



2018 Pan-Pacific Business Research Conference (PPBRC)

February 22 – February 24, 2018

at

Marriott Learning Center
The Collins College of Hospitality Management
Cal Poly Pomona, Pomona, California, USA

by

Pan Pacific Business Research Institute

Pan-Pacific Business Research Institute

2018 Pan-Pacific Business Research Conference

February 22– February 24, 2018

The conference chair

John Jin

Professor of Accounting

California State University, San Bernardino

Area committees

- **Accounting:** Ilwoon Kim*, Sungkyoo Huh, K. J. Lee, John Jin, Byunghwan Lee, Steve Lim, Daniel Paik
- **Finance:** Liang Guo*, Taewon Yang, Jim Estes, Yu Liu
- **Hospitality / Tourism Management:** Myong Jae Lee*, Joong-won Lee
- **Marketing:** Haakon Brown*, Hongbum Kim, Chanho Song
- **Management:** Yongseok Jang*, Joon Son

*Area chairs.

Conference Schedule

Program schedule on February 22, 2018

<u>17:00 - 18:00</u>	Registration
<u>18:00 - 20:00</u>	Review board meeting

Program Schedule on February 23, 2018

<u>08:30 - 16:00</u>	Registration
<u>08:30 - 09:00</u>	Coffee Break
<u>09:00 - 10:30</u>	Session 1
<u>10:40 - 12:10</u>	Session 2
<u>12:10 - 13:40</u>	Welcome Lunch
<u>13:40 - 15:10</u>	Session 3
<u>15:20 - 16:50</u>	Session 4
<u>17:00 - 18:00</u>	Business Strategy Meeting
<u>18:00 - 18:30</u>	Wine Reception
<u>18:30 - 20:30</u>	PPBRC Award Dinner

Welcome Lunch, Wine Reception, and PPRBC Award Dinner at the Restaurant at Kellogg Ranch in the Collins College of Hospitality Management

Program Schedule on February 24, 2018

<u>10:00 - 12:00</u>	Research Interaction Forum
<u>18:00 - 20:00</u>	Executive committee meeting

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.

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 future.

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.

Paper Submission and Registration

All papers or abstracts need to submit to infoppbri@gmail.com. Participants need to register at <http://www.ppbri.org/payment-fee>.

Paper Presentation Schedule On February 23, 2018

Room: 80 - 12

The 1st Paper Presentation Session, 9:00 am – 10:30 am

1) Audit Fee Payment Channel and Auditor Conservatism

Sanghun Kim, Dankook University, Korea, kimsh@dankook.ac.kr
Taewoo Kim*, California State University, San Bernardino, taewoo.kim@csusb.edu
Sujin Pae, Chung-Ang University, Korea, agnespa@daum.net

2) The Information and Bargaining Roles of Commercial Brokers When Investors Are Uniformed

Yu Liu, California State University, San Bernardino, Yu.Liu@csusb.edu

3) Effect of GASB Statement 68 on Municipal Bond Yields: California Case

Kyung Joo Lee, University of Maryland-Eastern Shore, kjlee@umes.edu
John Jin, California State University, San Bernardino, jjin@csusb.edu
Mark Y. Ma*, California State University, San Bernardino, vesperflekz@gmail.com
Jinwoong Lee, California State University, San Bernardino, jinwoong1121@gmail.com

The 2nd Paper Presentation Session, 10:40 am – 12:10 pm

1) “Far from Par”- How does Contract Design Impact the Return on Treasury Floating Rate Notes?

Karan Bhanot, University of Texas at San Antonio, karan.bhanot@utsa.edu
Liang Guo*, California State University, San Bernadino, lguo@csusb.edu

2) Seeking an Automated Investing System

John J. Cheh, The University of Akron, cheh@uakron.edu

Il-woon Kim*, The University of Akron, ikim@uakron.edu
Changrae Park, Kangnung-Wonju National University, Korea, pcr@gwnu.ac.kr

3) *Why U.S. Corporations Are Hoarding All That Cash in Foreign Countries?*

J. K. Yun, New York Institute of Technology, jyun04@nyit.edu

The 3rd Paper Presentation Session, 1:40 pm – 3:10 pm

1) *Price and Volatility Spillovers between Chinese and Indian Stocks and their Time-Varying Market Linkages with Developed Equities*

Priscilla Liang, California State University, Channel Islands, Priscilla.liang@csuci.edu

2) *Puerto Rican Bonds and the Liability for Investment Professionals*

Jim Estes, California State University, San Bernardino, jimestes@csusb.edu

3) *Earnings Management and Offer Premium in Mergers and Acquisitions*

Jose Navarrete, California State University, San Bernardino,
jose.navarretecruz@csusb.edu

Joon Son, California State University, San Bernardino, json@csusb.edu

Taewon Yang*, California State University, San Bernardino, taewon@csusb.edu

Sung Wook Yoon, California State University, Northridge, sungwook.yoon@csun.edu

The 4th Paper Presentation Session, 3:20 pm – 4:50 pm

1) *Why Earnings Are No Longer Managed to Avoid Earnings Decreases and When Did It Occur?*

Nancy Fan, California State Polytechnic University, Pomona, nmfan@cpp.edu

2) *Performance Evaluation of Foreign Banks in South Korea*

Sung-Kyoo Huh, California State University, San Bernardino, huh@csusb.edu

John Jin, California State University, San Bernardino, jjin@csusb.edu

Kyung Joo Lee*, University of Maryland-Eastern Shore, kjlee@umes.edu

3) *Effect of GASB Statement 68 on Municipal Bond Borrowing Costs: California Case*

Kyung Joo Lee, University of Maryland-Eastern Shore, kjlee@umes.edu

John Jin, California State University, San Bernardino, jjin@csusb.edu

Jinwoong Lee*, California State University, San Bernardino, jinwoong1121@gmail.com

Mark Y. Ma, California State University, San Bernardino, vesperflekez@gmail.com

Room: 80 -13

The 2nd Paper Presentation Session, 10:40 am – 12:10 pm

1) *The Roles of Customer-Oriented CSR in the Context of Retailers' Shopping Centers*

Yongseok Jang*, California State University, San Bernardino, yongseok.jang@csusb.edu

Chanho Song, California State University, San Bernardino, chanho.song@csusb.edu

Haakon Brown, California State University, San Bernardino, hbrown@csusb.edu

2) *Consumers' Perception of Corporate Hypocrisy and Corporate Image Based on Credibility of CSR Disclosure and Sincerity of CSR Activity*

Sohyoun Shin*, California State University, Chico, sshin3@csuchico.edu

Sangyoon Seok, University of Washington, Tacoma, seoks2@uw.edu

3) *Pergah Transportation Limited: A Case Study*

Helena M. Addae, California State University, San Bernardino, haddae@csusb.edu

The 3rd Paper Presentation Session, 1:40 pm – 3:10 pm

1) *Exploring the Impact of Power – Defense Relations between Large Blockholders: Theory and Evidence*

Zhonghui Wang, California State University San Bernardino, Zhonghui.wang@csusb.edu

2) *Perceived Leader Support, Power Distance, and the Relationship between Interactional Justice and Job Burnout: A Longitudinal Study*

Jing Zhang, California State University, San Bernardino, jing.zhang@csusb.edu

3) *Advertising during Economic Shocks and Firm Performance in the Hospitality Industry*

Taewoo Kim*, California State University, San Bernardino, taewoo.kim@csusb.edu

Myong Jae Lee, California State Polytechnic University, Pomona, mjlee@cpp.edu

Chanho Song, California State University, San Bernardino, chanho.song@csusb.edu

The 4th Paper Presentation Session, 3:20 pm – 4:50 pm

1) *Authentication and Authorization Policies for Multi-Level Secure Multidomain Environment*

Joon Son, California State University, San Bernardino, json@csusb.edu

2) *Skew Normal Bayesian Asset Allocation: Based on a Hidden Truncation Model*

Jungjun Park, Claremont Graduate University, jungjun.park@cgu.edu

3) *Analysts' Reactions to Firms' Real Activities Management*

Sung Gon Chung, Wayne State University, sgchung@wayne.edu

Joonho Lee*, California State Polytechnic University, Pomona, joonholee@cpp.edu

ABSTRACTS

1. Audit Fee Payment Channel and Auditor Conservatism

Sanghun Kim, Dankook University, Korea, kimsh@dankook.ac.kr

Taewoo Kim*, California State University, San Bernardino, taewoo.kim@csusb.edu

Sujin Pae, Chung-Ang University, Korea, agnespa@daum.net

* Corresponding author

Abstract: We propose whether audit fee payment system through a third party can induce auditors to change their behavior. The current audit system, where auditors and auditees have a *direct* relationship, may create an environment that promotes audit failure due to the conflicts of interest. If auditors' economic dependence on their clients, auditees, influences audit autonomy, then it is inevitable that audit quality can be impaired due to the direct relationship employed by the current audit fee payment system. Using an experiment from college students, we propose a hypothesis that the change in audit fee payment system engenders auditor conservatism. Consistent with our expectation, we find evidence that the indirect payment of audit fees via an independent entity is related with auditor conservatism.

Key words: Auditor conservatism; Audit fee; between-subjects experimental design.

2. The Information and Bargaining Roles of Commercial Brokers When Investors Are Uninformed

Yu Liu, California State University, San Bernardino, yu.liu@csusb.edu

Abstract: Market outcomes are contrasted for uninformed investors with and without broker representation to evaluate the information role, and for parties opposing the uninformed (with and without representation) to evaluate the bargaining role. The setting is a sample of 17,000 office building transactions in more than 100 U.S. markets, and the identification strategy for uninformed investors is based on the nonlocal clientele effect. Nonlocal investors buy high and sell low, paying significant premiums in acquisitions and accepting discounted offers in divestitures. Employing a commercial broker is found to have virtually zero impact on this disparity. Moreover, when the opposite party has broker representation, the degree of overpayment by nonlocal buyers is even higher. These findings are at odds with the conventional notion that brokers possess a high degree of specialized market knowledge which can be used to offset informational disadvantages suffered by their clients.

Key words: Principal-Agent; Commercial Real Estate

3. Effect of GASB Statement 68 on Municipal Bond Yields: California Case

Kyung Joo Lee, University of Maryland-Eastern Shore, kjlee@umes.edu

John Jin, California State University, San Bernardino, jjin@csusb.edu

Mark Y. Ma*, California State University, San Bernardino, vesperflekz@gmail.com

Jinwoong Lee, California State University, San Bernardino, jinwoong1121@gmail.com

* Corresponding author

Abstract: The objective of this paper is to investigate the effect of GASB statement 68 on muni-bond yields by examining Information content changes and muni-bond yields upon adoption of GASB statement 68. The following 3 hypotheses are tested: H1: Information content of pension related information to muni-bond yields increase with adoption of statement 68. H2a: Muni-bond yields of state/local governments whose net pension liabilities for the defined benefit pension plan increase with adoption of statement 68 decrease. H2b: Muni-bond yields of state/local governments whose net pension liabilities for the defined benefit pension plan decrease with adoption of statement 68 increase. Sample entities for this study are state and local governments in California which provide defined benefit pension plans to their employees through CALPERS. CALPERS is a cost-sharing defined benefit pension plan.

4. “Far from Par”- How does Contract Design Impact the Return on Treasury Floating Rate Notes?

Karan Bhanot, University of Texas at San Antonio, karan.bhanot@utsa.edu

Liang Guo*, California State University, San Bernadino, lguo@csusb.edu

* Corresponding author

Abstract: Floating Rate Notes were introduced by the US Treasury in 2014 to lower overall borrowing costs and diversify the funding base for US Government Bonds. Using daily data on all Floating Rate Notes issued from 1/2014 – 10/2016 we find that they often trade at a premium or discount and earn an excess return relative to the corresponding T-bill index. The excess return is driven by contractual features of these notes- the imperfect synchronization between the indexing dates used for coupon accruals and a deflation put option due to a lower zero bound on the accrued coupon. Since FRNs are derivative instruments, their returns also reflect in part the liquidity and arbitrage constraints implicit in the derivative markets.

5. Seeking an Automated Investing System

John J. Cheh, The University of Akron, cheh@uakron.edu

Il-woon Kim*, The University of Akron, ikim@uakron.edu

Changrae Park, Kangnung-Wonju National University, Korea, pcr@gwnu.ac.kr

* Corresponding author

Abstract: In this paper, we examine five different investment strategies which are known to be easy to implement by non-investment professionals. Typically, investment researchers search for strategies that can generate the highest alpha or abnormal returns far beyond market returns. Such strategies however entail large amounts of time resources that are beyond the reach of rank-and-file retail investors who are still working their day jobs. The investment strategies that we are searching in this paper therefore are a class of strategies that are designed to gradually increase investors' retirement assets over multiple decades through their professional career --- without burdening them with a large amount of time commitments.

This paper is written to assist typical rank-and-file professionals who make a modest living by working normal 9-to-5 jobs. Because of their busy work schedule, these professionals have little time left to devote to dedicated hours for investment research. To achieve an objective of finding easy-to-implement investment strategies for a working class of retail investors, we explore multiple strategies that are known to be simple to implement.

Among the large number of minimal maintenance strategies for busy rank-and-file working professionals, we investigate the efficacy of the following 5 investment strategies: (1) S&P 500 strategy, (2) No OTC & No ADR (NoOtcAdr) strategy, (3) Warren Buffett's stock market indicator-based strategy, (4) Federal Reserve Bank's monetary policy-based strategy, and (5) Joel Greenblatt's magic formula strategy. All of these strategies are extremely simple to implement and require little time commitment for investment research; hence, they require little maintenance or are maintenance free.

To build such a no-maintenance or an almost automated investment system, we compare returns, maximum drawdowns, and other risk statistics of the five investment strategies --- to determine which strategy offers best possible options to the class of ordinary retail investors. For this study,

we use Portfolio123 (P123) service that provides data and software support in analyzing data.

The study period for this paper is from January 2, 1999 to December 31, 2016.

Based on our findings and analysis, we propose a pair of options to retail investors, depending on their time commitment and risk tolerance level. Among five investment strategies, investors with high-risk tolerance may find merits in Fed's monetary policy-based strategy, whereas investors with low-risk tolerance may find Buffett's stock market indicator-based strategy attractive.

Key words: algorithmic investing, automated investing system, discount rate, economic indicator, Fed funds rate, Greenblatt's magic formula, investment strategy, no-maintenance investing, sector rotation, Warren Buffett stock market indicator

6. Why U.S. Corporations Are Hoarding All That Cash in Foreign Countries?

J. K. Yun, New York Institute of Technology, jyun04@nyit.edu

Abstract: Bloomberg reported that the 50 top overseas cash holders in the S&P 500 have kept \$925 billion of their cash and marketable securities outside the U.S., an increase of \$118 billion since their filings one year ago (By Laurie Meisler, June 13, 2017). In this research, I like to examine why the 50 multinational firms identified by Bloomberg in 2017 held excess cash overseas.

Foley et. al. (2007) using Bureau of Economic Analysis firm-level detailed data, find that U. S. multinational firms hold cash in their foreign subsidiaries because of the tax costs associated with repatriating foreign income. The United States taxes the foreign-source income of US-based multinationals when it is repatriated to the U.S. parent, with a credit for foreign income taxes they have paid. Most other countries simply exempt the foreign-source income of their multinationals (The Tax Policy Center's Briefing Book in Urban Institute and Brookings Institution.)

First, I like to posit that excess cash holdings in multinational firms can be explained by the ratio of domestic corporate income tax rate to foreign corporate income tax rate. If the U.S. corporate tax rate is higher compared to foreign corporate tax rate, firms have incentive to keep cash outside the U.S. to avoid tax repatriation cost. Second, I conjecture that the incentive to keep cash outside the U S. gets stronger as the proportion of foreign pretax income out of total pretax income increases. Third, most of these 50 firms are either information technology firms or high-tech using biotech firms. I believe that these firms must have invested in their continuous new product development which is captured in the amount of research and development expense. Fourth, most of these 50 firms are industry leaders with continuous growth record where I hypothesize that their market values are greater than their book values. Lastly, their cash generation ability through operations must be sound and healthy which is measured by (Operating Net Cash Inflow / Net Income).

7. Price and Volatility Spillovers between Chinese and Indian Stocks and their Time-Varying Market Linkages with Developed Equities

Priscilla Liang, California State University, Channel Islands, Priscilla.liang@csuci.edu

Abstract: This paper studies price and volatility spillovers between Chinese and Indian stocks and their dynamic market linkages with other major developed equities. Tests reveal that Indian stocks were more susceptible to external shocks while Chinese shares were relatively isolated from 1998 to 2016. The cross-border influence of Chinese and Indian stocks to other developed equities has been limited even after the Global Financial Crisis. Indian equity was sensitive to price and volatility spillovers from China from 1998 to 2016, but China only became responsive to shocks from India after 2006. There were significant asymmetric volatility spillovers between China–US and China–India equities. Developed markets, especially the U.S. market, have been dominant contributors of price and volatility spillovers world-wide.

Key words: Volatility effect, asymmetric spillover, GARCH, India, China, Stock Index

8. Puerto Rican Bonds and the Liability for Investment Professionals

Jim Estes, California State University, San Bernardino, jimestes@csusb.edu

Abstract: This paper explores the present circumstances surrounding the collapse of Puerto Rican Municipal Bonds and consequences to the Mutual Funds, Hedge Funds and ETFs that remain invested in them. Further, the paper explores the legal consequences that exist and developing trends for financial advisors that sold these investments with the Financial Institution Regulatory Authority (FINRA). The paper explores the history leading up to the present situation, the inappropriate use of capital appreciation bonds, the position taken by the US Government and the decisions to date by the federal oversight board installed by Congress.

Key words: Capital Appreciation Bond, Puerto Rico Bankruptcy, Pensions, Sales Tax Bonds, FINRA, Federal Oversight Board

9. Earnings Management and Offer Premium in Mergers and Acquisitions

Jose Navarrete, California State University, San Bernardino, jose.navarretecruz@csusb.edu

Joon Son, California State University, San Bernardino, json@csusb.edu

Taewon Yang*, California State University, San Bernardino, taewon@csusb.edu

Sung Wook Yoon, California State University, Northridge, sungwook.yoon@csun.edu

* Corresponding author

Abstract: Sarbanes Oxley of 2002 and Dodd Frank of 2010 affect business environment for mergers and acquisitions. We examine how accrual based earnings management in mergers and acquisitions associates Sarbanes Oxley and Dodd Frank. We further explore whether or not the change of accrual based earnings management affects an offer premium (measured by CAR_{-1 to 1}) around the merger announcement during the period.

10. Why Earnings Are No Longer Managed to Avoid Earnings Decreases and When Did It Occur?

Nancy Fan, California State Polytechnic University, Pomona, nmfan@cpp.edu

Abstract: Discontinuity in the earnings distributions and dips can be observed at the immediately left side of zero thresholds in Burgstahler and Dichev (1997). The authors hypothesize and test the notions that earnings are managed to avoid losses and earnings decreases. They further use transaction cost theory and prospect theory to explain why managers have the incentive to manage earnings to avoid loss and earnings decreases.

I find similar result for avoidance of losses for the sample period from 1991 to 2006. Contrary to Burgstahler and Dichev (1997), I find no evidence of earnings being managed to avoid earnings decreases for the sample period from 1992 to 2006. The change to non-significant result occurs when I include yearly sample from 2002 to 2006. I conjecture that the change is associated with the legislature, i.e., the announcement of Sarbanes-Oxley Act.

Prior studies are inconsistent with how important it is to manage earnings to avoid earnings decrease, but nevertheless agree that it is still one important threshold that managers want to meet and beat. My study, to my best knowledge, is the first to find that earnings are no longer managed to avoid earnings decreases since 2002.

11. Performance Evaluation of Foreign Banks in South Korea

Sung-Kyoo Huh, California State University, San Bernardino, huh@csusb.edu

John Jin, California State University, San Bernardino, jjin@csusb.edu

Kyung Joo Lee*, University of Maryland-Eastern Shore, kjlee@umes.edu

* Corresponding author

Abstract: The purpose of this study is to examine the operating results of foreign banks in Korean during the 2010 -2015 period. To evaluate the operating results of foreign banks in Korea, we first compare the profitability measures (both return on asset (ROA) and return on equity (ROE)) between foreign banks and banking industry. We also investigate the relationship between net income and major components of assets to determine the factors affecting the profitability of foreign banks. Using a sample of 35 foreign banks over six-year period, we find that foreign banks shows larger ROA than banking industry on average. However, ROE is smaller for foreign banks. The results also indicate that marketable securities and loan are the main factors contributing to the profitability of foreign banks.

Key words: foreign banks, profitability, ROA, ROE

12. Effect of GASB Statement 68 on Municipal Bond Borrowing Costs: California Case

Kyung Joo Lee, University of Maryland-Eastern Shore, kjlee@umes.edu

John Jin, California State University, San Bernardino, jjin@csusb.edu

Jinwoong Lee*, California State University, San Bernardino, jinwoong1121@gmail.com

Mark Y. Ma, California State University, San Bernardino, vesperflekz@gmail.com

* Corresponding author

ABSTRACT: The objective of this paper is to investigate the effect of GASB statement 68 on muni-bond borrowing costs by examining Information content changes and muni-bond price changes upon adoption of GASB statement 68. The following 3 hypotheses are tested: H1: Information content of pension related information to muni-bond borrowing costs increase with adoption of statement 68.

H2a: Muni-bond borrowing of state/local governments whose defined benefit pension plans are less funded than the average of the cost sharing plan increase with adoption of statement 68.

H2b: Muni-bond borrowing costs of state/local governments whose defined benefit pension plans are more funded than the average of the cost sharing plan decrease with adoption of statement 68. Sample entities for this study are state and local governments in California which provide defined benefit pension plans to their employees through CALPERS. CALPERS is a cost-sharing defined benefit pension plan.

13. The Roles of Customer-Oriented CSR in the Context of Retailers' Shopping Centers

Yongseok Jang*, California State University, San Bernardino, yongseok.jang@csusb.edu

Chanho Song, California State University, San Bernardino, chanho.song@csusb.edu

Haakon Brown, California State University, San Bernardino, hbrown@csusb.edu

* Corresponding author

Abstract: While literature of Corporate Social Responsibility (CSR) provided abundant evidence that support the linkages between CSR and performance, it has been unclear what kind of relationships different CSR initiative may have. In this study, our purpose is to shed lights on dynamics of different types of CSR (within-CSR dynamics). In order to achieve the goal, we explore the within-CSR dynamics between two different types of CSR, employee-oriented CSR and customer-oriented CSR, focusing on their relations to economic benefit to customers. From our empirical test, using a total of 409 valid responses from retail customers in South Korea, we found that customer-oriented CSR makes a special contribution to enhancing positive impact on the effect of CSR performance on behavioral loyalty. We suggest, therefore, that customer-oriented CSR makes stronger impact on enhancing the value of core offering of firms. A major contribution of this study is that it sheds lights on the importance of within- CSR dynamics. The mediating role of customer-oriented CSR may be used to leverage effectiveness of employee-oriented CSR. Second, we developed an integrative framework as a way of overcoming drawbacks of conceptual models of CSR-performance widely used in existing studies. Finally, our study pays attention to a specific context, where CSR awareness is tested and affirmed by customer experience, retailers' shopping center.

14. Consumers' Perception of Corporate Hypocrisy and Corporate Image Based on Credibility of CSR Disclosure and Sincerity of CSR Activity

Sohyoun Shin*, California State University Chico, sshin3@csuchico.edu

Sangyoon Seok, University of Washington Tacoma, seoks2@uw.edu

* Corresponding author

Abstract: CSR auditing is not legally required or regulated in the U.S., but the value of CSR disclosure to investors is acknowledged in some studies. Furthermore, perceived credibility on the assurers (i.e., CPAs vs. non-CPAs) of CSR disclosure is found to affect investors' investment decisions. However, while many of global firms are involved in CSR initiatives in order to sharpen their edges in the marketplace, consumers are rarely exposed (or disclosed) to CSR assurance information in terms of details of activities, sources of capital, resource allocations, expense management, and/or outcomes. In this study, we design experiments with four different CSR information disclosure scenarios (i.e., no CSR report, internally written CSR report, externally audited CSR report by non-CPAs, vs. externally audited CSR report by CPAs) with general descriptions of one firm and its CSR activities. We expect to find consumers' decreased perceptions of corporate hypocrisy and increased corporate evaluations toward the firm that publishes CSR reports, than the firm that does not. Consumers may not clearly distinguish CSR reports by CPAs from CSR reports by non-CPAs, but they may differently perceive sincerity of the firm's CSR activities with no report vs. any type of reports, and then present different judgments toward the firm.

Key words: CSR disclosure, Credibility, Sincerity, Corporate hypocrisy, Consumer

15. Pergah Transportation Limited: A Case Study

Helena M. Addae, California State University San Bernardino, haddae@csusb.edu

Abstract: Pergah transportation is a locally owned family business which was incorporated in 1998 in Ghana. The company is mainly involved in corporate busing, fleet management, garage services and safety management. A majority of the companies serviced by Pergah are multinationals. Thus, it had to adopt international standards stipulated by the multinational organizations. Due to its relationships with these organizations, the company has learned to adhere strict safety requirements, implement employee standards at or above what is required by law in Ghana. As a result, safety has become one of Pergah's competitive advantage that allows it to maintain their current clients and acquire new ones.

However, employees expressed some dissatisfaction with their compensation. An area of contention is the pay disparity between some of the Pergah employees brought on by their relationship with international organizations. In some of the companies where Pergah transports its expatriate employees to and from work and other locations in the country, the drivers located in the multinational company have higher compensation even though they remain Pergah employees.

The company was started by Ghanaian who was a nurse in Canada. While she was a nurse in Canada, she opened a shop that sold cultural artifacts from Ghana. She moved back to Ghana and engaged in a few other enterprises and decided to venture into busing school children because she believed in the premise that transporting people is similar to nursing. Over time, Pergah entered the employee transportation market and discontinued busing school children.

This case provides information on the progression of the company, its management, leadership styles, perceptions of its employees, and its future directions. In the context of a local company operating with multinational companies, a number of cross-cultural issues are also raised.

Key words: Case study, international management, motivation, strategy, leadership, and corporate social responsibility.

16. Exploring the Impact of Power – Defense Relations between Large Blockholders: Theory and Evidence

Zhonghui Wang, California State University, San Bernardino, Zhonghui.wang@csusb.edu

Abstract: We study the impact of power-dependent relationships between the two largest shareholders on firm's corporate governance decisions. Relying on power-dependence theory, we posit and confirm that power-imbalance and mutual dependence between the two largest shareholders negatively influence the presence of the cumulative voting rule. Meanwhile, the second largest shareholder can conduct balancing operations to offset the power of its larger counterpart and support the cumulative voting rule. Consequently, we explain why and how the largest shareholder can utilize its power to influence its smaller counterpart and control corporate governance decisions, discuss when and why the second largest shareholder collaborate with its larger counterpart, and explore how the second largest shareholder can exercise its power to influence the firm.

Key words: Power-dependence, Multiple Blockholders, Cumulative voting

17. Perceived Leader Support, Power Distance, and the Relationship between Interactional Justice and Job Burnout: A Longitudinal Study

Jing Zhang, California State University, San Bernardino, jing.zhang@csusb.edu

Abstract: Based on social-exchange theory and conservation of resources theory, the present study longitudinally examined the mediating role of employees' perceived leader support in linking interactional justice with job burnout and the moderating role of power distance (a kind of cultural value) in this mediation in a field setting. At Time 1 we assessed employees' perceived interactional justice (including interpersonal and informational justice) and power distance (PD). At Time 2 (eight months later) we measured their perceived leader support (PLS) and burnout (exhaustion, cynicism, and inefficacy). Results showed that PLS mediated the relationships between interactional justice and burnout (exhaustion and cynicism) and PD moderated the relationships between PLS and burnout (exhaustion and cynicism). Moderated mediation analysis demonstrated that interactional justice was positively associated with PLS, and that PLS was negatively associated with exhaustion and cynicism, but these effects were only salient when PD was at low to moderate levels. The results suggest a role of cultural value in framing the relationships among justice, PLS, and burnout.

Key words: interactional justice, perceived leader support, job burnout, power distance, value frame

18. Advertising during Economic Shocks and Firm Performance in the Hospitality Industry

Taewoo Kim*, California State University, San Bernardino, taewoo.kim@csusb.edu

Myong Jae Lee*, California State Polytechnic University, Pomona, mjlee@cpp.edu

Chanho Song, California State University, San Bernardino, chanho.song@csusb.edu

* Corresponding author

Abstract: This study examines the impact of advertising to determine whether advertising expenditure after economic shocks is associated with hospitality firm performance. Using the OLS regression models for the earnings response coefficient study, we found that the earnings response coefficient was positively related to hospitality firms who spend more on advertising immediately after a global financial crisis. Furthermore, we found evidence that long-term performance was positively associated with hospitality firms with increased advertising expenses after a global financial crisis. These findings have practical implications, providing advertising guidelines for hospitality industry managers who want resilience to financial setbacks due to economic shocks.

Key words: Advertising, Economic shocks, Earnings Response Coefficient (ERC)

19. Authentication and Authorization Policies for Multi-Level Secure Multidomain Environment

Joon Son, California State University, San Bernardino, json@csusb.edu

Abstract: Many organizations, such as the military services, intelligence organizations, related government agencies and their supporting defense industries require Multi-Level Secure (MLS) systems. These systems enable concurrent processing of data that is classified with respect to different levels of security. A security policy in a MLS environment must enforce a model of access control, known as the Bell-La Padula (BLP) model, which prevents individuals from accessing information at a classification for which they are not authorized. Examples of such sensitivity or security levels could be Unclassified, Confidential, Secret, and Top-Secret.

The objectives of this research are twofold. The first objective is to identify the various types of MLS (directory based) multidomain environments. A type of multidomain environment can be categorized by the degree of inter-operations, the level of trust among MLS domains, the degree of autonomy, and the degree of privacy. The second objective is to propose a cross-domain authentication and authorization framework for each type of multidomain environment identified. Through the proposed framework, users in a particular MLS domain are able to be authenticated and then authorized to access resources in another MLS domain.

20. Skew Normal Bayesian Asset Allocation: Based on a Hidden Truncation Model

Jungjun Park, Claremont Graduate University, jungjun.park@cgu.edu

Abstract: This paper extends the Bayesian asset allocation model obtained by assuming hidden truncation skew-normal returns. Hidden truncation model provides a flexible family of skewed alternatives to the classical k dimensional normal distribution. In their groundbreaking framework in Bayesian asset allocation, Black and Litterman (BL) were able to construct stable mean-variance efficient portfolios. They had successfully combined subjective investors views through a prior distribution with market historical data to derive a posterior distribution of portfolio returns and optimal asset allocations under the assumption of normal returns. Many studies show that normality assumption is not empirically supported and turns out to be inappropriate in many cases because of the asymmetry in asset returns. By adopting the skew normal distribution, the new model not only captures the skewness of the asset returns but also provides a more flexible model in a Bayesian asset allocation problem. This paper, among other results, provides a closed form for the posterior predictive distribution of returns given the investors' views.

Key words: Bayesian Asset Allocation, Black-Litterman Model, Skew Normal Distribution, Non-Normal distribution, Mean-Variance-Skewness Optimization

21. Analysts' Reactions to Firms' Real Activities Management

Sung Gon Chung, Wayne State University, sgchung@wayne.edu

Joonho Lee*, California State Polytechnic University, Pomona, joonholee@cpp.edu

Abstract: Previous studies show that real activities management (RAM) has more detrimental effects on firms' future performance than accounting earnings management. We examine the reactions of analysts to RAM. Our results show that analysts lower future earnings forecasts and stock recommendations of the firms that show signs of RAM, suggesting that analysts understand the negative effect of RAM on firms' future performance and respond accordingly. Prior research suggests that tighter accounting regulations (e.g., the Sarbanes-Oxley Act) prompt more RAM than accounting earnings management. Our study provides evidence supporting that such suboptimal operating activities are closely watched by analysts and are potentially penalized by the market.

Keywords: accounting regulations, real activities management, analysts' earnings forecasts, analysts' stock recommendations.