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Editorial Note

The November 2022 issue of the *Journal of International Business Disciplines (JIBD)* has been the result of a rigorous process of blind reviews, and in the end, the reviewers recommended four articles for publication in this issue of *JIBD*.

JIBD is committed to maintaining high standard of quality in all of its publications.

Ahmad Tootoonchi, Chief Editor
Journal of International Business Disciplines

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DOES SOCIAL RESPONSIBILITY IMPACT DIVIDEND PAYOUT?
EVIDENCE FROM PUBLIC INSURANCE COMPANIES

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ABSTRACT

This study uses a modified version of Rozeff's (1982) transaction cost-agency cost tradeoff model to test the relation between dividend payment and a firm's environment, social and governance (ESG) ratings for insurance companies. Studying a regulated industry enables us to determine whether regulation replaces the need to pay dividends to convey information to investors. OLS regression results indicate that the social rating (SOC) is the sole significant ESG explanatory variable that affects dividend payout policy. Overall, our findings indicate that insurance firms consider social ratings in establishing their dividend policy. Specifically, given the sign of the relationship, insurance companies with better social responsibility ratings pay higher dividends. This finding could be the result of regulatory scrutiny faced by insurance firms, which affirms the need to subject the firm to the external scrutiny of the financial markets. This paper is the first paper to date that evaluates whether a relationship exists between insurance company dividend policy and proxies for environmental impact, social responsibility and corporate governance.

INTRODUCTION

One of the most important financial decisions that a firm's managers face is the dividend payout decision. Despite years of research, much of what drives dividend policy remains unclear. Black's (1976) dividend puzzle conclusion still holds today. The finance literature postulates several dividend payment theories including the Miller and Modigliani's (1961) dividend payout irrelevance proposition, Rozeff's (1982) agency cost/transaction cost payout model, and dividend signaling (Bhattacharya, 1979; Miller & Rock, 1985).

Survey evidence provides additional information on dividend payment from a management perspective. Brav et al. (2005) survey 384 financial executives and determine that they believe the dividend payout decision is as critical as the firm's investment decision. These financial executives show little support for most of the academic theories of dividend payment. However, these executives do exhibit a belief that institutional investors are largely indifferent between payout methods, which gives the firm greater flexibility in the dividend decision. These managers

therefore favor share repurchases since repurchase gives the firm greater financial flexibility relative to dividend payment.

It is also possible that management practices and preferences evolve over time. Given that possibility there are two recent trends identified by Casey et al. (2018) that could impact the dividend decision. First, the technology capabilities and the accessibility of information likely reduces problems with information asymmetry. The Internet allows any investor to access firm-specific data and information that may drive the buy-sell decision. An unprecedented amount of data is now collected, stored, communicated, and even generated over social media and various commercial websites and then accessed and disseminated via the Internet. The data explosion has drawn attention to the ways that information utilization and analytics affect the firm. Recent studies provide a theoretical framework and evidence that limited attention can affect asset pricing statics as well as dynamics (e.g., Hirshleifer & Teoh, 2003; Da et al., 2011).

The second trend that may impact dividend payout is the socially responsible investing movement. According to Casey et al. (2018), many investors are interested in socially responsible investing. These investors cast their dollar votes accordingly and reward firms that possess the desired socially responsible characteristics and punish firms that are not good corporate stewards.

Given the emergence of these trends, we propose a novel and direct measure of investor attention using sustainability indexes in Yahoo! Finance. We use a modified version of Rozeff's (1982) transaction cost-agency cost tradeoff model and test the relation between dividend payment and a firm's environment, social and governance (ESG) ratings for insurance companies. Studying a regulated industry enables us to determine whether regulation replaces the need to pay dividends to convey information to investors.

We use ESG ratings information as a measure of investor attention for several reasons. First, Internet users commonly use finance websites to collect information, and Yahoo! Finance continues to be the favorite. Yahoo! Finance was named the No. 1 site "favored by Republicans 18 or older with annual household incomes of $100,000 or more" by Newsmax (Grigonis, 2014). Second, the global financial community is increasingly becoming aware that environmental and social issues can lead to consequences such as negative publicity, threats to operating licenses, costly litigation, and unforeseen expenditures. Negative impacts can, in turn, increase risks and make it more difficult and costly to raise external funds. Sustainalytics' ESG Ratings measure how well companies proactively manage the environmental, social and governance issues (ESG) that are the most material to their business and provide an assessment of companies' ability to mitigate ESG risks.

In this study we focus on publicly-traded insurance companies. This focus allows us to evaluate whether firms in regulated industries use dividend policy to convey environmental and sustainability information. The remainder of the paper is organized as follows. Section II contains a review of the literature, Section III presents the model and data source, Section IV contains a presentation of the results, and Section V summarizes the research conclusions.

LITERATURE REVIEW

Academic research continues to focus on the dividend decision given the lack of consensus regarding reasons for dividend payment. No matter how those theoretical and empirical theories differ, survey research shows that corporate managers believe in the existence of an optimal level of dividends (e.g., Baker et al., 1985). Rozeff's (1982) study maintains firms adopt a dividend policy that minimizes their overall costs. Firms issue dividends to ensure market participants that the firm's management makes decisions consistent with their goals. However, entering the external capital markets incurs costs. If dividend payment did not convey relevant information that reduces agency costs (Jensen & Meckling, 1976), the firm and shareholders would be better served to retain those dividends and use the cash for positive NPV capital budgeting projects. Firms balance the benefits of dividend payment (providing information to stakeholders) with the cost of dividend payment and the cost of issuing new debt or equity. Rozeff (1982) explains this relationship with an agency cost-transaction cost tradeoff model that postulates firms adopt a dividend payout policy that minimizes overall costs.

Adaptations of Rozeff's (1982) model are widely used in the finance literature. For example, Noronha et al. (1996) studies the linkage between capital structure and dividend policy. Their study shows that managers often simultaneously determine both dividend policy and capital structure. Casey et al. (1999) investigated the relationship between payout policy and changes in the tax law using a modified Rozeff model. Their study, consistent with Moh'd et al. (1995) and Dempsey and Laber (1992), also notes an industry difference exists with regard to payout policy.

Studies that apply variations of Rozeff's (1982) model to various industries include Dickens et al. (2003, banking), Casey and Theis (1997, oil and gas), and Casey et al. (2018, utilities). Findings vary across industries, but the models all show a relationship between dividend policy and managerial decisions.

A few studies evaluate the relationship between corporate governance and dividend payout. Puleo et al. (2009), in their focus on the insurance industry, find that regulation reduces the need to pay dividends. Managers can retain the cash used to pay dividends and forego subjecting the firm to the scrutiny of the external capital markets. They conclude that regulators appear to perform that function to the satisfaction of market participants. Smith et al. (2008) finds that firms in non-regulated industries that have higher corporate governance quotients (i.e., better corporate citizens) pay lower dividends. It appears firms recognized externally as better stewards can reduce dividend payment.

Research on dividend policy by insurers has been quite limited. For example, according to Harrington (1981) insurers change dividends slowly in relation to earnings changes. Other studies show life insurers prefer higher dividend yields due to taxes (Chen, 1990) and insurance regulation reduces the need for dividend payment (Puleo et al., 2009).

Different from industrial firms, banks and other financial institutions, insurance companies are subject to different levels of regulations due to risk management issues, incomplete information disclosures, and the insurers' duty to the society. Regulations also vary among insurers according

to their line of business and location. In addition, the financial statements of insurers do not disclose complete information about the market value of some assets. For these reasons, investors may rely heavily on other signals. Publicly traded insurers have a financial responsibility to both policyholders and stockholders. Insurers must also fulfill their duty to society, which means they should avoid causing any public harm.

For these reasons we believe that insurance companies will be more sensitive to environmental, social and governance issues (ESG). A higher ESG rating signals greater social responsibility and therefore better firm image for insurance companies. Better firm image and reputation of insurance companies could help reduce their external funding costs and show that insurance companies are more policyholder friendly and more likely to accept greater social responsibility. We expect firms with higher ESG ratings, i.e., better "ability to mitigate ESG risks," to pay higher dividends. However, Casey et al. (2018) find no relation between corporate dividend policy and ESG factors for utilities firms. In contrast, Casey et al. (2019) find a positive relationship between controversy and dividend payment in the oil and gas industry. To date, these are the only two studies that utilize this sustainability data.

In this study we test whether proactively managing their environmental, social and governance issues, especially social responsibility or stewardship, could help explain insurers' dividend payout policy.

DATA AND METHODOLOGY

This study obtains current 2018 data from Yahoo! Finance for firms in the insurance industry. The initial sample contained 37 U.S. - based publicly-traded firms in general, life, health, supplemental, and workers' compensation insurance industries. Of these 37 insurance firms, only 26 firms have sustainability data available. Two additional firms were eliminated from the sample due to missing variables such as institutional ownership and insider ownership. Using a final sample of 24 firms we estimate a version of Rozeff's (1982) agency cost-transaction cost tradeoff model using two different dependent variables, dividend payout and dividend yield. Dempsey and Laber (1992), Casey et al. (1999), and Rao and White (1994) all use Rozeff's original model, or a variation of Rozeff's model, as follows:

$$\text{Payout}_j = \alpha + \sum B_i X_{ij} + \mathcal{E},$$

$$\text{Yield}_i = \alpha + \sum B_i X_{ij} + \mathcal{E},$$

Where:

Payout = current dividend payout ratio

Yield = forward dividend yield

X_{ij} represents each independent variable i, for each firm j. These variables are:

Insider = percentage of equity held by insiders,

Institution = percentage of equity held by institutions,

Beta = firm's beta,

Debt = firm's use of leverage (total liabilities/total assets),

Growth = forecast growth rate in revenues for coming year,

ESG = total ESG rating computed by Sustainalytics (Combined Environment, Social, & Governance)

Cont = controversy level computed.

Additionally, we subdivide the ESG rating into its components of Environmental rating (ENV), Social rating (SOC) and Governance rating (GOV) according to the Yahoo! Finance. ESG rating values range between 1-100 and are computed using a proprietary balanced scorecard system.

Sustainalytics data also includes a controversy rating. Firms are rated based on recent controversies that involve the firm. Cont, or the controversy rating computed by Sustainalytics, can assume a value between 1 and 5. A value of 5 denotes the most serious controversies that could negatively impact stakeholders, the environment, or the firm's operations. For our data sample, we have more than 90% insurance companies with a score of 2.

Justification for the other included control variables follows:

Insider, or the percentage of equity held by insiders, is commonly inversely related to dividend payout. Insiders have more information about the firm and therefore do not need dividend distributions to force the firm to the external markets. When insiders need cash, they can simply sell equity and during most tax regimes pay a lower capital gains tax rate.

Beta, the firm's beta computed and reported by Yahoo! finance, serves as a measure of market risk. Investors willing to accept higher levels of risk typically prefer firms reinvest earnings instead of paying cash dividend. For this reason, beta and dividend payout are typically inversely related.

Debt represents the firm's use of leverage. We compute debt by dividing total liabilities by total assets. As debt increases firms may opt to retain funds for debt service in lieu of paying out cash dividends. In contrast, a counterargument suggests that firms paying higher dividends could be forced to incur more debt due to dividend cash outflows limiting capital availability. Therefore, debt could have either a positive or a negative sign.

Growth, or the forecast growth rate in revenues for coming year, is used to proxy the firm's need for cash in the future. Higher growth rates indicate higher cash needs to support that growth. Therefore, we expect to see a negative relationship between growth rates and dividend payout as firms retain cash to fund growth.

RESULTS

Table 1 contains descriptive statistics for the variables included in the study. A glance at this table shows a wide variation in most of the variables. For example, payout ratio ranges from 0 to 78.40%, indicating a large variation in dividend policy among the 26 firms. Beta ranges from 0.21 to 2.18, implying big differences in response to volatility of the stock market. Large ranges also exist for Insider holdings (0.04 to 81.90%), institution holdings (0.00 to 100.78%), and expected revenue growth (-3.30 to 20.90%). The results reflect the heterogeneity in many business aspects of insurance firms.

TABLE 1. DESCRIPTIVE STATISTICS

Variable	Mean	Standard Deviation	Minimum	Maximum
Payout	24.92	20.37	0.00	78.40
Yield	2.15	1.11	0.00	3.80
Beta	0.93	0.40	0.21	2.18
Debt	0.72	0.21	0.03	0.95
Insider	6.25	18.25	0.04	81.90
Institution	77.96	22.52	0.00	100.78
Growth	7.65	6.35	-3.30	20.90
ESG	56.73	7.23	45.00	73.00
ENV	56.15	13.23	35.00	80.00
SOC	57.65	7.78	38.00	69.00
GOV	57.69	9.15	44.00	77.00
Cont	2.08	0.63	0.00	3.00

Payout = current dividend payout ratio
Yield = forward dividend yield
Insider = percentage of equity held by insiders,
Institution = percentage of equity held by institutions,
Beta = firm's beta,
Debt = firm's use of leverage (total liabilities/total assets),
Growth = forecast growth rate in revenues for coming year,
ESG = total ESG rating computed by Sustainalytics (Combined Environment, Social, & Governance)
Cont = controversy level computed by Sustainalytics,
ENV = environmental rating computed by Sustainalytics
SOC = social rating computed by Sustainalytics
GOV = governance rating computed by Sustainalytics

The similar variability is also observed in the measures of different aspects of corporate governance and stewardship, ESG and its three components, ENV, SOL, and GOV. The variations in these variables range from 35 to 80. Other variables are more stable. For example, controversy

level (Cont) has a standard deviation of 0.63 and a range of 0 to 3.0; and the forward dividend yield stays in a relatively narrow range (0 to 3.8%) with a mean of 2.15%.

TABLE 2. CORRELATION MATRIX OF VARIABLES
(obs=24)

	Payout	Yield	Beta	Debt	Insider	Institution	Growth	ESG	ENV	SOC	GOV
Payout	1.000										
Yield	0.480**	1.000									
Beta	-0.342*	0.208	1.000								
Debt	-0.090	0.082	0.367*	1.000							
Insider	0.295	0.303	-0.156	0.044	1.000						
Institution	-0.330	-0.458**	0.126	0.170	-0.863**	1.000					
Growth	-0.013	-0.171	0.246	-0.037	-0.130	0.261	1.000				
ESG	0.320	0.289	0.224	0.071	-0.025	-0.185	0.143	1.000			
ENV	0.076	-0.078	0.240	0.051	-0.044	-0.004	0.457**	0.844***	1.000		
SOC	0.478**	0.670***	0.012	0.253	0.163	-0.313	-0.377*	0.443**	0.003	1.000	
GOV	0.204	0.012	0.118	-0.189	-0.148	-0.076	0.173	0.855***	0.772***	0.047	1.000
Cont	0.021	-0.506**	-0.107	-0.069	-0.055	0.091	0.379*	0.296	0.538***	-0.363*	0.443**

$^{*} p < 0.10, \quad ^{**} p < 0.05, ^{***} p < 0.01$

Payout = current dividend payout ratio
Yield = forward dividend yield
Insider = percentage of equity held by insiders,
Institution = percentage of equity held by institutions,
Beta = firm's beta,
Debt = firm's use of leverage (total liabilities/total assets),
Growth = forecast growth rate in revenues for coming year,
ESG = total ESG rating computed by Sustainalytics (Combined Environment, Social, & Governance)
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ENV = environmental rating computed by Sustainalytics
SOC = social rating computed by Sustainalytics
GOV = governance rating computed by Sustainalytics

There are some significant correlations of Payout with Yield, Beta, and SOC, respectively, as well as Yield with Institution, SOC, and Cont, respectively (Table 2). However, this study finds no significant correlations between dividend-related variables (Payout and Yield) and most of control variables, such as Debt, Insider, Growth, ESG, ENV, and GOV. Not surprisingly, ESG enjoys the strong correlations with its three components, ENV, SOC, and GOV. The positive correlation between ENV and GOV is significant as well. The result may reflect the fact that insurance firms are sensitive to environment regulations. Cont has significant correlations with all three social responsibility variables, ENV, SOC, and GOV.

The similar variability is also observed in the measures of different aspects of corporate governance and stewardship, ESG and its three components, ENV, SOL, and GOV. The variations in these variables range from 35 to 80. Other variables are more stable. For example, controversy level (Cont) has a standard deviation of 0.63 and a range of 0 to 3.0; and the forward dividend yield stays in a relatively narrow range (0 to 3.8%) with a mean of 2.15%

The results of the principal component analysis indicate no serious multicollinearity in the regression models used in this study. The only exception is a strong linear relation between ENV and GOV. The results are not reported, but available upon request.

TABLE 3-A

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Payout	Payout	Payout	Payout	Payout	Payout	Payout
Insider	0.276	0.269	0.236	0.259	0.230	0.192	0.191
	(0.227)	(0.214)	(0.199)	(0.217)	(0.204)	(0.201)	(0.194)
Beta	-15.48	-19.67*	-17.71*	-22.41*	-15.34	-16.15	-13.67
	(11.30)	(10.90)	(9.673)	(11.57)	(10.72)	(10.72)	(10.33)
Debt	-4.773	-2.911	-4.108	-1.232	-7.283	-13.77	-15.59
	(21.69)	(20.49)	(20.92)	(20.83)	(22.08)	(21.23)	(18.76)
Growth	0.115	0.00841	1.492*	0.292	1.455*	1.075	1.324
	(0.729)	(0.690)	(0.833)	(0.788)	(0.854)	(0.774)	(0.824)
ESG		1.019*		1.175*			
		(0.557)		(0.598)			
ENV			-0.495		-0.567		-0.284
			(0.520)		(0.546)		(0.385)
SOC			1.618***		1.769***	1.682**	1.883***
			(0.552)		(0.623)	(0.619)	(0.595)
GOV			0.705		0.594	0.0131	
			(0.761)		(0.801)	(0.575)	
Cont				-5.669	4.517	2.618	5.936
				(7.294)	(7.920)	(7.725)	(7.577)
cons	40.99**	-13.95	-73.55*	-11.74	-80.68*	-61.32	-65.70
	(16.72)	(33.92)	(40.76)	(34.42)	(43.49)	(39.37)	(37.97)
N	24	24	24	24	24	24	24
adj. R^2	0.027	0.134	0.315	0.115	0.285	0.281	0.305

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Payout = current dividend payout ratio
Yield = forward dividend yield
Insider = percentage of equity held by insiders,
Institution = percentage of equity held by institutions,
Beta = firm's beta,
Debt = firm's use of leverage (total liabilities/total assets),
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GOV = governance rating computed by Sustainalytics

The focus of our regression analysis is on the impacts of social responsibility variables, i.e., ESG, ENV, SOC, and GOV, on dividend policy proxied with dividend payout ratio and dividend yield. Previous studies provide evidence that insider stock holdings are a significant variable in the formation of dividend payout policy (e.g., Rozeff, 1982; Jensen et al., 1992) and institutional holdings also cause firms to change their payout policy (Grinstein & Michaely, 2005). Therefore, these two variables are used as control variables, in addition to Beta, Debt, Growth, and Cont, in regression models. Due to the high negative correlation between Insider and Institution, the two variables are separately included in different models.

Table 3-A contains results of seven different OLS regression models with a dependent variable of Payout. Results of Model (1) that includes only five control variables as independent variables suggest that none of those variables play significant roles in explaining variation of dividend payout policy. The adjusted R^2 value is only 2.7%. It is not a surprise given the fact that the insurance companies are highly regulated, and their operation is relatively stable. With the addition of ESG, the adjusted R^2 value increases to 13.4% in Model (2) and coefficient of ESG, 1.019, is both economically and statistically significant at 10%. A high ESG score is associated with a high payout ratio, implying that insurance companies with better ability to mitigate their ESG risks tend to pay more dividends to their stockholders. That is, insurance companies that proactively manage issues most material to their business to mitigate their ESG risks may reduce reserves, operating costs, and other expenses, and eventually pay more dividends to their shareholders. This result still holds when the controversy level, Cont, is added into Model (4). However, the coefficient of Cont is not significant even though more than 90% of the sample had a controversy level of "2."

ESG rating is further divided into ENV, SOC, and GOV. We then substitute ESG with these three independent social responsibility variables in regression models. Results of Model (3) in Table 3-A suggest that the substitution considerably boosts robustness of the model evidenced by a jump in the adjusted R^2 from 13.4% to 31.5%. The most significant variable is SOC with a coefficient of 1.618, which is statistically significant at the 1% level. SOC measures how well firms proactively manage social issues most material to their business and assesses firms' ability to mitigate social risks. The result evidently suggests a significant positive relationship between mitigating social risk and dividend payout ratios in insurance companies. Other social responsibility variables do not have significant impact on Payout. The addition of Cont does not alter the above results in Models (3) through (5). Due to the strong linear relation between ENV and GOV, they are separately used in Models (6) and (7). Results are basically the same as that of Models (3) and (5), SOC is the only economically and statistically significant social responsibility variable in explaining changes in dividend payout ratios. All other variables including the intercepts of Models (6) and (7) are statistically insignificant, which indicates the models are well specified.

Because of the significant correlation between Insider and Institution (Table 2), Insider is replaced with Institution in all seven regression models (Table 3-B). Results remain essentially the same in

that SOC is the only statistically significant social responsibility variable in explaining alterations in Payout.

TABLE 3-B

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Payout	Payout	Payout	Payout	Payout	Payout	Payout
Institution	-0.283	-0.216	-0.148	-0.205	-0.142	-0.122	-0.128
	(0.186)	(0.185)	(0.173)	(0.188)	(0.177)	(0.175)	(0.172)
Beta	-17.82	-21.32*	-19.18*	-23.93*	-16.79	-17.31	-15.29
	(10.94)	(10.83)	(9.794)	(11.51)	(10.90)	(10.83)	(10.34)
Debt	3.807	3.936	-0.510	5.251	-3.860	-10.21	-10.68
	(21.53)	(20.83)	(22.09)	(21.16)	(23.37)	(22.21)	(19.50)
Growth	0.341	0.185	1.551*	0.451	1.510*	1.158	1.403
	(0.737)	(0.720)	(0.856)	(0.811)	(0.878)	(0.785)	(0.838)
ESG		0.874		1.034			
		(0.576)		(0.621)			
ENV			-0.434		-0.506		-0.293
			(0.525)		(0.551)		(0.390)
SOC			1.584**		1.738**	1.661**	1.826***
			(0.580)		(0.655)	(0.646)	(0.622)
GOV			0.554		0.446	-0.0594	
			(0.756)		(0.797)	(0.573)	
Cont				-5.505	4.493	2.760	5.599
				(7.356)	(8.091)	(7.828)	(7.675)
cons	58.98**	8.113	-54.80	9.116	-62.64	-47.52	-52.67
	(19.29)	(38.38)	(44.82)	(38.88)	(47.94)	(44.80)	(43.54)
N	24	24	24	24	24	24	24
adj. R^2	0.065	0.125	0.288	0.103	0.256	0.263	0.287

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Payout = current dividend payout ratio
Yield = forward dividend yield
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For robustness check, the forward dividend yield is used as the proxy of dividend policy in the seven regression models and the results are reported in Tables 4-A and B. Different from the results in Table 3-A, we find that ESG does not have a significant impact on the forward dividend yield in Model (2) in Table 4-A. Another difference is that there is a significant negative effect of Institution on Yield, but the significance fades in models (6) and (7) in Table 4-B. Once again, SOC is the only economically and statistically significant variable in explaining changes in the forward dividend yield. In addition, the adjusted R^2 in Models (6) and (7) is about 40%.

TABLE 4-A

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Yield	Yield	Yield	Yield	Yield	Yield	Yield
Insider	0.0192	0.0190	0.0166	0.0163	0.0167	0.0149	0.0144
	(0.0125)	(0.0123)	(0.0100)	(0.0107)	(0.0104)	(0.0102)	(0.0101)
Beta	0.884	0.674	0.771	0.283	0.706	0.651	0.845
	(0.627)	(0.634)	(0.497)	(0.571)	(0.573)	(0.570)	(0.556)
Debt	-0.378	-0.208	-0.625	-0.277	-0.537	-0.829	-1.139
	(1.187)	(1.170)	(1.068)	(1.015)	(1.155)	(1.115)	(0.985)
Growth	-0.0391	-0.0456	0.0148	-0.0131	0.0158	-0.00269	0.000957
	(0.0403)	(0.0398)	(0.0380)	(0.0368)	(0.0395)	(0.0346)	(0.0366)
ESG		0.0479		0.0636*			
		(0.0363)		(0.0321)			
ENV			-0.0292		-0.0276		-0.00845
			(0.0267)		(0.0282)		(0.0206)
SOC			0.105***		0.0974**	0.0903**	0.106**
			(0.0279)		(0.0413)	(0.0406)	(0.0404)
GOV			0.0374		0.0405	0.0134	
			(0.0375)		(0.0406)	(0.0297)	
Cont				-1.164**	-0.175	-0.318	0.0346
				(0.454)	(0.690)	(0.673)	(0.657)
cons	1.780*	-0.874	-5.004**	0.925	-4.469	-3.322	-3.707
	(0.914)	(2.201)	(2.323)	(2.034)	(3.192)	(2.966)	(3.099)
N	23	23	23	23	23	23	23
adj. R^2	0.023	0.062	0.416	0.294	0.377	0.379	0.377

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Payout = current dividend payout ratio
Yield = forward dividend yield
Insider = percentage of equity held by insiders,
Institution = percentage of equity held by institutions,
Beta = firm's beta,
Debt = firm's use of leverage (total liabilities/total assets),

Growth = forecast growth rate in revenues for coming year,
ESG = total ESG rating computed by Sustainalytics (Combined Environment, Social, & Governance)
Cont = controversy level computed by Sustainalytics,
ENV = environmental rating computed by Sustainalytics
SOC = social rating computed by Sustainalytics
GOV = governance rating computed by Sustainalytics

TABLE 4-B

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Yield	Yield	Yield	Yield	Yield	Yield	Yield
Institution	-0.023**	-0.021*	-0.015*	-0.017*	-0.015*	-0.014	-0.015
	(0.010)	(0.010)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Beta	0.707	0.562	0.657	0.211	0.594	0.554	0.720
	(0.581)	(0.602)	(0.487)	(0.550)	(0.564)	(0.559)	(0.536)
Debt	0.299	0.372	-0.193	0.205	-0.108	-0.400	-0.614
	(1.132)	(1.138)	(1.093)	(1.005)	(1.181)	(1.130)	(0.994)
Growth	-0.020	-0.027	0.023	-0.001	0.024	0.006	0.012
	(0.039)	(0.040)	(0.038)	(0.037)	(0.040)	(0.035)	(0.037)
ESG		0.034		0.051			
		(0.036)		(0.032)			
ENV			-0.027		-0.025		-0.010
			(0.026)		(0.028)		(0.020)
SOC			0.096**		0.089**	0.082*	0.096**
			(0.029)		(0.042)	(0.041)	(0.040)
GOV			0.029		0.032	0.008	
			(0.036)		(0.039)	(0.029)	
Cont				-1.085**	-0.168	-0.302	0.00188
				(0.448)	(0.681)	(0.661)	(0.641)
cons	3.166***	1.182	-3.118	2.467	-2.598	-1.659	-2.061
	(1.004)	(2.315)	(2.450)	(2.109)	(3.294)	(3.111)	(3.192)
N	23	23	23	23	23	23	23
adj. R^2	0.140	0.136	0.430	0.328	0.392	0.399	0.406

Standard errors in parentheses
* $p < 0.10$,   ** $p < 0.05$, *** $p < 0.01$

Payout = current dividend payout ratio
Yield = forward dividend yield
Insider = percentage of equity held by insiders,
Institution = percentage of equity held by institutions,
Beta = firm's beta,
Debt = firm's use of leverage (total liabilities/total assets),
Growth = forecast growth rate in revenues for coming year,

ESG = total ESG rating computed by Sustainalytics (Combined Environment, Social, & Governance)
Cont = controversy level computed by Sustainalytics,
ENV = environmental rating computed by Sustainalytics
SOC = social rating computed by Sustainalytics
GOV = governance rating computed by Sustainalytics

CONCLUSIONS

We provide evidence that SOC is an important determinant of dividend payout policy for public insurance companies. Our findings are robust when we use either dividend payout ratio or forward dividend yield as proxy for the dividend payout policy for those listed insurance companies. None of the control variables such as Insider, Institution, Beta, Debt, and Growth are statistically significant, which could be explained by the highly regulated and relatively stable nature of insurance companies. Actually, SOC is the only significant explanatory variable in explaining the formation of dividend payout policy, which implies that insurance companies with better social responsibility ratings pay higher dividends. While none of the other two ESG variables, i.e., ENV and GOV, are significant it is worth noting that ENV is always negative and ESG is always positive. With only one exception, GOV is positive but not significant. Controversy is inconsistently signed and not significant.

Overall, we provide evidence that insurance firms consider social ratings when establishing their dividend policy. It could be that regulatory scrutiny faced by insurance firms affirms the need to subject the firm to the external scrutiny of the financial markets.

Future research needs to be conducted to investigate the relationship between corporate governance and social responsibility on the firm. Specifically, does social responsibility measured by these metrics affect insurance firms in other ways? We also intend to investigate these relationships for mutual and private insurance companies.

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COMPARATIVE PRICING OF TOURISM IN LATIN AMERICA & CARIBBEAN REGION USING PPPS OF THE ICP

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ABSTRACT

As countries start opening back up for tourism in the wane of COVID-19 pandemic, competition among nations to attract visitors grows stronger. Price of tourism within a country is one of the major determinants of demand for international tourism. This paper examines the relative price competitiveness of Latin American & Caribbean countries in the international tourism market. To ensure adequate comparability, this paper uses a measure of pricing that is based on the PPPs of the ICP. Effectiveness of nation marketing by these countries was also compared via the number of international tourism arrivals and receipts (in US$). Bolivia, Nicaragua, and Honduras were found to be the cheapest destinations overall, that is most price-competitive; while the most expensive overall, that is least price-competitive, were Venezuela, Cayman Islands, and Turks and Caicos Islands. Public policy and managerial marketing implications of these findings are discussed, and directions for future research are given.

INTRODUCTION

In the wane of COVID-19 pandemic countries and nations are opening up to international tourism, albeit with cautionary measures. (Fuchs, 2022; Günaydın & Kozak, 2022; World Health Organization, 2022). Competition among nations to attract visitors has thus resurged. A positive link of tourism to national economic growth is well documented in the literature (Dritsakis, 2012; Korkut Pata, 2021). Fueled by the unabated growth in international tourism pre-pandemic (World Bank, 2006), competition was intense among countries and regions of the world in the international tourism market (O'Leary & Deegan, 2005). Once again, the competition has resumed. Especially developing countries, like those of Latin America & Caribbean, have a high stake in this competition, since several of them look up to international tourism as a major foreign exchange earner for their economic development. For example, pre-pandemic, half of the 42 countries of the Latin American & Caribbean region have tourism receipts constituting more than 10% of their total annual exports (World Bank, 2019). Nine of those countries even depend on international tourism for more than 50% of their total annual exports! These include Antigua and Barbuda, St. Vincent and the Grenadines, Sint Maarten, Bahamas, Grenada, St. Lucia, Dominica, Aruba, and St. Kitts and Nevis. The World Tourism Organization has long reiterated that for numerous countries of Latin America & Caribbean region: "…tourism appears to be the *most feasible* alternative for boosting economic development…" (WTO, 2001, p. 11, italics added). This is important to public policy makers. McClellan (2022) in a review of leadership in Ecuador identified the trend in modern Ecuadorian presidents which is, to focus on strengthening the nation

and on visionary developmental needs of the country. Similar thing could rightly be said of political leadership in other Latin American & Caribbean countries. Likewise, Danns and Danns (2017) underscored the fact that the small developing countries of the Caribbean that they studied have a narrow economic base and are heavily dependent on commodity exportation and tourism. Similar things could rightly be said of many other small developing countries of the Latin American and Caribbean region.

Several reasons could be advanced why tourists choose to visit one country rather than the other. However, evidence abounds that, international travelers are sensitive to price of tourism in a foreign country (Assaf & Josiassen, 2011; Dwyer & Kim, 2003). As well noted by Dwyer et al. (2001), "The competitiveness of an industry is a critical determinant of how well it performs in world market" (p. 2). In view of this fact, it becomes very important to study the *price* competitiveness of countries of Latin America & the Caribbean. As alluded to by Stojanović et al. (2021), price competitiveness is so important that it is one of the basic indicators of the Travel and Tourism Competitiveness Index developed by the World Economic Forum. The challenge now is how to cost, or put a price, on living as a tourist in a foreign country? Given that Latin American and Caribbean countries, like other countries of the world, differ in their currencies, rate of inflation, and quality of products, how could cost of tourism in different Latin American and Caribbean nations be made comparable? Which Latin American and Caribbean nations lead, and which ones lag behind with respect to price competitiveness in international tourism? Answers to these questions, which form the focus of this paper, are very important to national tourism development agencies, travel organizations, and charter airlines in their marketing of international tourism in Latin America and the Caribbean.

LITERATURE

A few authors have examined international tourism in the region of Latin America. Sarigöllü and Huang (2005) for example studied North American tourists to Latin America and the Caribbean. These visitors were segmented using benefits sought. Four segments emerged from the study, namely: (i) adventurer, (ii) multifarious, (iii) fun and relaxation seeker, and (iv) urbane, with the multifarious making up the largest segment constituting 35% of the sample. The segment represents the group of tourists that fully explore a destination looking for a variety of benefits including outdoor adventure, ecotourism, general sightseeing, performing arts and events, as well as fun and sun activities. The multifarious segment also was said to assign higher importance ratings to such decision drivers as accommodation provision, infrastructure, service, safety, and cost considerations than other segments. In his own study, Oyewole (2009) projected tourist arrivals to the Latin American and Caribbean region up to the year 2020. According to this projection, arrival of tourists will go up from 51.2 million in 2004 to 93.8 million by the year 2020, growing at annual rate of 3.81%. The receipts from the spending of these tourists were projected to go from US$34 billion in 2004 to US$70.3 billion in 2020. The author also developed a lower-case scenario and an upper-case scenario for these projections, indicating that actual outcomes could be influenced by a number of factors including the adoption of appropriate marketing strategies. For the lower-case scenario, arrivals of tourist would be 87.5 million by the year 2020 with a corresponding receipts figure of US$64.9 billion. On the other hand, under the upper-case

scenario, tourist arrivals would go up to 100.03 million by 2020, and the receipts would stand at US$75.8 billion. This upper-case scenario was actually surpassed in pre-pandemic 2019, when the region recorded 201,856,014 tourist arrivals, with corresponding receipts of US$104.6 billion (World Bank, 2022)!

Some other studies on international tourism that focused on Latin America and the Caribbean region have mainly explored the region's potentials in the global international tourism market on one hand, and the attendant problems or challenges on the other. Strizzi and Meis (1998), for example, affirmed that prospects for increased arrivals in Latin America and the Caribbean are strong given the region's rich and diverse historical and cultural heritage, natural endowments, and the creation of a free trade area of the Americas. Lumsdon and Swift (2001) also alluded to the fine prospects for tourism in Latin America. In fact, they submitted that: "As a region, Latin America is only beginning to emerge as a major tourism destination" (Lumsdon & Swift, 2001, p. 53). They reported that beach resorts are found in several Latin American countries and many of them such as Brazil, Costa Rica, and Ecuador are noted for nature-based tourism. Another author with a good-prospect report on international tourism in Latin America was Schlüter (1991). The author listed several tourism attractions that are available in that region of the world. Among these are the Easter Island of Chile, the Galapagos Islands of Ecuador, the Contadora in Panama, the Culebra Bay (now Papagayo Gulf) of Costa Rica, San Juan del Sur in Nicaragua, Tornasol in Honduras, Izabal in Guatemala, Puerto Plata in the Dominican Republic, the Cancun village in Mexico, and the Machu Picchu ruins in Peru.

With regards to factors that determine volume of international tourism actually received by a country, income (of tourists) and *price (of tourism)* are held to be the dominant ones by many scholars (Assaf & Josiassen, 2011; Hanafiah et al., 2014; Stojanović et al., 2021). This is because of the central role that economic theory assigns to income and price as determinants of demand for luxury goods, among which international tourism has always been classified (Bond & Ladman, 1972). Concerning the effect of income, Hagemann (1981) summarizes that at high-income levels, an increase in income tends to result in increased expenditure with little effect on number of arrivals. However, at low-income levels, an increase in income might increase the number of arrivals with less impact on expenditure. Several authors (e.g., Anastasopoulos, 1989; Bakkalsalihoglu, 1987; Fujii et al., 1985; Qiu & Zhang, 1995; Rosensweig, 1988) have also studied the effect of price on demand for international tourism. However, widely varied and conflicting results have been reported. As Crouch (1994) pointed out in a review, all these studies: "have had considerable difficulty in deciding on an appropriate measure of price" (p. 14). Stojanović et al. (2021) also bemoaned the fact that: "It is truly difficult to find the right standard measure that would measure a destination's price competitiveness in a relative context" (p. 556).

This is due largely to the diversity in foreign currency prices of tourist products, and the effect of exchange rate variations on purchasing power. In order to understand fully the influence of price on demand for international tourism, a measure of price that effectively normalizes, or neutralizes these diversity and variations must be used. Such a measure was developed by Dwyer et al. (2001). These authors' "Price Competitiveness Index" was based on the purchasing power parity (PPP) of the ICP (International Comparison Programme). This is the measure that is used in this study. The measure has effectively been used before by Oyewole (2004) for African countries that participated in the 1985 round of the ICP, and Oyewole (2010) for the few countries (10 only) of

Latin America and the Caribbean that participated in the 2005 round of the ICP. The present study expands on this last study by including many more countries (38 in all) of Latin America and the Caribbean that participated in the 2017 round of the ICP. By the use of purchasing power parity of the ICP, the resulting price competitiveness indices will overcome the usual difficulties of comparability associated with pricing products and services consumed by tourists in different countries of the world. The present study provides a rank order of Latin America & Caribbean countries according to their relative prices of the international tourism basket. The rank order of Latin America & Caribbean countries that is developed in the paper could become a reference tool for use in other research on international tourism marketing in the Latin America & Caribbean region. Several promotional strategies and national policy initiatives for international tourism development could be based on the results of this research as later discussed in the paper.

THEORETICAL FOUNDATION: THE ICP

As once explained by Oyewole (2004, 2010), an acronym for "international comparison programme," ICP has its root in development economics (Kravis et al., 1975, 1982). The United Nation's "Handbook of the International Comparison Programme" states, on the tenet of ICP, that: "The ICP produces *internationally consistent* price and quantity comparisons across countries for many of the components of and the total of gross domestic product (GDP), built up from detailed prices and expenditures" (UNO, 1992, p.2). Right from its inception in development economics in the 1960's, the main objective of the ICP has been comparability of expenditure data across countries. For this reason, it has found useful applications also in marketing (e.g., Oyewole, 1998, 2004, 2010). ICP compares the national accounts of countries using common currency terms based on purchasing power parity (PPP), rather than exchange rates. Exchange rates are known to be volatile and are influenced by several factors such as political interventions, which are unrelated to the actual price levels. Also, they are derived only from tradable goods, hence do not capture the whole gamut of consumption in a given country. The result is loss of comparability of national accounts data across nations. The use of PPP restores this comparability.

Purchasing power parity (PPP) is defined as "the number of units of a country's currency required to purchase the same amounts of goods and services as, say, one US dollar would buy in the United States" (World Bank, 1993). Several techniques exist for computing the PPP, such as the EKS, Geary-Khamis, and the Product-based methods. Detailed discussion of these techniques is beyond the scope of this paper (interested readers should consult Kravis et al., 1975, 1982; UNO, 1992). The most popular of these techniques, however, appears to be the Geary-Khamis method of price aggregation. This is essentially due to its feature of additivity (the components add up to the aggregate). In this method, the purchasing power parities for all n countries and average "international prices" of m basic headings of consumption items are computed simultaneously. This is done by solving the following system of simultaneous equations (World Bank, 1993):

$$ppp_j = \frac{\sum_{i=1}^{m} p_{ij} q_{ij}}{\sum_{i=1}^{m} \pi_i q_{ij}} \quad j = 1, \dots, n.$$

and,

$$\pi_i = \sum_{j=1}^{n} \frac{p_{ij}}{ppp_j} \left[\frac{q_{ij}}{\sum_{j=1}^{n} q_{ij}} \right] \quad i = 1, \dots, m.$$

Where:

π_i = average international price of good or service i

p_{ij} = price of good or service i in country j

q_{ij} = quantity of good or service i in country j

ppp_j = purchasing power parity of country j

m = number of basic headings of consumption items

n = number of countries

Although the system as written, consists of (n+m) equations in (m+n) unknowns, one is redundant (because the PPP of the base country is set equal to 1.0), and the system of equations is homogenous (for any country, quantities valued at international prices equals total national currency expenditure deflated by its PPP).

Special surveys are normally carried out for the ICP, globally coordinated by the World Bank. These involve collecting price and expenditure data on comparable and representative products and services in participating nations. The set of products and services retained for the surveys is required to be representative of what is normally consumed in a given country, and also comparable to what is consumed in other participating countries. These surveys cover expenditure on all components of the GDP including private household consumption, government consumption, capital formation and net expenditure of residents abroad. The surveys lead to a comparable set of three data categories. These are the (i) PPP, (ii) per capita expenditure in local currency, and (iii) per capita real quantities valued at international dollar derived from the PPP.

This data is given not only at the overall GDP (gross domestic product) level, but also at about 150 to around 259 components of the GDP. The per capita real quantities of the components of private household consumption provide a set of detailed data useful for the composition of the structure of the expenditure, or consumption pattern across nations. ICP data are compiled in two main formats: basic headings, and aggregates. To illustrate; while "Meat" is an aggregate, "beef and veal," "pork," "lamb, goat and mutton," "poultry," and "dried or processed meat" are its basic headings. In the ICP survey of 2005 phase, only ten countries of the Latin American and Caribbean region participated. The latest ICP survey was the 2017 phase in which 38 Latin American and Caribbean countries participated. It is this latest 2017 phase of the ICP that is used in the research reported in this paper. This turns out well, because 2017 phase of the ICP was conducted before the COVID-19 Pandemic hit in 2020, almost grounding international tourism to a halt!

DATA SOURCE AND METHODOLOGY

The data for this study was obtained from the world bank's *World Development Indicators* (World Bank, 2022), the world bank's *International Comparison Program (ICP) 2017* (World Bank, 2017), and various issues of the *Yearbook of Tourism Statistics* of the World Tourism Organization (WTO). Eight goods and services that are usually consumed by international tourists were selected

from the list of products and services in the World Bank's 2017 ICP. These goods and services include: (i) food, (ii) alcoholic beverages, (iii) tobacco, (iv) non-alcoholic beverages, (v) restaurants and hotels, (vi) local transportation services, (vii) communications services, and (viii) recreation and cultural services. The selection was based on what obtains in the literature (e.g., Oyewole, 2004, 2010; Qiu & Zhang, 1995). All these goods and services were then aggregated up to a total tourism basket using the expenditure data of each of the eight components above as weights. Inbound/outbound transportation cost was not included because of the wide variability in cost of travel between countries (Uysal & Crompton, 1984). As pointed out by Qiu and Zhang (1995), this variability is due to an array of reasons which, for air travel include: "different classes of travel, different carriers, specials, different fee structures for advanced booking, chartered versus scheduled service, and different ports of exit and entrance into nations" (p. 45). Adding to all these are different other modes of travel - rail, road, and sea. In view of all these, it is judged impractical to include inbound/outbound transportation cost in the computation of the price competitiveness index for international tourism in this paper. Other data obtained from the World Bank's World Development Indicators are the countries' population, number of international tourists' arrivals, and receipts in US dollars from their spending for the year 2017.

Following Dwyer et al. (2001), the Price Competitiveness Index for a given country i, was computed as follows:

$$PCI_i = \frac{PPP_i}{ER_i} x100$$

Where:
  PCI_i = Price competitiveness index for country i
  PPP_i = Purchasing power parity of country i
  ER_i = Exchange rate in country i

Different types of PCI could be computed depending upon the composition of the PPPs (i.e., the goods and services whose PPPs are retained). For example, to get the PCI for food in a country, the PPP for food in that country will be divided by the country's exchange rate and multiplied by 100. If it is the PCI for hotels/motels that is to be calculated, the PPP for hotels/motels for that country will also be divided by the country's exchange rate and then divided by 100. To compute the PCI for a "basket" of goods, say food and hotels together, the PPP for the basket will have to be computed using the formula for PPP:

$$ppp_j = \frac{\sum_{i=1}^{m} p_{ij}q_{ij}}{\sum_{i=1}^{m} \pi_i q_{ij}} \quad j = 1, ..., n.$$

The functions in the formula are as defined above. Food and hotels will be the two items included in the formula above for this particular example. Following this, the PCI of the "basket" could be computed by dividing the PPP with the country's exchange rate and multiplied by 100. The resulting PCI could be termed "food and hotel price competitiveness index (FHPCI) or given some other terminology.

For the purpose of this paper, tourism price competitiveness index (TPCI, henceforth) is the type of PCI that was computed. To obtain the total tourism basket TPCI for a country, the 8 items in the total tourism basket described above were first used to derive the PPP for the "tourism basket." This was then divided by the exchange rate and multiplied by 100 to obtain the TPCI for a given country. Finally, in order to render the TPCIs of the countries in the region comparable, the TPCIs were rebased (or standardized) with Brazil = 100. The choice of Brazil is by convenience. Any country could be selected for this purpose. The lower the index for a country, the more competitive it is in the international tourism market. The resulting TPCIs were then ranked in ascending order of relative magnitude. According to this computation, the lower the TPCI of a country, the higher in the rank it will be relative to others in the region. This ranking was done for the total tourism basket and for each one of its eight components. Following the computation of the TPCIs and their ranking, a cluster analysis was conducted to group the countries into competitor segments. Finally, a sensitivity analysis was carried out in order to examine the sensitivity of the variables used in the cluster analysis and determine which is(are) most responsible for differentiating the clusters one from another. Results of all these analyses are given below.

RESULTS

Table 1 shows the TPCI (Tourism Price Competitiveness Index) for total international tourism basket and its 8 components for all the 38 countries, covered by this study, listed alphabetically. Readers should note that, the lower the index, the more price competitive a country is on the given component (i.e., it is cheaper there). Overall, Bolivia tends to be the most price competitive country in the Latin America & Caribbean region. All its indices, except one, are below 70. Especially restaurant and hotels, transport services, as well as recreation and culture are all below 50. On the other hand, Venezuela tends to be the least price competitive. All its indices, except one, are above 400, with its index for food standing at a whopping 2088.83! The indices for other countries lie in-between those of these two aforementioned countries.

TABLE 1. TOURISM PRICE COMPETITIVENESS INDEX 2017 (BRAZIL = 100)

#	Country name	Food	Alcoholic beverages	Tobacco	Non-alcoholic beverages	Restaurants and hotels	Transport services	Commu-nications	Recreation and culture	Total (TPCI)
1	Antigua and Barbuda	156.61	143.31	133.13	118.05	116.68	124.18	105.91	98.76	136.79
2	Argentina	113.70	80.03	118.09	121.94	98.30	79.58	65.62	85.03	99.35
3	Aruba	138.18	158.41	266.70	132.26	106.67	113.37	122.12	85.89	117.76
4	Bahamas	145.59	179.31	330.54	129.92	131.05	130.10	112.74	134.56	143.01
5	Barbados	169.58	158.46	293.77	262.62	137.50	110.17	89.19	116.62	136.60
6	Belize	111.25	164.32	177.82	124.46	73.03	71.34	105.26	85.75	110.61
7	Bolivia	63.90	69.28	69.03	61.70	47.81	31.52	94.88	46.71	56.84
8	Brazil	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9	British Virgin Islands	186.81	76.72	136.29	166.94	128.74	74.68	147.63	132.48	145.66
10	Cayman Islands	182.40	181.79	313.31	187.01	180.41	113.71	157.49	155.97	168.58
11	Chile	112.35	73.10	191.67	121.23	114.96	62.76	69.47	76.96	97.61
12	Colombia	83.34	84.89	59.63	70.91	66.95	55.09	62.39	56.49	70.94
13	Costa Rica	119.13	104.91	120.63	117.79	100.22	53.83	49.84	68.88	93.04
14	Curaçao	123.00	123.77	199.31	120.93	137.48	69.75	144.76	87.22	115.08
15	Dominica	132.08	134.20	85.93	151.13	69.24	114.31	83.40	92.02	119.19

16	Dominican Republic	97.48	122.26	155.54	73.21	76.88	53.09	61.75	69.87	88.10
17	Ecuador	95.83	133.92	203.57	107.41	130.36	50.57	65.35	71.18	94.16
18	El Salvador	80.11	114.82	106.96	84.46	72.61	48.58	71.42	60.89	76.69
19	Grenada	141.28	127.12	146.94	175.59	77.60	106.74	90.75	88.71	121.33
20	Guatemala	136.40	125.63	67.62	131.39	82.85	50.74	110.49	64.99	120.48
21	Guyana	106.85	120.47	93.38	124.57	73.60	53.47	72.23	61.80	101.15
22	Haiti	88.59	85.44	97.54	55.34	48.93	65.17	55.75	54.29	85.85
23	Honduras	80.39	63.43	95.04	71.42	52.10	54.23	61.50	47.93	70.24
24	Jamaica	112.83	111.14	312.35	194.91	68.39	45.39	33.79	66.28	93.75
25	Mexico	82.43	64.16	101.50	73.33	69.74	65.61	37.68	58.48	74.46
26	Nicaragua	72.99	90.52	66.42	61.32	61.83	32.32	62.87	48.74	65.79
27	Panama	103.30	80.09	187.46	101.62	88.73	28.75	37.58	62.94	81.47
28	Paraguay	76.70	68.34	53.98	67.16	65.97	49.84	88.08	66.70	73.14
29	Peru	93.29	101.60	132.11	98.99	79.42	52.79	66.14	67.13	79.15
30	Sint Maarten	128.58	84.20	110.65	93.81	141.52	149.95	153.62	96.52	132.84
31	St. Kitts and Nevis	162.17	124.04	107.64	130.24	150.54	130.34	107.73	78.43	139.13
32	St. Lucia	129.82	147.13	181.55	131.16	125.54	141.68	117.27	110.43	137.52
33	St. Vincent & Grenadines	129.70	157.91	110.51	168.88	144.47	95.22	103.56	65.18	119.19
34	Suriname	87.71	97.38	123.11	77.45	63.70	32.42	40.03	43.57	79.51
35	Trinidad and Tobago	125.32	165.39	169.76	106.77	133.02	61.22	86.58	70.19	104.35
36	Turks and Caicos Islands	173.85	218.64	221.31	203.06	178.61	138.14	139.82	108.34	164.20
37	Uruguay	135.23	137.54	174.16	155.38	126.28	99.36	86.27	92.39	121.38
38	Venezuela	2088.83	2847.24	3481.20	2599.34	1925.39	468.76	5650.40	1323.58	2194.88

Ranking of The TPCIs

In order to determine specifically in which tourism sector(s) lay the strengths and weaknesses of each country, the TPCIs of the items making up the tourism basket are individually ranked. Tobacco is included in this sectoral ranking because it will be of interest to tourists that smoke, and any strength in that sector could be used by a country in its promotional campaigns to reach that segment of international tourists. Similar things could be said of inclusion of alcoholic beverages. The rankings are presented in Table 2. The table shows that the most competitive countries in the food sector are Bolivia, Nicaragua, and Paraguay with their indices all less than 80. On the other hand, Venezuela, British Virgin Islands, and Cayman Islands are the least competitive on food with indices all above 180. For alcoholic beverages, Honduras, Mexico, and Paraguay are the most competitive with their price competitive indices all below 70. Whereas, Venezuela, Turks and Caicos Islands, and Cayman Islands are the least competitive with indices all above 180. As for tobacco, the most competitive countries are Paraguay, Columbia, and Nicaragua with indices all below 70, while Venezuela, The Bahamas, and Cayman Islands are the least competitive having indices all above 300. Haiti, Nicaragua, and Bolivia are the most price competitive with their indices all below 62, while Venezuela, Barbados, Turks and Caicos Islands are the least competitive with indices all above 200. As for restaurants and hotels, the most competitive countries are Bolivia, Haiti, and Honduras with indices all below 53. On the other hand, the least competitive countries on restaurants and hotels are Venezuela, Cayman Islands, and Turks and Caicos Islands, all with indices above 175.

With regards to transport services, Panama, Bolivia, and Nicaragua are the most price competitive with indices all below 33, while Venezuela, Sint Maarten, and St. Lucia are the least competitive with their indices all above 140. Jamaica, Panama, and Mexico took the lead as the most price competitive countries in Communications with indices all below 40, while Venezuela, Cayman

Islands, and Sint Maarten are the least competitive with their indices all above 150. Finally, in recreation and culture, the most price competitive countries are Suriname, Bolivia, and Honduras with their indices all below50, whereas Venezuela, Cayman Islands, and The Bahamas are the least competitive with their indices all above 130. Overall, tangible tourism goods tend to be cheapest in Bolivia and Paraguay with their indices all below 77. They tend to be most expensive in Venezuela, and Cayman Islands with each of their indices all above 180. Tangible goods are separate from services which are non-tangible that tourists may purchase, and they include such products as food (self-procured and prepared), alcoholic, and non-alcoholic beverages (self-procured), and tobacco.

TABLE 2. SECTORAL RANKING OF COUNTRIES BY TOURISM PRICE COMPETITIVENESS INDEX 2017 (Brazil =100)

Ranks	Country Name	TOTAL (TPCI)	Country name	Food	Country name	Alcoholic beverages
1	Bolivia	56.84	Bolivia	63.90	Honduras	63.43
2	Nicaragua	65.79	Nicaragua	72.99	Mexico	64.16
3	Honduras	70.24	Paraguay	76.70	Paraguay	68.34
4	Colombia	70.94	El Salvador	80.11	Bolivia	69.28
5	Paraguay	73.14	Honduras	80.39	Chile	73.10
6	Mexico	74.46	Mexico	82.43	British Virgin Islands	76.72
7	El Salvador	76.69	Colombia	83.34	Argentina	80.03
8	Peru	79.15	Suriname	87.71	Panama	80.09
9	Suriname	79.51	Haiti	88.59	Sint Maarten	84.20
10	Panama	81.47	Peru	93.29	Colombia	84.89
11	Haiti	85.85	Ecuador	95.83	Haiti	85.44
12	Dominican Republic	88.10	Dominican Republic	97.48	Nicaragua	90.52
13	Costa Rica	93.04	Brazil	100.00	Suriname	97.38
14	Jamaica	93.75	Panama	103.30	Brazil	100.00
15	Ecuador	94.16	Guyana	106.85	Peru	101.60
16	Chile	97.61	Belize	111.25	Costa Rica	104.91
17	Argentina	99.35	Chile	112.35	Jamaica	111.14
18	Brazil	100.00	Jamaica	112.83	El Salvador	114.82
19	Guyana	101.15	Argentina	113.70	Guyana	120.47
20	Trinidad and Tobago	104.35	Costa Rica	119.13	Dominican Republic	122.26
21	Belize	110.61	Curaçao	123.00	Curaçao	123.77
22	Curaçao	115.08	Trinidad and Tobago	125.32	St. Kitts and Nevis	124.04
23	Aruba	117.76	Sint Maarten	128.58	Guatemala	125.63
24	Dominica	119.19	St. Vincent & Grenadines	129.70	Grenada	127.12
25	St. Vincent & Grenadines	119.19	St. Lucia	129.82	Ecuador	133.92
26	Guatemala	120.48	Dominica	132.08	Dominica	134.20
27	Grenada	121.33	Uruguay	135.23	Uruguay	137.54
28	Uruguay	121.38	Guatemala	136.40	Antigua and Barbuda	143.31
29	Sint Maarten	132.84	Aruba	138.18	St. Lucia	147.13
30	Barbados	136.60	Grenada	141.28	St. Vincent & Grenadines	157.91
31	Antigua and Barbuda	136.79	Bahamas, The	145.59	Aruba	158.41
32	St. Lucia	137.52	Antigua and Barbuda	156.61	Barbados	158.46
33	St. Kitts and Nevis	139.13	St. Kitts and Nevis	162.17	Belize	164.32
34	Bahamas, The	143.01	Barbados	169.58	Trinidad and Tobago	165.39
35	British Virgin Islands	145.66	Turks and Caicos Islands	173.85	Bahamas, The	179.31
36	Turks and Caicos Islands	164.20	Cayman Islands	182.40	Cayman Islands	181.79
37	Cayman Islands	168.58	British Virgin Islands	186.81	Turks and Caicos Islands	218.64
38	Venezuela, RB	2194.88	Venezuela, RB	2088.83	Venezuela, RB	2847.24

TABLE 2 (CONTINUED). SECTORAL RANKING OF COUNTRIES BY TOURISM PRICE COMPETITIVENESS INDEX 2017 (BRAZIL =100)

Ranks	Country name	Tobacco	Country name	Non-alcoholic beverages	Country name	Restaurants and hotels
1	Paraguay	53.98	Haiti	55.34	Bolivia	47.81
2	Colombia	59.63	Nicaragua	61.32	Haiti	48.93
3	Nicaragua	66.42	Bolivia	61.70	Honduras	52.10
4	Guatemala	67.62	Paraguay	67.16	Nicaragua	61.83
5	Bolivia	69.03	Colombia	70.91	Suriname	63.70
6	Dominica	85.93	Honduras	71.42	Paraguay	65.97
7	Guyana	93.38	Dominican Republic	73.21	Colombia	66.95
8	Honduras	95.04	Mexico	73.33	Jamaica	68.39
9	Haiti	97.54	Suriname	77.45	Dominica	69.24
10	Brazil	100.00	El Salvador	84.46	Mexico	69.74
11	Mexico	101.50	Sint Maarten	93.81	El Salvador	72.61
12	El Salvador	106.96	Peru	98.99	Belize	73.03
13	St. Kitts and Nevis	107.64	Brazil	100.00	Guyana	73.60
14	St. Vincent & Grenadines	110.51	Panama	101.62	Dominican Republic	76.88
15	Sint Maarten	110.65	Trinidad and Tobago	106.77	Grenada	77.60
16	Argentina	118.09	Ecuador	107.41	Peru	79.42
17	Costa Rica	120.63	Costa Rica	117.79	Guatemala	82.85
18	Suriname	123.11	Antigua and Barbuda	118.05	Panama	88.73
19	Peru	132.11	Curaçao	120.93	Argentina	98.30
20	Antigua and Barbuda	133.13	Chile	121.23	Brazil	100.00
21	British Virgin Islands	136.29	Argentina	121.94	Costa Rica	100.22
22	Grenada	146.94	Belize	124.46	Aruba	106.67
23	Dominican Republic	155.54	Guyana	124.57	Chile	114.96
24	Trinidad and Tobago	169.76	Bahamas, The	129.92	Antigua and Barbuda	116.68
25	Uruguay	174.16	St. Kitts and Nevis	130.24	St. Lucia	125.54
26	Belize	177.82	St. Lucia	131.16	Uruguay	126.28
27	St. Lucia	181.55	Guatemala	131.39	British Virgin Islands	128.74
28	Panama	187.46	Aruba	132.26	Ecuador	130.36
29	Chile	191.67	Dominica	151.13	Bahamas, The	131.05
30	Curaçao	199.31	Uruguay	155.38	Trinidad and Tobago	133.02
31	Ecuador	203.57	British Virgin Islands	166.94	Curaçao	137.48
32	Turks and Caicos Islands	221.31	St. Vincent & Grenadines	168.88	Barbados	137.50
33	Aruba	266.70	Grenada	175.59	Sint Maarten	141.52
34	Barbados	293.77	Cayman Islands	187.01	St. Vincent & Grenadines	144.47
35	Jamaica	312.35	Jamaica	194.91	St. Kitts and Nevis	150.54
36	Cayman Islands	313.31	Turks and Caicos Islands	203.06	Turks and Caicos Islands	178.61
37	Bahamas, The	330.54	Barbados	262.62	Cayman Islands	180.41
38	Venezuela, RB	3481.20	Venezuela, RB	2599.34	Venezuela, RB	1925.39

TABLE 2 (CONTINUED). SECTORAL RANKING OF COUNTRIES BY TOURISM PRICE COMPETITIVENESS INDEX 2017 (BRAZIL =100)

Ranks	Country name	Transport services	Country name	Commu-ncations	Country name	Recreation and culture
1	Panama	28.75	Jamaica	33.79	Suriname	43.57
2	Bolivia	31.52	Panama	37.58	Bolivia	46.71
3	Nicaragua	32.32	Mexico	37.68	Honduras	47.93
4	Suriname	32.42	Suriname	40.03	Nicaragua	48.74
5	Jamaica	45.39	Costa Rica	49.84	Haiti	54.29
6	El Salvador	48.58	Haiti	55.75	Colombia	56.49
7	Paraguay	49.84	Honduras	61.50	Mexico	58.48
8	Ecuador	50.57	Dominican Republic	61.75	El Salvador	60.89
9	Guatemala	50.74	Colombia	62.39	Guyana	61.80
10	Peru	52.79	Nicaragua	62.87	Panama	62.94
11	Dominican Republic	53.09	Ecuador	65.35	Guatemala	64.99
12	Guyana	53.47	Argentina	65.62	St. Vincent & Grenadines	65.18
13	Costa Rica	53.83	Peru	66.14	Jamaica	66.28
14	Honduras	54.23	Chile	69.47	Paraguay	66.70
15	Colombia	55.09	El Salvador	71.42	Peru	67.13
16	Trinidad and Tobago	61.22	Guyana	72.23	Costa Rica	68.88
17	Chile	62.76	Dominica	83.40	Dominican Republic	69.87
18	Haiti	65.17	Uruguay	86.27	Trinidad and Tobago	70.19
19	Mexico	65.61	Trinidad and Tobago	86.58	Ecuador	71.18
20	Curaçao	69.75	Paraguay	88.08	Chile	76.96
21	Belize	71.34	Barbados	89.19	St. Kitts and Nevis	78.43
22	British Virgin Islands	74.68	Grenada	90.75	Argentina	85.03
23	Argentina	79.58	Bolivia	94.88	Belize	85.75
24	St. Vincent & Grenadines	95.22	Brazil	100.00	Aruba	85.89
25	Uruguay	99.36	St. Vincent & Grenadines	103.56	Curaçao	87.22
26	Brazil	100.00	Belize	105.26	Grenada	88.71
27	Grenada	106.74	Antigua and Barbuda	105.91	Dominica	92.02
28	Barbados	110.17	St. Kitts and Nevis	107.73	Uruguay	92.39
29	Aruba	113.37	Guatemala	110.49	Sint Maarten	96.52
30	Cayman Islands	113.71	Bahamas, The	112.74	Antigua and Barbuda	98.76
31	Dominica	114.31	St. Lucia	117.27	Brazil	100.00
32	Antigua and Barbuda	124.18	Aruba	122.12	Turks and Caicos Islands	108.34
33	Bahamas, The	130.10	Turks and Caicos Islands	139.82	St. Lucia	110.43
34	St. Kitts and Nevis	130.34	Curaçao	144.76	Barbados	116.62
35	Turks and Caicos Islands	138.14	British Virgin Islands	147.63	British Virgin Islands	132.48
36	St. Lucia	141.68	Sint Maarten	153.62	Bahamas, The	134.56
37	Sint Maarten	149.95	Cayman Islands	157.49	Cayman Islands	155.97
38	Venezuela, RB	468.76	Venezuela, RB	5650.40	Venezuela, RB	1323.58

As for intangible tourism services sector, the most price-competitive tend to be Haiti and Honduras with indices all less than 66 for such items as restaurants and hotels, transport services, communications services, and recreation and culture. On the other hand, Venezuela, and Cayman Islands again are the least competitive with indices all above 113 on those items of tourism services. On the overall total tourism basket, Bolivia, Nicaragua, and Honduras are the most competitive countries with their total TPCIs all below 71. The least competitive however are Venezuela, Cayman Islands, and Turks and Caicos Islands with their total TPCIs all above 160. In addition to ranking 1st in total TPCI, Bolivia also ranked 1st on two components of the tourism basket, namely, food and restaurants and hotels, which arguably are two of the most important

items for an international tourist! To the contrary however, Venezuela ranked last in all components of the tourism basket as the most expensive place for a tourist to visit during the study year!

The effectiveness of nation marketing by the countries of Latin America & Caribbean region was also compared via the number of international tourism arrivals and receipts (in US$). To achieve this, the relative price competitiveness of the countries was compared with the number of international tourist arrivals, and receipts (in US$) received by each country in the study year 2017. To make the figures comparable, the arrival and receipt values were divided by each country's total population and then multiplied by 1000. Table 3 shows the resulting relative data on tourist arrivals and receipts in US$ (from the spending of those tourists) per 1000 population, ranked in descending order of magnitude. It could be observed from the table that the top three countries on number of tourists' arrivals are Sint Maarten, Cayman Island, and Turks and Caicos Islands. All these countries received over 30,000 tourists per 1000 population, in essence more than 30 times their total population, during the study year! Likewise, the top three countries for receipts (in US$) are Aruba, Sint Maarten, and Turks and Caicos Islands. These three countries earned over $15m per 1000 population from tourists' spending during the study year. It is noteworthy that these top countries ranked much lower on total tourism basket price competitiveness index (see Column 1). For example, on total TPCI, Aruba ranked 23rd, Sint Maarten ranked 29th, Turks and Caicos Islands ranked 36th, and Cayman Islands ranked 37th! This indicates a very effective nation marketing on the part of such countries that makes up for their very low competitiveness in tourism prices. Only Venezuela retains the same ranking it has for total tourism basket price competitiveness index (see Column 1) as it does for number of tourist arrivals per 1000 population, coming at the bottom of the pile (rank 38th)! Likewise for receipts in US$ per 1000 population, Venezuela is the only country that retains its 38th rank. A close companion is Trinidad and Tobago that retains close to its original rank of 20th on total TPCI to come at 21st rank on receipts in US$ per 1000 population. Apart from thee two, several of the countries lost their original rankings. Especially is this significant for the top three countries on total TPCIs, namely Bolivia, Nicaragua, and Honduras. Whereas Bolivia ranked 1st on total TPCI, it ranked 35th on tourists' arrivals, and 32nd on receipts in US$ per 1000 population. Nicaragua that ranked 2nd on total TPCI, ranked 28th on tourists' arrivals, and also 28th on receipts in US$ per 1000 population. Likewise with Honduras that ranked 3rd on total TPCI, ranked 29th on tourists' arrivals, and 34th on receipts in US$ per 1000 population! All this indicates the need for more *effective* nation marketing of such countries that emphasizes their superior competitive tourism prices.

TABLE 3. RANKING OF 2017 INTERNATIONAL TOURISM ARRIVALS AND RECEIPTS (PER 1000 POPULATION)

Ranks (Total TPCI)	Country Name	Ranks	Country Name	Number of Arrivals	Ranks	Country Name	Receipts (US$)
1	Bolivia	1	Sint Maarten	40,420	1	Aruba	17,606,135
2	Nicaragua	2	Cayman Islands	33,874	2	Sint Maarten	15,921,526
3	Honduras	3	Turks and Caicos Islands	33,490	3	Turks and Caicos Islands	15,384,201
4	Colombia	4	St. Kitts and Nevis	22,946	4	British Virgin Islands	13,953,731
5	Paraguay	5	Aruba	17,682	5	Cayman Islands	13,126,755
6	Mexico	6	Bahamas	16,073	6	Antigua and Barbuda	8,593,136
7	El Salvador	7	British Virgin Islands	11,330	7	Bahamas, The	7,730,210
8	Peru	8	Antigua and Barbuda	10,899	8	St. Kitts and Nevis	6,822,200
9	Suriname	9	Curaçao	6,605	9	St. Lucia	4,835,456
10	Panama	10	St. Lucia	5,880	10	Grenada	4,347,277
11	Haiti	11	Barbados	4,699	11	Barbados	3,717,303
12	Dominican Republic	12	Grenada	4,221	12	Curaçao	3,571,094
13	Costa Rica	13	Belize	3,835	13	Dominica	2,253,009
14	Jamaica	14	Dominica	3,219	14	St. Vincent & Grenadines	1,961,284
15	Ecuador	15	St. Vincent & Grenadines	2,759	15	Panama	1,662,379
16	Chile	16	Jamaica	1,464	16	Belize	1,136,318
17	Argentina	17	Uruguay	1,228	17	Jamaica	961,707
18	Brazil	18	Mexico	796	18	Uruguay	850,830
19	Guyana	19	Dominican Republic	694	19	Costa Rica	759,199
20	Trinidad and Tobago	20	Paraguay	691	20	Dominican Republic	683,337
21	Belize	21	Costa Rica	653	21	Trinidad and Tobago	518,041
22	Curaçao	22	Panama	613	22	Chile	222,788
23	Aruba	23	Suriname	489	23	El Salvador	192,075
24	Dominica	24	Chile	413	24	Mexico	180,057
25	St. Vincent & Grenadines	25	El Salvador	352	25	Peru	141,170
26	Guatemala	26	Trinidad and Tobago	336	26	Guyana	141,006
27	Grenada	27	Guyana	319	27	Argentina	132,365
28	Uruguay	28	Nicaragua	307	28	Nicaragua	131,718
29	Sint Maarten	29	Honduras	227	29	Colombia	120,610
30	Barbados	30	Peru	159	30	Ecuador	120,224
31	Antigua and Barbuda	31	Argentina	152	31	Suriname	106,924
32	St. Lucia	32	Guatemala	132	32	Bolivia	82,910
33	St. Kitts and Nevis	33	Haiti	115	33	Guatemala	75,686
34	Bahamas, The	34	Ecuador	108	34	Honduras	64,694
35	British Virgin Islands	35	Bolivia	99	35	Paraguay	58,103
36	Turks and Caicos Islands	36	Colombia	83	36	Haiti	41,885
37	Cayman Islands	37	Brazil	32	37	Brazil	29,711
38	Venezuela, RB	38	Venezuela	15	38	Venezuela, RB	11,698

Cluster Analysis

A cluster analysis was performed to group the countries into direct competitor segments. Five-cluster solution was found to be the most appropriate based on an examination of scree plot, and the squared Euclidean distances between successive cluster solutions. The resulting cluster membership is found in Table 4. The clusters are color-coded for convenience, with no significance associated with any color. As shown in the Table, ten countries are grouped together in Cluster 1

(color-coded green), as more direct competitors. These countries are Antigua and Barbuda, Brazil, British Virgin Islands, Dominica, Grenada, Sint Maarten, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Cluster 2 (color-coded yellow), groups together eight countries, namely: Belize, Chile, Curaçao, Dominican Republic, Ecuador, Jamaica, Panama, and Trinidad and Tobago. Fourteen countries are grouped together in Cluster 3 (color-coded blue). These are Argentina, Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Guyana, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru, and Suriname. Cluster 4 (color-coded orange) groups together five countries, namely, Aruba, The Bahamas, Barbados, Cayman Islands, and Turks and Caicos Islands. Finally, Venezuela stands alone in Cluster 5 (color-coded red).

TABLE 4. CLUSTER MEMBERSHIP

#	Country Name	Cluster Number
1	Antigua and Barbuda	1
2	Brazil	1
3	British Virgin Islands	1
4	Dominica	1
5	Grenada	1
6	Sint Maarten	1
7	St. Kitts and Nevis	1
8	St. Lucia	1
9	St. Vincent and the Grenadines	1
10	Uruguay	1
11	Belize	2
12	Chile	2
13	Curaçao	2
14	Dominican Republic	2
15	Ecuador	2
16	Jamaica	2
17	Panama	2
18	Trinidad and Tobago	2
19	Argentina	3
20	Bolivia	3
21	Colombia	3
22	Costa Rica	3
23	El Salvador	3
24	Guatemala	3
25	Guyana	3
26	Haiti	3
27	Honduras	3
28	Mexico	3
29	Nicaragua	3
30	Paraguay	3
31	Peru	3
32	Suriname	3
33	Aruba	4
34	Bahamas, The	4
35	Barbados	4
36	Cayman Islands	4
37	Turks and Caicos Islands	4
38	Venezuela, RB	5

An examination of the final cluster centers (see Table 5) shows that Cluster 3 tends to be the cheapest (i.e., more price competitive) for tourists. All its final cluster centers are less than 94. Next to Cluster 3 is Cluster 2 whose final cluster centers ranged from 55.36 to 121.75, except for tobacco. Cluster 5 tends to be the most expensive for tourists. Its final cluster centers ranged from 468.76 to a whopping 5650.40!

TABLE 5. FINAL CLUSTER CENTERS

Variables	Clusters				
	1	2	3	4	5
Food	140.23	110.17	91.82	161.92	2088.83
Alcoholic beverages	123.22	121.75	90.78	179.32	2847.24
Tobacco	128.68	199.68	93.22	285.13	3481.20
Non-alcoholic beverages	139.12	118.82	86.98	182.97	2599.34
Restaurants and hotels	118.06	102.85	70.29	146.85	1925.39
Transport services	113.65	55.36	51.80	121.10	468.76
Communications	109.61	75.57	67.07	124.27	5650.40
Recreation and culture	95.49	73.80	59.40	120.28	1323.58

Note: Entries in the cells indicate cluster means on corresponding variables.

Variable Sensitivity

In order to examine the sensitivity of the variables used in the cluster analysis, the final cluster centers were subjected to a one-way analysis of variance. The result of the analysis is shown in Table 6. According to the ANOVA results, clusters are most different on their prices for communications, alcoholic beverages, food, and tobacco. Ranked in descending order, the F ratios of these variables ranked 1st, 2nd, 3rd, and 4th respectively. However, the F ratios of all the variables used in the cluster analysis are significant at the 0.05 level. The implication of all this is that Latin American and Caribbean countries have great opportunities to differentiate themselves in the international market for tourism. This is because consumers can see a significant difference in the prices of the tourism basket items in the various countries. Thus, a country that has a superior competitive price advantage over others in one or more of these items can use it as an advertising platform in its promotional campaigns.

TABLE 6. VARIABLE SENSITIVITY - ANOVA RESULTS

Cluster Variables	Cluster		Error				Ranking
	Mean Square	Df	Mean Square	Df	F	Sig.	(By F)
Communications	7535808.544	4	679.964	33	11082.664	<.001	1
Alcoholic beverages	1820297.296	4	693.558	33	2624.580	<.001	2
Food	951325.157	4	379.256	33	2508.396	<.001	3
Tobacco	2738531.423	4	1251.303	33	2188.544	<.001	4
Recreation and culture	380334.127	4	237.920	33	1598.578	<.001	5
Non-alcoholic beverages	1504897.648	4	1132.628	33	1328.677	<.001	6
Restaurants and hotels	817229.196	4	615.587	33	1327.561	<.001	7
Transport services	45967.692	4	276.656	33	166.155	<.001	8

Footnote: The F tests are used for descriptive purposes only, because the clusters have been chosen to maximize the differences among countries in different clusters. The observed significance levels are not corrected for this and thus cannot be interpreted as tests of the hypothesis that the cluster means are equal.

POLICY AND MANAGERIAL IMPLICATIONS

As international tourism returns to normal, or "new normal", the results of this study have important implications for government policy, and destination marketing strategy. From the results of the sectoral analysis of TPCIs, it is shown that countries may be more price competitive in one sector, and less so in the others. Thus, as once suggested by Oyewole (2010), governments could enhance the overall TPCIs of their countries by adopting policies that lower prices in those sector(s) where a country is less price competitive. For example, taxes on hotel rooms could be lowered, or eliminated, to make a country more price competitive in the area of accommodation for tourists. Likewise, sales taxes on other goods and services consumed by tourists could be lowered or completely eradicated to make a country more price competitive. Alternatively, governments could adopt a policy of sales tax reimbursement. Upon leaving a country, tourists could present their passports and receipts of goods purchased at the border for reimbursement of sales tax paid. The net effect will be a lowering of cost of tourism in the country, which might improve its price competitiveness in the continent.

Results of this research also indicate marketing strategy options for destination marketers in the Latin American and Caribbean countries studied. For example, under their competition-oriented approach to nation marketing, Riege and Perry (2000) advanced that there are two possible strategies for countries: (i) price, and (ii) non-price competition strategies. Following this, destination marketers in countries that are more price competitive in this study could use price competition strategy to maintain their cost/price leadership. As reiterated by Stevens (1992), "competitiveness is an all-encompassing concept whose bottom-line is value for money" (p. 44). Some tourists may just want to visit the Latin American and Caribbean region irrespective of the country, at least for the first time. Hence, being in the same region of the world, but having lower tourism price could be an effective promotional campaign for marketers in countries that are found to be more price competitive in this study.

The literature suggests that tourists usually base their travel decisions on exchange rate, because they lack adequate knowledge of price levels in the countries that they plan to visit (Crouch, 1994). Often, this leads to some disappointments on arrival (Little, 1980). Problems of this nature could

be alleviated with the use of the TPCIs computed in this paper, because its construction takes domestic price level into consideration. Destination marketers could include this fact in their promotional campaigns. That could help to convince tourists of the realistic nature of the competitiveness of tourism prices in the marketers' countries relative to others in the region. The importance of such promotions is underscored by the significant results reported in the literature on the positive influence of promotional spending on demand for international tourism (e.g., Clarke, 1978; Papadopoulos & Witt, 1985; Sunday & Johansson, 1975). Thus, promotional campaigns built around such slogans as: "LATIN AMERICA & CARIBBEAN FOR LESS!" could be an effective strategy for destination marketers in countries that are found to be more price-competitive in this study.

On the other hand, those in less price competitive countries could use non-price competition strategy by striving to differentiate themselves as product quality leaders. In addition, they may concentrate on market niches, catering to the needs and wants of particular tourist segments. In this way, they will avoid head-on competition with more price competitive marketers, while maintaining a successful strategic position (Jefferson, 1995). In pursuing this strategy, destination marketers could combine their sectoral TPCIs with activities-based segmentation (Sung et al., 2000; Kerstetter et al., 1998). As summarized by McKercher et al. (2002), "Activities-based segmentation defines groups of tourists by their behavior or visitation patterns" (p. 26).

Thus, destination marketers in a country that is less price competitive on hotels and restaurants for example, could still be able to attract (target) tourists visiting friends and relatives since they would most likely stay with the people that they are visiting rather than in hotels or rented apartments, and will probably eat at home more than eat out at the restaurants. Alternatively, or in addition to that segment of tourists, such countries could target business and academic tourists, by providing high quality conference facilities for example. Although this might lessen their price competitiveness on hotels and restaurants further, they could still be able to attract business, and academic tourists since these people do not often pay for their hotel accommodation out of their own pocket. Such expenses are often covered by their organizations. Another target segment is prospective international retired migrants, who have been found to plan tourism activities prior to their decision to migrate to a new country after retirement (Barbosa et al., 2021). Such people will be less concerned about the price of hotels and restaurants, as they are of permanent housing. Yet another target segment is honeymoon vacationers, who, as alluded to by Stojanović et al. (2021), are often less concerned about tourism price at a destination as long as they have a once-in-a-lifetime romantic experience.

Another possible option for destination marketers in less price competitive countries is strategic alliance through adoption of regional tourism similar to the one proposed for Kenya and Ethiopia by Frost and Shanka (2001). In pursuing this strategy, a country that is less price competitive could link up with one, or more countries that are more price competitive in promoting multiple-tourism destination development. This may work best for close-neighbor countries that perhaps share borders – but is not necessarily limited to such ones. In support of this recommendation is the observation that more and more tourists who visit Africa for example prefer tour circuits to resort holidays (Dieke, 1998). Other groups of countries that could beneficially employ regional tourism are countries in the same cluster and in the same part of Latin America as identified above. For such countries, price of tourism would be similar, and travel cost between the countries would not

be significant. Hence, tourists could easily be persuaded to visit several of these countries together on a single trip. Every country in the group should benefit from such strategic alliance. Gaumer, Shaffer, and Knipple (2019) discussed such strategy called Creative Placemaking (CP), which they described as "the coming together of various disparate community sectors to strategically shape the physical and social character of a town" (p. 22). The authors reported that among the benefits of communities that successfully implemented CP strategy are increased foot traffic from both residents and tourists, new job creation, and a greater visibility, regionally, even nationally. This strategy of Creative Placemaking could rightly be expanded to international co-operations amongst the countries of Latin America & Caribbean region for mutual benefits.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Some limitations of this study should be noted. Although a critical factor in destination competitiveness, inbound/outbound transportation cost is not accounted for in this study for reasons given above. Another limitation is that the data used was nationwide data that was not disaggregated by regions of a country. Thus, results may not be true for every part of a country studied. Rural and urban prices for example often differ. Hence, depending on where a tourist visits (urban or rural), the price structure experienced may differ from those reported in this study.

One other limitation is the lower quality of PPP data at the basic headings level compared to the ones at aggregate levels. Thus, for some countries, one may notice wide disparity among the components of the tourism basket, because TPCI figures of those components were computed using basic headings' PPPs. In addition, due to unavailability of data, tourism was not differentiated by purpose of visit, although this could affect tourists' expenditure (Murphy & Pritchard, 1997). Price competitiveness indices that are computed here are for the average tourist. They may thus be different for different tourists depending on their reason for visit, such as medical tourism that has gained popularity, and is expected to be trending higher. (Prinsen et al., 2015). If and when data became available, it would be informative for future research to compute TPCIs for different visitation purposes such as for pleasure, vacation, stopover, business, visiting friend/relatives, group tour, honeymoon, etc.

Likewise, tourism was not differentiated by origin/nationality of visitors for lack of data. It has been shown that visitors from different parts of the world tend to have different expenditure structure (Dwyer et al., 2001). Hence, if and when data became available, it would likewise be informative for future studies to compute TPCIs in the Latin America & Caribbean region for tourists from different originating countries. Finally, since economic conditions in the region studied change from time to time as is true of the rest of the world, it would be useful to replicate this study periodically in the future with contemporary data set. A suggested periodicity would be every five years which corresponds with the usual periodicity of conducting the global ICP exercises by the World Bank in most cases.

CONCLUSION

Applying the results of the 2017 ICP, this paper has presented relative tourism price competitiveness indices (TPCIs) of the countries of Latin American & Caribbean in the international tourism industry, and the rankings of such. It has shown that relative price competitiveness of a country could differ from one element of international tourism basket to the other. Also discussed above are the marketing strategy options opened to destination marketing managers in both relatively more, and relatively less price competitive countries in the Latin America & Caribbean region. As advanced by Porter (1990), one of the factors contributing to the competitiveness of a nation in the world market is the intensity of competition among the domestic marketers. Perhaps the same thought could be extended to a region (in this case Latin America & Caribbean) that: intensity of competition among its member nations would enhance its competitiveness in the world market for international tourism. Therefore, implementation of the policy and managerial recommendations discussed above should reinforce the competitive position of the Latin America & Caribbean region as a whole in the world tourism market. Finally, as noted by Crouch (1994), "…in the study of tourism, the issue of price is particularly vexatious" (p. 13). This paper cannot, nor does it claim to remove all these vexations. However, it has contributed to the untying of the knot in the Latin America & Caribbean region by basing its price comparability measure on the purchasing power parity of the ICP.

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COMFORT LEVEL IN AN UNDERGRADUATE RESEARCH METHODS COURSE WITH MULTIPLE TEACHING MODALITIES: IMPACT ON SELF-EFFICACY

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ABSTRACT

This study is a follow-up to an earlier study (LeBlanc, 2006) which investigated the outcomes of teaching techniques on students' sense of comfort in performing research related tasks in an undergraduate research methods course. In the original study, the author tested students' perceptions of levels of comfort in performing research related tasks at the beginning and end of the semester over several semesters in a face-to-face modality. In the current study, pre- and post-course data from a span of nineteen years in the same course, by the same instructor, with different modalities (face-to-face, hybrid, and fully online) are compared to examine if changes in student reports of comfort with research tasks occur across time and by modality. Results indicated a significant increase in student perceptions of comfort with performing research tasks from beginning to end of the course term for all three teaching modalities, with minor variances between the modalities.

INTRODUCTION

Research methods courses may be required for undergraduate students in communication at many universities. The rationale offered at our university for requiring the course is the belief of many faculty that graduates' abilities to critically analyze claims about statements in general, and communication claims in particular, are of paramount importance. This local rationale is in line with the National Communication Association's (2015) learning outcome in communication (LOC #5): critically analyze messages. Additionally, faculty hold as important graduates' abilities to construct credible claims and indeed may be a necessary learning outcome for the program and university (see Winn, 1995) and discipline (National Communication Association, 2015, LOC #4). To be sure, the credibility of an undergraduate program may be tied, in the minds of employers, to the ability of its graduates to perform specific tasks in a measurably reliable way.

However, despite the goals of faculty, students in communication may experience anxiety and trepidation towards the subject matter, especially when the course involves quantitative or statistical analysis. Fear towards engaging in the tasks involved for achieving research methods related learning outcomes may have deleterious effects on undergraduate students and their motivation to learn how to critically analyze and create credible claims. As well, the teaching approach or modality (face-to-face, online, or hybrid of the two) may also have differential effects on learning outcomes. The purpose of this study is to investigate whether the teaching approach

and/or teaching modality can have a positive effect on student comfort level with performing research-related tasks from beginning to end of the semester.

REVIEW OF LITERATURE

Learning Objectives in Undergraduate Research Methods

As cited in LeBlanc (2006), requiring undergraduate students in the social sciences to take a research methods course, while not universal, is fairly common (Thies & Hogan, 2005). A major goal of liberal arts education, including the social and behavioral sciences, is to provide opportunities for students to learn the skills necessary to think critically. One method for providing that opportunity is the undergraduate research methods course. In the home Communication department of this author, a course in research methods is a requirement of the degree, with the stated learning objective of producing credible consumers and producers of information.

There may be multiple approaches employed when teaching research methods to achieve this learning objective. Research in the area, particularly as it applies to the research methods course has been reported over the last several decades. For example, McBurney (1995) suggested that instructors who utilize a pragmatic problem-based approach could achieve the overall course goal of training students to construct more credible claims. McBurney (1995) argued instructors wishing students to learn critical thinking skills should engage students in all aspects of the research process including students making choices about topic, research questions or hypotheses, and method of observation and data collection.

While research may not be a career goal of undergraduate students, the purpose of including a research methods course in a program may be more obvious to instructors. According to Dingman (2021), students may or may not become researchers as a career choice. However, engagement with the research process teaches students to become critical about information they receive. When instructors make research skill development more explicit to undergraduate students, students begin to see themselves as researchers (Willison & Buisman-Pijlman, 2016). According to Bjørkvold and Ryen (2021), when students are researchers, they develop a sense of autonomy and individuality. Students' increased sense of autonomy and individuality may be associated with increases in self-efficacy

Self-efficacy

Self-efficacy was first defined by Bandura as the person's belief in his or her own ability to complete tasks (Bandura, 1977). Self-efficacy as a sense of one's own abilities could be influenced by the particular task at hand. Tasks deemed difficult by the individual may differentially influence self-perceptions compared to tasks deemed easy. Science or math related academic tasks are often deemed difficult.

Prior knowledge about a required research methods course may elicit anxiety among students. According to Perepiczka et al. (2011), statistics anxiety and attitudes towards statistics are strong predictors of self-efficacy to learn statistics among graduate students. It is likely the case that the same relationship exists for undergraduate students who are first being introduced to statistics and statistical thinking in a research methods course. This pre-course anxiety may be increased by outside factors. For example, during the COVID-19 pandemic students' mathematics related anxiety increased due to the switch to remote learning (Mendoza et al., 2021).

Anxiety can work against achievement of learning outcomes by students. According to Yang et al. (2021), learning outcomes are most significantly influenced by students' internal motivation which can be increased through strategies that encourage curiosity and active learning. Hong et al. (2021) demonstrated that personality characteristics of students that enhance self-efficacy can reduce academic performance anxiety. Active-learning strategies (learning by doing) used in an introductory methods course lead students to ask more sophisticated questions, engage in the material, and become more open to ideas that may challenge pre-existing beliefs (Scheel, 2002). Burns et al. (2021) suggest that reducing anxiety related to science tasks while promoting self-efficacy in those tasks might increase student achievement.

Skills-based Learning

Kirschner et al. (2006) argued that guided instruction is superior to unguided, inquiry-based approaches to teaching. However, Hmelo-Silver et al. (2007) found that inquiry-based learning using scaffolding techniques are important for training students in self-directed learning. Additionally, Jiang and McComas (2015) found that inquiry-based instruction increased student openness to and positive attitudes toward science and inquiry. The authors also found that inquiry-based instruction has stronger outcomes compared to direct instruction, contrary to the findings of Kirschner et al. (2006).

Minner et al. (2010) also demonstrated strong support for inquiry-based approaches particularly when those approaches are used to improve student critical thinking and "drawing conclusions from data." The authors described inquiry-based approaches as involving multiple stages in scientific inquiry including a) developing the question, b) developing the study design, c) developing the data collection procedures, d) analyzing data and making conclusions, and e) communicating study outcomes. Minner and colleagues (2010) also demonstrated how inquiry-based approaches can have positive effects on student motivation within the affective domain such as interests, involvement, curiosity, enthusiasm, and perseverance.

According to Bjørkvold and Blikstad-Balas (2017), engaging in the research process, particularly writing about research findings, are viewed as relevant to future careers requiring initiative among seventh graders. These findings suggest that undergraduate students can be motivated to engage in all aspects of the research process, including data analysis. Participation in research skill development among undergraduate students leads to more autonomy and satisfaction even for those students who do not go on to graduate studies (Willison & O'Regan, 2007).

Utilizing a variety of assignments and pragmatic approaches involving incremental steps in the research process leads to reduced anxiety among students (Dobratz, 2003). Irish (1987) argued that assignments should be structured into easily mastered research sub-skills (see also Maier & Curtin, 2004; Scheel, 2002; cited in LeBlanc, 2006). Maier and Curtin (2004) argued that student self-efficacy in research methods is increased when research tasks are scaffolded. Successfully mastering of each sub-skill leading up to the final project increases students' sense of accomplishment. Scaffolding research assignments from beginning of the research process to an end goal helps students engage in problem-solving exercises (Maier & Curtin, 2004; McBurney, 1995; Winn, 1995; Clark, 1999).

According to Brown-Kramer (2021), higher-utility learning strategies, such as spaced practice, are positively correlated with course performance. This suggests that scaffolding research tasks in a distributed fashion through the semester towards an end-of-semester final research project may contribute to better outcomes. As students learn more about the research process, their confidence in the ability to accomplish research tasks may improve. This may be particularly true if students conduct research within their own discipline. According to Vittengl and Vittengl (2021), students who complete data analysis within the context of a course within their own departments demonstrate better learning outcomes compared to students who are sent to other departments to learn data analysis.

Earlier researchers (see Winn, 1995; Clark, 1999) suggested that research methods courses which do not require data analysis on individual student projects may be sufficient in teaching research methods to undergraduate students. As Winn (1995) argued, requiring a completed project increases the amount of time required by faculty to grade such assignments and therefore may be impractical. Recent developments in technology may render that argument moot. More recent research suggests that requiring data collection and analysis in an undergraduate course has other post course benefits for students. For example, students that learn how to analyze data using software specifically designed for such tasks, including data visualization, may see the results of their work in ways that they can connect to personally.

Research Methods and Course Modality

During the COVID-19 pandemic, teaching modalities shifted significantly from face-to-face to online modalities (see LeBlanc, 2021). This modality shift should have occurred for most lecture-based courses, including undergraduate research methods. However, it is possible that online modalities for research methods courses existed pre-pandemic. The questions are whether there existed a modality effect or a COVID effect, or some interaction between these two contexts on students' perceptions of their work in undergraduate research methods courses.

A students' connection to their own work can be accomplished in research methods courses regardless of modality. The question for this study is whether self-efficacy increases over time from beginning to end of the semester as a consequence of reduction of anxiety towards research related tasks or conversely through an increase in comfort-level toward those research tasks over time. Both online and offline interactive learning approaches resulted in better learning outcomes

for students compared to traditional passive learning approaches (Wang et al., 2021). Kim and Lee (2021) found that graduate students engaged in research projects using digital technologies had significantly higher outcomes than students who were not actively engaged in research projects using digital technologies.

These results may be a function of instructor use of technologies and engagement with students. According to Yu (2021), the intermittent presence of the instructor in videos used in asynchronous online learning more significantly improves learning outcomes compared to full presence and non-presence. Regardless, use of these digital technologies for instruction may contribute to student self-efficacy if utilized appropriately. For example, Leary and Ness (2021) found that the use of "e-lectures" allows for sustainability of instruction that can be "re-used" by students in an asynchronous online course, which may be of particular importance during a pandemic. As well, hybrid modalities where part of the course is online while part of the course is offered face-to-face may provide different opportunities for faculty to engage students in research activities. According to Sánchez et al. (2021), flipped learning is a strategy that is most likely to be employed in teaching topics including language and mathematics in secondary and higher education. The hybrid classroom provides more opportunity for instructors to use the flipped classroom methodology. This technique might be particularly useful in teaching undergraduate research methods when face-to-face meetings could be organized around "coaching" research skills development.

In a previous study on comfort-level of undergraduate students in performing research-related tasks, LeBlanc (2006) demonstrated that undergraduate students comfort level performing research tasks increased between the beginning and ending of several sections of a research methods face-to-face course. To determine if these findings hold across different teaching modalities, the following hypothesis is proposed:

H_1 Students will report increases in comfort in performing research tasks between the beginning and end of a research methods course across and between three teaching modalities.

As noted above, LeBlanc (2006) previously demonstrated an increase in students' comfort level in a research methods class. An instructor may have learned and applied new approaches over time when teaching the same course. Additionally, changes in student preparedness for research methods may have occurred over time, particularly if there have been changes to university admissions policies. To determine if there have been changes over time in student level of comfort with research tasks with the instructor, the following research question is proposed:

RQ_1 Will students report increases in comfort in performing research tasks between the beginning of the instructor's teaching career in the subject and currently?

LeBlanc (2021) demonstrated a small but significant reduction in students' perceptions of instructors' teaching between pre- and post-COVID. Part of the reduction in evaluations of instructors may have been due to the rapid transition to online learning which occurred in Spring 2020, as students may have been more experienced with face-to-face teaching modality compared to synchronous or asynchronous online teaching modalities. To determine if there have been

changes in student level of comfort with research tasks pre- and post-COVID, the following research question is proposed:

RQ$_2$ Will students report decreases in comfort in performing research tasks between pre-COVID hybrid or online courses and post-COVID online courses?

METHODS

The study procedures were reviewed by the local Institutional Review Board in November 2020 (IRB # FY20-21-49) and determined the study did not meet requirements for federally regulated research, was exempt from human subjects' protections and required no further IRB oversight.

Subjects

The participants were 490 students in 21 distinct sections of an undergraduate research methods course in Communication at a large research extensive school in the southwestern United States. Average class size was 25 students ($M = 23.33$, $sd = 8.13$). Students took these courses from the same instructor over a twenty-year span from 2001 to 2021. Twelve sections were taught utilizing face-to-face modality ($n = 324$ students), 4 sections utilizing hybrid modality ($n = 76$), and 5 sections utilizing fully online modality ($n = 90$). Of the 490 students in the study, 53.5% ($n = 262$) claimed to have previously conducted research, 67.8% ($n = 332$) claimed to have previously served as a research participant, and 3.5% did not answer either question ($n = 17$). A test of differences between researchers and participants among students revealed that significantly more students who participated in research also conducted research compared to students who have not served as a research participant, $\chi^2(1) = 11.959$, $p < .001$, $\varphi = .159$ (see Table 1 below). Only those students who completed both the pre-test and post-test survey were included in the paired-samples analyses ($n = 187$).

TABLE 1. COMPARISON OF STUDENTS WHO HAVE PREVIOUSLY CONDUCTED RESEARCH VERSUS THOSE WHO HAVE SERVED AS PARTICIPANTS

		Conducted Research				Total
		Yes		No		
		N	%	N	%	
Research Participant	Yes	201	42.5%	131	27.7%	332
	No	61	12.9%	80	16.9%	141
Total		262	55.4%	211	44.6%	473

Instrument

Data for the study were gathered using the Research Comfort Level Inventory (RCLI) which was developed by the author for the course in 2001. The RCLI contained 10 five-point Likert type statements regarding specific steps in the research process from selecting a topic for research (statement 1) to discussing findings (statement 10). Participants were asked to rate their relative level of comfort with performing the specific research task from very uncomfortable (1) to very comfortable (5). The RCLI was administered during the first (pre-test) and last (post-test) weeks of a course term. Principal Components Analysis was performed to determine if there were underlying factors among the ten items of the instrument for each of the pre- and post-test conditions, presuming inter-item correlation for comfort-level of performing various research-related tasks. For the pre-test condition, the reliability of the RCLI the pre-test condition was sufficiently high (α = .886) with all ten items influencing the outcome (the range of Cronbach's alpha scores if item deleted was .868 - .882). For the post-test condition, the reliability of the instrument was very high (α = .922) with all ten items influencing the outcome (the range of Cronbach's alpha scores if item deleted was .910 - .923).

Procedure

All students in each section were requested to complete the RCLI during the first week of classes (pre-test). Students were informed that the survey was to be used to assist the instructor in making adjustments to the course and that the data may be presented publicly. They were told that the survey results were ungraded. At the end of the term, students were asked to complete the RCLI again and that the data from the survey would be compared to the data collected at the beginning of the term. Participation was voluntary. Analyses were conducted using IBM® SPSS® Statistics, Version 28.

RESULTS

The first hypothesis was partially supported. Post-class average Research Comfort Level (M = 3.90, sd = .79, $S.E.$ = .06, N = 187) was significantly higher than pre-class average Research Comfort Level (M = 3.25, sd = .72, $S.E.$ = .05, N = 187) for paired responses for all classes surveyed (n = 19) across the 20-year span, $t(186)$ = -8.981, p < .001, Cohen's d = -.657. These statistically significant increases held across all ten items, see Tables 2 and 3 below.

To determine whether having prior experience conducting research affected research comfort level, a Repeated Measures ANOVA was performed on the average of the pre-class research tasks compared to the average of the post-class tasks across prior experience conditions (yes or no). Results indicated that having prior experience conducting research had no significant between-subjects effect on the comfort level of subjects. Having served as a research participant prior to

the course (yes or no) also had no significant between-subjects effect on the comfort level of subjects.

TABLE 2. SUMMARY STATISTICS FOR PRE- AND POST-TERM RESPONSES TO ITEMS ON THE RCLI FOR ALL TEACHING MODALITIES

Item		N	Mean	Std. Deviation	S.E. Mean
Pair 1	(pre) Selecting Topic	187	3.43	1.03	.08
	(post) Selecting Topic	187	4.05	.97	.07
Pair 2	(pre) Creating Search Plan	186	3.12	1.01	.07
	(post) Creating Search Plan	186	3.94	1.00	.07
Pair 3	(pre) Choosing Search Tools	187	3.10	1.02	.07
	(post) Choosing Search Tools	187	3.99	1.05	.08
Pair 4	(pre) Evaluating Sources	186	3.33	1.05	.08
	(post) Evaluating Sources	186	4.07	1.17	.09
Pair 5	(pre) Citing Internet Sources	187	3.53	1.07	.08
	(post) Citing Internet Sources	187	4.02	1.12	.08
Pair 6	(pre) Organizing Literature Review	186	3.43	1.06	.08
	(post) Organizing Literature Review	186	4.10	1.04	.08
Pair 7	(pre) Developing Hypotheses	187	3.11	1.05	.08
	(post) Developing Hypotheses	187	3.94	1.06	.08
Pair 8	(pre) Developing Methods	187	2.97	.99	.07
	(post) Developing Methods	187	3.73	1.02	.07
Pair 9	(pre) Analyzing Statistics	187	2.94	1.11	.08
	(post) Analyzing Statistics	187	3.27	1.02	.07
Pair 10	(pre) Discussing Findings	187	3.57	1.02	.07
	(post) Discussing Findings	187	3.91	.95	.07

TABLE 3. COMPARISON OF PRE- TO POST-TERM RESPONSES TO ITEMS ON THE RCLI FOR ALL TEACHING MODALITIES

Item	Paired Differences					t	df	Sig. (2-tailed)	Cohen's d
	Mean	Std. Deviation	S.E. Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1 (pre) vs. (post) Selecting Topic -	-.62	1.36	.10	-.82	-.42	-6.24	186	.000	-.456
Pair 2 (pre) vs. (post) Creating Search Plan	-.82	1.32	.10	-1.01	-.63	-8.51	185	.000	-.624
Pair 3 (pre) vs. (post) Choosing Search Tools	-.89	1.46	.11	-1.10	-.68	-8.31	186	.000	-.608
Pair 4 (pre) vs. (post) Evaluating Sources	-.74	1.43	.10	-.95	-.54	-7.08	185	.000	-.519
Pair 5 (pre) vs. (post) Citing Internet Sources	-.49	1.45	.11	-.70	-.28	-4.60	186	.000	-.337
Pair 6 (pre) vs. (post) Organizing Literature Review	-.67	1.36	.10	-.86	-.47	-6.69	185	.000	-.491
Pair 7 (pre) vs. (post) Developing Hypotheses	-.82	1.42	.10	-1.03	-.62	-7.91	186	.000	-.578
Pair 8 (pre) vs. (post) Developing Methods	-.75	1.39	.10	-.95	-.55	-7.40	186	.000	-.541
Pair 9 (pre) vs. (post) Analyzing Statistics	-.33	1.41	.10	-.53	-.12	-3.17	186	.002	-.232
Pair 10 (pre) vs. (post) Discussing Findings	-.34	1.25	.09	-.52	-.16	-3.73	186	.000	-.273

Further analysis was performed to determine if differences in comfort level of performing research tasks occurred between students in classes with different teaching modalities. For face-to-face classes ($n = 12$), post-class average Research Comfort Level ($M = 3.87$, $sd = .78$, $S.E. = .07$, $N = 129$) was significantly higher than pre-class average Research Comfort Level ($M = 3.15$, $sd = .70$, $S.E. = .06$, $N = 129$) for paired responses across the 20-year span, $t(128) = -9.14$, $p < .001$, Cohen's

d = -.804. These statistically significant increases held across all ten items, see Tables 4 and 5 below.

TABLE 4. SUMMARY STATISTICS FOR PRE- AND POST-TERM RESPONSES TO ITEMS ON THE RCLI FOR THE FACE-TO-FACE TEACHING MODALITY

Item		N	Mean	Std. Deviation	S.E. Mean
Pair 1	(pre) Selecting Topic	129	3.33	1.070	.094
	(post) Selecting Topic	129	4.01	.964	.085
Pair 2	(pre) Creating Search Plan	129	3.06	1.029	.091
	(post) Creating Search Plan	129	3.85	1.024	.090
Pair 3	(pre) Choosing Search Tools	129	3.05	1.018	.090
	(post) Choosing Search Tools	129	3.97	1.023	.090
Pair 4	(pre) Evaluating Sources	129	3.26	1.055	.093
	(post) Evaluating Sources	129	4.02	1.173	.103
Pair 5	(pre) Citing Internet Sources	129	3.45	1.053	.093
	(post) Citing Internet Sources	129	3.98	1.086	.096
Pair 6	(pre) Organizing Literature Review	129	3.37	1.061	.093
	(post) Organizing Literature Review	129	4.12	1.000	.088
Pair 7	(pre) Developing Hypotheses	129	3.00	1.053	.093
	(post) Developing Hypotheses	129	3.88	1.053	.093
Pair 8	(pre) Developing Methods	129	2.87	.979	.086
	(post) Developing Methods	129	3.68	.984	.087
Pair 9	(pre) Analyzing Statistics	129	2.68	1.082	.095
	(post) Analyzing Statistics	129	3.31	.983	.087
Pair 10	(pre) Discussing Findings	129	3.43	.999	.088
	(post) Discussing Findings	129	3.91	.922	.081

Post-class Research Comfort Level was significantly higher than pre-class Research Comfort Level for paired responses for some, but not all, research tasks in the hybrid classes surveyed (n = 4). In particular, students reported more comfort with creating a search plan at the end of term (M = 4.16, sd = .96, S.E. = .22, N = 19) than at the beginning of term (M = 3.11, sd = 1.15, S.E. = .26, N = 19), $t(18)$ = -2.727, p = .014, Cohen's d = -.626. Likewise, students reported more comfort with choosing search tools at the end of term (M = 4.11, sd = 1.20, S.E. = .28, N = 19) than at the beginning of term (M = 2.95, sd = 1.22, S.E. = .28, N = 19), $t(18)$ = -2.480, p = .023, Cohen's d = -.569. However, students reported less comfort with analyzing statistics at the end of the term (M = 3.11, sd = 1.05, S.E. = .24, N = 19) than at the beginning of the term (M = 3.79, sd = .98, S.E. = .22, N = 19), $t(18)$ = 2.477, p = .023, Cohen's d = -.568. No significant difference was found between the average for all post- and pre-term Research Comfort Level items for hybrid modality classes.

TABLE 5. COMPARISON OF PRE- TO POST-TERM RESPONSES TO ITEMS ON THE RCLI FOR THE FACE-TO-FACE TEACHING MODALITY

Item	Paired Differences					t	df	Sig. (2-tailed)	Cohen's d
	Mean	Std. Deviation	S.E. Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1 (pre) vs. (post) Selecting Topic	-.674	1.336	.118	-.907	-.442	-5.735	128	.000	-.505
Pair 2 (pre) vs. (post) Creating Search Plan	-.791	1.248	.110	-1.008	-.573	-7.196	128	.000	-.634
Pair 3 (pre) vs. (post) Choosing Search Tools	-.915	1.335	.118	-1.147	-.682	-7.783	128	.000	-.685
Pair 4 (pre) vs. (post) Evaluating Sources	-.760	1.368	.120	-.998	-.521	-6.307	128	.000	-.555
Pair 5 (pre) vs. (post) Citing Internet Sources	-.527	1.387	.122	-.769	-.286	-4.317	128	.000	-.380
Pair 6 (pre) vs. (post) Organizing Literature Review	-.752	1.263	.111	-.972	-.532	-6.764	128	.000	-.596
Pair 7 (pre) vs. (post) Developing Hypotheses	-.876	1.369	.121	-1.115	-.637	-7.266	128	.000	-.640
Pair 8 (pre) vs. (post) Developing Methods	-.814	1.351	.119	-1.049	-.579	-6.844	128	.000	-.603
Pair 9 (pre) vs. (post) Analyzing Statistics	-.628	1.281	.113	-.851	-.405	-5.566	128	.000	-.490
Pair 10 (pre) vs. (post) Discussing Findings	-.473	1.173	.103	-.677	-.268	-4.578	128	.000	-.403

For online classes surveyed ($n = 3$) for the 3 year period in which online courses were offered (2017-2020), post-class average Research Comfort Level ($M = 3.99$, $sd = .80$, $S.E. = .13$, $N = 39$) was significantly higher than pre-class average Research Comfort Level ($M = 3.46$, $sd = .65$, $S.E. = .10$, $N = 39$) for paired responses, $t(128) = -2.963$, $p = .005$, Cohen's $d = -.474$. These statistically significant increases held across most of the ten items, see Tables 6 and 7 below.

TABLE 6. SUMMARY STATISTICS FOR PRE- AND POST-TERM RESPONSES TO ITEMS ON THE RCLI FOR THE ONLINE TEACHING MODALITY

Item		N	Mean	Std. Deviation	S.E. Mean
Pair 1	(pre) Selecting Topic	39	3.56	.788	.126
	(post) Selecting Topic	39	4.15	.988	.158
Pair 2	(pre) Creating Search Plan	38	3.32	.842	.137
	(post) Creating Search Plan	38	4.13	.906	.147
Pair 3	(pre) Choosing Search Tools	39	3.33	.898	.144
	(post) Choosing Search Tools	39	4.00	1.100	.176
Pair 4	(pre) Evaluating Sources	39	3.46	.969	.155
	(post) Evaluating Sources	39	4.26	1.093	.175
Pair 5	(pre) Citing Internet Sources	39	3.74	1.044	.167
	(post) Citing Internet Sources	39	4.08	1.156	.185
Pair 6	(pre) Organizing Literature Review	39	3.36	1.158	.185
	(post) Organizing Literature Review	39	4.08	1.036	.166
Pair 7	(pre) Developing Hypotheses	39	3.33	1.060	.170
	(post) Developing Hypotheses	39	4.10	1.021	.163
Pair 8	(pre) Developing Methods	39	3.18	1.023	.164
	(post) Developing Methods	39	3.82	1.023	.164
Pair 9	(pre) Analyzing Statistics	39	3.38	.907	.145
	(post) Analyzing Statistics	39	3.21	1.128	.181
Pair 10	(pre) Discussing Findings	39	3.92	.900	.144
	(post) Discussing Findings	39	4.08	.839	.134

TABLE 7. COMPARISON OF PRE- TO POST-TERM RESPONSES TO ITEMS ON THE RCLI FOR THE ONLINE TEACHING MODALITY

Item	Paired Differences					t	df	Sig. (2-tailed)	Cohen's d
	Mean	Std. Deviation	S.E. Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1 (pre) vs. (post) Selecting Topic	-.590	1.332	.213	-1.022	-.158	-2.765	38	.009	-.443
Pair 2 (pre) vs. (post) Creating Search Plan	-.816	1.373	.223	-1.267	-.365	-3.664	37	.001	-.594
Pair 3 (pre) vs. (post) Choosing Search Tools	-.667	1.545	.247	-1.167	-.166	-2.695	38	.010	-.432
Pair 4 (pre) vs. (post) Evaluating Sources	-.795	1.361	.218	-1.236	-.354	-3.648	38	.001	-.584
Pair 5 (pre) vs. (post) Citing Internet Sources	-.333	1.420	.227	-.794	.127	-1.466	38	.151	-.235
Pair 6 (pre) vs. (post) Organizing Literature Review	-.718	1.521	.244	-1.211	-.225	-2.948	38	.005	-.472
Pair 7 (pre) vs. (post) Developing Hypotheses	-.769	1.613	.258	-1.292	-.246	-2.977	38	.005	-.477
Pair 8 (pre) vs. (post) Developing Methods	-.641	1.495	.239	-1.126	-.156	-2.677	38	.011	-.429
Pair 9 (pre) vs. (post) Analyzing Statistics	.179	1.554	.249	-.324	.683	.721	38	.475	-.116
Pair 10 (pre) vs. (post) Discussing Findings	-.154	1.368	.219	-.597	.289	-.703	38	.487	-.112

The majority of the data collection for this study occurred prior to the global COVID-19 pandemic. To determine if there exists a post-COVID effect on research comfort level (RQ$_2$), a subset of data for classes in the three years prior to the onset of the rapid transition to online learning (2017 – 2019, courses = 4, n = 81) and the two years since the onset (2020 – 2021, courses = 5, n = 83) was selected. Analysis revealed no differences between pre- and post-COVID average research comfort levels for the beginning of the semester (t(147) = -.219, p = .414). However, students reported lower comfort levels for the end of the semester pre-COVID (M = 3.83, sd = .86, n = 43)

compared to post-COVID ($M = 4.22$, $sd = .72$, $n = 32$), ($t(73) = -2.110$, $p = .019$, Cohen's $d = .804$).

CONCLUSION

In general, overall self-efficacy toward research-related tasks of students enrolled in undergraduate research methods courses increased across sections over time regardless of teaching modality (Face-to-face, Online, or hybrid). For the Face-to-Face modality, comfort-level increased between beginning and end-of-semester for all ten research-related tasks, including analyzing statistics. For asynchronous Online sections of the course, comfort-level increased between beginning and end-of-semester for seven out of the ten research-related tasks. However, for hybrid sections of the course, comfort-level increased for only two of the research-related tasks (creating a literature search plan and choosing search tools). In the hybrid sections of the course, students reported a decreased comfort-level with analyzing statistics. No such decrease in comfort-level with analyzing statistics occurred in the asynchronous Online sections of the course.

According to Schroeder et al. (2007), "if students are placed in an environment in which they can actively connect the instruction to their interests and present understandings and have an opportunity to experience collaborative scientific inquiry under the guidance of an effective teacher, achievement will be accelerated" (p. 1452). Globally, engagement in research-related tasks appears to reduce overall anxiety towards research and promote sense of ability in conducting these tasks. Tashakkori and Teddlie (2003) posit that instructors teaching undergraduate research methods in the social and behavioral sciences should take a mixed-methods approach which considers the questions students seek to answer. Prompting students to engage in the tasks associated with analyzing claims and creating credible claims in a controlled classroom environment in such a way that increases self-efficacy should have positive effects on their post-education careers.

Sproken-Smith (2005) argued that a problem-based approach assists students in developing a range of transferable skills to the post-education workplace. Additionally, Bridges (2020) argued that new technology-based tools for data collection and analysis compel students to acquire those skills before they enter the workforce. According to Peterson (2021), asynchronous online research courses provide opportunities to create experiential learning for students, particularly for those who are working. Peterson (2021) argued that the end-of-course project that requires statistical analysis teaches higher-order thinking that is prized by companies and is a learning goal for accrediting agencies such as the AACSB. Brew (2003) argues that "for all students, no matter what their ability or study motivation, the pursuit of professionalism embodied in the quality conception of scholarship can be a useful foundation for whatever the student engages in when they graduate" (p. 16).

Although the current study had sufficiently high sample and subsample sizes for generalizability, the study was limited to a single instructor over the course of 19 years. Other instructors might approach the subject matter that increases or fails to increase students' self-efficacy in performing specific research tasks. Additionally, not all research methods courses available to undergraduate

majors may include the specific research tasks covered by this instructor. Indeed, some instructors at the same institution may not require students to collect and analyze quantitative data but rather may take a knowledge-based approach to the subject. Nevertheless, this instructor's approach allows for testing student comfort-level with perhaps the most anxiety-inducing course task for research methods: quantitative analysis of survey data.

By applying the same methodology across multiple sections of the same instructor's course, and across multiple teaching modalities by the same instructor, communication educators can apply similar approaches to increasing student self-efficacy in research-related tasks. Future studies could investigate whether self-efficacy translates into actual ability by testing task outcomes pre-learning and post-learning opportunities. It also might be interesting to investigate whether learning outcomes are increased when students are required to collect and analyze data as a task in the course through skills-based approaches as opposed to learning about the task through only knowledge-based approaches.

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ATTITUDES TOWARD SOCIAL AND ETHICAL ISSUES IN INTERNATIONAL BUSINESS ACROSS TIME: CHANGE AND CONTINUITY

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ABSTRACT

Comparing public disquiet in the U.S. over social and ethical issues in international trade at two time periods, separated by 20 years, it appears that over time, in general, there has been a significant lessening of worries about their prevalence in foreign countries. However, the top three concerns – the use of child labor, violation of human rights, and poor working conditions – have remained unchanged over time. There is some re-ordering of the 10 issues examined, with significant differences in attitudes. Concern over use of prison labor in manufacturing imported products and violation of intellectual property rights have risen in relative importance. Implications for public policy, corporate conduct, and advocacy groups are discussed.

INTRODUCTION

> *On 24 April, 2013, the collapse of the Rana Plaza building in Dhaka, Bangladesh, which housed five garment factories, killed 1,132 people and injured more than 2,500. Among the worst industrial accidents ever, it drew attention of the world to the abysmal labor conditions faced by workers in the readymade clothing industry in that country. For some of the lowest wages in the world, millions of people, most of them women and girls, are exposed every day to an unsafe work environment with a high incidence of work-related accidents, deaths, and occupational injuries. Most of the factories do not meet standards required by building and construction legislations. Bangladesh is the world's second largest exporter of garments --- these products are purchased and sold by the world's leading clothiers and retailers based in advanced industrial nations.* (International Labour Organization, 2016)

The above story encapsulates the criticisms around unfettered international trade. As economic activities have become more globally integrated, the spotlight has fallen on social and ethical issues in different countries, the role of multinational firms in profiting from "lower" standards abroad, while hurting workers and the economy of its home country. Thanks to the activism of

nongovernmental organizations (NGOs), advancements in communication, and easier travel, the general public, especially in advanced industrial countries such as the U.S.A., have become increasingly conscious of economic, social, and political conditions elsewhere in the world. Stakeholder groups have sought to highlight social deficiencies in foreign countries as a reason to restrain imports of goods and services and incorporate changes in trade treaties with the goal of forcing social, political, and legal reforms in the exporting nations.

Since the late 1990s, we have been sampling attitudes in the U.S. with respect to trading with countries whose standards may be different from those in the U.S. The focus has been on ten social and ethical issues surrounding international trade (primarily import of goods and services) – issues discerned from media coverage, political developments, trade negotiations, and extant studies. In this paper, we examine attitudes in the 1997-99 period and the 2017-19 period, ascertain if there has been a change over this twenty-year period, and infer from the findings implications for public policy and corporate conduct.

REVIEW OF EXTANT LITERATURE

During the late 1980s and through the 1990s, major changes were occurring in the global trading arena. Negotiations were underway to liberalize trade (the Uruguay round) that would lead to the creation of the World Trade Organization, successor to the General Agreement on Tariffs and Trade (GATT). China created Special Economic Zones, offering attractive incentives to domestic and international investors, to manufacture and export. Subsequently, under pressure from multinational firms, the U.S. granted "most favored nation" treaty status to China, which gave a turbo boost to China's exports. The existing free trade agreement between the U.S. and Canada was expanded to include Mexico to facilitate economic integration among the three countries. All these developments triggered opposition amongst various groups – labor unions, human rights activists, church groups, environmentalists, and businesses wary of competing with cheaper imports (Compa & Diamond, 1996). The success of trade sanctions against South Africa, imposed to pressure that country's minority government to dismantle apartheid (a race-based policy that discriminated against non-Whites), was seen by activists as evidence that abhorrent practices abroad could be changed through public pressure and legal changes in that country's trading partners.

The complaint was that unfettered trade and investment flows would neither be "free" or "fair" (Shoch, 2000). In many of the exporting countries, low wages, often employing children or prisoners, poor working conditions, absence of laws (or of their enforcement) to protect the natural environment or intellectual property (IP), and undemocratic political regimes that ignored workers' well-being and denied its citizens basic human rights would enable companies to produce and export goods at prices that while socially reprehensible would also harm domestic manufacturers in the importing country. Benefitting from lowered trade barriers and taking advantage of low labor costs and minimal or no regulations, products made in these countries and subsequently exported to developed nations such as the U.S., competed on an unfair basis.

Critics maintain that the removal of trade barriers encouraged multinational firms to locate to developing countries to take advantage of these lower labor costs and lax regulatory setting. Products made in these countries, subsequently exported to developed countries, competed on an unfair basis because lower production costs could be traced to the denial of very elementary workplace standards and basic worker rights or compliance with environmental protection standards (Rodrigues, 2018). Opponents of trade liberalization pushed for the inclusion of a social clause in bilateral and multilateral trade treaties. Such a clause would link improvements in labor standards in developing countries to gaining access to markets in developed nations (Sanyal, 2001). The goal was to ensure that trade was not only free but also "fair." Companies engaged in international commerce were told that their stance on human rights would be considered part of their performance and that they would be expected to confront the governments that host them on issues ranging from political repression to child labor (Cowell, 2000). In negotiations that led to the creation of the WTO, ministers of the 123 member countries approved a declaration that worker rights must be on the agenda of the new organization (Preeg, 2012). The North American Free Trade Agreement with Mexico included supplemental clauses covering labor rights and environmental protection. In 1999, the United Nations launched the Global Compact, a call to companies to align strategies and operations with universal principles on human rights, labor, environment, and corruption to advance societal goals (Global Impact). Companies adopted voluntary codes of conduct and international organizations enacted rules calling for adherence to social and ethical standards. The mantra of "people, planet, and profit" came into vogue (Elkington, 2018).

Against this backdrop, surveys were conducted to ascertain opinion with respect to how these various social and ethical issues were viewed in the U.S. and what that meant with respect to free trade policies.

In the 20 years since the first surveys were conducted, world trade and investment has grown. The U.S. economy has been becoming more and more integrated with those of other countries. One measure of this is the proportion of imports of goods and services into the country. This has risen from 4.2 percent of the country's GDP in 1960 to 11.81 percent in 1995 to 14.6 percent in 2019 (World Bank, 2021).

Public attitudes in the U.S. toward international trade have fluctuated over the past few years. Gallup began tracking this attitude in 1993 when the favorable-unfavorable ratio was 44:48. However, since 2013, most Americans have viewed it as a net positive for the U.S. With an economic recession and high unemployment resulting from the pandemic's impact on everyday life, more Americans in 2021 viewed trade as a threat (compared to the previous year) – though a majority still saw it as an opportunity for the U.S. economy – 63 percent versus 32 percent compared to 79 percent versus 18 percent in 2020 (Younis, 2021).

Despite all this, social and ethical issues have continued to dominate headlines as exemplified by the Rana Plaza accident. Public attitudes in the U.S. towards certain countries (e.g., China and Saudi Arabia) have become less positive in recent years, for various reasons, including concerns over environmental protection and human rights issues. U.S. companies and the U.S. government have accused China's government and Chinese companies of acquiring IP through questionable means. In 2016, Mr. Donald Trump secured the U.S. presidency on a campaign platform that

criticized foreign countries (e.g., South Korea) for unfair trading practices. In office, his administration renegotiated NAFTA with Mexico, championed a "Make in U.S.A." policy, and withdrew from the Trans-Pacific Trade Agreement (Amadeo, 2020). That trade is strictly a commercial function with no immediate connection to social concerns has evaporated under the pressure of political and social forces generated by the globalization of the economy. In recent years, concern about environmental issues (e.g., global warming and activities contributing to it, rain forest destruction, zero waste, recycling, and sustainable development), gender rights (e.g., harassment of women and discrimination), and bribery and corruption have grown. While specific topics may be more salient in the late 2010s compared to the late 1990s, the survey questionnaire that was used in earlier period remained relevant for the later period.

The subject of businesses needing to be socially responsible in their international operations emerged as a major topic of academic research in the 1980s as growing number of child labor and sweatshop scandals involving apparel and footwear companies and mounting awareness of global environmental issues (such as depletion of ozone layer and deforestation) dominated news headlines. Outlets such as the *Journal of World Business* and the *Journal of International Business Studies* saw many research articles in this field (Kolk, 2016). A paper by Guvenli and Sanyal (2002) found that public concern in the U.S. was highest with respect to the use of child labor, human rights violations, and poor working conditions in the exporting countries.

Public opposition in developed countries over social and ethical conditions in developing countries have focused on three main topics: (a) Employment conditions (low wages, sweatshop-like workplaces, and employment of prisoners and children); (b) Politics and laws (nondemocratic nature of governments, absence of laws protecting IP rights, human rights violations, and corruption); and (c) Environmental protection (nonexistent or weak regulations, and lax enforcement of those). This is presented in Table 1. In the 20 years between 1999 and 2019, these issues continue to dog international business and fuel demands to restrict trade with countries that do not enhance compliance and shame businesses that take advantage of producing in these locations.

TABLE 1. SOCIAL AND ETHICAL ISSUES IN INTERNATIONAL BUSINESS

Employment Conditions	Low wages; unsafe working conditions; using children as labor; using prisoners as labor
Politics and Laws	Non-democratic governments; lack of unionization rights; non-protection of IP (e.g., patents, trademarks, copyrights, and copyrights, and trade secrets); bribery and corruption
Physical Environment	Absence of regulations; weak regulatory framework; non-enforcement of regulations

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Note that these conditions are perceived to exist in the foreign country and are seen by firms and citizens in the home country as the basis on which products made in the foreign country have a competitive edge. Since this competition from imported goods is considered "unfair," it triggers a wide range of protests and opposition in the importing country that includes the demand to stop

trading with such countries or to impose other sorts of restrictions – sanctions, bans, quotas, tariffs. Free trade proponents accuse fair trade advocates of protectionism, albeit in disguise.

Employment Conditions

Data indicates that wages in developing countries are often a fraction of what they are in the advanced industrial countries. For instance, the average income in Mexico in 2020 was USD 16,230 compared to USD 69,392 in the U.S. (OECD, 2022). For labor intensive goods, producing in Mexico offers a substantial cost advantage. The opening story about the industrial accident in Dhaka illustrates the issues of poor working conditions. Employment of children is common in many of these developing countries and has been receiving urgent attention of advocacy groups, the media, and governments. The U.S. Department of Labor (2018) issues an annual report that lists goods produced by child labor. These include vegetables imported from Mexico, garments from Bangladesh, flowers from Colombia, and shrimps from Thailand. Similarly, indignation has been expressed over drafting prisoners to produce goods which are exported. An estimated 11 million people are imprisoned worldwide and many of them are put to work in schemes that experts say amount to exploitation – paid a pittance, made to work long hours in harsh conditions. The U.S. and China have the two largest prison populations in the world, estimated at 2.1 million and 1.7 million respectively. It has been reported that China operates a network of prison facilities that use forced labor to produce goods for export – ranging from Christmas decorations to footwear (Dotson & Van Fleet, 2014). While exporting prison-produced goods is illegal under domestic and international trade laws, there are reports of prison labor being present in many of China's global supply chains (Humphrey, 2022).

Politics and Law

Across the world, relatively few countries of the world are considered "full" political democracies, as per the Democracy Index created by the Economist Intelligence Unit. The U.S. itself is categorized as a "flawed" democracy. Of the top 10 countries from which it imported goods and services in 2019, Mexico, Japan, South Korea, and India are "flawed" democracies. "Authoritarian" countries are China and Vietnam, while "Full" democracies are Canada, Germany, Ireland, and the United Kingdom (Democracy Index, 2019). In many authoritarian countries, workers may not have the right to form unions or go on strike; the judiciary may not be independent and legal due process may be suspect; one-party political systems exist; the media may not be independent; and individual rights may be circumscribed.

Laws on protection of IP rights may not exist or, if they do, may not be enforced. U.S. firms have long complained to their own government and to foreign governments about illegal duplication of their products, such as films, recorded music, books, and computer software, misuse of patents and trademarks, and theft of industrial designs, layout-designs of integrated circuits, trade secrets or know-hows. National laws regarding IP protections vary regarding their comprehensiveness and enforceability. In 1997, under the auspices of the WTO, an agreement on Trade-Related Aspects

of IP Rights (TRIPS) to curb counterfeiting was signed (World Trade Organization). It requires the signatory countries to imprison and fine individuals or organizations guilty of violating these rights. Illegally produced goods can be seized and destroyed. Violation of IP rights not only leads to loss of revenues for the firm whose assets are being misused, it often leads to the devaluation of product quality and integrity. Such infringements also create competitors who export cheap knock-off versions. However, the effect of this agreement has been mixed. Industry groups in developed countries feel that some foreign governments are unenthusiastic about stamping out illegal duplication, counterfeiting, and patents' misuse and in fact, are actively engaged in stealing technology to gain a competitive advantage. The U.S. placed China, India, Indonesia, and Saudi Arabia on the priority watch list for IP violations under Section 310 of the Trade Act of 1974 (Office of the US Trade Representative, 2019).

Corruption, primarily in the form of payment of bribes to public officials to gain contracts, not only adds to the cost of doing business but also poses difficult ethical dilemmas, and in many situations, serious legal problems. The Foreign Corrupt Practices Act makes it illegal for American firms to bribe foreign officials with the intention of changing policies or to secure the suspension of a legal norm (Sanyal, 2012). In 1997, thirty-four countries signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD, 1997). Transparency International, an NGO based in Berlin, gathers information on corruption and provides an annual country specific Corruption Perception Index (Transparency International). Bribery is widespread, particularly in non-OECD countries (Samanta & Sanyal, 2016).

Physical Environment

A growing concern is the impact of unrestrained and unregulated economic activities in developing countries on the physical environment—-the air, water, and land. Strict regulations in developed countries impose costs and reduce the maneuvering space of manufacturing firms. In many developing countries, laws on environmental pollution do not exist, are weak, or are not enforced. Individual states may lack the ability to enforce laws or lack the motivation to implement potentially costly regulations. An assessment of environmental rule of law by the United Nations Environment Programme (2019) found that despite a 38-fold increase in environmental laws put in place since 1972, there is a failure to fully implement and enforce these laws. Firms, domestic and foreign, take advantage of this permissive regulatory regime to produce and export "dirty" goods at lower costs (Copeland & Taylor 1994).

More recently, worry has increased over climate change and its deleterious impact on the earth. Focus has been on the excessive emission of greenhouse gases, deforestation, mining and using coal as fuel, oil spills, building smokestack factories, loss of wildlife habitats, and overfishing. Multilateral efforts to protect the environment have taken many forms including the signing of the Paris Agreement to limit global warming and public activism (e.g., banning single use plastic bags).

As noted earlier, protests against globalization so far as it profits firms and nations at the expense of workers, the disadvantaged groups in society, the environment, democratic rights, and the rule

of law, have led to a reassessment of the international trading framework. Among the consequences have been: (a) a retreat from multilateral trade agreements to either bilateral deals or imposition of quotas, tariffs, bans, and sanctions; (b) renegotiation of trade agreements to ensure access to hitherto closed markets, to protect the environment, and to safeguard labor interests both at home and abroad; (c) continuing pressure to incorporate a social clause in trade treaties; (d) rise of nationalist sentiments most prominently demonstrated by the decision of the United Kingdom to exit the European Union; (e) protests and boycotts against individual firms (e.g., Nike) for manufacturing products in harsh working conditions); (f) negative media coverage of products, firms, and countries; (g) divestment of stocks in erring firms and countries by pension fund managers and university endowments; (h) heightened public scrutiny of international firms and their activities in host countries; (i) enactment of laws that impose sanctions and tariffs on imports from countries believed to be insufficiently concerned about social issues; (j) intensified lobbying by advocacy groups to bring about changes in foreign countries; (k) complaints to home and host governments by firms hurt through loss of protection of their IP; and (l) creation of both corporate codes of conduct and industry codes to increase consciousness about being socially responsible.

SURVEY AND RESEARCH METHODOLOGY

A survey instrument was developed that sought responses, on a five-point scale, to ten most common issues of social and ethical concerns in international business. These issues are employment of child labor, employment of prison labor, poor working conditions, low wages, violation of human rights, authoritarian nature of foreign governments, insufficient protection of IP rights, low or no environmental standards, non-enforcement of environmental standards, and unfair competition based on low wages. The rationale for including the last issue in the survey was to ascertain whether respondents would associate low wages with unfair competition. The questionnaire was administered in 1997-1999 (Time Period 1) and twenty years later, in 2017-2019 (Time Period 2). The purpose of the questionnaire was to (a) determine how these various social and ethical issues were perceived over time, (b) to compare and explain changes, if any, and (c) rank the relative importance of these issues based on their mean scores.

In the context of the notion of including a social clause in trade treaties, survey participants were asked whether they would support restrictions on the import of goods into the U.S.A. if those products had been made in countries where employment conditions and business practices identified in the previous section prevailed. Responses could range from strongly disagree (1) to strongly agree (5). The focus was on countries, not individual firms.

The survey respondents were students in an U.S. state-supported university in the upper Midwest of the country, studying business. The sample size in the 1997-99 surveys is 336 (46 percent female; 54 percent male). In the 2017-19 surveys, 240 completed responses (46 percent female; 54 percent male) were used. The survey results were tabulated and statistically analyzed.

RESULTS

The mean scores were calculated for the responses to the ten social and ethical issues of concern for both time periods and t-tests performed to ascertain if there were any changes. The results are presented in Table 2.

The results indicate that attitudes have changed significantly over time for seven of the issues and these are in all three categories – employment conditions, politics and law, and physical environment.

- On six issues, concern had declined from Time Period 1 to Time Period 2, as reflected in the mean scores. These were: use of child labor, poor working conditions, unfair competition arising out of low wage rates, human rights violations, low or no environmental standards, and non-enforcement of environmental standards. The mean scores in Time Period 2 were significantly lower than those for Time Period 1.

- Only on the issue of use of prison labor, concern in Time Period 2 was higher than in Time Period 1.

- There was no statistically significant difference between the responses for the two time periods for the other variables – low wage rate, less democracy, and IP violations.

TABLE 2. T-TEST RESULTS COMPARING SURVEY RESPONSES FOR THE TWO TIME PERIODS

	Mean Scores			
Issue	Time Period 1	Time Period 2	t value	p value
Employment Conditions -				
Use of child labor	4.23	3.81	4.24	0.00*
Poor working conditions	3.96	3.66	3.10	0.00*
Low wage rates	3.03	2.92	1.30	0.19
Use of prison labor	2.55	2.86	-3.01	0.00*
Unfair competition				
due to low wages	3.33	3.15	1.95	0.05**
Politics and Law –				
Less democracy	2.47	2.60	-1.15	0.13
Human rights violations	4.18	3.94	2.52	0.01*
IP rights violations	3.48	3.61	-1.43	0.15
Physical Environment –				
Low or no environmental standards	3.56	3.29	3.05	0.00*
Non-enforcement of standards	3.70	3.36	3.69	0.00*

*significant at the .01 level or less
**significant at the.05 level

Note. Mean responses are on a scale of 1 to 5 where 1 signifies strong disagreement to restrict imports and 5 indicates strong agreement to restrict imports.

Thus, overall, except for the issue of prison labor, concerns over ethical and social issues appear to have mostly dimmed or remained unchanged.

The mean scores allowed for ranking the 10 issues for the two time periods. Table 3 presents the ranking, with issues that evoked the highest concern (highest mean score) at the top and descending to the issue of the lowest concern (lowest mean score) at the bottom of the league.

The top three concerns of the respondents were unchanged at both time periods -- use of child labor, human rights violations, and poor working conditions. While use of child labor was ranked #1 in Time Period 1, human rights violations were rated as the most important issue in Time Period 2.

The rankings of four of the issues – unfair competition due to low wage rates, low wages, use of prison labor, and less democracy – at the bottom of the table remained unchanged.

TABLE 3. RANKING OF SOCIAL AND ETHICAL ISSUES, TIME PERIOD 1 AND TIME PERIOD 2

	Time Period 1			Time Period 2	
Rank	Issue	Mean Score	Rank	Issue	Mean Score
1	Use of child labor	4.23	1	Human rights violations	3.94
2	Human rights violations	4.18	2	Use of child labor	3.81
3	Poor working conditions	3.96	3	Poor working conditions	3.66
4	Non-enforcement of environmental laws	3.70	4	IP violations	3.61
5	Low or no environmental standards	3.56	5	Non-enforcement of environmental laws	3.36
6	IP violations	3.48	6	Low or no environmental standards	3.29
7	Unfair competition due to low wages	3.33	7	Unfair competition due to low wages	3.15
8	Low wages	3.03	8	Low wages	2.92
9	Use of prison labor	2.55	9	Use of prison labor	2.86
10	Less democracy	2.47	10	Less democracy	2.60

IP violations jumped in the rankings to #4 in Time Period 2 from sixth position previously. Concerns on environmental laws (their existence and enforcement) are ranked midway in the table though both dropped a position. Also of note is that for 7 of the issues, the mean scores have declined; only for IP violations, use of prison labor, and less democracy have they increased. However, only the increase in the mean score for use of prison labor was statistically significant.

DISCUSSION

Change over Time

Time Periods 1 and 2 are snapshots separated by 20 years. In essence, these views reflect those of two successive generations at a particular point in their lives. The results show that the latter generation is comparatively less concerned over seven of the issues. For three issues – IP rights violations, use of prison labor, and undemocratic governments – they are more concerned than the previous generation.

Table 3 shows that the differences in mean scores are statistically significant for seven of the issues. However, for six of these issues – child labor, working conditions, human rights, environmental standards, and their enforcement, and unfair competition arising due to low wages – fewer respondents were as concerned in Time Period 2 compared to Time Period 1. Even for the three issues that were of most concern in both time periods – human rights, child labor and working conditions – there were significant decline in respondent concerns.

This drop in disquiet may indicate a more pragmatic, as opposed to an idealistic, recognition of the underlying realities of international commerce. It is that employment conditions, politics and law, and the protection of the physical environment vary dramatically from country to country. In the intervening years of this study, and even before that, many efforts have been made, initiatives undertaken, projects started, and pressure borne to introduce and support changes in foreign countries. Participants in Time Period 2 may rightly conclude that corrective measures have now been widely accepted and put in place, and that the desirable outcomes will take longer to occur than had been expected. Only so much can be accomplished unilaterally. Some issues, such as environmental protection can only be achieved through a cooperative international effort. Given that public opinion in the U.S. favors international trade by more than 3 to 1, the results reported here validates the decline in concerns over conditions in the developing countries.

An exception is the issue of prison labor, which though ranked towards the bottom (ninth), saw significantly more respondents being concerned about in Time Period 2 compared to 20 years ago. It is likely that there is more awareness of this issue and a recognition that products created by this type of labor is now part of international commerce and reflects exploitative working conditions. In the U.S. too, given the large size of its own prison population, there has been extensive debate on this subject and calls for a review of policies and practices that incarcerate so many of its citizens.

There were no significant differences on three issues – low wages, IP rights, and undemocratic governments. In comparison to the other issues, these have remained relatively less important in both time periods, being ranked 8th, 9th and 10th. Respondents recognize that wage differences across nations and countries persist, and it remains a source of competitive advantage for many countries. Similarly, it has become apparent that bringing changes to the political systems of foreign countries is difficult, impractical, and often, unsuccessful. As noted earlier, IP issues have risen up in the list. This is significant from a practical perspective, if not statistically.

The differences and similarities in the responses over these two time periods suggests that demands for curbing imports from countries with social, legal, and environmental problems may have become more focused and also diffused. Slightly more respondents are unhappy with IP violations, use of prison labor, and less democracy in Time Period 2, but significantly more with use of prison labor. All these three issues also characterize the largest source of U.S. imports and with which it has a huge and growing deficit – China. In 2021, the U.S. had a merchandise trade deficit of USD354 billion on imports of USD505 billion with China (United States Census Bureau, 2022). As has been discussed earlier, concern has been voiced by both U.S. businesses and the government over IP issues with respect to China. Media and U.S. government reports point to the use of forced and prison labor to produce goods for export. As per the Democracy Index, China is classified as an authoritarian country. All these could be influencing the perception of the respondents to the survey in Time Period 2. Trade and political disputes characterized Sino-U.S. ties since Mr. Trump became the American president in 2016 (Swanson & Rappaport, 2020). Respondents in Time Period 2 could have had their attitudes influenced by this. These concerns over China were less salient for the previous generation as they were less in the news.

It is worth noting that concern over low wages in developing countries – often identified by trade critics as a basis for the export advantage of these countries resulting in unfair competition – garnered a middling rating of about 3.0 in both time periods. These mean scores suggest that the respondents were neither in favor of or against trading because of low wages or the advantage derived from low wages in the exporting countries.

Ranking of Concerns

All the social and ethical concerns with respect to international trade do not arouse the same level of concern and indignation. There is a calibrated ranking of these issues. In Time Period 1, employment of child labor, violation of human rights, and poor working conditions (sweatshops) were viewed as issues of far greater concern than low wages, employment of prison labor or whether the foreign country is a political democracy. While the mean score for child labor is 4.23, it is only 2.47 for less democratic governments, indicating that the range from the first rank to the last rank is large. It should be noted that in the U.S., for the most part, the practice of using children in manufacturing is not only prohibited but in practice too is virtually nonexistent. Similarly, Americans enjoy an extensive array of constitutionally protected rights including the right to form labor unions and all the trappings of democracy – free and fair elections, independent judiciary, rule of law, an active civil society, and a free press. The advanced nature of its economy, legislation about workplace standards, and the enforcement of laws have generally ensured that sweatshop-like conditions is the rare exception, not the rule. In contrast, the three issues that were ranked low suggests a recognition that low labor cost in exporting countries reflects their level of economic development and lower productivity levels.

Less sympathy for using prisoners to produce goods presumably reflects a view that they deserve this plight for crimes they have committed. The American respondents were also least concerned over the political makeup of the countries where imported goods come from. Many countries with which the U.S. trades are not political democracies and even among those that are, several are

flawed and developing nations with poor working conditions. It may also be an acknowledgment that the U.S. notions of democracy and human rights may not be appropriate in all countries.

These three issues also elicited the highest concern for the second generation. However, human rights violation is ranked first, followed by use of child labor. Poor working conditions remain in third place. The mean score for the top concern (human rights) is 3.94 and that for the topic of least concern (undemocratic governments) is 2.60, pointing to a much smaller spread in comparison to the previous time period. No issue receives a mean score of 4.0 or above on the five-point scale. The mean scores for all the issues differ markedly. The issues that ranked at the bottom in Time Period 1 – unfair competition due to low wages, low wages, use of prison labor, and undemocratic governments – remain unchanged in Time Period 2. As noted earlier, concerns over IP violations rose to the fourth rank in Time Period 2 from its sixth-place position previously leapfrogging over environmental issues. IP protection/violations have come to the fore as this is being recognized as a key source of competitive advantage for the U.S. which needs to be defended. The U.S. government has included the subject in bilateral and multilateral forums with great vigor.

Inferences for Businesses and Exporting Countries

Despite the expressed concern for the top three issues being less intense in Time Period 2, misgivings about labor standards in developing countries transcends two generations of respondents. Firms engaged in international business as producers, contractors, exporters, and importers should note that the strongest opprobrium attaches to the employment of children, violation of human rights (such as right to form unions, right to due process, and right to fair treatment), and the existence of degrading working conditions. When businesses allocate resources to improve their social responsibility practices, priority should be given to addressing these issues. Failure to address them will also draw the greatest flak. Thus, these findings can direct managerial attention on what issues to give immediate and higher attention, anticipate negative publicity, and be more intentional on where not to source purchases from or locate their manufacturing facilities bearing in mind the possibility of a consumer boycott and loss of reputation with attendant negative consequences on the bottom line. Similarly, countries wishing continued access to the large and wealthy U.S. market should recognize that certain activities and practices bring more negative reaction than others, and thus should work to alleviate them. Respondents appear to recognize that low wages, reflecting various factors, do differ from country to country and they do not see that as being a source of unfair competition.

Inferences for Advocacy Groups and Public Policy

The results provide directions to advocacy groups concerned with ensuring fair trade. They help identify the causes to campaign for, with their home country's policy makers, and to drive change in the exporting nations. Thus, a prioritization of causes would inform the agenda of both advocacy groups and in the formulation of public policy. The latter would reflect national legislation, posture

at trade negotiations, or using other tactics to reflect the worries and hopes of the home country populace. Similarly, in the host country, social activists and the government, recognizing the barriers to succeed in the U.S., could concentrate on bringing about the reforms needed.

In a democratic society such as the U.S. with a highly literate and affluent population, concerns over social issues influence public policy, media coverage, and lobbying activities. It also feeds into the programs of NGOs, which may be able to garner public support and exercise greater influence by focusing on those topics that are high on the ethics hierarchy of concerns. This may also lead to pressure on U.S. firms to distance themselves from doing business with countries where ethical lapses are egregious.

However, as the findings reveal, Time Period 2 respondents are less passionate than the previous generation about these issues and less confident of what approaches might work best to bring about the desired changes. Despite ambiguous outcomes, stricter regulations, restricting or banning imports, imposing sanctions on foreign countries, withdrawing from or altering extant trade pacts, instituting consumer boycotts, and shaming corporations, are among practices that continue. There is a realization among the populace of the complexity of the issues and the need to craft new ways to supplement extant approaches to change conditions around the world. For example, businesses have become proactive in their own domains, such as buyers of apparel framing codes of conduct for garment makers in Bangladesh or Starbucks coffee shop chain sourcing sustainably produced coffee from Costa Rica. On matters of the environment, a multilateral approach is seen as more appropriate, as reflected in the Paris Agreement on climate change.

FUTURE RESEARCH

The survey instrument used for this study, designed in the late 1990s, reflects the social and ethical issues informing trade at that time. While this has enabled this comparative study, going forward, questions covering other topics could be included reflecting emerging issues, such as those focused specifically on gender and race, or sustainability. Other demographic variables such as education, age, and income levels can provide additional insights. This study could be expanded into a wider, multi-country comparative examination of these concerns. Multi-country perspectives would allow for a fuller understanding of the ranking of ethical concerns in individual societies. Finding out how these issues are perceived in exporting/developing countries might usefully lead to more integrated trading arrangements.

The respondents to the survey are business students. To that extent, they may not be representative of the entire population. Business students would be expected to be more knowledgeable about international business and able to discern the benefits and downsides of trade. Expanding the pool to include non-business respondents and those with less than college education could provide more inclusive insights.

The respondents to the surveys belonged to two different generations. The "second" generation was answering questions at a time when the world economy was more globalized compared to 20 years ago, with more information and insights available, including the efficacy of various policies

and approaches in the U.S. to drive reforms in developing nations. Thus, the Time Period 2 respondents are affected by the "time lapse" effect. Since the authors plan to continue to conduct the survey, results from future periods could provide a unique perspective on how perceptions towards international trading issues have or have not changed over time.

CONCLUSIONS

In this singular longitudinal study, attitudes toward ten social and ethical issues as they impact import of goods and services from foreign countries into the U.S. are compared at two time periods 20 years apart. The three top subjects of concern in 1997-99 and 2017-19 have remained the same although the level of distress about them (use of child labor, human rights violations, and poor working conditions) have waned. The level of concern for six issues has declined, for three there was no change, and for only one – the use of prison labor – has it increased significantly. The general decline in the intensity of concern from the first-generation respondents to the second can be attributed to the current generation having grown up in an inter-connected world with a more liberal trading regime than their predecessor. There may also be a recognition of the limits to what can be achieved only through trade regulations or unilateral policies adopted by the importing country.

Issues that were of lesser concern 20 years ago (unfair competition based on low wages, low wages *per se*, use of prison labor, and less democracy) were similarly ranked low by the next generation. However, concern over protecting IP rights has become more important in recent years in a practical if not statistically significant sense. More strikingly, the issue of wages – substantially lower in developing countries – is not seen as a leading matter of concern in international trading. The overall findings provide businesses engaged in trade with less developed countries to be mindful of the key issues that trouble consumers in the U.S. and take appropriate steps to address them. Public policy and social justice advocacy groups could benefit from re-ordering the issues of concern, focusing on those that have stayed salient over time while relegating others, acknowledging that all social and ethical concerns are not of equal weight. Similarly, as other issues of global concern arise, activist groups will need to decide where to focus their energies and businesses to be alert to.

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