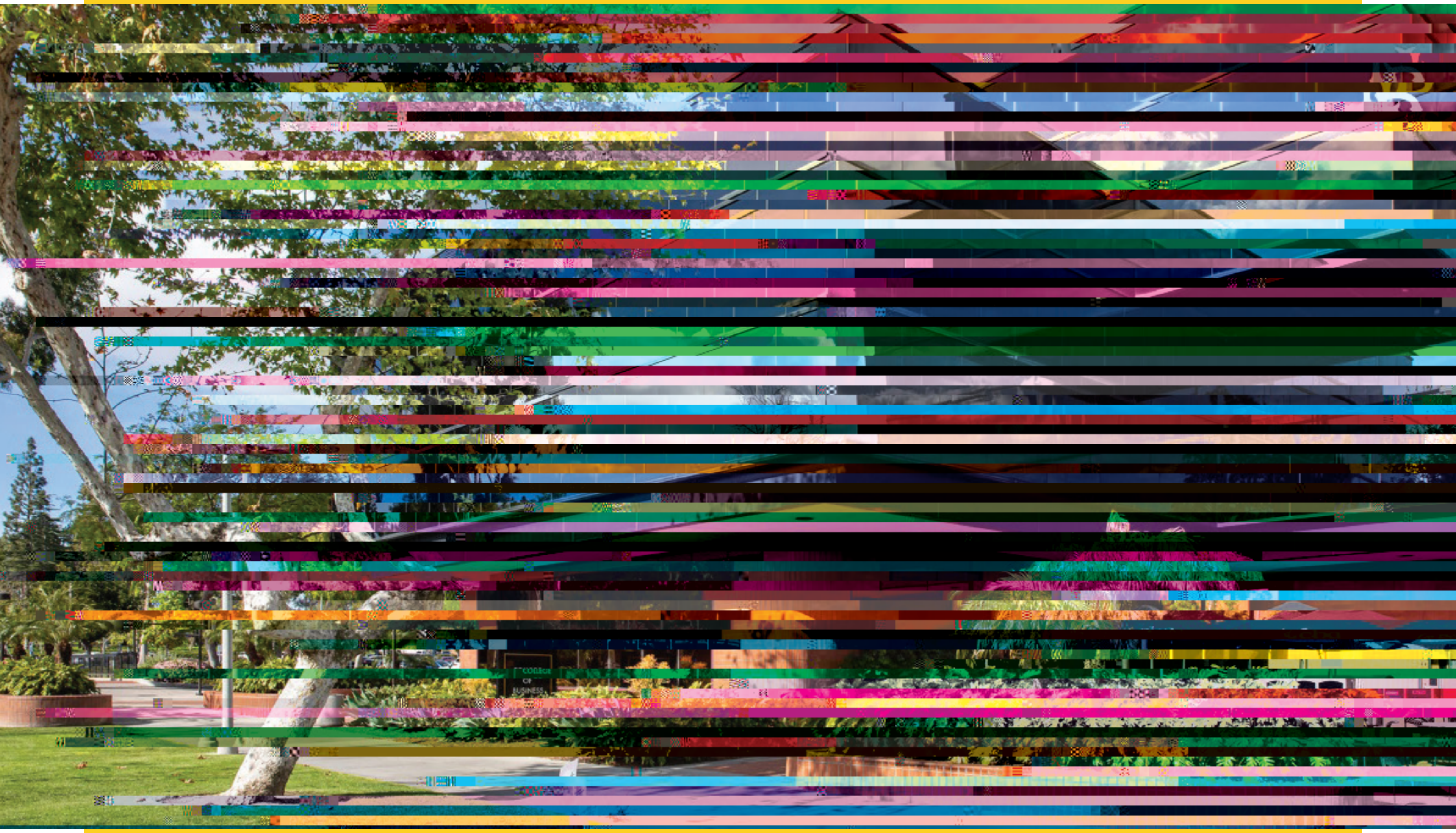

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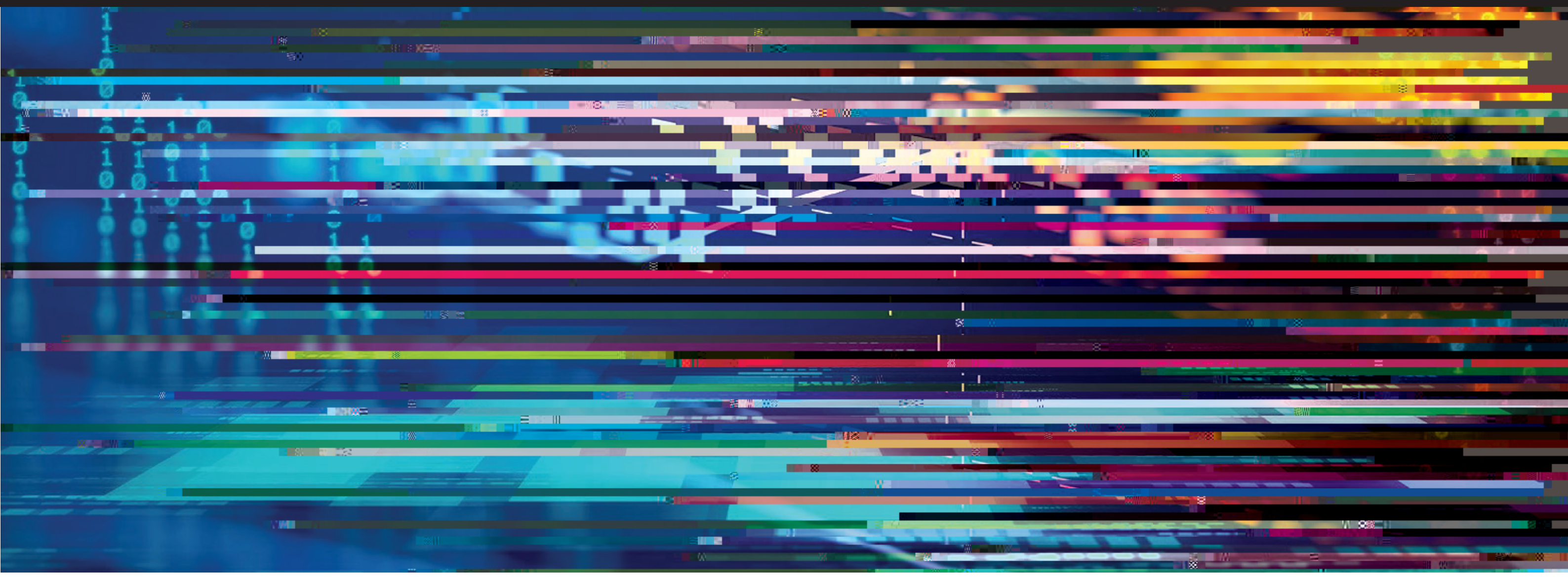

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DR. HOJONG SHIN, FINANCE

Journal of Corporate Finance,
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The Wall Street Journal, March 13, 2014
"Do Korean Companies Conspire to Avoid Their Shareholders?"

We examine how the strategic scheduling of AGMs to evade shareholders is related to the likelihood of committing corporate fraud.

Globally, the presence and the economic cost of corporate fraud is signifcant. Dyck et al. (2017) fnd that one-eighth of publicly traded frms in the United States are engaged in fraud, undermining these frms' economic value by 22%. A large body of literature indicates that incidences of corporate fraud are associated with corporate governance factors, including composition of the audit committee (Beasley, 1996; Persons, 2005; Uzun et al., 2004) and audit committee meetings (Farber, 2005), CEO connectedness (Khanna et al., 2015), and ownership structures/board characteristics (Agarwal and Chadha, 2005; Chen et al., 2006). Despite a considerable body of research on the infuence of corporate governance on fraud, detailed evidence that links evasive shareholder meetings and fraud is missing from the literature. Our research explores how evasive scheduling by managers is related to the likelihood of corporate fraud.

We measure the tendency of frms to evasively schedule their annual general meetings (AGMs) by holding them on certain popular dates—a behavior we refer to as clustering—so that managers can evade shareholders and any potential tension between shareholders and management that may arise in the AGM. Clustering can make it physically impossible for individual shareholders to attend all meetings, while making it diffcult for institutional shareholders with limited human resources to fully and effectively participate.

The phenomenon of clustering has recently attracted attention in Asian countries. The Institutional Shareholder Services reports that, in 2011, AGMs were most clustered on three popular dates in Korea (69%), Japan (55%), Taiwan (47%), and Singapore (37%) based on the 2011 fscal year. Although evasive scheduling practices exist globally, we focus on the extreme case of clustering in South Korea, where more than three-quarters of all public frms in sample years have scheduled their annual meetings on one of the three most popular dates.

Using a sample of 7,054 publicly listed frm-year observations on the Korea Composite Stock Price Index (KOSPI) or Korea Securities Dealers Automated Quotations (KOSDAQ) markets from 2009 to 2014, we observe that a sudden change in corporate policy toward clustering is positively correlated with the frequency of corporate fraud flings. Specifcally, frms that had never held AGMs on clustering dates in previous years, but then changed to hold an AGM on one of the clustering dates were more likely to face a corporate fraud investigation fling in that year. For example, clustering frms have, on average, 26.7% higher corporate fraud cases than non-clustering frms. A similar pattern is also found for frms that changed their AGM schedule either from non-clustering to clustering dates or from clustering to non-clustering dates.

Globally, the presence and the economic cost of corporate fraud is signifcant. Dyck et al. (2017) fnd that one-eighth of publicly traded frms in the United States are engaged in fraud, undermining these frms' economic value by 22%.

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DR. CINDY CHEN, FINANCE

Journal of Risk Finance,
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Since the introduction of VIX to measure the spot volatility in the stock market, VIX and its futures have been widely considered to be the standard of underlying investor sentiment.

We introduce the term structure of VIX to Fama-French's Asset Pricing Model.

The magnitude of contango or backwardation (MCB volatility risk factor) derived from VIX and VIX3M identifies underlying configurations of investor sentiment. The sensitivities to this timing indicator will significantly relate to returns across individual stocks or portfolios.

The term structure of VIX futures implies the overall investors' risk sentiment into the future. As suggested by CBOE, using the VIX3M and VIX indices together provides useful insight into the term structure of VIX futures. Although some theoretical research has been done on the importance of the VIX and its applications to investment and portfolio management strategies, there is little research done to examine the effect of VIX relativity (VIX3M and VIX) on individual or portfolio stock returns.

This paper focuses on the statistical inference of three defined MCB risk factors when cross-examined with Fama-French's five factors:

the market factor Rm-Rf, the size factor SMB, the value factor HML, the profitability factor RMW, and the investing factor CMA. As the first study adding the magnitude of contango or backwardation to asset pricing models, our cross-re-

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DR. PAMELA HOMER
MARKETING

Employee Responsibilities and Rights Journal (Currently In Press)

Extant literature has examined the relationship between seniority (or rank) and pay in tenure-granting academic institutions along with proposed remedies. This article examines faculty salary compression, inversion, and market salary gap in business schools in the California State University system.

Homer, Pamela Miles, Herbert G. Hunt, III, and Lowell Richard Runyon (2020), “Faculty Salary Inversion, Compression, and Market Salary Gap in California State University Business Schools,” Employee Responsibilities and Rights Journal, in press.

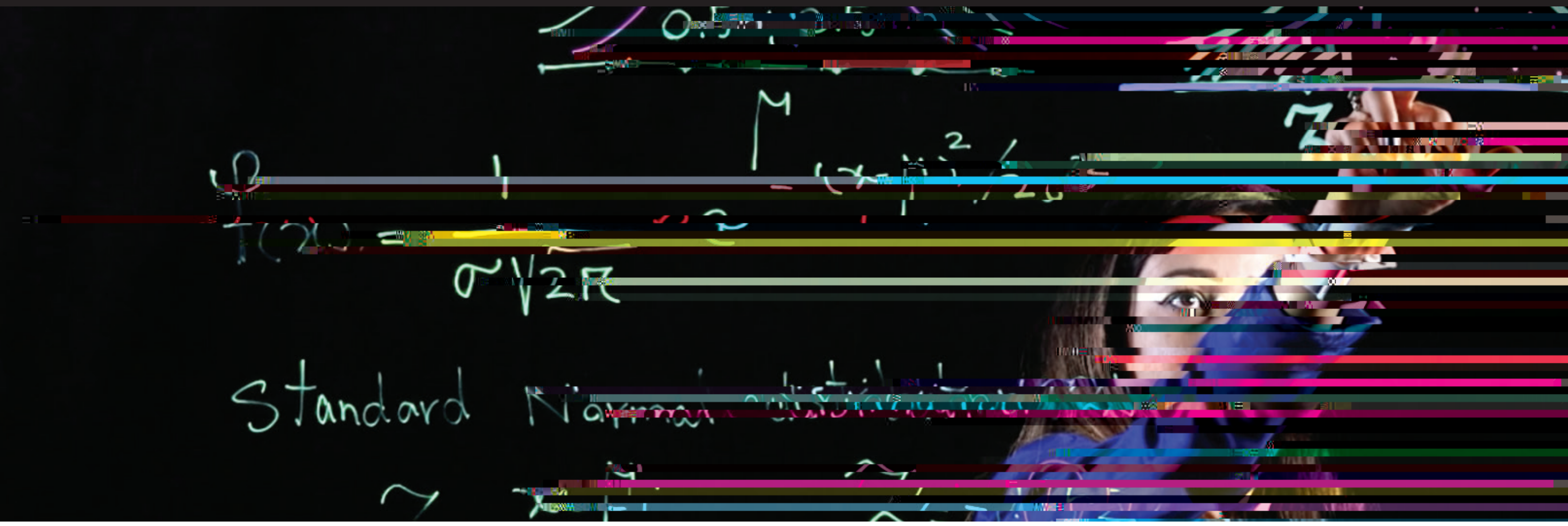
The purpose of this study is to expand on previous faculty salary compression and inversion literature that offers limited insight into the situation

These nine campuses serve 60% of the CSU student population (N=481,929). Secondly, we present evidence that there is an increasing gap between market salaries and current salaries for COB faculty. Third, we show that the data for one of the largest CSU Colleges of Business suggests that this compression and inversion constitute a form of age discrimination. In addition, the patterns of compression support the notion that salaries in CSU COBs are becoming more inverted as the gap between market and current salaries increases.

From a theoretical perspective, our data are consistent with many of the underlying tenets of the internal market theory that predict that new hire salaries are driven most by the external market whereas salaries for senior faculty reflect internal traditions and budget constraints. As per this framework, new hire salaries in the CSU COBs are tied in part to the external market, but there are also secondary limits set by the administration (e.g., the Provost traditionally sets a maximum that any new assistant can earn).

Pay for existing faculty are driven more by internal university norms and the current negotiated CBA which prohibits merit raises.

Unlike well-endowed research-oriented institutions, the CSU COBs are constrained by university budgetary restrictions that prevent deans from offering higher than normal salaries to new assistant professor “superstars”. While CSU campuses have some flexibility to offer “perks” (e.g., summer support, graduate assistants), these typically are greatly lacking compared to incentives offered by elite schools. Our findings are also important in general for the literature examining empirical effects of monopsony in labor markets (Neuman and Wallace 2018). The fact that many senior faculty are willing to work for schools with inverted/compressed salary structures is consistent with past monopsony power and mobility cost arguments. The inequitable salary structure reported in this article is unfair to long-



PUBLISHED DECEMBER 7, 2020
DR. BANAFSHEH BEHZAD,
INFORMATION SYSTEMS

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doi.org/10.1007/s10935-020-00577-1

An Active Learning-based Educational Program for Hispanic STEM Students through Industry-University Partnership (LEAP)

With a $2 million grant from the National Science Foundation, California State University Long Beach is launching a new research program to train a new generation of highly skilled Hispanic scientists and engineers.

Dr. Banafsheh Behzad, an Associate Professor in the Information Systems Department, is a Co-PI of this NSF funded grant. The objective of this grant is to increase the representation of Hispanic students in STEM fields. According to the NSF, while Hispanics make up 16 percent of the U.S. workforce, they account for only 6 percent of those working in Science and Engineering. LEAP is a collaboration between the colleges of Business, Engineering, and Natural Sciences and Mathematics.

Participating students will have a chance to conduct applied research, guided by a team of mentors from both academia and industry.

Each student will receive a noticeable financial support by accomplishing the applied project. Each research team will have access to a business advisor and a compliance advisor as a supplemental tool to meet the established benchmarks of the research project. LEAP will carry out multiple projects over the next five years in close coordination with industry partners. For each project, a team of four undergraduate CSULB underrepresented minority students in STEM fields will work under the supervision of a CSULB faculty mentor t[illegible]

Industry partners will have a chance to work in CSULB research facilities and help develop low-cost solutions to technological and economic challenges. In addition, a mandatory business course is offered to prepare students to better understand the economic aspects and business-related challenges in their future careers. With a multidisciplinary focus, LEAP will be aimed at solving societal problems in the areas of advanced manufacturing, energy, the environment, telecommunications, and transportation. Knowledge developed during the research will be shared with the public, presented at national conferences, and published in peer-reviewed educational journals.

Similarly, individuals do not often associate the potential risks of an accident or hurting themselves or someone else when deciding to respond to a quick text while driving.

has published and how many A's are needed for a favorable decision, while conversations about the distinctive intellectual value of a publication are often secondary to its categorical membership in journals.

The new bottom line for valuing academic research based on the "an A is an A" dictum has

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DR. CHAILIN CUMMINGS, MANAGEMENT/ HUMAN RESOURCES MANAGEMENT

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DR. SAM MIN, MARKETING

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doi.org/10.1108/JABS-03-2018-0108

We test the hypotheses with a sample of small and medium size enterprises (SMEs) in Hong Kong. Our study finds an evidence that varied CSR-engaging factors in the literature do not uniformly affect CSP for diverse stakeholders of Hong Kong SMEs. In particular, this study finds firms perform CSR-related activities for public stakeholders (i.e., community and environment) more than for business stakeholders when (i) they have sufficient financial resources, (ii) peer firms adopt CSR practices, and (iii) governments, NGOs, media, and community activists exert pressure on them to do so. Although consistent with the hypotheses, it is striking that institutional conformity does not increase the CSR performances of firms in relation to any of the business stakeholders, after controlling other CSR-enhancing factors. This indicates that the CSR-related activities associated with business stakeholders is not significantly dependent upon other peer firms' adoption of CSR practices; however, a firm's institutional conformity plays a key role in its social- and environment-related CSR activities. These findings generally support the argument that business stakeholders have a stronger interdependent relationship with their focal business, which influences the firm's CSR effort for its business stakeholders vs. public stakeholders.

Regarding public policy implications of our findings, this study submits that government policies/authorities to encourage firms' CSR activities in public environments or community issues are recommended to adopt a kind of stick-and-carrot approach. While exerting regulatory and peer-firm pressures on firms may increase their involvements with non-profit CSR activities, this is a possible option only when the private firms have remaining financial resources that could be used for those purposes. Therefore, in parallel with regulations/pressures, the government authorities may also need to provide financial incentives for firms in such ways as giving tax reductions, allowing priorities in using government facilities if necessary, and securing locational/transportation advantages in the firms' factory-building plans, etc. Considering that financial resources are the most comprehensive and important factor among all the CSR enhancing factors, this study argues that public policies providing financial incentives for CSR will distinctively improve firms' CSR efforts for communities.

END