Researchers Teach Critical Thinking

For assistant professor Dr. Joshua Ault, research is much more than collecting and crunching data from anonymous subjects. The faculty research chair of the Centre for Social and Sustainable Innovation, Ault models Gustavson’s philosophy by bringing sustainability and social responsibility into his classroom.

In one of Gustavson’s international business courses, Ault aligns his expertise in microfinance with his belief in service to examine how real people manage in real situations.

“Microfinance has been presented as almost a silver bullet,” he explains. “Lenders make lots of money providing a service to pull poor people out of poverty.”

His research drew him to East Africa in 2009 and India in 2011 to examine how, or whether, microfinance works for both investors and borrowers. Gustavson’s course (Com 361), Ault says, provides a unique chance to study such ethical issues. Businesses in North America and western Europe can rely on government regulations to establish standards but in the international arena, managers can’t assume that “legal” also means “ethical.”

Each of Ault’s undergrad classes includes a debate on some aspect of sustainability or social responsibility, and one session features his particular field—microfinance—as both business tactic and solution for global poverty. He poses this question to his undergraduate students: Is offering profit the best way to get companies to solve poverty?

By assigning students different roles as neoliberal economists, poor people, lenders, venture capitalists and World Bank representatives, he nudges them into examining the issues from different perspectives.

“It gets students pretty worked up,” he says. “They get pretty passionate.”

They learn the academic and business details of microfinance structure and implementation, of course, including recent findings that the microfinance silver bullet has ricocheted tragically. In India, Ault explains, some lenders allegedly used coercion, threats and violence that ultimately led to suicides amongst borrowers.

While students learn from Ault’s research the causes and effects of real-world business practices, they also learn how to think critically.

“In ten years] they may or may not remember details from the class,” Ault says, “but they’ll certainly retain the critical thinking skills.”
A Bent For Boundaries

At first glance they have nothing in common. One is a local firm that hires a professional management consultant and the other is an Indian entrepreneurial firm that pursues an opportunity in Angola. But when Dr. Sudhir Nair—assistant professor of international business at Gustavson—speaks about two of his research streams, the discussion sooner or later converges at the intriguing question of boundaries, or, more precisely, crossing boundaries. In the case of the local firm that hires a consultant, it’s crossing organizational boundaries; in the case of the Indian firm looking into opportunities in Angola, it’s crossing cultural boundaries. In both cases, Nair wants to know why they cross over. Why does the firm make that choice and what are the consequences of its decision?

Hiring a consultant is, in effect, inviting another organization to step over your threshold. A lot of research has probed the business of consulting to determine if, and when, this is helpful. For his part, Nair considers value as a function of the hiring firm’s absorptive capacity. In other words, to what degree can the firm internalize and make good use of new knowledge provided to it. Research shows that firms considered high-knowledge benefit from consultants more than those considered low-knowledge—a rather counterintuitive finding. However, Nair utilizes some ‘Rumsfeldian’ logic to explain: “Perhaps high-knowledge firms know what they don’t know, whereas low-knowledge firms don’t know what they don’t know.”

A related question then is how does intellectual capital constituted from the firm’s human, social and organizational capital—affect absorptive capacity. Each ingredient would likely contribute in a unique way.

As for Nair’s other research stream, his goal is to remedy the scarcity of data on emerging market entrepreneurs choosing to cross cultural boundaries. Specifically for Indian entrepreneurs, he frames the question thus, in the lyrics of the old song: “Are they accentuating the positive or are they eliminating the negative?”

For example, Indian entrepreneurs may have a tough time negotiating a contract with the World Bank to supply water to another emerging market country. They’re still sitting in the hollow of the learning curve, trying to “eliminate the negative,” while more experienced entrepreneurs from developed countries have contract negotiations down pat. Yet the emerging market firm may have an advantage operating in regions where the poor infrastructure and institutions are much like their own. In such cases, they may leverage their ability to deal with tricky issues such as a lack of property laws. That, according to Nair, would be “accentuating the positive.”

Whether discussing international entrepreneurs or management consultants, Nair emphasizes that he investigates firm level, not individual, behaviour; though he admits the two can be difficult to tease apart at times. Given our increasing complexity, what firms do and how well they perform in these different circumstances may offer some timely and tantalizing insights.

Service More Than Sum of Its Parts

Consider a couple going to the theatre; they hire transportation, attend a restaurant before the play and then go for a bite to eat afterward. All of the businesses that are a part of the evening take part in delivering the experience and each contributes to the the couple’s overall satisfaction. The example serves to illustrate that services are, as Gustavson researchers Dr. Steve Tax and Dr. David McCutcheon contend in their latest research, increasingly provided by a service delivery network (SDN). All of the network members play a role in the experience and their performance influences the customer’s view of the others.

Traditionally, a service encounter has been viewed as a one-to-one interaction between the customer and the firm. As such, service quality is evaluated by measuring the firm’s performance against customers’ expectations of how the firm should perform. However, and the example above demonstrates, this doesn’t adequately consider the reality of interconnected, and often fragmented, service encounters.

While researchers have studied business and social networks, what’s innovative about their research is their argument that the network can only be understood from the customer’s perspective. In essence, the customer is the network hub, and, quite often, the service coordinator. She or he puts together the set of providers such that any individual firm may not even recognize they are part of that specific network.

Taking the customer’s perspective, the researchers have identified phenomena of networks that in turn have implications for service design. For example, customers may be uncertain as to who in the network is really in charge—a significant issue when addressing service failure and recovery. Or, where network firms are in disarray, customers may have to manage things themselves. Firms may ponder how well they can do on their own. Such questions wouldn’t arise if studies were confined to the one-to-one firm and customer interaction.

According to Tax and McCutcheon, future research needs to take into account that network members may both cooperate to serve the customer and compete to get a greater share of the customer’s business. “We strongly counsel firms to ensure that they own their relationship with clients and develop networks with that caution in mind.”
Entrepreneurship

An Agenda Explained

How can we encourage international entrepreneurship? That’s just one of the questions on Dr. Wade Danis’ mind. Emerging economies are, it seems, perpetually emerging—implying that their arrival as full-fledged economies is indefinite. And yet, here they are, forces to be increasingly reckoned with on the global economic stage, no longer relegated to the wings. As the story unfolds, the research stream is broadening and deepening, especially in the area of international entrepreneurship. Nonetheless, gaps exist. Danis, a Gustavson associate professor of international business, is formulating a research agenda in order to bridge these gaps.

He and his colleagues have discovered that research on international entrepreneurship in emerging economies has been limited to a handful of countries, such as China and the Central and Eastern European countries, whereas others, such as Brazil and India, have been relatively neglected. Danis explains that this skewed geography makes for under-contextualized data: institutional, cultural, socio-economic and historical particulars are left out of the equation.

Chalked up on the research agenda then is a call to expand research into Africa, Latin America, the Middle East and South Asia. Subsequently, researchers will have a better understanding of the forces at play shaping entrepreneurship in different economies. To illustrate, Danis contrasts perceptions of entrepreneurs in North America and Russia: “In the United States, people view entrepreneurs as economic heroes. They are the engines of growth. On the other hand, people in Russia are tentative in their judgments of entrepreneurs. They have the taint of corruption about them.”

What then might be the attitudes in places like Vietnam, with a centrally planned economy historically similar to Russia but without Russia’s recent growing pains in the free market?

Also on the agenda is a call to investigate technology. In developed economies, entrepreneurial activity is diffuse—firms are involved in high tech, low tech and every sector in between. In emerging economies, however, entrepreneurial activity may be limited to a narrow band, especially low tech such as growing coffee. However, these entrepreneurs may be hardly adopting email, internet, cell phones or transportation to access international markets.

With the landscape now more clearly surveyed, researchers have many exciting questions to explore. The answers may reveal how policy makers can encourage international entrepreneurship, what challenges managers may face, and perhaps how to alleviate poverty. That emerging economies will become important players is the one point not up for debate.

Adapting Cleantech Not Clean Cut

In the popular imagination, cleantech entrepreneurs are welcomed as saviours. They unveil innovations that save energy, scrub pollutants from the air and water, and bring efficiencies seamlessly into our lives. In turn, we—government, business and society—gratefully incorporate their contributions as obvious win-wins. However, as Gustavson associate professor of strategy and entrepreneurship, Dr. Charlene Zietsma, contends, the truth is something more complicated and, in some circumstances, controversial.

Her recent research uncovers the gauntlet cleantech entrepreneurs must run to get their innovations accepted. “There are a number of interlocking elements—law, interests, habitual behaviours, beliefs, norms, practices and rules—that keep things going the way they always have been,” she explains. “They lock in the status quo. There are big ideas out there and the technological know-how to make them work, but the implementation challenges are immense.”

Government and entrenched industries are sometimes the first bottleneck. Building codes, for example, can lag behind, effectively blocking the use of cutting-edge, sustainable products and materials. Cleantech entrepreneurs complain that competitors, with whom they sometimes have to partner, are often bureaucratic, difficult to deal with, and may even behave shadily to block their entry into the market. Other times, there is a reluctance to dive into newer technologies. Zietsma cites BC Hydro as a cautionary player: “For reasons of reliability and security, entrepreneurs have been told that a technology must have been in steady operation for three years elsewhere before the Crown corporation will connect it to its infrastructure.”

Of course, impediments to change differ from region to region. Zietsma, working in collaboration with Gustavson PhD student, Richard Tuck and research assistant, Jill Doucette, has compared the soil conditions for Ontario and British Columbia cleantech industries. “The talk in Ontario is much more about money, and there are government incentives and projects that make the business case stronger. In British Columbia, on the other hand, you hear the ‘green story’ more. Yet BC lacks significant incentives and public sector commitment to cleantech.”

The goal of Zietsma’s research is to learn how entrepreneurs navigate these social challenges, and identify strategies that work. She hopes the lessons can be applied to smooth the path of current and future cleantech innovators—after all, we really do need them to save the world!
The Office of Research is actively engaged in supporting, sustaining and invigorating research at the Gustavson School of Business.

To begin the 2012 year, we hosted an inaugural research conference for Gustavson researchers, including PhD students. The “Pipeline Palooza” conference enabled idea sharing for research in early stages, saw the sharing of success stories and challenges around data collection, analysis, collaboration and publication. This effort truly embodies the spirit of our vision—to produce outstanding research and develop global leaders to create a better world.

We’ve also established a new LinkedIn group, Research@Gustavson, to support research communication. This online forum allows researchers to connect across business disciplines, engages faculty and emerging researchers in collaborations, promotes upcoming conferences and research events, and provides prospective students and faculty with insights about our current research activities. We encourage participation from our partners, prospective PhD students and others who are interested in receiving regular updates about research activities at the school.

We welcome your comments, inquiries about research collaborations and any questions you may have about our research here at the Gustavson School of Business. Please contact Dr. Charlene Zietsma at czietsma@uvic.ca or Jennifer Gill at jrgill@uvic.ca.

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**Virtual Hugs**

Today, eight hundred million people worldwide use Facebook; eight years ago no one had even heard of it. According to the Pew Internet and American Life Project, in 2011 65 per cent of American adults online were using social networks.

While the growth of social media is one of the biggest tech stories of the last few years, an ongoing dilemma for service providers is how to get people to pay for these services. This challenge is the focus of research published by Dr. Dale Ganley, Assistant Professor Information Technology at the Gustavson School of Business.

“If the motivation is meaningful to the individual then they will pay for the service,” says Ganley. “The trick is to stop thinking of social networks as a marketing pool, but more broadly as a way to integrate people into your organization and make them feel part of what you do.” She says that people participating in a virtual organization need a reason to participate just as they do in the traditional world.

Ganley delved into the methodology of online user pay systems by examining virtual communities (entities similar to chat rooms and message boards with social networking features) because participation, while free, offers different levels of membership. Her research revealed that intrinsic motivators had a higher degree of impact on an individual’s willingness to subscribe than economic rewards.

To help engage your virtual community, Ganley recommends introducing simple non-monetary reward systems and scaling them towards participation in a subscriber system. Letting people contribute, whether it’s a guest editor column, to review a product line, or to test a recipe are all opportunities for engagement.

“Then thank them. Giving ‘karma’ points makes people feel good,” she says.

She encourages website administrators to think of the benefits of an engaged online community beyond just another revenue stream. “They can support market research, they can catch your websites for product information, they can give you valuable service feedback. By incorporating your online community into your strategic planning, you can build trust and loyalty, which are incredibly powerful motivators.”

Engaging your virtual friends can result in big dividends, but don’t forget to say thanks.

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**DR. DALE GANLEY**