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Profit-Motive and Self-Interest May Require a Demand-Pull Strategy to Reduce Textbook Costs for Students

A.J. Cataldo II*   Brian J. Halsey

Abstract

This paper summarizes efforts to develop a reduced cost, zero-cost-to-students, or open source text for introductory financial accounting and introductory managerial accounting. Initial attempts to secure an external grant for an introductory managerial accounting text failed to achieve executive administrator support and/or approval. Later, a comparable project was approved for internal funding, with a spring 2015 sabbatical, at full pay, for development of an introductory financial accounting text. This latter text has been completed and is available at http://digitalcommons.wcupa.edu/acc_texts

Key Phrases: Open source texts, Open source, Rational self-interest

Reduced funding for state universities have contributed to increases in the cost of tuition, as reported in the popular press. Textbook publishers contribute to increased costs, through the creation of new, more costly editions of texts. In some cases, these new editions are not warranted and essentially no new content is provided. Later editions are, sometimes, intentionally designed to be difficult to replace with earlier editions. Arbitrary changes or modifications are introduced to the new editions despite the absence of substantive changes in content. These profit-maximizing strategies are rational. An example of the "planned obsolescence" methodology, designed by publishers to protect the market for later editions of their texts, is provided in this paper.

Colleges and universities have a variety of text selection methods. Generally texts are adopted by individual faculty members or faculty textbook selection committees or tenured faculty. While they might be presumed to possess the skills necessary to write texts and supplements, there is no economic incentive to do so, and business faculty, in particular, might be inclined to view such an endeavor in a cost-benefit framework. The opportunity cost of developing open source materials is time that could be devoted to other, profitable activities – thus that development is the consumption of time, a scarce economic resource. Publishers rely, successfully, on the overwhelming nature of the task as a form of what economists refer to as a "barrier to entry." Publishers benefit (and profit) from their rational expectation that faculty will behave rationally. Examples of faculty objections to internal development of an open-source text or a zero-cost-to-students alternative to costly, new editions of texts are provided in this paper, where objections appear to be based only on self-interest and are economically rational.

Introductory financial accounting and introductory managerial accounting are courses, typically, required by all U.S. universities for all business undergraduate degree majors. No significant substantive revisions to either texts or supplements have been necessary for more than two decades, yet publishers produce new editions every two-to-three years. Publishers are engaged in a rational, profit-maximizing strategy designed to make earlier editions obsolete. It is this fact that makes these two courses (and others like them) ideal candidates for the development of open source texts and supplemental resources. It is quite likely that any open source texts and supplements produced will enjoy an extended useful life.

Recent innovations in financial accounting include the passage of Sarbanes-Oxley (SOX; 2002) and the expansion of International Financial Reporting Standards (IFRS) to replace generally accepted accounting principles (GAAP), the foundation of accounting in the U.S. SOX and IFRS are only briefly mentioned in introductory financial accounting texts and courses, where they are addressed in a bit more detail, but certainly do not represent the foundation, for intermediate and even advanced financial accounting courses leading to an undergraduate degree in accounting. Effectively, the content for the texts and supplements for introductory financial accounting has not changed for decades.

The most recent innovations in managerial accounting include the balanced scorecard (BSc) and activity-based costing (ABC). Both topics have enjoyed introductory managerial accounting textbook coverage for more than two decades. Therefore, the content for the texts and supplements for introductory managerial accounting have also not changed for decades.

The remainder of this paper is developed, as follows: first, two efforts seeking both external and internal support for the development of two introductory open source accounting texts is summarized. Second, an example of publisher planned obsolescence is provided. Third, results from an accounting faculty emailed query with respect to both (1) objections or disadvantages and (2) advantages associated with the internal development of an open source text and supplements, in an unscientific attempt to confirm the author's anticipated expectations with respect to sentiment. Fourth, this paper addresses legal issues implicated in the development of these texts and course materials. Finally, this paper encourages colleagues to participate in the development of these open source texts, and recommends a strategy to accelerate the pace and expansion of open source texts and course materials.

I. Efforts Seeking Support for a Department or Open Source Text

Competing funding priorities and the allocation of limited resources constrained funding from University donors (that is, would a donor fund release time to develop an open source text when funds were simultaneously actively solicited for a new campus building?).[1] Ultimately this text was drafted without *external* funding sources.

[1] The introductory managerial accounting text could have been funded by a Big 4 accounting firm, eager to provide West Chester University with a $10,000 grant for this project, but WCU administration could not receive any portion of the grant money for administration and was concerned that this modest amount might interfere with a larger grant that the firm might make available for a new building for the business school. The principal investigator developed the grant proposal, where $2,500, each, would have gone to 4 adjuncts, providing them with an economic incentive to participate in the project.

Administration did not receive the amount they had hoped for to assist with the construction of the new building. The Big 4 firm wanted more time to develop a stronger relationship with the institution, prior to making any significant economic contributions. Therefore, the grant was not pursued or approved and no significant amount was received for the new building from this external funding source.

Another stylistic objection to the introductory managerial accounting text, which was already under development, was the lack of clip art. To the primary author's surprise, students do, in fact, like clip art, but this complaint or shortfall is easily corrected.[2]

Early conversations by the primary author with faculty in different disciplines revealed cross-discipline concerns (e.g., '…if an economics open source text is developed, it will be developed by an economist…'). There was also concern that the author of the open source accounting texts might have some profit motive. This represents a pitfall to be avoided (and a pitfall prohibited by an open source license). Although the authors have not experienced it, it is conceivable that a nonconventional project such as this one could hinder a tenure-track faculty member's career in the eyes of more senior, more traditional tenured faculty.

In the case of the primary author a sabbatical request for the development of a department or open source text for introductory financial accounting was approved by his University. The author has completed the project, and the text is available online at the University website.[3] Contributions to this evolving work are welcomed.

A. Approximate Measures from the Sabbatical Request and for a Single Institution

Some computations used for the approved sabbatical, extended by way of what those in finance might refer to as "capitalization into perpetuity," were used to compute the present value of an open source text for the introductory financial accounting course. These measures are contained in Exhibit 1.

Refer Exhibit 1

Exhibit 1 ignores savings for other courses. For these measures, at least 10 courses have been identified as possible targets, though more are likely to exist. This listing is also confined to courses typical for an undergraduate degree in accounting.[4]

Therefore, at least 10 times the measure contained in Exhibit 1 represents a more reasonable approximation of minimum, aggregate cost savings to accounting students at a single institution, WCU, at approximately twelve to nineteen million dollars.

Of the 1,650,000 bachelor's degrees conferred in 2009–10, the greatest numbers of degrees were conferred in the fields of business (358,000).[5] Exhibit 2 contains measures comparable to those

[2] When 18-20 year old students participated in providing some review notes for early drafts and sample chapters of the introductory financial accounting text, several recommended that the author put family photos of the author in the text. This appeared to be such an odd request, but could be a function of or the influence of social media on this generation.

[3] http://digitalcommons.wcupa.edu/acc_texts/1/

[4] The ten courses include: (1) microeconomics, (2) macroeconomics, (3) pre-calculus, (4) calculus, (5) introductory financial accounting, (6) introductory and (7) intermediate managerial or cost accounting, (8) first and (9) second semester of statistics, and (10) corporate finance, but this number could double, as additional opportunities might exist in other, general education courses.

[5] U.S. Department of Education, National Center for Education Statistics. (2012) *Digest of Education Statistics, 2011* (NCES 2012-001), Chapter 3.

contained in Exhibit 1, but for the entire U.S. or domestic market. Worldwide measures are not developed or provided.

Refer Exhibit 2

II. The Publishing Process – New Editions and Planned Obsolescence

Textbook publishers engage in strategies to gain market share and maximize profits. This practice is not unethical, but some of the strategies might be of interest to those without insider exposure to the process. In the case of introductory financial and managerial accounting texts, some may have noticed that errors go uncorrected between editions, PowerPoint slides appear to be collections of less than fluid representations of textbook content, which may be incomplete, and test banks contain repetitive or redundant options. The primary author of this paper has been hired to perform all of these functions.

These functions are hired out for a fixed fee. Therefore, compliance, to the functionary, is more important than performance. These updates are typically triggered with each new edition. In the case of PowerPoint revisions, the work-for-hire will receive a fixed fee and might be provided with (1) the old edition, (2) the new edition (usually with track changes to provide for an audit trail), and (3) the old edition PowerPoints. For a fixed fee, the rational work-for-hire or subject matter expert will "fill in the gaps" and/or modify the PowerPoint slides to match the new edition of the text. This process explains how PowerPoint slides in later editions of the same text appear to have been developed by multiple authors. They were.

The editor, typically someone with an English or communications degree, but little or no subject matter expertise, will tell the expert when the work performed is adequate and the fixed fee has been earned. The expert will retain as many PowerPoint slides as possible, from earlier edition(s), to maximize the perception of improvement from the earlier edition. In some cases, items from an earlier edition(s) will appear to be, very apparently, "out of sequence" or redundant, but included. The same can be said for other supplements. Publishers appear to believe that "more is better," so items are "accumulated" and not deleted or replaced, perhaps to impress new adopters of the texts and to gain market share.

In addition to the above, actions are taken to make it very difficult for faculty to utilize earlier editions. Earlier editions are sold at very, very low prices in the secondary market. Exhibit 3 contains an example of the very low cost for an earlier edition of an introductory financial accounting text, in this case, less than $5, including shipping.

Refer Exhibits 3 and 4

Exhibit 4 provides an example of a strategy used by one introductory managerial accounting text publisher to make it very difficult for students to use an earlier edition. The focus of this exhibit is on homework problems, where, for example, homework problem 1 from the 3rd edition chapter was moved to the end of the chapter in the new or 4th edition, homework problem 2 from the third edition was moved to and become homework problem 1 in the new or 4th edition, and so on.

Sequence interruption is the easiest and most cost-effective means of achieving planned obsolescence for earlier editions of texts. Homework problem number 6 in the third edition (number 8 in the 4th edition) had a name change for the fact pattern. Computationally simple (and cost-effective) modifications were made in the case of 3rd edition homework problem numbers 17 and 25. This process is repeated, judgmentally or somewhat randomly, for all chapters. The publisher, employing the above strategies, could achieve the desired planned obsolescence while minimizing cost – paying to have only 1 new homework problem developed for each chapter (see Exhibit 4).

III. Research Questions and Responses

In the years preceding the below queries, representing nothing more than unscientific questions to gauge colleagues' sentiment, the primary author recommended that accounting faculty consider providing opportunities for students to purchase earlier editions of texts (see Exhibit 1). Alternatively, students could use a department text combined with an earlier edition of an external text, to reduce per student cost. There was really no interest in this cost reduction effort.

With the sabbatical for the introductory financial accounting text approved, the primary author gauged colleague sentiment. The following research question was emailed to 14 colleagues. Responses were copy/pasted from emailed responses. In one case a name was removed. Only three responses were received from the three tenured, four tenure track, and seven adjunct faculty members (N=14) queried. Only adjuncts responded.

It is important to note that the open source text was already underway, and two of the chapters had, previously, been distributed to all 14 faculty members to encourage participation and review notes. None of the three adjunct faculty members offering objections expressed any interest in contributing to these preliminary chapters. In fact, when first distributed, the first adjunct took a thought leadership position to oppose the project, using the reply all function decline participation.

> First Research Question: What are your objections or the disadvantages to the development and maintenance of a department text for ACC201 and ACC202?

Adjunct A took a very forceful thought leadership position within hours of the query, choosing the "reply all" option for his emailed response. Very quickly, adjunct B and C followed. All are summarized in Exhibits 5, 6, and 7, for presentation discussion.

Refer Exhibits 5 and 6 and 7

A second or follow-up email was sent to the same 14 colleagues.

> Second Research Question: Are there any advantages to the development and maintenance of a department text for ACC201 and ACC202?

Two of the same, above three adjunct faculty members responded, again, within hours. These responses are contained in Exhibits 8 and 9.

Refer Exhibits 8 and 9

Publishers know that faculty want textbook supplements and therefore they produce them to maintain market share and to erect barriers to entry. Even the cost of changing texts involves the consumption of time from faculty, particularly adjuncts, where some are motivated largely by the additional income generated to supplement their full-time or retirement pay. All are behaving rationally and in their own economic self-interest.

The tenured, tenure-track or adjunct faculty member's perception is that the production of these supplements represents an overwhelming task. This is to an extent true unless faculty understand and exploit intelligent strategies to avoid copyright violation and make to full legal use of existing resources. To the extent that ignorance of copyright law, fair use, and open source opportunities persist, publishers will continue to profit or benefit, and students will continue to pay ever-increasing costs for the repackaging of course materials that do not change over time.

One solution is to create faculty experts in copyright and fair use laws and open source trends. However, this might not represent the most efficient vehicle to reduce the cost of texts as a significant and very apparent component of the rising cost of education, since the open source text must still be developed.

Profit-maximizing, rational economic behavior and self-interest is not restricted to publishers and text-adopting faculty. Grant-seeking administrators also act in their self-interest (or, if preferred, in the economic best interest of the institution). The next section addresses copyright, first sale and fair use laws, and open source movements. Recall that these concerns were raised by those objecting to the development of a department text.

IV. Running Afoul of the Law – A Primer for Professors in English in Three Paragraphs.

A common barrier to faculty is a fear of crossing intellectual property swords with publishers, authors and other copyright holders. There is, however, little to be feared in that regard when faculty is armed with basic knowledge of what is and what is not covered by copyright protections.

In short, an author, publisher or professor cannot copyright basic topical concepts like debits, credits, the structure of financial statements, the format of a journal entry, or the calculation of a financial ratio. But one *can* copyright the PowerPoint or problem or example that *illustrates* those concepts. This means that faculty cannot blithely reuse original copyrighted educational materials such as PowerPoints, teacher's manuals, problems, exams, and the like to compile their own course materials unless those copyrighted materials fall under exceptions to the copyright laws discussed below (quite unlikely). However, faculty can amalgate and expand and improve on the ideas and basic approaches that other authors, professors and publishers may use to illustrate a concept. If publisher "A" provides an especially effective presentation of a topic a professor may not merely appropriate the presentation for their use without the appropriate licenses and/or text adoptions. But the professor *could* take that basic approach, develop their own similar problems (again, how many different ways can one illustrate a basic accounting concept like debits, credits, the structure of financial statements, the format of a journal entry, or the calculation of a financial ratio?) and make something of their own that is better, cost effective, reusable *ad infinitum* and essentially independent of the issues of planned obsolescence discussed above. Note that this approach is not an exception to copyright law as explained below. It is not a fair use, open source or first sale exception approach because the underlying concept itself is not copyrightable.

In the following sections we address how and when faculty may use copyrighted material and provide a deeper explanation of the legal foundations that drive, inadvertently, planned obsolescence within this market.

A. Taking the Law a Little Deeper I - Copyright and First Sale Laws

The controlling case regarding copyright and resale of textbook materials is 2012's *Kirtsaeng v. Wiley.*[6] The Copyright Act "… grants "the owner of copyright under this title" certain "exclusive rights," including the right "to distribute copies ... of the copyrighted work to the public by sale or other transfer of ownership."[7] However, it is axiomatic amongst attorneys that there are exceptions to the general rule, and often exceptions to the exceptions. The Copyright Act is no different. 17 U.S.C. §107 provides for "fair use", 17 U.S.C. §108 provides archival reproduction, and 17 U.S.C. §109, which is commonly known as the "First Sale" doctrine, provides protections for subsequent sales of copyrighted works.

The "First Sale" Doctrine permits the legal owner of a copy of copyrighted work to "… sell or otherwise dispose of the possession of that copy or phonorecord."[8] It is the basis for the dependable semester cycle (and tradition) of college bookstore buybacks and student to student resales.[9] It is an ancient rule, codified by statute.[10] *Kirtsaeng* determined that the "First Sale" Doctrine is nongeographical.[11] Briefly, it is irrelevant where the copy was printed – in Indiana or Iowa or India – once that legal copy is purchased for the first time ". . .the buyer, like the buyer of a domestically manufactured copy, [is]free to bring the copy into the United States and dispose of it as he or she wishes."[12]

What "First Sale" permits, especially as interpreted by *Kirtsaeng,* is the continual resale by students and college bookstores, and the mass importation (for instance by an American based online used bookstore) of copyrighted texts – including far cheaper older editions – without the

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[6] 133 S.Ct. 1351 (2013).
[7] *Id. at 1354.* (citing 17 U.S.C. §106(3)).
[8] 17 U.S.C. §109(a). ("Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.")
[9] The American Library Association, Used-Book Dealers, and Technology Companies Agree. *See* 133 S.Ct. at 1363-64.
[10] *Id*. at 1363. (The court, at length, stated that ". . .the "first sale" doctrine is a common-law doctrine with an impeccable historic pedigree. In the early 17th century Lord Coke explained the common law's refusal to permit restraints on the alienation of chattels. Referring to Littleton, who wrote in the 15th century, Gray, Two Contributions to Coke Studies, 72 U. Chi. L.Rev. 1127, 1135 (2005), Lord Coke wrote: "[If] a man be possessed of ... a horse, or of any other chattell ... and give or sell his whole interest ... therein upon condition that the Donee or Vendee shall not alien[ate] the same, the [condition] is voi[d], because his whole interest ... is out of him, so as he hath no possibilit[y] of a Reverter, and it is against Trade and Traffi[c], and bargaining and contracting betwee[n] man and man: and it is within the reason of our Author that it should ouster him of all power given to him." 1 E. Coke, Institutes of the Laws of England § 360, p. 223 (1628)."). *Id.*
[11] *Id*. at 1361.
[12] *Id*. at 1356.

permission of the original copyright holder. The original copyright holder only may claim royalties on the original sale. Thus, as discussed elsewhere in this paper, the law drives the economics of planned obsolescence. Once the market is saturated by the current edition of a textbook that circulates and recirculates through student populations, royalty streams dry up for the publisher.

B. Taking the Law a Little Deeper II - Copyright and Fair Use Laws

Fair use provides another exception to the general protections provided by copyright.[13] Fair use is and exception to the copyright holder's exclusive rights in his work. The basic concept of fair use permits the use of copyrighted works for purposes of criticism, comment, news reporting, teaching, scholarship, or research.[14] The statutory basis for fair use is as follows (italics ours):

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, *teaching (including multiple copies for classroom use), scholarship, or research*, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include--
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> (2) the nature of the copyrighted work;
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
> (4) the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.[15]

Clearly faculty cannot use currently copyrighted texts and supplements under the fair use exception because even though the use may be on its face for ". . . teaching (including multiple copies for classroom use), scholarship, or research"[16] . . . "in a determination of the applicability of a fair use defense, courts have generally placed the most emphasis "on the effect of the use upon the potential market for the plaintiff's work.""[17] This concept applies whether the text is a current edition or a prior, out of print one. Using a copyrighted text for educational purposes under fair use would directly undercut the potential market for the expropriated text. But ". . . the central question . . . is not whether Defendants' use of Plaintiffs' works caused Plaintiffs to lose *some* potential revenue. Rather, it is whether Defendants' use—taking into account the damage that might occur if "everybody did it"—would cause *substantial* economic

[13] 17 U.S.C.A. § 107
[14] *See* Acuff-Rose Music, Inc. v. Campbell, 972 F.2d 1429 (6th Cir. 1992) Tenn.), *rehearing denied, cert. granted in part* 507 U.S. 1003, 123 L.Ed.2d 264, *reversed* 510 U.S. 569 *on remand* 25 F.3d 297.
[15] 17 U.S.C.A. § 107.
[16] *Id.*
[17] Amsinck v. Columbia Pictures Industries, Inc., 862 F.Supp. 1044, 1048 (S.D.N.Y. 1994), *citing* Triangle Publications, Inc. v. Knight–Ridder Newspapers, Inc., 626 F.2d 1171, 1175 (5th Cir.1980).

harm such that allowing it would frustrate the purposes of copyright by materially impairing Defendants' incentive to publish the work."[18]

However, little prevents faculty from using non-educational materials for educational purposes. Applications that fail to materially impair the market of a copyrighted work are generally fair use.[19] However, faculty may not take copyrighted materials, resell it (for instance, in self developed course packs that compete in the same market as the original material) and claim fair use.[20] But faculty may take bits and pieces of non-educational publisher sourced materials, use them to present a point otherwise covered in an expensive text, shelter the use under fair use exceptions to the copyright laws, and then save the students the relevant costs and deprive a publisher of a sale.

C. Taking the Law a Little Deeper III - Copyright and Open Source Movements

Open source texts, provide protections for authors but provide for broad permissions to the wider world for public use. "Public licenses, often referred to as "open source" licenses, are used by artists, authors, educators, software developers, and scientists who wish to create collaborative projects and to dedicate certain works to the public. Several types of public licenses have been designed to provide creators of copyrighted materials a means to protect and control their copyrights."[21]

"Open source" was originally meant for software, but it is applicable to educators and author's textbooks. Open source is contractual. "Currently, there are two legal frameworks governing open source software: open source licensing and federal copyright law. Open source licensing places restrictions on users, while federal copyright law provides copyright holders with remedies for license violations."[22] When an open source license is granted, generally the copyright holder permits others to use their material so long as the downstream user provides attribution "upstream" to the copyright holder.[23] Common language provides that the copyright holder provides a user with ". . .a worldwide, royalty-free, non-sublicensable, non-exclusive, irrevocable license to . . . reproduce and share the licensed material, in whole or in part; and . . . produce, reproduce, and share adapted material" so long as they provide attribution (which could be as simple as hyperlink), they indicate information about the copyright holder, license terms and any changes that may have been made to the material.[24] Note well that open source licenses are royalty-free. That means that, crucially, faculty and publishers may not collect royalties for the copies of their open source licensed texts. It also means that faculty may refer students to open source texts, modify them as they think fit (for instance, in order to move chapters, to delete materials not covered in the course, in order to print online materials, etc.) so long as they comply with the open source license.

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[18] Cambridge University Press v. Patton, 769 F.3d 1232, 1276 (11th Cir. 2014).
[19] Advanced Computer Services Of Michigan, Inc. v. Mai Systems Corp., 845 F.Supp. 356 (N.D.Ga. 1998).
[20] *See* Princeton University Press v. Michigan Document Services, Inc., 99 F.3d 1381, 1386 (1996)
[21] Jacobsen v. Katzer, 535 F.3d 1373, 1378 (2008)
[22] Kristina N. Spencer, U*sing Copyright Remedies To Promote Efficiency In The Open Source Regime In Wake Of Jacobsen V. Katzer*, 6 J.L. ECON. & POL'Y 63, 67 (2009)
[23] *See* Creative Commons Attribution 4.0 International Public License (available at http://creativecommons.org/licenses/by/4.0/legalcode).
[24] *Id.*

V. A Demand-Pull Strategy

So far, the authors have relied on economics and self-interest to explain textbook publisher, faculty, and administration behaviors. Perhaps the solution to encourage a move to open source is to rely on models of economic self-interest for a solution.

In the field of economics, there are two, primary causes of inflation: (1) cost-push and (2) demand-pull. Cost for a product or service rises and "pushes" prices to higher levels or demand for a product or service increases and "pulls" prices to higher levels.

"Pushing" the idea of open source and the open source text on faculty, despite concerns expressed about the rising "cost" of texts, is not likely to yield favorable results. While not included in the research questions, business faculty might be quite willing to prefer that students pay $140 each for supplements.[25]

Many objections arose in this small, unscientific case or sample of non-randomly selected adjunct faculty members. Profit-motive and self-interest is a powerful force, and adjuncts, without the tenure-track faculty member's perspective of "service," may be more likely to simply view the part-time teaching position as one for the generation of additional income. Adjuncts, after all, are not being compensated for service.

What would a "pull" strategy look like or how would it work? If open source texts were to be freely and electronically distributed to all students and at the beginning of a semester, as a supplement, perhaps even campus by campus, would students question the need to spend additional money for a $140 publisher's text?

This question remains unanswered. However, this is the strategy that is recommended and the alternative solution that will be pursued for these open source accounting texts. Such a demand-driven strategy will increase familiarity with the notion and might accelerate the move to open source and a reduction in the cost of education for all students, at least with respect to texts. The completion of an introductory financial accounting text has been funded by West Chester University, completed by one of the authors of this article, and is available, at no cost, at http://digitalcommons.wcupa.edu/acc_texts

[25] At a cost of $140 per unit and a class section of 35 students, the aggregate cost is $4,900 or nearly $5,000 per section. For an adjunct teaching 4 sections, the aggregate cost to students, therefore, approximates $20,000. Economists might refer to this "shifting of cost" for one's own benefit (or perceived benefit) as "freeloading."

Exhibit 1: Approximate Annual Measures for West Chester University for a Single Text

	ACC201	Capitalized into Perpetuity at 5%[26]
Used Customized	$60,480	$1,209,600
New Customized	$73,920	$1,478,400
New Traditional	$94,080	$1,881,600

Copy/pasted from the sabbatical request:
Headcount for semesters comprising a full calendar year:
{[2121 x 299] + [2122 x 31] + [2123 x 0] + [2124 x 0] + [2125 x 342]} = 672
Cost for a used-customized text $90 per unit or $60,480, annually, in aggregate
Cost for a new-customized text $110 per unit or $73,920, annually, in aggregate
Cost for a new-traditional text $140 per unit or $94,080, annually, in aggregate

Exhibit 2: Approximate Annual Revenues Measures for all U.S. or Domestic Institutions for a Single Text

	2009-10	Cost for ACC201 per unit	Aggregate	Capitalized into Perpetuity at 5%
Used Customized	358,000	$90	$32,220,000	$644,400,000
New Customized	358,000	$110	$39,380,000	$787,600,000
New Traditional	358,000	$140	$50,120,000	$1,002,400,000

[26] The above includes the separable cost of *eConnect*, a proprietary automated tool made available through a publisher, at an incremental or additional cost of $51.95 if purchased with their text and $84.45 if purchased, separately, without their text. Alternatively, the cost for both, combined, is $136.40 (approximating the $140 per unit measure provided in the sabbatical request, as received by an adjunct faculty member at that time). The eConnect functions are available through D2L, a system maintained by West Chester University. The eConnect fee is imposed, separately, for each course (e.g., ACC201 and ACC202). Stated alternatively, the eConnect extends the product life cycle and maintains market share by creating additional barriers to entry (relying on self-interest and rational, profit-maximizing, but, perhaps, not cost-benefit decision-making, except to the extent that freeloading is presumed), but only with respect to form and not with respect to content.

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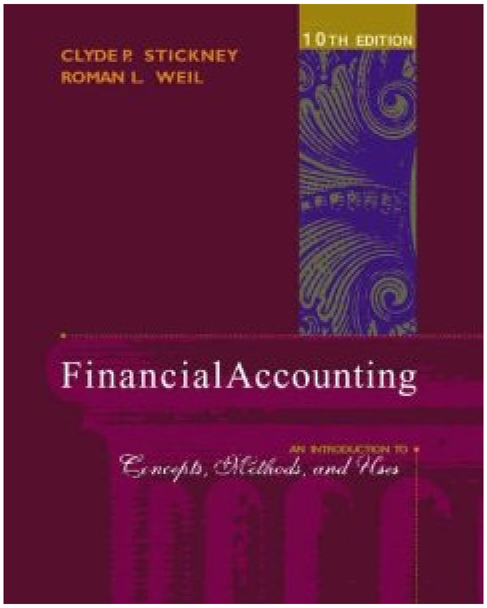
Exhibit 3: Example of a Used Introductory Financial Accounting Text Available in the Secondary Market



$0.96 + $3.99 shipping Financial Accounting: An Introduction to Concepts, Methods, and Uses (Hardcover) by Clyde P. Stickney, Roman L. Weil

Exhibit 4: One Example of How Publishers "Plan" Obsolescence. Modifying Textbook Homework Problem Sequence for Each Chapter

3rd Edition Chapter	Revised 4th Edition Chapter	Notes
1	2	
2	3	
3	4	
4	5	
5	6	
6	8	XYZ Corp changed to ABC Partnership
7	9	
8	10	
9	11	
10	12	
11	New	Only 1 new problem needed
12	13	
13	14	
14	15	
15	16	

16	17	
17	18	All measures doubled
18	19	
19	20	
20	21	
21	22	
22	23	
23	24	
24	25	
25	26	All measures halved
26	27	
27	28	
28	29	
29	30	
30	1	
	7	

Exhibit 5: First Research Question:
What are your objections or the disadvantages to the development and maintenance of a department text for ACC201 and ACC202?

Response from adjunct A – for paper presentation and discussion:

1. Plenty of texts already exist.
2. Texts are already available in e-format and are customizable.
3. There haven't been any real developments in introductory accounting since around, say, 1930.
4. Your text doesn't include supplements such as homework problems, solution sets, lecture slides and test banks.

Author notes – for paper presentation and discussion:

1. This does not appear to be relevant or responsive. This adjunct has a history of complaining about text imperfections, even going so far as to attempt to have an alternative text adopted for, perhaps, the most important three course sequence in the undergraduate accounting degree program. Tenure-track faculty had to explain to him that all texts are likely to contain errors, when he attempted to have an alternative, presumably error-free text adopted.
2. The present text is not e-format or as customizable as that proposed.
3. This is an exaggeration, but would appear to suggest that an open source text would have a very, very long shelf life.
4. Fair use provisions for text supplements had not previously been addressed. Later conversations indicated that this adjunct was ignorant of these matters and concerned about copyright issues.

Exhibit 6: First Research Question:
What are your objections or the disadvantages to the development and maintenance of a department text for ACC201 and ACC202?

Response from adjunct B – for paper presentation and discussion:

> *The only problem is that you are at a disadvantage because the current process includes PowerPoint slides, workbook, on-line homework, test bank that I use all the time.*

Author notes – for paper presentation and discussion:

> Again, circumvention of these barriers to copyright and fair use provisions had not been discussed prior to sending the email and requesting feedback.

Exhibit 7: First Research Question:
What are your objections or the disadvantages to the development and maintenance of a department text for ACC201 and ACC202?

Response from adjunct C – for presentation discussion:

> *I would like to add the following objections to a departmental text: 1. Not being able to use Connect. This is an excellent learning tool since it gives the students immediate feedback as they do the assignments. Also the hints it gives tie in directly to the text giving the students a way to figure out the solution. The direct tie in to the text makes using Connect without the text impractical. The grading feature saves the instructor a considerable amount of time.*
> *2. The web site for the current text has numerous resources the students can use to enhance the learning process. These include practice problems, chapter outlines, etc.*
> *3. One of the above points made is the deal-breaker for me. In 27 years of college level teaching I have always depended on the problems in the text as a source of homework assignments and examples to use in class. Also, the publisher prepared slides, and test banks free the instructor from very time consuming activities.*

Author notes – for paper presentation and discussion:

1. These features are available on desire to learn (D2L). This technology was not discussed, in advance, and this adjunct had not used this resource in the past.
2. Again, copyright and fair use provisions had not been discussed prior to sending the email and requesting feedback.
3. The author of this article taught his first course in 1983, and, so, had more than 30 years teaching experience when sending the email, if this is even relevant. The "he with the biggest resume wins" response and slant can be interpreted in a variety of ways. Supplements appear to remain the issue.

Exhibit 8: Second Research Question:
Are there any advantages to the development and maintenance of a department text for ACC201 and ACC202?

Response from adjunct A – for paper presentation and discussion:

> *I think you have to define what a Department Text is. If it's simply the chapters with no supplements, then I think there is no advantage. I don't even think there is a cost advantage since you always "get what you pay for." I think without the supplements there is a lower quality education which, to me, eliminates the cost benefit. If it's a complete package then I see the advantages as being lower cost and more flexible. However, I would question what the cost would be if it has to compensate the author(s) for developing the supplements which I expect is a lot more time consuming than copying the chapter.*

Author notes – for paper presentation and discussion:

> Note that no operational definition of "Department Text" was necessary when this adjunct responded to the first research question (see Exhibit 5).

Exhibit 9: Second Research Question:
Are there any advantages to the development and maintenance of a department text for ACC201 and ACC202?

Response from adjunct C – for paper presentation and discussion:

> *Obviously cost to the student is an advantage but it comes as the expense of the peripheral materials linked directly to the text that enhance the learning process for the students and the course design for the instructors.*

Author notes – for paper presentation and discussion:

> Note that the response from this adjunct is qualified. This faculty member's response was unqualified when responding to the first research question (see Exhibit 7).

Authors

A.J. Cataldo II*, PhD, CPA, CMA, CGMA
Professor of Accounting, Department of Accounting, West Chester University, West Chester, PA, acataldo@wcupa.edu, ajcataldo@verizon.net

Brian J. Halsey, J.D., LL.M., CISSP
Associate Professor of Business Law, Department of Accounting, West Chester University, West Chester, PA, bhalsey@wcupa.edu