Kotur, 2014).

Luthans et al (2007) in his articulation of positive organizational behavior, and Avolio (2007) in his enunciation of organizational effectiveness, have articulated different formats of leadership behavior. Luthans *et al* (2007) in his positive organizational behavior, and his later development of Psychological Capital, promoted four facets of leadership constructs using hope, optimism, resilience, and self-efficacy, as the nascent building blocks of leadership, to shape and mold followers.

Psychological Capital and Psychological Ownership have been widely researched by Luthans *et al.* (2010) and Luthans *et al.* (2007). For instance, Psychological Capital facets (hope, optimism, resilience, and self-efficacy-a) are applied for leader effectiveness to provide acceptance of authority for the transformational leader. Articulate use of contingent reward or management by exception- active may be considered appropriate by the transactional leader.

If the situation is not conducive to change, a management by exception-passive leader or a laissez-faire leader may just choose to get along or survive the situation temporarily, until the situation gets worse. Barnard (1938) with a big broad brush had already spoken about them 80 years ago. He claimed that such categorization of transformational leadership, transactional leadership, and Passive Avoidant Leadership could be combined into only one simple outcome-whether the leader is effective or not. According to Barnard, the leader is effective if the follower does "accept" the leader as effective. The leader is ineffective if the follower does not "accept" the leader as effective.

Development of Excellent Leadership and Excellence Performance

Research has found that Psychological Capital and Psychological Ownership have been applied in industries for managerial development, leadership effectiveness, and exceptional leadership style. Thus, the Psychological Capital and Psychological Ownership may be also appropriate for faculty development at the university. In the present world of competitiveness, faculty's excellence is multi-faceted and depends on many factors. Some universities have used management development for professorial success by bringing forth training and development programs as a way of coaching and intervention for young faculty members. By leveraging resources and drawing upon the expertise in institutions, some universities have been able to offer excellent professional development opportunities to their faculty members hoping that these interventions are relevant and effective. Academic leadership programs are designed for continuous faculty development (Khan, 1996; Khan, 2018).

Such leadership development programs for faculty deemed as one of the most successful ventures for developmental activities in prestigious universities are expensive traditions for engaging in competitive strategies when resources are spent without commensurate return on investment. Projected return on investment for long time faculty development, which prepares faculty for teaching, research, and service are unknown. So, universities are prescreening

prospects for such continuous development activities. Such intensive professional development expenditures are contingent to prescreening these faculty members who show real promise of such leadership potential and managerial skills. Demonstration of exceptional ability and academic promise through their Psychological Capital and Psychological Ownership are necessary as predictors of academic professional excellence that are scientifically grounded on transformational leadership behavior (Avey *et al.*, 2007, 2009).

This partly justifies the statement of the problem which emphasizes that there is a persistent gap between faculty potential needed and faculty potential present in the modern setup of academic faculty in excellent universities. There must be a way to predict the leadership potential of such faculty members from the very beginning of entry to the university. This can be done by utilizing the Psychological Capital and Psychological Ownership, which will predict the success of academic faculty. If such faculty have both psychological constructs (capital & ownership), they can engage themselves in the three most required areas of professorial effectiveness: teaching, research, and service (Van Dyne & Pierce, 2004).

A New Paradigm for Leadership Development and Performance

Recent studies by Luthans *et al.* (2010), which dealt with Psychological Capital and Psychological Ownership of faculty members, are emerging as core constructs linked to positive outcomes, at the individual and organizational levels. To date, little attention has been given to Psychological Capital and Psychological Ownership in the development of teaching faculty through training interventions. There have been also no attempts to determine empirically if such Psychological Capital and Psychological Ownership developments have any impact on participants' performance. To fill this gap, the Luthans *et al.* (2010) study conducted a pilot test of the Psychological Capital intervention with a randomized control group design.

Then the study conducted a follow-up study with a cross section of practicing managers to determine if following the training guidelines of the Psychological Capital intervention caused the participants' performance to improve. Results provided beginning empirical evidence that short training interventions such as Psychological Capital intervention not only may be used to develop participants' Psychological Capital; but can also lead to an improvement in their on the job performance. Such interventions may be used for faculty development for ensuring the growth of successful performance. The implications of those findings have been found in human resource development, and performance management for the university faculty.

Other studies have suggested *competency models* for university faculty by integration with strategic human resources practices (Rodriguez *et al.*, 2002; Krell, 2001). Those studies suggested that the Society for Human Resource Development prescribed the use of a competency model as a solution to promote the full range talent management process for the university faculty. The creation and implementation of competency models for strategic talent management focused on increasing faculty capability, rather than on providing training (Sullivan, 2005). Earlier, Whiddett, and Hollyforde (2003) also have studied the faculty capabilities and suggested that competencies be used to create selection criteria for reviewing performance, compensation and reward decisions, and identify development needs (the gap between expected and actual).

In their logical follow up to the above argument, Scott, Coates, and Anderson (2008) proposed a model for academic leadership development for increasing a faculty member capability indicating that academic leadership development must begin with identifying the gaps in one's capability through a performance assessment process, and then addressing these gaps

using a mixture of psychological development initiatives or approaches to leadership development.

On the other hand, Pierce (2011) has suggested a new paradigm of leaders of higher education which has uncovered a gap between needs and capabilities. The Chronicle of Higher Education claimed that there is a looming crisis in top educational leadership. Prominent authors like Luthans, Avolio, and Avey (2004) have used Psychological Capital and Psychological Ownership and transformational leadership in predicting capabilities for future leadership development of faculty.

Positive Organizational Behavior and Psychological *Capital*

Luthans *et al.* (2007) originally developed Psychological Capital in organizational and human resource management context. Today, the concept of Psychological Capital has expanded its use to the four stable pillars of hope, efficacy, resilience and optimism The four pillars have been coined by Luthans et al. (2007) as a motive force that is linked to self-reported personal effectiveness, job satisfaction, and extra effort as well as for life satisfaction. Luthans *et. al.* (2007) asserted that while every component has its own characteristics and interventions, the concept of the Psychological Capital is greater than the sum of its parts.

Based on appreciation and positive feedback shown by participants in leadership and management development, Psychological Capital, as a core construct for psychological well-being and coping with positivity, has found many studies supported its-empirical validity. Many research studies have used the four pillars of Psychological Capital individually while other studies used the total score of Psychological Capital. Such interventions have demonstrated positive results in management development of executives in industry, faculty development, leadership development, and effective coaching Luthans *et. al.* (2007).

Luthans and Youssef-Morgan (2004) have provided a final analysis of the Psychological Capital effectiveness for leadership and management development using positive organizational behavior and positive organizational scholarship, giving special attention to Psychological Capital development of individuals, and the role of positive leadership. The authors (Luthans & Youssef-Moran, 2004) posited that Psychological Capital is an evidence-based core construct. Through its positive approach, scholars and practitioners can tap into largely unchartered territories of human strengths, and excellence.

Emphasis has been placed on the criteria of being positive and effective. Psychological Capital is theoretical and empirical, measurable validly, developmental, and related to desirable work outcomes. Researchers have helped Psychological Capital to grow and maintain its scientific rigor and practical relevance. The solid foundation established over the past 15 years, and constantly reviewed and improved support Psychological Capital's positivity in general as a valuable capital resource for individuals, teams, and organizations (Luthans & Youssef-Moran, 2004).

Positive Organizational Behavior and Psychological *Ownership*

Psychological Ownership has been researched as a positive resource for impacting human performance in organizations in the area of human resource management, and management development. Psychological Ownership has five components of territoriality, ease of belonging, accountability, self-efficacy behavior, and relational identity. Avey *et al.* (2009) and other

researchers have widely disseminated the empirical findings of confirmatory factor analyses that proposes effective measure of Psychological Ownership. Two measures were uncovered by multiple researches.

The *first component* is positively oriented, or promotion focused. This aspect of Psychological Ownership is comprised of four dimensions: ease of belonging, accountability, self-efficacy behavior and relational self-identity. The *second component* is territoriality, which is a unique prevention focused form of ownership. Both promotive and preventive orientation give an additive score that makes the total score of Psychological Ownership. This score has practical implications in training and development, management development of leaders and managers and faculty members. Robust research results have shown that Psychological Ownership contributes to positive organizational behavior (Avey *et al.,* 2009).

CONCEPTUAL FRAMEWORK

Figure 1 depicts the *relationship* between both Psychological Capital and Psychological Ownership and the Passive Avoidant Leadership style. The Psychological Capital includes four components of hope, optimism, reliance, and self-efficacy. The Psychological Ownership includes five components of territoriality, ease of belonging, accountability, self-efficacy and relational identity. The Passive Avoidant Leadership style includes management by exception-passive and laissez faire components.

Figure 1
Conceptual Framework Showing the Relationship between the Two Psychological Factors (Psychological Capital and Psychological Ownership) and the Passive Avoidant Leadership Style
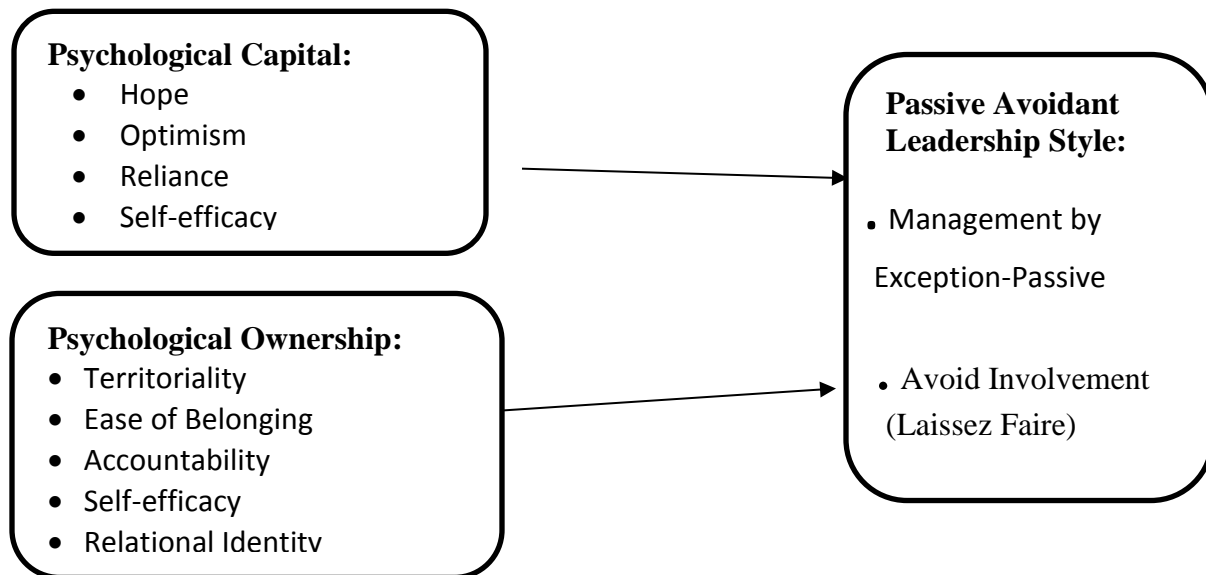
HYPOTHESIS

The objective of this study is to find out whether Psychological Capital and Psychological Ownership can predict the Passive Avoidant Leadership style. Based on this objective and conceptual framework, the author has developed and tested the following hypotheses:

H_0: *There is no relationship between 'faculty Psychological Capital (hope, optimism, resilience, self-efficacy-attitudinal) and faculty Psychological Ownership (territoriality, ease of belonging, accountability, self-efficacy-behavioral, and self-identity)' and 'faculty Passive Avoidant Leadership,' while controlling for gender, age, education, and ethnicity.*

METHODOLOGY

Definition of Terms

1. Psychological Capital: According to Luthans *et al.* (2000) *Psychological Capital* is defined as the "positive and developmental state of an individual" as characterized by high hope, optimism, resiliency, and *Self-efficacy: attitudinal*. *Hope* is an aspect of positive psychology development by Snyder *et al.* (2000) which they defined as 'a positive motivational state that is based on interactively derived sense of successful agency pathways. *Hope* includes the will and the way. *Optimism* was defined by Seligman (1990) as a "cognitive process" that involves *favorable outcome* expectancies which are linked to positive organizational outcomes such as work motivation, performance, and satisfaction. Luthans and Avolio (2003) reported that optimistic leaders had positive effect on organizational outcomes.

Resiliency is an aspect of Psychological Capital and positive organizational behavior which was originally promoted by (Masten, 2001). *Resiliency* is defined by the "ability to bounce back from adversity". Youssef (2005) has promoted this aspect. *Self-efficacy: attitudinal* is an aspect of Psychological Capital and positive organizational behavior criteria (Luthans, 2002). The Psychological Capital construct was originated from Bandura (1997). Self-efficacy refers to an individual's conviction or confidence about his or her abilities to mobilize motivation, cognitive resources and courses of action needed to successfully execute a specific task within a given context (Stajkovic & Luthans, 1998).

2. Psychological Ownership: The Psychological Ownership developed by Avey and Avolio (2007) as a construct that assesses two theoretically derived unique forms of Psychological Ownership, preventative and promotive. *Preventative Psychological Ownership* is characterized as *territoriality*. That is, when individuals feel ownership over something, they may tend to be territorial about it. This may include the feeling of not wanting to share the object (such as resource use or information) and feeling as though, in general, they should be the one to determine what happens to or with the object of intense possessiveness.

Promotive Psychological Ownership is likely a more ideal form and is promotive in nature. Promotive Psychological Ownership is comprised of four distinct yet related dimensions. They are sense of belongingness, accountability, self-efficacy, and relational identity. The definition of the Psychological Ownership is as follow:

Territoriality is defined as "actions or behaviors that emanate from Psychological Ownership for the purpose of claiming, maintaining or protecting one's possession" (Brown, Lawrence & Robinson, 2005). Thus, the feelings of psychologically owning an object or

something can lead to corresponding territorial behaviors. Sense of belongingness is the "human emotional need to be an accepted member of a group". *Belongingness* is a strong and inevitable *feeling* that exists in human nature. Those who believe that the need to belong is the major *psychological* drive. Belongingness is also *defined as* an "entryway to a social relationship" (Baumeister & Leary, 1995).

Accountability is defined as "the implicit or explicit expectation that one may be called on to justify one's beliefs, feelings and actions to others". Accountability is considered as an important component of Psychological Ownership (Avey *et* al., 2009). Self-efficacy-behavior is the ability to generate a preferred or intended outcome. They can control their environment by owning various possessions, which induces Psychological Ownership. Human motivation to control their surroundings leads to efficacy (Furby, 1978).

Self-efficacy relates to people's belief they can successfully implement action and be successful with a specific task (Bandura, 1997). Sluss and Ashforth (2007) define self-identification as the "extent to which one defines oneself in terms of a given role-relationship". A person-based identity is the personal qualities that bear on the enactment of the role-based identity.

3. Passive Avoidant Leadership Style: Passive Avoidant Leadership style (Laissez-faire leadership) known as "delegative leadership," is a type of leadership style in which leaders are hands-off and allow group members to make the decisions. Researchers have found that this is generally the leadership style that leads to the lowest productivity among group members (Anbazhagan & Kotur, 2014).

Passive Avoidant Leadership is characterized by very little guidance from leaders, complete freedom for followers to make decisions, leaders provide the tools and resources needed, group members are expected to solve problems on their own, and power is handed over to followers, yet leaders still take responsibility for the groups' decisions and actions (Anbazhagan & Kotur, 2014).

Study Procedure

In the summer of 2018, solicitations were sent to about 530 individual faculty members and university administrators. Individuals were sent invitations through their e-mails to participate in this study. A link to the survey was embedded in the solicitation. When the intended participant was enticed and motivated enough to participate, she or he would click on the link to get the informed consent form to understand his or her rights and privileges regarding the survey which explained to them about confidentiality and benefit to the respondent. No incentives were offered to take the survey.

Before the beginning of the survey, there was a radio button that the respondent needed to click that certifies that he or she does fully understand and agree to participate willingly, and that at any moment he or she is free to quit the survey without any questions or repercussions. At least three reminders were sent to solicit positive cooperation.

Survey Instruments

This study utilized three self-report instruments: (1) The Multifactor Leadership questionnaire (MLQ) consisted of 45 questions, where this study used the last 8 questions for Passive Avoidant Leadership, (2) the Psychological Capital Questionnaire consisted of 24

questions, (3) the Psychological Ownership Questionnaire comprised of 16 questions and (4) demographic variables questionnaire included 15 questions. Detailed description for each survey instrument will follow.

1. Multifactor Leadership Questionnaire

The *Multifactor Leadership Questionnaire* (MLQ—5X short) and its measurement thereof, uses a broad range of leadership types from passive leaders, to leaders who give contingent rewards to followers, to leaders who transform their followers into becoming exceptional leaders themselves. In a previous study, Khan (2019) used 36 questions from the MLQ 45 questions that identified the characteristics of three major leadership styles (Transformational, Transactional, and Passive Avoidant Leadership styles). Because the focus of this study is on the *Passive Avoidant Leadership*, eight (8) questions from the MLQ will be used to measure the two scales of this selected leadership style.

2. Psychological Capital Questionnaire

The Psychological Capital Questionnaire obtained with the courtesy of © Mindgarden to host in Survey-monkey. Psychological Capital questionnaire includes 24 questions for four dimensions of hope, optimism, resilience and self-efficacy: attitudinal. Each of the dimensions of Psychological Capital questionnaire has six questions. Response to each question was measured by a six-point Likert Scale: Strongly Disagree 1, 2, 3, 4, 5, 6 Strongly Agree. The Psychological Capital questions were used with permission from Mind Garden, Inc.

3. Psychological Ownership Questionnaire

The Psychological Ownership Questionnaire obtained with the courtesy of © Mindgarden to host in Survey-monkey. The Psychological Ownership questionnaire has 16 questions for five dimensions. There are four questions for the dimension "territoriality" of Preventive Psychological Ownership. There are three questions each for the remaining four dimensions of Promotive Psychological Ownership (self-efficacy-behavior, accountability, ease of belonging, and relational identity). Response to each question was measured by a six-point Likert Scale: Strongly Disagree 1, 2, 3, 4, 5, 6 Strongly Agree.

4. Demographic Questionnaire

The demographic questionnaire encompassed 15 questions covering four demography to enunciate an academic and personal profile of the respondents that included four important areas: gender, age, education and ethnicity.

Reliability and Validity

In four initial studies by Luthans *et al.* (2007), the Cronbach alphas were identified and indicated support for the reliability of the overall Psychological Capital score (α = .88 to .89) and for each sub-scale: efficacy (α = .75 to .85), hope (α = .72 to 80), resiliency (α = .66 to .72), and optimism (α = .69 to .79). Dawkins et al (2013) reviewed the psychometric properties of the

Psychological Capital questionnaire on 29 studies published between 2006 and 2011, with 28 studies reporting internal reliability alphas above the accepted .70 level. The overall Psychological Capital reliability alpha values on 27 studies ranged between .75 and .98.

However, when considering individual sub-scales of optimism (α = .63 - .69) and resiliency (α = .63 - .66), alphas were lower than those reported for efficacy and hope in two of the studies. This may be caused by the reverse- scored items in the optimism and resiliency components which could reduce scale reliability (Dawkins *et al.,* 2013; Schmitt & Stults, 1985). This research produced favorable Cronbach alpha results for Overall Psychological (α = .89), hope (α = .80), optimism (α = .83), resiliency (α = .70), and self-efficacy (α = .83).

Measurement of Variables

1. Psychological Capital Variables

The Psychological Capital Questionnaire was developed by Luthans *et al.* (2007) as a construct to measure the following four dimensions (hope, optimism, resilience, self-efficacy: attitudinal). Self-Efficacy-attitudinal represents the mean score of questions 1- 6. Hope is the mean score calculated from questions 7 - 12. Resiliency is the mean score of questions 13 - 18. Optimism is the mean score of items 19 - 24. The total composite score for Psychological Capital is calculated as the mean of the sum of all the responses to questions 1-24. Questions 13, 20, and 23 are reversed scored (Luthans *et al,* 2007). Table 1 presents the four Psychological Capital dimensions and the number of questions assigned for each dimension.

Table 1
Dimensions of Psychological Capital Questions and the cluster of questions

Dimensions of Psychological Capital	Cluster of Questions
• Self-efficacy attitudinal	1, 2, 3, 4, 6
• Hope	7,8,9,10,11,12
• resilience	13,14,15,16,17,18
• Optimism	19,20,21,22,23,24

2. Psychological Ownership Variables

The Psychological Ownership developed by Avey and Avolio (2007) as a construct that assesses two theoretically derived unique forms of Psychological Ownership: preventative and promotive. *Preventative Psychological Ownership* is characterized as *territoriality*. That is, when individuals feel ownership over something, they may tend to be territorial about it. This may include the feeling of not wanting to share the object (such as resource use or information) and feeling as though, in general, they should be the one to determine what happens to or with the object. *Promotive Psychological Ownership* is likely a more ideal form and is promotive in nature. Promotive Psychological Ownership is comprised of four distinct yet related dimensions (sense of belongingness, accountability, self-efficacy, and relational identity).

Territoriality represents the mean score on questions 1-4. Self-efficacy-behavior represents the mean score on questions 5-7. Accountability represents the mean score on

questions 8-10. Ease of Belonging represents the mean score on questions 11-13. Relational Identity represents the mean score on questions 14-16. The total composite score for Psychological Ownership is calculated as the mean of the sum of all the responses to questions 1-16. Table 2 presents the five dimensions of Psychological Ownership and the number of questions assigned for each dimension.

Table 2
Dimensions of Psychological Ownership and the cluster of questions

Dimensions of Psychological Ownership	Cluster of Questions
• Territoriality	1, 2, 3, 4
• Self-efficacy-behavior	5, 6, 7
• Accountability	8, 9, 10
• Ease of Belonging	11, 12, 13
• Relational Identification	14, 15, 16

3. Passive Avoidant Behaviors

Passive/Avoidant behavior is measured by 2 scales (8 items). Higher scale scores in these subscales correspond to higher frequency of passive or avoidant behaviors during leadership activities. Fights Fires (formerly Management-by-Exception: Passive): This 4-item scale measures the frequency in which leaders wait for a problem to appear before taking corrective action. Avoid Involvement (formerly Laissez-Faire): Table 3 presents the 2-item scale measures of the frequency in which leaders refuse to assume the responsibilities that are a part of their position as leaders. Table 3 also presents the number of questions assigned for each dimension of the Psychological Ownership.

Table 3
Dimensions of Passive/Avoidant Leadership of MLQ and the cluster of questions

Passive Avoidant Leadership	Cluster of Questions
• Fights Fires (Management by Exception-Passive)	3, 12, 17, 20
• Avoids Involvement (Laissez Faire)	5, 7, 28, 33

4. Measurement of Demographic Variables

The demographic variables used in this study included gender, age, education and ethnicity. Gender is the state of being male or female as proclaimed by the respondent. Age refers to the number of years lived and is identified by the respondent as the respondent's last birthday in whole number. Education referred to the respondent's highest degree obtained (e.g. Doctorate, Master, Bachelor, Associate, or 2yr/4yr community college). Ethnicity concerns the respondents' self-identified ethnic affiliation (African American, Asian American, Pacific Islander American, Hispanic America, White American, and other).

Data Analysis: The Statistical Package for Social Science (SPSS) version 21.0 was used to analyze the collected data (descriptive statistics, correlations, and the multiple regressions. The accepted level of significance was set at $p < .05$.

STUDY ESULTS

Descriptive Statistics

Table 1 presents the 302 participants' gender, group age, level of education, and ethnicity. With respect to *gender*, 119 (39.4%) respondents identified themselves as female, and 183 (60.6% reported that they were male. With respect to age group, the group age 20-39 years were 43 (14.3%) participants, group age 40 – 59 years were 151 (50%) participants, group age 60-79 years were 102 (33.8%) participants, and group age 80 years or more were 6 (0.2%) participants. Out of the 302 participants, there were 216 (70.9%) holding Doctoral degrees, 54 (17.9%) holding Masters' degrees, 19 (6.3%) holding Bachelor' degrees, and 15 holding Associate degrees. Participants identified their self-reported ethnicity as 17 African American, 22 Asian American, 29 Hispanic American, Pacific Islander 4, 208 White, and Other 22. Ethnicity categories of Pacific Islander and Other were collapsed into one category called "Other".

Table 1
Participants' Gender, Group Age, Level of Education, and Ethnicity
(N= 302)

Demographic and Organizational Variables		Frequency	Percent
Gender	Male	119	39.4
	Female	183	60.6
	Total	302	100.00
Group Age	20-39	43	14.3
	40 - 59	151	50.0
	60 – 79	102	33.8
	80+ years	6	2.0
	Total	302	100.0
Education Higher Degree	Doctoral	216	70.9
	Master	54	17.9
	Bachelor	19	6.3
	UG/Associate/Others	15	4.9
	Total	302	100.0
Ethnicity	African American	17	5..6
	Asian American	22	7.3
	Hispanic American	29	9.6
	White	208	68.9
	Others	26	8.6
	Total	302	100.0

Correlation Matrix

The Pearson Product-Moment correlation coefficients examine the "linear relationships" for all variables and identify magnitude, direction, and statistical significance of the bivariate correlations of Psychological Capital dimensions (hope, optimism, resiliency, self-efficacy-attitudinal), Psychological Ownership dimensions (territoriality, ease of belonging, accountability, self-efficacy-behavior, and relational identity) and Passive Avoidant Leadership.

Table 2 shows significant correlations either between the dimensions of the Psychological Capital and the Passive Avoidant Leadership or among the dimensions of the Psychological Capital. Four dimensions of self-efficacy attitudinal. (r=-41, $p < .01$), resilience (r=-38, $p < .01$), hope (r= -.43, $p < .01$), and optimism (r= -.41, $p < .01$) are *negatively* and significantly correlated with the Passive Avoidant Leadership. The three dimensions of Psychological Capital of resilience (r= .62, $p < .01$), hope (r= .56, $p < .01$), and optimism (r= .48, $p < .01$) are *positively* and significantly correlated with the self-efficacy attitudinal dimension. Also, the two dimensions of hope (r= .60, $p < .01$) and optimism (r= .60, $p < .01$) are *positively* and significantly correlated with the dimension resilience. Finally, the optimism dimension (r= .57, $p < .01$) is positively and significantly correlated with hope dimension.

Table 2
Pearson Product-Moment Correlation Matrix (N=302)

Dimensions	1	2	3	4	5	6	7	8	9	10
1.Passive Avoidant Leadership	1									
Psychological Capital Dimensions										
2. Self-efficacy Attitudinal.	-41**	1								
3. Resilience	-.38**	.62**	1							
4. Hope	-.43**	.56**	.60**	1						
5. Optimism	-.41**	.48**	.60**	.57**	1					
Psychological Ownership Dimensions										
6. Territoriality	.31**	-26**	-.17	-.29**	-.35**	1				
7. Self-efficacy-Behavioral	-.46**	.61**	.68	.56**	.62**	-.21**	1			
8. Ease of belonging	-.24**	.37**	.39**	.31**	.31**	-.31**	. 28**	1		
9. Accountability	-.23**	.32**	.49**	.28**	58**	-.30**	.51**	.37**	1	
10. Relational Identity	-.20**	.31**	.33**	.16**	.42**	-22**	.40**	.36**	.72**	1

Table 2 also shows significant correlations between the dimensions of the Psychological Ownership and the Passive Avoidant Leadership, between the dimensions of Psychological Ownership and the dimensions of the Psychological Capital, and among the dimensions of the Psychological Ownership. The five dimensions of the Psychological Ownership are significantly correlated differently with the Passive Avoidant Leadership.

Four dimensions of this construct of self-efficacy- behavior (r= -.46, $p < .01$), belonging (r= -.24, $p < .01$), belonging (r= -.23, $p < .01$), and relational identity (r= -.20, $p < .01$) are negatively and significantly correlated with the Passive Avoidant Leadership while the fifth dimension of the Psychological Ownership, territoriality) is positively and significantly (r= .31, $p < .01$) correlated with the Passive Avoidant Leadership. With respect to the correlations between the two constructs (Psychological Capital and Psychological Ownership), five dimensions of the Psychological Ownership construct are significantly correlated with the "self-efficacy attitudinal dimension" of the Psychological Capital construct. Four dimensions including self-efficacy behavioral (r= .61, $p < .01$), belonging (r= .37, $p < .01$), accountability (r= .32, $p < .01$), and identity (r= -.46, $p < .01$), are positively and significantly correlated with the "resilience dimension", but the "territoriality dimension" is negatively and significantly (-26, $p < .01$) correlated with the "resilience dimension".

In a similar fashion, the dimensions that include self-efficacy (r= .68, $p < .01$), belonging, (r= .39, $p < .01$), accountability (r= .49, $p < .01$), and identity (r= .33, $p < .01$) are correlated *positively* and significantly with the "resilience dimension" while the "territoriality dimension" is *negatively* and significantly with the "Resilience dimension". The same dimensions of the same construct that include self-efficacy (r= .56, $p < .01$), belonging, (r= .31, $p < .01$), accountability (r= .28, $p < .01$), and identity (r= .16, $p < .01$) are correlated positively and significantly with the "resilience dimension" while the "territoriality dimension " is negatively and significantly (r= -.-.35, $p < .01$) with the "optimism dimension".

Finally, Table 2 also shows significant correlations among the dimensions of the Psychological Ownership construct. The dimensions of self-efficacy (r= -.21, $p < .01$), belonging, (r= -.31, $p < .01$), accountability (r = -.30, $p < .01$), and identity (r= -.22, $p < .01$) are correlated *negatively* and significantly with the "territoriality dimension". In contrast, out of the 4 dimensions belonging, the 3 dimensions belonging (r= .28, $p < .01$), accountability (r= .51, $p < .01$), and identity (r= -.40, $p < .01$) are *positively* and significantly correlated with the "self-efficacy dimension". Out of the 3 dimensions, the two dimensions accountability (r= .37, $p < .01$) and identity (r= -.36, $p < .01$) are correlated *positively* and significantly with the "belonging dimension". Finally, the dimension accountability (r= .72, $p < .01$) is *positively* and significantly correlated with the "identity dimension".

Hypotheses Testing

The Psychological Capital dimensions and the Psychological Capital dimensions are the two independent variables. The Passive Avoidant Leadership is the dependent variables. A multiple linear regression analysis will be conducted to find out: (1) if there is a predictable relationship between the Psychological Capital dimension *s*cores (hope, optimism resiliency and efficacy) and the Passive Avoidant Leadership *s*cores, and (2) if there is a predictable relationship between Psychological Ownership *s*cores (territoriality, belonging, accountability, self-efficacy-behavioral, and self-identity) and the Passive Avoidant Leadership scores. The four

demographic variables (age, gender, education, and ethnicity) will be included as the control variables.

Regression Model

y= a+b1x1+b2x2+b3x3+b4x4.......b1x13+e

Where:
y= Passive Avoidant Leadership
x1= Hope
x2=Optimism
x3= Resilience
x4= Self-Efficacy-attitudinal
x5= Territoriality
x6= Ease of Belonging
x7= Accountability
x8= Self-Efficacy-behavioral
x9= Self-Identity-behavior
x10= Gender
x11= Age
x12= Education
x13= Ethnicity
b1, b2......b13 estimated regression coefficients
a= constant

The multiple regression block design was: Block 1 used the Stepwise method, which contained categories of the participant's age, followed by the dichotomous variable of the participants' gender, respectively. Age was inserted first to increase statistical power. Block 2 used the "enter method". It included the categorical variable of ethnicity, which contained four dummy coded variables to represent the following five categories: African American, Asian American, Hispanic American, White, and Other.

Block 3 used the "enter method". It contained the categorical control variable of education, which contained three dummy coded variables to represent the four following categories: Doctorate, Masters, Bachelors and undergraduate/Associate/Other". Block 4 used the Stepwise method. It contained the nine independent continuous variables of Psychological Capital (hope, optimism, resiliency, and efficacy) and of Psychological Ownership *(territoriality, ease of belonging, accountability, self-efficacy-behavioral, and self-identity).*

In the regression, ethnicity accounted for 5.5% of the variance explained. Scheffe Post Hoc Test revealed Asian, White and Other self-rated significantly higher than African American and Hispanic on Passive Avoidant Leadership ($R^2 = .055$, $p < .05$; $F(4, 297) = 4.285$, $p < .05$). The self-efficacy-behavior of the Psychological Ownership dimensions accounted for an additional 19.8% of the variance explained. The higher the Psychological Ownership self-efficacy-behavior, the lower the rating of Passive Avoidant Leadership is ($\Delta R^2 = .198$, $\beta = -.454$, $r_p = .457$, $p < .05$). Psychological Capital "resilience" accounted for an additional 3.8% of the explained variance. The higher the PC "resilience score" the lower the rating of Passive Avoidant Leadership ($\Delta R^2 = .038$, $\beta = -.238$, $r_p = -.227$, $p < .05$).

Psychological Ownership dimension "territoriality" accounted for an additional 2.1% of the explained. variance. The higher the "territoriality" score, the higher the rating of the Passive Avoidant Leadership ($\Delta R^2 = .021$, $\beta = .157$, $r_p = .171$, $p < .05$). The three dimensions (self-efficacy-behavior, resilience & territoriality) together accounted for 31.1% of all variance explained.

The null hypothesis proposed that "There is no relationship between faculty Psychological Capital (hope, optimism, resilience, self-efficacy-attitudinal) and faculty Psychological Ownership (territoriality, ease of belonging, accountability, self-efficacy-behavioral, and self-identity) and the faculty Passive Avoidant Leadership, while controlling for gender, age, education, and ethnicity".

The overall results in Table 6 revealed that ethnicity, the resilience dimension of the Psychological Capital construct, and both self-efficacy-behavior and territoriality of the Psychological Ownership construct proved to be significant predictors of Passive Avoidant Leadership. Therefore, the null hypothesis is rejected, and the alternate hypothesis is accepted.

Table 6
Model Summary for Passive Avoidant Leadership

Model	R	R^2	ΔR^2	Beta	r_p	df_1	df_2	Sig.
Ethnicity	.234	.055				4	297	$p < .05$
Self-efficacy-b	.502	.252	.198	-.454	-.457	1	296	$p < .05$
Resilience	.539	.291	.038	-.238	-.227	1	295	$p < .05$
Territoriality	.558	.311	.021	.157	.171	1	294	$p < .05$

IMPLICATION

The findings of this study could deliver benefits to the academic community in a way that faculty will be able to contribute to the professions according to their predictable leadership style. Such determination of faculty' leadership style will reinforce effective teaching, research, and service. This, the findings will also provide a distinctive professional development needs analysis and intervention strategy from an early stage by using their Psychological Capital and Psychological Ownership. Universities, colleges and schools which will apply this prediction model of faculty' future success may be considered as early adopters. This method may be considered as an alternative form of academic leadership development.

CONCLUSION

Perhaps the most important point that should be made with respect to the Psychological Capital, Psychological Ownership, and leadership style is that they follow recent findings that clearly indicate the predictive approach to leadership and leads to more in-depth inquiry of positive organizational behavior psychology. This research applied the theory of Passive Avoidant Leadership style and showed the veracity of its effectiveness in predicting leadership styles of university professors.

This research has tried to establish the relationship between Psychological Capital, Psychological Ownership, and Passive Avoidant Leadership for achieving excellent performance using previous empirical research on the positive organizational behavior (Luthans & Avolio, 2009) and shed some lights on the correlates of such excellence.

RECOMMENDATION FOR FUTURE RESEARCH

Future research could further extend the study of Psychological Capital and Psychological Ownership as predictors of other forms of Leadership like Transformational and Transactional styles.

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LIFE SETTLEMENTS: HOW THEY WORK AND WHEN THEY ARE UNLAWFUL

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ABSTRACT

The life settlement industry began in the early 1900s when the U.S. Supreme Court first recognized that a life insurance policy's death benefit could be sold to an unrelated third party. Over the years, these arrangements, eventually referred to as viaticals, became more formalized. The growth of viaticals intensified due to the spread of the Acquired Immune Deficiency Syndrome (AIDS) epidemic during the 1980s, focusing on the sale of life insurance policies' death benefits when policyowners, regardless of age, were terminally ill and needed cash for their final days. The life settlement industry grew out of the maturity of the viaticals' markets, with the focus on older policyowners who were not necessarily terminally ill. The 2001 Model Life Settlement Regulations focused on life settlement transactions and protection of consumers from fraudulent practices. The model rules and the entry of the capital markets paved the way for the creation of a massive industry, one in which investors can purchase into a pool of life insurance policies. Certain unscrupulous investors pushed the limits of legality when dealing with consumers. Therefore, regulations now make certain life settlement transactions unlawful. This article examines the development of the life settlement market and the practices that are deemed unlawful under state insurance law.

INTRODUCTION

The ability to freely transfer or assign property rights under an insurance policy laid the foundation for the viatical and life settlement market as we know it today. A viatical or life settlement contract involves the transfer of an interest in a life insurance policy to an investor for an amount of money that is more than the policy's cash value, but less than its face amount. The settlement industry typically uses the term "viatical contract or settlement" when the life insurance policy is sold by a chronically or terminally ill individual. The term "life settlement or senior settlement" means when the policy is sold by adults of age 65 or older. This study will use the terms *viatical settlements* and *life settlements* interchangeably, except where the terms require distinction due to technical legal differences.

The term viatical comes from the Latin word *Viaticum*, which means to provide another with a living expense or stipend for a journey. Viatical contracts often provide much needed cash for sick or terminally ill policyowners; thus, the term is somewhat appropriate. The term "life settlement" comes from the notion that a life insurance contract is sold (settled) to an investor, who then becomes the policyowner and is in control of policy benefits. The new owner changes the beneficiary designation to someone of the new owner's choosing. The end result of viatical and life settlement transactions is the same, the policy owner assigns ownership or beneficial interest of the life insurance policy to an investor.

DEVELOPMENT OF VIATICALS

The first U.S. Supreme Court case recognizing the rights of the life insurance policy owner to transfer ownership to a third party was *Grigsby v. Russell*, which paved the way for the life settlement industry (Grigsby v. Russell, 1911). In *Grigsby v. Russell*, the U.S. Supreme Court upheld the owner's right of assignment. This case involved Dr. Grigsby's treatment of a patient who needed surgery but had no money. The patient agreed to sell the doctor his life insurance policy for $100. The doctor took ownership of the policy and continued to pay the policy's premiums. The patient died a year later, and the doctor attempted to collect the death benefit.

However, the executor of the patient's estate, Mr. Russell, challenged the transfer as being void against public policy (as a wager on life) because Dr. Grigsby did not have an insurable interest in the patient's life. The case eventually wound its way to the U.S. Supreme Court, where Justice Oliver Wendell Holmes, Jr. rendered the opinion of the court and upheld the policyowner's right of assignment. Justice Holmes (Grigsby v. Russell, 1911) stated:

> "A contract of insurance upon a life in which the insured has no interest is a pure wager that gives the insured a sinister counter interest in having the life come to an end. Although that counter interest always exists...the chance that in some cases, it may prove a motive for crime is greatly enhanced if the whole world of the unscrupulous is free to bet on what life they choose. The very meaning of an insurable interest is an interest in having the life continue, and so one that is opposed to crime. And, what perhaps is more important, the existence of such an interest makes a roughly selected class of persons who, by their general relations with the person whose life is insured, are less likely than criminals at large to attempt to compass his death".

On the other hand, life insurance has become in our days one of the best recognized forms of investment and self-compelled saving. So far as reasonable safety permits, it is desirable to give to life policies the ordinary characteristics of property…. To deny the right to sell except to persons having such an interest is to diminish appreciably the value of the contract in the owner's hands (Grigsby v. Russell, 1911). Even though the U.S. Supreme Court established in 1911, the right of a life insurance policy owner to assign policy ownership to an investor who does not have an insurable interest in the life of the insured, not much happened on the viatical or life settlement scene until the AIDS epidemic in the 1980s.

With the spread of AIDS related illness and premature death, the need for cash for medical treatment and final expenses started a new, growing industry. This new "viaticals" industry involved settlements with key characteristics:
1. Terminally or chronically ill insured,
2. Insured with a life expectancy of less than two years, and
3. Average death benefits slightly under $100,000.

The industry provided many opportunities and benefits for policy owners, investors, and life insurance agents; however, this fledgling industry was (and still is) fertile for abuse.

After medical advances extended the life expectancy of AIDS victims, the viatical settlement market looked for policyholders with other terminal illnesses, and eventually to the market for seniors (typically policy owners age 65 and older). The original regulations for viaticals (the 1993 Viatical Settlements Model Act) were eventually used to govern both viatical contracts and life settlements.

DEVELOPMENT OF LIFE SETTLEMENTS

As the viatical market shifted from AIDS victims to other insureds with terminal or chronic illnesses, the settlement market began to realize that seniors with life insurance policies could present a group interested in selling policies to investors. This market, aimed principally at individuals age 65 and older, has evolved rapidly from its inception in 1998 to the present day multi-billion-dollar life settlements market. Industry recognition and state regulation has further shaped the distinction between viaticals and life settlements.

Compared to viaticals, the key characteristics of the life or senior settlements market generally include: (1) insureds aged 65 or older, (2) insureds with life expectancies in the 10-12 year range, and (3) average death benefits around $2 million. Universal life is the most common policy settled, although whole life and convertible term policies are increasingly being settled as well, with the sales prices averaging around 20% of the face value (death benefit). It should be recognized that life settlement prices will be lower than viatical settlement prices due to the short life expectancies of insureds (viators) with terminal illnesses.

LIFE SETTLEMENT TRANSACTIONS

Often, there are quite a few parties involved in a life settlement transaction which include the creation of a settlement contract and the ultimate sale of that contract to investors. In most states, many of these parties are defined and regulated by state law. Although each state may have slight variations on the definition of such parties, two parties are key to every settlement contract - the policy owner and the settlement provider. The policy owner, also called a viator, is the person who enters into a contractual agreement with the settlement provider to transfer either ownership or beneficial interest to the provider or investors.

The settlement provider is an individual or company who solicits or negotiates settlement contracts. The viator (policy owner) may deal directly with the settlement provider or may deal with various intermediaries, such as settlement brokers or life insurance agents. Transactions can occur without either intermediary, but most often involve one or both of these parties. Under most state regulations, both the settlement broker and life insurance agent owe fiduciary (trustee) duties to the viator, regardless of who compensates them.

The basic structure of a life settlement transaction is fairly straightforward. To begin, life settlement providers search for life insurance policies, owned by seniors, to settle (purchase). Although settlement providers may directly locate policy owners interested in selling their policies, most settlement providers rely on a network of settlement brokers and/or life insurance agents to find policy owners. Settlement providers typically pay the commission or fee to these brokers and life agents when the policies are eventually settled. The policies are then purchased by the settlement providers for a price between the policy's cash value and the face amount.

This transfer of ownership (or change of beneficiary designation) is referred to as a settlement contract and is entered into between the viator and the settlement provider. The settlement contract is then either held by the settlement provider or sold to third party investors for a "profit." Many settlement providers have prearranged the transfer of the policy to third party investors so there is very little delay from the time the policy is purchased by the settlement provider to the time the investors take title. This subsequent sales agreement is often referred to as a settlement purchase agreement.

Life settlements are not often marketed or sold to retail (consumer) investors; most commonly, life settlement investors are institutional investors, accredited investors, or hedge funds. Quite often, these investors accumulate a portfolio of a large number of settled policies to reduce investment risk. The investors are generally responsible for making premium payments to keep the policies in force until policy maturity. As policies mature (the insureds die), the investors receive the death benefits. Their goal is to collect more money from the death benefit than the cost of acquiring and holding the policy until maturity, thus allowing investors to receive an acceptable return on their investment.

An integral part of every settlement transaction involves the determination of the life expectancy of the viator. The life expectancy calculation is extremely important because a life insurance policy's settlement value is a function of two principal factors, annual cost to keep the insurance in force and the life expectancy of the insured. If a policy has a face value of $1 million or more, specialists, known as life settlement underwriters, are often employed to determine a viator's estimated life expectancy by the use of actuarial calculations.

Institutional investors rely heavily on these estimates to help determine the original purchase price of settlements from settlement providers and to value and manage their high-dollar portfolios. From the terms of the offer by a settlement provider, to the amount that investors are willing to pay the provider for the policies, life expectancy underwriters play a crucial role. However, life expectancy is not an exact science and requires the parties to deal with underwriters that have a proven track record. Unlike other key players in the life settlements business, life expectancy underwriters are virtually unregulated. Only two states, Florida and Texas, have state licensing and reporting requirements for these critical market players.

FRAUDULENT PRACTICES

The life settlements industry has benefited many policyholders, investors, and life agents, but as with any other newly developed industry, it remains vulnerable to certain risks. The rising popularity of life settlement transactions, coupled with a lag in regulations, opened the door for potentially fraudulent transactions. This potential for fraud has caused many states to enact legislation that attempts to specifically regulate fraud in viatical and/or life settlements as these targeted policy owners, who are typically seniors in their 70s and 80s and/or individuals with terminal or chronic illnesses, represent some of the most vulnerable individuals in our society and must be protected. Settlement fraud is generally found in two broad categories of behavior — fraudulent conduct by intermediaries involved in settlement transactions and violation of insurable interest laws in the origination of life insurance policies.

Fraudulent Conduct by Intermediaries

The most common intermediaries in a settlement transaction are settlement brokers and life insurance agents. Most states regulating settlements specify certain intermediary behaviors as fraudulent. As such, settlement brokers, life agents, and even settlement providers must take great care to treat the parties involved in the settlement fairly and to not engage in any misleading or deceptive business practices. Both life agents and settlement brokers are generally treated as fiduciaries of the viator, which places a special obligation on them to consider the best interest of the viator. Other parties in the transaction, including financial planners, accountants,

and attorneys, owe a special duty of care to their clients when dealing with all matters, including settlements.

Although settlement regulations vary by state, there are a number of common anti-fraud provisions that apply to licensees and other parties engaged in settlement activities. One of the key provisions prohibits the intentional presentation of false or misleading information to a policyowner, insured, or settlement provider for the purpose of engaging in a settlement transaction. Concealing or altering material information about a wide range of settlement transactional matters, such as applications, underwriting, claims, premiums, change of ownership, reinstatement or conversion of life insurance, or policy loans or encumbrances is considered fraudulent as well. Other illegal acts include embezzlement; theft; conversion or misappropriation of funds, premiums, other monies or credits; and defrauding the insurer issuing the policy. Misrepresenting the state of residence of the viator in order to avoid application of the law of the viator's state of residence is also considered fraudulent.

Most states require licensees (insurers, life agents, settlement brokers, and settlement providers) to report fraud. The licensee must report the fraud to the licensee's insurer (where the licensee is employed by an insurer) or to the state insurance department, typically within 60 days of discovering the fraud. If fraud is reported to an insurer, the insurer must forward the information to the state insurance regulators in cases in which the insurer determines that there is a reasonable likelihood that fraud has occurred.

Many states elevate settlement fraud to criminal misconduct in addition to imposing civil penalties and sanctions against those committing settlement fraud. In addition to licensees losing licenses and being fined, many states also require the payment of restitution, interest at some statutory rate, court costs, and attorney fees. Criminal misconduct normally comes under the headings of theft and deceptive business practices and may be a misdemeanor or felony, depending on state criminal law and the particular circumstances surrounding the fraudulent behavior.

Violation of Insurable Interest Laws

Fraud committed by violating insurable interest laws is generally found in the form of stranger-originated life insurance. Stranger-originated life insurance (SOLI) refers to a situation in which a purchaser of a life insurance policy has no insurable interest in the life of the insured and profits from the insured's death. The purchase of life insurance by someone without an insurable interest in the life of the insured has long been recognized as problematic because of the inherent issue of a stranger having too strong of an interest in the insured's death. To prevent this, all states have laws requiring there to be an insurable interest in the life of the person being insured at the time a policy is issued.

Typical state insurable interest laws define the existence of an insurable interest in someone's life under either of the following: (1) individuals closely related by blood or by law creating a substantial interest in the life of the insured that is engendered by love and affection, or (2) others with a lawful and substantial economic interest in having the life of the insured continue. Several states have elevated a violation of insurable interest laws to insurance or settlement fraud as a serious offense. There are also federal anti-fraud regulations and state rules against insurance and settlement fraud, which will be discussed later in the context of securities regulations.

Because most settlements involve the transfer of policy ownership or beneficiary designation *after* the life insurance policy was properly purchased by someone with an insurable interest, but settlements do not normally violate insurable interest laws. For example, when a husband applies for life insurance on his wife, there is no insurable interest issue because the husband had an insurable interest in the life of his wife at the time of application. Thus, a subsequent sale of that policy to a settlement provider or third-party purchaser does not normally violate insurable interest laws.

During the last several years, there has been significant activity by those without an insurable interest engaging in practices or behaviors designed to profit from avoidance or circumvention of insurable interest laws. These schemes vary in the way they are carried out, but they all principally deal with the creation of an advance arrangement causing an applicant to purchase life insurance to benefit a third party with no insurable interest. The SOLI scheme is apparent in a 2015 case where Michael Binday, the owner of Advocate Brokerage, Inc., instructed his field agents to recruit elderly "straw buyers" to take out life insurance policies with promises of a large future payment once the policies were sold to third-party investors. Binday and his team would then falsify the insured's financial information and lie to the insurers so the STOLI scheme would remain undetected.

Over the course of six years, Binday and his team "submitted at least 92 fraudulent applications, resulting in the issuance of 74 policies with a total face value of over $100 million" (United States v. Binday, 2015). In addition, "these policies generated...roughly $11.7 million in commissions, which ranged from 50-100% of the first year's premium payments and typically surpassed $100,000 on any given policy" (United States v. Binday, 2015). As the case goes on to state, "the difference between non-SOLI and SOLI policies is simply one of timing. Certainty; whereas a non-SOLI policy might someday be resold to an investor, a SOLI policy is intended for resale from before its issuance" (United States v. Binday, 2015).

Due to this special arrangement, and the state law, the third party may not be able to purchase a life policy on the insured person because of the lack of an insurable interest. The trend for state insurance departments is to create a regulatory framework to make most of these activities illegal. Depending on state regulations and the structure of the arrangement, investors and intermediaries may find themselves in violation of insurance rules and regulations. However, properly structured investor owned life insurance provides perfectly legal investment opportunities, and billions of dollars' of lawful deals have taken place to date.

STATE REGULATION OF STOLI

State regulations designed to regulate SOLI vary widely; however, the large majority of states follow either the National Council of Insurance Legislators (NCOIL) model regulations or the National Association of Insurance Commissioners (NAIC) model regulations. Some states have enacted hybrid or blended approaches. The most recent trend among states is to adopt the NCOIL model, under which SOLI is specifically made a fraudulent practice subject to both civil and criminal penalties.

NCOIL Model Legislation

The NCOIL model act, also known as the Life Insurance Settlements Act, defines SOLI as the "practice or plan to initiate a life insurance policy for the benefit of a third-party investor

who, at the time of policy origination, has no insurable interest in the insured (NCOIL, 2014). The act focuses on whether a stranger (someone without an insurable interest) is present at policy inception and whether the future settlement of the policy was anticipated or promoted at the time of the original policy purchase. This is an attempt to ban all acts of SOLI, including both direct life insurance sales and sales involving interest in trusts. To assist in this attempt, the act provides for a two-year ban on the settlement of new life insurance policies, with exceptions for legitimate transactions, such as when the viator is terminally or chronically ill. Restrictions have also been placed on the premium that finance companies can receive in a financing transaction. The idea behind this is to try to separate out the premium financing function from the investment function. This is designed to limit transactions that mix functions, which tend to cloud the relationships of the various parties involved in the initial acquisition of a policy by an applicant.

Other ways that the NCOIL model legislation seeks to reduce fraud are by increasing the amount of necessary disclosures for many of the parties in a life settlement transaction. Significant disclosures to consumers are now required by both settlement providers and insurers, including: a list of alternatives to entering into a settlement contract, possible tax consequences, and the right of the viator to rescind the settlement and receive a return of the policy in exchange for return of the proceeds. Settlement providers are also required to submit an annual report so that state regulators can better understand the nature of each transaction and potentially reduce incidents of SOLI. NCOIL also has increased the required disclosures for the potential insured.

In fact, the NCOIL Act states that failure to disclose that a life expectancy evaluation has been done in advance of a life insurance application is fraudulent if the insurer has requested such information. In addition to these disclosures, insurers are now permitted to ask questions of the life insurance applicant about STOLI and premium and financing arrangements. However, as was seen in the *U.S. v. Binday* case, fraudsters are sometimes aware of these questions and can lie to make their SOLI scheme appear legitimate.

NAIC Model Legislation

The NAIC model law provides consumer protection in life settlements and focuses on policy settlements that are based on direct sales of policies for the purpose of allowing investors to invest in such arrangements. The NAIC model act does not address the use of trusts that may be used to disguise SOLI, but it does attempt to restrict SOLI by banning life settlements that occur within five years of policy inception. There is an exception for settlements by terminally or chronically ill insureds and settlements can also be permitted after only two years if premium financing was not used, a life expectancy analysis was not done, and there was no pre-arranged understanding that a third party intended to purchase the policy.

Additionally, the act requires substantial disclosures to consumers such as commissions and offers by all bidding settlement providers and permits the commissioner to pass regulations to require the annual reporting of information by settlement providers (NAIC, 2009). Most importantly, the NAIC model legislation did not directly address the regulation of indirect sales of policies (such as the use of trusts), which allow investors to benefit from having a stranger purchase life insurance. The NAIC is currently working on the issue of indirect SOLI transactions and will likely amend its model act to further close the gap in consumer protection.

Other Approaches to SOLI

Some states have taken a hybrid approach by combining the prohibition against STOLI (per the NCOIL approach) and the five-year ban on settlement (per the NAIC approach). Other states have simply updated their older laws that regulate viaticals. These laws, based on the older NAIC Viatical Settlements model act, focused almost exclusively on regulating viatical settlements which target terminally ill insureds, as opposed to regulating life settlements which target seniors. These updates attempt to make violations of insurable interest statutes a fraudulent practice. One such state, Minnesota, has taken the attack against SOLI to a new level with its comprehensive prohibition against the practice. In 2009, the state enacted legislation that provided for a four-year ban on settlement and further prohibited an investor from purchasing any policy that showed signs of SOLI during that period of time (Cook, 2009).

SECONDARY MARKET FOR SETTLEMENTS

Examples of both positive and negative consequences of the secondary market for life settlements market abound. The marketing of policies of terminally ill AIDS victims started in 1998, and the senior life settlement market, started at the beginnings in the 1980s, is projected to reach $180 billion by 2023. The growth of the settlement industry has been dramatic (Life Insurance Settlement Association (LISA, n.d.). Many suggest that this is just the tip of the iceberg and with regulatory reform and uniformity, the industry could explode. Others point to the uncertainty of the fragmented state-by-state regulations coupled with the lack of federal guidance for key industry players as hobbling a potentially significant industry.

Even the people who are intimately involved in these life settlement transactions are unsure of how to feel. In June 2011, John Cautillo, who is an executive for a New York food-service company, assisted with the sale of a life insurance policy for his fiancée's mother for a settlement of more than $2 million. Cautillo says that he would absolutely recommend the transaction to others, but it is nonetheless unnerved by the idea. As he says, "someone owns my future mother-in-law's life now" (Vlahos, 2012). Outside of the actual people involved, there is a monumental struggle going on between the insurance industry and life settlement providers, who wish them to stay. There is no doubt that life settlements are here to stay-the open issue is the speed of growth and the ultimate size of the industry.

Status of Settlement Securitizations

There are many players in the secondary life settlement market, not all of whom are involved in every life settlement transaction. In its very elemental form, an investor could directly purchase a life insurance policy from an insured. It is a little more complex when life settlement providers are involved, as they play a significant role in acquiring policies from insureds and finding investors (purchasers) for such policies. Some settlement providers invest in policies themselves, but most act as facilitators who supply investors with a supply of high-quality settlement contracts. Virtually all of the secondary market activity occurs behind the scenes, with the bulk of purchases coming from sales to foreign investors, institutional investors, pension fund managers, hedge funds, and family trusts. These secondary transactions are often offered as private placements, exempt from federal and state securities regulations (U.S. Securities and Exchange Commission, 2010).

On the other extreme, hundreds or perhaps thousands of life insurance policies could be purchased from insureds, pooled together, and qualify as securities (investment certificates) backed by the pool of settled policies offered to investors, including potentially public investors. This offering would likely resemble the present securities issued with mortgages used as collateral. If such "securitizations" of settled policies were offered to the public, many more players would necessarily be involved. The settlement market has not yet developed to that level. As of 2016, there have been no securitizations of life insurance settlements registered with the Securities Exchange Commission (SEC).

However, there have been private securitizations where the issuer has offered securities to sophisticated investor groups based on private placement exemptions. Only a handful of these securitizations have been rated by a rating organization such as Moody's, Standard and Poor's, and A.M. Best. The first securitization of life settlements in the U.S. took place in 1995 and was rated by Standard & Poor's. Almost ten years later, the second securitization took place and was rated by Moody's. In the interim, another securitization was attempted and ultimately abandoned. The largest and most recent securitization in the U.S. took place in 2009, with a $2 billion securitization from AIG, which was rated with A.M. Best (American International Group, Inc., 2009).

There is a strong divergence of opinion on the future of the securitization of life settlements. The American Council of Life Insurers (ACLI) opposes securitizations while other groups are in favor. A.M. Best believes that "rated life settlement securitizations will continue to be rare" as, among other reasons, it is costly and difficult to collect the volume of life settlements that are required to enable stable future cash flows (A.M. Best, 2016). Based on the uncertainty of the regulations and other issues connected to the nature of life settlements, growth of life settlement securitizations available to the public investor may be a long time coming.

FEDERAL REGULATION OF SECONDARY MARKET

Once thought to be a possible large retail market opportunity for broker/dealers, the life settlement market has been refocused on private placements of settlement contracts to institutional investors, hedge funds, family trusts, off shore investment groups, and pension fund managers. The federal and state securities and insurance regulatory environments have operated to place the offering of pools of life settlement contracts or fractional ownership interests off limits to the typical retail investor. The balance of this section will address the present federal and state regulations within which broker/dealers, life producers, investment advisors, settlement brokers, settlement providers, and sophisticated investors must operate.

Securities Act of 1933

The Securities Act of 1933 stated that, to be a security under federal law, the interest offered for sale must involve an investment of money, in a common enterprise, with the expectation of profits derived from the efforts of others. In addition to regulating what most consider to be securities, such as stocks and bonds, the SEC has ruled that variable annuities and variable life insurance are also securities under the Securities Act of 1933 (2018). However, the understanding of federal regulation of settlements under the '33 Act requires a distinction between settlements involving variable insurance products and those involving fixed insurance products. Due to this distinction, fixed annuities and life insurance products are generally exempt

from the definition of a security at the federal level but are regulated as insurance products by each state.

The SEC's position is that since a variable life insurance policy is a security under federal law, a viatical or life settlement transaction involving the transfer of a variable life insurance policy by its owner and the purchase of such a settlement by an investor involves the sale of a security. So, while the positions of the SEC and the Financial Industry Regulatory Authority (FINRA) positions on settlements involving variable life insurance is clear, most viatical and life settlements do not involve variable life insurance. Instead, these transactions most often involve a fixed life insurance contract, such as universal life, convertible term life, or whole life. Accordingly, under the '33 Act, the sale of a fixed life insurance contract, such as a whole life policy, to an investor may not be considered the sale of a security under federal law.

However, if a pool of fixed life insurance policies is created and fractional or partnership interests are marketed to investors, the sale of these interests will likely be considered the sale of a security under the '33 Act. Several federal court cases have supported that notion. To date, pooled or fractional interests of fixed life insurance policies (e.g., term and whole life) have not been registered with the SEC (Sluyter, 2015). However, pooled or partnership interests have been sold to private, high wealth or sophisticated investors, where such private transactions are generally considered exempt from registration with the SEC under the '33 Act.

Securities Exchange Act of 1934

The Securities Exchange Act of 1934 (2018) mainly deals with the governing of the secondary distribution of securities. It also requires that most broker/dealers (and persons associated with broker/dealers) involved in the securities business register with the SEC and become members, or member firms, of FINRA. In 2009, for the second time, FINRA placed all member firms on notice that settlements involving variable life insurance represent securities transactions and are subject to both federal securities laws and FINRA rules.

Broker, dealers and associated persons (e.g., stockbrokers and other registered reps) working for brokers and dealers are under significant SEC and FINRA requirements, which are in place to promote fair conduct practices to protect investors from unfair practices. A few key issues must be considered by the member firm and all associated persons when dealing with settlement transactions that involve securities. The main issue is one of fair dealing which involves (1) using fair marketing and communication practices, (2) engaging in professional behavior, (3) having a reasonable basis for recommendations, (4) providing timely confirmation of transactions, (5) disclosing conflicts of interest, (6) charging fair commissions and fees, and (7) providing opportunities for clients to resolve issues and conflicts.

In addition, suitability standards should be applied, and a determination made that a client's involvement in a life settlement is appropriate, given the client's particular circumstances because diligence should be performed on the commercial practices of settlement brokers and providers, including a review of their practices regarding the protection of the confidentiality of insureds' private information. Brokers and dealers should also seek the best execution of customer orders, which requires bids from multiple settlement providers. Finally, a provision regarding written procedures when dealing with settlements and required training of personnel concerning the unique aspects of settlements is noteworthy.

Other Regulations and SEC Actions

In addition to the requirements of the above acts, investment advisors are required to avoid conflicts of interest, to give independent advice, and to act in the best interest of their clients. Both federal and state laws regulate the behavior of investment advisors. The SEC also has stepped up enforcement actions and court cases against fraudulent settlement practices. In 2015, the SEC filed a complaint against two Texas men for fraudulently offering and selling unregistered life settlement interests without being registered as brokers, violating both the '33 and '34 Acts (Securities and Exchange Commission v. Novinger *et al.,* 2015). For two years, these men, Christopher Novinger and Brady Speers, fraudulently offered investments that they claimed were "risk free", "federally insured", and a "safe, guaranteed investment with … a return average of 7-11%" (Securities and Exchange Commission v. Novinger and Brady Speers, 2015). Furthermore, they were inflating potential investors' assets to make non-accredited investors appear accredited; it could hardly be argued that this was in the best interest of their clients.

The Investment Advisors Act of 1940 regulates investment advisors and investment advisor representatives. Where an advisor provides investment advice for a fee, the advisor needs to be properly registered. Forty-eight states view settlements as securities even though they may not involve variable life or variable annuities. At the federal level, settlements involving variable insurance products are considered securities. The SEC also views life settlements involving fixed insurance products, such as term life or whole life, when purchased for investment purposes to potentially be classified as securities. This view has received mixed results in federal court cases. However, advisors should be extremely cautious in this arena and be cognizant of their various obligations best interest of the client, and other standards.

A number of federal courts cases and enforcement actions by the SEC against providers and promoters of life settlements dot the landscape. The federal government has had mixed results. A number of the cases involved allegations of outright investor and consumer fraud, while other cases involved the issue of SEC jurisdiction. The biggest regulatory hurdle the SEC faces is the issue of whether a life settlement involving fixed insurance products can be regulated as securities at the federal level. It is clear that life settlements involving variable products (such as variable universal life insurance) are securities under the '33 Securities Act. However, there is an exemption for fixed life insurance products under federal law. To have federal jurisdiction, the SEC must successfully argue that the life settlement of a fixed life insurance policy (e.g., term or whole life) is a security as defined by federal statutory or case law.

In one federal court case, the D.C. Circuit held that the first two requirements were met, but the third was not. The court ruled that a life insurance settlement (unlike a mutual fund or portfolio of stocks) did not require the "management efforts of others," but rather only involved the "ministerial efforts of others" (SEC v. Life Partners, Inc., 1996). In other words, the return on investment for life settlements was principally a function of the timing of the insured's death, not the management skill of the parties managing the pool of settlements. Other federal courts have rejected this interpretation and have held that where fractional shares of a pool of settlements are sold, there is reliance on the management skill of the managers in charge of the pool of settlements; therefore, the sale of fractional shares of settlements involves the sale of securities. Even if the feds win on this argument, what remains to be seen is whether the sale of a single life insurance policy, such as a term life or whole life policy, involves the sale of a security under federal law.

STATE REGULATION OF SECONDARY MARKET

Each state regulates securities under rules typically based on the model Uniform Securities Act (USA) of 1956. Approximately 48 states, through statutory language, court cases, or policy pronouncements, treat viatical/life settlements as securities at some stage of a settlements transaction. Under the 2002 revision of the USA, life settlements and viaticals are specifically regulated as securities under state law. Seventeen states have enacted the 2002 USA revisions in whole or part, thus clearly reemphasizing the treatment of settlements as securities under state law. In states recognizing a settlement as a security, the settlement offering must be registered, unless it is exempt from registration.

All states view variable insurance products as securities, but the sale of fixed life insurance products does not normally involve the sale of securities. However, when a fixed life insurance product is settled (purchased by an investor or settlement provider), it may then be considered a security under state law. Recall that a settlement contract is the contract between the viator and the settlement provider while a settlement purchase agreement is the contract between the settlement provider and the investor. Some states do not regulate settlement contracts involving fixed life insurance policies as securities; they rather regulate the sale of the contract (settlement purchase agreement) to investors as securities, especially where the purchase agreements involve pooled and fractional investment interests comprised of life settlements.

The idea behind this is that while a settlement of itself may not meet the three requirements of security. When settled life insurance policies are pooled and investment certificates are sold, these arrangements do rely on the "manage efforts of others" and become securities that must be registered, unless exempt from registration. Generally, if these fractional interests or investment certificates are sold to the public, they must be registered in states with such regulations. The only way around registration is where such investment interests are sold only to institutional or other high net worth and sophisticated investors. Marketing of these unregistered securities to the general populace would be off limits.

CURRENT GROWTH OF THE LIFE SETTLEMENTS INDUSTRY

Prior to the 2008 financial crisis, things were looking up for the settlement industry, with many projecting astronomical growth. In 2009, the U.S. Government Accountability Office (GAO) identified 98 licensed settlement providers in the U.S. Of those 98, the GAO surveyed 49 settlement providers that were licensed in two or more states and received responses from 25 providers. GAO reported that the 25 providers had witnessed a large decrease in life settlements, from 4,500 policies in 2008 to 2,500 policies in 2009. The GAO estimated that the face value of policies settled in 2008 ranged from around $9 billion to $12 billion (GAO, 2010). By late 2009, investor capital was in short supply. Coupled with the new regulations cracking down on SOLI, this reality brought the life settlement industry to a near halt (Terrell, 2010).

At this point, the SEC estimated that the life settlement market had dropped to nearly $7 billion and would shrink even further in 2010 (GAO, 2010). But as the baby-boom generation began retiring in the earnest of 2011, the life settlement industry began to pick up again (Terrell, 2010). Since then, the market has steadily been increasing. According to Conning Research and Consulting, a leading research firm following life settlements, investors in 2014 purchased $1.7 billion in life insurance face value, bringing the estimated total settlement market to over $32

billion in 2015. Currently, the industry continues to grow, and Conning Research predicts that by 2023, the total face value settled will be $180 billion (LISA, n.d.).

EFFECTS OF THE TAX CUTS AND JOBS ACT

With the passage of the Tax Cuts and Jobs Act (TCJA) in 2017 came growth potential for the life settlements industry. The Act created two major impacts on the industry: (1) an increased estate tax exemption, and (2) a preferable change to the treatment of income tax for life settlements. The estate tax exemption essentially doubled to $11.2 million for individuals and $22.4 million for married couples, adjusted for inflation, filing for the 2018 fiscal year. This change reduced the number of estates that will have to pay the tax down to about 1,800 (Weinberger & Katz, 2018). Life insurance policies are employed to reduce the estate tax's financial impact, so with the doubling of the tax exemption, certain life insurance policies would need to be reviewed and reassessed for value (Forster & Minch, 2018). This follows the trend of reducing estate taxes following the 2012 American Taxpayer Relief Act (AFTR), which also increased the estate tax exemption and was followed by an increase in the sales of the life insurance settlements (Weinberger & Katz, 2018).

Along with the change to the estate tax exemption, the TCJA reversed the treatment of income taxes for life settlements back to before IRS Ruling 2009-2012 was passed. The TCJA states that policies sold in life settlements will now receive the same, more favorable basis, as the policies that are surrendered to insurance companies. For policies surrendered at a gain, the policy owner's basis is the cumulative investment in the contract, whereas, historically the basis would need to be reduced further by the cumulative cost of the insurance charges assessed against the policy. Furthermore, the change circumvented the need for certain troublesome information that relied upon the transparency and cooperation of the life insurance carrier. This change poses potentially significant tax savings if taxpayers choose to sell their life insurance policy in the settlement market (Weinberger & Katz, 2018). Together, these two changes will likely stimulate the market and provide fuel for growth within the industry. Formerly unmarketable life insurance policies may return to the life settlement market prompted by policyowners' newfound desire to sell at a preferential tax rate under this new framework (Forster & Minch, 2018).

In addition to the impacts on the growth of the industry, the TCJA directly addressed the high scrutiny of STOLI transactions by codifying the rules established by IRS pronouncements. Under the TCJA, "the purchaser is not entitled to receive the death proceeds on a tax-free basis" (Commito, 2018). The Act also established a comprehensive reporting system to better inform the IRS of related transactions and created a new "reportable policy sale" which, by definition, is the "acquisition of an interest in a life insurance contract, directly or indirectly, if the acquirer has no substantial family, business, or financial relationship with the insured apart from the acquirer's interest in the life insurance contract" (Kess & Slavutin, 2018).

STUDY IMPLICATION

This study indicates that life settlements are alive and well in the U.S. Life settlements will play an ever-increasing role in finance, investment, and financial planning by allowing the marketplace to provide for the sale of, and investment in, life insurance policies. A number of key players will have an interest in this paper's presentation of the fact that the legal system has

fully recognized life settlements. In the financial industry, insurance agents and settlement brokers will have the settlement markets as a business opportunity. Investors seeking larger than money market returns will have a potential investment vehicle. Lastly, individuals who need funds to cover expenses will have an avenue to turn their life insurance policies into cash by entering into the settlements marketplace.

CONCLUSION

The beginning of the life settlement industry goes back to the early 1900s, when the U.S. Supreme Court ruled that life insurance policies should be given the ordinary characteristics of property, thus enabling a policyowner to "sell" his or her death benefits to a third party. Over the next hundred years, this concept developed into a considerable industry which grew rapidly during the 1980s AIDs epidemic and eventually transitioned into the senior life settlement market. As the life settlement industry grew more profitable, certain fraudulent practices began to surface, with SOLI being the most notable among them.

In 2001, the Model Life Settlement Regulations were created to help counteract this widespread fraud and protect the consumers engaging in these transactions. Since then, the growth of the industry has been dramatic. In its simplest form, a life settlement transaction could involve an investor purchasing one life insurance policy from an insured. However, the entry of the capital markets has led to the development of a secondary market, where a number of settlements can be purchased, pooled together, and used to back securities. These secondary transactions create a situation in which certain life settlement sales are subject to securities regulations such as the Securities Act of 1933 and the Securities Exchange Act of 1934, enabling the SEC to file complaints against those found in violation.

With the increased oversight of the secondary market and tax regulators, and as states continue to adopt the model regulations, the life settlement industry moves closer to uniformity and stability. This, in turn, sustains and promotes its growth. Although different groups continue to debate the need or suitability of life settlements, the truth is that they are here to stay. The biggest unknown is just how vast this industry will become.

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DO MILLENNIALS AND GENERATION X EMPLOYEES DIFFER IN THEIR PERCEPTIONS OF LABOR UNIONS IN THE UNITED STATES? AN EXPLORATORY STUDY

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ABSTRACT

The influence of upcoming generations stands to have a significant impact on the future of labor unions. Specifically, millennials entering the workforce have changed many aspects of the working culture. The purpose of this study is to determine whether there are significant differences in the perceptions of the Millennial and Generation X toward six statements, concerning the labor unions. The six statements, developed by the authors based on the literature review, include the belief that labor unions are good for employees, preference to work in an organization that has a labor union, confidence that dues paid to a labor union are beneficial to employees, willingness to join the labor union if my organization has a union, feel satisfied if a "union representative" negotiates my pay/compensations with my employer, and feel comfortable if I discuss my working benefits with my employer. Utilizing two samples of Millennial and Generation X, the results of this study indicated that there are zero differences and six similarities between the two groups.

Keywords: Millennials, Generation X, labor union, labor unions

INTRODUCTION

The influence of upcoming generations stands to have a significant impact on the future of unions. Specifically, millennials entering the workforce have changed many aspects of the working culture. Telecommuting is becoming a more viable option for today's employees as technological advances enable individuals to work from practically anywhere in the world. This change in culture promotes a decrease in interaction between co-workers and changes the employee mindset from "the whole" to "the one". Instead of what will benefit the company. There are many reasons for the change in focus in this generation which includes the "everybody wins" mentality, a sense of entitlement, constant need for stimulation, a constant need for instant gratification, and increased job dissatisfaction (Cates, 2015).

Two of the most detrimental attitudes instilled in the millennial workers of today are the "everybody wins" mentality and their sense of entitlement. People in today's society have focused so much on the belief that all children should be recognized for showing up, that they have not realized the future negative impact of these actions. When children are allowed to believe that no matter what they do in life they should be rewarded, the result is a generation of people that do not understand that life is not always fair (Stein, 2013). The narcissistic attitude that is prevalent in this age group has led to a whole generation that is considered lazy, entitled, selfish, and shallow (Stein, 2013). Coming together as a group to achieve a common end does not cross the mind of today's younger generation of workers.

Technological advances that have promoted the ability of workers to have a "virtual office" anywhere in the world has also had the effect of creating a generation that expects immediate gratification and requires constant stimulation (Stein, 2013). The ability to log on to the internet through smart phones and access any information at the touch of a button is

definitely convenient. However, this immediate response has led to a skewed view of reality for the individuals of Generation Y. People are not computers, can only process limited information at one time, and have other priorities that may not be taken into consideration by the egocentric millennial crowd (Stein, 2013). Millennial workers believe that all their efforts in the workplace should be recognized and commended immediately upon completion. Anything less than immediate satisfaction can result in dissatisfaction in a position which could result in departure from the company (Stein, 2013).

The factors behind the mentality of millennial works tie in directly to their views on unions and union membership. Even when positions at an organization are unionized, membership is not required. However, non-members can still benefit from the actions and influence presented by unions just by being hired into a union position (Mello, 2015). The only advantage that union membership provides relates to representation and grievance procedures (Mello, 2015). It has been noted that workers from Generation Y are less loyal to companies and tend to move between positions frequently (Cates, 2014). This lack of loyalty and constant change means that workers are not typically concerned about advancement or longevity in a position (Cates, 2015). Therefore, most Generation Y workers would not see any personal benefit to joining a union as an active, paying member as there is no perceived benefit (Cates, 2015).

The union membership rate or the percent of wage and salary workers who were members of unions is unchanged at 10.7 percent in 2017 (US Bureau of Labor Statistics, 2017). The number of wage and salary workers belonging to unions is 14.8 million in 2017 which was slightly higher by 262,000 from 2016. In 1983, which is the first year for which comparable union data are available, union membership rate was 20.1 percent and there were 17.7 million union workers (US Bureau of Labor Statistics, 2017). This represents a reduction of union membership by 50% and a loss of approximately 3,000,000 union members.

The issue that unions face today is the lack of U.S. workers willing to join and participate in unions. By age, union membership rates continued to be highest among workers ages 45 to 64. In 2017, 13.2 percent of workers ages 45 to 54 and 13.5 percent of those ages 55 to 64 were union members while Millennials, who are the largest segment of the US workforce, had 10.4% of all workers belonging to unions (US Bureau of Labor Statistics, 2017). If unions are not successful in attracting and gaining union membership from the Millennial and Generation X workforce their long-term survival is doubtful.

The purpose of this study is to determine whether there are significant differences in the perceptions of Millennials and Generation X toward the labor unions on six statements related to labor union. The six statements included: the belief that labor unions are good for employees, preference to work in an organization that has a labor union, confidence that dues paid to a labor union are beneficial to employees, willingness to join the labor union if my organization has a union, feel satisfied if a "union representative" negotiates my pay/compensations with my employer, and feel comfortable if I discuss my working benefits with my employer.

BACKGROUND OF THIS STUDY

Labor Unions in the U.S. Today

The following statistics from the Bureau of Labor Statistics provide a current analysis of unions in the US presently (US Bureau of Labor Statistics, 2017):

The union membership rate of public-sector workers (34.4 percent) continues to be more than five times higher than that of private-sector workers (6.5 percent).
Workers in protective service occupations and in education, training, and library occupations had the highest unionization rates (34.7 percent) and (33.5 percent) respectively.

Men continue to have a higher union membership rates (11.4 percent) than women (10.0 percent). African-American workers remain much more likely to be union members than Caucasians, Asian, or Hispanic workers. Non-union workers have median weekly earnings that are 80 percent of earnings for workers who are union members ($829 versus $1,041).

Among all states, New York, continues to have the highest union membership rate (23.8 percent), while South Carolina continues to have the lowest (2.6 percent). In 2017, 7.2 million employees in the public sector belonged to a union, compared with 7.6 million workers in the private sector. Although the union membership rate for private-sector workers edged up by 0.1 percentage point in 2017, their unionization rate continued to be substantially lower than that for public-sector workers (6.5 percent versus 34.4 percent). Within the public sector, the union membership rate was highest in local government (40.1 percent), which employs many workers in heavily unionized occupations, such as teachers, police officers, and firefighters.

Private-sector industries with high unionization rates included utilities (23.0 percent), transportation and warehousing (17.3 percent), telecommunications, (16.1 percent), and construction (14.0 percent). Low unionization rates occurred in finance (1.1 percent), food services and drinking places (1.4 percent), and professional and technical services (1.7 percent).

The highest unionization rates in 2017 were in protective service occupations (34.7 percent) and in education, training, and library occupations (33.5 percent). The rate for workers in education, training, and library occupations continued to decline in 2017. Unionization rates were lowest in sales and related occupations (3.2 percent); farming, fishing, and forestry occupations (3.4 percent); food preparation and serving related occupations (3.8 percent); and in computer and mathematical occupations (3.9 percent). (US Bureau of Labor Statistics, 2017).

Characteristics of Labor Union Members

In 2017, the union membership rate was higher for men (11.4 percent) than for women (10.0 percent). The gap between their rates has narrowed considerably since 1983 (the earliest year for which comparable data are available), when rates for men and women were 24.7 percent and 14.6 percent, respectively. Among major race and ethnicity groups, Black workers continued to have a higher union membership rate in 2017 (12.6 percent) than workers who were White (10.6 percent), Hispanic (9.3 percent) or Asian (8.9 percent).

By age, union membership rates continued to be highest among workers ages 45 to 64. In 2017, (13.2 percent) of workers ages 45 to 54 and (13.5 percent) of those ages 55 to 64 were union members. In 2017, the union membership rate for full-time workers was about twice the rate for part-time workers (11.8 percent versus 5.7 percent) (US Bureau of Labor Statistics, 2017).

Union Representation

In 2017, 16.4 million wage and salary workers were represented by a union. This group includes both union members (14.8 million) and workers who report no union affiliation but whose jobs are covered by a union contract (1.6 million) (US Bureau of Labor Statistics, 2017).

Earnings

Among full-time wage and salary workers, union members had median usual weekly earnings of $1,041 in 2017, while those who were not union members had median weekly earnings of $829. In addition to coverage by a collective bargaining agreement, this earnings difference reflects a variety of influences, including variations in the distributions of union members and nonunion employees by occupation, industry, age, firm size, or geographic region (US Bureau of Labor Statistics, 2017).

Union Membership by State

In 2017, 27 states and the District of Columbia had union membership rates below that of the U.S. average, (10.7 percent), while 22 states had rates above it and 1 state had the same rate. All states in both the East-South-Central and West-South-Central divisions had union membership rates below the national average, while all states in the New England, Middle Atlantic, and Pacific divisions had rates above it (US Bureau of Labor Statistics, 2017).

Union membership rates increased over the year in 25 states and the District, decreased in 21 states, and were unchanged in 4 states (US Bureau of Labor Statistics, 2017). Nine states had union membership rates below 5.0 percent in 2017, with South Carolina having the lowest rate (2.6 percent). The next lowest rates were in North Carolina (3.4 percent) and Utah (3.9 percent). Two states had union membership rates over 20.0 percent in 2017: New York (23.8 percent) and Hawaii (21.3 percent).

The largest numbers of union members lived in California (2.5 million) and New York (2.0 million). Over half of the 14.8 million union members in the U.S. lived in just seven states (California, 2.5 million; New York, 2.0 million; Illinois, 0.8 million; Michigan and Pennsylvania, 0.7 million each; and New Jersey and Ohio, 0.6 million each), though these states accounted for only about one-third of wage and salary employment nationally (US Bureau of Labor Statistics, 2017).

Millennials by the Numbers

Millennials were born between 1981-1998. Their age today is 20-37. There are 75.4 million of them living in the US today. They are the largest living generation and the largest segment of the U.S. Workforce. It is forecasted that by the year 2036 there will be 81.1 million in the U.S (Solloway, 2017)

Findings from the global 2016 Deloitte Millennial Survey show that success and happiness at work goes well beyond the bottom line: The most important drivers of employer choice (excluding salary) are that Millennials seek employers with similar values; that 7 in 10 believe their personal values are shared by the organizations for which they work; 44% turned down a job offer because of an organization's values.

It should be noted that the most important values for Millennials are: work-life balance (16.8%); opportunities to progress/be leaders (13.4%); flexibility (11%); sense of meaning from the work (9.3%); and professional development training programs (8.3%) (Deloitte, 2016).

Millennials demand respect for their contributions and ideas. Most plan to be professionals rather than line workers, yet they do not emphasize career value to the extent that the prior generations did (the traditional "devotion to the career" concept is less important to

them than other life pursuits). This study further revealed that millennials expect immediate communication about their efforts, and rapid returns on quick results from their efforts (Henry & Gibson-Howell, 2011).

This population is keenly intent upon maintaining social interactions electronically, with written documentation and even personal interaction a lesser preferred (or at least less utilized) medium, but millennials tend not to formally follow traditional roles of managers and subordinates, preferring direct communication and even socialization between management (and potentially executive) and worker castes. Another key finding was that millennials did not believe that mandatory community service of students was a favorable concept, showing the tendency for millennials to favor themselves over others who are outside their own closest social networks (Henry & Gibson-Howell, 2011),

Continuous feedback is expected and needed by Millennials for them to understand how well or poorly their efforts are creating results, and for them to learn what the latest expectations may be (perhaps because they change their expectations rapidly, they assume the organization will as well?). This incessant demand for updated information is likely tied to the mobility and Internet cultures millennials grow up within. Millennials expect quick gratification, and according to Internal Auditor, this may require a larger than normal starting salary for candidates, rather than using the traditional lower offer with a promise of increased compensation at a later date or career stage (Understanding Gen Y, 2008). However, this can also lead to problematic labor cost control and wage argument issues, as millennials are so tightly connected that wage discussion between employees is often simply a (short) matter of time.

Kerins and Matrangola (2012) note that the concept of individual contribution being the dictator for reward is difficult for millennials to accept, as it implies that the individual must achieve, rather than merely participate, to gain a reward. This creates a problem for managers who expect each employee to achieve a specific goal, and job design has for centuries been based upon the personal achievement concept. The millennial generation expects that the completion of the project is the summation of all work expended upon it, and that each person involved has thus achieved success individually when the project is working well.

Many employers however believe that millennials also expect compensation for efforts that have not yet borne fruit, simply because the effort was expended. This may be a sticking point in union negotiations because much of the power of unions historically has been in preventing cost-effective achievement of company goals as a means of ensuring compliance with previously negotiated terms. Millennials are thus not benefitted by traditional union negotiations, as they will already expect to be compensated for their efforts to date, with no view toward completion of smaller projects, which (for the professionals these millennials expect to become) are traditionally rewarded primarily after completion (Kerins, & Matrangola, 2012).

Unions would be wise to engage millennials directly to determine what benefit these organizations can provide while crafting a new business model, because millennials do not have the same priorities or attitudes about authority figures and even organizations in general as their parents do, and the union organization that discovers a way to leverage the idiosyncrasies of this generation will be far more likely to successfully direct the energies of millennials into increasing effective recruitment efforts as well as more effectively serving the new membership, which are ideally shared goals (Hinote & Sundvall, 2015). This level of empowerment is important to millennials, and they have the level of technical expertise to reach far beyond the traditional advertising grasp of unions in real time.

Millennials also use technological and habitual tendencies to mobilize larger circles of connections to muster support, because they have larger social networks that are constantly interacting, unlike those of their parents, or especially grandparents (for whom unions were actually initiated), whom relied on personal discussions, off-site telephones, and mail through the Post Office, to increase the awareness of injustices and plans to act upon those infringements, a process that could take days or longer. Millennials can communicate with today's technology to rouse tremendous support within minutes.

This stated, however, academia has been marching through time, with a great deal of attention to how business models were successful during prior decades and centuries, but less attention has been offered to the fact that millennials inhabit a block of time where business structures have become increasingly fluid in relation to location and even type. Frey (2013) noted that the costs to simply hire an employee are over $10,000 per person, the costs of losing the employee are roughly double (or more) the annual salary of that employee, and that millennials are increasingly becoming entrepreneurs as businesses refuse to increase staffing in the face of increasingly costly regulations that affect the employer/employee relationship.

RESEARCH STATEMENTS

Based on the literature review, the authors of this study have developed the following research statements:

1. I believe that labor unions are good for employees in general.

2. I am confident that the dues paid to labor unions are beneficial to employees.

3. I prefer to work for an organization that has a labor union.

4. I am willing to join the labor union if my organization has a union.

5. I feel satisfied if a "union representative" negotiates my pay/compensations with my employer or supervisor.

6. I feel comfortable if I discuss my working benefits with my employer or supervisor.

HYPOTHESES

Based on the above research statements, the authors of this study have developed and tested the following hypotheses:

H1: There is a significant difference between Millennials and Generation X on the employee belief that labor unions are good for employees.

H2: There is a significant difference between Millennials and Generation X on the employee confidence that dues paid to labor unions are beneficial to employees.

H3: There is a significant difference between Millennials and Generation X on the employee preference of working in an organization that has a labor union.

H4: There is a significant difference between Millennials and Generation X on the employee willingness to join the labor union if their organization has a labor union.

H5: There is a significant difference between Millennials and Generation X on the employee satisfaction if a union representative negotiates their pay and compensations with their employer.

H6: There is a significant difference between Millennials and Generation X on the employee feeling comfortable if they discuss their working benefits with their employer or supervisor.

METHODOLOGY

Survey Statements

The utilized survey statements in this study were adapted from previous research conducted by Cates (2015) on Millennials and the literature found on this topic. The survey statements were developed that will require participants to respond with their responses that most closely matched their feelings about each question. The responses were based on Likert scale from Strongly Agree to Strongly Disagree in a Likert scale format.

To ensure the reliability and validity of the survey statements a pilot test was completed on a sample of 10 persons who would have been part of the total sample used in this research. These ten people were asked to complete the survey statements and then return it. Data was coded from Strongly Agree to Strongly Disagree to numerical data of 5 to 1 that was used in the survey statements.

Cronbach's Alpha is a measure used to assess the reliability, or internal consistency, of a set of scale or test items. Cronbach Alpha Reliability test was run on this sample and it provided a score of .86852. This indicated a very strong level of validity and reliability the responses would provide the needed data to accurately test the given hypotheses. The survey statements were then placed onto the website Survey Monkey.com to be sent out to working adults located in the southeast U.S. to gather responses anonymously.

Sample and Data Collection

The utilized sample in this study included eighty (80) participants grouped into two-generational subsets. Out of 80 participants, there were 28 participants from the Millennials and 52 participants from Generation X. The responses to the survey statements produced eighty (80) viable surveys.

Data Analysis

The collected data were put into SPSS (Version 24) to each statement to run ANOVA test to find out if there are significant differences between the responses Gen X versus Millennials, to the six statements. The one-way analysis of variance (ANOVA) is used to determine whether there are any statistically significant differences between the means of two or more independent

(unrelated) groups. (although you tend to only see it used when there are a minimum of three, rather than two groups).

STUDY FINDINGS

Descriptive Statistics

The summary of demographic data from participants, to include gender, generation, and level of education is presented in Table 1. All participants responded, hence valid percent matches percent.

Table 1
Participants' Gender, Generation, and Level of Education

Demographics		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	26	32.5	32.5	32.5
	Female	54	67.5	67.5	100.0
	Total	80	100.0	100.0	100.0%
Generation	Gen X	52	65.0	65.0	65.0
	Millennials	28	35.0	35.0	100.0
	Total	80	100.0	100.0	100.0%
Education Level	Less than High School	2	2.5	2.5	2.5
	High School	16	20.0	20.0	22.5
	Some College	4	5.0	5.0	27.5
	Associates	6	7.5	7.5	35.0
	Bachelors	27	33.75	33.75	68.75
	Graduate School	24	30.0	30.0	98.75
	Post-Graduate	1	1.25	1.25	100.0
	Total	80	100.0	100.0	100.0%

Hypotheses Tests

The *first* hypothesis proposed that "There is a significant difference between Millennials and Generation X on the employee belief that labor unions are good for employees". Data analysis in Table 2 shows no significant relationship (f = 2.562, p = 0.114) between Millennials and Generation X on the employee belief that labor unions are good for employees. The first hypothesis is rejected, and the null hypothesis is accepted.

The *second* hypothesis proposed that "There is a significant difference between Millennials and Generation X on the confidence that dues paid to labor unions are beneficial to employees. Data analysis in Table 2 shows no significant relationship (f=1.196, p = 0.278) between Millennials and Generation X on the employee belief that dues paid to labor unions are beneficial to employees. The second hypothesis is rejected, and the null hypothesis is accepted.

Table 2
ANOVA for Testing Significant Differences between Millennials and Generation X

Statement Concerning Labor Unions	Mean for Millennials (N = 28)	Mean for Gen X (N = 52)	F	P
1. I believe that labor unions are good for employees	3.71	3.25	2.562	0.114
2. I am confident that dues paid to labor unions are beneficial to employees	2.96	2.g3	1.196	0.278
3. I prefer to work for an organization that has a labor union	2.79	2.15	2.841	0.086
4. I am willing to join the labor union if my organization has a union	3.39	3.12	0.729	.396
5. I feel satisfied if a "union representative" negotiates my pay/compensations with my employer or supervisor	2.96	2.67	0.780	0.380
6. I feel comfortable if I discuss work benefits with my employer or supervisor	3.82	3.98	0.248	0.620

The *third* hypothesis proposed that "There is a significant difference between Millennials and Generation X on the employee preference of working in an organization that has a labor union". Data analysis in Table 2 indicates no significant relationship (f = 2.841, p = 0.096) between Millennials and Generation X on the employee preference of working in an organization that has a labor union". The third hypothesis is rejected, and the null hypothesis is accepted.

The *fourth* hypothesis proposed that "There is a significant difference between Millennials and Generation X on the employee willingness to join the labor union if their organization has a labor union. Data analysis in Table 2 indicates no significant relationship (f = 0.729, p = 0.396) between Millennials and Generation X on the employee willingness to join the labor union if their organization has a labor union. The fourth hypothesis is rejected, and the null hypothesis is accepted.

The *fifth* hypothesis proposed that "There is a significant difference between Millennials and Generation X on the employee satisfaction if a union representative negotiates their pay/compensations with their employer". Data analysis in Table 2 indicates no significant relationship (f = 0.780, p = 0.380) between Millennials and Generation X on the employee satisfaction if a union representative negotiates their pay/compensations with their employer. The fifth hypothesis is rejected, and the null hypothesis is accepted.

The *sixth* hypothesis proposed that "There is a significant difference between Millennials and Generation X on the employee feeling comfortable if they discuss their working benefits with their employer or supervisor". Data analysis in Table 2 indicates no significant relationship (f = 0.248, p = 0.620) between Millennials and Generation X on feeling comfortable if they discuss their working benefits with their employer or supervisor. The sixth hypothesis is rejected, and the null hypothesis is accepted.

Table 2 presents a summary of ANOVA. With a critical value of 3.963 via F Statistics Table (Hogg & Tanis, 1993, 686-687), the listed F Values are less than the critical value. Thus, it can be determined that all groups were statistically similar for each statement connected to our six hypotheses. All hypotheses were rejected, and the null hypotheses are accepted.

IMPLICATIONS FOR MANAGEMENT

Business leaders should find interest in this study. While there are age and other related differences between Gen X and Millennials, they have demonstrated shared values as it relates to unions. In all six cases, there was no statistically significant difference in their perceptions and values related to unions. Leaders could use this to organizational advantage, in the decision-making process, focused on union-related areas of their organization. However, there is the potential that Gen X and Millennials could potentially consider operating as a more powerful political voting-block, given their shared values and perspectives as it concerns unions and union-related issues.

LIMITATIONS OF THE STUDY

This study has focused on participants from the Eastern Coast of the United States. This has a limitation on the study results' external validity. That is, the results of this study cannot be generalized to other states in the U.S. In addition, the sample was small and focused geographically; there is a risk that the sample may not accurately represent the demographics being studied currently.

RECOMMENDATION FOR FUTURE RESEARCH

Future studies might seek larger sample sizes that would support a larger sample population. Samples from other geographical areas could be explored to extend this study. Additional concepts related to labor unions, could further future studies.

CONCLUSION

It should be of interest that in all six cases, Gen X and Millennials had responses that were not significantly different. This might be attributed to the shared experiences of hardship, such as the economic impact of the housing bubble collapse in 2008. Further research could address why there is a shared similarity between these two generational groups, as it relates to unions. From a union perspective they could potentially tailor strategies to meet the needs of these two generational groups. However, the major issue with unions is both Gen X and Millennials exhibit skepticism related to unions and value proposition. Union professionals will need to exhibit clear value for these generations to consider participation in unions.

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APPENDIX I

Survey Statements

This survey is an attempt to collect your impression on "labor unions" at the work environment. Please read each of the following *statements* carefully and circle ONLY one number that most closely reflects your actual feeling or perception of each *statement*. Your responses will be held confidential and will not identify you. Please make your responses according to Likert scale: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strong Disagree (1). Thank you for participation.

1. I believe that labor unions are good for employees.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

2. I am confident that dues paid to labor unions are beneficial to employees.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

3. I prefer to work for an organization that has a labor union.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

4. I am willing to join the labor union if my organization has a union.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

5. I feel satisfied if a "union representative" negotiates my pay/compensations with my employer or supervisor.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

6. I feel comfortable if I discuss my working benefits with my employer or supervisor.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

Demographic and Organizational Variable:

Please take a moment and tell us something about yourself.

1. Gender: Male____   Female____

2. Race: White____   Black____   Asian____   Hispanic____ Oriental____ Other_____

3. Age Group:

20--25___
26--30___
31--35___
36--40___
41--45___
46--50___
51--55___
56--60___
61--65___
66 + ___

4. Educational level completed

High school____ Associate Degree ____Bachelor's Degree____ Master's Degree ____

5. Your Income Range:
20,001 – $25,000____
$26,000 – $30,000 ____
$31,001 – $35,000 ____
$36,001 $40,000____
$41,001 $45,000____
46,001 $50,000____
$51,000 and above ____

6. Industry Type
Marketing____
Hospitality____
Healthcare ____
Agriculture
Education ____
Government ____
Energy ____
Mining____
Transportation ____
Profession____
Other ____

LEADERSHIP SELF-EFFICACY: DEVELOPMENT OF A MEASURE FOR COLLEGE STUDENTS

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ABSTRACT

The purpose of this study was to present a pilot study that introduces a new multi-dimensional scale for measuring student leadership self-efficacy. The model was tested on a large sample of college students. Exploratory and confirmatory factor analyses were performed. The generated student leadership self-efficacy scale comprised of items for three correlated constructs (self-awareness, collaboration, and change adaptation). Social Cognitive Theory and the Input-Environment-Outcomes Model provided the theoretical and conceptual foundation of the measure.

The final results of this study suggest the feasibility of this student leadership self-efficacy scale.

Keywords: leadership self-efficacy, prior leadership experiences, student leadership development, social cognitive theory, inputs-environment-outcomes model

INTRODUCTION

Developing the leadership capacity of students remains a central goal of higher education institutions. Universities strive to meet the demand of organizations looking to recruit candidates with leadership awareness and competency (Brungardt *et al.,* 2006; Diallo & Gerhardt, 2017). The prioritized spending on organizational leadership development programs has signaled business schools and education programs to focus on leadership education (DeRue, Sitkin, & Podolny, 2011). Companies in the United States spent approximately 37% of each employee's education budget on leadership development in 2013 (O'Leonard, 2014). Following a similar line of interest, universities have built leadership education into the curricula rather enthusiastically (DeRue, Sitkin, & Podolny, 2011).

Across the United States, leadership education at the tertiary level has mushroomed, as revealed by the upswing in dedicated leadership courses, certificates, minors, areas of specialization, and majors (Astin & Astin, 2000; Dugan & Komives, 2007; Eich, 2008). Although many universities now offer an undergraduate or graduate program with leadership as a *major* area of study, at least 52 institutions now offer *minor* programs in the leadership area (Diallo & Gerhardt, 2017). Given the prominence of leadership education in the curricula, both Dugan (2011) and Sowcik (2012) have highlighted the need to assess student leadership experiences and determine which experiences influence leadership capacity building. The instruments available to measure college-student leadership are limited. This study aims to bolster the "… smaller body of scholarship devoted to the leadership development of college students and the factors that affect leadership outcomes" (Parker & Pascarella, 2013, p. 221) by offering a new measure of student leadership self-efficacy.

The purpose of this study was to present a pilot study that introduces a new multi-dimensional scale for measuring *student* leadership self-efficacy. The parsimonious measure uses

self-awareness, collaboration, and change adaptation to reflect student leadership self-efficacy. social cognitive theory and the inputs-environment-outcomes model provide the theoretical and conceptual foundation of the measure. In addition to the development of the student leadership self-efficacy scale, the researchers collected data on students' prior leadership experiences and characteristics to explore a relationship between students' prior leadership experiences, gender, university classification, and leadership self-efficacy.

BACKGROUND OF THIS STUDY

Self-efficacy in the Leadership Role

Leadership efficacy and competency are associated with critical academic, social, and career outcomes that are important for leadership. Some examples include leadership potential (Chan & Drasgow, 2001), social change (Astin & Astin, 2000), positive leader ratings (Chemers, Watson, & May, 2000), and work performance (Luthans & Peterson, 2002). Self-efficacy is a fundamental motivation construct that explains human behavior (Ng, Ang, & Chan, 2008) and is a part of Bandura's (1986) social cognitive theory of motivation and behavior. Bandura (1977; 1982; 1986) described self-efficacy as the inner confidence in one's capabilities and resources to complete a task or manage a situation. This confidence further influences task-related choices, effort, and performance (Bandura, 1997). Self-efficacy is both task and context-specific (Bandura. 1997). This means that in a leadership context, leadership experiences can promote specific task competencies and, more generally, overall leadership competency.

There is general agreement that inner confidence or self-efficacy is a characteristic associated with productive leaders (Bass, 1990; Murphy & Johnson, 2016). Leadership self-efficacy describes the beliefs about the ability to use one's resources and skills to lead effectively (Chemers, Watson, & May, 2000; Nguyen, 2016). Several studies have shown that self-efficacy in leadership aids our understanding of the decisions and behaviors associated with assuming a leadership role and becoming a better leader (Nguyen, 2016). Persons reported attempting leadership roles more frequently, given high levels of leadership self-efficacy (McCormick, Tanguma, & Lopez-Forment, 2002). Paglis and Green (2002) showed leadership self-efficacy had a positive influence on leading change. Judge and Bono (2001) noted a significant association between self-efficacy and successful task completion. Further, leaders possessing higher LSE established more challenging goals and better task completion strategies for group members (Kane *et al.,* 2002).

A national study of leadership capacity building revealed a movement toward assessing college learning and development and the professionalization of student leadership education (Dugan & Komives, 2007). The study drew attention to self-efficacy in leadership development. Researchers in the leadership area have suggested that leadership self-efficacy may be one of the most significant factors determining leadership success and group performance (Hannah *et al*., 2008; Murphy & Johnson, 2016). Although there is evident research interest in leadership self-efficacy (Hannah *et al.,* 2008), it has been described as "somewhat neglected" as an area for personal growth in leadership programs (Rosch, Ogolsky, & Stephens, 2017).

Leadership Self-Efficacy

In many studies, the subjects of leadership self-efficacy investigations were managers, supervisors, and leaders (Chan & Drasgow, 2001; Chemers, Watson, & May, 2000; Ng, Ang, & Chang; Posner, 2004). In other studies where students were the subjects, the measures were not

created to assess the leadership efficacy of students but instead of a general population (Kane & Baltes, 1998; Murphy & Fiedler, 1992; Rosch, Ogolsky, & Stephens, 2017). This norming of measures on college students and the use of college students to create factor structures for measures intended for use with any population have been identified as limitations of many scales (McGrath, Gutierrez, & Valadez, 2000). It has been argued that models and measures developed for corporate or military settings are ill-suited for collegiate environments (Posner, 2004). Therefore, it is good practice to create scales using samples that represent the intended focus of the scale.

Many inventories have focused on leadership capacity development and behaviors (Dugan *et. al.*, 2013). Few have addressed leadership capacity building among college students. Two of the more widely adopted measures are the student leadership practices inventory (Kouzes & Posner, 2006) and the socially responsible leadership scale (Dugan & Komives, 2007). While the student leadership practices inventory assesses exhibited leadership behaviors that are typical of students and managers alike, the socially responsible leadership scale focuses on leadership values that facilitate social change. The socially responsible leadership scale recognizes that leadership self-efficacy can predict leadership capacity and whether students engage in leadership behaviors (Dugan *et. al.,* 2013); however, it measures leadership behavior rather than beliefs in the ability to lead.

The student leadership practice inventory has two types – a self- and observer-assessment of student leader behaviors. Each student leadership practice inventory type consists of 30 statements that measure the five practices of exemplary student leadership – challenging the process, inspiring a shared vision, enabling others to act, modeling the way, and encouraging the heart (Kouzes & Posner, 2006). The student leadership practice inventory closely parallels the original leadership practice inventory used with managers. The case-study approach used to develop the leadership practices inventory was found appropriate for the student leadership practice inventory version, with students exhibiting behaviors similar to those of managers (Kouzes & Posner, 2006). Empirical studies using the student leadership practice inventory have used fraternity and sorority students (Adams & Keim, 2002), residential advisors and directors, (Posner & Brodsky, 1993), and orientation advisors (Posner & Rosenberger, 1997). In these studies, there was greater perceived effectiveness for students that reported engaging in practices described in the student leadership practice inventory (Kouzes & Posner, 2006; Posner, 2004; and Posner & Brodsky, 1994).

The socially responsible leadership scales (Tyree, 1998), popularized in a report of the multi-institutional study of leadership by Dugan and Komives (2007), measures the values of the social change model of leadership development. The model provides the theoretical framework for the 103-item socially responsible leadership scale and "situates leadership as a purposeful, collaborative, and values-based process that results in positive social change" (Dugan & Komives, 2019, p. 6). Socially responsible, change-agents are developed through eight values. These values intend to enhance students' levels of self-awareness and competence to work with and through others (Komives & Wagner, 2012). The social change model has been referred to as the seven C's for Change (Brimm, 2014). Seven leadership values exist across three dimensions of individual, group, and community values. The seven values of consciousness of self, congruence, commitment, collaboration, common purpose, controversy with civility, and citizenship all work toward the eighth value of change (Higher Education Research Institute, 1996; Tyree, 1998).

Although multiple inventories exist for measuring leadership self-efficacy, very few are college-student specific measures, with Rehm and Selznich (2019), perhaps, creating the only youth measure of leadership self-efficacy. Yoon, Imbrie, and Reed (2016) developed a leadership self-efficacy scale for engineering students. The factor structure revealed 38 items across five leadership practice inventory dimensions – leadership opportunity, team motivation, innovative changes, ethical action and integrity, and engineering practice. A modified version of the student leadership practices inventory, with a bend toward assessing student leadership self-efficacy (I can or cannot do this), appears in Endress (2000). This version has been used to determine college-student leadership self-efficacy in several studies (e.g., Arendt & Gregoire, 2005; Bardou *et al.,* 2003; Bloom, 2014).

The five-factor structure of the student leadership practice inventory generally remains intact, with researchers modifying the inventory questions to target their research question. With so few measures of student leadership self-efficacy, this study proposes a parsimonious measure of student leadership self-efficacy grounded in social cognitive theory and the conceptual framework of the input-experience-output (Astin, 1991) college impact model.

GUIDING THEORETICAL AND CONCEPTUAL FRAMEWORKS

Social cognitive theory provides a means to interpret human behavior linked to the perceived ability to act in specific situations (Bandura, 1977). Albert Bandura's social cognitive theory provided self-efficacy theory and is the foundation for leadership self-efficacy. According to self-efficacy theory, behaviors and environment are critical to the formation of efficacy perceptions. One's perception of the relationship between capability, mastery, and desired outcomes relates to leadership as these perceptions influence leadership self-efficacy.

Astin (1970, 1991) pioneered one of the first college impact model that focusses on the "origins of change" (Strayhorn, 2008, p. 3). The inputs-environment-outcomes model defines inputs as the personal qualities of students as they enter an educational program. The environment refers to the experiences of students during the educational program. Finally, outcomes are the change in students that may result from participation in an education program. The inputs-environment-outcomes model has been used in many studies examining college influence on student outcomes (Strayhorn, 2008). Astin's Inputs-environment-outcomes model is represented in Figure 1.

Figure 1
Astin's (1991) Inputs-Environment-Outcomes College Impact Model
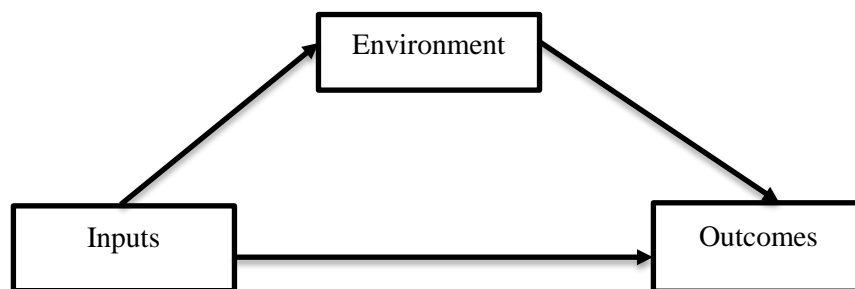
Note: This diagram is a diagrammatic depiction of the inputs-environment-outcomes model (Astin, 1991).

Conceptualizing Leadership Self-Efficacy

A leader evolves with experience and learning or when prior notions of what leadership is and how it should be implemented change (Bandura & Wood, 1989). The ability to assess oneself is a valuable leadership attribute that can foster personal growth Harvard,2014). To be self-aware is to possess the ability to 'self-observe' (Atwater & Yammarino, 1992). Specifically, self-aware leaders are focused on others. A self-aware individual has "a deep understanding of one's emotions, as well as one's strengths and limitations and one's values and motives" (Goleman, Boyatzis, & McKee, 2002, p. 40). Additionally, self-aware leaders are better able to work with and respond to the needs of others (Albrecht, 2009).

Self-awareness is also a foundational component of emotional intelligence (Goleman, 1995) and demonstrating empathy (Richards, 2004). Students who self-evaluate are better positioned to regulate their behaviors in ways that lead to desired outcomes (Zimmerman, 2002). Self-awareness and self-efficacy are closely intertwined. As people pay attention to their mood and the effectiveness of their responses, they can adjust and choose strategies that improve the likelihood of performing well (Bradley, Browne, & Kelley, 2017).

Students understand their effectiveness as leaders as they get feedback when engaging with others in leadership activities. Therefore, understanding whether leaders work well within groups is crucial. Paglis and Green (2002) gave significant focus to the group context in their description of leadership self-efficacy by defining it as "a person's judgment that he or she can successfully exert leadership by setting a direction for the workgroup, building a relationship with followers in order to gain their commitment to change goals, and working with them to overcome obstacles to change" (2002, p. 217).

Groups form the social context for self-efficacy beliefs. Therefore, leaders must be willing to engage, support, empathize, challenge, trust, and work alongside members of their team to get things done. As with the adaptive form of leadership, leaders interact with followers to accomplish tasks rather than exercise their authority to control others (Northouse, 2015). Further, the collaborative process that happens within groups develops the individual leadership qualities necessary for personal growth and change (Higher Education Research Institute, 1996.)

Collegiate leadership research suggests that the more students immerse themselves in leadership growth opportunities, the more likely they are to develop strong leadership skills and behaviors. There is a variety of pre-college, out-of-college, and in-college experiences linked to enhanced student leadership capacity. These experiences may include formal leadership training and courses (e.g., McKinney & Waite, 2016), community service and internships, membership in off-campus organizations (Dugan *et al.,* 2013), and involvement in campus/student organizations (e.g., Patterson, 2012; Soria *et al.,* 2013).

Although much of the college-student leadership research appears to overlook pre-college experiences, outlets such as sporting teams, community service, student government, and other extracurricular activities while in high school can provide leadership growth as well (Komives & Johnson, 2009). National data from the multi-institutional study for leadership affirmed, "high school leadership experiences play a central role in contributing to college leadership outcomes" by explaining 10% of the variance in college leadership self-efficacy of their college seniors" (Komives & Johnson, 2009, p. 37). Additionally, positional leadership roles also facilitate continued growth in leadership self-efficacy (Bandura, 1997).

Students who participate in collegiate leadership experiences have an opportunity to interact with peers in formal and informal environments that are both educational and nurturing

(Patterson, 2012). Dugan *et al.* (2013) found that involvement in organizations such as non-profits, unions, religious groups or churches, advocacy groups, and others helped to cultivate socially responsible leadership. In particular, holding a leadership position in college organizations was one of the best ways to enhance student leadership self-efficacy (Komives, Lucas, & McMahon, 1998).

METHODOLOGY

Sample and Data Collection

The survey, presented in Appendix 1, was distributed to 310 undergraduate and graduate students enrolled in courses at the business school of a large state university in the southern United States. Three hundred participants completed the survey and received extra course credit for their involvement. Nine cases were removed from further consideration due to their exclusive selection of extreme responses. As a result, 291 cases remained in all subsequent statistical analyses. Of the group, there were 151 males, 139 females, and one unidentified. The sample was overwhelmingly traditional, with 93% of it falling in the age range of 18 years to 25 years. Most students had also achieved either junior (171) or senior (93) status at the university; 14 were graduate students. Data were collected from students through a self-report survey administered in one session. Table 1 summarizes the sample descriptive data.

Table 1
Descriptive Statistics Summary

Variables/Constructs	M	(SD)
Inputs		
Gender[1]	1.48	.51
Classification[2]	3.37	.65
Environment		
Prior Leadership Experiences[3]	3.36	2.337
Outcomes		
Student Leadership Self-Efficacy[4]	6.54	1.02
Self-awareness	7.22	1.41
Collaboration	7.43	1.5
Change Adaptation	7.31	1.33

[1] – Female =1; Male = 2; Unidentified = 3

[2] – Freshman = 1; Sophomore = 2; Junior = 3; Senior = 4; Graduate Student = 5

[3] – Number of prior leadership experiences reported

[4] – Student LSE items rated on an 11-point scale that ranges from 0-10.

Definition and Measures of Variables

The following variables were defined for a college student population. *Student leadership self-efficacy* was described as one's belief in his/her ability and knowledge to execute a leadership role, manage a group, and flourish within dynamic environments to accomplish goals. In this study, s*tudent leadership self-efficacy* was measured by three second-order constructs: self-awareness, collaboration, and change adaptation. *Self-awareness* was defined as the ability

to be conscious of one's character, motives, flaws, strengths, inclinations, and wishes. *Collaboration* described the belief in one's ability to work well with others in a shared effort to achieve a common goal. *Change adaptation wa*s the belief in one's ability to adjust to constantly evolving environments and situations while maintaining the core functions of the group. *Prior leadership experiences* were varied activities, events, or productions in which students have participated that could potentially enhance their leadership capacity and future leadership performance. These prior experiences include dpre-college, out-of-college, and college experiences and ranged from leadership training and courses, to community service and involvement in campus/student organizations.

Although research on effective leadership points to a broad spectrum of leadership skills and competencies, such as goal and direction setting, gaining commitment, and inspiring a shared vision, Northouse (2015), this study takes a more parsimonious approach by defining leadership self-efficacy using three constructs (self-awareness, collaboration, and change adaptation). These constructs were rated on an 11-point self-efficacy scale, like the leadership practices inventory adaptation used by Endress (2000). Prior leadership experiences measured whether a student participated in any of the 10 leadership experiences identified in the study.

CONSTRUCT AND SCALE DEVELOPMENT

Item Development

Bandura (1997, 2006) recommended that efficacy scales be developed based on knowledge of what it takes to succeed in a given domain. In this study, s*tudent leadership self-efficacy* represented three constructs– self-awareness, collaboration, and change adaptation. Items used for these scales were adopted from the socially responsible leadership scale developed by Tyree (1998), which was based on the social change model of leadership development. Items were also adopted from Dugan and Komives' (2007) study that used Tyree's (1998) socially responsible leadership scale with slight modifications to the consciousness of self and collaboration values of the social change model. Finally, the researchers consulted the leadership self-efficacy scale developed by Endress (2000) that measured levels of self-efficacy for relational leadership using a modified version of the student leadership practices inventory. The 20-item instrument asked respondents to reflect on their past group experiences and read a series of statements related to their leadership self-efficacy. Respondents then indicated from 0 (cannot do) to 10 (can do) their belief in their abilities. This scale range reflected the recommendation of Bandura (2006) and was used by Endress (2000) for constructing a self-efficacy scale.

Items assessing prior leadership experiences were adopted from scales used in previous studies (Dugan & Komives, 2007; Endress, 2002; Landry, 2003; Patterson, 2012). The 10-item scale asked students to indicate their participation in a series of leadership-related experiences, such as academic courses, short-term training, internships, mentoring, membership in campus organizations, and officer positions in campus organizations.

Review of Scale Items

Three advanced doctoral students in the field of human resource leadership development, who served as graduate teaching assistants for leadership development courses, participated in the review of the scale. They received the working definitions of each construct, social cognitive

theory and inputs-environment-outcomes conceptual framework presented in Figure 1, and a sorted list of items. The researchers tasked the doctoral students with assessing whether the items were or were not representative of their respective constructs. Finally, the researchers asked the doctoral students to make any item wording changes that would ensure the representation of the focal constructs. Based on the feedback from the graduate students, the researchers removed two items from the prior leadership experiences. More importantly, many items were reworded to reflect the constructs of interest better.

The refined research instrument contained 32 variable/construct items and ten demographic questions. Five undergraduate students reviewed the instrument to provide additional feedback. Specifically, students were asked to comment on survey length, time to completion, clarity of instructions, and item comprehension. They were also encouraged to provide additional comments and suggestions to improve the instrument. Students suggested no notable scales alternation. As such, no further modifications were made before piloting the survey.

Scale Testing and Item Reduction

Table 2 summarizes the correlations and Cronbach Alpha reliability statistics of the sample. All correlations were significant and positive for the experience and outcome components of the inputs-environment-outcomes model. The composite reliability of items on the self-awareness, collaboration, change adaptation, and leadership self-efficacy factors exceeded the .70 lower threshold of satisfactory internal consistency. The correlations between input factors gender and classification generally were positive but not significantly related to either the environment or outcome factors.

Table 2
Correlations and Reliability Statistics

	1.	2.	3.	4.	5.	6.	7.
Correlations							
1. Prior Leadership Experiences	-						
2. Self-Awareness	0.22**	-					
3. Collaboration	0.14*	0.52**	-				
4. Change Adaptation	0.21**	0.67**	0.64**	-			
5. Leadership Self-efficacy	0.29**	0.84**	0.82**	0.83**	-		
6. Gender	0.09	0.04	-.05	-.07	-.03	-	
7. Classification	0.07	0.07	0.01	0.04	0.00	-0.03	-
Cronbach's Alpha	-	.85	.85	.88	.82	-	-
Composite Reliability	-	.84	.85	.89	.83	-	-

Note: n = 291
**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Exploratory Factor Analysis (EFA)

In scale development, Netemeyer, Bearden, and Sharma (2003) suggested conducting a series of EFAs with multiple relevant samples to finalize and refine the scale before proceeding to confirmatory factor analysis (CFA). By following this process, the researchers were able to reduce the number of items on a scale and use the items that maximized its explained variance. It also helped identify underlying dimensions in the scale.

Using the statistical package for the social sciences (SPSS), a series of EFAs (Principal Axis Factoring) were conducted utilizing a Promax rotation. The Kaiser-Meyer-Olkin (KMO) value of .91 and Barlett's Test of Sphericity (p < .001) suggested good factorability. In addition, all items demonstrated measures of sampling adequacy between .77 and .96. After executing a series of EFAs, three items on the self-awareness construct and one item on the change adaptation construct were removed due to issues of cross-loading. The items removed from the self-awareness scale addressed the ease with self-reflection, communicating personality weaknesses to others, and describing how one is similar to others. The item removed from the change adaptation scale addressed the tendency to deviate from an initial timeline.

Although it is ill-advised to exclude even poorly performing items in the preliminary phase of scale development, the researcher decided to exclude these items after careful consideration of their unsatisfactory performance and the number of items available to measure the constructs. All factor loadings for the remaining items exceeded the .40 threshold: collaboration −.60 to .85, change adaptation − .59 to .88, and self-awareness −.73 to .84. The final EFA explained 62.99% of the variance and extracted three constructs–change adaptation, self-awareness, and collaboration.

The researchers proceeded to conduct both item and reliability analyses for the retained indicators, as suggested by Netemeyer, Bearden, and Sharma (2003). When deciding which items to retain or delete, Netemeyer, Bearden, and Sharma (2003) offered several rules of thumb, two of which included using inter-item correlations of .30 or better and a Cronbach's Alpha for newly developed scales of at least .80. Table 2 presents the correlation and reliability results. All scales exceeded the .80 minimum. Inter-item correlations were above the .30 threshold, except for specific inter-item correlations in the prior leadership experiences and leadership self-efficacy scales.

Confirmatory Factor Analysis (CFA)

The prior leadership experiences measure was treated as an observed variable as respondents indicated the presence or absence of experience. The leadership self-efficacy construct was treated as latent. First, the researchers established a baseline model correlating all three constructs before testing a second-order factor model in a CFA. The leadership self-efficacy was conceptualized as a second-order factor measured by change adaptation, collaboration, and self-awareness. The results appear in Table 3. Given the slight increase in chi-square and fit values, a chi-square difference test would not show any significant improvement in model fit. The results favored the first-order model rather than the second-order model in which leadership self-efficacy was represented self-awareness, collaboration, and change adaptation. When comparing models, however, the differences are somewhat negligible. The fit of the desired second-order model, however, is good at Comparative Fit Index = .946. Root-Mean-

Square Error of Approximation = .056 and Standardized Root Mean Squared = .050. Therefore, the second-order model was retained.

Table 3
CFA Comparison, Validity Statistics, and Intent to Lead Scale

3A. CFA Goodness-of-Fit Model Comparison				
Fit Indices	**CFA First-Order Model**		**CFA Second-Order Model**	
Chi-square	332.763		341.838	
Chi-square/df	1.869		1.899	
Comparative Fit Index	.948		.946	
Root-Mean-Square Error of Approximation	.055		.056	
Standardized Root Mean Squared	.046		.050	
3B. Discriminant Validity Statistics				
Construct		1	2	3
1. Self-Awareness		-		
2. Collaboration		.23	-	
3. Change Adaptation		.34	.44	-
Composite Reliability		.83	.78	.83
Average Variance Extracted		.65	.53	.56

Discriminant Validity, Nomological Validity, and Composite Reliability

Discriminant validity is essential in scale development, as it assesses the extent to which a construct is genuinely distinct from other constructs. The average variance extracted was calculated for all four constructs and compared to their corresponding squared inter-construct correlations. The average variance extracted should exceed .50 and the squared inter-construct correlation, if the constructs are not related. The average variance extracted values were calculated using the formula: (sum of squared loadings) / number of indicators. All constructs had average variance extracted greater than .5 with the range from .53 to .65 (see Table 3B). Additionally, the squared inter-construct correlations ranged from .09 to .44. When comparing the average variance extracted to their corresponding squared inter-construct correlations, all average variance extracted are higher than their corresponding squared inter-construct correlations (see Table 3B). Therefore, the results support discriminant validity in the latent constructs.

Nomological validity is often assessed to determine whether a relationship exists between constructs when they appear correlated but are not directly related. When valid, a construct will behave as it should when in the presence of the other constructs under examination. Nomological validity was tested by examining whether the correlations between the constructs in our measurement model were logical (i.e., self-awareness, collaboration, and change adaptation). These correlations are often referred to as the Φ matrix. If the constructs demonstrate nomological validity, they must be positively related and significant. In the Φ matrix, all

correlations were positive. Further, by examining the covariances between constructs, it was found that all covariances were statistically significant ($p < .05$). These results provided initial support for nomological validity.

Composite reliability assesses the overall reliability of the latent constructs, with values of .70 or above providing evidence of good reliability (Hair *et al.,* 1998). Composite reliability was calculated using the formula: (Sum of Loadings)/((sum of loadings)^2 + (sum of error terms). Composite reliability results appeared in Table 3. Based on the outcomes, all constructs displayed adequate composite reliability.

DISCUSSION

This study aligns well with efforts to assess leadership capacity at the program level and aid educators in making improved curricula decisions to prepare students to perform capably in a leadership role. The research aimed to develop a multi-dimensional measure of student leadership self-efficacy. The 17-item, three-dimension measure for college students was assessed using an appropriate college-student sample. The scale aims to be parsimonious and focuses on three areas believed to represent leadership self-efficacy for a variety of students. The resulting factor structure and second-order CFA were statistically supported and show the researchers identified self-awareness, collaboration, and change agent as core components of student leadership self-efficacy.

The researchers were interested to know if prior leadership experiences would be positively related to student leadership self-efficacy. Although a hypothesized relationship was not tested, the inputs-environment-outcomes model provided a framework to suggest the positive association of prior leadership experiences and student leadership self-efficacy. Existing research has identified leadership experiences as influential in the development of leadership capacity. Specifically, pre-college experiences, formal leadership experiences, and campus involvement were found to matter for leadership development (Dugan & Komives, 2007; Dugan et el, 2008; and Kezar & Moriarty, 2000). The positive correlation found in this study demonstrated that as the variety of leadership experiences increased, so did leadership self-efficacy. These findings advocate for students getting involved in varied activities to enhance their leadership abilities (Berger & Milem, 2002; Cress *et al.,* 2001). It is important to note that 55% of the sample reported having some leadership experience. Of those individuals, the number of quality leadership experiences engaged in was considerable. Eighteen percent had at least three leadership experiences, and 18% acknowledged participating in at least six such experiences.

Gender and classification were considered inputs or leadership characteristics in the inputs-environment-outcomes model but not found to show significant correlations with either the prior leadership experience or student leadership self-efficacy. Again, a hypothesized relationship was not tested, but there were expectations of a possible relationship involving input variables in the inputs-environment-outcomes model. Gender differences in leadership experiences and leadership self-efficacy have been found to emerge in adults (Bobbio & Manganelle, 2009) but were not evident here. Students are generally motivated to engage in more leadership activities nearing graduation to improve their resume and attractiveness to potential employers. The correlations revealed a positive but insignificant relationship suggesting, perhaps, that students may be actively engaging in leadership opportunities throughout their college matriculation.

STUDY LIMITATIONS

Limitations of this study included the sample composition, reliance on self-reports, and recruitment procedure. These limitations are relatively common in the social sciences, but the effects could be diminished by targeting students with known leadership exposure. Consistent with the self-efficacy theory (Bandura, 1997), self-reports are typical and based on induvial experiences.

CONCLUSION

An essential contribution of this study is the introduction of a theoretically-grounded instrument of student leadership self-efficacy. The student leadership self-efficacy measure presented here was developed for a college student population and tested on a representative sample. This study builds on previous research that tries to explain student leadership development and leadership self-efficacy (Dugan & Komives, 2007; Endress, 2002; and Kouzes & Posner, 2006). Further development of this scale using future studies will aid in its validation and refinement.

RECOMMENDATION FOR FUTURE RESEARCH

As some items were removed during factor analysis, construct items could also be further refined in future studies. Another consideration is to *assess* the quality of prior leadership experiences. For example, involvement in a college student organization offers different opportunities for leadership development.

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Appendix 1
The Survey for Student Leadership Self-Efficacy

Item	Description
	Prior Leadership Experiences (PLE)
PLE1	Academic Course focused on leadership
PLE2	Employment-related leadership training
PLE3	Short-term Leadership training
PLE4	Community Service
PLE5	Internship Experience
PLE6	Mentoring (e.g. mentored by peers, faculty, or employer)
PLE7	Membership in a campus student organization (e.g. Greek life, religious, governance, academic)
PLE8	Officer in a campus student organization (e.g. president/captain, vice-president, secretary/treasurer)
PLE9	Membership in a student organization during your last year of high school (e.g. honorary, performing group, varsity team)
PLE10	Officer in a student organization during your last year of high school (e.g. president/chair/captain, vice-president, secretary or treasurer)
PLE11	None of the above
	Self-Awareness (SAV)
SAV1	I describe myself to another group member
SAV2	I articulate my priorities to the group
SAV3*	I engage in self-reflection easily
SAV4	I express myself easily to other group members
SAV5	I communicate my personality strengths to other group members
SAV6*	I communicate my personality weaknesses to other groups members
SAV7*	I describe how I am similar to other group members
	Collaboration (COL)
COL1	I enjoy working with other group members toward achieving common goals
COL2	I trust the group members with whom I work
COL3	I make a difference when I work with other group members on a task to achieve common goals
COL4	I actively listen to what other group members have to say
COL5	I work well with other group members
COL6	I produce better results when I collaborate with other group members
	Change Adaptation (CHA)
CHA1	I initiate new ways of looking at things
CHA2	I look for new ways to do something
CHA3	I identify the differences between positive and negative change
CHA4	I work well in changing environments
CHA5	I change my course of action if needed to accomplish team goals
CHA6	I readjust project goals once a project has started
CHA7*	I deviate from the initial timeline
CHA8	I consider new ideas once a project has started
	Intent to Lead (IL)
IL1	I plan to seek opportunities to lead
IL2	I will make every effort to take a leadership role in my next group project
IL3	I will seek a leadership role in a campus/community organization
IL4	I will try my best to lead an initiative for a cause that is important to me

Note. *Items removed through factor analysis. PLE, SAVE, COL, and CHA scales were adopted with minor self-efficacy (Endress, 2000) alterations to wording to fit the context of study from Socially Responsible Leadership scale (Tyree, 1998). The IL scale was designed for this study.

TESTING THE RELEVANCE OF PRE-CRISES PUBLIC RELATIONS FOR OIL AND GAS COMPANIES INTERNAL POLICY DEVELOPMENT

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ABSTRACT

Crises caused by industrial accidents in the energy industry can result in severe consequences ranging from loss of market share to the imposition of costly regulations. Energy companies can mitigate these negative consequences through the aggressive use of public relations as a matter of policy. This study attempts to demonstrate the intrinsic value of public relations and prevent public relations research to an energy company's internal policies and examines how a specific energy crisis can be mitigated. The study also examines the effectiveness of an accommodation public relations strategy in the context of hydraulic fracturing accidents in the contentious energy industry. Finally, it serves as a test to assess the fit of the contingency theory of conflict management as an intellectual tool that assists the oil and gas industry in managing its conflicts.

The findings show that an accommodative stance mitigated the effects of the crisis, but only under certain conditions. More interestingly, exposure to news articles and press releases appears to have caused an increase in the participants perceived level of knowledge about hydraulic fracturing and perceptions of crisis severity. These findings have important theoretical implications for contingency theory and post-crisis messaging strategy.

Keywords: Crisis management, hydraulic fracturing accidents, the contingency theory of conflict management, mixed design factorial experiment, crisis response

INTRODUCTION

Can an energy company face a serious industrial accident and recover quickly with fewer enduring impacts? The 2011 Deepwater Horizon incident is an example of how this was not the case. The accident caused serious harm for a variety of stakeholders far beyond British Petroleum (BP) and is currently persisting. The industry's problems are complicated by the relatively poor reputation of large energy companies (Nielsen, 2016). Hydraulic fracturing is now the dominant form or energy extraction, but the American people are evenly divided in their stance towards it (Swift, 2015), Experimental research shows that reputation exerts an impact on the public's reaction to a crisis (Lyon & Cameron, 1999). Given what we know about crises, when an energy production accident causes a crisis, what is the optimal response?

Twenty years of research has solidified that effective public relations (PR) is essential to crisis management and subsequent reputation-image repair efforts (Ha & Boynton, 2014). Ineffective PR seriously exacerbated BP's problems during the 2011 crisis (Muralidharan, Dillistone & Shin, 2011). Crises are also known to reactively spur the development of new government policies designed to prevent their reoccurrence (Liou, 2013). Public relations has been proven to be crucial in the government's process of developing public policy (Schweickart *et al.,* 2016). Research shows that effective PR can prevent or mitigate the imposition of unnecessary government regulations (Martino *et al.,* 2017). Using pre-crisis PR research can help identify the negative reactions of various stakeholders in response to potential accidents.

Aside from crisis, PR is essential to the energy industry when negative public opinion about fracking creates a barrier to the acquisition of oil and gas resources (Jones, Hillier & Comfort, 2013). The contingency theory of conflict management, one of two meta-theories in public relations, offers a framework for industries immersed in conflict to choose the optimal strategy for dealing with contentious issues and hostile publics. The core tenet of the theory is that an organization will adopt a stance, or general strategic disposition, along a continuum ranging from pure advocacy to pure accommodation (Cameron, Cropp, & Reber, 2001).

During a crisis, stance adoption would be made considering a wide variety of factors, which a substantial body of literature has explored (Pang, Jin & Cameron, 2010). Currently, there is a lacuna of research on the effects of an adopted stance upon a public. A stance is a strategic position that manifests in a set of specific tactics, like publicity events or corporate social responsibility programs (CSR). An experiment by Lyon and Cameron (2004) found that companies with a good and bad reputations fared better using a more accommodative approach. Business research indicates that apologies, a form of accommodation, have been effective in mitigating the effects of a corporate crisis (Hill & Boyd, 2015). The crisis types discussed in many of these articles often involve less complicated crises for less controversial industries that are involved in fewer conflicts than the energy industry. Would accommodation strategies also work for the energy industry?

The purpose of this study is three-fold. *First*, it attempts to use an experiment to demonstrate the intrinsic value of PR and pre-event PR research to an energy company's internal policies. It not only examines how a specific energy crisis can be mitigated, but also how it can be used to take measures to pre-emptively prevent one by incorporation into policy. Secondly, it examines the effectiveness of an accommodation PR strategy in the context of a hydraulic fracturing accident in the contentious energy industry. Finally, it serves as a test to assess the fit of the contingency theory of conflict management as an intellectual tool that assists the oil and gas industry in managing its conflicts.

REVIEW OF LITERATURE

The American public has limited knowledge about the risks and benefits of fracking impacting their engagement with the issue (Boudet *et al.,* 2014). Public attitudes about fracking are tied to political ideology as conservatives generally favor fracking and liberals are generally opposed (Choma, Hanoch, & Currie, 2016). Stoutenborough, Robinson and Vedlitz (2016) discovered that word fracking did not exert any influence upon participant's attitudes about the oil and gas industry. However, Davis and Fisk (2014) found that the frame people use to conceptualize fracking, as either environmental protection or energy development, affected their support for it. An experimental study of visual framing of fracking yielded similar results when participants interpreted photographs of fracking operations (Sarge *et al,* 2015). The literature indicates that public support for hydraulic fracturing policy is not usually based upon the careful deliberation of factual information.

All forms of energy production have risks and benefits. Perceptions of risks and benefits involved in energy production are antecedents of a public's support for a particular policy (Visschers & Siegrist, 2013). An ill-informed public complicates crisis response as their reactions may result from mental models that trigger emotional reactions. For instance, man-made risks provoke more negative feelings than naturally occurring risks (Siegrist & Sütterlin, 2014). Human induced earthquakes linked to fracking are perceived more adversely and trigger more negative emotions than naturally occurring earthquakes (McComas *et al.,* 2016). A public

which doesn't fully understand the risks and benefits of fracking are more likely to adopt a heuristically driven stance towards the issue.

Crisis and Risks

Crises are the manifestation of risks, which are inevitable and numerous in any industrial processes. Risks are analyzable and dangerous situations in which harms and probabilities are known through close analysis (Bodemer & Gaissmaier, 2015). A crisis is a significant event with negative outcomes that affects an organization, company or industry, as well as its publics, products and services (Fearn-Banks, 2002). A crisis also creates new risks, which in turn might become another crisis. A single accident in one state creates risks for the banning of fracking in others. Risk and uncertainty or predictability is intrinsically linked. Perceptions about the level of risk can be created for the public through the mass media and other forms of communication (Ellsworth & Scherer, 2003).

A concept of crisis management is an organizations actual ability to control it, which is linked to the public's perceptions of responsibility for a crisis. Publics facing crisis will automatically seek to attribute responsibility for the crisis to some cause. Attribution has important consequences for an organization and can inflict reputational damage (Coombs, 2008). For instance, if inclimate weather receives attribution for a crisis, people will perceive less controllability and the organization as being less responsible. When attributions were made to human error the reverse happens (Coombs & Holladay, 2010). The more a public believes that an attributed source for a crisis is responsible for causing that crisis, the more they will manifest negative emotions, especially anger, towards the organization (Coombs, 2005).

Pre-Crisis PR

Claeys and Cauberghe (2015), demonstrate that organizations with a favorable pre-crisis reputation suffer less damage to their reputation and recover more quickly than organization that doesn't. Despite this, an organization can undertake many pre-crisis PR activities that will bolster their current reputation and crisis response. Kim (2013) demonstrated how the use of corporate advertising bolstered by inoculation theory, which is planned pre-crisis, can positively impact crisis management. Research has identified the most common types of pre-crisis preparations. The first is the presence of a written plan and subsequent tactical preparedness like having shell speeches prepared and an emergency communication structure ready to operate. Additionally, having staff pre-trained in crisis roles and having all essential functions fully staffed in a rapid fashion (Cloudman & Hallahan, 2006). Another important part of pre-crisis planning that is generally absent in the literature is that crisis response strategies can be pre-tested and evaluated through scholarly research.

Experimental use of predictability and controllability as independent variables, presented as news stories about a crisis, were previously used with success (Jin, 2009: Jin, 2010). Consequently, manipulations of crisis predictability and controllability can be manifested in news texts through careful writing of the issue that frames the company's as having low or high ability to predict and control the incident. Thus, four variations of a story will be used here: 1) High predictability and high controllability (HPHC), 2) High predictability and low controllability (HPLC), 3) Low predictability and low controllability (LPLC), and 4) Low predictability and high controllability (LPHC). Given this literature the following hypotheses are

offered. The main dependent variables, discussed in detail in the methods section, are the message credibility, Correlian Energy, and the hypothetical fracking company. The participant's perceptions of the crisis severity will also be assessed.

H 1: Exposure to the news article and press release will increase the participants perceived level of knowledge about the issue of fracking?

H 2: The two news article independent variable conditions manipulated to ascribe the energy company a high degree of ability to control the accident (HPHC & LPHC) will result in higher-negative mean scores for corporate message credibility than for the two manipulated to represent a low degree of company control (LPLC & HPLC) for the accident.

H 3: The two news article independent variable conditions manipulated to ascribe Correlian energy company a high degree of ability to control the accident (HPHC & LPHC) will result in lower mean scores for Correlian Energy's reputation than the two conditions (LPLC & HPLC) manipulated to ascribe a low degree of ability to control the accident.

Contingency Theory and Stance Adoption

The Contingency theory of public relations was originally developed by Cancel et al. (1997) as the positivist approach to explain how and why public relations is practiced. Pure advocacy is defined as advocating for the actions of your organization, "much like an attorney representing one side of an issue." (Cancel *et al.,* 1997, p. 36) Pure accommodation is defined as accommodating publics that have been affected by the crisis, positioning the PR practitioner as "builder of trust." (Cancel *et al.,* 1997, p. 36). Stance adoption is influenced by internal and external variables, some like laws and regulation can outright preclude the adoption of certain stances like accommodation. A few of the contingent variables that have been identified include support from external publics, credibility, and an organization or industry's history (Cameron, Cropp, & Reber, 2000).

Part of the public's negative perceptions about oil and gas extraction is due to previous accidents and other controversies. According to contingency theory, this past history creates a contingent factor that influences decision-making and stance adoption. For an energy company, a negative past history is going to influence company policy since this history creates increased reputational risks (Muralidharan, Dillistone, & Shin, 2011). Accommodation is a stance that previous literature and conventional wisdom suggests is an appropriate stance for a hydraulic fracturing crisis. Coombs (2013) discussed how apologies have become generally expected by the public during a crisis and can assume a positive dynamic, leading to beneficial outcomes.

Coombs and Holladay (1996) found that when the public perceives the organization's responsibility for the crisis is high, an apology is more effective than not issuing one. When the crisis is caused by incompetence, or mistakes rather than maleficence by the company, the public is more forgiving. Furthermore, if the public believes that the company is responsible for the transgression, irrespective of whether they are or not, an apology is more effective (Kim *et al.,* 2004). Once again, responsibility for a crisis is operationalized as the ability to control it. Given this review of literature, the following hypotheses are offered.

H4: The accommodative press release will mitigate the negative effects of the new story resulting in no change between average pre-test and post-test scores on the corporate reputation scale.

H5: There will be a statistically significant change in the mean score for the perception of crisis severity from the news story pre-test to press release post-test across all four experimental conditions.

METHODOLOGY

Design

The experiment employed a 2 (Crisis Predictability: High vs. Low) x 2 (Crisis Controllability: High vs Low) x 1 (Accommodative Press Release) mixed subjects design. Crisis predictability is operationally defined as the company's ability to anticipate that a crisis would occur. Crisis controllability is operationally defined as the extent to which the company can prevent a crisis from happening. The experiment was constructed and conducted online with a qualtrics panel of (N = 300). Qualtrics is a researcher friendly online survey-experimental design software platform commonly used in the social sciences. All of the statistical analysis was conducted on IBM's SPSS vs. 23. The Qualtrics company also offers a participant recruitment service for a fee. The sample included 110 females, 188 males and two who specified other for gender. In terms of age, 46.6 percent was under the age of 34, and 36.1 percent ranged from 35 to 64 and 9.9 percent are 65 and older. Twenty-four participants failed to report their age, but they were retained in the sample anyway.

After reviewing and accepting the consent form, participants were then randomly assigned to one of the four (n = 75) manipulated news articles. For each individual the order in which the questions were presented within their respective scales were randomized. The participants were first exposed to the news article and asked two sets of questions. Then they read the associated press release and answered three sets of questions, two of which were repeated.

Independent Measures

The independent measures were *four fictitious news articles*, each with a matching fictitious press release. Newspapers represent an ideal format for relaying initial information about a crisis since most publics who are not directly impacted by it learn about it from the news media (Laufer, & Coombs, 2006). The four crisis types were inspired by actual news stories obtained from the San Antonio Express News that covered actual incidents caused by or associated with fracking in South Texas. Based upon actual coverage, four fictitious news stories were created by a trained and experienced journalist, while the press releases were developed by a trained and experienced public relations professional. The responsible company was assigned a realistic sounding name, Correllion Energy, that was not used by any actual energy company. The newspaper was assigned fictious name, Port Mantoone Sea News, in a fictious town in an unspecified state.

Each of the news articles was manipulated, (either high or low), for both crisis predictability and controllability. The manipulations were created in the news article by common journalistic framing techniques. For instance, the following excerpt from one of the news story's displays how high predictability was created. It stated, "Crashes often increase when the volume

of traffic goes up," said Port Mantoone County Sheriff, Nick Rogers, who added that "We predicted that this was going to be the case in our county when Correllion Energy built their large drilling site in Port Mantoone"

For the HPHC crisis type, a news article about an onsite worker death was used. *The worker fell into a drainage pit full of boiling water, which was both predictable and controllable from a risk management perspective*. In the HPLC condition, a news article about the rise of traffic deaths in fracking areas was used. *Increased traffic accidents are predictable due to increased volume of heavy traffic, but very difficult for local authorities to control with significant funding.* For the LPLC condition, a story about flammable tap water linked to fracking was used. This particular incident has been debunked and linked to an activist, but it still persists as a rumor and is valid for use here (Economides, 2011). The final story in the LPHC condition was about fracking-induced earthquakes. *Earthquakes caused by fracking are not very predictable in terms of scope of scale, but they are controllable by choosing not to engage in fracking.*

An accommodative press release was developed for each of the four news stories. These press releases offered partial acknowledgement that the company might be responsible for the incident, issued an apology, and promised to take corrective action to rectify the problem. For instance, one press release states, "We apologize that our transportation practices have endangered the Port Mantoone community," Correllion Energy CEO Brad Griffin said. "Our goal is to keep the people and environment of Port Thomas safe, and we have failed." The press releases were created by a trained and experienced public relations professional. They were verified for quality by a panel of three public relations writing instructors.

Pre-test Manipulation Check

Given that expense associated with a Qualtrics panel, the experimental manipulations were pre-tested. All four of the news articles and the four matching press releases were assessed by the same (n = 60) students repeating the same measurements for all news stories and similar measurements for press releases before the experiment. The first two questions sought to gauge the realism of the manipulated news articles and the press releases, participants were asked how realistic and accurate each was. A repeated measures MANOVA, (Wilks's λ = .97; F = .968, p = .326) found no statistically significant differences. This means that all four of the stories and press releases were nearly equal in their rating for realism and accuracy. Second, they were asked to assess the level of predictability and controllability of the accident presented in the news articles. A repeated measures MANOVA was also used, where the news and press release manipulations were classified as different groups. For the news manipulations (Wilks's λ = .44; F = 300.267; p < .01) statistically significant differences were expected due to the manipulations. The press release manipulations (Wilks's λ = .99; F = .445, p = .506), were not statistically significant as was intended.

Dependent Measures

The *first dependent variable* for the experiment was designed to address hypothesis one. This question asked, "How do you feel about hydraulic fracturing or fracking?". It asked them to rate their feelings on a five-point thermometer, where one equaled strongly disliked and five equaled strongly liked. The corporate reputation, crisis severity perception scales were

administered twice to enable a repeated measures MANOVA. The first administration of the scales was after the participant read the news article and the second was administered after they read the press release. The corporate message credibility scale was administered once, after the press release. The goal was to determine the effectiveness of the press release and to examine differences in its impact upon the participants between the four conditions.

Customer-Based Reputation

To assess the participant's perceptions of Correllion Energy's corporate reputation, a modified form of Walsh and Beatty's (2007) customer-based reputation (CBR) scale was employed. Reputation was measured using a six-item scale with a Cronbach's Alpha of .95. The scale included questions, such as "Correllion Energy appears to be aware of its responsibility to society".

Crisis Severity Perception

The participant's perception about the seriousness of the presented crisis was measured with a modified crisis perception scale (Billings, Millburn, & Schaalman, 1980). This fourth question (a = .72), seven-point Lickert scale evaluated participants' perceived disruptiveness posed by the accident (i.e., "How disruptive do you think these types of incidents will be to the hydraulic fracturing industry in the U.S.?".

Corporate Message Credibility

To test the effectiveness of the accommodative press release, the corporate message credibility scale was administered, defining the degree to which participants viewed the press releases as believable and convincing. It was measured using six items (a = .93) with seven-point bipolar semantic differential scale: unbiased-biased, accurate-inaccurate, believable-unbelievable, convincing-unconvincing, trustworthy-untrustworthy, and telling the whole story-not telling the whole story (Ohanian, 1990). On this scale, lower scores represent better scores for the organization while higher scores are negative.

Other Measures

It was of interest to know if the participants felt that they had learned something about the very complex issue of energy production from exposure to the independent variables. We did feel it was appropriate in this project to actually measure what they know. To obtain this data a single question asking them to rate their knowledge on a ten-point Lickert scale was administered before exposure to the independent variables and re-administered after the experiment, immediately before the demographic questions.

STUDY RESULTS

Since repeated pre and post-test measures are used for perception of knowledge and feeling about fracking, crisis severity and corporate reputation scales, a repeated measure MANOVA was calculated. Box's test of equality of covariance matrices, (M = 134.79, p > .05)

was not significant. The test comparing all four repeated measures variables (Wilks' Lambda = .971; $F(3,290) = 2.909$; $p < .05$), revealed barely statistically significant differences overall. The pre and post-test means for corporate reputation and perceptions of crisis severity are presented below in Table 1 along with the amount of change in the means between the tests. Table 2 breaks down how the means for each test by experimental condition.

Table 1
Total Pre and Post Test Means

	Scale Totals			
	Pre-Test	**Post-Test**		
	M *(SD)*	*M* *(SD)*	**MΔ**	**Means for Scales Sorted by Experimental Condition**
Knowledge	3.80 (2.70)	5.32 (2.09)	1.52	
Perception of Crisis Severity	3.93 (1.05)	5.44 (1.14)	1.51	
Corporate Message Credibility Scale	2.93	1.51		
Corporate Reputation	3.20 (1.50)	4.35 (1.34)	1.15	

Table 2
Means Compared to Experimental Conditions

HPHC			HPLC			LPLC			LPHC		
Pre-Test	Post Test	MΔ	Pre-Test	Post-Test	MΔ	Pre-Test	Post-Test	MΔ	Pre-Test	Pro-Test	MΔ
M *(SD)*	*M* *(SD)*		*M* *(SD)*	*M* *(SD)*		*M* *(SD)*	*M* *(SD)*		*M* *(SD)*	*M* *(SD)*	
3.11 (2.40)	4.73 (1.93)	1.62	4.15 (3.18)	5.32 (2.51)	1.08	4.29 (3.08)	5.87 (2.33)	1.58	3.30 (2.55)	4.97 (1.95)	1.67
3.84 (97)	5.28 (1.05)	1.44	3.89 (1.11)	5.36 (1.05)	1.47	3.92 (1.14)	5.34 (1.14)	1.42	4.10 (.94)	5.78 (1.12)	1.68
3.17 (1.08)			2.85 (1.55)			2.67 (1.74)			3.12 (1.55)		
2.71 (1.31)	4.08 (1.46)	1.37	3.75 (1.61)	4.43 (1.30)	0.68	3.15 (1.68)	4.49 (1.43)	1.34	3.38 (1.19)	4.42 (1.19)	1.04

Hypothesis one stated: Exposure to the news article and press release independent variables will increase the participants perceived level of knowledge about the issue of fracking? Analyzing the changes in the participant's perceived knowledge about the issue of fracking the univariate results revealed, ($F(1,290) = 220.178$; $p < .01$; $\eta2 = .432$), statistically significant differences among the four experimental conditions. On the whole, participant's perceived knowledge faced a positive increase of ($\Delta 1.52$) on a five-point feeling thermometer. Participants in the low controllability conditions rated higher scores for perceived self-knowledge than those in the high controllability condition. Thus, H1 is supported.

Message Credibility

Hypothesis two stated: The two news article independent variable conditions manipulated to ascribe the energy company a high degree of ability to control the accident (HPHC & LPHC) will result in higher-negative scores for corporate message credibility than for the two manipulated to represent a low degree of company control (LPLC & HPLC) for the accident. Since the corporate message credibility measure was administered only once, after the press release in each of the four experimental conditions, a one-way ANOVA was the optimal test. Levene's test (F = .971; p = .407), revealed homogeneity of variance. Significant differences in mean scores for message credibility, (F = 3.826; p = .010; η2 = .347), between each of the four press releases existed. As per Table 1.2 above, the high control IV's represented by the HPHC and LPHC, did have mildly higher and negative scores than the lower control conditions of LPLC & HPLC. Therefore, H2 is supported.

Reputation and Crisis Severity

The corporate reputation and the perception of crisis severity scales were both administered twice in each of the four experimental conditions. First after the news article about the respective hydrualic fracturing accident to determine the effects of exposure to this IV. They were re-administered after the Correlian Energy press release to identify if caused any changes. A repeated measures MANOVA, (F = 5.113; p < .01; η2 = .109), revealed statistically significant differences. Bonferroni post hoc tests revealed that significant differences existed amongst all but one of the pairwise comparisons of press releases. The non-significant pair was the HPLC and the LPLC condition; CI.95 = -1.717 (lower), – 2.090 (upper), p > .05. The mean scores for the reputation variable are present in Tables 1.1 and 1.2.

Hypothesis three stated: The two news article independent variable conditions manipulated to ascribe Correlian energy company a high degree of ability to control the accident (HPHC & LPHC) will result in lower mean scores for Correlian Energy's reputation than the two conditions (LPLC & HPLC) manipulated to ascribe a low degree of ability to control the accident. The higher control conditions HPHC ($\overline{x}$ = 4.08, sd = 1.46) and LPHC ($\overline{x}$ = 4.42, sd = 1.19) had lower post-test scores for reputation than in the lower control LPLC ($\overline{x}$ = 4.49, sd = 1.43) and HPLC ($\overline{x}$ = 4.43 ; sd = 1.46) conditions. Thus, H3 is supported.

Hypothesis four specified: The accommodative press release will mitigate the negative effects of the new story resulting in no change between average pre-test and post-test scores on the corporate reputation scale. As evident in Table 1.2, on the measure of corporate reputation, the post-test scores actually rose from the pre-test scores. The highest increase was (Δ 1.37) in the HPHC condition and the lowest was (Δ 0.68) in the HPLC condition. Surprisingly the high control conditions benefited the most from the accommodative press release, which was more effective than expected. Therefore, H4 is NOT supported.

Perceptions of Severity

Hypothesis five posited: There will be a statistically significant change in the mean score for the perception of crisis severity from the news story pre-test to press release post-test across all four experimental conditions. The univariate test results derived from the repeated measures MANOVA revealed a significant effect for crisis perception (F = 182.154; p < .01; η2 = .347).

Bonferroni post hoc tests revealed two pairwise comparison amongst the press releases for crisis perception that were not statistically significant. The first non-significant pair was the HPLC and the LPLC condition; CI.95 = -1.234 (lower), − .660 (upper), p > .05. This is noteworthy as the HPLC and the LPLC conditions were the only non-significant press release pair for corporate credibility. The second non-significant pair was HPHC and the LPHC condition; CI.95 = -.414 (lower), − 1.48 (upper), p > .05.

Looking at actual scores, the pre-test scores were already very high. They ranged from a low of ($\bar{x}$ = 3.84, sd = 0.97) in the HPHC condition to a high of ($\bar{x}$ = 4.10, sd = 0.94) in the LPHC condition. The post-test scores rose significantly across all four conditions. Cumulatively, the post-test had a positive increase of (Δ 1.51) from the pre-test, which represents a significant change on a seven-point scale. Across all four news conditions, exposure to the press release caused participants to rate the crisis as being more severe by nearly 1.5 more points than the initial news release. In light of this, H5 is supported.

DISCUSSION

The purpose of this experiment was to discern if and how a specific PR strategy, accommodation, was beneficial as a crisis response strategy for an industry immersed in serious controversy and conflict. The findings of this study can be used to inform energy companies in their development of internal policy regarding risk management, PR and pre-crisis planning. The most unexpected finding was the large increase between the pre and post-test scores, (Δ1.52), for how much participants believed that they understood the issue of hydraulic, fracturing. Paralleling this was the similar, (Δ1.51), increase in the perception of crisis severity. Exposure to one news story and one press release is not sufficient for a person to understand a complex issue like fracking. However, the findings indicate that the public might gain an unjustified perception that they have learned more about fracking than they really have.

This would inherently create problems for public relations professionals in delivering correct information about the crisis and the issues involved in fracking. This result could be the result of some type of carryover effect between the manipulations. Additionally, ample previous research demonstrates that emotions can exert a profound impact upon a public's response to a crisis, especially when they are not personally invested (Kim & Cameron, 2011).

The accommodative press release did have a positive effect upon perceptions of corporate credibility with a (Δ1.15) between pre and post-test means. However, this effect was most pronounced in the two news conditions where the company was portrayed as having a low ability to control the crisis. The Bonferroni demonstrated this by showing that all pairwise comparisons were significant, except for the low control conditions. Furthermore, as shown in table 1.2, the post-news story pre-test of credibility for the low control news conditions had higher means than the high control conditions. Press releases were rated as being more credible under the low control conditions than under the high control condition.

The summary of the evidence demonstrates that an accommodative stance appears to be a more effective strategy when the cause of the crisis has little control over preventing it. These findings are consistent with a large body of related crisis literature (Schwarz, 2012). Kim (2016) found that crises that were framed as being controllable caused participants to attribute higher levels of responsibility for the crisis to the respective company. Crisis that was framed as an accident, and therefore less controllable, resulted in lower levels of attribution of responsibility for the respective company (Coombs, 2007).

Accommodative stances, which often prescribe an apology strategy, work best when the public perceives the crisis as being uncontrollable. Hence, when a crisis happens that is genuinely out of the company's ability to control, this should be clearly stressed in crisis messaging and accompanied by appropriate accommodative strategies. Furthermore, companies undergoing pre-crisis planning and risk management should focus their efforts on preventing or reducing risks that are controllable.

LIMITATIONS

As with all studies, several limitations were present. First, emotions were not measured as part of this experimental design. Analysis of the literature indicates that the participant's emotions may have presented a confounding variable. A carryover effect is normally considered an internal validity threat in a repeated measures experiment (Frey, Botan & Kreps, 2000). However, in the case of public relations it would reflect external reality, as a carryover effect exists the actual phenomena present in a crisis. Most people first learn about a crisis from the news and are only exposed to the organization's crisis response afterwards.

CONCLUSION AND POLICY IMPLICATIONS

The findings of this experiment have revealed some important insights for those working not only in oil and gas, but all of the energy industry. While project uses the controversial issue of hydraulic fracturing, the findings are relevant to other forms of power generation that face serious accident risks and activist opposition. First, the general public has insufficient and incomplete knowledge of hydraulic fracturing and other forms of energy extraction and processing. Media coverage of an oil and gas crisis accident, and the company's subsequent response to it, can exert an outsized influence on the public's perception of their knowledge about a very complex issue. One major policy implication for an energy company is that they must assume that the public does not correctly understand the basic facts of the hydraulic fracturing process, or any energy production process. This lack of knowledge will influence how they process news and other forms of information about energy production.

Educating the public about various energy production issues should be a perpetually public relations mission. However, using mass media to educate the public is challenging. Fortunately, PR research shows that using local employee for community outreach can be more effective than mass media. For, instance employees participating in public meetings can have a beneficial effect (Pressgrove & Besley, 2014). A company should have a policy or standardized plan that incentives regular employee's with media training to engage with their community about important topics like safety (Kim & Rhee, 2011).

 Finally, an energy company can create good will within a community through corporate social responsibility(CSR) programs, also known as corporate giving. While CSR is not a direct finding of this study, it is an example of a pre-crisis PR initiative that can be experimentally tested and integrated into a response plan. For most companies, CSR initiative are pre-planned to fit within their business model, and can reap a variety of positive benefit (Ho, 2017). For instance, in towns surrounding an energy plant, part of the CSR package should include new equipment and advanced training for first responders who would respond to an accident. These are only a handful or ways that PR could enhance an energy plant's PR, and they should all be integrated into company policy.

While an accommodative stance was demonstrated to be effective in situations where the company has low or no ability to control the crisis. Additional research is warranted to examine the optimal response for situations where the company is responsible. The contingency theory of conflict management holds that factors other than the perceptions of the public are essential ingredients for developing an appropriate stance. In some situations, such as legal or regulatory concerns may outweigh the public's perceptions.

In these cases, and advocative or ambiguous stance may be optimal. Another policy implication is that energy companies must intentionally seek to de-conflict legal strategy with PR strategy when accommodation is known to be most effective in mitigating a crisis. For instance, showing sympathy for the victims of the accidents and under-taking sympathetic actions, like paying for funeral costs, is an accommodative tactic. However, it doesn't equate with an admission of guilt. A PR strategy should be pre-planned to craft messages and activities that express sympathy, while averting the creation of perceptions that imply guilt.

A final policy implication is that energy companies should focus on managing and mitigating risks that they can control, or which the public believes they can control. No company can eliminate all risks, but they can choose to apply resources to reducing specific risks to negligible levels. Workers falling into pits of boiling water is in all cases entirely controllable and its occurrence is caused by poor management. Completely eliminating these types of risks should be a company policy.

In conclusion, the aggressive use of effective PR offers great potential for an energy company to mitigate the negative consequences of crisis and quickly recover from them. Thorough PR research and planning can not only position a company to respond to a crisis, but help them to avoid it. This study offers a single demonstration of PR's value to the energy industry, but hopefully it a rationale for incorporating PR into the development of company and industry policy.

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PSYCHOLOGICAL PORTRAITS OF POVERTY AND PROSPERITY: EMPIRICAL INVESTIGATION OF POVERTY INTENSITY ASCENDENCY MODEL DRAWING EVIDENCE FROM NIGERIA

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ABSTRACT

The main aim of this study is to investigate the perception of poverty and prosperity conditions in Nigeria, and to find explanations to why perceived hatred for poverty might be more intense than love for prosperity. Utilizing a survey with structured questionnaire, the results reveal that most individuals in Nigeria hate poverty so intensely, and equally love and enjoy riches so intensely. Contrary to the reasoning behind the affluenza and American paradoxes as well as propositions along the religious sentiments of 'love' for poverty, the hatred for poverty is more intense than the love for riches. Six crucial reasons were identified to explain this observed phenomenon. The study found evidence that only the bondage, mediocrity, and fear arguments significantly explain why the intensity of hatred for poverty is greater than the intensity of love for riches among the study participants. The humility, pride and destiny arguments were not significant explanatory factors.

Keywords: Psychological portraits, poverty, riches, prosperity, psychology of money, poverty intensity ascendency hypothesis

INTRODUCTION

Psychology has been defined as "the study of the mind and behavior, where research in psychology seeks to understand and explain how people think, act, and feel; and where psychologists strive to learn more about the many factors that can impact thought and behavior, ranging from biological influences to social pressures (Cherry, 2019). The simple English Wikipedia volunteered that "psychology is the study of the mind and its thought, feeling and behavior. Outburst (2016) sees the psychology of money as a branch of psychology that concerns itself with how individual beliefs, expectations, and feelings influence financial behavior, success, and disappointment. It refers to that area that boarder on the behavior, attitude, mindset, thinking, and perceptions of individuals in relation to money, or towards others or oneself as far as money is concerned or involved.

For instance, one can ask, what do you think about money, richness, and wealth. How do you perceive money? What is your mindset and attitude towards money? How do you behave when you do not have money? How do you behave when you have much money? What are your belief and thoughts about money, having money, and not having money? What do you think or do when you lack money or when you have money? These are some of the concerns and boarders of the psychology of money.

Theories have equally been postulated to answer such questions that relate to how people perceive money. Generally, psychological theories of money concern themselves with the psychological foundations of the imperatives of the mindset, thought processes and behavioral implications. Among these, we have such classifications as the psychological residency and congregational theory, behavioral paradigms of money, and the emotion-based price-tag theory with implications for money trap and 'rat-race' condition. In consonance with perspectives bordering the psychology of money questions and associated theories, individuals have developed and painted various psychological portraits. Foremost among them are the portraits of poverty and prosperity (or riches). Money psychologists have discerned mindsets, attitudes, and behavior in these respects and have, thus, dichotomized between what they call poverty and prosperity mentality. This mentality, they maintained, determine people's attitude and behaviors in relation to money.

Equally, as can be universally observed, from the psychological point of view, people paint a mental picture of how the hate or like poverty, and how the hate or like riches. Individual mindset reflects their attitude towards money, its lack or its 'abundance' (termed, riches). The theorizing of these brand of psychologists is that every rational individual has a discernable impression about each of the two extremes of money conditions, notably, condition of poverty and that of riches or prosperity. Further, they assert that the individual impressions or perceptions have underlying reasons. Accordingly, people's eventual behavior in relation to money has significant bearing on these rationale for their perception.

The natural question that flows from the theoretical reasoning would relate to how individuals perceive the two extreme conditions of money, poverty, prosperity, and what informs their perceptions and eventual behavior? Several countries of the world have varying conditions when it comes to levels of poverty and prosperity. For instance, developed countries have been arrogated to having more rich people than poor people living in them. On the other hand, less developed nations as having more poverty ratios compared to rate of prosperity. A simple way to say it is that poverty looms more in less developed and dependent countries than in their developed counterparts. No matter the category in which a country falls, it is behaviorally consistent that their citizens will still possess their personal impressions on the two extreme money conditions. Perceptions and degree of hatred or likeness may differ due to country-specific, or even individual-specific characteristics, but they would still be present with them.

An expected peculiarity that may arise in view of the structural distinctions between the developed and less developed countries relates to the degree to which the people in the different types of economies hate poverty or like prosperity. It is not empirically realistic to assume that everybody loves riches and hates poverty in developing or developed countries, equally in the same degree. It is equally to be expected that the intensity of these likes and dislikes would differ from person to person and from country to country, given their developmental realities. What would be proper to ascertain is why do they love or hate one condition more than the other. Put, more succinctly, what psychological factors account for their revealed intensity of hatred for poverty over love for riches, or vice versa, for instance. This is a major empirical burden of this study (Ezirim, 2019).

In a country like Nigeria that falls within the unique category of less-developed nations with complex psycho-economical characteristics, it is not easy to pin-point the pendulum of the direct of the perceptions of people in terms of their love and or hatred for poverty or those for richness. This is in view of the fact that, although, the country is said to belong to the rank and

file of less-developed countries, it is also the largest and perhaps richest economy in Africa, overtaking South Africa, going by the size of its GDP as at 2019. The country's gross domestic product (GDP) that measures the national income and output for a given country's economy stood at 410 billion U.S. dollars in 2019, according to official data from the World Bank (Trading Economics, 2020).

The nation is oil rich and endowed with various mineral resources. It is also the most populous country in Africa; projected to become the third most populous in the world by 2050, after China and India; and thus, rich in human resources (with teeming and abundant young population). The country is credited to have been providing sustenance to neighboring countries. The richest man in Africa at present–Aliko Dangote - resides in Nigeria. The country is also housing many local inventors and geniuses dwelling in its land and in diaspora (Nwachukwu, 2019; Ezirim, 2019).

Quite strangely, this same 'richest' and largest economy in Africa has been described as the country with the greatest number of people living in extreme poverty of below N1.90 per day and even at $1.25 per day. As at date, 86.9 million or 46.7% of its population are living in extreme poverty. It is also projected to become, if not presently, the poverty headquarters of the world come 2050, and currently overtaking India. But the more alarming revelation is that extreme poverty in Nigeria is estimated to be growing by six people every minute, while poverty in India, for instance, continues to decline and would approach zero by 2030 (SaharaReporters, 2018; Ezirim, 2019).

These revealed facts are quite paradoxical, to say it mildly, and bugs the mind. Thus, it becomes a critical worry that a country that is credited to be so rich, so much endowed with abundant natural resources, and the most populous and largest economy of Africa can at the same time be classified as a poverty headquarters of the world (World Poverty Data, 2019). This is quite alarming and disturbing!

Given these paradoxes and contradictions, it makes our study not only necessary but quite interesting to investigate the poverty conditions and the prosperity status of the country. It becomes equally important to document the impression of a sample of enlightened people about poverty and prosperity conditions in the complex psychological environment of Nigeria. It is also proper to examine why they possess such impressions in the mid of revealed paradoxes. These are the main burdens of this research effort. The rest of the study's report is sectionalized into four main components, namely the review of related literature, methods employed to process the study, analyses, results, and concluding remarks, in that order.

REVIEW OF THEORETICAL AND EMPIRICAL ISSUES AND CONSTRUCTS

Conceptual Clarifications of poverty, prosperity, and richness

Poverty is referred to as "the state of being extremely poor, as in when it is said that millions of the world's families are living in abject poverty. This is synonymous with a condition of penury, destitution, indigence, pennilessness, privation, and deprivation". In some cases, it can even refer to" the state of being inferior in quality or insufficient in amount, as in being in a condition of scarcity, deficiency, dearth, shortage, paucity, insufficiency, and inadequacy" (Bing Online Dictionary, 2020). Poverty is perceived by some as "deprivation in well-being, predominantly indicating the lack of financial ability to afford basic human needs" (Haughton & Khandler, 2009).

Poverty is, thus, a condition of "not having enough material possessions or income for a person's needs. Poverty may include social, economic, and political elements. Absolute poverty is the complete lack of the means necessary to meet basic personal needs, such as food, clothing, and shelter. The threshold at which absolute poverty is defined is always about the same, independent of the person's permanent location or era". Poverty can also be defined in a relative sense, as occurring "when a person cannot meet a minimum level of living standards, compared to others in the same time and place". This relativity lends credence to different thresholds of defining poverty from country to country and from society to society (Wikipedia (2020). In this research work, poverty is defined for its absolute sense.

On the other hand, prosperity is taken to mean the state of being wealthy, rich, opulent, affluent, successful, and profitable. It manifests itself in the presence of the good life, fortune, plenty, comfort, well-being, and luxury. The term prosperity is simply seen as the condition of being successful or thriving *especially* in terms of economic well-being. Being rich is a state of possessing large material wealth, much money, funds. assets, capital, resources, reserves, means and wherewithal. The rich people is said to be in possession of valuable abundant resources, treasures that enables him to enjoy life bountifully. His is someone of substance, opulence, means, wealth, wherewithal, and huge worth (Bing Online Dictionary; Merrian-Webster Dictionary, 2020).

Ezirim (2013) attempted to dichotomize the definitions of different states of being rich in terms of one having "ample amounts of money at a given time, and claims to be *rich*"; another having lots of possessions – cars, houses, servants, assets like stocks and shares and, of course, much money – and – claims to be *wealthy*". Someone else claims that having all the means and wherewithal to take care of all his basic needs and those of his family and dependents makes him *financially comfortable*. *Financial opulence* is more or less a state of abundance of money in a given period of time. Some yet believe that by making sure that provisions are made to safeguard their future they are thus *financially secure*.

Financial stability is the financial condition that gives one the confidence and strength to go through everyday life, being able to pay unexpected bills and fund his own retirement and emergencies. *Financial freedom* refers to the condition in the life of an individual when he has acquired much 'wealth' and 'riches', in abundance, so that he can still maintain a desired standard of living *even when he does not lift a tool again in life in the name of work*". This is the definition of prosperity and or riches that is adopted in this study (Ezirim, 2019).

Psychological Studies and Arising Issues Concerning Poverty

The psychological effects and experience of poverty have been variously studied by various researchers. For instance, Bergen (2008) in a study of the effects of poverty on cognitive function found evidence for a significantly higher prevalence of neurobehavioral disorders for individuals who suffer in poverty than otherwise; finding that intellectual disabilities or mental retardation arising from poverty conditions occurred in 3-5 per 1,000 individuals, or IQ of below 55, in high-income countries and as much as 22 out of 1,000 individuals in developing countries. The study therefore recommended that reduction of poverty and its effects would reduce the present and future burden of mental retardation and cognitive dysfunction, especially in developing countries.

Rensburg (2013) investigated the psychological experience of poor people and the pastoral responsibility to guide them towards poverty transition using a literature study to

interpret the narratives as well as a qualitative analysis method of encoding basic mindsets of poverty and factors that influence this mindset as identified among three participants. The qualitative method included life history narratives with open-ended in-depth interviews and participating observation as in Perlman (2007:228), Pieterse (2009) and Mabuza (2010). The study found evidence that social and psychological factors interact to create or sustain a context of poverty; with sociological factors appearing to be more dominant in creating poverty, while the psychological factor relating to the mindset of individuals seemed to be more predominant in poverty transition.

Marston (2020) identified chronic effects of poverty to include maternal deprivation during pregnancy, nutritional deprivation during childhood development, noise, crowding, housing problems and diminished cognitive enrichment. His study found evidence that "compared to higher-income households, lower-income households have higher levels of autism, learning disabilities, and intellectual disabilities, among others. It was also uncovered that poverty is directly linked to impairments in hippocampus, amygdala, and prefrontal cortex"; where "these impairments contributed significantly to problems associated with executive functioning, working memory, social comprehension, and emotion regulation. Similarly, Boyle *et al* (2011) in their 1997-2008 National Health Interview Surveys documented that family incomes below federal poverty level are associated with higher levels of developmental disabilities, learning disabilities, and intellectual disabilities.

Earlier, as documented in Marston (2020), Hetzner, Johnson & Brook-Gunn (2010) in their study observed that "Children from poor families were more likely to experience developmental delays than middle class peers". All these paint very ugly portraits of poverty as conditions that are very retarding, depriving, and disabling. It is like a form of bondage which perhaps may have caused Rensburg (2013) to submitted that spiritual and mental poverty could hold people in bondage, whereas a positive mentality, on the other hand, could empower them to break through boundaries. The above submission reinforces the idea that poverty is perhaps a heinous curse.

On how people perceive poverty, it appears that most people hate poverty and would proffer tangible reasons for their avowed hatred. In Ezirim (2013), a number of such reasons include the inherent tendency for poverty to deny and frustrate the accomplishment of desired life objectives, the inability to enjoy the good things of life, the frustration arising from the inability to carry out desired projects and even engage in charity and funding God's programs, and such the like. For one thing, the idea of seeing relatives, friends and the needy in financial and health problems without being able to help them out of their troubles is so demoralizing, depressing and discouraging. For some individuals, poverty becomes a very sinister evil that must be exorcised by all means. They see it as a curse, a form of bondage that must be hated in its entirety and all ramifications. In the light of these, this study considers it a primary empirical issue to unravel the extent to which individuals hold these impressions of poverty in developing countries, such as Nigeria.

Psychological Issues Concerning Prosperity and Richness

Despite the expressed hatred for poverty among people, it is very informative that not everyone subscribes to the idea of wanting to be rich. For instance, Cohen (2012) believed that it is mental illness for someone to even desire to be rich, in the first place. He contended that the idea that the less fortunate want what the rich have, even when the wealth divide between them

gets wider in the course of time, is a form of mental malady. The problem stems from the inordinate ambition of desiring to be where one's resource cannot presently accommodate, to use what one cannot afford, given present resources. Yielding to the damaging and deceptive persuasions of advertisements and coveting inordinate comparisons, they create a mental picture of what they should be and what they should be enjoying and off the go from them, just to be like the rich. Such persons can indeed achieve such objective provided they are ready to plunge into debt. Because they are simply poor, they get saddled with the feeling of inadequacy arising from the tendency of not making sufficient money to buy those luxury desired, but now had to go into debt in order to make the purchase; and thereafter start struggling to work more hours than are even available.

The above contention agrees with James (2007), who interpreted the desire to be obscenely wealthy as a sickness caused by advertising and spiraling wealth inequality that is common in capitalism. This sickness derives from what is termed *rampant materialism*, the effect of which has resulted in causing serious damage to the human psyche. James (2007) described this mental illness as an *epidemic of affluenza* that is ravaging the entire world, and that manifests in "an obsessive, envious, keeping-up-with-the-Joneses - that has resulted in huge increases in depression and anxiety among millions". In his research in different countries of the world, he posed the critical questions: "why do so many more people want what they haven't got and want to be someone they're not, despite being richer and freer from traditional restraints?" The answers he got revealed the pressing need to reconnect with reality of contentment and to learn to value what people already have as against what they do not presently have.

How can one explain the seemingly empirical findings that show direct association between wealth and depression; where wealthier countries recorded higher levels of depression and mental illness than poorer countries, where citizens were better adjusted (Cohen, 2012). For instance, Bromet, *et al* (2011) studied the prevalence, impairment, and demographic correlates of depression from 18 high and low- to middle-income countries in the World Mental Health Survey Initiative. Results showed in high-income countries, there was higher prevalence of mental depressive episodes (MDE) for younger people (the greater population), while the likelihood of MDE was higher among the older people in low- to middle-income countries. Buss (2000) observed that rates of depression are higher in more economically developed countries than in less developed countries.

For instance, the United States historical trends show that Americans have far more luxuries than they had in the 1950s, but at present, they are no more satisfied with their lives, neither are they happier (Diener, 2000). As observed by Myers (2000), they are twice as rich, but not happier; where divorce rate doubled, teen suicide tripled, depression rates among youths soaring, situations which was tagged the *American paradox* – condition where material prosperity and social recession co-habited; with the underlying hypothesis that "the more people strive for extrinsic goals such as money, the more numerous their problems and the less robust their wellbeing" (Myers, 2000). Luthar (2003) noted that extant studies with adults suggested psychological costs of material wealth; where at "the individual level, inordinate emphasis on material success can limit attainment of other rewards critical for well-being, such as close relationships".

The above shows there are individuals with misgivings about being rich. However, most people seem to love richness more than otherwise, with varying reasons. Google.com (2020) enumerated 100 reasons to be rich and some of them include the very dislike for being poor, the need to support parents when they are older, need to set something aside for retirement, children

to have best medical care, education and memories of childhood possible, fathers-in-law confidence and reassurance of the ability to take good care of daughter, to be able to create jobs for others, and to stay financially free, among so many others. Ezirim (2013) equally specified such reasons why people want to become rich as including the need to be in the position to buy anything desired without monetary restraint, to carry out any desired project or goal with ease, to be able to help the needy, relations, and friends who are in financial difficulty, to be able carry out God's programs and purposes. The mere thought of being in the position to swim in abundance of money and wealth is so exhilarating and relishing to people who love to be wealthy. They want to be financially free, to say it mildly. It is equally the object of this study to investigate the extent to which people love or hate riches in developing countries.

The Poverty Intensity Ascendency Hypothesis

In an earlier work, Ezirim (2019) made what it described as a 'shocking revelation' where, on the average, it was observed that the intensity with which people hate poverty appears to be greater, in magnitude, than that with which they love prosperity or richness. In that study, it was observed that about 92.34% of the study subjects hated for poverty intensely as against 89.79% that loved to have riches, on the average. Put in reverse reasoning, whereas only 7.66% of the respondents studied do not hate poverty; a whopping 10.21% do not love riches and prosperity in their entirety. The earlier work argued that, reason suggests that more persons would have possessed inherent love and approval for conditions of being wealthy, rich and prosperous that otherwise; and wondered why a greater proportion of people (10.21%) tended not to love having riches, whereas only 7.66% tended not to hate poverty? Put more succinctly, what would have accounted for this tendency where the intensity of hatred for poverty seems to be greater than the intensity of love for riches?

The above empirical question was not answered in the previous work of Ezirim (2019); it was considered beyond the stated objectives of the study. However, the present study has it as a prime objective to address the above research question. To properly capture, the problem, a further question ought to be asked on why such a tendency would persist among individuals living in developing countries like Nigeria. Thus, this study postulates that the intensity with which individuals hate poverty is much greater than the intensity with which they love to have riches. This is the hatred for poverty intensity ascendency (HPIA) hypothesis. Several psychological factors are likely to explain such intensity. They foremost among them, as identified in this study, would include the fear phenomenon, bondage element of poverty, false humility (or humbleness tendencies, 'pride' conditions argument, mediocrity tendencies in certain individuals, and destiny considerations. These factors are reviewed, cursorily, hereunder.

The fear factor (FF), which is considered an important explanatory factor because most individuals tend to dread poverty with utmost passion. The very fear of the clutches and pangs of poverty appears to be greater than mere absence of riches, in these persons; thus, it is reasoned that fear makes such people appear to hate poverty more than they love riches. The succinct underlying argument is that the fear for the ugly clutches, tormenting pains and pangs of poverty makes poverty condition more sinister and abhorring, and thus hatred for it more intense. It is noteworthy that the mere absence of riches is not even as worrisome, to many individuals, as the staggering presence of abject poverty. Not only the fear of poverty as a phenomenon, but even the fear of the ugly draculin effects of poverty drives people to hate poverty more intensely than they do love riches. That people fear to be failures in life because of being poverty-stricken (poverty is perceived by them as a failure phenomenon), makes them

possess seemingly greater intensity of hatred for poverty than love for riches. All these put together, it is not so difficult to see why certain people's love for riches is less intense than their hatred for poverty. Thus, the study theorizes that the hatred for poverty intensity ascendency (HPIA) tendency is a positive function of the FF.

A very closely related factor to the fear phenomenon is what this study calls the bondage factor. This derives from the fact that certain individuals perceive poverty as a condition that breeds captivity and lack of freedom for people to do what they want to do or to achieve what they want to achieve. This follow-up argument to the fear factor underscores that poverty state is perceived as a state of bondage, where people hate the clutches of poverty and its disastrous effects to the extent of doing everything within their power to come out of it. Given this it should not be any wonder that people, naturally, would hate poverty conditions even more than they would love to avoid the temptations of riches. Put in other words, the bondage factor (BF) derives more from the fact that the very clutches of poverty are worst in its effect than the temptations of riches. Thus, the bondage factor is positively related to hatred for poverty intensity ascendency (HPIA) factor.

Another factor is advanced to help explain the hatred for poverty intensity ascendency relates to the false humility (or the humbleness factor) argument that wrongly asserts that poverty makes one humble, while riches tend to breed pride. It is reasoned that poverty state keeps or makes one humble, and people who like this kind of humility would prefer poverty than riches. Invariably, some people tend to prefer the state of poverty to that of richness to avoid being proud or being as such. This is another way of saying that that individuals who imbibe this thinking would not hate poverty more than they like riches (they would instead love riches more than they hate poverty). False humility (FH) is thus another factor, which can be advanced to explain the tendency of hating poverty more than loving riches, or the other way round, by people. Following, this reasoning, the humility factor (HF), even when it is false, would negatively relate with the HPIA, ceteris paribus.

Pride Factor is the anti-thesis of true humility; it is a sister to false humility. Some protagonist of money theorizing reason that riches make one proud, which is, quite a contestable position, especially when the prosperity-mentality individuals are referred to. The position of this study is that riches may rather make those with poverty mentality proud and not those with prosperity mentality. Thus, for the poverty-minded, who relish the idea of having riches, they would love to have riches and be proud about it. To them, poverty deflates and robs them of cherished pride, unlike riches, and this makes them to hate poverty much more than they even love riches. The pride phenomenon would argue that, because riches make the poverty mentality folks proud, and they prefer to have it so, they would prefer to hate poverty than they would love riches, because they cannot spare anything that will deny them of cherished pride and haughtiness. These folks would ask, why should they be denied of the pride and feeling of accomplishment and associated recognition thereof? It would be proper, in this light, to hypothesize that the HPIA variable will be a positive function of the pride factor.

Another possible reason that may account for higher intensity of hatred for poverty than love for riches relates to what is referred to as Mediocrity Factor (MF). It is reasoned that there is an inclination to hate poverty much more than love riches since it is better to be average when it comes to riches than to be poor and have little or nothing at all. Individuals would prefer to be average, which is a state of mediocrity, when it comes to riches than to wallow in abject poverty. Since little is preferred to nothing, they hate the state of lack or nothing (poverty condition) more than any other alternative condition.

It is also easily conceivable why individuals would hate poverty than they even love riches, in an atmosphere where it is assumed and taken for granted that, there will always be poor people in the society. This kind of orientation is more of a mediocre argument and a resignation to fate; a condition that suggests the abandonment of one's life to external forces. For instance, it suggests that the individual does not need to worry about whether he is poor or not, since he met that condition like that, and may not be in the position to change it. This would reduce to tendency to worry about poverty and would suggest that the intensity of hatred to poverty may not after all be more intense that love for riches, since there is apparent resignation to fate, anyway. The mediocrity factor (MF) in this light can be postulated move in the same direction with HPIA.

The hatred for poverty intensity ascendency can also be explained by what is termed the Destiny Factor argument. Poverty is perceived as a terrible intolerable condition that aggravates such hatred that is capable of propelling people to engage in positive action to avoid. The positive action is taken by individuals to ensure that one holds his destiny in his own hands, and not to be careless about it. Saying it in another way, the need for one to take one's destiny in own hands makes or accounts for the hatred for poverty being more intense than love for riches. The inability to do this may result in failure, and no one wants to be a failure. Thus, it is not surprising why hatred for poverty would even be more intense than love for riches; where it reasoned that this inherent motivation to positive action is said to be directly related to hatred for poverty intensity ascendency (HPIA).

METHODOLOGY

The Design and Techniques

The research design follows the survey methodology with a structured questionnaire as the critical research instrument. The questions followed the Likert scale, where respondents were required to rank their choices. The ranks had such weights as strongly agree (+3 points), agree (+2 points), moderately agree (+1 point), indifference (0 point), strongly disagree (-3 points), disagree (-2 points), and moderately disagree (-1 point). The Questionnaire was properly tested for validity and reliability using pilot study and the Cronbach Alpha test procedure.

Employing judgmental sampling procedure, a total of 1000 sets of questionnaires were distributed to an enlightened academic community within the South-South geo-political Region of Nigeria, using research assistants. 870 sets were retrieved (a retrieval rate of 87%), but only 830 were usable for the purposes of our analysis. The responses are summarized in frequency tables and percentages, with relevant analyses covering, respondent perception of the conditions of poverty, their impression on the conditions of riches and prosperity, and their impressions on why intensity of hatred for poverty may be greater than that of love for riches.

It can be postulated from the above theoretical discourse that perceived intensity of hatred for poverty and its ascendency over love intensity for prosperity is correlated with such factors as bondage, destiny, fear, false humility, mediocrity, and pride Analytical techniques employed to investigate this correlation include the Kendall tau-b and spearman rank correlation. Kendall's Tau and Spearman's rank correlation coefficient are generally believed to assess statistical associations based on the ranks of the data. It has been argued that in most cases, similar interpretations emerge from the results of Kendall's tau and Spearman's rank correlation coefficient, leading to the same inferences (Laerd Statistics 2019, 2019a). The ranking of attendant data is carried out on the variables that are separately put in order with designated

numberings (Laerd Statistics, 2019; Data Science, 2019). In this study, we simply used them for tests of statistical dependence and associations alongside the product moment correlation statistic for the purpose of comparisons.

By mathematical expression for the Kendall Tau-b coefficient is defined as:

$$\tau_B = \frac{n_c - n_d}{\sqrt{(n_0 - n_1)(n_0 - n_2)}} \tag{1}$$

$$n_0 = n(n-1)/2$$
$$n_1 = \sum_i t_i(t_i - 1)/2$$
$$n_2 = \sum_j u_j(u_j - 1)/2$$

n_c = Number of concordant pairs
n_d = Number of discordant pairs
t_i = Number of tied values in the ith group of ties for the first quantity
Where u_j = Number of tied values in the jth group of ties for the second quantity

On the other hand, the spearman's rank correlation (Rho) coefficient is denoted by r_s . It is given by the following formula:

$$r_s = 1 - (6\sum d_i^2)/(n\,(n^2-1)) \tag{2}$$

Where,

d_i represents the difference between the two ranks of each observation in the data (Laerd Statistics, 2019a).

Finally, a parametric test was done using the product moment correlation. The Pearson product moment correlation for a typical sample is given by the formula

$$r_{xy} = \frac{\sum_{i=1}^{n}(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^{n}(x_i - \bar{x})^2}\sqrt{\sum_{i=1}^{n}(y_i - \bar{y})^2}} \tag{3}$$

where:
n is sample size
xi, yi are the individual sample points indexed with *i*

$$\bar{x} = \frac{1}{n}\sum_{i=1}^{n} x_i$$

is the sample mean; and analogously for large samples (Wikipedia (2019).
Computations of the various statistics were done using E-views 10.0 software.

RESULTS AND ANALYSES

Respondents Perception of Poverty Conditions

One cardinal research thrust of the study was to determine the extent to which sampled respondents perceived typical and prevailing conditions of poverty. The responses are summarized in Table 1. It was discovered that 81.37% of the entire sample strongly hated the idea of wallowing in the condition of lack and not having enough monetary resources to pay arising bills or for their wants. Another 7.08% and 1.42% equally lent their whole and moderate agreement to this hatred for this condition of lack. On the other hand, about 1.63% of the respondents strongly asserted their disagreement to such a hatred, while a paltry 0.88% simply disagreed.

On the average, the total hatred ratio was 87.42% or a weighted frequency mean of 2.62 on a scale of 3. This mean ratio indicates that most subjects have expressed hatred for poverty condition of inability to meet their desired needs and wants. Table 1 also shows that about 75.88% of the distribution of respondents expressed their strong hatred for the frustrating tendency of not accomplishing what they set out to accomplish because of lack of money. 9.58% and 1.46% expressed the hatred for this sub-optimal tendency in simple and moderate terms, respectively.

Conversely, about 1.5% and 1,25% of the distribution strongly and moderately disagreed to hatred for such sub-optimal conditions. They simply do not find such a tendency frustrating. The mean ratio was 2.53 or 84.17%, indicating that, on the average 84.17% of the total respondents found the tendency of the sub-optimal condition of inability to accomplish set goals due to lack of money very frustrating.

The frustrations were not only expressed in terms of poor goal's attainment but also for the inability to carry out desired charitable and philanthropic activities. For instance, the hatred for seeing the less privileged, or friends and relatives in serious financial need but lack that ability to offer reasonable financial assistance, was strongly expressed by 75.63%, while 9.58% and 1.04% simply or moderately agreed to this hatred. Those that were indifferent were negligible.

On the other hand, about 1.38% and 1.25% were strongly or just simply opposed to hatred for this kind of poverty condition. It is either they do not like engaging in charity or philanthropy or that they are not cut-out for such activities. On the average, however, the mean frequency ratio of 2.51 on a scale of 3, or 83.62%, shows that majority of the respondents intensely disliked the inability to undertake charitable or philanthropic activities owing to poverty.

The respondents also pointed out a religious angle to the study's quest in terms of their hatred for a condition of seeing what they could do for God, in terms of helping fund His purposes and programs, but could not because of lack of funds. 71.13% of the distribution expressed this aspect of their frustrations in very strong terms, while 9.58% and 1.45% stated there in simple and moderate terms, respectively.

Not all the study subject was in agreement with the above positions, however. For instance, about 2.38% strongly disagreed, while 2.08% simply disagreed. By implication they do not lend agreement to the idea of hating poverty simply because of inherent inability to sponsor religious projects. Religion may not be their primary concern in life. With a mean ratio of 2.33, it

is evident that 77.1% of the entire distribution of respondents attest to their hatred for their being denied the opportunity to reach out and fund GOD's programs because of poverty.

Table 1
Respondents Impressions on Poverty Conditions

Research Point of Concern/ Respondents Impression	Strongly Agree +3.00	Agree +2.00	Moderately Agree +1.00	Indifferent/ Don't Know 0.00	Disagree -2.00	Strongly Disagree -3.00	Aggr./ %/ Mean
I hate being in this condition of lack, not having enough money to buy or pay for things I need and want in life.	651 81.37% 1953 81.37%	85 10.63% 170 7.08%	34 4.25% 34 1.42%	7 0.88% 0 0%	10 1.25% -20 0.83%	13 1.63% -39 1.63%	2098 87.42% 2.62
I hate the tendency of not accomplishing what I set out to do or desire to accomplish because of lack of money.	607 75.88% 1821 75.88%	115 14.38% 230 9.58%	35 4.38% 35 1.46%	16 2% 0.00 0%	15 1.88% -30 1.25%	12 1.5% -36 1.5%	2020 84.17% 2.53
I hate seeing the less privileged, my friends and relations in serious financial need but cannot be able to offer reasonable financial assistance.	605 75.63% 1815 75.63%	115 14.38% 230 9.58%	25 3.13% 25 1.04%	29 3.63% 0.00 0%	15 1.88% -30 1.25%	11 1.38% -33 1.38%	2007 83.62% 2.51
I hate to be in this condition of seeing what I can do for God in terms of helping fund His programs but cannot do it because I don't have the means	569 71.13% 1707 71.13%	115 14.38% 230 9.58%	35 4.38% 35 1.46%	37 4.63% 0.00 0%	25 3.13% -50 2.08%	19 2.38% -57 2.38%	1865 77.71% 2.33
I hate poverty so much, in all ramifications of it, and in its entirety	626 78.25% 1878 78.25%	95 11.88% 190 7.92%	15 1.88% 15 0.63%	38 4.75% 0.00 0%	20 2.5% -40 1.67%	6 0.75% -18 0.75%	2025 84.38% 2.53
Poverty is a curse and has nothing good in store for me; instead it always offers me anguish, sadness, unhappiness, and dissatisfaction	535 66.88% 1605 66.88%	110 13.75% 220 9.17%	60 7.5% 60 2.5%	32 4% 0.00 0%	35 4.38% -70 2.92%	28 3.5% -84 3.5%	1731 72.13% 2.16

Note: In each cell, the first set of scores (such as 651 and 81.37%) relates to the raw frequency score and its associated percentage while the second twin set (such as 1953 and 81.37%) relates to the weighted ranked score and associated percentage. The weights are +3, +2+1,0-1-2, and-3 ranging from strongly agreed through indifference to strongly disagreed as indicated on the above Table.

From, Table 1, the study subjects expressed their degree of absolute hatred for poverty and whatever it implies or represent. 78.25% strongly agree to their so much hatred for poverty conditions, in all ramifications of it, and in its entirety. 7.92% and 0.63% lent their simple and moderate agreement in this regard. However, 0.75% of the entire sample strongly disagreed to the above position, while another 1.67% simply disagreed. On the average, 84.38% of the entire sampled population, or a mean ratio of 2.53, subscribed to their so much hatred for poverty, in all ramifications of it, and in its entirety.

The averred hatred for poverty was also amplified in very concrete repulsive terms by majority of the respondents. For instance, 66.88% of the distribution submitted, strongly, that poverty is a curse that has nothing good in store for anyone; instead it consistently offers people anguish, sadness, unhappiness, and disaffection and dissatisfaction. 9.17% and 2.5% of the total subjects simply and moderately agreed, respectively, to the above assertion. As the trend indicated, not everyone agreed. Particularly, 3.5% were vehemently in opposition while 2.92% just disagreed. These yielded to a mean ration of 2.16 or 72.13% of the respondents maintaining that poverty conditions are indeed an evil to be exorcised at all cost.

Noteworthy, is that in all cases, the proportion of respondents who were indifferent of the various positions and expressed above were negligible and amounted to zero in the weighted frequency scale. This is expected since the assigned scale is zero, anyway. Further, no study subject perceived the stated poverty conditions in moderate disagreement. The dissenting ones were either in simple or strong disagreement.

Perceptions on Prosperity (or Riches) Conditions

For a balance of opinion, the study asked questions on the impressions of the subjects on prosperity (riches) conditions in terms of their love for them. Answers to the attendant questions are depicted on Table 2. As revealed in the first response panel, 75.25% indicated their very strong love for riches and wealth. They have great love for having abundant money to pay for anything needed or wanted. 9.58% also possess this love but not with strong emphasis, while 0.63% were moderate in the love for riches and wealth that would enable them to purchase anything desired. Contrariwise, about 2.75% were strongly opposed to this kind of love, while 2.5% simply disagree with the idea of loving riches for the expressed purpose. 16 respondents were indifferent. On the aggregate, the study posted a mean ratio of 2.41 indicating that about 80.2% 0f the entire subjects under study possess inherent love for riches that would enable them to buy every need or want desired.

From the religious angle, 71.88% of the distribution strongly love to be very rich for the purpose of being enabled to contribute financially to advance God's programs and projects. 8.75% expressed simple love, while 1.04% stated their moderate love for riches for this purpose. On the other hand, 4.63% and 1.67% respectively stated their strong and simple disagreements on love for riches for this religious purpose. 20 subjects declared their indifference. Generally, the study computed a mean ratio of 2.64 implying that about 87.96% of the total numbers of respondents love to be rich to contribute handsomely to advancing GOD's projects.

For the purposes of charity, 66% of the distribution strongly love to have money to alleviate the sufferings of the poor, needy relations, and friends; since they derive real joy whenever they are disposed to doing it. About 2% simply want to have money for this purpose, while 0.63% has moderate liking for this purpose. Conversely, about 5.88% strongly do not love to have money strictly for charitable activities. About 1.25% expressed simply that the do not love to have money just for this reason. 40 persons were indifferent. In all, the mean ratio of 2.17 was computed showing that about 72.42% perceive their love for riches from the point of view of charity.

The proportion of respondents that strongly, simply, or moderately agreed to their loving riches in order to accomplish and carry out projects and any goals they set out to achieve without any monetary constraints were 65.88%, 11.67%, and 1.25% respectively. Whereas those that strongly, and simply disagreed were 6.63% and 1.67% respectively. 20 subjects were

indifferent in their perception. A mean ratio of 2.12 was posted in this respect, indicating that about 70.5% of the study's subjects preferred to have money in such a measure that would enable them embark on any desired project or goal without hinderance owing to lack of money.

As further revealed in Table 2, about 66.38% expressed their strong love to be in possession of abundant supply of money and live like multi-millionaire or even a billionaire. 11.25% and 2.92% respectively simply and moderately love this prosperity condition. 1.63% and 1.67% either strongly or simply disagree with such love for prosperity, respectively. 20 respondents didn't know if they wanted this kind of life or not. With a calculated mean ratio of 2.32, the study revealed that about 77.25% of the sample love abundant supply of money in their possession to live like billionaires. There is inherent love for the good life in them.

Table 2
Respondents Impressions on Prosperity/Riches Conditions

Research Point of Concern/ Respondents Impression	Strongly Agree +3.00	Agree +2.00	Moderately Agree +1.00	Indifferent/ Don't Know 0.00	Disagree -2.00	Strongly Disagree -3.00	Aggr./ %/ Mean
I love to be rich and wealthy and have abundant money to pay for anything I need or want.	602 75.25% 1806 75.25%	115 14.38% 230 9.58%	15 1.88% 15 0.63	16 2.0% 0.00 0%	30 3.75% -60 2.5%	22 2.75% -66 -2.75	1925 80.2% 2.41
I love to contribute financially to the purposes of God as well as to help finance His program.	575 71.88% 1725 71.88%	105 13.13% 210 8.75%	25 3.13% 25 1.04%	38 4.75% 0.00 0%	20 2.5% -40 1.67%	37 4.63% -111 4.63%	2111 87.96% 2.64
I love to alleviate the sufferings of the needy, relations, and friends; it gives me real joy whenever I do it.	528 66% 1584 66%	155 19.38% 310 12.92%	15 1.88% 15 0.63%	40 5% 0.00 0%	15 1.88% -30 1.25%	47 5.88% -141 5.88%	1738 72.42% 2.17
I love to accomplish and carry out projects and goals I set out to embark on or things I desire to do without any monetary constraints.	527 65.88% 1581 65.88%	140 17.5% 280 11.67%	30 3.75% 30 1.25%	30 3.75% 0.00 0%	20 2.5% -40 1.67%	53 6.63% -159 6.63%	1692 70.5% 2.12
I love to have abundant supply of money and live in abundance. I love prosperity, being a multi-millionaire or even a billionaire, as case may be.	531 66.38% 1593 66.38%	135 16.88% 270 11.25%	70 8.75% 70 2.92%	31 3.88% 0.00 0%	20 2.5% -40 1.67%	13 1.63% -39 1.63%	1854 77.25% 2.32
I love to increase in riches and wealth in such sustainable fashion that characterize financial freedom. I love to be financially free.	597 74.63% 1791 74.63%	105 13.13% 210 8.75%	40 5% 40 1.67%	31 3.88% 0.00 0%	15 1.88% -30 1.25%	12 1.5% -36 1.5%	1987 82.79% 2.48

Note: In each cell, the first set of scores relates to the raw frequency score and its associated percentage while the second twin set relates to the weighted ranked score and associated percentage. The weights are +3, +1,0,-1,-2, and -3 ranging from strongly agreed through indifference to strongly disagreed as shown on top of the Table..

This study pushed the questions further to know their impression about the sustainability of their love or otherwise. Impressively, 74.63%, 8.75%, and 1.67% subscribed to their love to increase in riches and wealth in such sustainable fashion that characterize their being financial free all through their life. 1.5% and 1.25% of the sample either strongly or simply disagree with the concept of their attaining financial independence. On the average, the revealed mean ratio of 2.48, suggested that about 82.79% love to be financially free in a sustainable fashion.

Hatred for Poverty versus Love for Riches and Prosperity

Following the revelation in an earlier analysis in Ezirim (2019), as is also consistent with the depictions on Table 1 and 2, there is an indication that people generally seem to hate poverty more than they love riches. Even the theoretical contentions as documented earlier in this report testify to this point. For one thing, whereas they were not totally comfortable with the inclination for everyone to become rich, they never adduced directly that poverty is a good option. They preferred not to mention poverty in their argument were unequivocal in their condemnation of the quest for riches. This seems to suggest that while they would not want to have anything to do with poverty, they would not want people to be inordinately pursuing riches, *per se*. This study went ahead to verify if it is true that people hate poverty more than they love riches, and the reasons for whatever opinion they held.

Table 3 summarizes the respondents' impression on whether the intensity of hatred for poverty is greater than that of love for riches. 52% of the sample subjects strongly agreed to this position of greater intensity of hatred for poverty. Simply 12% was agreement, while 4.67% moderately agree. On the other hand, 2% of the distribution strongly disagree, 1.93% just disagreed, while 0.33% moderately disagreed. About 9% were simple indifferent. On the over all, the observed weighted mean ratio of 1.91 on a 3-point scale indicates that about 63.67% of the respondents supported the assertion that the intensity of hatred for poverty is greater than the intensity of love for riches.

Table 3
Impression on Whether Hatred for Poverty is Greater than Love for Riches

Stronly Agree	Agree	Moderately Agree	Indifferent	Moderately disagree	Disagree	Strongly Disagree	Total /Mean
416	144	112	72	8	32	16	1528
52%	18%	14%	9%	1%	4%	2%	63.67%
1248	288	112	0	-8	-64	-48	1.91
52%	12%	4.67%	0%	0.33%	1.93%	2%	

Note: In each cell, the first set of scores relates to the raw frequency score and its associated percentage while the second twin set relates to the weighted ranked score and associated percentage. The weights are +3, +2+1,0-1,2, and -3 ranging from strongly agreed through indifference to strongly disagreed as shown in the above Table.

Factors Accounting for The HPIA Phenomenon

The next question related to what factors account for the discrepancy in their intensity. Table 4 depicts the respondents' reasons for why the intensity of hatred exceeds that of love for riches. Six key reasons were identified and ranked by the study subjects. They followed the variables enunciated in the HPIA hypothesis earlier postulated and the subsequent PIA model. The first considered reason is the fear factor. About 50.25% of the respondents strongly believe that the fear for the clutches and pangs of poverty is by far greater than the mere absence of

riches. 20% and 2%, respectively, simply and moderately hold this position. Contrariwise, 1%, 2.5%, and 1% were either, strongly, simply, or somewhat in disagreement. On a combined note, the mean ratio of 2.03 on a 3-point scale shows that 67.75% of the respondents supported that fear factor (FF) is a major reason for the supposed greater intensity of hatred for poverty over that of love for richness (PIA).

The second considered reason by the subjects is the Mediocrity & Resignation Factor (MRF). The argument here is that because it is better to be average when it comes to riches than to be poor and have little or nothing at all, people tend to hate poverty more. More so, it is thought that everyone cannot be rich because there be will always be poor people on earth. Thus, people tend to accept fate arising from their inability to help their situation because of their need which made them more uncomfortable with poverty than riches. About 57.88% strongly hold this position, while 16.08% and 2.04% simply and moderately agreed. On the other hand, 4%, 1.88%, and 4.0% either strongly, moderately, or simply disagreed with the assertions. The observed mean ratio of 2.02 suggests that about 67.34% of the sampled subjects supported the argument that the mediocre and resignation factor accounts for the reason behind the HPIA.

The Bondage Factor (BF) is yet another reason advanced for HPIA. It is reasoned that poverty is a bondage whose clutches is worse, in effects, than the effects and temptations of riches. 33.1%, 21.3%, and 4.96%, respectively, strongly, simply, and moderately agreed with this reason for HPIA. Conversely, 1.13%, 4.67%, or 1.33% either strongly, simply, or moderately disagreed with this reason for HPIA. About 8% of the subjects were indifferent. On the aggregate, the mean ratio of 1.57 on a 3-point scale shows that 52.2% of the distribution agreed with the bondage factor as a critical reason for HPIA.

Table 4
Impression on Why Hatred for Poverty Exceeds Love for Prosperity or Riches

Reasons/Respondents Impression	Strongly Agree +3.00	Agree +2.00	Moderately Agree +1.00	Indifferent/ Don't Know 0.00	Moderately Disagree -1	Disagree -2.00	Strongly Disagree -3.00	Aggr./ %/ Mean
Fear Factor (FF) Because fear for the clutches and pangs of poverty is greater than mere absence of riches	402 50.25% 1206 50.25%	240 30% 480 20%	48 6% 48 2%	48 6% 0 0%	24 3% -24 1%	30 3.75% -60 2.5%	8 1% -24 1%	1626 67.75% 2.03
Mediocrity & Resignation Factor (MRF) -Because it's better to be average when it comes to riches than to be poor and have little or nothing at all. Moreover, every one can't be rich. There will always be poor people on earth. Thus resign to fate.	463 57.88% 1389 57.88%	193 24.13% 386 16.08%	49 6.13% 49 2.04%	0 0 0 0	15 1.88% -15 1.88%	48 6.0% -96 4.0%	32 4.0% -96 4.0%	1617 67.34% 2.02
Bondage Factor- poverty, a bondage whose cluthes is worst in effect than	265 33.1% 795 33.1%	255 31.88% 510 21.3%	119 14.88% 119 4.96%	64 8.0% 0 0	32 4.0% -32 1.33%	56 7.0% -112 4.67%	9 1.13% -27 1.13%	1253 52.2% 1.57

	+3	+2	+1	0	-1	-2	-3	
the temptations of riches								
False Humility (Humbleness) Factor- Because poverty makes one humble	95 11.88% 285 11.88%	105 13.12% 210 8.75%	104 13.0% 104 4.33%	0 0 0 0	56 7.0% -56 2.33%	143 17.88% -268 11.17%	297 37.13% -891 37.13%	-626 25.67% -0.77
Pride Factor - Because riches make one proud of accomplishment, but poverty deflates such and pride and recognition, and so hated more	63 7.88% 189 7.88%	81 10.13% 162 6.75%	153 19.13% 153 6.38%	70.88 % 0 0	81.0% -8 0.33%	191 23.88% -382 15.9%	297 37.12% -891 37.12%	-777 32.38% -0.97
Destiny Factor-The need to take one's destiny into his own hands and engage in alleviating actions.	232 29% 696 29%	153 19.13% 306 12.75%	167 20.88% 167 6.96%	104 12.82% 0 0	41 5.13% -41 1.71%	31 3.88% -62 2.58%	72 9.0% -216 9.0%	850 35.41% 1.06

Note: In each cell, the first set of scores relates to the raw frequency score and its associated percentage while the second twin set relates to the weighted ranked score and associated percentage. The weights are +3, +2+1,0-1-2, and -3 ranging from strongly agreed through indifference to strongly disagreed as shown on top of the Table.

A notable reason advanced from the religious quarters to explain the HPIA factor maintains that poverty makes one humble. This is referred to as the *humility factor*. The greater number of respondents did not agree with this argument. For instance, 37.13%, 11.17%, and 2.33% strongly disagreed, simply disagreed, and moderately disagreed with this contention offered as a major reason for HPIS tendency. Thus, about a weighted 50.63% proportion of the subjects rejected the humility argument a key reason for HPIA. They prefer to see the factor more as the *false humility ('humbility')* and not true humility factor. It is quite informative how aware the chosen population was. As can be seen, only 11.88%, 8.75%, or 4.33% of the distribution strongly, simply, or moderately agreed with the humility thesis. On the average, a mean ratio of - 0.77 suggests that only 25.67% of the distribution agreed with the humility contention, while 74.33% did not.

The respondents also identified, as an explanatory reason for HPIA, the Pride Factor, relating to the argument that riches tend to make one proud of his accomplishments, but poverty deflates such pride and associated recognition; and so people tend to hate poverty more. Again, majority of the study subjects were not in support of this reason for HPIA. For instance, 37.12%, 15.9%, and 0.33% strongly, simply, and moderately disagreed with the position regarding the pride factor. On the other hand, about 7.88%, 6.75%, and 6.38% either strongly, simply, or moderately agreed with the contention that PF is a key reason for HPIA. The mean ratio of -0.97 indicated that in real terms, only about 32.38% of the respondents did not actually agree that the pride factor is directly responsible for HPIA.

The Destiny Factor is yet another factor advanced by the respondents as accounting for the HPIA tendency. It was contented that the need to take one's destiny into his own hands and engage in positive and alleviating actions would represent a good reason why people would hate poverty more than love riches. As the theory posits, poverty is perceived as a terrible intolerable condition that aggravates such hatred that is capable of propelling people to engage in positive action to avoid it by all means. From the responses, 29%, 12.75%, and 6.96%, respectively strongly, simply, and moderately agreed with this position; while about 9.0%, 2.58%, or 1.71%,

respectively either strongly, simply or moderately disagreed with it. A weighted mean ratio of 1.06 showed that about 35.41% of the entire distribution supported the destiny argument, wholly.

In sum, the study reveals that not all the identified factors were well mentioned as the primary reasons explaining the HPIA phenomenon. For instance, the fear factor scored a weighted mean ratio of 2.03 or 67.75% agreement rate. Mediocrity and resignation factor accounted for a mean ratio of 2.02 or 67.34 agreement rate, while bondage factor attained a mean ratio of 1.57 or 52.2% agreement rate. Notably, the humility argument achieved a mean ratio of -0.77 or 25.67% agreement rate, whereas the pride factor achieved a mean ratio of -0.97 or 32.38% acceptance rate. The destiny factor scored a mean ratio of 1.06 or 35.41% acceptance rate. In order to properly determine the statistical significance of these agreement rates, the study subjects them to further empirical tests, using the Tau-b, the Rho, and the product moment correlation tests. This is the mainstay of subsequent analysis.

Empirical Results

In the light of the above analysis, which factors can the study identify as the key variables that statistically explain the HPIA phenomenon? To answer this poser, the study appeals to the results of the statistical tests using the Tau-b, Rho, and r_{xy} techniques that are summarized on Table 5. The study equally tests the relevant hypotheses of statistical dependence and association between the HPIA and each of the BF, DF, FF, HF, MF, and PF variables. For a hypothesis of possible significant association between the HPIA and the bondage factor, it is easy to read from the Table 5 that the observed coefficients 0.095, 0.112, and 0.647 having probabilities of 0.0022, 0.0024, and 0.000 respectively in respect of the Tau-b, Rho, and r_{xy} statistics are all significant at 1% alpha level.

This indicates that the bondage factor associates significantly with the hatred for poverty intensity factor; and by implication is a very important variable explaining the HPIA phenomenon. The density factor posts coefficients of 0.005, 0.002, and 0.428 for the Tau-b, Rho, and r_{xy} statistics respectively. With corresponding probabilities of 0.857, 0.951, 0.000, it cannot be said to be significant under the Tau-b and Rho statistics at 1% or 5% levels. However, it reports significance under the r_{xy} statistic. Given these results, and failing two out of three test statistics, the study fails to recognize the density factor as a very critical variable explaining the HPIA.

The results in Table 5 indicate that the fear factor (FF) posts coefficients of 0.475, 0.528, 0.87 and probabilities of 0.000 in each case, denoting they are significant at 1% level. By implication, the fear factor significantly associates with the HPIA, and thus an important factor explaining the HPIA phenomenon among the subjects studied. The humility factor has coefficients of -0.0008, 0.0014, 0.0212 respectively for the Tau-b, Rho, and r_{xy} statistics with probabilities of 0.98, 0.97, and 0.55, which are all higher than the default critical probability of 0.01 or 0.05; making the humility factor not to associate significant with the HPIA variable.

Table 5
Results of the Tau-b, Rho, and r_{xy} Statistics

Variables	Tau-b	Rho	r
HPIA	1.000000	1.000000	1.000000
	176030	-----	-----
	-----	-----	-----
BF	0.094751	0.111534	0.646853
	17870	3.051043	23.07366
	0.0022	0.0024	0.0000
DF	0.005484	0.002269	0.428601
	1070	0.061670	12.90458
	0.8573	0.9508	0.0000
FF	0.474960	0.528185	0.869617
	82600	16.90966	47.91343
	0.0000	0.0000	0.0000
HF	-0.000799	0.001402	0.021746
	-160	0.038101	0.591704
	0.9789	0.9696	0.5542
MF	0.405995	0.446678	0.794836
	65090	13.57194	35.63125
	0.0000	0.0000	0.0000
PF	0.042284	0.049096	-0.065054
	8310	1.336266	-1.773428
	0.1631	0.1819	0.0766

Thus, the study infers that the false humility factor is not an important argument explaining the HPIA variable. The mediocrity and resignation factor (MRF) posted coefficients of 0.406, 0.447, and 0.795 with probabilities of 0.000 for each of the Tau-b, Rho, and r_{xy} statistics. These are all significant at 1% level, indicating that the MRF associates highly with the HPIA. These make the mediocrity and resignation factor a major argument explaining why the intensity of hatred for poverty is greater than the intensity of love for riches among the study subjects.

Finally, Table 5 reveals that the pride factor (PF) posted coefficients of 0.042, 0.049, -0.065 with respective probabilities of 0.163, 0.182, and 0.077 for the Tau-b, Rho, and r_{xy} statistics. These are not significant at the conventional levels of 1% and 5%; thus, the pride factor poorly associates with the HPIA. Invariably, the pride argument is not important in explaining the HPIA phenomenon among the population studied. From the above analysis, the study submits that only the bondage, mediocrity, and fear arguments significantly explain why

the intensity of hatred for poverty is greater than the intensity of love for riches among the study subjects in Nigeria.

SUMMARY OF MAJOR FINDINGS

Respondents Perception of Poverty Conditions

- On the average, with a weighted frequency of 2.62 on a scale of 3, 87.42% of the respondents expressed hatred for poverty condition of inability to meet desired needs and wants as at when required.
- The mean ratio of 2.53 indicated that 84.17% of the total respondents found the tendency of the sub-optimal condition of inability to accomplish set goals due to lack of money very frustrating.
- The mean frequency ratio of 2.51 shows that 83.62% of the respondents intensely disliked the inability to undertake charitable or philanthropic activities owing to poverty.
- A mean ratio of 2.33 shows that 77.1% of the entire distribution of respondents attest to their hatred for their being denied the opportunity to reach out and fund GOD's purposes and programs because of poverty.
- 84.38% of the entire sampled population, or a mean ratio of 2.53, subscribed to their so much hatred for poverty, in all ramifications of it, and in its entirety, while 72.13% of the respondents maintain that poverty conditions is indeed an evil to be exorcised at all cost.

Perception of Prosperity (or Riches) Conditions

- On the aggregate, the study posted a mean ratio of 2.41 indicating that about 80.2% 0f the entire subjects under study possess inherent love for riches that would enable them to buy every need or want desired.
- A mean ratio of 2.64 implying that about 87.96% of the total number of respondents love to be richness to contribute handsomely to advancing GOD's projects.
- The mean ratio of 2.17 was computed showing that about 72.42% perceive their love for riches from the point of view of charity.
- A mean ratio of 2.12 indicated that about 70.5% of the study's subjects preferred to have money in such a measure that would enable them to embark on any desired project or goal without hinderance owing to lack of money.
- On the average, the revealed mean ratio of 2.48, suggested that about 82.79% love to be financially free in a sustainable fashion.

Hatred for Poverty versus Love for Riches and Prosperity

- The weighted mean ratio of 1.91 indicated that about 63.67% of the respondents supported the assertion that the intensity of hatred for poverty is greater than the intensity of love for riches.

Factors accounting for HPIA

- The mean ratio of 2.03 shows that 67.75% of the respondents supported that fear factor (FF) is a major reason for the supposed greater intensity of hatred for poverty over that of love for riches (PIA).
- The observed mean ratio of 2.02 suggests that about 67.34% of the sampled subjects supported the argument that the mediocre and resignation factor accounts for the reason behind the HPIA.
- The mean ratio of 1.57 shows that 52.2% of the distribution agreed with the bondage factor as a critical reason for HPIA.
- A mean ratio of - 0.77 suggests that only 25.67% of the distribution agreed with the humility contention, while 74.33% did not.
- The mean ratio of -0.97 indicated that, in real terms, only about 32.38% of the respondents actually agree that the pride factor is directly responsible for HPIA. 67.62% did not.
- A weighted mean ratio of 1.06 showed that about 35.41% of the entire distribution supported the destiny argument as a critical in explaining HPIA.

Empirical Results

- The bondage factor associates significantly with the hatred for poverty intensity factor; and by implication is a very important variable explaining the HPIA phenomenon.
- The study fails to recognize the density factor as a very critical variable explaining the HPIA.
- The fear factor significantly associates with the HPIA, and thus an important factor explaining the HPIA phenomenon among the subjects studied.
- The study infers that the false humility factor is not an important argument explaining the HPIA variable.
- The mediocrity and resignation factor associates highly with the HPIA, making it a major argument explaining why the intensity of hatred for poverty is greater than the intensity of love for riches among the study subjects.
- The pride factor poorly associates with the HPIA, and thus not important in explaining the HPIA phenomenon among the population studied.

RECOMMENDATIONS

It was revealed that poverty is perceived by many individuals to be an evil that must be exorcised at all cost from their abode, being a curse and a form of bondage. It was also revealed that people's hatred for poverty is more intense than their love for riches. It is suggested that people in this part of the globe should not just sit down and mull over or lament their predicament and misery, but start doing something constructive to turn their fortunes around, through such things as mind (thoughts) reconstruction and renewal, adoption of prosperity thinking and mentality, entrepreneurial thinking and actions, shunning of dependency syndromes, good money management practices that include proper expenditure controls, conscious savings and investments of any freed money, even at small levels. These will, in no small way alleviate and or eradicate poverty, that has been as a menace in Nigeria.

SUGGESTION FOR FURTHER STUDIES

The study did not estimate the regression model that was a natural result of the theoretical reasoning done in the work. Further study would do well to estimated it to see if the result obtained with the statistical tools employed in the present study would be verified or disproved. Other aspects of the poverty/prosperity that are still at the theoretical postulations should be empirically verified in further studies. Equally, this study can be replicated in other countries of Africa where poverty is considered a major problem.

CONCLUSION

The study reveals that, contrary to some proponents of the religious sentiments of 'love' for poverty, most individuals hate poverty so intensely, and equally love to have and enjoy riches, so intensely. It was also uncovered that the hatred for poverty is more intense than the love for riches. Six crucial reasons were identified to explain this observed paradox. From the analysis, however, the study found evidence that only the bondage, mediocrity, and fear arguments significantly explain why the intensity of hatred for poverty is greater than the intensity of love for riches among the study subjects in Nigeria.

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