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## TABLE OF CONTENTS

<b>The Influence of Economic Freedom on the Likelihood of Self-Employment: A Multilevel Analysis</b> Michael Crum, David Rayome and Trent Batchelor.....	3
<b>Globalization and the United States: Dynamics, Results, and Challenges-Empirical Evidence</b> Thomas Costello and Ayse Costello.....	21
<b>The January Effect: A Test of Market Efficiency</b> Shelby Klock and Frank Bacon.....	32
<b>A Framework For Design, Development, and Delivery of High Quality On-Line Higher Education Program in the U.S Using Six Sigma Approach</b> Jayanta Bandyopadhyay.....	43
<b>The Ups and Downs of the S&amp;P 500: 1926 - 2013</b> Charles Rayhorn.....	54
<b>Supplier Performance Evaluation Using Analytical Hierarchy Process: A Case Study of Thai Offshore Oil &amp; Gas Exploration and Production Company</b> Nathavat Sivapornpunlerd and Siri-on Setamanit.....	63
<b>Assessment of Post Environmental Disaster on the Marketing Activities of Small Scale Enterprises in South-South Nigeria</b> Carol Anionwu, Ireneus Nwaizugbo and Steve Ukenna.....	78
<b>The Use of ABC Classification to Analyze Tourism Receipts: A Case of ASEAN Tourists to Thailand</b> Punthumadee Katawandee and Slisa Bhamornsathit.....	88
<b>Estimating Cost of Capital in today's Economic Environment</b> Gurdeep K. Chawla.....	101
<b>Strategic Planning at Unitytrust Hospital</b> Kenneth Meyer, Stephen Clapham and Allison Lemke.....	111
<b>Behavioral International Economic Development Growth Path Model (BIED-GPM)</b> Kenneth Davis.....	126
<b>An Analysis of Intercultural Business Communication</b> Astrid Beckers and Z. Bsat.....	143
<b>Cross-Correlation Bias: The Case of Executive Celebrity and Shareholder Wealth</b> Marcelo Eduardo, Chris Smith and Mike Cudd.....	153
<b>China and the World's Energy Market</b> Victoria Mantzopoulos and Raphael Shen.....	164

## **ASSESSMENT OF POST ENVIRONMENTAL DISASTER ON THE MARKETING ACTIVITIES OF SMALL SCALE ENTERPRISES IN SOUTH-SOUTH NIGERIA**

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**ABSTRACT:** In organizational sciences, existing organization literature holds that enterprises should match or align their marketing practices and strategies with opportunities and threats caused by the environment in which they operate. But this alignment does not necessarily take place in all cases. Organizational science provides the idea that environmental variables may only marginally affect marketing practices. This study attempts to find out how small scale businesses adapted or responded in the post fire disaster situation. The study addresses a gap in literature about the influence of environmental discontinuities (or disaster) on the marketing mix of small scale enterprises (SSEs). 300 respondents (small business owners) who were victims of a major fire disaster in Calabar Watt Market were sampled. A five point likert scale was used to generate primary data from respondents. The data analysis consisted of descriptive analysis and multiple regressions. Four models were examined. Findings reveal among other things that organizations (small scale business) realized that the environment changed, and aligned their marketing strategies/practices. Product and place variables were seen as more effective post disaster recovery strategies than price and promotion variables. It is therefore recommended that marketing strategy should be adopted as a tool for post disaster recovery for SSEs.

### **INTRODUCTION**

Recently, incidents of environmental disaster are on the increase globally. The disaster incidents range from flood, fire, hurricane, storms cyclones, earthquakes, gully erosions. etc, thus causing uncontrollable environmental changes and conditions. These have become problematic and detrimental to life, human society, property and business. Oftentimes, people are displaced of their residents and dispossessed of their property and businesses. All of these cause environmental discontinuities with its inherent threats and opportunities etc (Burton, Kate, White, 1978).

DFID (2004) traditional paradigm of Institutional Theory, postulates the fact that an organization is a creature of its environment, this is true for all forms of organization be it large scale or small scale. The nature of business environment is typically assessed in a situation analysis and the result is used to develop or refine various organizational strategies (Hill and Jones, 2001; Pearce & Rohinson, 2005). Using this as a strategic framework, according to kolinsky (1997) companies can evaluate themselves continually by modifying their current strategies to make them fit into the changing environment. This makes for better positioning of the company. Existing literature suggests that successful enterprises either respond to uncontrollable environment changes or innovate in ways that actually change the environment (Stevenson et al, 1999). Although the uncontrollable nature of business environment is seen as disastrous, yet literature says it can be advantageous because it creates opportunities for businesses to generate solutions capable of offering a competitive advantage.

This calls for environmental scanning which creates the avenues for organization success. Prior literature also state that although the processes associated with environmental scanning and strategic change potentially provide the means for organizational success, companies often respond to the environment inappropriately when it is clear that shifting strategies would seem to enhance business functioning (Haircloth, Valentine, & Bronson 2006). Furthermore, some exponents supporting the external perspective of business strategy “argue that organizations are under such complete control by their external environment that they have little ability to transform themselves to any purposeful fashion” in a short run (Molinsky 1997). Kelly and Amburgy (1991) appears to lend support to this claim using an empirical work which concluded that environmental transition was not associated with increased corporate modification. Baun (1990) also found that changes in the environment resulted in only minimal organizational change.

While it is clear that natural disasters have a significant impact on business functioning, research literature has not generally focused on this problem (Dahlhamer, 1992). Even more worrisome is the realization that many companies ineffectively respond to the discontinuities caused by extreme environmental changes prompted by natural disasters. It is further worrisome and challenging, that the responses of small scale enterprises or small business are not properly understood as this group of business is particularly vulnerable to disruption. Most of the natural disaster recovery literature that does exist is concerned with physical recovery. Therefore, it is timely to empirically embark on this study which focuses mainly on the influence of environmental disaster on marketing practices of small scale businesses.

**Problem and Objective:** The phenomenal increase in the incidence of Environmental Disasters globally has become a matter of great concern. Nigeria also shares in the experiences of the increasing Global Environmental disasters with its overwhelming consequences. On the strength of the foregoing reasons, there is need to execute a Nigeria oriented study on the influence of environmental discontinuity on the Strategic marketing practices of small scales enterprises in

Calabar, CRS Nigeria. Calabar has experienced fifteen (15) fire disaster incidents in 2012 and most have been within marketplaces where many small scale enterprises (SSEs) are housed. This is considered to be on the high side.

It is noteworthy that environmental/natural disaster studies have been conducted in countries like Asia (see Yasuyuki, 1960) on aggregate impact of natural disaster a qualitative analysis. In USA, Horicane sandy and recovery effect 2012 has been carried out. In Canada studies on green house effect on natural disaster reported by a team of researchers in Okanagan.

Extant literature also stated that businesses do not always completely adapt to environmental changes. The purpose of this study therefore, is to investigate these issues by examining the influence of environmental discontinuity on a Nigeria business community (small scale enterprises) operating in a populous market watt market) in Calabar, Cross River State. In related studies by Tansuhaj (2001) and Faircloth (2006), Skidmore and Toya (2002), these discontinuities were manifest in changes in the competition, consumer, and supplier environment.

## LITERATURE REVIEW

Several definitions of Environmental Disaster abound. For the purpose of this study, environmental disaster refers to a specific event caused by natural human activity that results in a seriously negative effect on the environment (Evans, 2011). According to literature, apart from man-made disasters such as oil spill, fire outbreak, etc, there are natural disasters like earthquake tsunami, tornado, hurricane, etc. Whether naturally oriented or man-made oriented, disaster in any form causes changes and discontinuities in the environment. The constantly changing environment requires that businesses be alert to anticipate environmental circumstances which present variety of strategic threats and opportunities (see Grewal and Tansuhaj, 2001.; Kuratko and Hodgetts, 1998, Kotler 2002; tycbjee, Bruno and McIn, 1983). This is because the nature of business environment is typically assessed in a situation analysis, and depending on the results adjustments are made (adaptations) (Hill and Jones 2001; Pearce and Robbinson, 2005).

Using this as framework, Molinsky (1997) states, businesses or companies can position themselves better by continual evaluation and modification of her current strategies so they can fit with the changing environment. UP and SCORE (2007), appreciates that small business owners invest money, time, and resources to make their ventures successful but was skeptical about their preparedness for emergency challenges such as environmental disaster.

Corroborating this line of thought, Nigg and Tieney, (1990) wondered that the response of small businesses regarding environmental problems is not really challenging because such organizations are vulnerable to disruption. Challenges in this regard may mean data loss for typical business outfit and for marketing enterprises adapting their marketing planning practices so as to fit into a post fire environment.

**Theoretical Framework and Hypothesis Formulation:** Earlier and contemporary marketing concept clearly indicated that corporate survival, growth,

and profitability hinges on strategic management and sound strategic plan and application (Hise, 1965). At the centre of this corporate survival are the classic strategic marketing mix elements 4Ps, product, price, promotion and place which constitute the internal variables used for the study. Arguably in the present century, views of marketing have undergone significant revisions in response to changes in economic conditions and environmental systems. This looks at the large environment and how the strategic 4Ps adapt to the changes that occur continually.

To this end, Organization literature suggested that organizations will be sensitive to environmental changes and will align business practices with the changed environment such as the one caused by fire or other environment disasters (Kotler & Keller, 2001). However, there was no consensus in the literature on whether organizations would strategically adapt in response to the post fire environment, or how they might manage the change ISDR (2007). This is because Organizations will be constrained in the amount of change they can contain as a result of other environment factors or conditions.

To this end, it becomes a matter of academic interest as to how SSEs adapt to the discontinuities generated by the fire, and their post fire conditions and practices. The strategic marketing practices identified include the 4Ps (product, price, promotion and place (market) (dependent variables) which are critical to the firm's success. Hence the following hypothesis is formulated:

H<sub>0</sub>: Disaster-related environmental disasters do not have any significant influence on strategic marketing practices (product, price, promotion, and place) of small businesses.

## METHODOLOGY

The design in this study is survey design with both descriptive and inferential intent. The study adapted the data collection instrument constructed, validated (scale) and used by Haircloth, Valentine and Bronson (2006). A purposive sample size of 300 small business owners who have experienced flue disaster in Walt market and other markets in Calabar South CRS was used for the study. Accordingly, 300 copies of research instrument were administered of which 288 copies were properly completed and returned; thereby leading to return rate of 96%.

The likert scale items anchored by "1" point for strongly disagree and "5" points for strongly Agree, were used to measure changes in these strategic marketing practices - which are: (1) Product, (2) Price (3) Promotion (4) Distribution (place). These formed the dependent measures (dependent variables) while the independent variables (multidimensional environment) were competition, supplier and consumers. The reliability of the various sub scales measured via Cranbach Alpha were calculated. The reliability coefficients obtained were product (0.81), price (0.65), promotion (0.83), market (0.68) for dependent variables and competition (0.89), suppliers (0.73) and consumer (0.81). Thus all final measures generally met the Nunnally (1978) criteria.

The data analysis consisted of descriptive and multiple regression. Four models were examined. The three environment variables were regressed against each of the four marketing practice variables (product, price, promotion and place/market)

**Sampling:** Three Hundred (300) small scale business owners in the fire devastated 'Watt Market' and other markets in Calabar South, Cross River State, Nigeria formed the sample for study. These small scale businesses had a capital base worth N150,000 to N200,000, and between 0 — 5 employees. Most of the businesses (85%) went out of business thus facing a period of discontinuity varying between 6 months to one year, and above. Hitherto, 80% of them had been in business for over ten years, while 20% of the affected people had carried on business for five years.

Given that three hundred (300) small scale enterprises (SSEs) were purposively sampled. Based on this figure, 300 copies of the questionnaire was produced and distributed. A total of 288 copies of the questionnaire, after editing, were considered fit for further analysis, which represented 98% return rate. The high return rate was as a result of the researcher adopting a drop-and-pick method.

The socio-demographic characteristics of the respondents further shows that about 99% of the respondents are SSEs with about 90% employ six persons or less in their organizations. The businesses of about 95% of the respondent are located in Walt and Mbakpa markets in Calabar, Cross River State; and they deal in assorted lines of business. The table also shows a fair distribution of gender, age, qualifications and marital status. From the above characteristics, it is considered that the respondents are in a position to supply credible information required to conduct this study.

**Questionnaire Design:** The design used in this study is survey design with both descriptive and inferential intent. The study adapted the data collection instrument constructed, validated (scale) and used by Haircloth, Valentine and Bronson (2006). The likert scale items anchored by "1" point for strongly disagreed and "5" points for strongly Agree, were used to measure changes in these strategic marketing practices — which are: (1) Product, (2) Price (3) Promotion (4) Distribution (place), which formed the dependent measures (dependent variables). The independent variables (multi-dimensional environment) were competition, supplier and consumers.

**Reliability of Instrument:** The reliability of the various sub-scales measured via Cronbach Alpha was calculated. The reliability coefficients obtained were: product (0.81), price (0.65), promotion (0.83), market (0.68) for dependent variables and competition (0.89), suppliers (0.73) and consumer (0.81). Thus all final measures generally met the Nunnally (1978) criteria.

**Model Specification and Variable Description:** The data analysis consisted of descriptive analysis and multiple regressions. Four models were

examined. The three environmental variables were regressed against each of the four marketing practice variables (product, price, promotion and place (market)).

*Variable Description:*  $Y_1 =$  Product;  $Y_2 =$  Price;  $Y_3 =$  Promotion;  $Y_4 =$  Place;  $X_1 =$  Competition;  $X_2$  Supplier ;  $X_3 =$  Consumers

*Model Description:*  $Y_1 = f(x_1, x_2, x_3)$ ;  $Y_2 = f(x_1, x_2, x_3)$ ;  $Y_3 = f(x_1, x_2, x_3)$ ;  $Y_4 = f(x_1, x_2, x_3)$

## ANALYSIS, RESULTS AND INTERPRETATION

The collected data was analyzed using multiple regression analysis, while F-ratio and t-test were used to test for descriptive statistics for the seven variables of the study.

**Result 1: Descriptive Characteristics of Data:** The observed mean score for product is 8.03 with a standard deviation of 2.737. The observed mean score of price is 5.47 as against an expected value of 6.0 with a standard deviation of 1.998. For promotion, the mean score of 16.27 was observed, against an expected value of 18.0 with a standard deviation of 4.476. In the case of market, the observed means scored was 13.73 against the expected value of 15.0 with a standard deviation of 2.661. For competition, the observed means score was 0.43 against 12.0 expected with a standard deviation of 3.206. For suppliers, the observed mean score was 12.34 against 15.0 expected with a standard deviation of 3.397. The mean of 20.77 was observed for consumers against 24.0 expected with a standard deviation of 4.298. All the observed means are below their corresponding expected values.

**Result 2(a): Regression of product on competition, suppliers and consumers:** To find out the nature of influence of competition, suppliers, and consumers on product, a regression of product on the three predictor variables was carried out.

The result shows a coefficient of correlation ( $r$ ) value of 0.189 and determinant of correlation ( $r^2$ ) value of 0.036, indicating that 3.6%. The obtained R-Squared of 0.036 means that about 3.6% of the total variation in product score is accounted for by three predictor variables competition, suppliers and consumers. The P-value (0.016) associated with the computed F-value (3.497) is less than the chosen level of significance. The null hypothesis was thus rejected. This means that the small scale business adapt their product significantly to changes in competition, suppliers and consumers, resulting to the fire incident.

**Result 2(b): Model parameters and t-test for influence of completion, suppliers and consumers on product.**

To find out the relative contribution of the three predictor variables, the linear model parameters were estimated and tested for significance using the student t-test.

The prediction equation is  $y=6.731+ 0.073x_1+0.147x_2+0.062x_3$

Where:  $X_1$  = competition;  $X_2$  = suppliers;  $X_3$  - consumers

With respect to the respective contribution of the 3 indices, the one that contributed most was the suppliers, with 0.18 beta coefficients, followed by competition with 0.086 beta coefficients. Then the least was consumer which contributed negatively to product with 0.097.

**Result 3: Regression of price on competition, suppliers and consumers:**

The analysis was repeated with price as a response variable. The results of the test for significance show that the P-value (0.772) associated with the computed F-valued (0.373), is less than the chosen level of significance, which means that the null hypothesis was thus retained. The import is that competition, suppliers and consumers activities after the fire disaster does not significantly influence price. Only about 0.4% of the total variation in price is accounted for by the three predictor variables.

**Result 4: Regression of place (market) on competition, suppliers and consumers:** The model, parameters were however estimated. The P-value (0.034) associated with the computed F-value (2.930) is less than the chosen level of significance (0.05). Consequently, the null hypothesis was rejected. This means that market after the fire disaster, depends significantly on competition, suppliers and consumers.

The relative contribution of the three predictor variable were estimated and tested for significance. With respect to the respective contribution of the 3 indices, the one that contributed most was the consumers, with 0.096 beta coefficients, followed by competition with 0.051 beta coefficients. Then the least was suppliers which contributed negatively to place (market).

**Result 5: Regression of place (market) on competition, suppliers and consumers:** To test the nature of the influence of competition, suppliers and consumers on promotions, the results show that the P-value (0.952) associated with the computed F-value (0.114) is greater than the chosen level of significance. The null hypothesis was not rejected. This means that promotion after the fire disaster does not significantly depend on competition, suppliers and consumers.

## DISCUSSION OF THE FINDINGS

The first outcome of the analysis is the mean and standard deviation (see table 1) of all the seven variables in the study.

After the fire incident the changes in the independent variables together produced only 3.6% change in product variability. Although 3.6% seems small but P-value associated with the computed F-value is less than the level of significance. This means that there are other environmental variables that are accountable for product variability after fire disaster. The implication of the result is that product



variable is sensitive to changes in the predictor variables. This therefore suggests that strategic adaptation of product variable during a post-disaster marketing operation is likely to quicken recovery. The result also shows that the major source of variation among the predictor variables is the supplier environment indicating that strengthening the relational marketing with the supplier will also help in the strategic product adaptation.

Another marketing variables that shows significant sensitivity is that place (market) variable with a correlation coefficient ( $r = 0.178$ ) and determination of correlation ( $r^2 = 0.20$ ). This shows post disaster changes in the independent variables together produced 2percent change in the place variable. This again shows that the marketer can use market strategy to adapt to post-disaster business operations. The major source of variation in this case is the consumer which is significant ( $P < 0.028$ ) indicating that closer or strengthened relationship with the consumers will also quicken post disaster recovery. Results show also that changes in the independent variables affect the price and promotion variables but their effects are not significant suggesting that the strategic use of the two variables need not be emphasized in a post disaster marketing operation.

The 3 variables do not significantly influence price variability significantly. All the independent variables contribute negatively to the price of the products. Competition, supplier and consumer variables in this table show that the effect is not significant. If there are changes, it may happen only by coincidence. So, company does not need to engage in promotion. Promotion does not respond to changes in the competition, supplies, and consumption.

Result shows that none of the independent variable has a significant influence on changes in promotional activities. However, competition, suppliers and consumers, influenced market practices. This is because competition increased, consumers' preferences changed, they were affected by new products. Individually, only consumers contribute significantly to changes in the market; however, suppliers contribute negatively to changes in market; and competition and consumers contribute positively.

### SUMMARY/CONCLUSION

The findings of this study agree with the argument that businesses will attempt to respond to opportunities created by environmental changes or discontinuities (or disaster) by adapting their marketing strategies (Vincent, 2012).

Much of the literature (for example, Kelly, 2001; Vincent, 2012; Baum, 1990) contend that business should match their strategies with the environment. In other words, if the environment changes the business should adapt to the new condition. Still other researchers (for example, Molinsky, 1997 ) contend the alignment does not necessary take place. However, following the suggestions raised in organization literature, the small businesses studied appreciated the fact that environment had changed and firms aligned or matched their marketing practices.

The result of this study has shown that small scale enterprises in Calabar based on their professional experience and adapt or adjust their marketing strategy

as a way of coping with post-disaster recovery in their business. This finding is in consonance with the findings of Grewal and Tansuhaj (2001), Haircloth, Valentine and Bronson, (2006) who examined the influence of environmental/natural discontinuities/ on business adaption in a post flood situation. This study as well showed an influence of the environmental discontinuity on post fire disaster adaptation.

Finally, the predictor (environmental) variables of consumers and suppliers seem to have the most influence on how small businesses operate while it was also observed that post-fire environmental condition, exerted significant influence on product and place variables, while exerting marginal or limited influence on how small scale businesses adapted to price and promotion variables in marketing.

### RECOMMENDATIONS

Since this study has revealed that small scale entrepreneurs resort to marketing strategy as a means of coping with environmental discontinuity/disaster, it is recommended that strategic marketing practice be popularized as a feasible resort in an instance of environmental discontinuity/disaster arising from fire or other natural hazards. It is also recommended that in an instance of post disaster strategic marketing practice, product and place variables are emphasized since they showed higher potency to fast-track recovery. It is also recommended that the supplier environment and the consumer environment which are typically within the external controllable domain be seen more as opportunity than threat as the marketer can take deliberate steps to build and strengthen relationship with them.

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