



# ***2019 Pan-Pacific Business Research Conference (PPBRC)***

February 21 – February 23, 2019

at

**Santos Manuel Student Union**

**California State University San Bernardino, California, USA**

by

Pan Pacific Business Research Institute  
&

California State University San Bernardino

*Pan-Pacific Business Research Institute*

## ***2019 Pan-Pacific Business Research Conference***

February 21– February 23, 2019

### **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\*, Heungjoo Cha, 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 21, 2019**

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

### **Program Schedule on February 22, 2019**

<u>08:30 - 16:00</u>	<b>Registration</b>
<u>08:30 - 08:50</u>	<b>Coffee Break</b>
<u>08:50 - 09:00</u>	<b>Greetings</b>
<u>09:00 - 10:30</u>	<b>Session 1</b>
<u>10:40 - 12:10</u>	<b>Session 2</b>
<u>12:10 - 13:40</u>	<b>Lunch</b>
<u>13:40 - 15:10</u>	<b>Session 3</b>
<u>15:20 - 17:00</u>	<b>Session 4</b>
<u>18:00 - 20:00</u>	<b>Wine Reception_&amp; PPBRC Award Dinner</b>

**Welcome Lunch at Coyote Commons**

**Wine Reception, and PPBRC Award Dinner at Panda Inn.**

3223 E Centerlake Drive, Ontario, CA 91761 (909) 390-2888

### **Program Schedule on February 23, 2019**

<u>10:00 - 12:00</u>	<b>Research Interaction Forum</b>
<u>17:00 - 20:00</u>	<b>Executive committee meeting</b>

## **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](mailto:infoppbri@gmail.com). Participants need to register at <http://www.ppbri.org/payment-fee>.

# Paper Presentation Schedule On February 22, 2019

**Room: 208**

**The 1<sup>st</sup> Paper Presentation Session, 9:00 am – 10:30 am**

***1) The relationship between non-audit service fees and investment efficiency***

Taewoo Kim\*, California State University, San Bernardino, [taewoo.kim@csusb.edu](mailto:taewoo.kim@csusb.edu)  
Brandon Lee, Indiana University Northwest, [byulee@iun.edu](mailto:byulee@iun.edu)  
Daniel Paik, University of Richmond, [daniel.paik@richmond.edu](mailto:daniel.paik@richmond.edu)

***2) Performance Evaluations of Asian Ethnic Banks: The Case of Chinese-American Banks and Korean –American Banks***

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

***3) The Determinants of Vendor Compliance***

Hang Pei, California State University, San Bernardino, [hang.pei@csusb.edu](mailto:hang.pei@csusb.edu)

**The 2<sup>nd</sup> Paper Presentation Session, 10:40 am – 12:10 pm**

***1) Energy Policy in Seoul: Reaching 2020 Energy Goals***

Dong Man Kim\*, California State University, San Bernadino, [dkim@csusb.edu](mailto:dkim@csusb.edu)  
Kaitlin Ward

***2) Clientele Effects for Corporate Investors in the Industrial Market***

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

**3) *Real Management in Mergers and Acquisitions over the periods of Sarbanes Oxley and Dodd Frank.***

Taewon Yang\*, California State University, San Bernardino, [taewon@csusb.edu](mailto:taewon@csusb.edu)  
Joon Son, California State University, San Bernardino, [json@csusb.edu](mailto:json@csusb.edu)  
Sung Wook Yoon, California State University, Northridge, [sungwook.yoon@csun.edu](mailto:sungwook.yoon@csun.edu)  
Jose Navarrete, California State University, San Bernardino,  
[jose.navarretecruz@csusb.edu](mailto:jose.navarretecruz@csusb.edu)

**The 3<sup>rd</sup> Paper Presentation Session, 1:40 pm – 3:10 pm**

**1) *Corporate Life Cycle, Real Activity Manipulation, and Future Performance***

Xinmei Xie\*, California State University, Stanislaus, [xxie@csustan.edu](mailto:xxie@csustan.edu)  
Tim Firch, California State University, Stanislaus, [tfirch@csustan.edu](mailto:tfirch@csustan.edu)  
Jin Zhang, California State University, Sacramento, [zhangj@csus.edu](mailto:zhangj@csus.edu)  
Li-Lin (Sunny) Liu, California State University Dominguez Hills, [lliu@csudh.edu](mailto:lliu@csudh.edu)

**2) *When do analysts use accruals in their forecast? Evidence from loss firms***

Seunghan Nam, New York Institute of Technology, School of Management,  
[snam01@nyit.edu](mailto:snam01@nyit.edu)

**3) *Sustainable Socially Responsible Exchange Traded Funds Performance***

Tzu-Man Huang, California State University, Stanislaus, [thuang@csustan.edu](mailto:thuang@csustan.edu)  
David Zhu\*, California State University, Stanislaus, [dzhu@csustan.edu](mailto:dzhu@csustan.edu)  
Sijing Zong, California State University, Stanislaus, [szong@csustan.edu](mailto:szong@csustan.edu)

**The 4<sup>th</sup> Paper Presentation Session, 3:20 pm – 5:00 pm**

**1) *Developing a Financial Accounting Healthcare Model***

Winifred Scott, California State University, San Bernardino, [Winifred.scott@csusb.edu](mailto:Winifred.scott@csusb.edu)

**2) *Is The Materiality Threshold the Same in All Cases? Descriptive Analysis of Materiality Thresholds for Change in Accounting Estimates***

Philip Keunho Chung, Christopher Newport University, [philip.chung@cnu.edu](mailto:philip.chung@cnu.edu)  
Daniel Gyung Paik\*, University of Richmond, [daniel.paik@richmond.edu](mailto:daniel.paik@richmond.edu)

**3) *Effect of GASB Statement 68 on Bond Borrowing Costs of State and Local Governments in California***

Kyung Joo Lee, University of Maryland, Eastern Shore, [kjlee@umes.edu](mailto:kjlee@umes.edu)  
John Jin\*, California State University, San Bernardino, [jjin@csusb.edu](mailto:jjin@csusb.edu)  
Jiwoo Seo, California State University, San Bernardino, [seoj300@coyote.csusb.edu](mailto:seoj300@coyote.csusb.edu)  
Mark Y. Ma, University of Oklahoma, [vesperflekz@gmail.com](mailto:vesperflekz@gmail.com)  
Jinwoong Lee, Kent State University, [jinwoong1121@gmail.com](mailto:jinwoong1121@gmail.com)

## **Room: 210**

### **The 1<sup>st</sup> Paper Presentation Session, 9:00 am – 10:30 am**

**1) *Entrepreneurship as a Source of Workplace Incivility? Moderating Effect of Task Characteristics***

Yongseok Jang\*, California State University, San Bernardino, [yongseok.jang@csusb.edu](mailto:yongseok.jang@csusb.edu)  
Jing Zhang, California State University, San Bernardino, [jing.zhang@csusb.edu](mailto:jing.zhang@csusb.edu)

**2) *The effects of job satisfaction and distributive justice on perceived absence legitimacy: role of turnover intentions***

Helena M. Addae, California State University San Bernardino, [haddae@csusb.edu](mailto:haddae@csusb.edu)  
Nathaniel Boso, KNUST School of Business, Ghana, [nboso@knust.edu.gh](mailto:nboso@knust.edu.gh)  
Daniel Ofori University of Ghana Business School, Ghana, [dofori@ug.edu.gh](mailto:dofori@ug.edu.gh)

**3) *Work-Family Conflict and Child Internet Usage Behaviors: Work-Family Conflict and Child Internet Usage Behaviors***

Jing Zhang, California State University, San Bernardino, [jing.zhang@csusb.edu](mailto:jing.zhang@csusb.edu)



## **The 2<sup>nd</sup> Paper Presentation Session, 10:40 am – 12:10 pm**

### ***1) An Exploratory Study on the Successful Introduction of Pokemon Go in Korea***

Jaewook Shin, Hansung University, Seoul, Korea

Mincheol Shin, Hansung University, Visiting Scholar, CSUSB, [mshin@hansung.ac.kr](mailto:mshin@hansung.ac.kr)

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

### ***2) The Effect of Promotional Giveaways on Consumer Likelihood to Attend a Sports Event***

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

### ***3) Information Source Effects on Deal Evaluation***

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

### ***4) Understanding the Limitations and Alternative Models to the Lean Startup Entrepreneurial Process***

John M. York\*, University of California, San Diego, San Diego, CA

## **The 3<sup>rd</sup> Paper Presentation Session, 1:40 pm – 3:10 pm**

### ***1) Change management in an acquisition: A case study of Ecobank Ghana.***

Helena M. Addae, California State University San Bernardino, [haddae@csusb.edu](mailto:haddae@csusb.edu)

### ***2) Strategic Applications of Artificial Intelligence (AI) In the Education Industry***

Sylvette Mijares, University of the West, Rosemead, CA

Shao Ying “Emma” Wang, University of the West, Rosemead, CA

Divya Peiris, University of the West, Rosemead, CA

Peng Chan, California State University, Fullerton, Fullerton, CA

**3) *The Effects On Multi-Level Security Within A Multidomain Environment***

Garo Panossian\*, California State University, San Bernardino

Joon Son, California State University, San Bernardino, [json@csusb.edu](mailto:json@csusb.edu)

Essia Hamouda, California State University, San Bernardino, [essia.hamouda@csusb.edu](mailto:essia.hamouda@csusb.edu)

**4) *An Initial Evaluation of the California Cybersecurity Institute's Mission and Efforts as a Startup Training Agency***

John M. York\*, University of California, San Diego, San Diego, CA

Jimmy Baker California Polytechnic State University, San Luis Obispo, CA

Martin Minnich, California Polytechnic State University, San Luis Obispo, CA

**The 4<sup>th</sup> Paper Presentation Session, 3:20 pm – 5:00 pm**

**1) *Policy Uncertainty and Corporate Diversification***

Brian Clark, Rensselaer Polytechnic Institute, [clarkb2@rpi.edu](mailto:clarkb2@rpi.edu)

Bill B. Francis, Rensselaer Polytechnic Institute, [francb@rpi.edu](mailto:francb@rpi.edu)

Gilna Samuel\*, California State University, San Bernardino, [gilnasamuel@csusb.edu](mailto:gilnasamuel@csusb.edu)

**2) *Applying the financial textbook theory and concept of capital budgeting in a startup company; How applicable is it? An insider's perspective on the application of this theory.***

Jose Navarrete\*, California State University, San Bernardino,

[jose.navarretecruz@csusb.edu](mailto:jose.navarretecruz@csusb.edu)

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

**3) *Winning Banking Strategies to Identify Efficiency Changes During the 2007-2009 Financial Crisis***

Adeeb Hattar, California State University, San Bernardino, [adeeb.hattar@csusb.edu](mailto:adeeb.hattar@csusb.edu)

# ***ABSTRACTS***

## ***1. The relationship between non-audit service fees and investment efficiency***

Taewoo Kim\*, California State University, San Bernardino, [taewoo.kim@csusb.edu](mailto:taewoo.kim@csusb.edu)

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

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

\* Corresponding author

**Abstract:** This study examines whether non-audit service is associated with firms' investment efficiency. We find that non-audit service fees are positively associated with firms' over-investment. Further, the positive association between non-audit service fees and firms' over-investment is likely to be augmented and amplified for small client firms, short-term tenured auditors, and client firms with low accruals quality. Overall, our findings suggest that the potential economic bonding between the auditor and client as well as the impaired auditor independence induce the negative association between non-audit service fees and investment efficiency, which causes over-investment.

**Key words:** Non-audit service fees; investment efficiency.

## ***2. Performance Evaluations of Asian Ethnic Banks: The Case of Chinese-American Banks and Korean –American Banks***

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

Kyung Joo Lee, University of Maryland, Eastern Shore, [kjlee@umes.edu](mailto:kjlee@umes.edu)

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

\* Corresponding author

**Abstract:** The objectives of this paper are two folds: i.e. first to examine whether Asian American banks are performing better than the U.S. national average; second, to examine what are the determinants of Net interest income from savings and loan business of Asian banks. Korean American banks, Chinese American banks and Japanese American banks make the sample for this study. The performance of the banks are measured by net interest income, noninterest operating income, and other income. Determinants of financial performance are debt to equity ratio, size, profitability ratios, and growth ratios.

**Key words:** financial performance; firm characteristics.

### *3. The Determinants of Vendor Compliance*

Hang Pei, California State University San Bernardino, [hang.pei@csusb.edu](mailto:hang.pei@csusb.edu)

**Abstract:** Although the use of technology helps decrease inventory errors experienced at all levels of the supply-chain, retailers and manufacturers continue to experience mistakes in their inventory systems. To date, although research has investigate retail location errors, little research has been performed to determine factors affecting delivery errors between supply-chain partners. Using hand collected data, we analyze delivery information to categorize structure and incentive factors that affect non-compliant deliveries. Our results indicate that structural factors such as product and order complexity are associated with delivery errors (or non-compliant deliveries). Interestingly, we also document behaviors consistent with real earnings management; vendor behavior and delivery errors are consistent with revenue management by publicly traded vendors.

#### ***4. Energy Policy in Seoul: Reaching 2020 Energy Goals***

Dong Man Kim\*, California State University, San Bernadino, [dkim@csusb.edu](mailto:dkim@csusb.edu)

Kaitlin Ward

\* Corresponding author

**Abstract:** Energy Policy in Seoul: Reaching 2020 Energy Goals Kaitlin Ward Dong Man Kim California State University, San Bernardino March 13, 2018 Abstract The purpose of this paper is to analyze energy policies as they apply to the Seoul Metropolitan Government (SMG). Specifically, the SMG has targeted energy reduction policy goal to reach by the year 2020. The analysis and review in this paper provides energy policy recommendations for the SMG to consider. The introduction outlines the accomplishments of SMG has made in the areas of energy and sustainability. Although the SMG has made significant achievements in energy, the City of Seoul contributes substantially to overall energy consumption. To address these consumption patterns, this paper makes three key policy recommendations. First, the implementation of energy benchmarking for buildings to use as a baseline for energy use comparison. Second, the presence of a robust energy efficiency retrofit programs, with a focus on existing, older building stock, as well as a recommended shift away from renewable energy. Last, the pricing of electricity is suggested to be adjusted to align with the global market.

## ***5. Clientele Effects for Corporate Investors in the Industrial Market***

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

**Abstract:** Corporate investors pay significantly higher prices for industrial acquisitions (by an estimated 10%), but sell at market prices that are no different from other investors. The findings implicate informational disadvantages since it is only inexperienced corporations who overpay. Overpayment is more severe for high-quality assets and those sought after by users. Prices are significantly higher when both buyer and seller are corporate investors, indicating different approaches to valuation. Inclusiveness of the control group is an important caveat when measuring clientele effects. Overall, this study contributes to our understanding of investor clientele effects in the market for commercial real estate ownership.

**Key words:** Industrial; corporate real estate; commercial real estate; clientele effects

## ***6. Real Management in Mergers and Acquisitions over the periods of Sarbanes Oxley and Dodd Frank.***

Taewon Yang\*, California State University, San Bernardino, [taewon@csusb.edu](mailto:taewon@csusb.edu)

Joon Son, California State University, San Bernardino, [json@csusb.edu](mailto:json@csusb.edu)

Sung Wook Yoon, California State University, Northridge, [sungwook.yoon@csun.edu](mailto:sungwook.yoon@csun.edu)

Jose Navarrete, California State University, San Bernardino, [jose.navarretecruz@csusb.edu](mailto:jose.navarretecruz@csusb.edu)

\* Corresponding author

**Abstract:** In this paper we explore changes of real management (operating cash flow, discretionary expenses, production costs) of firms in mergers and acquisitions over the periods of Sarbanes Oxley and Dodd Frank. We believe new business environment set by Sarbanes Oxley and Dodd Frank would affect an earnings management decision. We test a trend of real management over time periods and its impact on stock return around a merger announcement.



## ***7. Corporate Life Cycle, Real Activity Manipulation, and Future Performance***

Xinmei Xie\*, California State University, Stanislaus, [xxie@csustan.edu](mailto:xxie@csustan.edu)

Tim Firch, California State University, Stanislaus, [tfirch@csustan.edu](mailto:tfirch@csustan.edu)

Jin Zhang, California State University, Sacramento, [zhangj@csus.edu](mailto:zhangj@csus.edu)

Li-Lin (Sunny) Liu, California State University Dominguez Hills, [lliu@csudh.edu](mailto:lliu@csudh.edu)

\* Corresponding author

**Abstract:** The documented prevalence of real activity manipulation (RAM) over the last decade emphasizes the importance of its economic consequences (Graham et al. 2005, Cohen et al. 2008, Chi et al. 2011, Courteau et al. 2015). Vorst (2016) suggests that the impact of RAM on future operating performance will vary depending on the factors that affect its associated costs and benefits. This study investigates the impact of RAM on subsequent operating performance in terms of return on assets (ROA) and cash flow from operating activities (CFO) across life cycle stages. We expect a differential impact of RAM on future performance due to the different costs and benefits of RAM across life cycle stages. Using the life cycle proxy developed by Dickinson (2011), we find that the impact of RAM activities on subsequent operating performance in terms of ROA and CFO significantly vary with the RAM forms and life-cycle stages. Our findings are of interest to investors, auditors, regulators, and academics with respect to financial statement analysis and earnings quality.

**Key words:** real earnings management; corporate life cycle

## ***8. When do analysts use accruals in their forecast? Evidence from loss firms***

Seunghan Nam, New York Institute of Technology, [snam01@nyit.edu](mailto:snam01@nyit.edu)

**Abstract:** Are analysts forecasts cash flows driven or earnings driven? Or do they use lower persistence of accruals in their forecasts? This study investigates this issue and found that first analysts forecasts are more associated with cash driven prediction, future earnings prediction based on current cash flows only. Future earnings prediction based on current cash flows and current accruals, or current earnings seem to be more associated with the last analysts forecast, which suggests that over the time, analysts incorporate accruals information in their forecast. I also found that analysts forecast error is negatively associated with accruals contribution to predict future earnings. This suggests that current accruals are incorporated in analysts forecast and analysts also understand how current accruals can be realized in future earnings. Then I hypothesize that the accruals information among firms reporting loss is less useful among analysts, and analysts are fixated on cash driven prediction, due to information asymmetry that loss firms present. The result shows that the above documented, more pronounced association between first analysts forecast and cash driven prediction exists only in sample of firms reporting loss. It is also shown that, only in this sample, the analysts forecast error is not capturing accruals contribution in predicting future earnings. This suggests that inability to incorporate accruals into the forecast may cause analysts to miss actual more.

## ***9. Sustainable Socially Responsible Exchange Traded Funds Performance***

Tzu-Man Huang, California State University, Stanislaus, [thuang@csustan.edu](mailto:thuang@csustan.edu)

David Zhu\*, California State University, Stanislaus, [dzhu@csustan.edu](mailto:dzhu@csustan.edu)

Sijing Zong, California State University, Stanislaus, [szong@csustan.edu](mailto:szong@csustan.edu)

\* Corresponding author

**Abstract:** This study examines socially responsible Exchange Traded Funds (SR ETFs) financial performance using the population of 36 sustainable SR ETFs. These SR ETFs perform similarly to the overall market, and thus being socially responsible does not compromise financial performance. SR ETFs returns are found to have a high positive correlation with the market return and a lower market risk. The time series analysis indicates that the market return has a significant impact on SR ETFs returns. Momentum is found in daily SR ETFs returns, but it disappears at the monthly level. This study attempts to encourage more socially responsible investments.

**Key words:** Sustainable, Social Responsibility, ETF

## *10. Developing a Financial Accounting Healthcare Model*

Winifred Scott, California State University, San Bernardino, [Winifred.scott@csusb.edu](mailto:Winifred.scott@csusb.edu)

**Abstract:** This research takes into consideration the chronic, long-term healthcare rising costs for both the individual and corporation crunching their respective bottom lines. Chronic noninfectious healthcare diseases are on the rise and are exerting considerable demand on health systems and on individual wallets. Employers are sharing their rising health insurance premium costs to individual employees in the form of higher deductibles. According to the World Health Organization, the prevalence of chronic diseases are expected to rise by 57% by year 2020.<sup>1</sup> To help offset the trend of rising healthcare costs, this research develops a Financial Accounting Healthcare Model, from an individual perspective. This Financial Accounting Healthcare Model will incorporate the basic formats of the balance sheet and income statement as a way of thinking about the flow of costs and of benefits that may lead to minimizing aches and various disease symptoms connected to chronic noninfectious diseases. The Model presents a way of understanding how our own individual choices of consumption, feeding our bodies, influence the internal environment of the body in which noninfectious chronic diseases may thrive. It presents an accounting way of understanding about caring for your health with great potential of reaping the benefits of real sustainable health and lower costs.

---

<sup>1</sup> World Health Organization (accessed 11/23/2018). Nutrition. [http://www.who.int/nutrition/topics/2\\_background/en/](http://www.who.int/nutrition/topics/2_background/en/)

## ***11. Is The Materiality Threshold the Same in All Cases? Descriptive Analysis of Materiality Thresholds for Change in Accounting Estimates***

Philip Keunho Chung, Christopher Newport University, [philip.chung@cnu.edu](mailto:philip.chung@cnu.edu)

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

\* Corresponding author

**Abstract:** This paper provides descriptive evidence on the characteristics of the change in accounting estimate (CAE) disclosure and its materiality thresholds adopted by companies and their auditors. US GAAP requires companies to disclose CAE if its effect is material (ASC 250-50-4). We analyze 4,166 CAE disclosures from 2006 to 2015 and provide the first empirical evidence on the materiality thresholds used for CAE disclosure. Our main finding is that quantitative materiality threshold for CAE disclosure is significantly higher than conventional materiality thresholds such as 5% of pretax income and that there exists considerable variation in CAE disclosure in terms of company's size and industry membership, audit firm type, and CAE category.

## ***12. Effect of GASB Statement 68 on Bond Borrowing Costs of State and Local Governments in California***

Kyung Joo Lee, University of Maryland, Eastern Shore, [kjlee@umes.edu](mailto:kjlee@umes.edu)

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

Jiwoo Seo, California State University, San Bernardino, [seoj300@coyote.csusb.edu](mailto:seoj300@coyote.csusb.edu)

Mark Y. Ma, University of Oklahoma, [vesperflezk@gmail.com](mailto:vesperflezk@gmail.com)

Jinwoong Lee, Kent State University, [jinwoong1121@gmail.com](mailto:jinwoong1121@gmail.com)

\* Corresponding author

**Abstract:** The objective of this study is to examine the effect of Governmental Accounting Standards Board Statement 68 on bond borrowing costs of governmental reporting entities. To be specific, it is to investigate whether the adoption of the statement improves information content of accounting information of the reporting entities in terms of bond borrowing costs. If so, how entity specific net pension liability and entity specific pension expense, the two major changes with the adoption, affect bond borrowing costs. The 3 hypotheses tested in this study are as follows. H1: the information content of accounting information of the reporting entities improve with the adoption of the statement; H2: there be a significant association between net pension liabilities and bond borrowing costs. H3: there be a significant association between pension expenses and bond borrowing costs. The samples are municipal bonds issued by governmental entities providing defined benefits pensions through cost sharing plans in the state of California from 2013 through 2016. The final sample consists of 408 municipal bonds issued by 98 governmental entities in California. The results from this study suggest the followings. First, information content of accounting information by the cost-sharing employers in California improves by the adoption of the statement. Second, entity specific pension expense related information released with the adoption of the statement does affect the bond borrowing costs. Third, entity specific net pension liabilities information released with the adoption of the statement may not affect the bond borrowing costs.

**Key words:** information content; bond borrowing costs; entity specific net pension liabilities; entity specific pension expenses

### ***13. Entrepreneurship as a Source of Workplace Incivility? Moderating Effect of Task Characteristics***

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

Jing Zhang, California State University, San Bernardino, [jing.zhang@csusb.edu](mailto:jing.zhang@csusb.edu)

\* Corresponding author

**Abstract:** This study examines whether there is potential linkage between entrepreneurship and workplace incivility. We conduct an inquiry examining institutional aspect of entrepreneurial firms to find out potential ethical dilemma. Entrepreneurial orientation (EO) seems to positively relate to ethical climate in general. On the other hand, a negative ethical climate may create a potential circumstance where entrepreneurship is likely to be seen as a driver of unethical behavior among individuals. We also reveal potential institutional approaches to control such behavior: designing objective task characteristics. Our findings clearly indicate that there are institutional approaches firms can take to control workplace incivility.

**Key words:** Entrepreneurship; Workplace Incivility; Ethics; Institutionalism; Task Characteristics; Entrepreneurial Orientation

#### ***14. The effects of job satisfaction and distributive justice on perceived absence legitimacy: role of turnover intentions***

Helena M. Addae\*, California State University San Bernardino, USA, [haddae@csusb.edu](mailto:haddae@csusb.edu)

Nathaniel Boso, KNUST School of Business, Ghana, [nboso@knust.edu.gh](mailto:nboso@knust.edu.gh)

Daniel Ofori University of Ghana Business School, Ghana, [dofori@ug.edu.gh](mailto:dofori@ug.edu.gh)

\* Corresponding author

**Abstract:** The purpose of this paper is to investigate the relationship between job satisfaction and distributive justice on employees' perception of absence legitimacy. The moderating effects of turnover intentions on the espoused relationships is also examined. Data were collected from 298 employees working in private and public sector organizations in Ghana. We found that job satisfaction and distributive justice were significantly related to absence legitimacy. Additionally, turnover intentions moderated the relationship between job satisfaction and absence legitimacy but marginally with distributive justice. Thus, when employees feel a sense of inequity and are dissatisfied with their jobs, they are likely to perceive absenteeism as a legitimate behavior. These relationships are more pronounced when employees' have intentions to leave their organizations.

Practically, employers should pay attention to the nature of their employees' work as well as their sense of equity since there are likely to engage in absenteeism as a means of reducing their perception of imbalance. This study contributes to research in perceptions of absence legitimacy from a theoretical and research perspective. Moreover, the study was conducted in Ghana and some of the results are consistent with those found in North America. Thereby providing potential evidence of the generalizability of some of the relationships investigated in the study.

**Keywords:** Absence legitimacy, Absenteeism, distributive justice, job satisfaction, Structural Equation Modelling



## ***15. Work-Family Conflict and Child Internet Usage Behaviors: Work-Family Conflict and Child Internet Usage Behaviors***

Jing Zhang, California State University, San Bernardino, [jing.zhang@csusb.edu](mailto:jing.zhang@csusb.edu)

**Abstract:** Child internet usage is one of the least frequently studied outcomes in research on the work-family interface. This paper extends previous research by examining the relationship between parental work-family conflict and child internet usage behaviors and possible mechanisms that explain these relationships. I hypothesize that parental work-family conflict negatively influences parents' mindfulness, decrease children's perceptions of parental-child attachment, which in turn affects child problematic internet usage behaviors. Questionnaire-based data from families (one parent and one child) were collected from three schools in Nigeria. Results showed the indirect effect between work-family conflict and problematic internet usage through attachment was significant. Moreover, the sequential indirect effect between work-family conflict and child problematic internet usage through both mindfulness and attachment was significant.

**Key words:** work-family conflict, mindfulness, parent-child attachment, internet usage

## ***16. An Exploratory Study on the Successful Introduction of Pokemon Go in Korea***

Jaewook Shin, Hansung University, Seoul, Korea

Mincheol Shin\*, Hansung University, Visiting Scholar, CSUSB, [mshin@hansung.ac.kr](mailto:mshin@hansung.ac.kr)

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

\* Corresponding author

**Abstract:** The release of Pokémon GO ignited a variety of enthusiastic responses around the world. Despite the market potential of augmented reality (AR) games, little is known about the factors leading to the success of AR games like Pokémon Go. This study proposes that augmentation of the gamer's self is behind the successful introduction of Pokémon GO. Augmentation of self is defined here as the enhancement of self via extending self in the real world and in the digital world simultaneously. Based upon a sample of 316 respondents in Korea, this study empirically analyzes the relationships among augmentation of self, attitude toward Pokémon GO, the gamer's self-esteem, and the gamer's offline word of mouth intention. The findings show that (1) augmentation of self positively affects self-esteem and attitude toward Pokémon GO and that (2) both self-esteem and attitude toward Pokémon GO increase the gamer's offline word of mouth intention. Taken together, it appears that the more a mobile AR game like Pokémon GO augments the gamer's self-identity via concurrently combining the enhanced digitality of the game with the reality of the world, the more you like the game and the more you intend to spread positive word of mouth about it.

**Key words:** augmentation of self, augmented reality game, augmented self, digital extended self, extended self, Pokémon GO

## ***17. The Effect of Promotional Giveaways on Consumer Likelihood to Attend a Sports Event***

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

**Abstract:** Promotional giveaways are a common practice in most major and minor league sports events. However, it is unclear what effect these giveaways have on attendance. This research explores three novel factors that could moderate the effect of a promotional giveaway on attendance, the utility of the promotional giveaway, the quantity offered, and the level of sports fan identification. Results from an experiment demonstrate a three-way interaction among those variables. Specifically, a main effect of the quantity offered was found for non-sports fans, such that they were more likely to attend if a lower quantity of the giveaways was offered. However, for sports fans, an interaction was found such that the effect of quantity was moderated by the utility of the item. For a high utility item, participants were more likely to attend when the quantity offered was lower, whereas for a low utility item, participants were more likely to attend when the quantity offered was higher. These findings contribute to the existing research in sporting event attendance and provide marketers with useful tools for future work on how to best utilize promotional giveaways to increase event attendance.

## ***18. Information Source Effects on Deal Evaluation***

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

**Abstract:** Research on source effects has focused on WOM regarding products; however, WOM marketing frequently involves encouraging WOM about promotions. Extant research on the evaluation of promotions has addressed promotional characteristics (deal type, value, etc.) with little empirical work or guidance for managers regarding relative merits of different WOM sources for promotions. Similarly, no empirical research addresses the interactions between WOM sources and the promotional characteristics on which they report.

We assess the impact of source reputation and source type on the evaluation of promotions, accounting for important promotional characteristics, with special attention to the value that new site or on-line community members offer as potential WOM sources. We examine interactions between source characteristics and promotional characteristics, contributing to broader WOM literature and managerial guidelines by demonstrating that considering WOM source characteristics independently of a promotion's characteristics can lead to unintended and even adverse outcomes.

**Key words:** e-commerce; online consumer behavior; promotion; word-of-mouth marketing

## ***19. Understanding the Limitations and Alternative Models to the Lean Startup Entrepreneurial Process***

John M. York, University of California, San Diego, San Diego, CA

***Introduction:*** In the United States (US), entrepreneurs start more than 600,000 new ventures annually. One-half are still in business within five years, and one-third remain within ten years. Approximately 300 (0.05%) will obtain initial funding. Of those with initial support, only 4% will realize success. This failure rate may be rooted in that the entrepreneur built the product without completely understanding his/her customers, marketplace, and competition.

The lean startup has emerged as a strategy to address the above-described challenges. Lean has become a popular framework for efficiently developing entrepreneurial ideas. Advocated by Steve Blank (*The Four Steps to Epiphany*) and Eric Reis (*The Lean Startup*), the US National Science Foundation's Innovation CORPS™ program has used this program as part of its training of academic-based STEM startups. The founders of this methodology drew on lean manufacturing principles and agile software development processes, both centering on identifying and minimizing waste and applied learning methodology.

The lean framework involves two phases. In the first, the entrepreneur focuses on searching for customer needs, product/market fit, and a repeatable sales model. He/she starts with the customer discovery/development, a critical piece as it concentrates on understanding customer problems and needs- pains, gains, and the job to do. He/she then focuses on establishing customer validation based on a minimum viable product and building a replicable sales model. In the second, the firm's focus changes from learning to scaling. The entrepreneur concentrates on creating customers, driving demand, and building the company. Heavy use of effectuation-logic is evident, with a clear and explicit emphasis on experimentation.

While lean startup has become a popular framework, questions do exist around lean in starting a new venture. Some believe that the entrepreneurial community has not rigorously evaluated this methodology and compared it with other methods (strategies) in fostering entrepreneurship and innovation.

***Methodology:*** This analysis was undertaken to provide a foundation for examining whether the lean startup is the ideal process for starting an entrepreneurial venture. The basis for this review was to investigate the following questions relative to lean startup: (1) what limitations involved with this approach; and (2) what alternative methods exist for starting a new venture. An examination of published literature and graduate theses involving entrepreneurship startup methods and lean startup was performed to address these issues.

***Results:***

***Limits to Lean:*** Literature evaluation identified a mix of reviews or individual experiences. Most detailed individual experiences with the lean methodology through interviews and structured assessments of case evaluations of the process within a startup. One conducted a quantitative survey to correlate awareness and use of lean with startup success in Scandinavia. This paper identified a lack of clear understanding of lean startup concepts and how to implement them properly. A related publication identified barriers of implementation for early-stage companies in

developing nations, such as Indonesia, including adequate numbers of customers to validate an idea, lack of finding major customer problems to address, the principle of quick iteration, and the purpose of a minimum viable product. Another meaningful discussion highlighted the inherent biases involved with the entrepreneur's interviewing practice, an essential element to the customer discovery process. A further review highlighted where the solution space may not be all-encompassing and that such boundaries might limit the pivots (and pivot options) that the entrepreneur can make during his/her discovery process. A later paper indicated that lean is mostly silent in addressing technology uncertainty; it appears insufficient in situations of low technology readiness, and those of intertwined process and product innovation processes. A further report highlighted problems with hypothesis development, testing methods of these suppositions, ambiguous results, biases, and quantified observations mistaken for statistically significant effects.

Interestingly, none provided evidence as to the practical success of a lean startup. Only one indicated that no correlation existed between the use of lean and startup survival. These evaluations provided insights as to how one might need to modify the lean process to make it work more effectively. Each criticized the process, identified limitations and barriers, and provided opportunities for improvement. Within the search, there were no findings of rigorous, controlled scientific evaluations to address the questions as to whether lean startup methodology was superior to traditional methods or what ideal models existed.

*Alternative Startup Models:* Alternative models to the lean startup methodology do exist. Lean startup represents more of a demand-pull process, whereas other strategies appear to reflect more of a supply-push or a process-development journey. These include systems development lifecycle (SDLC) or a stage-gate process. Examples are notable in the biotechnology, life sciences, and engineering spaces, especially in the lower levels of technology readiness. Another method involves design thinking. Finally, the entrepreneurial strategy compass, which classifies strategic opportunities across two-dimensions related to attitudes towards incumbents (collaborate or compete) and attitudes towards innovation (build a moat or storm a hill), puts forth four strategic directions for entrepreneurial development: (1) intellectual property; (2) architectural; (3) value chain; and (4) value chain.

*Conclusions:* Lean startup can provide entrepreneurs with a useful framework for identification of the customer, needs, and opportunity. However, despite its recent popularity, review of the literature point to many limitations with the methodology as to industries, geographies, and culture where it may (not successfully apply) and to the proper practice of its methods. The literature failed to provide strong evidence for the practical success, nor were there any findings of rigorous, controlled literature related to whether (or where) lean startup methodology was superior to other methods. Multiple alternative strategies do exist to lean startup, and they may fit better to a particular industry or within entrepreneurial strategy compass matrix related to attitudes towards incumbents and innovation. Further research is warranted to (1) identify best practices; (2) define strategies to provide consistency in the implementation of lean startup practices; (3) highlight ideal domains where lean would apply; and (4) address whether this methodology represents the ideal process for an entrepreneur to undertake their startup journey.

**Key words:** Agile startup, Alternative models, Demand-pull process, Design thinking, Entrepreneurship, Entrepreneurial strategy compass, Implementation, Lean startup, Limitations, Stage-gate, SDLC, Startup practices, Startup methodology

## ***20. Change management in an acquisition: A case study of Ecobank Ghana.***

Helena M. Addae, California State University San Bernardino, [haddae@csusb.edu](mailto:haddae@csusb.edu)

**Abstract:** Incorporated in Lomé, Togo, Ecobank Transnational Incorporated (ETI) has locations in more countries in Africa than any other bank in the world. It currently operates in thirty-six countries across West, Central, East, and Southern Africa. With approximately 20,330 employees, the group is the largest employer in the financial sector in middle Africa. Ecobank Ghana, a subsidiary of ETI was licensed as a corporate bank in 1990 and started with four branches in Ghana.

On January 17, 2012 the parent company of Ecobank Ghana announced the acquisition The Trust Bank Ghana Limited (TTB), a medium-sized financial service provider. TTB was founded in 1996 and focused on meeting the banking needs of Small and Medium-sized Enterprises (SMEs).

With vast experience in the acquisition of a number of companies in the African sub-region, Ecobank Transnational Incorporated was confident of a smooth integration of its latest acquisition.

This case outlines the change management process that was taken by the company to ensure an effective acquisition and merger. An analysis of how the case may be used for class discussions is also provided.

**Key words:** Mergers and acquisitions; change management; international management; transnational organizations

## ***21. Strategic Applications of Artificial Intelligence (AI) In the Education Industry***

Sylvette Mijares, University of the West, Rosemead, CA

Shao Ying “Emma” Wang, University of the West, Rosemead, CA

Divya Peiris, University of the West, Rosemead, CA

Peng Chan\*, California State University, Fullerton, Fullerton, CA

\* Corresponding author

**Abstract:** This paper seeks to address the impact of AI on the education industry. It examines the impact of AI from the perspective of the 3 principal stakeholders in the education industry: administrators, teachers and students. Furthermore, this paper investigates AI strategies applied to key areas in the education industry such as classroom learning, teaching and administrative management. This paper also provides ensuing discussion on how these strategies collectively change the learning and teaching processes, including published case examples and corresponding results. Finally, future developments in AI and its wide-ranging influence in the education industry are explored.

**Key words:** Education Industry, Artificial Intelligence, Stakeholders, Strategies



## ***22. The Effects On Multi-Level Security Within A Multidomain Environment***

Garo Panossian\*, California State University, San Bernardino

Joon Son, California State University, San Bernardino, [json@csusb.edu](mailto:json@csusb.edu)

Essia Hamouda, California State University, San Bernardino, [essia.hamouda@csusb.edu](mailto:essia.hamouda@csusb.edu)

\* Corresponding author

**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.

One of our research goals is to determine the effects and possible solutions to ensure security when two domains are combined, and the mapping of MLS policies between the two domains is incorrect. Furthermore, we will examine how trust plays a role within this process. Several test cases will be conducted to identify which violations exist based on the type of trust between the domains.

**Key words:** Trust; Multi-Level Security (MLS) policies; Multi-domain environment

## ***23. An Initial Evaluation of the California Cybersecurity Institute's Mission and Efforts as a Startup Training Agency***

John M. York\*, University of California, San Diego, San Diego, CA

Jimmy Baker California Polytechnic State University, San Luis Obispo, CA

Martin Minnich, California Polytechnic State University, San Luis Obispo, CA

\* Corresponding author

*Introduction and Rationale:* Cybercrime has become a significant security issue for both the United States and California. The U.S. Government Accountability Office indicates that cybercrime has grown at a compounded annual rate of nearly 30% over the past decade. This growth translates to 1100% in cyber-attacks. California is a leading target for cyber-attacks, comprising 15% of the national total. Over the last four years, cybercrime in the State has steadily risen with a 25% compounded annual growth rate. To address the cyber challenge, there are workforce needs within California. According to cyberseek.org, public and private employers need to fill approximately 35,000 cybersecurity jobs.

In 2016, the State of California- through joint efforts between National Guard Cyber Protection Teams, California Military Department, and the California Polytechnic State University, San Luis Obispo (Cal Poly)- established the California Cybersecurity Institute (CCI). The vision for the Institute is to (1) create a world-class training and research facility dedicated to the complex and emerging cybersecurity challenges and (2) to serve as a focal point for cybersecurity collaboration through strategic relationships with academia, government, and industry. In 2018, the State permanently situated the Institute at Camp San Luis Obispo in 2018 as a proof of concept for a stand-up organization to meet the cyber training and workforce development requirements for the State of California.

*Methodology:* The purpose of this presentation is to examine CCI's initial goals and its progress relative to the set vision, mission, and initial goals. During 2018, the Institute commenced several initiatives to develop and implement awareness, workforce development, and training related to address cybersecurity challenges and the prevention of serious sequela. The presentation outlines Institute's Mission, along with significant 2018 accomplishments as a startup entity this exists as part of the State and University structure.

*Defining the Mission:* The Institute defined its mission to support Cal Poly in becoming the leading supplier of cyber-ready professionals. This effort is to be achieved through a comprehensive and collaborative program that spans the University and partners with public and private organizations. CCI's specific focus involves the of educating and empowering well-prepared, socially conscious, and career-ready students to be leaders. The Institute seeks to achieve this mission by: (1) producing security cognizant graduates that ultimately create opportunities to ignite social change and create innovative, purposeful cybersecurity solutions no matter what their field or work; and (2) enhancing the growth of the University through increased research projects, increased desire for enrollment applications, and expanded public and private partnerships via a Center for Security Studies.

*Accomplishments:* CCI realized achievements in multiple areas. The first involves the engagement of Cal Poly students, in which the Institute employed four College of Engineering students, four College of Liberal Arts students, and two College of Education students. These individuals participated in the following initiatives: (1) Digital Forensics Challenge; (2) Forensics in the Cloud; (3) California Department of Justice warrant data analysis, with the agency using the results in a Supreme Court Case; (4) Production of Digital Communications; and (5) Development of CCI facility and training scene mock up architecture; and (5) Research. Additionally, the Institute leveraged 65 additional students and faculty across multiple colleges through the Cal Poly Learn by Doing pedagogy to incorporate faculty and class led projects into its efforts to rapidly address our many areas of need. CCI engaged students in a variety of cyber training workshops and events. CCI with students and faculty developed cybertraining for K-12 teachers, digital forensics, industry control systems, medical, anti-human trafficking, digital privacy, and vehicular vulnerabilities. The second involved participation in the training of high school teachers on cybersecurity via the GenCyber initiative. The third involved the development of digital outreach technologies, such as creation of a cybersecurity app on the Amazon platform. The fourth involved the hosting of multiple events through the year: (1) Law Enforcement Technology Advancement Day (May 2018); (2) Women in Cyber Event (May 2018); (3) Cyber Workforce Summit (June 2018); (4) California Cyber Innovation Challenge (June 2018); (5) GenCyber Training for Educators (June 2018); and (6) Multiple visits from congressional leaders and critical State of California delegates and legislators. Challenge. The fifth involved building partnerships with several private organizations (e.g., Amazon, Bug Crowd, and CrowdStrike). The sixth was the securing grant funding and support credits (e.g., Amazon, Cisco Research University, GenCyber National Security Agency, and Go-Biz) to support education and outreach efforts.

*Conclusion:* As with any startup, the CCI has accomplished several critical stepping stones to success during 2018 that support its vision and mission. The efforts of faculty, staff, and students of Cal Poly, and supports from private and public entity partnerships aided the accomplishment of these efforts. The Institute has gleaned many learnings from its initial accomplishments and set the stage for some exciting achievements in the future.

**Key words:** California Polytechnic State University, San Luis Obispo, California Cybersecurity Institute, CCI, Cybersecurity, Cyber training, Public-Private partnership, Workforce development, Student training

## ***24. Policy Uncertainty and Corporate Diversification***

Brian Clark, Rensselaer Polytechnic Institute, [clarkb2@rpi.edu](mailto:clarkb2@rpi.edu)

Bill B. Francis, Rensselaer Polytechnic Institute, [francb@rpi.edu](mailto:francb@rpi.edu)

Gilna Samuel\*, California State University, San Bernardino, [gilnasamuel@csusb.edu](mailto:gilnasamuel@csusb.edu)

\* Corresponding author

**Abstract:** This paper investigates the impact of economic policy uncertainty on single-segment firms relative to diversified firms. We show that policy uncertainty decreases the diversification discount and improves the efficiency of internal capital markets. Using segment-level data, we find that that policy uncertainty is more likely to reduce capital expenditures of single-segment firms compared with diversified firms. In particular, the impact of policy uncertainty is reduced by unrelated diversification, and more pronounced during periods of higher uncertainty and for firm financially constrained firms. Also, core segments and segments in politically sensitive industries are more affected by policy uncertainty. Using quarterly data, we find that diversified firms are more likely to increase intangible capital and cash holdings and reduce payouts and debt issues. Overall, this study shows that corporate diversification significantly influences the impact of economic policy uncertainty on corporate decisions. Importantly, accounting for diversification is necessary to get a more complete understanding

**Key words:** diversification; economic policy uncertainty; corporate investments; internal capital markets

***25. Applying the financial textbook theory and concept of capital budgeting in a startup company; How applicable is it? An insider's perspective on the application of this theory.***

Jose Navarrete\*, California State University, San Bernardino, [jose.navarretecruz@csusb.edu](mailto:jose.navarretecruz@csusb.edu)

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

\* Corresponding author

**Abstract:** The theory and concept of capital budgeting is heavily emphasized in the classroom study of corporate finance, but how relevant is it to real world application, especially in a corporate startup? This case study gives an insider's perspective on the application and non application of capital budgeting in the corporate startup, Kids That Code, Inc. a for profit C-corporation.

## ***26. Winning Banking Strategies to Identify Efficiency Changes During the 2007-2009 Financial Crisis***

Adeeb Hattar, California State University, San Bernardino, [adeeb.hattar@csusb.edu](mailto:adeeb.hattar@csusb.edu)

**Abstract:** Between 2007 and 2009, taxpayers paid \$700 billion to bail out failing U.S. banks.

The purpose of this single case study was to explore strategies that leaders of a successful U.S.

bank used to identify efficiency changes occurring during the financial crisis. The target

population of this study included 6 bank leaders located in San Bernardino, California, who

occupied a managerial role in a successful U.S. bank during a financial crisis, had experience

with the efficiency changes that occurred during a financial crisis, and developed and

implemented strategies to identify efficiency changes that took place during a financial crisis.

The conceptual framework for this study was the theory of economic efficiency. Data consisted

of semistructured interviews, annual fiscal reports, and proxy statements. All interpretations of

the data were subjected to member checking to ensure trustworthiness of interpretations. Yin's

method of qualitative data analysis was adopted, which consisted of five sequential steps:

compiling the data, disassembling the data, reassembling the data, interpreting the meaning of

the data, and drawing conclusions from the data. Based on the methodological triangulation of

the data collected, 3 of the main themes that emerged were management strategies, application of

digital technology, and growth maximization and risky loan elimination. The implications for

positive social change include the potential to avoid bank failures in the future, resulting in a

stronger and more robust economy, thus sparing taxpayers the burden of bailing out failing

banks.