



# ***2016 Pan-Pacific Business Research Conference (PPBRC)***

February 25 – February 27, 2016

at

**Kellogg West Conference Center and Hotel  
Cal Poly Pomona, Pomona, California, USA**

by

**Pan Pacific Business Research Institute**

***Pan-Pacific Business Research Institute***  
***2016 Pan-Pacific Business Research***  
***Conference***

February 25– February 27, 2016  
([www.ppbri.org](http://www.ppbri.org))

**On-Site Conference;** Kellogg West Conference Center and Hotel, Cal Poly Pomona, Pomona, California, USA

**Conference Schedule:**

**Program schedule on February 25, 2016:**

<b>Registration:</b>	5:00 pm – 8:00 pm
<b>Review board meeting:</b>	6:00 pm – 8:00 pm

**Program Schedule on February 26, 2016**

<b>Registration</b>	8:30 am – 4:00 pm
<b>Coffee Break</b>	8:30 am – 9:00 am
<b>The 1<sup>st</sup> Paper Presentation Session</b>	9:00 am – 10: 20 am
<b>The 2<sup>nd</sup> Paper Presentation Session</b>	10:30 pm – 11:50 am
<b>Lunch</b>	12:00 pm – 1:40 pm
<b>The 3<sup>rd</sup> Paper Presentation Session</b>	1:50 pm – 3:20 pm
<b>The 4<sup>th</sup> Paper Presentation Session</b>	3:30 pm – 4:50 pm
<b>Cocktail party</b>	5:30 pm -6:00 pm at <b>The Restaurant at Kellogg Ranch</b>
<b>Dinner and Award Receptions:</b>	6:00 pm – 8:00 pm at <b>The Restaurant at Kellogg Ranch</b>

## Program Schedule on February 27, 2016

<b>Research Interaction Forum</b>	10:00 am – 12:00 pm
<b>Executive committee meeting</b>	6:00 pm – 8:00 pm

**Executive committee of the conference:** The conference chair & PPBRI representatives.

### Area committees:

#### Area committees:

- **Accounting:** Ilwoon Kim\*, Sungkyoo Huh, K. J. Lee, John Jin, Byunghwan Lee, Steve Lim, Daniel Paik
- **Finance:** Heungjoo Cha\*, Jim Estes, Liang Guo, Ghulam Sarwar, Hua Sun, Taewon Yang
- **Hospitality/Tourism Management:** Myong Jae Lee\*, Joong-won Lee
- **Marketing:** Haakon Brown\*, Hongbum Kim
- **Management:** Yongseok Jang\*, Joon Son

\*Area chairs.

## The Aim and Scope of the Conference

The PPBRC is a highly interactive business conference that provides the opportunity for participants to share their research in an interdisciplinary setting and to disseminate research findings with others in the academic and business community. The conference will consider both conceptual and empirical papers in all areas of business and economics, including Accounting, Economics, Finance, Hospitality Management, Marketing, Management, Operation Management, and Information Systems:

- New theories, paradigmatic design and applications.
- New regulations and policies.
- Application of Accounting, Economics, Finance, Hospitality Management, Marketing, Management, Operation Management, and Information Systems in industrial or international settings.
- Case studies exploring current issues.
- Pedagogical issues in business education

The conference considers all topical areas but papers that focus on business issues in pan-pacific countries are particularly encouraged and welcomed.

## **Guideline for Paper Preparation and Style**

Before submission, the paper should not have been published in any other journals. The paper should be in MS Office Word format. It should be written in a double space, one inch margin in all sides, and 12 font size with times new roman font. The cover page should include the title of the paper and author information—the name(s), affiliation(s), address(es), phone number(s), and email(s) as well as contact author of the paper. On the second page, the paper title should repeat along with an abstract, and key words. The title should appear in the center of the first line. Next provide two blank lines by hitting enter three times right after the end of the title. The abstract should be no more than 250 words. Give another blank line and then provide key words up to six words. PPJBR generally follows the American Psychological Association (APA) guidelines. Reference should be presented in a separate sheet at the end of the paper. Tables and figures and their numbering should appear on the appropriate page within the text. Please do not use footnotes; instead explain it within the text or use appendix. The appendix should be located between the end of the text and reference.

## **Publication Opportunities in Proceedings**

All the papers accepted for presentation will appear in the conference proceedings. Authors should indicate if they want the full or extended abstract (no more than 1,000 words) to be printed in the conference proceedings. PPBRI has a copyright for all the printed articles and manuscripts that appear in the proceedings.

## **Distinguished Paper Awards and Publication Opportunities PPJBR**

All complete full papers submitted and presented at the Conference will be considered for a Distinguished Paper Award on a competitive basis. Distinguished paper winners will receive a certificate of recognition at the conferences closing dinner. Further, the authors of all the distinguished papers will be further invited to revise and resubmit their papers for potential publication in the *Pan-Pacific Journal of Business Research* (PPJBR), which has a plan in place to be a premier multi-disciplinary journal aiming to be indexed in the Web of Knowledge's SSCI (Social Science Citation Index) in the next 10 years.

# Paper Presentation Schedule On February 26, 2016

## Room – Hillside Central

### The 1<sup>st</sup> Paper Presentation Session, 9:00 am – 10:20 am

1) *Further Look at Performance Evaluations of Asian Ethnic Banks: The Case of Chinese-American Banks and Korean –American Banks*

Sung-Kyoo Huh, California State University San Bernardino, [huh@csusb.edu](mailto:huh@csusb.edu)  
John Jin, California State University San Bernardino, [jjin@csusb.edu](mailto:jjin@csusb.edu)

2) *Extraordinary Items – A Century of Searching for a Workable Method of Reporting*

Joe B. Hoyle, University of Richmond, [jhoyle@richmond.edu](mailto:jhoyle@richmond.edu)  
Daniel Gyung Paik\*, University of Richmond, [daniel.paik@richmond.edu](mailto:daniel.paik@richmond.edu)  
Cathy R. Shi, University of Richmond, [cathy.shi@richmond.edu](mailto:cathy.shi@richmond.edu)

### The 2<sup>nd</sup> Paper Presentation Session, 10:30 am – 11:50 pm

1) *Understanding Debt Covenants*

Daniel Gyung Paik, University of Richmond, [daniel.paik@richmond.edu](mailto:daniel.paik@richmond.edu)  
Brandon B. Lee, Indiana University Northwest, [byulee@iun.edu](mailto:byulee@iun.edu)

2) *Behaviors by Unionized Firms with Pension Plan*

J. K. Yun, New York Institute of Technology, [jkyun716@gmail.com](mailto:jkyun716@gmail.com)

3) *Do Investors Price Accruals Quality for Firms Charged with Poor Reporting Quality?*

Ping Ke, New York Institute of Technology, [pke@nyit.edu](mailto:pke@nyit.edu)

### **The 3<sup>rd</sup> Paper Presentation Session, 1:50 pm – 3:20 pm**

***1) Tobacco Settlement Bonds: The Effect of Securitization on the Credit of the States Using Capital Appreciation Bonds*** *9 states and 3 territories*

Brandy Hadley, California State University San Bernardino, [Brandy.Hadley@csusb.edu](mailto:Brandy.Hadley@csusb.edu)  
Jim Estes, California State University San Bernardino, [jimestes@csusb.edu](mailto:jimestes@csusb.edu)

***2) IPO underpricing, long term underperformance, and Managerial ability***

Liang Guo, California State University San Bernardino, [LGuo@csusb.edu](mailto:LGuo@csusb.edu)

***3) Government Investment In Industrial Real Estate Markets***

Yu Liu, California State University San Bernardino, [Yu.Liu@csusb.edu](mailto:Yu.Liu@csusb.edu)

### **The 4<sup>th</sup> Paper Presentation Session, 3:30 pm – 4:50 pm**

***1) Do Value Stocks Outperform Growth Stocks in the U.S. Stock Market?***

Chongsoo An, Gangneung-Wonju National University, Korea, [chongsoo@gwnu.ac.kr](mailto:chongsoo@gwnu.ac.kr)  
John J. Cheh, The University of Akron, [cheh@uakron.edu](mailto:cheh@uakron.edu)  
Il-woon Kim, The University of Akron, [ikim@uakron.edu](mailto:ikim@uakron.edu)

***1) The Effects of Financial Leverage Changes on the Value Relevance of Earnings and Book Value of Equity***

Kyung Joo Lee\*, University of Maryland-Eastern Shore, [kjlee@umes.edu](mailto:kjlee@umes.edu)  
Sung-Kyu Huh, California State University-San Bernardino, [huh@csusb.edu](mailto:huh@csusb.edu)  
John J. Jin, California State University-San Bernardino, [jjin@csusb.edu](mailto:jjin@csusb.edu)

## **Room – Hillside West**

### **The 2<sup>nd</sup> Paper Presentation Session, 10:30 am – 11:50 pm**

***1) Impact of Promotion Characteristics on Consumers' Participation in Discussion of Promotional Deal Offers***

Hongbum (Anthony) Kim, California State Polytechnic University, Pomona, [hongbumkim@cpp.edu](mailto:hongbumkim@cpp.edu)

Scott A. Thompson, University of Georgia, [sat@uga.edu](mailto:sat@uga.edu)

Eunjoo Kim, University of Nevada, Las Vegas

***2) Putting off procrastination: How restricting future opportunities to exercise self-control improves present self-control performance***

Haakon T. Brown, California State University San Bernardino, [HBrown@csusb.edu](mailto:HBrown@csusb.edu)

***3) An Experimental Test of the Performance of Referral Reward Programs***

Chanho Song, California State University San Bernardino, [chanho.song@csusb.edu](mailto:chanho.song@csusb.edu)

### **The 3<sup>rd</sup> Paper Presentation Session, 1:50 pm – 3:20 pm**

***1) Can Social Networking Sites (SNS) be e-Commerce Platforms?***

Min Chung Han, New York Institute of Technology, [Mhan07@nyit.edu](mailto:Mhan07@nyit.edu)

Youjeong Kim, New York Institute of Technology, [Yjkim71@nyit.edu](mailto:Yjkim71@nyit.edu)

***2) Assessing the Effectiveness of Industry Parks on Innovation of Tenant Firms: park-level evidence from China***

Ranfeng Qui, California State University San Bernardino, [rqui@csusb.edu](mailto:rqui@csusb.edu)

Yongseok Jang, California State University San Bernardino, [Yongseok.jang@csusb.edu](mailto:Yongseok.jang@csusb.edu)

Yan Zhang, Sanjiang university, [fae77@163.com](mailto:fae77@163.com)

***3) The influence of proximity and signage on the music festival attendees' participation of recycling program***

Joong-won Lee, California State University Northridge, [joongwon.lee@csun.edu](mailto:joongwon.lee@csun.edu)

Myong Jae Lee, California State Polytechnic University, Pomona, [mjlee@cpp.edu](mailto:mjlee@cpp.edu)

**The 4<sup>th</sup> Paper Presentation Session, 3:30 pm – 4:50 pm**

***1) Open Innovation affecting to Entrepreneurial Venture Sustainability in South Korea***

Woo Jin Lee, Kookmin University, Korea, [drlee@kookmin.ac.kr](mailto:drlee@kookmin.ac.kr)

Hye Mi Oh, Chung-Ang University, South Korea, [hyemi0115@gmail.com](mailto:hyemi0115@gmail.com)

***2) Low-Power Wide Area Sensing Technology for Portable Internet Connection and Converges (LPWA Standards for Internet of Things)***

Sehwan Yoo\* , University of Maryland University College Asia,  
[sehwan.yoo@faculty.umuc.edu](mailto:sehwan.yoo@faculty.umuc.edu)

Taikyeong Jeong, Seoul Women's University, [ttjeong@swu.ac.kr](mailto:ttjeong@swu.ac.kr)



# ***ABSTRACTS***

## ***1. Further Look at Performance Evaluations of Asian Ethnic Banks: The Case of Chinese-American Banks and Korean –American Banks***

Sung-Kyoo Huh, California State University San Bernardino, [huh@csusb.edu](mailto:huh@csusb.edu)

John Jin, California State University San Bernardino, [jjin@csusb.edu](mailto:jjin@csusb.edu)

**ABSTRACT:** Abstract: In this paper we examine the financial performance of two Asian ethnic banks: i.e., Chinese-American banks and Korean-American banks after the recent economic crisis instigated by poor valuation of mortgage back securities. The testing period is from 2009 through 2012. 3 different measures of financial performances were used in this study, which are rate of returns on assets (ROA) rate of returns on owners' equity (ROE) and net interest income. We found that, in general, Asian banks did not perform as well as the average U.S. bank over the period extending from 2009 through 2012. There were insignificant differences in financial performance between Chinese-American banks and Korean-American banks over the same testing period.

## ***2. Extraordinary Items – A Century of Searching for a Workable Method of Reporting***

Joe B. Hoyle, University of Richmond, [jhoyle@richmond.edu](mailto:jhoyle@richmond.edu)

Daniel Gyung Paik\*, University of Richmond, [daniel.paik@richmond.edu](mailto:daniel.paik@richmond.edu)

Cathy R. Shi, University of Richmond, [cathy.shi@richmond.edu](mailto:cathy.shi@richmond.edu)

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**ABSTRACT:** ‘Extraordinary’ gains and losses first appeared in 1917. The debate on reporting ‘extraordinary’ income continued for a century. The reporting of extraordinary income was so prevalent in the 1970’s that it was found in more than 30% of companies’ SEC 10-K filings. However, during the past decades, the frequency of extraordinary items has decreased sharply to 1% in 2014. After years of deliberation, the FASB issued the Accounting Standards Update 2015-01 in January 2015 and eliminated the reporting of extraordinary items from U.S. GAAP. We investigate the factors affecting the decrease in the reporting of extraordinary items and reasons for its elimination from U.S. GAAP. We identify the evolution of the criteria for reporting extraordinary items, the variation in their placement, and the change in their nature and size over the years. We find that the APB Opinion 30 issued in 1973, FASB’s treatment of the losses attributable to the September 11 events in 2001, Financial Accounting Standards (SFAS) 145 issued in 2002, and the FASB’s simplification initiative in 2014, significantly contributed to the elimination of extraordinary items.

### *3. Understanding Debt Covenants*

Daniel Gyung Paik, University of Richmond, [daniel.paik@richmond.edu](mailto:daniel.paik@richmond.edu)

Brandon B. Lee, Indiana University Northwest, [byulee@iun.edu](mailto:byulee@iun.edu)

**ABSTRACT:** In this paper, we first investigate the purposes for borrowing on a loan, and the size of loans by loan purpose. In addition, we investigate the association between the purpose and the size of the loan and the type of debt covenants, separated into balance-sheet-based and income-statement-based covenants. We also examine the association between the purpose and the size of the loan and the number of debt covenants. We use 26,300 loan deal observations over the period between 1995 and 2013. We report that the most common reason for borrowing on a loan is to use the money for corporate daily operating purposes, and the second most prevalent purpose for a loan is to pay down the balance on another loan. Our results provide evidence that the purpose and the size of the loan are significantly associated with the type and the number of debt covenants. More specifically, the results indicate that a large size of the loan borrowed for the corporate daily operating purposes has more income-statement-based covenants.

#### ***4. Behaviors by Unionized Firms with Pension Plan***

J. K. Yun, New York Institute of Technology, [jkyun716@gmail.com](mailto:jkyun716@gmail.com)

**ABSTRACT:** This study examines how managers of unionized firms with defined benefit pension plans behave in their financial decisions in the agency theory model framework. I investigate whether the behavior of managers can be explained by the agency theory model. There is evidence that more income smoothing activities are engaged for the firms of unionized labor (Hamm, Jung, and Lee, 2013). It is said that managers in general attempt to manage earnings downwards to shelter firm resources from rent-seeking labor unions. Managers also have incentives to manage earnings upwards in bad times to avoid unions' greater demand for compensation for expected bankruptcy risk perceived from worse operating performance. From these arguments, I set up three hypotheses.  $H_{01}$ : The mean absolute value of discretionary accruals (Jones Model Residuals) of unionized firms is the same as that of non-unionized firms. The first null hypothesis is rejected because I find that there is statistically significant difference by mean tests. In other words, the income smoothing behavior (measured by the mean absolute value of discretionary accruals) of unionized firms is more salient than that of non-unionized ones in this study.  $H_{02}$ : The percentage of negative discretionary accruals in unionized firms is the same as that in non-unionized firms. The  $H_{02}$  is also rejected in this study by finding of higher percentage of negative discretionary accruals in unionized firms than that of non-unionized firms.  $H_{03}$ : Variance of discretionary accruals of Jones Model for unionized firms is the same as that for non-unionized firms. For  $H_{03}$ , I find mixed results: Variance of discretionary accruals of unionized firms is larger than that of non-unionized firms for four different years out of 12-year window, opposite result is found for three years, and no difference is found for five

years. This study will be expanded to the relationship of leverage and firm beta (or cost of equity) for the unionized firms as opposed to non-unionized firms. The findings have pragmatic implication for the conduct and implication of this line of study.

## ***5. Do Investors Price Accruals Quality for Firms Charged with Poor Reporting Quality?***

Ping Ke, New York Institute of Technology, [pke@nyit.edu](mailto:pke@nyit.edu)

**ABSTRACT:** Using a sample of firms that were sued under Rule 10b-5 of the Securities and Exchange Act of 1934, I examine the relationship between accrual quality and market reaction for these sued firms at the revelation date (the date the bad news about firms' true financial performance was first revealed to the public), the announcement date (the date the filing of the lawsuits was announced to the public) and the subsequent five periods following these dates. Empirical results using abnormal total accruals as proxy for accrual quality suggest that firms with poorer accrual quality are associated with more negative market reaction at the litigation announcement date; results do not suggest a relation between accrual quality and the post-litigation drift.

***6. Tobacco Settlement Bonds: The Effect of Securitization on the Credit of the States Using Capital Appreciation Bonds<sup>9</sup> states and 3 territories***

Brandy Hadley, California State University San Bernardino, [Brandy.Hadley@csusb.edu](mailto:Brandy.Hadley@csusb.edu)

Jim Estes, California State University San Bernardino, [jimestes@csusb.edu](mailto:jimestes@csusb.edu)

**ABSTRACT:** Tobacco Settlement bonds have been issued by several states to obtain immediate cash from the funds that were awarded to them over time in the Tobacco Master Settlement Agreement (MSA) of 1998. The MSA provides monies in perpetuity to states to settle claims and lawsuits against the tobacco industry. Nine states, Washington, DC and two territories have chosen to cash in on the MSA payments by issuing capital appreciation bonds so that they may receive funds immediately and postpone any type of repayment out to 55 years. This paper critically analyzes how using capital appreciation bonds backed by diminishing future MSA revenue streams will inevitably lead to default and higher borrowing costs for all bonds for these states and municipalities.

## ***7. IPO underpricing, long term underperformance, and Managerial ability***

Liang Guo, California State University San Bernardino, [LGuo@csusb.edu](mailto:LGuo@csusb.edu)

**ABSTRACT:** The earning management theory argues that the presence of aggressive earnings management may lead investors to be overly optimistic about the issuer's prospects and therefore attributes the long run underperformance of IPOs to opportunistic timing of IPOs and optimistic investors. This paper studies how managerial ability affects the intentional distortion of financial statements (earnings management) in initial public offerings (IPOs) of U.S. firms. Better managers are offered a compensation premium for their perceived ability, and to the extent that earnings management would tarnish their reputations, we expect them to manage earnings less, leading to a lower degree of long term underperformance. Collectively, I argue that firms' managerial ability can be an alternative explanation for the new issues puzzle.



## ***8. Government Investment In Industrial Real Estate Markets***

Yu Liu, California State University San Bernardino, [Yu.Liu@csusb.edu](mailto:Yu.Liu@csusb.edu)

**ABSTRACT:** In this study, I examine the performance of government investors in the industrial market. The analysis reveals that, in general, governments buy high and sell low in comparison to similar property transactions by individuals. On average, governments overpay by an estimated 9.8% and sell at a discount of 17.3%. To examine the impact on market outcomes of each potential factor that might explain the differences, I first test if the unfavorable results are due to an overestimation or underestimation of the property value during the acquisition or divestiture processes. The insignificant results on both purchase and divestiture sides show that unfavorable market outcomes are not due to estimation differences in the appraised value. Then, I test whether the unfavorable result of the property sale is due to higher holding costs incurred to maximize the net selling proceeds. A regression on the market duration shows an indifference to selling time, which rules out the possibility that the differences are due to higher holding costs. In addition, the results are consistent even after potential selection bias and special sales conditions are controlled for, thus ruling out the possibility that the market outcome differences are due to special motivations and economic considerations. I also tested for the possibility that the market outcome differences are due to brokerage involvement. The results show that brokerage representation has no significant impact on the market outcome differences. Therefore, the results on the market outcome differences generally suggest an agency problem and government waste in direct government participation in real asset transactions. By further examining if the government budget can affect the degree of government waste, I find that governments with adequate budgets pay significantly more when they purchase and sell high

upon divestiture. However, governments with reduced budgets tend to sell their real assets at a lower price. The buy-high and sell-low pattern also holds consistently across both Democratic and Republican states. The results have implications for governments and may help them identify potential loopholes, reduce their debt levels and optimize their asset allocations if they can mitigate this inefficiency.

## ***9. Do Value Stocks Outperform Growth Stocks in the U.S. Stock Market?***

Chongsoo An, Gangneung-Wonju National University, Korea, [chongsoo@gwnu.ac.kr](mailto:chongsoo@gwnu.ac.kr)

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**ABSTRACT:** The main objective of this paper is to compare the performance of value stocks and growth stocks in the U.S. market using the enterprise value (EV) of each firm where EV is defined as market capitalization + total debt + value of preferred equity + minority interest (redeemable + nonredeemable) - cash & equivalents. Consistency of the performance of each portfolio is examined under different market conditions using S&P 500 as the market index. Changes in performance are also tested using returns on equity (ROE) as a proxy of future earnings. Finally, the impact of firm size on performance is investigated.

We use the stocks of 4,952 firms available in Portfolio123.com which are supplied by Compustat, Standard & Poors, CapitalQ, and Reuters for the period of 15 years from January 2, 1999 to December 31, 2014. The firms that have high ratios of EBIT/EV (earnings before interest and taxes divided by EV) and B/EV (book value divided by EV) are classified as value stocks and the firms that have low ratios as growth stocks. The overall results show that the value stocks outperform growth stocks. These results are not changed with different holding periods. The requirement of ROE (above 5%) has the impact on the performance of growth stocks. It has shown that the growth portfolios based on EBIT/EV generate higher returns than the value portfolios. However, when we narrow the sample to large firms, the value stocks tend to outperform the growth stocks.

## ***10. The Effects of Financial Leverage Changes on the Value Relevance of Earnings and Book Value of Equity***

Kyung Joo Lee\*, University of Maryland-Eastern Shore, [kjlee@umes.edu](mailto:kjlee@umes.edu)  
Sung-Kyu Huh, California State University-San Bernardino, [huh@csusb.edu](mailto:huh@csusb.edu)  
John J. Jin, California State University-San Bernardino, [jjin@csusb.edu](mailto:jjin@csusb.edu)

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**ABSTRACT:** The purpose of this study is to investigate whether the firm's financial leverage affects the value relevance of earnings and equity book value. In particular, we compare the valuation coefficients and explanatory powers of earnings and equity book value between leverage-increasing firms and leverage-decreasing firms. Based on arguments of default risk and earnings quality associated with financial leverage, it is hypothesized that the value relevance of earnings (equity book value) is smaller (larger) for leverage-increasing firms than for leverage-decreasing firms. Using a sample of 1,089 levered firms over twenty-year period, we find that earnings (equity book value) response coefficients are smaller (larger) for leverage-increasing vis-à-vis leverage-decreasing firms. The results also indicate that explanatory power of both earnings and equity book value is smaller for leverage-increasing firms than leverage-decreasing firms. These findings are consistent with the hypotheses.

Key words: financial leverage, value relevance, valuation coefficients

## ***11. Impact of Promotion Characteristics on Consumers' Participation in Discussion of Promotional Deal Offers***

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Scott A. Thompson, University of Georgia, Athens, GA  
Eunjoo Kim, University of Nevada, Las Vegas, Las Vegas, NV

**ABSTRACT:** Online word of mouth (WOM) is becoming one of the most popular corporate promotional vehicles. Current research has focused on the role played by the volume of online WOM, arguing that high volumes of WOM communication provide greater benefits than low volumes of WOM. However, other research suggests that volume alone is not sufficient to ensure that WOM is influential. Specifically, prior research shows that it is not just what any one review says, but also the overall *consensus* among reviews that influences consumers. Consensus in WOM refers to the level of agreement between consumers' reviews. In high consensus WOM, there is a high degree of agreement among consumers regarding the merits or failings of a product. On the other hand, low consensus occurs when consumers are divided in the assessments. Despite the documented importance of consensus to making WOM influential, there has been remarkably little research on what factors contribute to or detract from the formation of consensus. Thus, the purpose of this study is to investigate the impact of source and promotional characteristics on the degree of consensus in online consumer evaluations of promotions.

To investigate this research question, we gathered data on the evaluation of promotions posted on a C2C deal forum website, which allows consumers to post information about promotions that they have received. The information that is posted by users includes price, store name/website, discount amount, discount percent, discount type, limitations, and product

information. The data were consisted with 11,354 promotions posted by 2,356 different members of the forum and from this, a random sample of 1,000 deals was selected to be analyzed and coded. For this study, we calculated consensus as the dependent measure by dividing the evaluation score (from  $-\infty$  to  $\infty$ ) by each promotion's total number of votes so that it enables to calculate how well users agreed upon their deal information evaluation.

To test our hypotheses, we used general linear regression models with the dependent variable being the absolute value of consensus, ranging from 0 (no consensus) to 1 (perfect consensus). The independent measures consisted with poster reputation score, number of votes that each posting received, number of views, and promotional deal characteristics including: time and quantity limits; uncertainty of deal redemption; and the deal offering being the cheapest. The results from this study revealed that the larger group size initially increases positive consensus. Larger group size can also initially decrease negative consensus. Also, promotional characteristics that generate group pressure including time and quantity limit increase both forms of positive and negative consensus. Moreover, among promotional deal characteristics, promotional offer found out to be the lowest price among other retailers by forum users, it increases the positive consensus. Lastly, the deal poster reputation as the source of presenting the promotion, plays little role in formation of either positive or negative consensus.

This study provides insights into the drivers of consensus in online consumer evaluations of promotions. It first reveals how the drivers of favorable consensus differ from the drivers of unfavorable consensus. This study also confirmed the promotion literature that the characteristics of promotions contribute to the formation of consensus. However, contrary to the predictions of the WOM literature, characteristics of the WOM sources found out to play little role in the formation of consensus in deal evaluations.

For marketers, this study provides insights into how to influence the formation of favorable consensus and inhibit the formation of unfavorable consensus. Marketers often struggle with how to counter negative reviews. Some marketers have sought to pressure websites to remove negative reviews or have even sued individuals who have posted negative reviews. However, these approaches have often led to further negative reactions in the press and among consumers. The results suggest rather than trying to deter consumers from providing further reviews, marketers may benefit from encouraging more reviews which can dilute the initial negative consensus.

## ***12. Putting off procrastination: How restricting future opportunities to exercise self-control improves present self-control performance***

Haakon T. Brown, California State University San Bernardino, [HBrown@csusb.edu](mailto:HBrown@csusb.edu)

**ABSTRACT:** Self-control, the process by which individuals override impulses, becomes necessary only when individuals are tempted to compromise long-term goals for short-term gratification. A growing body of research on self-regulation and consumer welfare has studied how people have managed these conflicts and offered strategies to help bolster self-control. The majority of this research, however, has focused on individual choices made in isolation. Researchers have only recently begun to examine how consideration of future choices influences the exercise of self-control in a present choice. For example, they have found that when a current choice is viewed in connection with a series of similar future choices, people exercise less self-control in the present.

In the current research, I further refine these results by demonstrating that when the future opportunity to perform a positive self-control behavior is restricted, more people will choose to exercise self-control in the present. Even though the future restriction encourages individuals to think about how their current choice might relate to a similar choice in the future, the previous findings are reversed. The restriction serves to temper the optimistic belief that self-control will be exercised in the future, motivating individuals to exercise self-control in the present. The results from one experiment provide support for this hypothesis.

Keywords: Self-control, Virtues, Vices, Scarcity, Reactance, Restrictions, Precommitment



### ***13. An Experimental Test of the Performance of Referral Reward Programs***

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**ABSTRACT:** Generating word-of-mouth (WOM) is considered a marketing tool to stimulate customers to purchase a product. Firms use referral rewards to encourage existing customers to make a recommendation. Previous research has separately considered the effects of different referral rewards schemes on the recommender's referral likelihood and the receiver's purchase likelihood. This study empirically examine the effectiveness of referral rewards on three parties simultaneously: the firm, the recommender, and the receiver. In addition, this study investigates the question of how best to design referral reward programs to maximize firm profitability, testing three different reward schemes based on who receives the referral reward and the moderating effect of tie strength between the recommender and the receiver. Results show that the reward both scheme is the most effective at increasing the recommender's referral likelihood and the receivers' purchase likelihood. However, when recommenders are making referrals to strong ties, receivers are highly likely to purchase regardless of the reward scheme. In addition, the recommender only scheme is found to be the least effective in increasing the receiver's purchase likelihood for weak ties. This is significant, as many firms use this reward scheme in practice. Thus, this study has implications for managers deciding how to design customer referral reward programs.

**Kew words:** Referral Reward Programs, Tie strength, WOM

#### ***14. Can Social Networking Sites (SNS) be e-Commerce Platforms?***

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As social networking sites (SNS), such as Facebook, Twitter, and Instagram, have grown and penetrated into everyone's daily life – up to 1.72 hours per day on SNS (Mander, 2015) –some businesses and several SNS made several experimental attempts to make SNS an e-commerce platform, where SNS users could purchase products by clicking the “buy” button without leaving the site, like on Amazon.com or e-Bay. Pinterest unveiled e-commerce services on its site in June 2015, and Facebook also expressed a strong interest in transforming to an e-commerce platform by testing ‘Buy button’ in collaboration with Shopify (Constine, 2015; Alba, 2015). Given that, we think it is important to understand how users perceive this kind of transformation of SNS to an e-commerce platform and what factors (e.g., product type or features/services of SNS-commerce) would facilitate the transformation of the SNS from SNS users' perspectives.

Han (2014) reviewed the characteristics of SNS that could influence consumers' purchase decision making: interactivity, informativeness, and convenience of use. Among those characteristics, interactivity (or connectivity with the personal network) could be a key characteristic for making users stay longer on SNS and one of the major features that businesses could use to attract consumers to SNS. In fact, previous studies have shown the impact of other people on purchase decisions (Kim & Srivastava, 2007; Kwahk & Ke, 2012). Given that, it is hypothesized that,

H1: Product information with a friend's purchase history on Facebook will positively affect SNS users' purchase intentions toward the product on Facebook and their intention to accept Facebook as an e-commerce platform.

Regarding the product type, in an e-commerce vein several studies have tested and examined the impact of product tangibility (e.g., digital vs. non-digital) on consumers' purchase intentions (Rohm & Swaminathan, 2004; Vijayasarathy, 2002). For example, Rohm and Swaminathan (2004) found that convenience seeking online shoppers were motivated by immediate possession of products; therefore, their demand for digital products such as music CDs was relatively high. Considering the nature of social networking sites, where people are mostly socializing, it is hypothesized that

H2: When compared to a non-digital product, a digital product will result in higher levels of SNS users' purchase intentions toward the product on Facebook and their intention to accept Facebook as an e-commerce platform.

RQ: Is there any interaction effect between friends' purchase history and product type?

## **Method**

This study employed a 2 (product type: digital vs. non-digital) x 2 (friends' purchase history: present vs. non-present) between-subject self-administered online experiment. For this study, we created four different versions of a Facebook mock-up page, which showed a sponsored product (either digital or non-digital) image. Participants ( $N = 155$ ; female = 53, male = 97) were randomly assigned to one of four groups: a digital product (i.e., streaming movie) with a friend's purchase history (group 1), a non-digital product (i.e., jeans) with no friend's purchase history (group 2), a digital product with a friend's purchase history (group 3), a non-

digital product with no friend's purchase history (group 4). Their intentions to accept Facebook as an e-commerce platform and purchase intentions toward the product on Facebook were then measured.

## **Results**

To test hypotheses, we employed two-way, between participants, ANOVA. The results showed that participants who were exposed to a digital product showed a higher intention to use Facebook as an e-commerce platform and a higher purchase intention toward the product on Facebook than participants who were exposed to a non-digital product, supporting H2. We also found a significant main effect of a friend's purchase history on Facebook-commerce acceptance and purchase intention but in a direction the opposite of what we hypothesized in H1. That is, participants who had their friend's purchase history of the product showed a lower intention level to use Facebook to purchase the product and a lower level of purchase intention toward the product on Facebook, regardless of the product type, than participants who did not have their friend's purchase history. One interesting finding was the interaction effect on acceptance of Facebook as an e-commerce platform. That is, in the case of the non-digital product, it did not matter whether the friend's purchase history was present or not. However, in the case of the digital product, the presence of their friend's purchase history lowered their purchase intention toward the product.

## **Conclusion**

These findings show the possibility of SNS commerce, or at least of Facebook commerce. As the results indicate, digital products (such as music or movies) are easier to penetrate the SNS-commerce market with than are non-digital products. Interestingly, a friend's purchase history was not helpful for influencing purchase decision-making or SNS-commerce

acceptance. Rather, we found that a company sponsored product posts without friend's purchase history positively influenced, suggesting for marketers should be careful to rely onto the user's personal network (e.g., friend) when they consider SNS-commerce.

*15. Assessing the Effectiveness of Industry Parks on Innovation of Tenant Firms: park-level evidence from China*

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**ABSTRACT:** The establishment of industrial parks is aimed to nurture technology startups which are considered the engine of economic growth. Based upon a survey analysis of 82 industrial parks located in 13 cities in Jiangsu Province of China in 2014, our research is attempted to investigate whether, and if so, how industrial parks may affect the innovativeness of tenant firms. The empirical model in this study is to test in which ways industry park firms impact on innovation by comparing the performance among observationally equivalent industry parks. Our empirical findings suggest that large firms act as anchors creating a viable economic base for the cluster to evolve. More specifically both the ratio of piloting firms and the density of R&D facilities in a specific industrial park are positively related to the innovativeness of firms in the park. In addition, we further proposed that certain mechanisms within an industry park are critical in facilitating innovative activities of tenant firms. The findings of this study further supports the argument on the effectiveness of intervention program of LED – that industry park level impact is positive and critical to tenant firm success.

Key words: Industry Park, Government Intervention, Effectiveness, Regional Innovation

## ***16. The influence of proximity and signage on the music festival attendees' participation of recycling program***

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**ABSTRACT:** Music festivals are one of popular sectors in the hospitality and tourism industry. According to Lynch (2015), “32 million people attended at least one U.S. music festival in 2014 (para 3).” Musical festivals such as Coachella, Lollapalooza, Tomorrowland, and Glastonbury attract millions of fans, vendor and artists (Bain, 2013). Despite of the popularity of the musical festivals, the festivals generate a negative impact on environment. The festival can lead various environmental problems such trash, mass energy consumption, and the commute of thousands create a carbon footprint that is overlooked by audiences. According to Bain (2013) from LA Weekly (titled: Trashed: Music festivals are environmental disasters), indicated that “At the big events like Coachella, Electric Daisy Carnival, Lollapalooza and Bonnaroo, literally tons of trash are created by fans, vendors and artists. Add the mass energy consumption and weighty carbon footprint of 100,000 people driving to a venue, and these big events can be environmentally problematic”( para 1). Trash is one of the biggest problems in the music festival. According to Martinco (2014) “An estimated 80 percent of trash generated by music festivals comes from what’s left behind by campers, and the Association of Independent Festivals guesses that 1 to 2 out of every 6 tents is left behind”(para 3). One of the basic components of sustainability is recycling. Recycling can reduce the amount of material waste generated (Lansana, 1992; Lee, 2003). Bain (2013) mentioned that “the recycling, compost and trash bins are confusingly labeled, and as a result many have been piled high with garbage”(11 para). There are various scholars (Mair & Laing, 2012; Mair & Laing, 2013) focused on the pro-environmental behavior

on events and festivals. However, recycling research, which is one of the factors that can significantly reduce trash, in music festivals is rare. Lansana (1992) stresses the importance of accessibility and convenience to participation in the recycling program. A research of Lee, Ralston, and Lee (2003) identifies that proximity and signage are one of the significant factors in recycling program in a hotel. Therefore, this study will identify the effect of proximity of recycling bin and signage of recycling program on the music festival attendees' participation on recycling program.



## ***17. Open Innovation affecting to Entrepreneurial Venture Sustainability in South Korea***

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**ABSTRACT:** In the era of the creative economy of the 21st century, corporate innovation process should be innovative on market analysis, feasibility assessment, idea development planning, substantial design and test, production, distribution, marketing, and pre/post service even though corporate innovation process of the 20th century stayed in the development of a simple product.

Open innovation is defined as to utilize inside and outside knowledge with having the purpose of promoting internal innovation, linking outside innovation to inside, and broaden the market. Thus, depending on the open innovation ability of entrepreneur, entrepreneurial venture is intended to be displayed different performance and growth. However, the most of entrepreneurial venture is too insufficient to access technological and networking resources that cooperate with other firms. Since open innovation is composed of inventive capacity, absorptive capacity, transformative capacity, connective capacity, innovation capacity and descriptive capacity, the entrepreneurial ventures have practical needs for the method in order to achieve active open innovation.

Therefore, this study aims at investigating and presenting various methods to stimulate the open innovation of entrepreneurial ventures. The result of this study will be helpful for building relationship among entrepreneurs who want to pursue open innovation ability and their venture growth.

Keywords: open innovation, entrepreneur, innovation, open innovation ability

## ***18. Low-Power Wide Area Sensing Technology for Portable Internet Connection and Converges (LPWA Standards for Internet of Things)***

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**ABSTRACT:** The information and communication industry has dramatically grown, starting with mobile telecommunication services and expanding into new services using high-speed internet and low-power wireless LAN. Now, in the Internet-of-Things (IoT) Age, wireless internet services face demand to make them available at anytime and anywhere, while the user and devices are moving. In order to meet these expectations, portable Internet connection and coverages should be discussed, which are available at any time in around all coverage with low-power consumption. Our new observation on Internet and other technology beyond low-power wide-area sensing technology are relatively in advanced compare to other existing technology such as IEEE 802.11a, g, etc. In particular, low-power high-speed technology using LPWA concept, have not been yet studied enough and few models and design have been developed. In this paper, we explain our initial simulation results and design methods using a low-power wide-area sensing technology for portable Internet and connection, which was developed by our own technology.

Keywords: LPWA, Internet, IoT, Sensor, Low-power, High-speed

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