

COLLEGE OF BUSINESS RESEARCH DAY 2024

APRIL 5TH 2024, 8.30 am – 1 pm

JOHNSON ALUMNI ROOM

Program

8.30 am – 9 am: Light breakfast and networking.

9 am – 9.10 am: COB Dean Seung Bach – Welcome remarks.

9.10 am – 9.30 am: Presentation 1 - Dr. Byron Pike (Department of Accounting and Business Law) “The Influence of Audit Evidence Framing on Auditors’ Judgment”.

9.30 am – 9.50 am: Presentation 2 – Dr. Puneet Jaiprakash (Department of Finance) “Corporate Financing Decisions in the Presence of Asymmetric Information – A Classroom Game”.

9.50 am – 10.10 am: Presentation 3 – Dr. Jennifer Schultz (Department of Management and Entrepreneurship) “Teaching Teachers: Commentary on Principles of Effective Course Design”.

10.10 am – 10.30 am: Presentation 4 – Dr. Leon Chen (Department of Finance) "Event Studies for Publicly Traded Insurers: An Investigation of the Bad-Model Problem".

****BREAK 10.30 AM – 10.40 AM****

10.40 am – 11 am: Presentation 5 – Dr. Kyle Nash (Department of Management and Entrepreneurship) “Exploring the Impact of Self-Concept and IT Identity on Social Media Influencers’ Behavior: A Focus on Young Adult Technology Features Utilization”.

11 am – 11.20 am: Presentation 6 – Dr. Kristin Scott (Department of Marketing and International Business) “The Service Empowerment Model: a Collaborative Approach to Reducing Vulnerability”.

11.20 am – 11.40 am: Presentation 7: Dr. Nguyen Nguyen (Department of Finance) “Institutional Ownership Stability and Product Quality Failures”.

11.40 am – 12 pm: Presentation 8: Dr. Oksana Kim (Department of Accounting and Business Law) “The Impact of the IFRS reform on auditor concentration, auditor choice, and audit quality”.

12 pm – 12.10 pm: Concluding remarks.

**** LUNCH 12.10 PM – 1 PM****

ABSTRACTS

Presentation 1. Dr. Byron Pike (Department of Accounting and Business Law)

Title: The Influence of Audit Evidence Framing on Auditors' Judgment

Authors: Jeremy Vinson, Byron Pike, Lawrence Chui, and Mingjun Zhou

Abstract: Framing effects are a phenomenon where individuals respond differently to equivalent information presented in a positive or negative manner. Whether framing effects within audit evidence affect auditor judgment is unknown. We conduct a simulated client inquiry experiment to investigate whether the framing of an inquiry evidence item (positive versus negative) and the timing of the frame within the inquiry evidence series (at the beginning versus ending) influences auditor judgment. More consistent with attribute framing than belief-adjustment predictions, our findings suggest a primacy effect where participants who receive a positive frame at the beginning of the inquiry are less likely to change their initial assessments of misstatement than participants who receive "neutral" perspective (i.e., both positive and negative frames simultaneously) at the beginning of the inquiry. Our results imply that positively framed initial evidence, relative to other settings, may constrain auditors' consideration of subsequent evidence.

Presentation 2. Dr. Puneet Jaiprakash (Department of Finance)

Title: Corporate Financing Decisions in the Presence of Asymmetric Information – A Classroom Game

Authors: Leon Chen and Puneet Jaiprakash

Abstract: Few experiential learning experiences are available for courses in Corporate Finance. We develop a classroom game that illustrates the concept of asymmetric information – a core concept that underlies the pecking order theory of capital structure. We provide testable implications that explicitly link the game and textbook concepts, questions that can be used by instructors in exams/quizzes, and extensive documents that minimize preparation time for the instructor. Our game is designed to include all four stages of Kolb's (1984) learning cycle, to develop higher-order skills based on Bloom's (1956) taxonomy, and to help courses meet business school accreditation standards. Feedback from implementing this game in a required course of our undergraduate curriculum indicates that it was well received by students.

Presentation 3. Dr. Jennifer Schultz (Department of Management and Entrepreneurship)

Title: Teaching Teachers: Commentary on Principles of Effective Course Design

Authors: Jennifer L. Schultz and Jose Canchaya

Abstract: This manuscript is an invited essay on the 2021 Journal of Management Education Lasting Impact Award recipient's 2007 article Principles of Effective Course Design: What I Wish I Had Known about Learning-centered Teaching 30 Years Ago by Dr. David Whetten.

Presentation 4. Dr. Leon Chen (Department of Finance)

Title: Event Studies for Publicly Traded Insurers: An Investigation of the Bad-Model Problem

Authors: Leon Chen, Steven W. Pottier

Abstract: The potential that abnormal returns are due to a mis-specified expected return model is well known in the event study literature. We investigate the bad-model problem for a large sample of insurance firms over an 18-year period, based on 9 different expected return models and short- and long-run event windows. Using 1000 samples of randomly selected firms and dates, we find that the different normal return models make little difference in the statistical or economic significance of abnormal returns for short event windows (up to 3 days). However, for longer event windows, such as 1 month and 13 months, statistically and economically significant abnormal returns are more common. Further, we find that characteristic-based benchmark models generally perform better than models that require an estimation period. Our results support the need to exercise caution in interpreting the findings of event studies.

Presentation 5. Dr. Kyle Nash (Department of Management and Entrepreneurship)

Title: Exploring the Impact of Self-Concept and IT Identity on Social Media Influencers' Behavior: A Focus on Young Adult Technology Features Utilization

Authors: Kyle Nash

Abstract: This research investigates the inspiration of self-concept and Information Technology (IT) identity on the behavior of Social Media Influencers (SMI), specifically regarding their utilization of technology features. With the advent of social media, individuals have been presented with a unique opportunity to showcase their creativity and connect with a broader audience, known as "followers." Drawing upon the unified theory of acceptance and use of technology (UTAUT), this study examines the relationship between SMIs behavior in utilizing technology features, self-concept, and IT identity within the context of social media platform usage. The research methodology employed in this study is partial least squares (PLS) regression, providing a comprehensive understanding of how individuals' self-concept shapes their IT identity concerning the usage of social media platform features. The findings of this study have significant implications for businesses seeking to engage with SMIs and individuals aiming to establish their presence on social media. The research highlights TikTok's potential as a platform for self-expression and personal brand development, underscoring the importance of self-concept and IT identity in the realm of SMIs.

Presentation 6. Dr. Kristin Scott (Department of Marketing and International Business)

Title: The service empowerment model: a collaborative approach to reducing vulnerability

Authors: Leslie Koppenhafer, Kristin Scott, Todd Weaver, Mark Mulder

Abstract: Service researchers have been tasked with improving the well-being of consumers experiencing vulnerability. The current research aims to demonstrate how these consumers can experience empowerment through transformative service improvements to the traditional microfinance model. To ground the research in a real-world setting with consumers experiencing vulnerability, the research team worked with a nonprofit microfinance organization offering loans to communities of Indigenous women entrepreneurs. The research team worked in six communities and conducted over 25 borrower interviews and 14 staff and volunteer interviews totaling 1,200 min of recorded content. The present investigation of a unique approach to microfinance offers a new theoretical model, the service empowerment model (SEM), which illustrates how empowerment emanates from processes and outcomes at three distinct levels: micro, meso and macro and also defined a new term: service empowerment. Recognizing that change occurs individually and also at familial and societal levels begins to challenge deeply rooted structural and cultural norms involved in the services ecosystem.

Presentation 7. Dr. Nguyen Nguyen (Department of Finance)

Title: Institutional Ownership Stability and Product Quality Failures

Authors: Thanh Dat Le and Nguyen Nguyen

Abstract: Using a sample of product recall incidents from 2012 to 2021, the authors find that firms with more stable institutional ownership have a lower probability, frequency, and severity of recall incidents and adopt a proactive product recall strategy. Institutional investors with significant and persistent holdings improve quality management by reducing overinvestment and the use of option-linked and relative performance executive compensations. Furthermore, the influence of stable institutional owners on product quality failures is more pronounced in firms with low managerial ability and specialist CEOs. Lastly, the empirical evidence demonstrates that stable holdings by active investors have a more substantial impact on reducing product recalls than passive and other stable institutional holdings. This study is the first to examine the impact of institutional ownership stability on firms' product recalls. The authors contribute to the literature on the benefits of stable institutional ownership on firm outcomes and the determinants of product quality failures.

Presentation 8. Dr. Oksana Kim (Department of Accounting and Business Law)

Title: The impact of the IFRS adoption reform on auditor concentration, auditor choice, and audit quality.

Authors: Michael Bradbury and Oksana Kim

Abstract: We examine the changes in audit market concentration, auditor choice, and audit quality in Russia following IFRS adoption. We focus on a unique feature of Russian companies—dual audits under RAS and IFRS—and investigate changes in audit concentration and audit quality for the two audit markets. The IFRS audit market was dominated by the Big 4 audit firms prior to 2012, and there is strong evidence that audit market share (concentration) increases for IFRS reports but not for RAS reports. In addition, companies are more likely to choose a Big 4 audit firm for an RAS audit, conditional upon a Big 4 firm’s conducting the IFRS audit. We do not find evidence of decrease in the probability of audit firms’ issuing a modified audit opinion under either RAS or IFRS, indicating that, in the Russian setting, increased auditor concentration post-IFRS adoption does not lead to enhanced risk or decline in audit quality. Moreover, we find that discretionary accruals decline post-2012. Overall, our findings indicate that the concern of global regulators regarding audit market concentration is not justified.