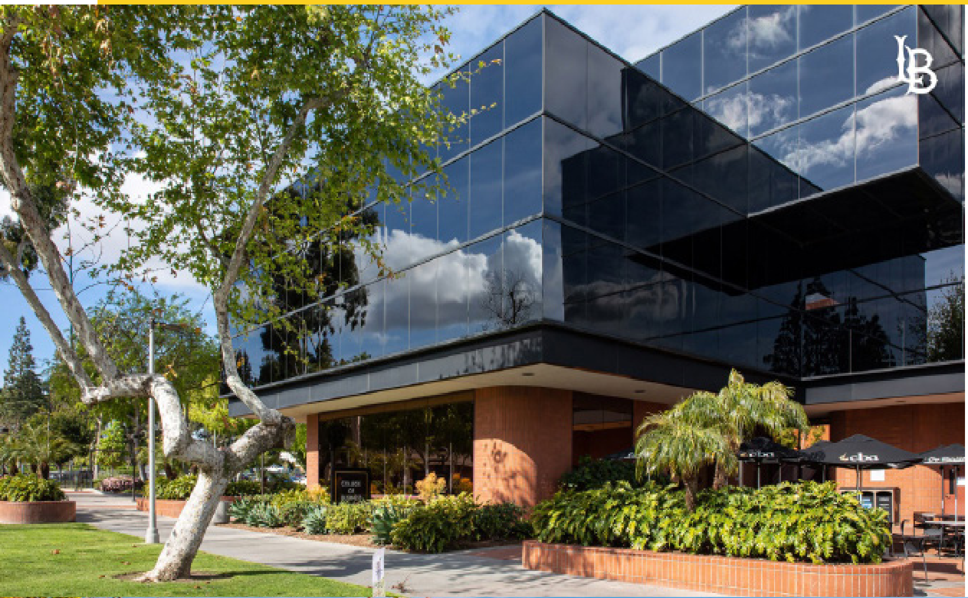
ENGAGEMENT, INNOVATION, AND IMPACT



COLLEGE OF BUSINESS

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LB SHOW CASE
College of Business

AACSB ACCREDITED

LEARNING IN AN MBA CAPSTONE COURSE

"Design thinking and community impact: A case study of project-based learning in an MBA capstone course"

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CHAILIN CUMMINGS AND JASMINE-YUR AUSTIN

Chailin Cummings

Jasmine Yur-Austin

Achieving AACSB accreditation is essential for business schools. Our research examines course design strategies for AACSB accreditation under the new 2020 Standards. Few studies in course design have demonstrated the positive consequences of integrating a novel pedagogical approach—design thinking—with project-based learning (PBL) for fostering meaningful student learning and broader community impact. Our research fills this void by illustrating an innovative way of structuring class engagement and learning in an MBA capstone course. It offers important guidance for how to organize meaningful student engagement with external stakeholders, enhance creativity, and produce impactful community outcomes.

We present a case study of the creation of a project-based MBA capstone course structured on the principles of design thinking to enhance engagement, innovation, and impact as defined in the AACSB mandate. The course project was driven by the question of how the City of Long Beach and CSULB can partner to help students and faculty start businesses and secure jobs in the City of Long Beach. It involved collaboration with the City's Innovation Team (i-Team) to further its efforts in supporting the growth of entrepreneurship in the region, an initiative supported by a 3-year, $3 million grant from the Long Beach City Council and the Bloomberg Philanthropies Foundation.

Students were initially given a problem whose exact nature was uncertain – the nature and goal of the partnership between CSULB and the City of Long Beach. Project clarity could only be discovered through ongoing engagement and investigation between students and the i-Team as they collaboratively applied PBL and design thinking. Our study explains the central role of design thinking in the five-stage project development process - empathize, define, ideate, prototyping, and testing. It highlights the in-depth

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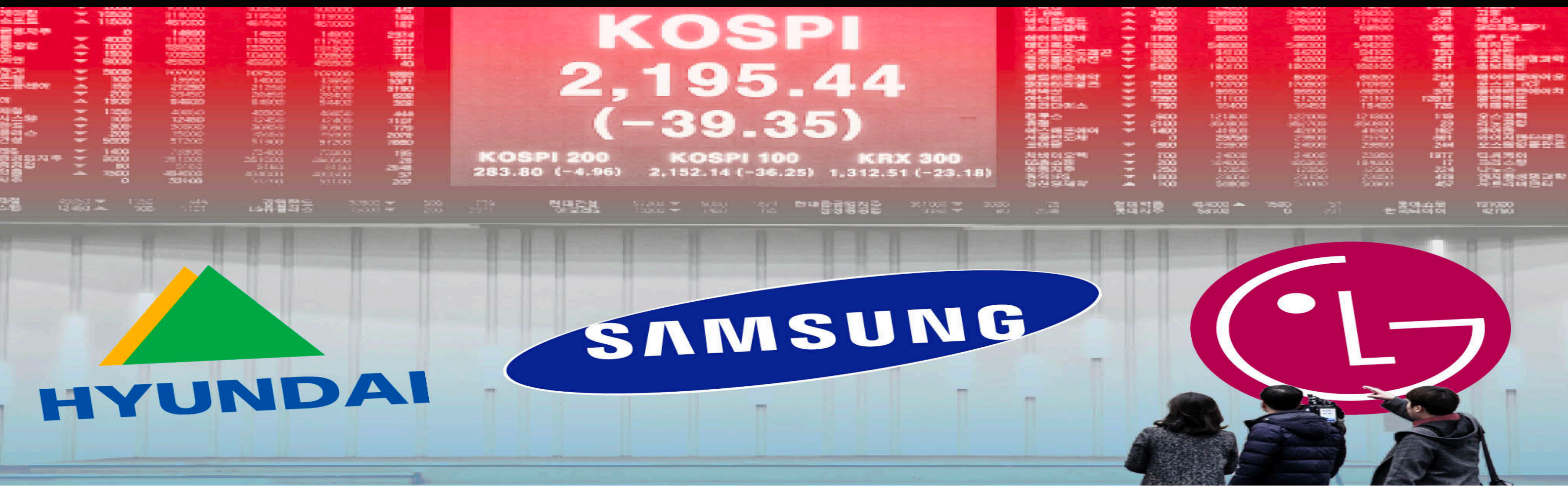
engagement and collaboration between students and the i-Team in the learning process, which enabled students to deliver meaningful and impactful outcomes to the City of Long Beach.

Our study reveals that the empathy students developed towards the i-Team during the initial stage of project development helped them cope with the felt ambiguity and confusion of the amorphous task. Through taking mental detours, students were able to engage in open exploration, which, albeit drifting and wandering at times, led to insightful discoveries that the i-Team had not considered before. While feedback from the i-Team was important to the project development, the creative process of searching for a sensible problem definition and solution evolved as much for the i-Team as for the students. The mutual learning and feedback fueled an in-depth investigation and accelerated the learning process for all participants. Students became co-creators of the project as they gradually uncovered and defined its vague parameters and eventual outcomes. The more students immersed themselves in the project, the greater their sense of ownership, and the more their learning was internalized and valued. They enacted empathy and caring for the project and their i-Team collaborators as they transitioned from passive investigators to vicarious problem-holders to active problem solvers.

For student learning to be meaningful and to impact practical stakeholders, applying design thinking to student project development is a productive pedagogy. It promotes engagement, solutions, and most importantly, power for transforming students' academic experiences into useful outcomes. Design thinking embraces ill-defined problems. It not only invites but necessitates open-ended exploration leading to meaningful discoveries and learning.

As the Deputy of Office of the Long Beach Mayor commented on the project, "The students' analysis, creative thinking and major time devoted is impressive. Many people, for years to come, will benefit from the work they are doing now." Our research provides a blueprint for building design thinking into courses involving complex class projects for achieving community engagement, innovation, and impact.

R&D INVESTMENT DECISIONS IN BUSINESS GROUP



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DR. HO JONG SHIN,

FINANCE

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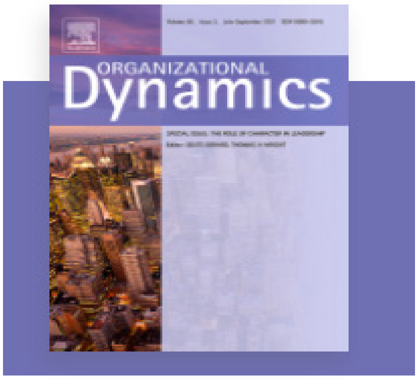
Corporate R&D investments are heterogeneous across firms even within the same business group. What kinds of drivers differentiate R&D expenditures among companies within the same business group? A large body of literature focuses on firm- or industry-level characteristics such as growth potential, industry structure, and corporate governance to explain the heterogeneity of R&D investment patterns across firms. This study concerns a pyramidal ownership structure of a business group and the relative status of an affiliated firm in the pyramid as key channels that affect the firm's R&D investment decisions.

By employing the difference-in-differences (DiD) approach, we provide empirical evidence from a quasi-natural experiment that the equity investment regulation positively affects R&D investment decisions of the Korean chaebol firms. The new equity regulation places limits on group affiliates' equity investments up to 25% of their net assets and requires controlling owners to reallocate the excess equity investments. Our results show that, after the new regulation, the controlling owners are more likely to increase long-term R&D expenditures in firms for which the equity investment ceiling is applied. Moreover, we find that this trend of increasing investments is more profound in firms for which controlling owners have lower cash-flow rights. This trend, however, is less likely in the firms located in the upper layer of the pyramid, where the controlling owners' direct ownership is highly concentrated, and in high-centrality firms for which equity investment in group affiliates is highly preferred for governance purposes. Overall, this study highlights the heterogeneous effects of the regulatory reform on R&D expenditures across firms with different positions under a pyramidal ownership structure.

Our findings provide several important implications for policymaking. Our results provide novel insight into the positive policy implications of the equity investment regulation on R&D investments for business groups. We further highlight that the regulatory effects on firms' investments are not uniform but quite heterogeneous across firm types within the business group. Exactly how to minimize potential blind spots created by the heterogeneous policy effects is an important question for policymakers.

NARCISSISTIC LEADERS: THE GOOD, THE BAD, AND RECOMMENDATIONS



This paper studies describes how leaders' narcissism influences their interpersonal relationships with employees at work. We draw from the personality literature to provide a nuanced view of how narcissistic leaders can affect their organizations. We argue that narcissism in leaders is not necessarily good or bad, but instead depends on the level (continuum) and blends of different narcissism facets (combinations). Narcissism can be broken down into three smaller facets: (1) Authority, the desire to influence others; (2) Grandiosity, the desire for and acceptance of attention; and (3) Entitlement, the belief that they are deserving.

"Narcissism in leaders is like eating chocolate cake: a little is exciting, too much and it becomes nauseating."

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ORGANIZATION DYNAMICS
YOONHEE CHOI, WEI MING JONATHAN PHAN
MANAGEMENT/HRM
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A leader high in all narcissism facets would be an ineffective leader. They would expect everyone to be under their influence and direction (high Authority), constant adoration from their followers (high Grandiosity), and that their organization's resources should be at their discretionary disposal (high Entitlement).

A leader low in all narcissism facets would also be an ineffective leader. They would shun the central responsibility of a leader: directing their organization (low Authority). They would fail to recognize the good outcomes of their leadership or dismiss the genuine compliments for their

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employees (low Grandiosity), and they may not fight for the best outcome during negotiations (low Entitlement).

Instead, effective leaders demonstrate a moderate level of narcissism across all facets. These leaders will have some desire to influence and direct people, but not everyone in all matters or situations (Authority); some readiness to take the spotlight to declare what they have accomplished, but not constantly seek attention or admiration (Grandiosity); and some willingness to believe that they and their organizations deserve the fruits of their potential and productivity, but not when doing so would be unfair or at the cost of someone else (Entitlement).

Our paper further delineates how narcissism in leaders can both attract and drive away talented employees and colleagues. We provide practitioners helpful guidance how to potentially ameliorate narcissistic leaders' harmful aspects in organizations, specifically through coaching, culture, and checks (the Three Cs).

Yoonhee Choi (PhD, University of Minnesota) is an Assistant Professor of Management and Human Resource Management at California State University, Long beach. Her research interests lie at the intersection of strategic management and organizational theory, with a focus on star CEOs, innovation, institutional investors, and institutional complexity. Email: yoonhee.choi@csulb.edu. (Corresponding author).

Wei Ming Jonathan Phan (PhD, University of Illinois Urbana-Champaign) is an Assistant Professor of Management and Human Resource Management at California State University, Long beach. His research covers a range of topics: individual differences, career fit, workplace health, cross-cultural psychology, and psychometrics. Email: jonathan.phan@csulb.edu.

FITNESS TRACKER INFORMATION AND PRIVACY MANAGEMENT: EMPIRICAL STUDY

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MOHAMED ABDELHAMID

INFORMATION SYSTEMS

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Fitness trackers are wearable smart devices that collect and manage fitness-related data. The wearable devices help individuals monitor and track fitness-related activities such as distance-walked, sleep quality, and calories intake. Fitness trackers are usually connected to a mobile application which can also work as a standalone app. Fitness trackers have become very popular in recent years, about one in four Americans utilize wearable smart fitness devices and or a fitness tracker mobile app. Specifically, millenials have been seeking a healthier lifestyle which motivated the success of fitness trackers and apps. The devices collect important data of individuals' daily activities in various areas. As of now, the data is used by the individuals to help make better decisions related to their fitness and lifestyle. However, individuals are not health experts. Thus, sharing the data with healthcare experts could benefit the individual and society at large. The data could allow doctors to detect health problems early on and could also help them conduct research that benefits the general population.

However, sharing detailed personal fitness-related information comes with risks related to privacy and security. Incidents of data breaches and cybercrimes have been rising in recent years. This could influence individuals to choose privacy and security over fitness and health. Thus, the study is motivated by finding options to increase willingness to share fitness information. This study explores the effect of giving users granular privacy control on their willingness to share fitness information. The conceptual model is motivated by the communication privacy management theory and the privacy calculus model. Privacy calculus theory argues that individuals weigh benefits and risks when making decisions related to sharing personal information. This paper finds that both risk and benefits have a significant influence on the intention to share fitness data. However, the benefits outweigh the risks in this sample and context. Another key finding of this study is that granting users granular privacy control could motivate them to share their fitness tracker information.

RESPONSES TO THE TAX CUTS AND JOBS ACT

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JON DURRANT, JAMES GONG, JENNIFER HOWARD

ACCOUNTANCY

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Congress has often used tax policy to regulate executive pay. In 1993, lawmakers responded to public outcry over perceived excesses in executive compensation by enacting Section 162(m), which placed a $1 million limit on the amount of executive pay that a company can claim as a tax deduction (the "million-dollar rule"). However, the limit did not apply to performance-based compensation, such as bonuses and stock options. Because of this exception, Section 162(m) actually resulted in a dramatic increase in total compensation due to the explosion in the use of stock options in executive compensation.

The Tax Cuts and Jobs Act of 2017 (TCJA) introduced two major changes that may influence the structure of executive compensation: (1) reducing corporate tax rates from 35 to 21 percent and (2) eliminating the performance-based pay exception in Section 162(m). These changes provide incentives to maximize deductible compensation expense in 2017, before the TCJA goes into effect. It would have been reasonable for firms to expect existing compensation plans would be grandfathered as they were under the 1993 transition rule for Section 162(m). The grandfathering of existing compensation arrangements provides an incentive to modify contract terms to maximize both bonus and stock option compensation to preserve deductibility of performance-based pay in future years. Additionally, the tax rate reduction provides incentive to accelerate bonuses into 2017 to claim deductions at the higher pre-TCJA tax rates.

We examine annual changes in two performance-based components of executive compensation, bonuses and stock options. Our results show that the 2017 increase in performance-based compensation was higher than in previous years, consistent with our hypothesis that firms will increase compensation in an attempt to lock in and/or maximize the deductibility of existing performance-based compensation before the tax reform becomes effective. The TCJA also changed the definition of "covered

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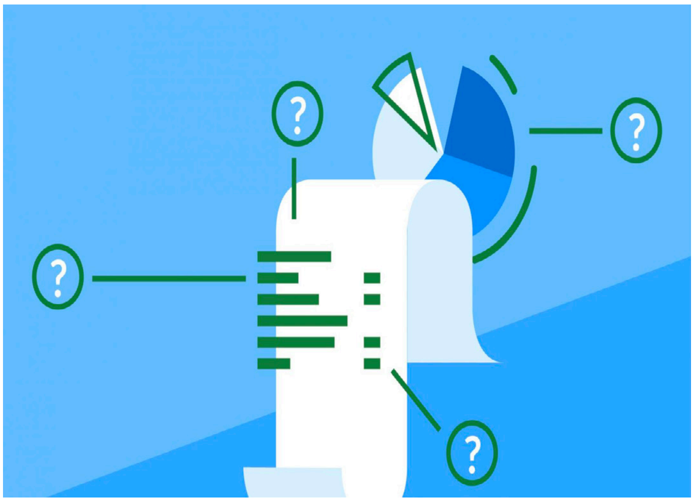
employees" to explicitly include the CFO. We find that results for the CFO are generally weaker, smaller in magnitude, and/or less consistent compared to the CEO results. This is not surprising as CFO pay is about one-third of CEO pay and has smaller variation in change. In addition, fewer CFOs have total compensation above $1 million than CEOs, so the Section 162(m) limitation will affect fewer CFOs than CEOs.

Overall, our findings suggest that firms' responded to the TCJA in the period before the TCJA became effective. In addition, our findings suggest that firms responded not only to the tax rate reduction, but also to the repeal of the exception for performance-based pay. Our study highlights the importance of studying changes in periods that precede tax law changes and not just focusing on the post-enactment period. This study adds to our understanding of the relationship between tax policy and executive pay by documenting that firms took actions to maximize and/or maintain full deductibility of performance-based compensation before the deduction was eliminated.

AACSB
College of Business Adminisration
Long Beach State CSULB

XBRL FILINGS



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JENNIFER HOWARD, JIE ZHOU

ACCOUNTANCY

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The SEC has historically taken advantage of technological advances to improve the accessibility and timeliness of financial statement information. The most recent advancement in financial reporting is the use of XBRL (eXtensible Business Reporting Language) to provide information in a machine-readable format. In 2009, the SEC began requiring that XBRL data be submitted simultaneously with the 10-K filing. However, it is not always the case that firms will do so. In this study, we aim to shed light on the factors that may be associated with non-timely XBRL

data be submitted simultaneously with the 10-K filing. However, it is not always the case that firms will do so. In this study, we aim to shed light on the factors that may be associated with non-timely XBRL filings.

Timeliness in one of many dimensions of data quality, but more importantly, non-timeliness may be indicative of reporting or other weaknesses. To be timely, the XBRL data must be filed concurrently with the 10-K filing. In general, the time to complete a task will depend on factors such as complexity and experience. A non-timely XBRL filing should increase as the XBRL filing becomes more complex and decrease with the experience of the service provider. Many firms use a service provider to assist with XBRL preparation. The firm remains responsible for the accuracy of the XBRL filing; therefore, it is critical that the service provider completes the work in a timely manner so that the company has enough time to review the file for accuracy and completeness. Also, since the audit report must be issued before the annual report and XBRL documents can be finalized, a non-timely XBRL filing should be more likely with a newly hired auditor following an auditor switch and less likely in the presence of an experienced and resourceful Big 4 auditor.

Using a matched sample of non-timely and timely XBRL filers over the period 2009-2016, we find that non-timely XBRL filings are more likely when the filing is more complex (e.g., due to taxonomy extensions)

and when the firm has a new auditor. In contrast, using an experienced service provider or a Big 4 auditor appears to improve XBRL filing timeliness. Anecdotal evidence finds that late 10-K filings tend to be more common among non-timely XBRL filers, which could indicate other underlying causes such as financial reporting and control weaknesses for NT XBRL filers. Consistent with this conjecture, we find that the market responds negatively to NT XBRL filings.

Our results provide insight into the implementation of a new filing requirement intended to improve accessibility to financial information. In particular, our research helps to inform regulators about potential issues and factors that can cause delayed XBRL filings. Going forward, regulators may also want to consider these factors when assessing the effectiveness of efforts to increase the quality of the XBRL data. Regulators may want to consider these factors in future efforts to use technological advances to improve accessibility to information. Further, we note that non-timely XBRL filings are concentrated among smaller firms, which contributes to the debate over the reporting requirements for small filers.