

Evaluating the Impact of Virtual Communities on
the Organizational Effectiveness of
E-Commerce Startups

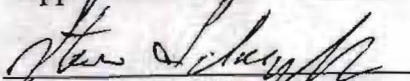
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Paul M. Bleier B.Sc. (Hon)

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Steve Schlough

The Graduate School
University of Wisconsin-Stout

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The Graduate School
University of Wisconsin-Stout
Menomonie, WI

Author: Bleier, Paul M.
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ABSTRACT

Cybercentrism is an emerging management model that describes a new breed of manager who navigates competitive e-commerce environments by using evolving technological dynamics to capture just-in-time visions of market realities. As organizations continue to become virtually extended, past organizational effectiveness models are fast becoming obsolete in the face of this new management mindset. To address this need, a conceptual model of organizational effectiveness was classified and evaluated using virtual community forum participants (n=40), who were highly dedicated, and involved with an e-commerce startup. A web survey instrument was designed and deployed to investigate the impact of one cybercentric CEO's decision to leverage a virtual community forum and its participants to drive business development. The results suggest that the newly classified conceptual model of organizational effectiveness was successful in acquiring unexpected intellectual assets, while, also aligning the stakeholders towards the organization's vision, strategic direction, and intent. Undesirable effects of the conceptual

model of organizational effectiveness were inconsistent messages, lack of accountability, and sacrificing short-term operations in order to advance the long-term vision. The possible implications of these results for organizations looking to establish strong digital identities within today's connected global economy are discussed.

Acknowledgments

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CHAPTER I: INTRODUCTION AND BACKGROUND

The ascent of the global digital economy over the last ten years has posed new and unexpected challenges for entrepreneurs and their organizations. Kickul and Walters (2002) suggest these challenges are the direct result of an exploding electronic marketplace, which, in just ten years, has ushered in a new collective mindset for how organizations should think about operating in this new environment. The structure of this new marketplace consists of collapsing boundaries among firms, suppliers, competitors, and a new breed of demanding consumer that insists upon immediate and thoughtful answers and feedback. Factor in the consumer's ability to now express instantaneous buying power across multiple industries, and businesses need to begin to seriously look at improving their static and sometimes stagnant organizations. Today, across every industry and sector, senior executives and management at every level are beginning to explore innovative entrepreneurship strategies and models that have the potential to add hidden value to existing operations.

Gone are the days when the price of goods and services alone were sufficient to obtaining a significant market share and competitive advantage. In what has become a fierce and highly competitive economy, savvy entrepreneurs strongly believe that the only true differentiator among organizations today is their ability to establish and maintain meaningful and enduring relationships with stakeholders (Kickul and Walters, 2002). To meet this need, a host of organizations today are in the formative stages of testing and refining mass collaboration methodologies that will work for their businesses. The goal is simple: establish not only a one-to-one relationship with employees, but listen to and solicit your consumers to assist you with strategic business decisions. Assisting

today's organizations with this value proposition are a collection of information technology resources that have gained in both popularity and availability. From Blackberries and iPhones to the Facebook generation, computer-mediated communication (CMC) tools and social networking are providing an efficient and direct platform for organizations to reach out to consumers. Organizations not quick enough to identify the value of collaborating with their stakeholders using these computer-mediated communication tools may just wake up one day and be horrified to see drastic declines in their bottom lines and market presence.

Sadly, current literature suggests that most of today's organizations show poor planning practices and still remain quite far off from creating beneficial "one-to-one" relationships with stakeholders (Decou and Kao, 2003). Consequently, a unique opportunity now presents itself for managers and visionaries alike to revolutionize how to interact and interpret the needs of all stakeholders. Their plan is simple: begin the alignment and integration of simple yet powerful internet-based communication technologies and generate added value of which shareholders and board members can be proud. Managers across multiple industries could potentially benefit from this largely undiscovered supply of information and resources. Not only would the establishment of a strategic CMC plan increase empowerment, accountability and mutual collaboration, the plan could grow concurrently with the business during critical junctures in its development.

Mass collaboration using multiple forms of CMC is changing the way we think, feel, and respond to business in the twenty-first century. In what some CEOs are calling the next bible for contemporary business, the book *Wikinomics* explains in startling detail

how hierarchical lines of authority across every major industry are diminishing at ever increasing rates (Tapscott and Williams, 2006). Instead, new models of production based on communities, self-organization, and collaboration are slowly becoming the focal point for many of today's top producing organizations. Goods and services are invented, produced, marketed, and distributed globally not by producers or consumers, but by what Tapscott and Williams refer to as "prosumers". Unlike producers and consumers who solely develop and use end-products, prosumers use CMC tools to simultaneously co-create with organizations to advance their profitability and society as a whole.

However, for organizations to advance their profitability and ultimately benefit from prosumer involvement, business leaders must begin adopting a new set of competitive principles. The new economic environment requires managers who are willing and able to shift their strategies in order to operate based on principles of openness, peering, sharing and global participation (Tapscott and Williams, 2006). On the outset, what seems like a monumental task is nonetheless compensated for by the level of electronic connectedness our global marketplace currently enjoys. With a simple internet connection, regardless of location, anyone is now able to stake their claim and participate in our global economy. Through the process of peer production (collective action), prosumers are empowered to participate and assume active roles within their workplaces and external communities of interest. As a result of this increased collaboration and connected prosumer involvement, organizations' innovative capability to generate additional wealth is limitless.

Nevertheless, for prosumers to be invited to participate in this co-creation process, organizations need to begin to embrace openness at all levels of the business. In the 2003

book *It's not how good you are, it's how good you want to be*, Paul Arden, an ex-Saatchi & Saatchi creative director, adamantly suggests that success rests upon the premise that one should never covet their ideas. He explains that managers who hoard knowledge and information reduce their capabilities by the very act of claiming ownership. Google's founders may not have read Arden's book, but their leaders definitely followed Arden's advice by making their APIs (application programming interfaces) available for public consumption. As opposed to zealously guarding their proprietary knowledge, Google routinely allows open source programmers to integrate their APIs into external websites (Tapscott and Williams, 2006). The advantage in this logic is twofold. First, by sharing proprietary software under general public licenses, Google provides the bricks and mortar to eager and ambitious prosumers anxious to pave the foundation for the next great web enabled service that may one day be an acquisition target. Secondly, Google benefits by increasing their exposure and digital identity.

Moreover, because of the ever increasing transparency and openness among today's organizations, the general public has access to much more information about operations, performance, and corporate behavior than ever before. "Armed with new tools to find out, inform others, self-organize, stakeholders are scrutinizing the firm like never before" (Tapscott and Williams, 2005, p. 22). The year 2006 marked the first time that the programmable web eclipsed the static web in terms of user traffic: Wikipedia beat Encyclopedia Britannica, Blogger beat CNN, and Craigslist beat Monster. According to Tapscott and Williams (2006), the difference was that the winners launched vibrant communities while the losers launched websites. And because communities of interest spread virally across the Internet and are not subject to physical and regional boundaries,

they are an invaluable resource for organizations seeking global participation. By reducing redundancies and integrating best practices, Ralph Syzgenda, CIO of General Motors, says that his organization can begin to treat the "...whole world as if it were one country" (Tapscott and Williams, 2005, p. 30).

The organizations that will benefit the most from utilizing mass collaboration and the competitive principles previously discussed are those that are engaged in ecommerce. However, ecommerce development does not materialize overnight and many managers are far too quick to implement unproven, untested methods. Ecommerce is a complex process that follows an evolutionary cycle of technological experimentation where the aim is to transform stakeholder propositions into a viable and profitable presence with no boundaries (Jiwa et al., 2004). To assist managers in overcoming this hurdle, Jiwa et al. (2004) gave examples of organizations beginning to use Netpreneur simulation models in order to expand their online presence. The purpose of a Netpreneur model is to establish a theoretical framework of entrepreneurial processes for ecommerce in a simulated virtual world, as opposed to making costly mistakes in the e-economy. The aim of these simulations is to create a framework for business development that is sustainable, profitable, and supported by stakeholders. Regrettably, since these simulations are proactive, managers today still lack a development and planning framework to analyze the concurrent effects of their management behavior on stakeholder relationships.

The reality facing business leaders is that past organizational effectiveness models are fast becoming ill equipped to handle the rigorous technological demands imposed on today's virtually extended organizations. Building upon this weakness, the goal and focus of this research is to evaluate the impact of virtual communities on the organizational

effectiveness of ecommerce startups. After this evaluation has concluded, a strong case will be made to propose a novel organizational effectiveness model that is sensitive and responsive to the future demands of an organization's stakeholders during all stages of business development. In theory, this novel model of organizational effectiveness will test the efficacy of managers who utilize the power of CMC and mass collaboration during the crucial early stages of developing their organizations. Specifically, this research will attempt to show that organizations across many industries can exploit virtual communities for far more strategic endeavors than just the standard marketing, satisfaction, and grievance platforms. The remainder of this chapter will outline the problem statement, objectives, and significance of the research.

Statement of the Problem

The purpose of this research is to classify and evaluate a conceptual model for organizational effectiveness based on an emerging management style known as cybercentrism. With the assistance of established virtual communities and an organization in the formative stages of advancing their strategic agenda, a web-survey instrument will be designed and administered to evaluate stakeholders' perceived value and approval of management's decision to leverage an internal virtual community to drive business development.

Research Objectives

This research study will focus on evaluating the impact of virtual communities on organizational effectiveness. Based on the results of this evaluation, the goal is to classify and evaluate a conceptual model for organizational effectiveness that can continuously adapt to the changing demands of a connected global economy. This conceptual model

will be assessed against current trends in CMC and management literature. Therefore, the objectives of this research are to:

1. Classify and evaluate a conceptual model for organizational effectiveness by exploring the impact of a virtual community forum on the organizational effectiveness of an ecommerce startup.
2. Analyze whether management theories such as cybercentrism are beneficial or detrimental to stakeholders of an ecommerce based startup
3. Provide evidence that organizations with strong digital identities will stand out within their respective industries, and be better positioned to operate within today's connected global economy.

Significance of the Study

To date, customer service has been one of the most important metrics in evaluating the success of an organization's online presence. It is not uncommon to here about organizations moving one or more aspects of their operations online in order to be closer to loyal consumers. This multi-channel, end-to-end consumer support has become an essential component among today's popular organizations. From social networking and blogging to wireless text messaging and live, on-demand, customer support, the variability and anonymity built into today's CMC tools have spawned the age of invisible consumerism. Unlike traditional face-to-face consumers, an invisible consumer is almost always in a hurry, and extremely knowledgeable about service experiences from many industries and competitive companies. At the present time, there is no model of organizational effectiveness that formalizes a framework to capitalize on the breadth of knowledge these invisible consumers bring to the table. This research study will impact

business education by attempting to prove that ecommerce based organizations can add significant value and sustainability to their operations by using virtual communities and social networking to concurrently implement stakeholder suggestions into ongoing business development.

For organizations to even begin to evaluate these propositions, however, stakeholders must be willing to make a conscious effort to disclose relevant information concerning their purchase or service experience. It is this truth that has fostered a new era in service management known as customer relations management (CRM). CRM is an information industry term for methodologies, software, and usually Internet capabilities that assist an organization in managing its customer relationships. Regardless of how, when, or where customers choose to interact with a business, an efficient CRM plan will produce a decisive advantage for organizations in crowded and fiercely competitive markets (Thompson, 2005).

The direct integration of effective CRM plans and customer service applications into the supply chain was partially pioneered by an industry that was, at one time, so powerful that it re-wrote the rules for how to create meaningful customer service relationships on the Internet. At one point, generating approximately \$10 billion in profit a year, the Internet gaming industry was illegal yet thriving on desktops worldwide (Stahl, 2005). By 2006, approximately 12 million Americans were using the Internet for gaming related activities. Due to this incredible participation rate at the time, organizations within the industry set their service standards very high. This included CRM strategies based on customer loyalty, retention, and capitalizing on the consumer's ability to express instantaneous buying power.

During the fall of 2006, the thriving Internet gaming industry was dealt a serious blow when the Unlawful Internet Gambling Enforcement Act (H.R.4954) was passed by President George W. Bush. This law prohibits U.S. citizens from placing wagers at offshore betting establishments, and single-handedly crippled multiple publicly traded gaming related companies listed on the London Stock Exchange. Although this bill drastically changed the landscape of Internet gambling and gaming worldwide, the customer service lessons obtained from these organizations prior to their collapse would be a great example to follow for many ecommerce based businesses.

One such ecommerce business that models many of these best practices for customer service is AllSportsMarket, an emerging derivatives exchange, herein referred to as ASM. ASM went live in August of 2004 and has generated a profit every month since its launch. It is an innovative and one-of-a-kind service that has the potential to capture enormous market presence within both gaming and global financial markets. Not to be confused with a betting establishment, ASM bills itself as the world's first global sports financial exchange built on the same professional trading platform used by the gurus of Wall Street and the NASDAQ (ASM, 2007). Sports enthusiasts can buy and sell derivative instruments tied to the performance of their favorite sports teams and professional players within a global financial exchange that never closes. The Unlawful Internet Gambling Enforcement Act (H.R. 4954), signed into law on October 13, 2006, contained specific provisions for the legal operation of a sports derivative exchange in the United States. Management is currently in the final stages of securing regulatory and compliance approval to operate the exchange in the United States.

Unlike traditional betting establishments where a player's stake is wagered against the house, clients of ASM compete for profit against other traders and brokers from around the globe. Traders earn money from the rise and fall of their derivatives as well as from ASM's exclusive performance-based dividend system. Aside from its ingenious market positioning, ASM's relevance to the current research stemmed from their dynamic organizational infrastructure that included live customer care agents and a once bustling un-moderated virtual community forum of clients and stakeholders that interacted one-on-one with management. This internal virtual community was ASM's guiding light throughout the course of its early business development. By all accounts, ASM was one of the first ecommerce-based businesses to harness a virtual community forum to connect with its stakeholders in order to drive strategy. Throughout its development, the virtual community was routinely called upon to assist management in achieving its vision of one day becoming a legally recognized and regulated North American financial exchange.

As ASM continued to rapidly progress and meet the milestones it had set within its business development plan, an event occurred that drastically altered this research project. At 8:35 a.m. on March 5th, 2007, after two and a half years of client participation, ASM was advised by its legal counsel and board of directors to immediately remove the virtual community forums from the trading platform. Because ASM was focused on becoming a regulated derivatives exchange, the Commodity Exchange Act, 7 U.S.C. (the "Act") would become part of the governing regulation for ASM. The Act bases its regulatory framework on two factors: the nature of the commodity, and the nature of the participant. Under this matrix, the higher the level of regulation applied, the greater the

possibility of manipulation for the commodities traded on the market. As the virtual community forum was a place of free speech among clients and management, it was determined that keeping the forum open may be looked upon as an unintended source of market manipulation and, thus, prevent ASM from obtaining United States regulatory approval. Effective immediately upon notifying clients of the forum's closure, management released a statement indicating that the virtual community forum would now only serve as a public notice board for important announcements.

Although this announcement was a shock to this research, it should be looked upon as the single most important event in the developmental progression of ASM. To be taken seriously by the Commodity Futures Trading Commission (CFTC) and Securities and Exchange Commission (SEC), ASM management needed to be very proactive in order to guarantee compliance. Therefore, through an analysis of past stakeholder interactions with management while the virtual community forum was in operation, the current research will attempt to classify and evaluate the efficacy of developing a new conceptual model for organizational effectiveness.

The first step in trying to classify this new model occurred two years prior. To be assured that ASM continued down a path of excellence, in December of 2005, the President and CEO enlisted the services of a knowledge strategist from the University of Wisconsin-Stout to conduct a pilot study needs assessment. The purpose of this project was to measure the response rate and dependability of ASM's virtual community participants. Following preliminary discussions with management, the needs assessment was to examine the quality of customer service, the usage and value of the virtual community, and overall functionality of ASM's website. The goal of the pilot study

needs assessment was to find the “gap” between current and desired client expectations, which would assist ASM in providing a more seamless integration of future services.

ASM has always prided itself on being an online business that delivers first class customer service. The CEO and employees were very proud of the results of the pilot study needs assessment. Approximately 264 clients took the time to respond to a web-based survey. Astonishingly, out of 350 clients surveyed, an incredible 75 percent responded. Although this is an extremely high response rate for any research endeavor, this level of involvement was very normal for the dedicated and involved clients of ASM.

The customer support staff was extremely delighted with a mean client response of 4.0 ($SD = 0.15$) on question eight of the survey which asked clients: “In thinking about your most recent experience with ASM, please rank the quality of customer service you received.” The very low standard deviation indicated a strong agreement among the 175 clients that responded to the question. In the domain of customer service, the two lowest mean response items were focused on waiting time for questions to be properly addressed (3.70), and the speed in which a problem was transferred to the appropriate individual who could best provide a solution (3.60). A five-point Likert scale was used for all interval ratio related questions. Overall, the high response rates and positive results from the data for the most important customer service items provided the efficacy for re-engaging the same target population in order to evaluate and classify a new model of organizational effectiveness.

Limitations of the Study

This is a quantitative study and the results are reported in the form of variables. The variables established in this study are based on the review of literature and content

taken from validated public surveys. Thus, the analysis of a conceptual development for a new model of organizational effectiveness will not only be based on the literature reviewed, but on the quality and quantity of information received from the target population. Anticipated limitations of this study will be in the following areas:

1. Generalizability of the results will be confined to ecommerce-based start-up businesses.
2. Access to the target population is subject to management's approval and, subsequently, on their timeline.
3. Participant response rate is dependent on clients making a conscious effort to respond to a discussion board posting containing a link to a web-based survey instrument.

Assumptions of the Study

The assumptions of this study during the initial planning phase for this research were:

1. Executive management at ASM would continue to engage stakeholders in the virtual community and act in a cyber centric manner.
2. Executive management would elect to keep the virtual community free of moderation.
3. Executive management would continue to support this research initiative and provide full access to relevant data and information as it is required.
4. The virtual community would continue to grow and include fresh new perspectives on the organizational effectiveness of using virtual community forums to drive business development.

Definition of Terms

Below is a list of definitions and terms that will need to be understood in order to comprehend the material in this research. These terms and definitions will be used throughout this document and it is imperative that they be covered.

Computer-mediated Communication (CMC). A form of interpersonal communication that occurs within computer and information technology environments, and is restricted to a large extent to the printed word (Fowler and Pitta, 2005).

Cybercentrism. A new management model that describes today's new breed of managers who operate in fiercely competitive and highly interactive digital economic environments. Cyber centric managers are able to capture "real-time" visions of market realities without any physical size limitation that would normally accompany the growth of corporate operations (Gordon, 2001).

Digital Identity. The electronic representation of a real-world entity. The term is usually taken to mean the online equivalent of an individual human being, but a broader definition also assigns digital identities to organizations, companies and even individual electronic devices. (Gefen and Ridings, 2004)

Organizational Effectiveness. There is no single definition to account for this term, but there are many ways to measure the effectiveness of an organization which include examining productivity, profits, growth, turnover, stability and cohesion (Scott, 1977). The diversity of theoretical perspectives over the years accounts for the variety of these effectiveness measurements. A more detailed

examination of these theoretical perspectives will be highlighted in the literature review.

Social Networking. An Internet-based platform that encourages people to collaborate, work together, create collaborative knowledge, which makes it easier to extract and analyze (Wladawsky-Berger, 2006).

Stakeholder Analysis. A process for systematically gathering and analyzing qualitative information to determine whose interests should be taken into account when developing and/or implementing a policy or program (Bechtel and Squires, 2001).

Startup. While any new company could be considered a startup, the description is usually applied to aggressive young companies that are actively courting private financing from venture capitalists, including wealthy individuals and private equity partnerships.

Virtual Community. A collection or group of individuals who may or may not meet one another face to face, and who exchange words and ideas using computer-mediated communication tools such as bulletin board forums and networks (Rheingold, 1987).

Virtual Organization. A virtual organization is a collection of geographically and culturally dispersed entities (persons and/or organizations) who are dependent upon information technology (IT) to pool their core competencies and resources together to achieve a collective goal (Lin and Lu, 2005).

CHAPTER II: LITERATURE REVIEW

Chapter two includes a review of literature related to organizational effectiveness, a new management philosophy, and the prevalence of CMC for collaboration and partnering. Specifically, this chapter will explore the following areas:

- Organizational effectiveness
 - Historical perspectives
 - Contemporary logic and models
- Virtual organizations
 - Characteristics
 - Life cycles
 - Advantages and disadvantages
- An executive management profile for today's virtual organization
 - Cybercentrism – a new management mindset
 - Strategic innovation
 - Knowledge management as intellectual capital
- Computer-mediated communication
 - Clarity of conversation
 - External realities
 - Intentions and conversational norms
- Virtual communities
 - Historical perspectives
 - Social contracts and hospitality
 - Characteristics of bulletin board forums

- Business function and utility

Reading this literature review should better one's understanding of the key concepts and theories that form the basis for this research and provide a solid foundation from which a novel conceptual model of organizational effectiveness can be classified and subsequently evaluated.

Organizational effectiveness

There is a rich history of organization and management science that extends back almost one hundred years to the time of the industrial revolution (Baker and Branch, 2002). The theories and research established over this time span have evolved and been integrated into many of the companies, governmental agencies, and not-for-profit organizations that exist in today's global society. Although the theories and research differed, the subject matter remained the same. Studying people and their organizations, workers and their managers, and systems and networks over the last hundred years has shaped the thinking and behavior of organizational effectiveness (OE) practitioners. However, as organizations matured, so did the pressure to find the best management techniques that would produce greater accountability and productivity in business environments with diminishing resources. Organizational effectiveness was the management science that attempted to tackle these objectives. Regrettably, there is no clear consensus in the literature for what exactly is meant by "organizational effectiveness" or how it is measured (Bryman, 1989; Cameron and Whetten, 1983; Quinn, 1988).

Generally, the literature is ripe with disagreement over what properties and dimensions are encompassed by organizational effectiveness and whether it is a singular

or multi-dimensional construct (Cameron and Whetten, 1983; Elkin and Molitor, 1985; Kimberly and Rottman, 1987). The singular views are different based on the way in which an organization achieves its goals (Etzioni, 1964) to how organizations adapt to, manipulate and fulfill the requirements of the external environment (Katz and Kahn, 1978). Similarly, the multi-dimensional views vary on the basis of adaptability, flexibility, productivity, satisfaction, profit, resource acquisition, and absence of strain (Steers, 1975), to the organization's determination to adapt, grow, and maintain itself regardless of function (Schein, 1970).

Baker and Branch (2002) simplify the above criteria for organizational effectiveness by examining three units of analysis across two easy to understand dimensions. Every organization is composed of individuals who operate within clearly defined systems. Therefore, individuals, organizations, and systems should be thought of as the principal units of analysis for which attention/interaction can be directed either internally or externally. The basis for this three-unit, two-dimensional analysis is at the core of many management theories, but has undergone significant changes in the past one hundred years. As cited in Baker and Branch (2002), Dooley (1997, p.69) observed that each era's management theories somewhat mimicked the existing paradigm of that era's seminal scientific theories. During the nineteenth and early twentieth centuries, the organization was viewed as a machine with top down authority and control because of scientific theories such as reductionism, determinism, and equilibrium. But as scientific theories increased their emphasis on adaptive self-organizing systems, organization and management sciences began to increase their emphasis on external environment interactions, participation, worker motivation, and the role of learning in the workplace.

Let us now explore the major concepts and trends in organizational effectiveness by highlighting the work of key contributors within this field of research.

The most complete treatment of the various proposed models of organizational effectiveness was proposed by Quinn and Rohrbaugh (1981, 1983) when they introduced a comprehensive classification scheme (Table 1). This classification scheme proposed four models of organizational effectiveness, each dealing with a different facet of the organization process – from inputs all the way through to goals.

Table 1

Models of Organizational Effectiveness Based on Quinn and Rohrbaugh (1981, 1983)

<u>Models</u>	<u>Definition of organizational effectiveness</u>
Goal Attainment (Rational Goal)	Goal attainment
Human Relations	Satisfaction of member; morale; cohesion
Internal Process	Internal health of organization; quality of internal communication; quality of routine procedures; self monitoring of members
Open System	Ability of organization to adapt; acquisition of scarce resources; adjusting to external changes; satisfaction of strategic constituencies

Goal attainment model. This model of organizational effectiveness points to the rational organization that outlines a clear set of goals. The organization achieves organizational effectiveness when internal objectives are met and underlying goals are achieved (Georgopoulos and Mann, 1963; Mott, 1972; Perrow, 1961). Scott (1977)

suggests that the goal attainment model implies a mechanical model where the emphasis is on increasing profits by introducing processes designed to increase productivity and efficiency. Organizations that used the goal attainment model were very much considered closed systems run by management that were oriented towards organizational order and control (Scott, 1987). Furthermore, only formal and rational methods would be considered to achieve the organization's specific goals and milestones. In other words "thinking outside the box" was not encouraged or tolerated.

Human relations model. As management science drifted further away from command and control philosophies to more of an emphasis on winning the hearts and minds of organizational participants, the human relations perspective was born. The emergence of this perspective can be traced back to Mayo's (1945) pivotal studies triggered by the Hawthorne Effect, which demonstrated that commitment and loyalty are often more important than self-interest and formal sanction when considering the behavior of organizational members. Organizational effectiveness in this model is equated to staff job satisfaction, absence of conflict and tension, good interpersonal relations, and high morale. Although this model stresses the importance of satisfying members of an organization, it would be unwise to think that this would be the ultimate goal of any for-profit firm. Job satisfaction may be an important attribute of an organization, but its true value and importance comes from the impact it delivers through functions such as service delivery. Put another way, fulfilling this social element is merely a replacement indicator of a final goal. The human relations movement sparked the beginning of research in such areas as informal, normative structures; organizational

cooperation; organizational culture; leadership; motivation; morale, and then eventually teamwork (Peters and Waterman, 1982).

Internal process model. In their third model of organizational effectiveness, Quinn and Rohrbaugh talk about organizational effectiveness in terms of the internal health of the organization. This model proposes that because the demands of an organization are so complex and dynamic, it is not possible to identify a fixed number of goals in a significant way. The model therefore proposes looking inwards into the internal guts of the organization at characteristics such as quality of communication, quality of procedures, and the ability of organizational members to monitor their own behavior. Today, extensive research and work is being done by numerous strategy consulting firms to analyze the health of organizations. Hay Group, a global management consultancy, has become world renowned for their 60 years of research in this subject area. Using assessment tools and behavioral-based evidence, customized leadership development programs focus on managerial competency development, leadership style, and proven methodologies for creating healthy and productive work climates.

Open system model. The fourth and final model of organizational effectiveness describes the ability of an organization to react to the changing demands of the external environment by acquiring scarce resources, adapt to externally induced changes and satisfy strategic constituencies. Cunningham (1978) elaborates on the concept of adapting to external particulars in the environment by suggesting that organizations need to be able to bargain and optimize their physical and intellectual capital with any number of decision makers who may have different objectives. In addition, external resources may have to be acquired to restore or maintain the balance of the entire system. The focus of

this model is not on goals, but rather on the relationships with the external environment. Sensitivity to the needs of both internal and external constituents becomes paramount to the success of the organization and its defined goals. The open systems model is by far the most current and relevant model of organizational effectiveness to this current research.

In summary, the above organizational effectiveness and management science literature clearly demonstrates an evolution in organizational logic over time. In the beginning there was the closed rational perspective, followed by a natural open perspective. Building on the natural open perspective, today's organizational logic is based on organizations that strive to be agile, environment-oriented, networked systems. Baker and Branch (2002) describe in further detail the differences among three organizational logics in Table 2. As mentioned previously in chapter I of this paper, networking and collaboration have become extremely important indicators of organizational success in today's dynamic business environment. Therefore, many of the characteristics outlined in the third logic of Table 2 may just be the answer to the issues facing many of today's organizations. In the next section of this literature review, a contemporary organizational structure is explored by investigating just what it means for a business to be considered a virtual organization.

Table 2

The Changing Logic of Organizations from Baker and Branch (2002)

<u>Logic I</u>	<u>Logic II</u>	<u>Logic III</u>
Bureaucratic Control	Engagement	Networking and Collaboration
Internal Orientation	External Awareness and Adaptation	External Positioning Orientation
Internally Oriented	Internal Oriented Lateral	Externally Oriented
Hierarchical Relationships and Processes	Relationships and Processes	Relationships, Partnerships, and Alliances
Generic Organizational Design	Contingent Organizational Design	Flexible and Fluid Network Design
Organization Designed around Internal Functions	Organization Designed around Externally Oriented Products and Customers	Organization Designed to Effect Positioning in External Environment
Primary Value-Added is Management	Value-Added of All Employees	Value-Added of Partnerships and Alliances
Management Focus	Leadership Focus	Facilitation Focus

Virtual organizations

Since the tech boom of the early nineties, organizational structures and management science has undergone a radical realignment. As competition escalated across most industry sectors, entrepreneurs became consumed with finding the next great process that would reduce their cost centers without sacrificing profitability and market

share. The driving force behind this act of entrepreneurial self-discovery was none other than the rise of ecommerce. Today, ecommerce is interwoven into the fabric of business models because of an ever increasing amount of firms adopting organizational structures known as virtual organizations. A virtual organization is a collection of geographically and culturally dispersed entities (persons and/or organizations) that are dependent upon information technology (IT) to pool their core competencies and resources together to achieve a collective goal (Lin and Lu, 2005). According to Lin and Lu (2005), virtual organizations are well positioned to provide management with the necessary flexibility to operate in competitive ecommerce environments where radical innovation is required to sustain marketplace advantage.

Nokia, Nike, Reebok and Apple Computer are just four of many prominent firms that took the innovative leap to operate as virtual organizations (Buckenmyer, Eom, and Stough, 2000). These early adopters realized the potential of restructuring to become a virtual or networked organization and leveraged this opportunity to drive strategy. Their goal was to consistently engage in collaborative activities that provided value to their customers, even if it meant utilizing resources outside of their respective traditional organizational boundaries. This goes above and beyond just outsourcing, which was primarily used for downsizing to introduce alternative pathways for the acquisition of specialized team expertise to complete a total product or service (Buckenmyer et. al, 2000). Due to the fact that most organizations lack expertise in one or many areas, the virtual organization provides an efficient way of bringing human resources together more quickly than if they were assembled in a single location. Virtual organizations have no central office or hierarchy and are built upon electronic linkages among people otherwise

separated by vast distances. It is this distance factor between virtual teams of contributing individuals that differentiates the virtual organization and its array of information technology from other organizational structures.

Since all organizational members are dependent on information technology for coordinating their activities, IT is essentially the lifeblood of a virtual organization. Multiple network communication technologies have assisted the redesign of the traditional corporate architecture by channeling strategic business decisions horizontally across the organization, resulting in reductions to transaction and operating costs, as well as noticeable increases in profits (Lin and Lu, 2005). Virtual organizations that embrace information technology now possess the necessary tools and environmental ingenuity to eliminate the two oldest barriers to productivity: time and location. By not focusing effort on removing these barriers, virtual organizations with intensive information and knowledge demands can spend more time concentrating on tasks related to innovation to create and refine new services and products.

Overall, all virtual organizations share four characteristics that make them attractive organizational structures in today's economy. These characteristics include: operating in multiple locations, decentralization of organizational power and responsibilities, an eagerness and acceptance for organizational change, and cooperation and synergy (Lin and Lu, 2005). The ability to exist in multiple locations spanning great geographical distances while keeping overhead costs low is the biggest selling point for the virtual organization. Also, by abandoning vertically integrated hierarchical structures, the virtual organization is able to engage customers and create a heightened sense of empowerment internally among its employees. Empowerment then has a habit of

becoming contagious and being a key ingredient for establishing eagerness and acceptance to change at all levels of the organization. Altogether, the first three characteristics, when combined over time, will produce greater cooperation and synergy, the fourth characteristic of virtual organizations.

Comparable to traditional organizations, virtual organizations progress through multiple phases to form business life cycles. As cited in Wang (2000), a model proposed by Strader et al. (1998) suggests that a virtual organization transitions through four phases during a typical business life cycle. The four phases are identification, formation, operation, and termination. During each of these phases management must make educated decisions on processes such as partner evaluation and selection, operation design, and partner termination. Successful virtual organizations learn to quickly master the most important of these phases which is the coordinated negotiation for the selection and retention of key partners (Wang, 2000). Negotiation becomes of utmost importance when virtual organizations demonstrate inefficiency and changes must occur to underlying business processes. Through a process called dynamic switching, virtual organizations are adequately prepared for rapid redesign by introducing new partners that management feel can fill the void where others have failed (Wang, 2000).

Although the virtual organization-streamlined, efficient and responsive, may look like an excellent solution for firms looking to increase their innovative capabilities, there are some disadvantages to consider when implementing this organizational structure.

Buclenmyer, Eom and Stough (2000) suggest the following:

The management implications of virtual teaming are significant, however, and an organization must be cognizant of potential problem areas. For example, when

there is a reduction in the amount of formal/informal contact within the ranks of the workforce there is a potential for:

- Loss of contact with management and workers (e.g., day-to-day discussions, water-cooler philosophizing, networking, etc.)
- Loss of culture where vision, mission, and core values of a “hero” play a significant role in success.
- Lower productivity because of an inability of people to handle the freedom of the virtual environment (e.g., lure of TV, family demands, lack of designated work space, etc.).
- Less effective oral communication skills among employees.
- Lower levels of “idea transplant” in communication because one is unable to observe body language and non-verbal cues.
- Dissatisfaction with the reward and recognition systems for outstanding performance. (p. 376)

Although these problem areas look very discouraging to the implementation of a virtual organization, in the next section of this literature review you will be introduced to a new breed of executive manager that has the necessary skills and tools to address these problem areas as they arise.

In the meantime, the majority of scholarly work consulted for this current research suggests that the benefits of virtual organizations far outweigh the costs outlined above. If created properly, virtual organizations can adapt to fast changing environments because of their flexibility to add and subtract human resources that possess both spatial and temporal independence (Lin and Lu, 2005). Additionally, a virtual organization’s

dependence on forming coalitions or federations with external partners keeps everyone well informed. Since each participant in the virtual organization has virtually equal power in the management process, informed consent is always present for key business decisions as they travel not vertically, but horizontally across edgeless boundaries (Wang, 2000). For the purpose of this exploratory research, however, the most important benefit of creating a virtual organizational structure is that it can be created with very minimal startup costs assuming the necessary information technology infrastructure is already in place or can be acquired inexpensively (Buckenmyer, Eom and Stough, 2000). Other benefits to establishing a distributed virtual organization include increased productivity, low overhead, increased access to hidden talent, and the ability to instill an environment where employees are more proactive with strategy design (Biggs, 2000).

Executive management profile for today's virtual organizations

As more and more businesses evolve towards a more virtually-extended enterprise, human capital will play a defining role in the success of achieving these initiatives. Specifically, executive power brokers and senior management must be willing to adopt a new strategic mindset. The days of the geocentric corporate architecture, defined by hierarchical structures and vertical command, has rapidly diminished in the face of expansive technological advancements (Gordon, 2001). As enterprises move from a terrestrial-grounded direction to a "space", or virtually-extended configuration, a new cyber-based management model has emerged. Gordon (2001) refers to this model as cybercentrism, "the management of the highly interactive digital economic universe, capturing a 'real-time' vision of market realities without physical size limitations to corporate operations or growth" (p. 677). The goal of this cyber-based management

strategy is to support existing and future knowledge platforms through the re-engineering of business functions that would establish more open networks and systems.

In addition, by managers accepting a more virtually "universal" model, the virtual organizations of today will be better able to initiate problem-solving strategies that are better suited to the customer-centric nature of today's digital economy. The strong orientation towards customer-service can be attributed to the rise of on-line, multimedia-enabled networks that have created instantaneous and powerful virtual knowledge relationships (Gordon, 2001). Therefore, the cyber centric managers who will ultimately manage these new relationships within the virtual organizations of tomorrow will be less concerned with introducing immovable assets, and much keener on establishing virtual communities that could add value to the enterprise.

Lending the most support to this cyber centric model proposed by Gordon (2001) is a new generation of computer literate management. These individuals have come to expect and demand a lot from their computers. However, the common frustration among these managers is focused on information flow and communication. They argue that being able to send files and data via the company network to anyone in the world is one thing, but not being able to receive real-time data from the factory just down the hall is another thing altogether. The logical explanation for this conundrum is a proprietary argument based on the premise that many of today's manufacturing facilities are built upon proprietary networks or middleware that cannot communicate with the front office (Gordon, 2001). The eradication of these information barriers is a perfect example of what a cyber centric management model could achieve.

Conversely, the most restraint toward the cyber centric model can be linked to President and CEO resistance. Gordon (2001) has indicated that because most of today's current CEO's have originated from the financial, sales, or marketing arms of the business, they are not adapted to cope with the increasing disparity of information across divisions such as operations or manufacturing. Being unable to tap into these vital performance areas presents an enormous challenge to every CEO's underlying goal of increased profitability and growth. When this fact becomes a reality for enterprises seeking to extend their virtual reach, it may be time to adopt a cyber centric model. This could be accomplished by introducing a new generation of knowledge worker. Capable of continuously reinventing the business, these individuals are able to strengthen and renew stakeholder relationships that increase the value and competitiveness of the organization.

In addition to establishing this cyber centric focus within virtual organizations, it is also essential that management learn to find their own delicate balance between their capabilities for strategic innovation and the desire for profitability. Today, strategic innovation continues to be a precept that garners very little attention in a climate of mounting globalization. Accelerated only by further advances to technology and changing demographics, the industrial economy of old is being substituted for wealth generators that rely more on intangible resources (Abraham and Knight, 2001). The process of strategic innovation goes above and beyond just product innovation to ensure that all resources and efforts within an organization are linked to the overall business strategy. Abraham and Knight (2001) develop this idea further by stating the following:

Strategic innovation involves making knowledge creation and innovative action a way of life, seeking to create and expand markets rather than just reacting to customer demand, and redirecting resources from profitable but dwindling lines of business to support emerging lines that are potentially more profitable. (p. 22)

In order to fully grasp this concept of strategic innovation, today's management must first understand the various change agents that have become a natural part of the business life cycle.

There are three basic levels of change that a manager must recognize and plan for during the course of a business life cycle. Gradual change consists of fairly stable and slightly linear variations; continuous change includes both gradual change as well as incremental shifts, and, finally, discontinuous change represents abrupt, non-linear, drastic shifts to the business environment (Abraham and Knight, 2001). It is no surprise that the most risk and reward is linked to discontinuous change that moves performance from one level to a fundamentally different and potentially higher level. Therefore, a manager's ability to recognize what level of change the organization is currently experiencing can positively impact key elements of the business as well as its future direction and growth opportunities.

To further conceptualize these growth opportunities, two models exist that can assist managers with their pursuit for strategic innovation. The S-curve model of business life cycles illustrates the process of transformative change needed for strategic success, while the Strategic Innovation Spiral model puts knowledge creation and innovative action into practice (Abraham and Knight, 2001). Based on evolutionary biology, the S-curve model states that, "Products, services, processes, systems, structures, and business

models – from the simplest to the most complex – go through three basic phases of growth and change before they must either leap to a new level of sophistication and complexity or die” (p. 23).

Towards the end of the stabilizing phase, true strategic leaders will find that breakthrough change that forces the business to jump to a new S-curve to capture future growth and profitability. Assisting with this process of discontinuous change then is the Strategic Innovation Spiral model that is based on repetitions of a five-phase cycle. The aim of this model is to convert tacit knowledge and personal experience into explicit forms of knowledge outputs that can enable a leader to initiate innovative action. The intended effect of this recurring cycle is to generate an upward spiral of explicit knowledge that infiltrates across the organization only to eventually transcend the boundaries of the organization itself.

Those organizations that value this conversion and spread of knowledge also view knowledge as their most valuable and strategic asset (Civi, 2000). It is no surprise then that knowledge management has become an important concept for those industries that do not wish to give up their competitive advantage. Civi (2000) suggests the best definition of knowledge management comes from Davenport and Prusack (1998), two widely consulted practitioners in the field, who state that knowledge management is “a fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information” (p. 168).

Adding knowledge management, strategic innovation, and cybercentrism to any executive manager’s profile will not be an easy task to accomplish. Liyanage and Poon

(2002) suggest there is a pervasive lack of techno-managerial approaches in today's management education. To create a more comprehensive education in this field, they suggest that general management theory needs to address technology management practices in order to properly link organizations with today's emerging technology communities. Fortunately, the technological advancements over the last decade have produced the necessary tools for managers and their organizations to communicate, adapt, and prosper in a new business landscape.

Computer-mediated communication

According to the social theory of Jurgen Habermas, participants in a conversation must negotiate with one another to establish that what is being said is meaningful and true, that the speakers are sincere, and that the communication is socially appropriate. From this theoretical perspective, one of the most important human factors in computer-interface design is the impact of the interface on users' abilities to negotiate these claims successfully in the course of conversation (Wilson and Zigurs, 2001).

The term computer-mediated communication (CMC) is a form of interpersonal communication that occurs in computer-mediated environments, and is restricted, to a large extent, to the printed word (Fowler and Pitta, 2005). CMC (such as electronic mail or computer conferencing systems) changes the nature of conversations between people. Research indicates that it alters the social norms governing conversation by removing elements of emotion and social control. It also provides the possibility for more equal participation by obscuring the visual and verbal distinctions of status that give high-ranking or aggressive people an advantage in face-to-face speech. Designs for cooperative work seek computer network support for circumstances in which

opportunities for participation are enhanced, and opportunities for one speaker to control another are reduced (Wilson and Zigurs, 2001). But CMC can also embody inequalities in social relationships and can limit conversational participation. Workplace surveillance is an extreme example of this. But computer system designers exercise more subtle power over users through their choice of designs. Computer interfaces, which are the result of choices made by designers, appear to many computer users as things to which they must adapt.

The widespread use of electronic mail (e-mail) is one of the best examples of mainstream computer-mediated communication. E-mail is a simple, effective and efficient method to establish direct links throughout the vertical and horizontal strata of an organization to convey the company's vision and goals to employees (Byrd and Gulbro, 1998). The goal of e-mail is to provide just-in-time information to employees in order to facilitate innovation and solutions to current problems. Although e-mail is generally considered a great distributor and disseminator of information, it lacks immediate feedback – one of the most important components of effective communication that also includes reinforcement, repetition and active listening. Byrd and Gulbro (1998) state that it is imperative that managers and businesses learn to use e-mail only in appropriate situations. E-mail should never be used to address employee problems or to convey criticism. When performance management of employees is an issue, managers are much better off engaging their employees in face-to-face communication. In doing so, a heightened sense of clarity between manager and direct report is established.

For people interacting through a computer interface, difficulties in typing or issuing appropriate commands for utilizing the communication network may be treated

by others as indicators of incompetence. Kiesler et al. (1988) estimated that about 40 percent of the difference in time to reach a decision between a face-to-face experimental group and a computer-mediated one was due to the fact that typing is slower than speaking. Computer-interface innovators, however, expect touch, voice, or even eye movements to one day replace the keyboard, enabling people to converse with one another more naturally. The physicist Stephen Hawking is a dramatic example of how such computer features enhance the communication abilities of the physically disabled (Wilson and Zigurs, 2001).

Plato distrusted writing because it was not possible to interact with a writer as one could with a speaker. Since Plato's time, we have developed ways of ensuring the validity of the written word. As Michel Foucault has noted, social norms about authorship, official editions, and authoritative versions define which written communications are valid. In ideal speech situations, speakers interrogate one another to establish claims about what is true. In writing, we have developed letters to the editor, peer review, and other methods for validating dialogue. In CMC participants can make immediate (in the case of real-time networks) or written (in the case of electronic mail) inquiries (Wilson and Zigurs, 2001).

Research by Gubrium and Holstein (2003) on non-computerized involuntary commitment hearings clearly shows the influence of intention on conversational interactions. Public defenders (who strive to get their clients acquitted) communicate very differently from district attorneys (who want to have those same clients declared mentally incompetent). In courtroom settings, the testimony of powerless people trying to prove their competence is a classic study in distorted communication. Interruptions, ridicule,

hostility, and disbelief are among the conversational behaviors of those trying to deny someone else's claim to communicative competence. It is more difficult to determine intention in more ordinary conversations. And in CMC, it is more difficult still. In the absence of social-context cues, it is even hard to tell who is speaking, let alone what the speaker intends (Perrolle, 1991). This leads to the hypothesis that the use of computer mediated conversation will increase our attention to claims of validity about the nature of external reality – in other words, claims that the messages are "true." As it becomes more difficult for us to tell who is speaking, we may expand our willingness to mask the unseen stranger whose words we read, or we may place our trust in the computer itself as provider of messages. In the latter case, we may think of ourselves as engaged in conversation with an anonymous network and lose sight of the humans whose programs and messages we are using. Indeed, researchers on CMC report that a greater proportion of messages are substantive propositions about the topic being discussed. People focus more on the message and less on the person who sent it (Perrolle, 1991).

Studies of interruption patterns in conversations show that in the United States, women are interrupted by men more than 80 percent of the time (Kernal et al., 1999). Women, who make less than 20 percent of conversational interruptions, are expected to allow themselves to be interrupted. There are similar conversational norms allowing high-status people to interrupt low-status ones. By interfering with our ability to tell whether we are conversing with a man or a woman, most CMC systems change the social norm of interruption of women by men. However, status and experiential differences can be preserved if the CMC delivers a message that tells us who is important and who is not.

We will go into more detail about this proposition in the next section of this literature review.

The implication of the approaches to CMC discussed above is that we should conceive of the computer-human interface as occurring in a context of power and status relationships. In other words, we should consider it a social rather than a psychological or cognitive phenomenon, and should be sensitive to the problems of establishing non-distorted communication. In particular, we should remain aware that the nature of the world represented by computer software and databases is a socially negotiated one (Kernal et al., 1999). If those who construct computer interfaces are committed to supporting conversations among equals, and are willing to subject their own designs and data to negotiation, we may trust them to provide us with a technology for non-distorted communication. If not, we need a better medium for public discussion and debate that is free from prejudice and orderly control, and promotes desirable social contact.

Virtual communities

Throughout the course of evolution, human beings have demonstrated a persistent longing and attraction for social contact. Paralleling the nomadic wanderer that gradually assembled in a single location to form the first hunting and gathering communities, today's Internet vagrants are beginning to settle in electronic neighborhoods called virtual communities. A virtual community is defined as any group of people who share a common bond, but are not dependent on physical interaction and geographic location in order to sustain their affinity (Barnatt, 1998). Typically, the word "community" signals a common geographic location, however, in this instance the word "virtual" supersedes this notion by indicating that the primary interaction taking place within this type of

community is electronic and enabled by CMC technology (Gefen and Ridings, 2004). For the purpose of this research and to expand this definition further, virtual communities discussed consist of individuals who share a common interest or practice, and communicate frequently and for some duration through a common location or mechanism (Arinze, Gefen and Ridings, 2002).

Largely regarded as the first virtual community, The Well (<http://www.well.com>) was established in 1985 (Gefen and Ridings, 2004) when it was originally called the *Whole Earth 'Lectronic Link* – a literate watering hole for unusual and unpretentious thinkers. This is the destination widely believed to be the birthplace of the online community movement, where Howard Rheingold first coined the term “virtual community.” Since this monumental event, virtual communities have rapidly appeared and gained in momentum as the early static web pages of the 1990s transitioned towards the highly interactive and dynamic content we see on the World Wide Web today (Gefen and Ridings, 2004). Virtual community topics may include, but are not limited to, communities for health/wellness, personal interests, or professional communities suitable for knowledge intensive professions such as scientists, programmers, and engineers. Irrespective of what topic a virtual community deals with, inevitably, its members receive value added benefits along two dimensions. According to Rheingold (1987) these benefits include the sheer pleasure derived from engaging in new social contact, and a practical application attributed to the wealth of information available that may represent either a momentary or enduring importance.

Gefen and Ridings (2004) suggest that social psychology can provide the background to support Rheingold’s perspective. Social psychologists explain that people

join groups to obtain feelings of affiliation and belonging, information, and to aid with goal achievement. By joining a virtual community of interest, a member controls the extent of their involvement and may choose to participate in a hundred on-going conversations with complete strangers who do not care how old they are or what they look like, but who do care about how the user thinks and communicates (Rheingold, 1987). Effectively, this removes the chance for prejudicial judgments and creates an environment which allows for unlimited expressions free of retribution in the physical sense. Unlike traditional communities where we are accustomed to meeting people and then getting to know them, in virtual communities it is backwards – we get to know them first and then decide if we wish to meet for an offline encounter (Rheingold, 1987). Respect is earned and lost on the basis of shared member contributions and idea exchange in a safe environment where anonymity is guaranteed. This is not to say that quarrels and criticism are absent from the virtual community, but as a member's contribution increases, so does their reputation and the value placed on the advice they offer.

Although probably not in the terms of service, virtual communities possess an implicit social contract that participants are expected to follow. The social contract requires one to give something, which enables one to receive something (Rheingold, 1987). Furthermore, the altruistic nature at the root of these social contacts has been made easier today due to the evolved simplicity of the virtual community design. For the purpose of this research, all virtual communities mentioned will always use a bulletin board style forum design to facilitate and preserve the numerous discussions occurring among the member population. Fowler and Pitta (2005) state that:

Forums usually are divided into topic areas, with different topic “threads” running in each area. These threads may run for years; such archiving allows newcomers to access the “institutional memory” of the website and its communications, so to learn its knowledge base and history (p. 265).

Having threaded topics organized within multiple forum categories creates a fast and efficient way for members to locate and retrieve subject matter that is of interest. It is usually the job of a forum moderator to create these different categories and subtopics based on member demand. In Appendix A at the conclusion of this report there is a screenshot of a virtual community using bulletin board style forums.

While upon first glance, bulletin board style forums may overwhelm the casual observer, they do offer a wealth of information and personalization opportunities to each member in the community. Prior to even clicking through into a category, a member can view information such as how many posts are present within that category as well as if any new posts were written in the last twenty-four hours. Once within a category, even more information is readily accessible, items such as the date and time of first and last posting, the number of replies to the topic, and, finally, the number of times the topic has been viewed. These indicators are a very useful tool for judging the popularity of a category in addition to individual posts. In terms of added functionality, most bulletin board style forums also have an integrated search function to locate topics of interest that may go back two, three, or even five years. This archiving ability or “institutional memory” allows even the newest member of the community to feel welcomed and up to speed with hot topics and just who are the credible and most respected members of the virtual community.

The hospitality that virtual communities offer their members does not end there, but extends to a range of personalization features that enhances the digital camaraderie within the member population. When joining a virtual community, a typical registration process includes supplying identity and contact information as well as a preferred nickname to ensure anonymity (Fowler and Pitta, 2005). Many virtual communities also allow their members to select an avatar or upload a personal image to further establish an online persona within the community. In many respects, a member's avatar should be thought of as a branding mechanism that allows for the creation of a brand identity within the community. In addition to avatars, a member may also elect to complete a forum profile to expand their brand identity. Filling out a forum profile would typically involve including information such as home town location, personal website address, or the instant messaging services a member uses. The forum profile sometimes also serves as a gateway for private messaging services. If members of a virtual community wish to contact one another outside of the public domain, they can do so if the virtual community has an internal messaging system. This feature allows for confidential information to be shared without revealing personal e-mail addresses and sacrificing anonymity. Over time this type of interpersonal computer-mediated communication can build strong relationships that may overspill the virtual community itself.

Although private messaging can create strong interpersonal relationships, the strongest relationships and most credibility develop as a result of two statistics with full public disclosure. These two statistics are the date on which the member joined the community and the total number of posts he/she has contributed in that time span. As cited in Fowler and Pitta (2005), von Hippel (1986) talked about the emergence of "lead

users," members of a community that are very knowledgeable about a topic area. It is conceivable then to think that extended virtual lengths of stay combined with high post frequency would be indicative of these highly involved and credible members. Protected by a nickname, a lead user's expertise makes them opinion leaders among their peers by providing information that few others may have (Fowler and Pitta, 2005). As this information is validated for content accuracy, the key element to developing mutually beneficial relationships within a virtual community develops. Trust emerges only when members repeatedly associate an author to their opinions, judgments and words, and are satisfied with the outcome. Because of a lack of face-to-face interchange, creating trust among members of a virtual community does not occur easily (Buckenmyer, Eom, Stough, 2000).

Despite this obstacle, the virtual community has become a strong lure to people in search of a wide range of global participants who enjoy debating, sharing information, making friends, and who undertake economic exchanges in a socially desirable on-line environment (Barnatt, 1998). Unless otherwise stated within a member's personal profile, the absence of information on race, gender, age, national origin and physical appearance establishes a socially desirable, prejudice-free environment where opinions flourish (Rheingold, 1987). Nowhere is this more evident than in consumer marketing literature that clearly demonstrates a strong business case for virtual communities. Leveraging the power of virtual communities, consumer marketers have tapped into virtual communities as a source of exploratory research, concept testing, product design, delivery preferences, and even pricing information (Fowler and Pitta, 2005). The conceptual work of Fowler and Pitta (2005) in this subject area suggest that marketers who engage with virtual

communities by becoming a participant themselves can gather useful market intelligence through “real” conversations with consumers. Therefore, they hypothesize that virtual communities can lead to stronger marketing success by accurately uncovering the needs of very specific market segments. Even though the theoretical underpinnings discussed by Fowler and Pitta (2005) form a strong foundation and significant application to consumer marketing; they unfortunately were not validated as no empirical testing was ever conducted.

Exploratory empirical research was however conducted by Gefen and Ridings (2004) that examined what rationale and motivation is present for people to want to join a virtual community of interest. Their research design was extremely simple. It was based on previous literature that suggested people join virtual communities to exchange information and/or obtain social support. Using twenty-seven communities across five broad categories, those surveyed were asked the open-ended question: why did you join? After the results were analyzed, 569 different reasons from 399 people showed that most participants decide to join virtual communities for either friendship or exchange of information. A lower percentage of respondents were looking for social support or recreation. Across all community categories, the exchange of information was the most popular reason given for joining. Since information exchange was the most important reason for joining a virtual community, businesses could benefit from integrating these social networks into their organizational structures.

According to Barnatt (1998) and his research into virtual communities and on-line financial services, virtual communities were considered an important component for organizations looking to obtain added value from CMC technologies. The support for this

business case was expanded to show that constant consumer feedback within virtual communities generates additional revenue and opens the door for new innovative opportunities. Revenue generation and cost reduction was shown to be a direct result of the amalgamation of advertising, sales, and distribution channels. Barnatt then goes on to predict through a bold statement that “virtual communities are likely to become one of the most important market segmentation devices for on-line trade” (Barnatt, 1998, p.168). In many respects, this statement has withstood the test of time and rings very true for many organizations involved in on-line trade today. However, what Barnatt (1998); Gefen and Ridings (2004); and Fowler and Pitta (2005) don’t discuss in their exploratory research is the potential for virtual communities to go beyond consumer marketing and exploit the information exchange within to enhance strategic business development. For this to occur, management need to be competent and flexible to choose the right computer mediated communication tools and never be afraid to test them out within their existing organizational infrastructures.

CHAPTER III: METHODOLOGY

Problem Statement and Objectives Revisited

The purpose of the proposed research is to classify and evaluate a novel model of organizational effectiveness. This conceptual model is based on an emerging management style known as cybercentrism, which leverages virtual community forums to drive business development in highly competitive environments, while at the same time increasing knowledge capital from stakeholders. To evaluate the efficacy of this conceptual model, the impact of a virtual community forum on the organizational effectiveness of an ecommerce startup must first be examined. Furthermore, this research will attempt to show that firms with strong digital identities will differentiate themselves within their respective industries to be better positioned for the demands of a connected global economy.

This chapter focuses on the research methodology that was used to test the research objectives listed in chapter one. This will include discussions on research design, populations and sampling procedures. Chapter three will conclude with an explanation of the survey instrument administered and the data that was collected to evaluate the impact of virtual communities on the organizational effectiveness of ASM.

Research Design

The research design used was descriptive in nature. Also known as statistical research, descriptive research describes data and characteristics about a population or occurrence. In short, descriptive research attempts to answer the questions who, what, where, when and how. Descriptive research was selected because it can elaborate on the current status of phenomena by describing "what exists" with respect to variables or

conditions in a situation. The phenomena that were investigated in this research were stakeholders' perceptions of management's use of a virtual community to drive business development. Nevertheless, although data obtained from this research may be factual, accurate and systematic, it does not imply causation. Unfortunately, descriptive research can never be used to establish causal relationships among variables. However, descriptive research can reliably be used to comment on frequencies, averages and other statistical measures.

Descriptive research methodologies range from surveys that describe the status quo, correlation studies that investigate the relationships between variables, and developmental studies which examine changes over time. The methodology behind this research design was to create and distribute a web-based survey to collect data from a target population of ASM stakeholders.

Web Surveys

Surveys are among the more popular methods used by descriptive researchers for data collection (Huff, Newsted, and Munro, 1998). Their popularity can be attributed to numerous inherent advantages. This includes simple distribution methods; generalizable data; the reusability of the instrument; the ability to objectively test theoretical propositions; and finally a means to quantify qualitative research. Esteban Kolsky, a research director at Gartner Inc. in Stamford Connecticut says that "gathering feedback from customers has [a] great impact on any organization's business model" (Campanelli, 2007, p.53). Kolsky goes on to suggest that feedback, when used correctly, can increase cross-sell and up sell transactions by 15 to 20 percent. Unlike other research tools, surveys are an effective way of reflecting societal change because of their ability to adapt

to changing sampling procedures and new methods for data collection (Tourangeau, 2004). Many of today's new data collection methods are a result of the recent technological developments in computing and the vast distribution advantages of the Internet.

The Internet has become a valuable tool for researchers seeking a fast and robust survey delivery mechanism (Healey, Kuijten, and Macpherson, 2005). This is not surprising considering the availability of Internet access throughout many countries, and the advantages of the medium for information circulation and collection. Approximately 60% of the United States' adult population has access to the Internet (Tourangeau, 2004). As a result, the web survey has rightfully taken its place as the ideal instrument for commercial businesses and universities to gather and make sense of large amounts of data across geographical and cultural barriers. According to Tourangeau (2004), web surveys originated from mail questionnaires and computer-assisted interviewing, and can be placed into two design categories.

First is the static web-based survey. As cited in Tourangeau (2004), Dillman (2000) was the leading advocate of this approach, which involves a single hyper text markup language form that allows respondents to scroll through the instrument much the same way they would on a paper-based questionnaire. It is only after respondents submit their survey that information such as skipped questions or out-of-range answers are displayed. The second approach follows the computer-assisted interviewing tradition and is much more interactive in nature (Tourangeau, 2004). The dynamic approach to web surveys presents one or more questions on a single screen (with minimal or no scrolling), and transmits responses to the server after each question or set of questions. A much

more functional approach, this web survey design continuously checks for completeness and range and error checks as the respondent makes their way through each question. Other positive design parameters in the dynamic approach include allowing participants to page back to earlier questions in order to make changes, or the ability to create compulsory or voluntary questions. No matter which web-based design approach is selected, Tourangeau (2004) always advises researchers to make their web surveys "user friendly" by using attractive interfaces that maintain respondents' interest long enough for them to complete the survey in its entirety.

Aside from the obvious benefits of reduced costs and the availability of third party web survey companies such as QuestionPro (www.questionpro.com) and SurveyMonkey (www.surveymonkey.com), there are multiple benefits to using a web-based survey instrument. With a capacity to integrate rich visual content (still mages, diagrams, video clips) that would be impossible to deliver in a telephone or mail survey, web surveys truly are the marriage of low cost and high capability for today's researchers (Tourangeau, 2004). However, unlike telephone and mail surveys, web surveys have no established repository from which to create a sampling frame that would provide complete coverage of a target population. Having a well defined target population to draw upon is a key consideration for researchers planning to design and distribute a web survey instrument.

Although Campanelli (2007) and Gillin (2006) both suggest that the web survey is a useful tool for descriptive research, they both agree that without a concrete strategy underlying its design and development, the instrument may in fact reduce customer satisfaction and prove to be a negative experience. To avoid customer dissatisfaction,

web surveys should include clear objectives, maintain interest, and not take too long to complete. Web surveys should never be fishing expeditions. They should have subtle expectations built into the design and collect data that can be used to test pre-determined research objectives. Furthermore, to ensure the survey maintains interest, target populations who are able to relate to the survey topic need to be selected. Finally, open-ended questions requiring complex responses should be avoided. Open-ended items deter respondents from completing the survey. By adhering to the above strategies concerning the design, development and deployment of web surveys, researchers increase the likelihood that target populations will not only complete a survey, but enjoy doing so.

Target Populations

ASM was in a unique position with their clients since they actively involved them in business development initiatives. Those clients who regularly voiced their concerns and suggestions to management while participating in the virtual community were the most dedicated and active of all clients. Management leaned heavily on these individuals for their advice and opinions concerning a range of business development issues.

ASM management reported the following client demographics:

- Global representation
- Over 92% of clients were male
- Average client income was in excess of \$65,000/yr
- Over 62% of clients had a college degree
- Over 90% of clients had at least one major credit card
- All clients had an interest in sports and gaming

ASM targeted future clients based on overlays of the above demographics when undertaking marketing and advertising initiatives. The largest accounts were affluent males, college-educated, in their 30s, and living in the mid-west and US coastal markets. The entire client base were sports enthusiasts, defined by individuals who live and breathe sports and statistics and saw ASM as a natural way to profit from this knowledge.

A large proportion of clients also came from equity day trading backgrounds, or had worked from home at one point to generate additional income ("eBay audience"). A majority of clients had also indicated to management that they had abandoned traditional gambling activities in favor of what they now considered a more socially responsible activity. But nothing was more alarming and significant than the amount of time clients spent on the ASM derivative exchange platform. The average session time for the most active clients was 6 hours a day and approximately 50 hours per week. Clients did not just join ASM; they moved in for extended periods of stay.

Sampling Plan

At the beginning of March 2007, it was reported that approximately 14,000 clients had registered trading accounts at ASM. This represented a 100 percent rise from when the pilot study was conducted in November of 2005. Important to point out though is that not all clients were active on a daily or even weekly basis. A rough estimate supplied by management suggested that between 2,000-2,500 clients were considered active traders, traders who logged into their account once per week.

On March 5th, 2007, when ASM management announced the closure of the internal virtual community to begin compliance with the Commodity Exchange Act, 7 U.S.C. (the "Act"), access to ASM's original target population for the purposes of

collecting data was halted. According to management, ASM was unable to continue their endorsement of this research project due to strategic reasons related to advancing the business and based on advice from their legal counsel. In receiving this information, construct validity may have weakened, but the research forged ahead using third party, unaffiliated external virtual community forums that emerged after the collapse of the internal ASM forum. As was discussed in the literature review, virtual community members are resilient beings who long for camaraderie and acceptance from others who share their interests and aspirations. Therefore, joining these external community forums should be looked upon as the logical path for participants who had just lost their primary virtual community of interest.

Unlike November of 2005 when management endorsed access to the ASM client population for research, the sampling plan for this research was not drawn from the same corporate newsletter database that was used for the highly successful pilot study needs assessment. The new sampling plan involved issuing a web-based survey link to ASM clients who now resided across three separate and unconnected external virtual community forums. The three external virtual community forums included the ASM Traders Forum, Sportssession Forum, and a public group established on the popular social networking website Facebook. Following is a brief commentary about each of these external virtual community forums.

The ASM Traders Forum was established in Q1 2006 shortly after ASM offered its Market Maker programⁱ. A client known by the alias “Mudlucky” took it upon himself to establish the forum so that market makers would have a place to assemble and discuss

ⁱ Market Maker Program – to increase liquidity on the derivatives exchange, ASM clients were given an opportunity to purchase licenses and inventory from ASM to establish markets across various leagues and sectors.

the program. Approximately fifty percent of all registered market makers joined the ASM Traders Forum upon its inception. The forum then extended an invitation to all of ASM's Cornerstone Partnersⁱⁱ who believed in management's vision and subsequently bought fixed share lots upon the initial release of ASM's corporate securities. When the internal ASM forums closed in March of 2007, members of the ASM Traders Forums decided it was time to open up the forum to all members of ASM. The logic behind making the forum public was to provide a platform for clients to continue to interact with one another as well as gather opinions and suggestions that could be compiled and possibly passed to management.

Operating as a non-profit website and receiving generous donations from some of its members for operating costs (i.e., server maintenance and hosting), today the ASM Traders Forum allows anyone with an interest in sports to join and partake in discussions with longstanding ASM stakeholders. In addition to Mudlucky, there is an additional forum administrator and eight volunteer moderators. The administrators and moderators are responsible for some daily operations and keeping civility among the members of the community. Currently, there are about 80 registered members on the ASM Traders Forum. Future plans for the forum include expanding its membership and establishing affiliations with other websites that could potentially offer benefits to members.

The Sportssession Forum was created by an ASM client referred to as "Slinger," who wanted to give clients an opportunity to converse within a forum that was not under the watchful eye of ASM management. Sportssession went live in June 2006, and up until May 2007, was a private forum that required Slinger's approval to join. For the better

ⁱⁱ Cornerstone Partners – At the beginning of ASM's private placement period, management offered discounted bulk share lots and certain rights and privileges to qualified investors.

part of a year, the Sportssession Forum was an informative place for clients to discuss the “tough” issues that were unable to be discussed within ASM’s internal virtual community forum. Clients with similar experiences shared personal stories and tried to help others resolve outstanding issues and concerns. Among the 339 registered users Sportssession reports, a rough estimate suggests that 50-75 clients were, at some point in time, ASM clients.

The last of the three external virtual communities to emerge was the ASM group on Facebook. Facebook is an online social networking directory that connects people with friends and others who work, study and live around them. People use Facebook to keep up with friends, upload photos, share links and videos, and learn more about the people they meet. Created and launched in February of 2004 by Harvard student Mark Zuckerberg, the website today has over 30 million users and is the sixth most visited site in the United States. Facebook is free to users but generates revenue from advertising and sponsored groups.

Although not a sponsored group, the ASM group on Facebook was launched by clients looking for another platform to discuss ASM related events after the internal forums closed. The ASM group page contains a recent news section, photos, a discussion board and a graffiti style wall for clients to post quick messages. Roughly 100 members have joined the ASM group on Facebook. A conservative estimate would suggest that approximately 10-20% of these members are active ASM clients. There are currently three administrators and three officers that monitor the activity within the group.

Due to a target population dispersed across three external virtual community forums, the sampling design selected consisted of non-random samples. Despite being

less representative than random samples, non-random samples are faster and inexpensive to create (Routio, 2007). Although the risk of bias is generally higher in non-random sampling techniques, Routio (2007) states that non-random sampling methods for research and development projects reduce the risk of bias because any potential bias can be compensated for later when a larger group of people evaluate the proposals made.

This research project used a convenience sample to acquire non-random samples from each of the three target populations. A convenience sample is a coincidental group of people who decide if they will complete the survey on their own terms (Routio, 2007). Frequently, convenience samples are used when opinions are needed quickly to assist in product development. Results are then tested later against a better sample. The convenience sample for this research was formed using any data received from one of the three external forums. Extrapolating from past participation rates across the three virtual communities, an estimated 100 clients would have had access to the web survey instrument while the link was active.

Instrumentation

The web survey instrument that was developed for this research was designed based on adaptations to validated surveys acquired from third party online vendors. After reviewing survey templates content specific to this research design, four survey instruments from two vendors were slightly revised and combined to create the survey instrument. The selected vendors included QuestionPro (www.questionpro.com) and Denison Consulting (www.denisonconsulting.com). Survey instruments on knowledge management, senior management and company communication (Appendix B) were acquired from QuestionPro, as well as an Organizational Culture Survey from Denison

Consulting (Appendix C). The Denison Organizational Culture Survey (DOCS) provided a sound framework for the development of the survey instrument used in this research.

Denison Consulting is a well respected consulting firm known for its organizational and leadership diagnostic instruments, which aim to improve the bottom-line performance of leaders, teams, and organizations. Using the Denison Model to link an organization's culture to bottom line results, DOCS provides a measure of an organization's progress toward achieving a high-performing culture (Products, 2007). Developed by Daniel R. Denison and William S. Neale, DOCS is a 60-item survey that was built to measure specific aspects of an organization's culture along 4 traits and 12 management practices. Individual survey results are combined into a graphical profile that compares an organization's culture to a global normative database consisting of over 700 organizations.

A copy of the final web-based survey instrument containing 18 questions is available in Appendix D. In addition to the core value matrix profiles such as involvement and adaptability, demographic content relevant to ASM clients was also included in the instrument. To ensure a broad scope, the survey instrumentation incorporated several rating scales. From Likert scales and categorical questions to rank order items, respondents were presented with a variety of questions. Since life is rarely broken down into yes or no answers, the majority of questions were designed on a five point Likert scale. As a polychotomous scale, the Likert scale produces a more accurate representation of a population's subjective feelings. Surveys that use Likert scales are high in construct validity and possess a number of techniques to avoid socially desirable responses (Loftus, Okubo, Orr and Nicholls, 2006). Effectively, this added complexity

and personalization to the final survey instrument by providing every opportunity possible to elicit true responses from the respondents.

Preceding the distribution of the survey instrument, the instrument was converted into a web-based format using the University of Wisconsin Stout's licensed survey authoring tool SelectSurvey ASP. This web-survey authoring tool allows researchers without web programming knowledge to create administer and manage data collection in real time. Following a round of revisions to ensure the survey instrument was in alignment with the research objectives; the survey was activated and deployed to the three identified target populations

Data Collection Procedures

For a research design to be successful, it must have an efficient distribution strategy. In order to achieve a high level of awareness and to get the best possible response rate, a consistent introductory message was delivered across all three target populations. A cover letter containing the history, formal objectives, significance, and methodology of the research was posted in a thread on the discussion boards of all three forums (Appendix E). The purpose of this cover letter was to prepare respondents for the survey hyperlink that would become live and active at a later time. Twenty-four hours after the cover letter was posted to all three forums, a second posting containing an active hyperlink to the survey instrument was posted within the same thread containing the cover letter. In addition, since convenience samples were used, no follow-up correspondence was sent to the three forums' non responders. Finally, all respondent data collected was stored on a secure UW-Stout server for further analysis.

Data Analysis

Raw data was exported from the secure server into a spreadsheet which was then imported into Microsoft Excel. The Excel spreadsheet was edited to eliminate headings and extraneous information, and to standardize variable names. A statistical consultant from the University of Wisconsin-Stout's Budget, Planning and Analysis office was then emailed a project plan along with the clean Excel file to begin the data analysis process. The consultant then used the Statistical Program for Social Sciences (SPSS 14.0) to analyze the data.

A number of statistical analyses were run for this research. Frequency counts and percentages were conducted on all items, while mean and standard deviations were calculated for all items within each of the seven core value matrix profiles. Additionally, eight means and standard deviations were calculated for the sum of each core value matrix profile. Lastly Friedman's two-way analysis of variance by ranks was conducted to analyze participants' perceived importance of virtual community content. The results of all statistical analyses were delivered in hard copy to the researcher.

Limitations

The majority of the procedural weakness within this research can be attributed to ASM management disallowing the collection of data from the original virtual community forum population. There is no doubt that access to this group of individuals using the same successful protocol from 2005's needs assessment project would have produced more responses, richer data, and improved construct validity. Notwithstanding, the migration of the original virtual community participants to external virtual communities provided an alternative and effective solution to completing the research objectives as they were originally designed.

CHAPTER IV: RESULTS

The purpose of this research is to classify and evaluate a conceptual model of organizational effectiveness based on an emerging management style known as cybercentrism. With the assistance of established virtual communities and an organization in the formative stages of advancing its strategic agenda; a web survey instrument was designed and administered to evaluate stakeholders' perceived value and approval of management's decision to leverage an internal virtual community to drive business development. After the results are presented in this chapter, it will be determined if management theories such as cybercentrism are beneficial or detrimental to stakeholders involved in business development and whether there is strong evidence that firms with strong digital identities can differentiate themselves within their respective industries to be better positioned for the demands of a connected global economy.

Given the fact that the data was not collected from the original virtual community forum, thankfully the number of respondents to complete the survey instrument was sufficient to conduct an analysis. The survey link was active to the three target populations for approximately five days. After the survey had closed and been reviewed for multiple submissions, it was determined that 40 respondents had taken the time to respond to the survey instrument.

The remainder of chapter four's results discussion is organized according to whether the survey instrument item was non-parametric or parametric in nature. Non-parametric items are categorical differentiators established from frequency counts and percentage results, while parametric items consist of mean responses and standard

deviations obtained from interval data collected from rating scales. Let us first examine the results of the non-parametric survey items.

Non-parametric Item Analysis

Age

The most unique aspect of the virtual community that ASM created is evident in the age diversity of its clients. Figure 1 below shows an age breakdown of the respondent population across the three target populations. The bar graph below shows that approximately 50% of the respondents were between the ages of 18 and 35. Furthermore, it was very encouraging to see that approximately 40% of the respondents were 36 years of age or older. It appears that ASM managed to capture clients of all age levels to form a balanced demographic profile.

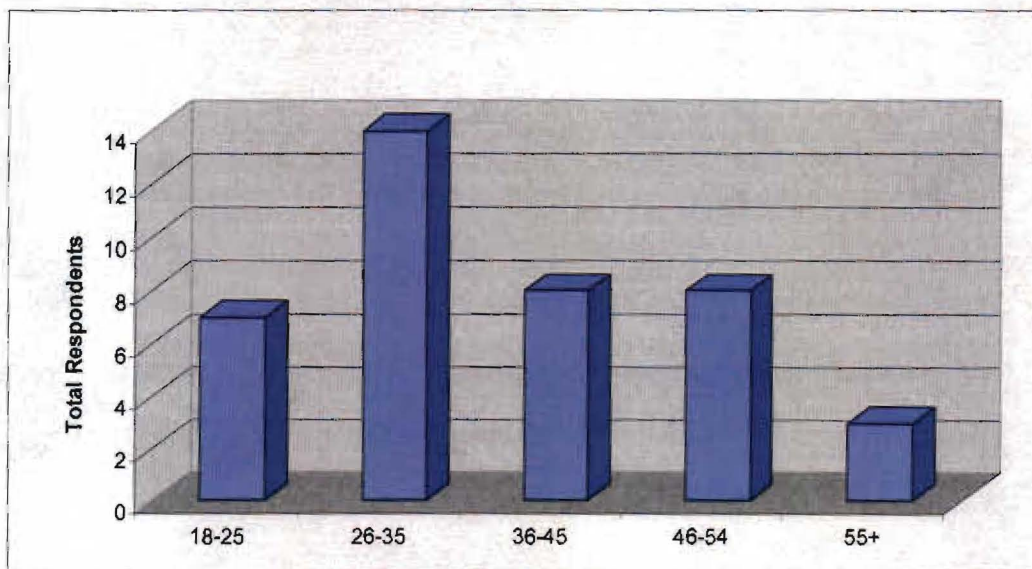


Figure 1. Comparison of respondent's age range across the ASM Traders Forum, Sportssession Forum, and non-sponsored group on Facebook

Participation

When asked "In which external forum did you first learn about the survey," 70% of the respondents indicated they had first heard about the survey from the ASM Traders

Forum. An additional 17.5% of the respondents came from Sportssession, while the remaining 12.5% first learned of this research project on Facebook.

Forum Engagement

Understanding how active and engaged respondents were within ASM's internal virtual community while it was in operation was extremely important to this research. When asked, "Approximately how much of the community forum did you read," 75% of the respondents reported reading most new posts, while almost 18% of respondents said they read every post. Aside from this passive engagement, it was also important to get data on active forum participation. Figure 2 below shows the percentage of posts contributed to ASM's internal forum by respondents. Approximately 63% of respondents contributed at least one forum posting while the forum was in operation. Although almost 37% of respondents reported never having made a post, the high rate of readership confirms significant passive involvement. In addition, since 20% of respondents indicated contributing between 501-999 posts, a strong case should be made that the populations targeted for this research included some of the most active and involved ASM clients.

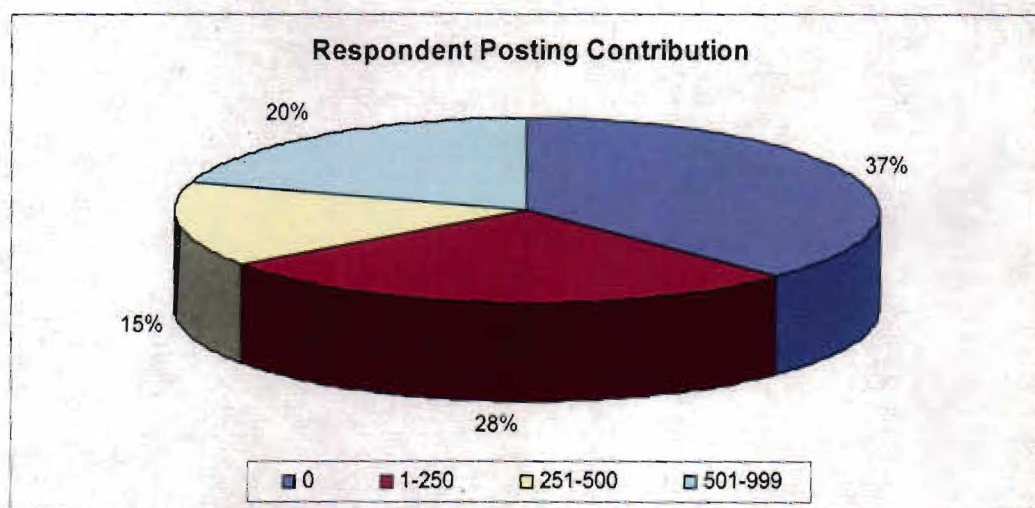


Figure 2. Posting contribution of respondents to ASM's internal virtual community forum

Newsletter Subscription

Management's decision to implement an email deliverability management protocol in November of 2005 to combat spam and to organize important e-mails continued to be an important outlet of information for ASM clients. To receive these important updates, clients must have willingly accessed a subscription link that was posted by management within ASM's internal forum. Almost 95% percent of the survey respondents indicated that they had successfully subscribed to receive these important email announcements.

Corporate Stock Ownership

Another unique attribute of the clients that formed ASM's internal virtual community was that a large majority of them actually owned a piece of the business. During 2005, ASM management issued a private placement of its corporate securities to clients wishing to become shareholders in the business. In Figure 3 below we see that approximately 85% of respondents owned common stock in ASM Inc. at the time they completed the survey instrument.

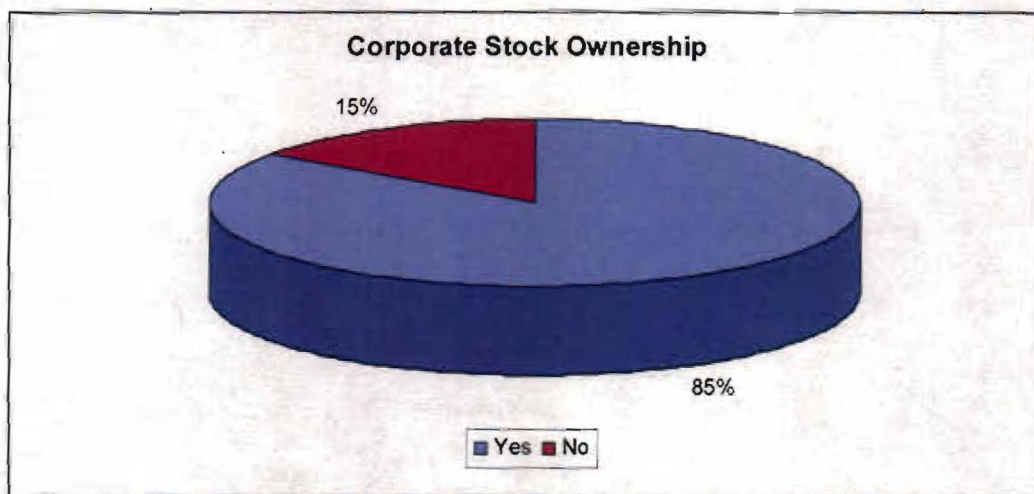


Figure 3. The percentage of respondents who own ASM Inc. corporate stock

Again, the high percentage of respondents owning corporate stock provides additional supporting evidence that the populations targeted for this research project were highly representative of the original virtual community forum.

Informational Sources

With the closure of the internal virtual community for client usage, it was important to this research to understand how many informational outlets respondents used to gather the majority of their information pertaining to ASM's business development. Figure 4 below shows that approximately 87% of respondents gathered information from external forums, while approximately 53% of respondents indicated they used live support. Conversely, only 24% of respondents said they retrieved information from either the internal forums or through town hall meetings. It should be noted that respondents were asked to check all information sources that they had used to follow ASM's business development.

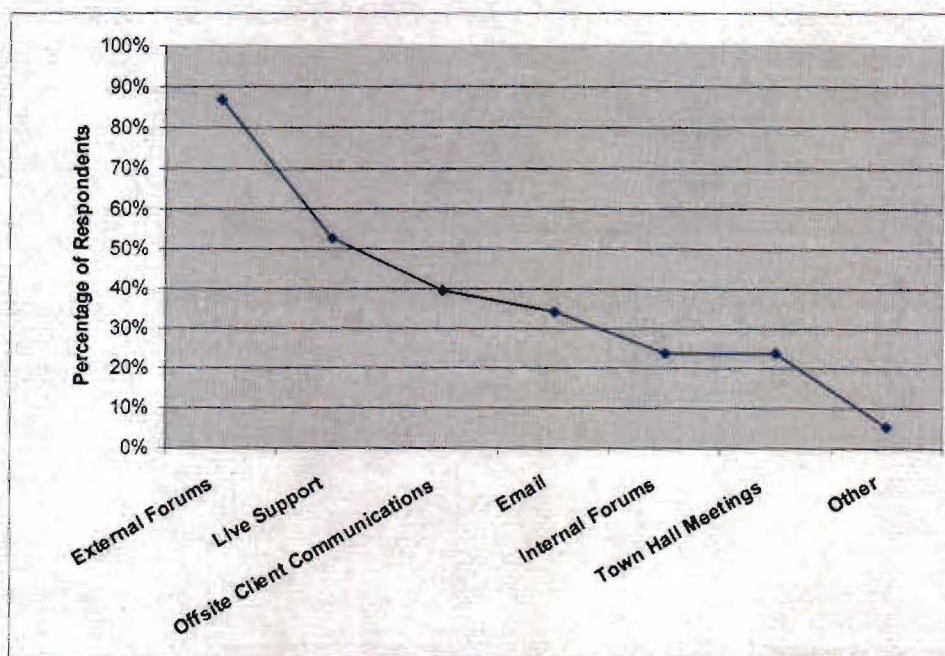


Figure 4. A comparison of respondent usage patterns across six informational sources pertaining to ASM's business development.

Parametric Item Analysis

Let us now examine the results of the remaining items from the survey instrument that were parametric in nature. These items included seven core value profiles, a matrix analyzing six important announcement categories posted by management to the virtual community forum, and the ranked importance of selected informational content.

Core Value Profiles

Group means and group standard deviations were calculated for each of the seven core value profiles to provide a high level summary of the data. Each core value profile consisted of between three and five statements. Using a scale of one to five, where one equals strongly disagree and five equals strongly agree, respondents were asked to respond to each statement in the core value profile. The data for each of the statements were then combined and analyzed to construct group means and group standard deviations. Table 3 below provides a summary of the means and standard deviations collected after analyzing each core value profile.

From this data, some noticeable trends begin to emerge with regard to the strength of each core value within the virtual community forum. The strongest of the core value profiles are in the areas of Knowledge Management (3.60, SD=0.80), Vision (3.56, SD=0.81) and Strategic Direction and Intent (3.42, SD=0.83). The variability of these responses as measured by their standard deviations (SD) is very low. The presence of low standard deviations implies there was strong agreement among the respondents when responding to the three strongest core value profiles. The weakest of the core value profiles are in the areas of Consistency (2.30, SD=0.99), Adaptability (2.61, SD=0.75), Accountability (2.73, SD=1.15), and Involvement (2.75, SD=0.74). Not including

Accountability, the variability of these responses as measured by their standard deviations is very low. Again this implies there was strong agreement among the respondents when responding to each of the four weakest core value profiles.

Table 3

A Comparison of Core Value Profile Group Means and Group Standard Deviations

<u>Core Value Profile</u>	<u>N</u>	<u>Group Mean</u>	<u>Group Standard Deviation</u>
Involvement	38	2.75	0.74
Consistency	39	2.30	0.99
Adaptability	38	2.61	0.75
Strategic Direction and Intent	39	3.42	0.83
Vision	39	3.56	0.81
Accountability	39	2.73	1.15
Knowledge Management	38	3.60	0.80

Involvement

When examining this core value profile in more detail, the weakest data point occurred when respondents were asked if they had designed or developed any business cases to aid in regulatory efforts (2.21, SD=1.128). The strongest data point from this core value profile occurred when respondents were asked if, during their time on the forums, they felt they had positively impacted the business (3.45, SD=0.921). The low standard deviation on the latter of these two data points indicates strong agreement among respondents.

Consistency

When examining this core value profile in more detail, the weakest data point occurred when respondents were asked if they felt the business' established rules and procedures remained steadfast (2.10, SD=0.968). The strongest data point from this core value profile occurred when respondents were asked if they felt management treated all clients equally (2.41, SD=1.208). The low standard deviation on the former of these two data points indicates strong agreement among respondents.

Adaptability

When examining this core value profile in more detail, the weakest data point occurred when respondents were asked if they felt management effectively responded to external pressures (2.36, SD=0.903). The strongest data point from this core value profile occurred when respondents were asked if they felt their comments in the forum directly influenced internal decisions (2.79, SD=1.044). The low standard deviations on both of these data points indicate strong agreement among respondents.

Strategic Direction and Intent

When examining this core value profile in more detail, the weakest data point occurred when respondents were asked if they felt management tracked its progress against their stated goals (2.69, SD=1.151). The strongest data point from this core value profile occurred when respondents were asked if they felt ASM continued to have a long-term purpose and direction (4.08, SD=1.036). The standard deviations for these two data points indicate moderate agreement among respondents.

Vision

When examining this core value profile in more detail, the weakest data point occurred when respondents were asked if they felt management met short-term demands without sacrificing the long-term vision (2.51, SD=1.233). The strongest data point from this core value profile occurred when respondents were asked if they agreed with ASM's vision as it was outlined to them in the forums (3.95, SD=0.887). The extremely low standard deviation on the latter of these two items indicates very strong agreement among respondents.

Accountability

When examining this core value profile in more detail, the weakest data point occurred when respondents were asked if they felt the President and CEO took ownership for mistakes and errors in judgment when having to deliver difficult messages to the forum (2.67, SD=1.177). The strongest data point from this core value profile occurred when respondents were asked if they felt the President and CEO's conversations were business appropriate (2.82, SD=1.355). The high standard deviations for these two data points indicate increased variability and weak agreement among respondents.

Knowledge Management

When examining the last of the core value profiles in more detail, the weakest data point occurred when respondents were asked if they felt ASM collected and shared information about industry trends and developments (3.46, SD=.822). The strongest data point from this core value profile occurred when respondents were asked if the institutional memory of the forums provided them with valuable insight into past, present and future business development (3.82, SD=0.982). The very low standard deviations for both of these data points indicate very strong agreement among respondents.

Important Announcements

Topics within the important announcements section of ASM's virtual community forum were sorted into six categories. Respondents were then asked to indicate the value of each category to the overall virtual community forum. Figure 4 below provides a summary of these responses. The most important categories, defined by either "very important" or "important" responses, were postings related to rules and regulations (97%), public relations (92%), regulatory affairs (82%) and training and education (82%). The least important categories, defined by either "very unimportant" or "unimportant" responses, were postings related to public opinion polls (13%) and corporate finance (6%).

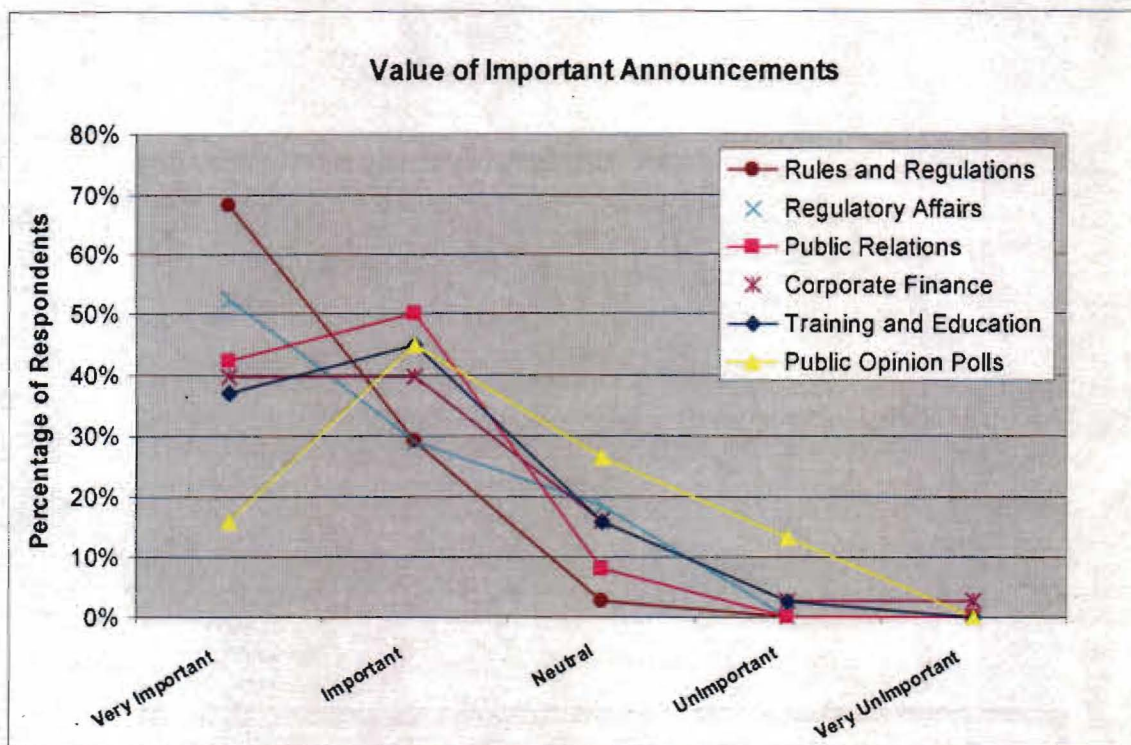


Figure 5. Respondents perceived value of six important announcement categories within the ASM virtual community forum.

Informational Content

The final parametric item on the survey asked respondents to rank additional informational content in terms of importance. On a scale of one to ten, respondents were asked to rank ten items with respect to receiving timely communication. Once a rank had been used, respondents were unable to use that rank again. Figure 6 below highlights the ranked order of these items where 1 = lowest importance and 10 = highest importance. The results indicate that information pertaining to payment solutions and government/regulatory involvement was most important to respondents while information pertaining to community involvement and success stories were least important.

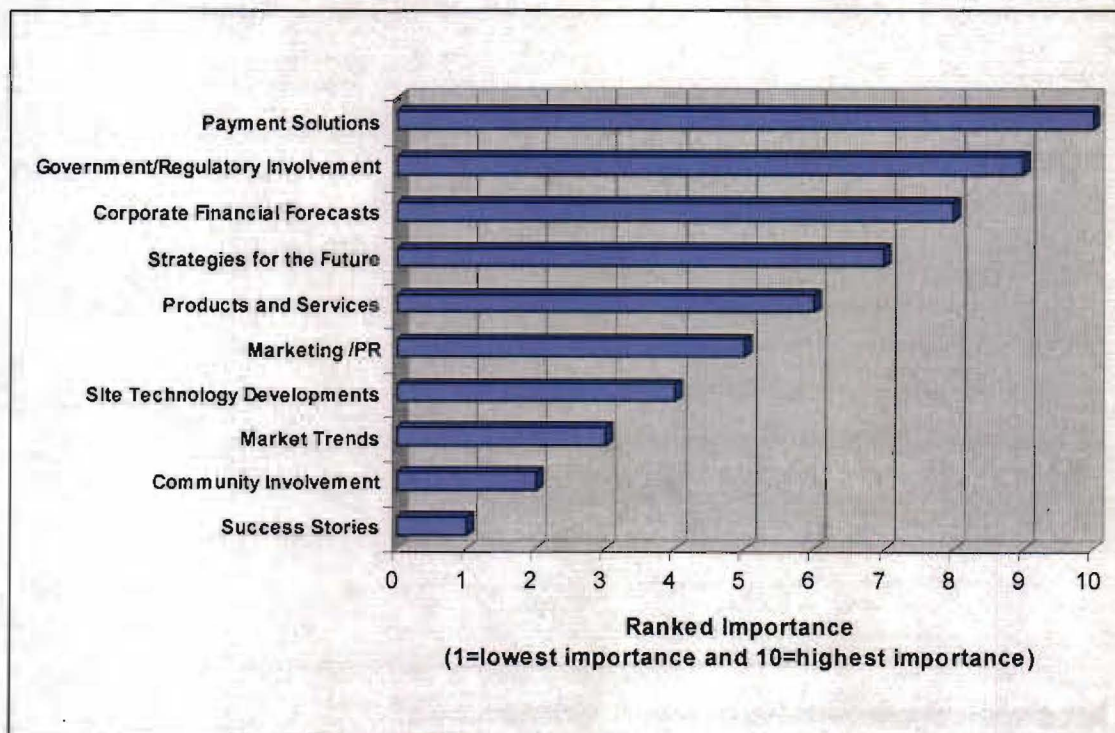


Figure 6. The ranked order of importance for informational content in regard to receiving timely communication from management.

CHAPTER V: DISCUSSION

In the view of Karl Marx, humans are social creatures who cannot survive or meet their needs other than through social cooperation and association. From birth we are surrounded by a close circle of family and friends from which we begin a socialization process with the world. Although relatively small and confined to start, our external reach and presence within our surroundings begins to exponentially increase as our curiosity takes hold and our maturation process begins. What starts out as simple inquisitiveness during the early stages of life transforms into a disciplined search for belonging for both our personal and professional pursuits. Fortunately, the technological advancements made over the past decade with respect to our communication protocols have given organizations and the leaders that run them the necessary tools to achieve those pursuits and prosper in what is becoming an economy with no boundaries.

Due to this fact, traditional organizational effectiveness models are becoming ill-equipped to handle the rigorous demands of a new business reality characterized by collapsing boundaries among organizations, their competitors and suppliers. From the literature review, we have seen that although organizational effectiveness has multiple meanings, it is commonly measured by examining an organization's productivity, profits, growth, turnover, stability and cohesion. Pair this with a new breed of demanding consumer, who insist upon immediate answers and feedback to queries, and the recipe is ripe for today's business leaders to alter the way in which they project their organizations to the world.

Expanding upon this idea, this research has attempted to demonstrate the utility and power that business leaders could possess if they were to integrate computer-

mediated communication tools such as virtual community forums into their businesses. To test this theory, this research investigated the impact of one senior business leader's decision to leverage a virtual community forum to advance the business development agenda of his ecommerce startup. The first step in beginning this research was to conduct a thorough literature review on the topics of organizational effectiveness, virtual organizations, executive management profiles, CMC tools, and the history and characteristics of virtual communities. Finally, with the assistance of established virtual communities, a web survey instrument was administered to evaluate stakeholders' perceptions of management's decision to participate in, and use, a virtual community forum to drive business development.

In designing this research and acquiring the necessary data from stakeholders, the objectives were to:

1. Classify and evaluate a conceptual model for organizational effectiveness by exploring the impact of a virtual community forum on the organizational effectiveness of an ecommerce startup.
2. Analyze whether management theories such as cybercentrism are beneficial or detrimental to stakeholders of an ecommerce based startup
3. Provide evidence that organizations with strong digital identities will stand out within their respective industries, and be better positioned to operate within today's connected global economy

Limitations

With the closure of ASM's internal virtual community forums in compliance with the guidelines imposed by the Commodity Futures Trading Commission (CFTC), most of

the assumptions stated in chapter I are now invalid to this present research. This research, therefore, had a great deal of procedural weakness as a result of management's decision to not only close the business' internal virtual community forum, but to not allow the collection of data from the original stakeholder target population that made up this community. Access to the original target population with the support of management would have increased the number of responses, produced richer data and improved the construct validity of the design considerably. Despite these procedural weaknesses, by sampling across three virtual communities where stakeholders now reside, an effective alternative unexpectedly presented itself to execute upon the original research design. In addition, given the narrow scope of this research design, the generalizability of the results discussed are limited to ecommerce based startup businesses that house internal virtual community forums.

Conclusions

Many of today's organizations are facing a growth challenge. The leaders of these organizations need to implement strategies that achieve growth without increasing resources or costs in crowded and fiercely competitive market segments. In order to overcome this challenge, organizations and the leaders that run them have to improve their ability in leveraging existing know-how and experience to achieve the best possible returns and address underlying growth strategies. As discussed in the literature review, the biggest realized gains for organizations occur when senior leaders emphasize and facilitate the links between teams within an organization. Creating a climate conducive to teamwork and collaboration is not only important to the bottom line, but also motivates and energizes employees to consistently release more of their discretionary effort.

Therefore, the focus of the business leader is changing from developing super human leaders to creating high performing cultures where understanding how divisions of the business interact with each other is a top priority. The accountability profile for this modern leader should include leading and creating an environment that motivates employee performance, a concerted effort to break down silos, and seizing collaborative and cross-functional opportunities. Truth be told, leadership today can come from almost anywhere, including outside of the organization because of the evolution of traditional organizational structures. Formal organizations, characterized by top-down hierarchical lines of communication and chain of command decision making, are now being replaced by a more collaborative approach (Palfini, 2007). The new approach is to create informal organizations and networks that produce dynamic and fluid means of communication, teaming, and knowledge sharing that takes place outside of, or in spite, of a formalized structure. The benefit to organizations that redefine themselves in this manner may include increased collaboration, greater innovation and more efficient problem solving.

Subsequently, we might expect the organizational effectiveness of a new organization to significantly benefit from adopting an informal structure from its inception. It is from this hypothesis that the current research was designed and implemented. Management's decision to use a virtual community forum to communicate with ASM stakeholders established informal lines of communication that, upon further review, produced both positive and negative consequences with respect to organizational effectiveness. To evaluate these consequences, let us now evaluate the results of the data discussed in chapter IV against the previously mentioned research objectives.

Research Objective One

Research objective one sought to classify and then evaluate a novel model of organizational effectiveness by investigating the impact of a virtual community forum on the organizational effectiveness of an ecommerce startup business. An extremely unique situation presented itself after ASM management began to converse one-to-one with stakeholders within their internal virtual community forum. ASM is one of the first ecommerce startup businesses to fully leverage a virtual community forum to drive its own business development. For almost two and half years, ASM obtained a plethora of business critical strategies and knowledge by simply listening to, and interacting, with its virtual stakeholders. By acting as an informal organization during the most critical stages of its development, management was able to navigate crucial developmental milestones by capturing real-time reactions to its strategies and operations well in advance of implementation.

Retrospectively, this type of organizational effectiveness model is unlike anything seen in previous organizational effectiveness literature. Given the way in which management ran ASM's business strategy, this organizational effectiveness model should be classified as Virtual Stakeholder Organizational Effectiveness (VSOE). This conceptual model should be thought of as an adaptation to the open system model discussed in chapter II, and as an extension to Baker and Branch's (2003) "changing logic of organizations" presented in Table 2. Heavily focused on networking and collaboration, flexible network designs, and adding value through partnerships and alliances, the organizational effectiveness model used by ASM management was visibly

governed by the relationships established with its stakeholders within a virtual community forum.

In further investigating the VSOE model, the difference between it and past models lies in its ability to gather, store and retrieve knowledge from the external environment. Therefore, the most important aspect of the VSOE model can be attributed to the computer-mediated communication (CMC) tools integrated into the model. In this particular case, the CMC tool selected was a virtual community forum from which management solicited stakeholders for knowledge otherwise not available within the formal boundaries of the organization.

Virtual community forums are a very powerful CMC tool because of their ability to store institutional knowledge and develop strong relationships in a socially desirable and prejudice-free environment. Furthermore, as stakeholder participation increases, so does the level of trust within the virtual community. The structure of this organizational effectiveness model is a win-win situation for all stakeholders. Management is afforded the luxury of acquiring vast amounts of credible knowledge capital with minimal expenditure, while the clients they serve are provided with high levels of empowerment and involvement throughout the business development process.

However, after evaluating this newly classified conceptual model and its impact on the organizational effectiveness of the ecommerce start-up under investigation, the results presented in chapter IV were mixed. Two clear themes emerged from the data presented in chapter IV. To begin, the data suggests that the virtual community forum was a highly effective tool in aligning stakeholders toward management's strategic direction and vision because of sound knowledge management practices. In other words,

the virtual community forum was able to capture and catalogue management's strategies within the public domain to energize stakeholders to become partners in meeting or surpassing the stated goals of the business. One does not have to look much further than the vision statement posted to the forum by management to understand why stakeholders were energized to release inordinate amounts of discretionary effort. A copy of ASM's Statement of Vision as it was posted to the virtual community forum is available in Appendix F. To rearticulate, the strength of the VSOE model allowed ASM management to:

- Leverage the power of a virtual community forum to develop and communicate a clear and consistent corporate vision
- Effectively manage external knowledge capital to broaden their own perspectives
- Integrate stakeholder thinking and activities into a broad corporate agenda through a co-development process.

Building this shared vision was made possible because of the virtual community forum and the way in which it broke down insularity to spread the corporate purpose to stakeholders everywhere. One such stakeholder exemplified the pure power and utility of the VSOE model for ecommerce startups. While completing his Ph.D. dissertation in economics at UCLA, Dr. Alper Ozgit was an active member of the ASM virtual community forum, and had been from its inception. It would not be uncommon for Dr. Ozgit to routinely share his thoughts to management and the community on such topics as the economic potential of the business and its future place within current financial markets. In fact, Dr. Ozgit had become so energized as a stakeholder in the developing business that he decided to devote an entire chapter of his Ph.D. dissertation to its

development. In this research, Dr. Ozgit presents a descriptive analysis of *Performance Based Sports Derivatives: A New Instrument* and the exchange on which they are traded upon (Ozgit, 2005). The purpose of the paper was to provide the economic community with a detailed analysis of the instrument and its place within the relevant range of markets.

In looking back, one might postulate that if it was not for Dr. Ozgit's scholarly research and economic insights, management would not have advanced their strategic agenda as quickly as they did. Through his efforts and commitment, what management initially planned as a simple player versus player, fantasy-based stock exchange has since been transformed into something that has the potential to revolutionize how the economic community views the business of sports. From creating advertising and marketing materials to creating case studies of derivative performance, there are numerous stories like the one of Dr. Ozgit's where ASM stakeholders have unleashed vast amounts of discretionary effort to assist with the development of the business. Energized on so many levels, the virtual community became a platform for stakeholders to demonstrate their support for the business in which they had chosen to invest either their time or hard earned dollars.

Furthermore, lending additional support to the notion that the virtual community forum was the central component for the VSOE model were the external forums that emerged around the same time ASM's internal virtual community forum was forced to close. Stakeholders who had become intimately involved in the internal virtual community forum were now suddenly displaced from a valuable network of knowledge and information on which they had come to depend. Enter three external virtual

community forums ready and waiting to welcome these digital nomads in search of a watering hole to maintain and build upon their established stakeholder relationships. The conversations within these external communities were characterized by the purest form of free speech, and regularly investigated sensitive issues that many stakeholders were apprehensive to post to ASM's internal virtual community forum while it was in operation. The common subject to emerge from these difficult conversations centered upon critiquing and commenting upon management's business ethics and progress.

It is no surprise then to see that the second theme to emerge from the results presented in chapter IV was focused on assessing the quality of the management using the VSOE model. From the data, stakeholders not only felt that management's public accountability and consistency were below average, but also that management's continued focus upon the long-term vision came at the expense of maintaining an orderly flow of day-to-day operations. A vision statement presented to stakeholders must be more than just a slogan – it must be carefully crafted and articulated with clarity, continuity and consistency (Bartlett and Ghoshal, 1990). Bartlett and Ghoshal (1990) talk about clarity of expression to ensure company objectives are meaningful and understood; continuity of purpose to underlie the importance of those objectives; and consistency of application across the boundaries of the organization to establish uniformity.

The low core value profile mean scores and strong agreement among respondents in the areas of accountability and consistency paint a much different picture of management's use of the VSOE conceptual model. As everything became public record once posted to the virtual community forum, stakeholders had a vast amount of information to hold management to account for its stated deliverables. For instance, if a

posted deadline or promise were to be missed or forgotten, stakeholders could simply point to the dated evidence posted within the institutional memory of the virtual community forum. This could become very troublesome to management in the formative stages of business development where strategic plans and courses of action can change in a heartbeat. Given the nature of ASM's rapid shift in its business strategy, this is exactly what happened to management. What were apples one day suddenly became oranges the next, and stakeholders became extremely vocal in publicly expressing their opinions and feelings to management.

The potential for this type of inconsistency poses the biggest risk to management that may be considering the use of a virtual community forum to drive business development. If management were to publicly state something that in the future, for whatever reason, could not be delivered upon, their credibility with stakeholders could suffer. With no publicists checking for content accuracy and appropriateness, such as is done for press releases, management could potentially post something that may be considered inappropriate or offensive to stakeholders. Some posts that could fall into this dangerous territory may include discussions with stakeholders on sensitive topics such as politics or religion. There is no room for error here, and management must realize that their participation in the virtual community forums must always be professional and focused solely on business related discussions. For that reason, if management is to use the VSOE model, they must demonstrate discipline and control of their cybercentrism at all times when participating with stakeholders in a public forum.

Research Objective Two

Research objective two sought to analyze whether management theories such as cybercentrism are beneficial or detrimental to stakeholders of an ecommerce startup. Gordon (2001) defined cybercentrism as a new management model that describes today's new breed of managers who operate in fiercely competitive and highly interactive digital economic environments. Cyber centric managers are able to capture "real-time" visions of market realities without any physical size limitation that would normally accompany the growth of corporate operations. By all accounts, the President and CEO of ASM represented the truest exemplar of how a cyber centric manager would conduct his/her business. Through the use of computer mediated communication tools such as a virtual community forum, the CEO was able to capture an instantaneous assessment of the market realities facing the business. Although the CEO's cyber centric nature produced mixed results, the progress that the organization has made in such a short time suggests that if used correctly, cybercentrism can be beneficial to stakeholders.

In fact, cyber centric managers are very necessary if the VSOE model is to prove valuable to an organization. With the right resources in place, cyber centric managers can participate in, and gain valuable insights into, their operations that would not have otherwise been possible. One of the benefits of cybercentrism is that it allows a manager to expand his/her sphere of influence and self-awareness with audiences across temporal and geographical boundaries. Interestingly enough, if we were to remove the technological requirements (i.e., computer-mediated communication tools) from the model, the theory of cybercentrism shows striking similarities to the Johari Window

model developed by American psychologists Joseph Luft and Harry Ingham in the 1950's while researching group dynamics.

Sometimes referred to as the “disclosure/feedback model of self awareness,” the Johari Window represents feelings, experience, views, intentions and motivation within or about a person in relation to their group from four perspectives (Luft, 1969). These four perspectives include what is known by a person about himself/herself and also known by others (open area), what is unknown by the person about himself/herself but which others know (blind spot), what the person knows about himself/herself that others do not know (hidden area) and what is unknown by the person about him/herself and also unknown by others (unknown area). The standard Johari Window model is illustrated in Figure 7 below. Depending on the perspective present, the “window panes” of the Johari Window can be changed in size to reflect the relevant proportions of each type of knowledge of/about a particular person in a group or team situation.

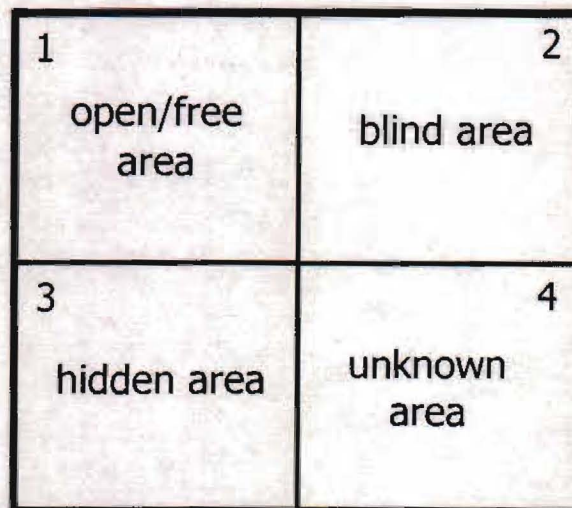


Figure 7. Johari Window (Luft, 1969)

For example, any team member to join a new group would have very a small open area since shared awareness is relatively small when starting out. However, as the team member becomes better established and known within the new group, the size of that individual's open/free area would increase. Based on the results presented in chapter IV, these same principles could also apply to organizations with cyber centric managers who use VSOE-type models to connect with stakeholders during crucial stages in business development. If we use ASM as an example, management's use of a virtual community forum increased the business' open area by asking for, and then receiving, feedback to reduce its own blind spots. Similarly, the organization's open area was further expanded through the consistent disclosure of pertinent information within the virtual community forum. The end result of these shared experiences and discussions with stakeholders was the reduction of both the unknown and hidden areas within the organization. In summary, although developed in the 1950s, the Johari Window model is still applicable for addressing even the most modern of issues facing today's organization. These issues may include, but are not limited to, the need for cyber centric managers to influence on a global basis, collaborate across boundaries and establish interpersonal and professional development throughout the organization.

However, as the data presented in chapter IV suggests, organizations must take a cautious approach when hiring managers with cyber centric intentions. Exerting caution is necessary because, with the use of computer-mediated communication tools, there is always the possibility for inconsistent messages and overambitious promises. Despite these possible weaknesses, ASM's cyber centric President and CEO was able to advance the business by aligning stakeholders toward the corporate vision using nothing more

than a virtual community forum. This type of leadership was so much more than just a need to achieve bottom line results. It was about connecting and empowering people to become partners in co-developing a business from the ground level.

In a 2006 Harvard Business Review article entitled: Leadership Run Amok – The Destructive Potential of Overachievers, three consultants from Hay Group, a management consulting firm with over 35 years of experience in assessing executive motivation, provide a stern warning to organizations that continue to support leaders driven only by achievement. Fontaine et al. (2006) suggest that those managers, who consistently focus on tasks and goals – revenue or sales targets, will, overtime, damage the performance of their organizations. The telltale signs of overachievement include issues with trust, undermined morale and a waning confidence in management. The explanation given by the authors as to why overachievers regularly face these sorts of problems can reliably be linked to the types of managerial leadership styles they use.

Leadership style is the pattern of behavior a manager or leader adopts to plan, organize, motivate and control (Goleman, 2000). It is the extent to which managers, listen, set goals and standards, direct others, give feedback and develop employees. A manager's unique leadership style will form as a result of his/her personal characteristics (e.g., personality, motives, and values), the styles he/she has seen their bosses or mentors use, and the organization's espoused values as to the "right way" to manage. There is no right or wrong leadership style. The most effective style depends on, and varies according to, the task, people, and situation to be managed. What then becomes critical to a leader's effectiveness is his/her ability to quickly diagnose a situation, and use a range of styles, based on the situation, rather than relying on one or two styles to deal with all situations.

Hay Group's research over the years have identified six styles of leadership that managers and executives routinely use to motivate, reward, direct and develop. Fontaine et al. (2006) describe the six leadership styles as:

Directive, which entails strong, sometimes coercive behavior; *Visionary*, which focuses on clarity and communication; *Affiliative*, which emphasizes harmony and relationships; *Participative*, which is collaborative and democratic; *Pacesetting*, which is characterized by personal heroics; and *Coaching*, which focuses on long-term professional development and mentoring. (p. 4)

There is a time and a place for managers to use each of these leadership styles, however, the most effective leaders switch flexibly among the styles as needed. Furthermore, the most recent research to come out of Hay Group has revealed that combinations of the Visionary, Coaching and Participative styles are the most effective long-term styles. This knowledge supports the belief presented earlier that cyber centric managers can be beneficial to stakeholders within a developing organization.

Specifically, the results in chapter IV provide evidence that the Visionary and Participative leadership styles were present in the cyber centric approach used by ASM management. Using the VSOE model, the virtual community forum effectively conveyed the President and CEO's long-term direction and vision, while consistently building commitment and consensus among stakeholders. This was evident from using the forum to solicit stakeholder input, explain the "whys" behind decisions in terms of the organization's best interests, and genuinely listening to stakeholder concerns and suggestions. The moral of this story on cybercentrism while building a business is that although leaders need to exercise caution when projecting their digital leadership, they

should not be afraid to create meaningful and enduring relationships with stakeholders who may have the answers they seek.

Research Objective Three

Research objective three sought to provide evidence that businesses with strong digital identities will stand out within their respective industries and be better positioned to operate within today's connected global economy. Although there were some definite positive benefits to ASM's use of a virtual community forum to drive business development with stakeholders, the business is much too young and the data too limited to provide adequate evidence. What ASM did show us, however, was that cyber centric managers can be extremely influential and beneficial to a developing ecommerce-based business. Over the past year, cybercentrism has slowly been creeping its way into mainstream organizations as managers start to understand the importance of establishing their business' digital identities. Nowhere has this been more evident than in the explosion and adoption of social networking by some of the most admired and successful organizations.

In October of 2007, Microsoft Corporation announced plans to acquire a 1.6% interest in the most popular social networking website – Facebook. For approximately US\$240-million, Microsoft's brain trust with this investment believed that a website built by a 23-year old Harvard graduate to be worth an estimated US\$15-billion. This market value now compares in theoretical magnitude to that of the Ford Motor Company (US\$18-billion) or Xerox (US\$16-billion), which, incidentally actually produces and sells physical goods. Microsoft recognized that Facebook, which is now rated the seventh most visited website globally, would serve as an excellent advertising partner to firmly

establish itself in the world of social networking. Make no mistake, Facebook is much more than just a medium to share photos, stories or events; it has evolved into the best existing solution to the problem of how to create stable online social presences.

Unconfined by geography, social networking websites like Facebook have given business leaders a new tool to increase profitability and customer loyalty. "For the last hundred years, media has been pushed out to people, but now marketers are going to be part of the conversation," Facebook Chief Executive Mark Zuckerberg said in a statement (Tanaka and Upbin, 2007). To date, the Palo Alto social networking company has reported corporations, including the likes of Blockbuster, CBS, JPMorgan Chase, Coca-Cola, Sony Pictures and Verizon Wireless, have signed on with Facebook to augment their current marketing and advertising programs. Tanaka and Upbin (2007) explain that established corporations see Facebook as an effective way to reach out to Generation Y on their own turf to obtain valuable feedback on products and services. Blockbuster Chief Executive James Keyes told Forbes.com, "The challenge for us is changing our perception among the digital community." Facebook and other social networking websites on the Internet are far from a fad; they have fundamentally changed the way in which we, as humans, interact with one another in the computer age.

This democratization of technology has turned us into self-aware digital nations, and has expanded our reach exponentially. It is this fact that affects businesses of all sizes and provides further support to establish a useable framework/model of organizational effectiveness where managers can establish meaningful relationships with stakeholders in a virtual environment. While pervasive on-line interaction among businesses and consumers is still novel, every day there are more and more stories of managers keen on

exploiting the power of social computing (Pachner, 2007). To aid this process, Forester Research Inc. has created a new method for businesses to begin exploring how social computing can grow their bottom lines. The Social Technographics model, created by Charlene Li, gives businesses a coherent approach to analyze their target audiences and determine what kind of relationship they want to establish. The model groups information consumers into six different categories of participation (see Figure 8 below): creators, critics, collectors, joiners, spectators, and inactives. Li uses an image of a ladder to show this, with the rungs at the higher end of the ladder indicating a higher level of participation with the social web. Samples of activities occurring at each rung of the ladder are also provided in the model below.

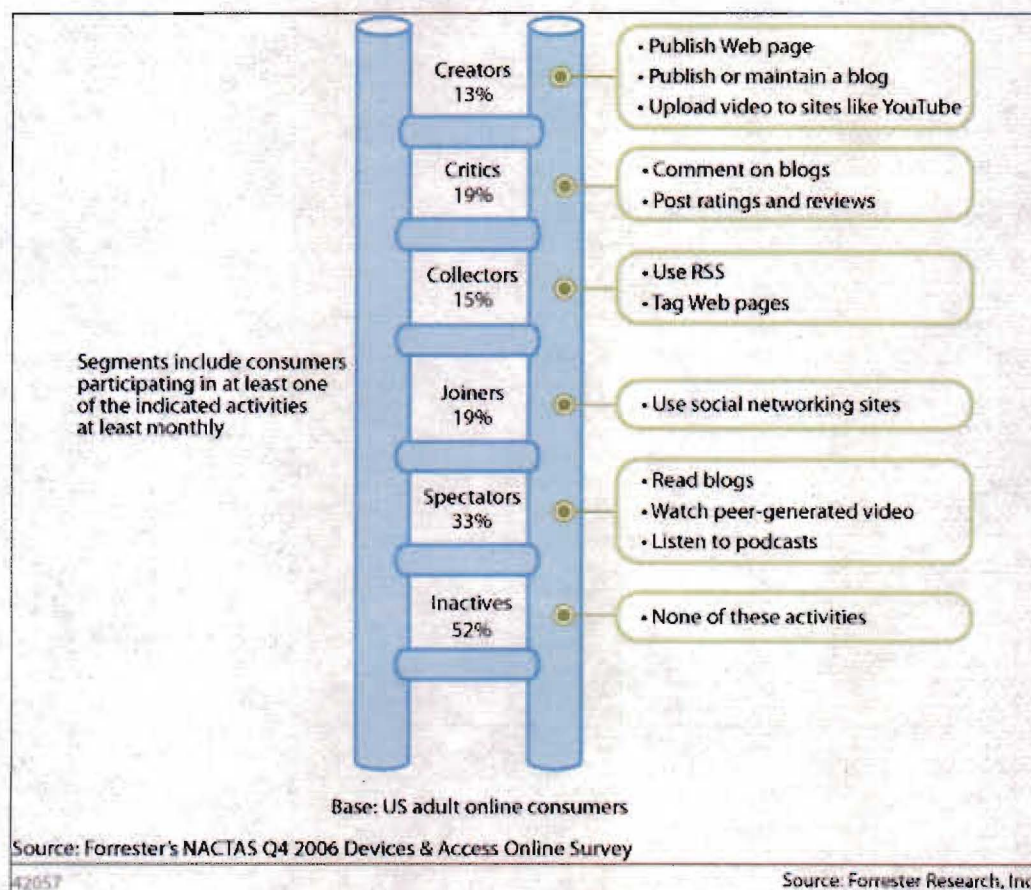


Figure 8. Charline Li's Social Technographics Model (Forester Research Inc., 2007)

In general, Li and her colleagues have found that age is directly correlated with the level of participation exhibited by the individual. For example, a third of teenagers surveyed fell into the “creators” category, while people in their 20s dominated the “joiners,” and generation Xers preferred to remain as “spectators”. As for older populations (i.e., “boomers” and seniors), they tend to lurk in the shadows of social networking sites as they need more relevant content and services to become more involved. The overarching theme from all of this research can be summarized by saying that businesses looking to expand their digital identities must match any or all online features to the audience they have or want to have. Although ASM was successful in creating high levels of engagement among their stakeholders, there were times when management was unprepared to deal with the negative side effects that come with high engagement.

For this reason, businesses must exert tremendous caution when considering expanding their digital presence. Audrey Carr, a senior information architect with Organic Inc., states that businesses toying with the idea of social networking need to be ready for the negative and sometimes slanderous comments that routinely appear in the public domain (Pachner, 2007). According to Carr, the paradigm shift that must occur for social networking and business to co-exist lies in changing the mindset of a manager from that of control to that of facilitation. Through the use of virtual community forums and committed cyber centric managers, the conceptual model of Virtual Stakeholder Organizational Effectiveness presented in this research is well positioned to address this paradigm shift. In conclusion, the literature covered and the results of this research do

suggest that businesses with strong digital identities can differentiate themselves from their competitors and be better able to navigate today's globally connected economy.

Recommendations for further study

Recommendations call for both further research and a change in practices. As discussed in chapter III, the construct validity of the research design could have been dramatically improved if the survey instrument had been deployed by ASM management as originally planned through the use of their official corporate newsletter. Due to this restriction on data collection, the amount of data collected was not as originally planned. In the future, should management allow the use of their corporate newsletter, it would be beneficial to reissue the survey instrument to the original target audience to acquire a broader perspective of management's organization effectiveness.

In addition, upon a secondary review of the survey instrument deployed, there are two questions that were poorly worded which could have affected results. In question 15, there may have been confusion among respondents in how to interpret the importance of the categories presented. Respondents may have interpreted the question in one of two ways:

- Which categories they felt should be the most important, or
- Which categories, in their ASM forum experience, did they find that management seemed to treat as most important?

Similar confusion and ambiguity may have also impacted the results of question 17, which asked respondents to indicate which sources they used to obtain the majority of their information pertaining to ASM's business development. The low response rate for "internal forums" suggests the question was poorly worded. Since ASM closed the

internal virtual community forum and all respondents came from three external forums, the question may have been interpreted as “which informational sources do you currently use to obtain relevant information relating to ASM’s business development?”

Due to the infancy of this research initiative, further research will be required to continue the classification and evaluation for the conceptual model of Virtual Stakeholder Organizational Effectiveness. From the information presented in the literature review and the discussion of results in chapter V, the recommendations are as follow:

1. It is recommended, and planned by the author, to further this study by seeking out additional ecommerce-based businesses that use computer-mediated communication tools such as virtual community forums to reach out to stakeholders. This study would most likely be qualitative and focus on validation, by determining other effective tools that businesses use to capture and circulate knowledge from their stakeholders. By validating the use of other computer mediated communication tools used for business development, further support for the VSOE model could be obtained.
2. It is recommended to further this study by interviewing senior business leaders who currently use, or would like to use, social networking tools in their place of business. This study would most likely be quantitative and focus on thematic analysis, by designing and administering a survey instrument to understand the extent of cyber centrism within their organization and what the concept of “digital leadership” means to them.

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Appendix A: Screenshot of a virtual community using bulletin board style forums

Forums > Important ASM Announcements (READ ONLY) New Topic			
Topics	First Post	Replies / Views	Last Post
Important AllSportsMarket Information You Should Read	Chris 3/17/07 12:44 pm	14 / 10969	Chris 11/19/07 8:26 am
AllSportsMarket 3.0 Debuts July 7, 2007 (07/07/07)	Chris 3/30/07 1:59 pm	5 / 2180	Chris 5/25/07 8:48 am
AllSportsMarket U.S. Federal Income Tax and Asset Reporting	Chris 3/15/07 6:30 pm	2 / 770	Chris 3/21/07 12:38 pm
Public Statement on Recent Passage of Online Gambling Bill in the United States	Chris 9/30/06 8:33 pm	16 / 2304	Chris 11/2/06 12:50 pm
AllSportsMarket.com Statement of Vision	Chris 12/31/05 10:20 am	0 / 1777	tahoeb 6/3/06 8:01 pm
VERY IMPORTANT: Suspension of Promotional Funds - June 1, 2007	Chris 3/2/07 9:37 am	1 / 930	Bluebird 3/6/07 1:15 pm
AllSportsMarket.com Sports Trader Newsletter	Chris 11/16/05 7:54 pm	1 / 1766	Chris 12/6/06 8:55 pm
IPO Master Schedule page: 2 3 4 5	Chris 10/28/05 12:13 pm	109 / 17717	Chris 10/7/07 2:49 pm
League Partnership Information page: 2 3	Chris 10/3/05 2:39 pm	51 / 7115	Chris 4/18/07 7:38 pm
AllSportsMarket.com Financial System Updates	Chris 11/28/05 9:04 pm	4 / 1929	Chris 7/17/07 5:47 pm
Global Sports Financial Exchange (GSFE) Updates page: 2 3 4	Chris 12/13/05 4:46 pm	88 / 12911	Chris 7/17/07 5:47 pm
Live Support During the Holidays	Chris 11/29/07 2:20 pm	0 / 123	Chris 11/29/07 2:20 pm
AllSportsMarket Eco-Harmony Statement	Chris 11/19/07 8:27 am	0 / 135	Chris 11/19/07 8:27 am
Unexpected Changes in the ASM Index	Chris 8/27/06 4:53 pm	20 / 2033	Sports Trading Compliance Commission 11/15/07 7:08 pm
Effective November 1, 2007 - 3% Commission on Buy/Sell	Chris 10/29/07 10:02 am	1 / 125	Chris 11/1/07 9:29 am
AllSportsMarket Official Blog Site - ASMBlog.com	Chris 10/29/07 10:19 am	1 / 162	Chris 10/31/07 11:52 am
ASM Market Monitor for Firefox	Chris 10/29/07 9:57 am	0 / 83	Chris 10/29/07 9:57 am
AllSportsMarket Market Monitor for Facebook	Chris 10/26/07 11:27 am	2 / 199	Chris 10/26/07 1:54 pm
Happy 3rd Birthday AllSportsMarket!	Chris 8/1/07 9:04 am	1 / 406	Chris 8/9/07 8:56 am
AllSportsMarket Sports Derivative Market Capitalization and Index Log	Chris 5/3/07 4:12 pm	7 / 1505	Chris 8/8/07 6:25 pm

Appendix B: QuestionPro Sample Survey Templates

Survey Template #1: Knowledge Management Survey

Sometimes companies are involved in "knowledge management" but call it by some other name. Please tell me whether your company is or is not doing the following things...

1. Collecting and sharing information about best practices
 - Yes
 - No
 - Refuse/Do not know
2. Setting up networks for transferring information between employees who interact with customers and company managers.
 - Yes
 - No
 - Refuse/Do not know
3. Setting up networks for transferring information between employees who interact with customers and engineers who create the product.
 - Yes
 - No
 - Refuse/Do not know
4. Creating formal procedures to ensure that lessons learned in the course of a project are passed along to others doing similar tasks.
 - Yes
 - No
 - Refuse/Do not know
5. Finding formal ways to tie a manager's pay to the bottom-line impact of the information they provide to other managers in the company.
 - Yes
 - No
 - Refuse/Do not know
6. Developing "expert systems" to capture and circulate special skills and knowledge.
 1. Yes
 2. No
 3. Refuse/Do not know
7. Experts say that companies can determine if a "knowledge management" program is good for them depending on how they answer the next five questions. The questions are not complicated, and to save time, we are not expecting perfect answers. Just give us your top-of-mind response.

Appendix B: QuestionPro Sample Survey Templates, continued

Survey Template #1: Knowledge Management Survey, continued

8. What kinds of activities in your organization have the biggest impact on the bottom line? Of the activities you mentioned, which one probably has the biggest impact?
9. What kinds of knowledge, if you had it, would make this activity work more effectively?

Survey Template #2: Senior Management Survey

1. Senior Management gives team members a clear picture of the direction the [Company] is headed.
 - Strongly Disagree
 - Somewhat Disagree
 - Neutral
 - Somewhat Agree
 - Strongly Agree
2. I am satisfied with the strategic direction of the company.
 - Strongly Disagree
 - Somewhat Disagree
 - Neutral
 - Somewhat Agree
 - Strongly Agree
3. Upper management seems willing to invest in the development of new team members.
 - Strongly Disagree
 - Somewhat Disagree
 - Neutral
 - Somewhat Agree
 - Strongly Agree
4. Upper management seems willing to accept mistakes made in the process of trying new things.
 - Strongly Disagree
 - Somewhat Disagree
 - Neutral
 - Somewhat Agree
 - Strongly Agree

Appendix B: QuestionPro Sample Survey Templates, continued

Survey Template #2: Senior Management Survey, continued

5. Upper management understands the problems we face on our jobs.
 - Strongly Disagree
 - Somewhat Disagree
 - Undecided
 - Somewhat Agree
 - Strongly Agree

6. Upper management treats me with respect.
 - Strongly Disagree
 - Somewhat Disagree
 - Undecided
 - Somewhat Agree
 - Strongly Agree

7. Overall, how satisfied are you with the job being done by your immediate supervisor?
 - Very Dissatisfied
 - Somewhat Dissatisfied
 - Undecided
 - Somewhat Satisfied
 - Very Satisfied

Survey Template #3: Company Communications Evaluation

1. Overall, how satisfied are you with communications in your company?
 - Very satisfied
 - Satisfied
 - Neutral
 - Dissatisfied
 - Very dissatisfied

2. Which best describes your impression of communications within your company?
 - Keeps us fully informed
 - Keeps us fairly well informed
 - Keeps us adequately informed
 - Gives us only a limited amount of information
 - Doesn't tell us much at all about what's going on

Appendix B: QuestionPro Sample Survey Templates, continued

Survey Template #3: Company Communications Evaluation, continued

3. How do you feel about the information you receive?
 - I can almost always believe it.
 - I can usually believe it.
 - I can believe it about half the time.
 - I usually can't believe it.
 - I can almost never believe it.

4. How well do you feel you know the company?
 - I know the company very well.
 - I know a fair amount about the company.
 - I know just a little about the company.
 - I know almost nothing about the company.
 - Knowing about the company is not important to me.

5. Compared with a year ago, how would you rate your knowledge of the company, its strategies, and its ongoing accomplishments?
 - Much more knowledgeable
 - Somewhat more knowledgeable
 - Same level of knowledge
 - Somewhat less knowledgeable
 - Much less knowledgeable

6. What is the best thing about communications in the company?

7. For which information items do you believe it is very important that you receive communications about:
 - The company's strategies for the future
 - Products and services of the company
 - The overall financial picture of the company
 - The company's capabilities
 - Human resources process
 - Benefits
 - Compensation and bonus programs
 - Technology developments
 - Issues and trends affecting our business
 - Key customer business issues
 - Company success stories
 - Competitive initiatives
 - Marketing programs
 - Government affairs affecting the company
 - Community involvement

Appendix B: QuestionPro Sample Survey Templates, continued

Survey Template #3: Company Communications Evaluation, continued

8. What other topics do you feel are important for you to know more about and would like the company to include in future communications?
9. How much of a typical company newsletter do you read?
- Generally read all of it
 - Read most of it
 - Read some of it
 - Only skim through it
 - Don't read it at all
10. What is your overall evaluation of the newsletter?
- Excellent
 - Very good
 - Good
 - Fair
 - Poor
11. From which of the following sources do you now receive most of your information about what is going on in the company? Rank your top three information sources only.
- The grapevine
 - Bulletin board
 - My supervisor
 - Company leadership
 - Group meetings at our work location
 - Local company publications
 - Company intranet
 - Company e-mail
 - Voice-mail announcements
- Rank values must be between 1 and 9
12. From which of the following sources would you prefer to receive most of your information about what is going on in the company?
- The grapevine
 - Bulletin board
 - My supervisor
 - Middle management at my location
 - Top management at my location
 - Company leadership
 - Group meetings at our work location
 - Local company publications

Appendix B: QuestionPro Sample Survey Templates, continued

Survey Template #3: Company Communications Evaluation, continued

13. How would you rate your manager's communication skills?

- Excellent
- Very good
- Good
- Fair
- Poor

14. Do you have any suggestions for the company to help improve performance and efficiency?

Appendix C: Denison Organizational Culture Survey, continued

In this organization...		In this organization...			
21.	1 2 3 4 5	when disagreements occur, we work hard to achieve "win-win" solutions.	41.	1 2 3 4 5	we view failure as an opportunity for learning and improvement.
22.	1 2 3 4 5	there is a "strong" culture.	42.	1 2 3 4 5	innovation and risk taking are encouraged and rewarded.
23.	1 2 3 4 5	it is easy to reach consensus, even on difficult issues.	43.	1 2 3 4 5	lots of things "fall between the cracks."
24.	1 2 3 4 5	we often have trouble reaching agreement on key issues.	44.	1 2 3 4 5	learning is an important objective in our day-to-day work.
25.	1 2 3 4 5	there is a clear agreement about the right way and the wrong way to do things.	45.	1 2 3 4 5	we make certain that the "right hand knows what the left hand is doing."
26.	1 2 3 4 5	our approach to doing business is very consistent and predictable.	46.	1 2 3 4 5	there is a long-term purpose and direction.
27.	1 2 3 4 5	people from different parts of the organization share a common perspective.	47.	1 2 3 4 5	our strategy leads other organizations to change the way they compete in the industry.
28.	1 2 3 4 5	it is easy to coordinate projects across different parts of the organization.	48.	1 2 3 4 5	there is a clear mission that gives meaning and direction to our work.
29.	1 2 3 4 5	working with someone from another part of this organization is like working with someone from a different organization.	49.	1 2 3 4 5	there is a clear strategy for the future.
30.	1 2 3 4 5	there is good alignment of goals across levels.	50.	1 2 3 4 5	our strategic direction is unclear to me.
31.	1 2 3 4 5	the way things are done is very flexible and easy to change.	51.	1 2 3 4 5	there is widespread agreement about goals.
32.	1 2 3 4 5	we respond well to competitors and other changes in the business environment.	52.	1 2 3 4 5	leaders set goals that are ambitious, but realistic.
33.	1 2 3 4 5	new and improved ways to do work are continually adopted.	53.	1 2 3 4 5	the leadership has "gone on record" about the objectives we are trying to meet.
34.	1 2 3 4 5	attempts to create change usually meet with resistance.	54.	1 2 3 4 5	we continuously track our progress against our stated goals.
35.	1 2 3 4 5	different parts of the organization often cooperate to create change.	55.	1 2 3 4 5	people understand what needs to be done for us to succeed in the long run.
36.	1 2 3 4 5	customer comments and recommendations often lead to changes.	56.	1 2 3 4 5	we have a shared vision of what the organization will be like in the future.
37.	1 2 3 4 5	customer input directly influences our decisions.	57.	1 2 3 4 5	leaders have a long-term viewpoint.
38.	1 2 3 4 5	all members have a deep understanding of customer wants and needs.	58.	1 2 3 4 5	short-term thinking often compromises our long-term vision.
39.	1 2 3 4 5	the interests of the customer often get ignored in our decisions.	59.	1 2 3 4 5	our vision creates excitement and motivation for our employees.
40.	1 2 3 4 5	we encourage direct contact with customers by our people.	60.	1 2 3 4 5	we are able to meet short-term demands without compromising our long-term vision.

CONTINUE →

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Appendix D: Final Survey Instrument

Virtual Communities & Organizational Effectiveness

Page 1 of 13

Welcome:

I want to sincerely thank you for being a part of the Allsportsmarket (ASM) virtual community. Over the past two and a half years we have undergone significant developmental milestones as we continue to march diligently towards our final goal of becoming the world's first Global Sports Financial Exchange.

Until the closure of the internal ASM forums on March 5th 2007 due to regulatory and legal concerns, our virtual community forum was a participative, informative and fun place to exchange information with management and other clients. Your collaboration and suggestions were integral components in assisting ASM management with its numerous business development proceedings.

To gauge the effects of your participation on the organizational effectiveness of Allsportsmarket Inc., I kindly request that you take a few minutes to fill out the following survey to support my graduate research at the University of Wisconsin-Stout. Since its been approximately 4 months since you were last permitted to interact with management on the internal forums, please do your best to remember your past interactions and involvement when completing the survey.

Kind Regards,

Paul Bleier BSc.
University of Wisconsin-Stout

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About you:

1. Please select your age range from the options below:*

18-25 26-35 36-45 46-54 55+

2. Please select your gender:*

Male Female

3. In which of the following three external forums did you first learn of this survey?*

ASM Traders Forum on the Market Maker Forum
 Facebook
 Sportssession

4. Approximately, how much of the Allsportsmarket Virtual Community Forum did you read?*

I read ...	Every post	Most new posts	Some new posts	Only important (read only) announcements	Nothing in the forums
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Are you subscribed to receive updates from the ASM Corporate Newsletter? (Corporate@Allsportsmarket.com)*

Yes No

6. Among the options below, please indicate approximately how many posts you contributed to the ASM forums while they were open to the general public*

0 1-250 251-500 501-999 1000+

7. At the present time, do you own any common stock in Allsportsmarket Inc., formerly represented as ASMA1?*

Yes No

Appendix D: Final Survey Instrument, continued

Page 3 of 13

Involvement

Involvement: The extent to which you as a member of ASM's virtual community felt empowered to achieve company goals, with some measure of control over the processes and strategies that strive to deliver these goals.

8. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Forward business planning was ongoing and involved many members from the forum community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I designed and developed business cases to aid in regulatory efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I designed and developed graphics or banners during past participation in forum contests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I designed and developed external market analysis tools (i.e. excel)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
During my time on the forums, I feel that I positively impacted the business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Consistency

Consistency: The extent to which you believe that management's participation within the virtual community accurately displayed their attitudes and beliefs to create a culture of commitment towards client needs.

9. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Management "practiced what they preached"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management treated clients equally (no favorites)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Established rules/procedures remained steadfast	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix D: Final Survey Instrument, continued

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Adaptability

Adaptability: The extent to which ASM determined the requirements, expectations, and preferences of its clients by interacting on a one-to-one basis with virtual community members.

10. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My suggestions frequently led to changes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My comments directly influenced internal decisions (e.g. rules and regulations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My comments directly influenced external decisions (e.g. marketing and promotions)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management effectively responded to external pressures because of a deeper understanding my needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management put client interests first when some degree of change was required	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Strategic Direction and Intent

Strategic Direction and Intent: The extent to which ASM displayed a targeted focus or action within the virtual community to achieve a priority outcome

11. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
ASM continues to have a long-term purpose and direction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management set goals that were ambitious, but realistic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ASM's goals and strategies were easier to understand because of the virtual community and forums	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management tracked progress against their stated goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix D: Final Survey Instrument, continued

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Vision

Vision: A powerful vision provided the virtual community with a shared mental framework that helped give form to the sometimes abstract future that lay ahead.

12. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I agreed with the vision as it was outlined to me in the forums	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management's vision created excitement and motivation among the virtual community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management met short-term demands without sacrificing the long-term vision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management was dedicated and committed to achieving the vision it had created	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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President/CEO Accountabilities

Accountability: the extent to which Mr. Rabalais took responsibility for his actions and could deliver difficult messages to the virtual community when required to do so.

13. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Mr. Rabalais was transparent with stakeholders concerning his plans and progress	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mr. Rabalais' conversations with clients in the forums were business appropriate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mr. Rabalais took ownership for mistakes or errors in judgement in the forums	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix D: Final Survey Instrument, continued

Knowledge Management

Knowledge Management: The extent to which ASM systematically and actively leveraged its knowledge, information and intellectual assets to create additional value for stakeholders.

14. Please use the following scale when responding to each of the statements below: 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
ASM collected and shared information about industry trends and developments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ASM developed enough "expert advisors" (e.g. Trader Guides) to capture and circulate knowledge in the forums	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The institutional memory of the forums provided me with valuable insight into past, present and future business development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Town hall chat room meetings helped clarify current business decisions and future developments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Important Announcements

Past topics in the Important Announcements section of the forum with 2000 or more views could be sorted into the following categories:

15. Please indicate the importance of each category below to the virtual community forum: *
(A color coded sample of forum categories is shown in the image below)

	Very Important	Important	Neutral	Unimportant	Very Unimportant
Training and Education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public Relations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public Opinion Polls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory Affairs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules and Regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Training and Education, Public Relations, Public Opinion Polls, Regulatory Affairs, Corporate Finance, Rules and Regulations

Topics	First Post	Replies/Views	Last Post
ASM Analysis from an Economics Ph.D page: 2	alpi 3/22/06 2:53 pm	34 / 2403	Chris 1/3/07 2:51 pm
Please Introduce Yourself! page: 2 3 4 5 6 7	Chris 8/27/04 8:46 pm	163 / 5949	Peebs 2/23/07 10:51 am
Sports Gaming Industry Instability page: 1 2 3 4	Chris 8/8/06 12:18 pm	212 / 7726	thehippy 2/19/07 2:35 pm

Appendix D: Final Survey Instrument, continued

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Informational Content

16. On a scale of 1 to 10, please rank the importance of each item below with respect to receiving timely communication where 1 = lowest importance and 10 = highest importance. Once you have used a number from 1-10, you may not use that number again.
Rank the items below, using numeric values starting with 1.

Strategies for the future	<input type="text"/>
Products and services	<input type="text"/>
Corporate financial forecasts	<input type="text"/>
Payment solutions	<input type="text"/>
Site technology developments	<input type="text"/>
Market trends	<input type="text"/>
Success stories	<input type="text"/>
Marketing/PR	<input type="text"/>
Government/Regulatory involvement	<input type="text"/>
Community involvement	<input type="text"/>

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Informational Sources

17. From which of the following sources did you receive the majority of information pertaining to Allsportsmarket's business development? (Check all that apply)
Select at least 1 response.

- Internal Forums
 External Forums
 Email
 Live support
 Town hall meetings
 Offsite client communications
 Other, please specify

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Additional Comments

18. If you have any additional comments or suggestions for the researcher regarding the effectiveness of Management's interaction with the virtual community or the business in general, please enter them below:

Appendix E: Cover Letter Posted to External Virtual Communities

To the Allsportsmarket Community:

My name is Paul Bleier, but most of you know me as the user "Peebs" from the once bustling and vibrant Allsportsmarket (ASM) virtual community forum. I joined ASM in March of 2005 and have been an avid and supportive member ever since. I live and work full time for a management consulting firm in Toronto and am in the final stages of finishing my thesis for a Master's degree in training and organizational development.

This journey to finishing my Master's degree began in August of 2005 when I began my studies at the College of Technology, Engineering and Management at the University of Wisconsin-Stout. It was during this first fall semester that I began to see a bright and prosperous future for both ASM and my personal research interests. Allsportsmarket's unique business development and management interactions served as an excellent foundation to guide me throughout my course studies. Individual projects for courses such as Performance Analysis would benefit from concurrent developmental milestones at ASM.

With the President and CEO's full support, I was permitted to conduct two projects on ASM during the fall of 2005. The first was a job/task analysis of an Allsportsmarket client support staff member, and the second was a full needs assessment on the current customer service, site functionality and forum usage. Many of you may remember this needs assessment survey as it was sent out to all registered newsletter subscribers on November 14th, 2005. I never did get to say thank you to all of you who responded (approx 276 clients) to this survey, so now is my chance – Thank You!

The needs assessment survey resulted in a 60 page document that was to assist management in acquiring some of the more pressing issues that clients were having. I personally analyzed all of the survey data for any statistically significant trends and made numerous recommendations to ASM management in Q4 2005. Unfortunately, due to confidentiality agreement I signed between myself and the company, I was never able to share the positive results of my finding with the ASM community.

Almost two years later, my research and interest in the development of ASM is finally ready to be shared with not only friends and colleagues at school, but with YOU – the real reason that ASM is on the cusp of achieving something that was once thought to be unattainable.

The unfortunate and untimely closure of the Allsportsmarket internal forums on March 9th 2007 in an effort to forge ahead with regulation and governance in the United States was a very dark day for my research as you are about to find out.

Appendix E: Cover Letter Posted to External Virtual Communities, continued

Let me first start by setting the context by providing you all with a summary of my approved application for the University of Wisconsin Stout's Protection of Human Subjects that will allow me to complete my thesis and subsequently the requirements for my degree.

Project Title: Evaluating the Impact of Virtual Communities on the Organizational Effectiveness of E-commerce Startups

Objectives:

This research will focus on evaluating the impact of virtual communities on the organizational effectiveness of ecommerce start-ups. Based on the results of this evaluation, the goal is to classify and evaluate a conceptual model of organizational effectiveness that is sensitive to the changing demands of today's global connected economy. The future model of organizational effectiveness will be created based on current trends in management literature and the availability of computer-mediated communication tools.

Significance:

From voice over internet protocol and e-mail to live chat and wireless text messaging, the variability and anonymity inherent within today's computer-mediated communication tools have spawned the age of invisible consumers. Unlike traditional face-to-face consumers, invisible consumer are almost always in a hurry, and extremely knowledgeable about service experiences across many industries and competitive companies. Currently, there is no model of organizational effectiveness that formalizes a process to capitalize on the breadth of knowledge today's invisible consumer brings to the table. This research study will impact business education by attempting to prove that firms who focus on their immediate stakeholders' concerns and suggestions during business development can and will add significant future value and sustainability to their operations.

Detailed Methodology:

To evaluate the impact of virtual communities on the organizational effectiveness of ecommerce startups, a survey will be administered to current and past stakeholders that have participated in a virtual community with management currently involved in business development. The survey will be anonymous and ask for participant reactions/satisfaction level to questions which evaluate the management effectiveness of using a virtual community to drive such strategic business development issues as mission and vision, empowerment, adaptability, accountabilities, and communication protocols. The survey questions will be created on Likert scales, but will also include some categorical data to acquire demographic content. The survey instrument itself will be distributed electronically through UW-Stout's online survey website. The target population will be provided with the nature of the research ahead of time. The data will be kept confidential once collected and stored within an excel spreadsheet to commence data analysis.

Appendix E: Cover Letter Posted to External Virtual Communities, continued

There will be an opt-out clause that states participation in this research is voluntary; and all participants will be 18 years of age or older as that is the requirement to be a client in good standing with the business. Participants will be asked for their opinions and satisfaction ratings on business related issues. No questions will be designed to modify the thinking, feeling, and behaviors of any participant. The survey will only ask for current thoughts and feelings towards management's past use of the virtual community forum to drive business development. There is very low risk to the participants in this research.

Confidentiality will be ensured because all participants will not be asked for their name or any unique identifier when filling out their survey. As well, all participants are expected to receive the survey link and cover letter from the business' corporate newsletter that sends out emails privately and only addressed to a single client. If the corporate newsletter cannot be used for whatever reason, an embedded link will be posted to the virtual community forum to hyperlink participants to the survey protocol.

The only risks associated with participants participating in this research can be attributed to potential mild physical strain that is sometimes associated with using a keyboard, mouse, and computer monitor to complete the on-line survey

The benefit for participants who choose to participate in this research is that their data/responses will be read by management who may elect to implement changes that enhance the business. The benefit to society is that this research will attempt to prove that senior leaders who engage with stakeholders on a one-to-one basis using virtual communities can acquire insightful knowledge and recommendations to increase the organizational effectiveness of any number of businesses.

Where I stand today...Monday June 25th 2007:

Due to unforeseen circumstances involving ASM's attempt to become regulated in the United States, I was informed today that ASM will be unable to send out my survey.

What I need from you...

Although dispersed, with the emergence of external forums such as the ASM Traders Forum, Facebook and Sportsession, there is still a medium for me to gather the data I need to complete my research.

In the coming weeks after I revise some research protocols with my advisor at school I will be ready to finally launch the survey and begin collecting data. The survey will be accessed through a hyperlink in this discussion thread and will take no longer than 10-15 minutes to complete.

Appendix E: Cover Letter Posted to External Virtual Communities, continued

Prior to receiving the survey, I kindly ask that you reply to this thread stating your intention as to whether or not you would be willing to take this survey and help me complete my thesis.



I appreciate your time and effort in reading the above information, and I will be sure to announce when I anticipate deploying the survey.

Should any of you have any questions regarding my research or what I am trying to accomplish, please do not hesitate to send me an email to bleierp@uwstout.edu

Sincerely,

Paul Bleier

Appendix F: Statement of Vision as posted to ASM's virtual community forum

Author	ASM Statement of Vision
 <p data-bbox="440 300 565 468"> Jon Doe President & CEO 5195 posts Joined: 8/9/02 </p>	 <p data-bbox="695 317 1062 352">Posted: 12/31/05 10:20 a.m.</p> <p data-bbox="589 394 1370 499"> AllSportsMarket.com (ASM) is the World's first and only Global Sports Financial Exchange (GSFE) that continuously trades sports-based monetary instruments. </p> <p data-bbox="589 537 1321 642"> Through direct relationships with the leagues, teams and players listed, ASM creates harmonious, synergistic, and mutually beneficial partnerships. </p> <p data-bbox="589 684 1393 789"> It is our prime responsibility and duty to continually grow, improve and enhance the platform to provide a fair, stable and regulated worldwide marketplace. </p> <p data-bbox="589 831 1354 894"> These precepts govern every decision and guide each detail without fail. </p> <p data-bbox="589 940 786 1045"> Jon Doe President/CEO ASM </p>