

**Alberta School of Business**  
**Business PhD Research Conference 2019**  
**Abstracts**

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**PRESENTATIONS**

**9:25 – 10:05 a.m.**

**Assembling Frankensteins: How Data Scientists Stitch  
Provisional Artifacts to Render Novel Insights**

*Rodrigo Valadao (SMO)*

How are boundary objects swiftly (re-)created in contexts in which boundaries need to evolve at an accentuated pace to allow organizations to make effective use of novelty? In this inductive study, we develop theory that explains how organizational actors dynamically create and redesign objects to generate novelty in highly dynamic contexts. Three main practices constitute our grounded theoretical model. First, organizational actors *deploy protean tools* (e.g., programming languages and software libraries), which are artifacts with wide ranges of affordances. Second, they *unearth affordances*, a practice that allows them to explore with accentuated celerity the possibilities of use of protean tools – which are not immediately perceived. Third, they *stitch provisional artifacts* (i.e., *the Frankensteins*). Provisional artifacts are the elements that come to life as organizational actors continuously create and redesign boundary objects to render novel insights.

**10:50 – 11:20 a.m.**

**Market's Perspective on Firms' Investment Efficiency**

*Xiaowen Zhang (Finance)*

This paper tries to develop a measure of firms' investment efficiency via the marginal change of market valuation over changes in firms' fixed assets, i.e. marginal q. Although average q has been broadly used to proxy for marginal q, their equivalence relies on the convexity of adjustment function, constant return to scale production function and other assumptions. Moreover, average q, as a scaled measure of market value, tangles investment efficiency with other factors. This paper also tests the relationship between firms' investment and both marginal q and average q and finds that marginal q has significantly higher explanatory power. Average q is more of a comprehensive valuation measure than an investment efficiency measure.

**1:45 – 2:15 p.m.**

**Coarse Performance Evaluation for Envious Agents**

*Eiji Ohashi (Accounting)*

Theory predicts that a principal prefers a fine performance evaluation system to coarser ones. Nevertheless, coarse performance evaluation is often used in practice. To explain this seeming contradiction, we construct a model of principal and peer-regarding agents. We show that a coarse evaluation system can do as well as a finer one if agents are sufficiently envious, i.e., if they incur a utility loss when they are paid less than their peers.

**3:00 – 3:30 p.m.**

**Exploding Deals: Consumer Response to Time-Limited Promotional Offers**

*Hyoseok Kim (Marketing)*

Prior research shows that putting redemption windows on promotional offers increases consumers' product evaluations, perceptions of desirability, and purchase intentions. Despite substantial literature on promotions and redemption windows, there has been no clear understanding of the mechanisms by which short versus long redemption windows influence consumers' uptake of promotional deals. The present research examines how consumers' uptake of time-limited promotional offers is driven by the interplay between the redemption window and shoppers' mindset when the offer is received. We show that under an implemental mindset, consumers are more likely to use a promotional offer with a short (vs. long) window, whereas the opposite is true under a deliberative mindset.

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## POSTERS

### ACCOUNTING

#### **Is proxy advisory firms' expertise valuable?**

*Ke Feng*

This paper examines the economic consequences of public companies conforming to the de facto standards set up by proxy advisory firms. I assume that proxy advisory firms provide correlated voting recommendations to their clients. I try to establish an equilibrium that institutional investors choose to adopt the recommendations but not to diversify the risk of their portfolio. This argument may suggest that outsourcing voting to proxy advisory firms concentrates the risk of shares in a market such that it decreases every shareholder's value.

#### **Risks of Losing Key Talent and Earnings/Returns Relation**

*Sarin John*

Intangible intensity is hypothesized to influence the earnings/returns relation because intangible assets are likely to be "co-owned" by the firm and the key talent employed to establish and enhance such assets. The firm must therefore share a portion of cash flows accrued from intangible assets with key talent or suffer loss of these assets as key talent pursue outside options. Accordingly, co-ownership of intangible assets between the firm and key talent leads to situations that may serve to attenuate the permanence of earnings innovations. I show that the persistence of earnings innovations as perceived by shareholders is attenuated for firms that disclose risks related to the loss of key talent in their annual 10-K filings relative to firms that do not disclose such risks.

#### **Are voluntary disclosure standards effective? Evidence from nonfinancial disclosures**

*Dasha Smirnow*

The Global Reporting Initiative (GRI) is the most commonly adopted voluntary standard for disclosure of environmental, social, and governance (ESG) disclosures. Notably, claims of GRI adoption are not subject to any formal enforcement mechanisms. I investigate whether the GRI is an effective standard—whether firms which claim to adopt the GRI demonstrate stronger ESG disclosure quality and ESG performance. The results indicate that GRI adoption is incrementally associated with disclosure quality and performance. Additionally, firms appear to comply with the GRI as more stringent levels of the GRI application are associated with higher disclosure quality. The results also indicate that GRI adoption is associated with the presence of an ESG disclosure committee, yet both mechanisms signal disclosure quality independently. Overall, these findings suggest that in a competitive standard-setting environment of nonfinancial disclosures, the most popular standard provides a credible and independent signal of disclosure quality and performance.

## **FINANCE**

### **Minimum stock allocation and market participation**

*Rodrigo Cardenas*

In theory individuals should, at all points in their life, invest a share of their wealth in risky assets. Despite these kind of models and their numerous derivations are standard in the literature, empirical studies suggest that an important part of the population does not participate in the market. Here I develop a model that deals with the discrepancy between theoretical and empirical research, particularly I try to explain why participation seems to have a defined (and fairly high) lower bound. The model considers two types of assets (stocks and bonds) and a minimum stock threshold. The model can partially explain market participation levels similar to empirical findings while having a lower bound for risky investment comparable to what it's found in the data.

### **Comovement and S&P 500 Membership**

*Joseph DeCoste*

This paper tests the existence of excessive comovement amongst firms in the S&P 500. Using a fuzzy regression discontinuity approach I show that membership in the S&P 500 leads to significant positive excess comovement in the long term. I evaluate a traditional, liquidity based explanation and a friction based explanation, and find no evidence that liquidity is driving excess comovement in the sample. I show that the previous lack of evidence for excess comovement shown in Chen, Singal, Whitelaw (2016) is due to heterogeneous effects on firms who are newly included versus those that are established members. One potential explanation is that immediately after inclusion, investors take time to rebalance and fully integrate the new stock into the group, reducing observed increases in comovement in the short term. These results constitute new evidence of frictions when exposed to large classes of noise traders with correlated demands, such as those populating the S&P 500.

### **Excess Proceeds in the Equity Financing Process**

*Chong Meng*

Random market fluctuations and information generated during the book-building process lead to a difference between the filing and actual issuance amounts in initial public offerings (IPOs). In this paper, I refer to this difference as excess proceeds. I document that excess proceeds exhibit substantial cross-sectional variation and have implications for long-term corporate decisions and stock performance. By decomposing excess proceeds into market and idiosyncratic excess proceeds, I find that the composition of the proceeds affects the real activities after IPOs. For example, issuers use market excess proceeds for acquisitions while spending idiosyncratic excess proceeds by expanding existing operations. Relative to IPOs with low excess proceeds, high-excess-proceeds IPOs' stocks underperform by more than 3.6% per year and are more likely to delist within three years after IPOs. Further analysis shows that high-excess-proceeds IPOs are less likely to return to the market for future financing, potentially worsening the free cash flow problem discussed in Jensen (1986). Collectively, these findings highlight the impact of the capital-raising process on issuers' long-term performance.

**Do disclosures affect rivals' resource allocation decisions?  
Evidence from new geographic segments under SFAS 131**

*Yusuke Tsujimoto*

The purpose of this paper is to empirically study the real, market-wide effect of disclosures among rival firms. To this end, I exploit the adoption of SFAS 131 *Disclosures about Segments of an Enterprise and Related Information*, which requires more granular segment disclosures than before, and test whether US multinational corporations respond to rivals' revelation of previously-hidden information by changing subsequent resource allocations on its foreign operations. My analysis based on cross-border M&A data shows that multinationals *decrease* investments in a foreign country after rivals are forced to disclose their active operations in the country. Notably, a more pronounced effect is found in industries where peer information is likely to be less visible among firms. These results are consistent with a notion that supply-side information in geographic segment disclosures deter rivals' investments, nevertheless managers withheld the information due to other strategic or private costs.

**Does Reputation Risk Matter? Evidence from Cross-Border Mergers and Acquisitions**

*Weisu Yu*

Socially irresponsible behavior of a target firm could lead acquirers to pay less for the target, particularly when that behavior is widely reported in the media. Using a cross-country sample between 2007 and 2017, we find that targets with a greater degree of reported negative ESG incidents tend to have lower acquisition premiums. Furthermore, acquisition premiums are lower for targets that have more reported negative ESG incidents than the acquirers themselves. These results suggest that a target's social performance is an important determinant of the acquisition performance and synergies, and target's exposure to ESG reputation risk has important economic implications.

**Blockholders and firm performance**

*Sihan Zhang*

It is prevalent that the firms located in the US are in the hands of several large shareholders. Then, it is imperative to answer a question of whether the presence of multiple large shareholders is favorable for firm performance. As such, by analyzing the US market, I find similar results with recent studies based on the non-US market. The presence of multiple large shareholders is associated with higher value premium especially when the difference in ownership is small. Moreover, a more equally distributed ownership structure implies a higher firm market value.

## **MARKETING**

### **Nuanced Effects of Decision Effort on Decision Confidence in Matters of Quality versus Matters of Taste**

*Nahid Ibrahim*

We propose and test a conceptual model that sheds light on the nuanced effects of decision effort on decision confidence. We find that exerting more effort in the decision process *diminishes* confidence when decisions are considered “matters of quality,” whereas it *increases* confidence when decisions are considered “matters of taste.” These nuanced effects can be explained by the wide divergence in consumers’ effort-sensitivity (i.e., the strength of the relationship between exerted decision effort and metacognitive difficulty) in quality versus taste domains, which differentially activates two distinct but related inferential systems – preference clarity and preference correctness.

### **Phatic Brand Communication on Social Media**

*K.B. Koo*

Phatic communication focuses on establishing social ties rather than exchanging substantive knowledge about the world. Brands frequently engage in both phatic (i.e., expressing sociability toward consumers) and nonphatic (i.e., delivering informative or persuasive content) communications on social media. Using Twitter data, the present research explores the relationship between phatic brand communication and consumer engagement.

### **How does reliance on average ratings and number of reviews change in online shopping?**

*Javad Soleimani Meimandi*

It is well-studied that online customers’ reviews could have important impacts on sales and purchase decisions. This research proposal discusses that reliance on number of reviews and average ratings varies significantly by product types, range of average ratings, and fake reviews. It is predicted that customers’ reliance on number of reviews increases in the presence of fake reviews and customers’ reliance on average ratings increases for low range of average ratings compared to high range of average ratings. More importantly, it is demonstrated that the degree of reliance on number of reviews is higher for experience products than search products. The results have important practical implications. Managers are recommended to differentiate their strategies to encourage customers to write more reviews or post reviews with higher scores depending on the customers’ reliance on number of reviews and average ratings.

## **Rediscovering Consumer Wastefulness**

*Saurabh Rawal*

Despite the widespread repercussions of wasteful consumer behavior, little research has been done to understand what wastefulness really means. Developing a clear understanding of wastefulness is the first step in identifying and reducing it. The present research reviews extant literature and finds that past conceptualization of wastefulness uses a consumer-centric approach, such that wastefulness occurs when consumers waste their money or disown (discard) goods. Identifying the inadequacies of the consumer-centric approach to wastefulness, the present research proposes the use of a societal-centric approach in which wastefulness occurs when the society is inefficient in consuming all the utility it has acquired. We discuss the implication of the proposed approach in the context of the increasingly common but understudied practice of storing of possessions. Specifically, under the revised approach, indefinite storing of possessions, previously considered prudent consumer behavior, can be now considered wasteful.

### **The sweet kind of cute: The semantic association between cuteness and sweetness leads to increased sweet food preference.**

*Shaheer Rizvi*

This research proposes and examines a novel semantic association between kindschema (baby-schema) cuteness and sweetness. The theoretical basis for this association can be found in the use of language used in relation to babies, and how such metaphorical language is rooted in evolutionary adaptations and the neurobiology of pleasure. We use semantic text analysis using word2vec to demonstrate a strong association between the two constructs, and then use experiments to further substantiate our predictions. Experiments are conducted to illustrate an increased accessibility to the construct of sweetness after exposure to cute stimuli, and how such activations can lead to increased preference for sweet foods. Additionally we rule out affect and alternate forms of cuteness as alternative explanations for the effect.

### **How Uncertainty Boosts Confidence in Decisions**

*Rory Waisman*

Can consumers gain confidence from uncertainty? Three studies reveal that consumers' confidence in subjective decisions is boosted by incidental uncertainty. However, prior research showed negative effects of uncertainty on confidence. I reconcile these conflicting results in light of different effects of uncertainty on decision processing depending on the subjectivity (vs. objectivity) of the decision. When making subjective decisions, uncertain decision-makers engage more structured thinking and generate thoughts more favorable to their chosen alternative. Consequently, metacognitive monitoring of decision processing—experienced as faster, more fluent, and less deliberative and conflicted—signals greater confidence.

## **OPERATIONS & INFORMATION SYSTEMS**

### **Estimating service rate from empirical data**

*Likang Ding*

Recent empirical research suggested that the service rate might not be constant during the planning horizon. An example is that the service rate can be a function of the number of customers in the system. Under this setting, the traditional way of estimating service rate by using the reciprocal of the observed average service time becomes problematic, since the number of customers in the system may change during the service and so do the service rate. In this paper, we have solved for the actual service rate,  $\mu_i$ , using the observed average service time  $T_i$ , where  $i$  is the number of customers in the system, for both M/M/1 and M/M/c queueing models.

### **Machine Learning Techniques for Forecasting Emergency Medical Services (EMS) Calls**

*Elnaz Nabiyyi, Ivor Cribben*

In this work, we consider Machine Learning techniques for time series forecasting. Specifically, we apply Neural Networks (NN) and Recurrent Neural Networks (RNN) to Emergency Medical Services (EMS) calls in Alberta in both space and time. In a well-planned EMS system, the location of ambulance stations, the staff and fleet size of stations, and the strategies for vehicle deployment have been optimized to achieve certain performance goals. Such decisions require reliable demand forecasts. We consider the effects of detrending and deseasonalizing the observed data in order to improve the modeling and forecasting performance of the methods. Effects of clustering based on the category and priority of the calls on the performance of the NN and RNN are also examined. We use a rolling cross-validation technique for out-of-sample model performance comparisons.

## **STRATEGIC MANAGEMENT & ORGANIZATION**

### **Abandoning a Sustainability Certification: Why do some Certified B Corporations disengage from the movement?**

*Ke Cao*

I examine the social mechanisms underlying organizations' abandonments of sustainability certifications. I develop my contextualized theoretical framework by identifying and synthesizing insights from prior research in three otherwise disconnected literatures: practice abandonment, social movement disengagement, and organizational certifications. In addition to explanations related to firm level characteristics, I argue that disengagement is influenced by geography and industry related institutional arrangements and change dynamics, involving factors such as social awareness, peer influence, and policy development in different contexts.

### **This Land is Our Land: The Impact of Logics and Power Differentials Among Indigenous Groups and Canadian Mining Firms on Negotiations**

*Maggie Cascadden*

Grand challenges such as climate change and poverty require collaboration to address them. In this paper, we examine the formation of collaborative agreements among companies and indigenous communities around mining impacts in Canada over the last forty-five years. Our institutional theory approach to agreement formation among these stakeholders helps us conceptualize the (in)compatibilities within specific stakeholder logics and variations in stakeholder resource power as foundational elements for striking better or worse agreements. We find that if communities and companies both subscribe to a social inclusion logic, or if the indigenous community has greater relative power to a mining firm(s), the quality and speed of agreement formation increases. These results indicate that only specific types of local logic compatibilities combined with unequal - not equal - power enhance collaboration and benefit communities. As such, our arguments and findings call into question more idealistic elements of collaborative stakeholder approaches.

### **Great expectations: stakeholder engagement when lead firms don't deliver**

*Kylie Heales*

We use a lab experiment, to be followed by a future field study, to examine how stakeholder engagement strategies affect stakeholder outcomes under conditions when lead partner organizations fail to meet expectations. Manipulating the type of stakeholder engagement, we seek to understand its effect on stakeholder success indicators including biophysical environmental outcomes, along with stakeholder cohesion, sense of procedural justice and trust in the firm. In this first phase of an ongoing multi-stage study, we theorize that a lead firm's failure to meet stakeholder expectations will change the effect of the engagement strategy such that more in-depth

engagement results in mixed stakeholder and lower biophysical outcomes, when lead partner firms fail the stakeholders; whereas less in-depth engagement only moderately reduces these stakeholder outcomes, and, ironically, may improve biophysical ones.

### **A Cultural Value Congruence Approach to Organizational Embeddedness**

*Emma Jing*

This study first examines the association between employees' collectivist orientation and their organizational embeddedness. Drawing on person-organization fit theory (Kristof, 1996), we then investigate the extent to which organizational embeddedness is influenced by the joint effects of collectivist orientation and perception of organizational collectivism. Five hundred and fifteen working adults provided survey data. The findings of polynomial regression and response surface analysis supported the hypotheses, that in the development of organizational embeddedness, the presence and level of value congruence based on cultural collectivism are critical. Theoretical and practical implications of the value congruence and its relationship with organizational embeddedness are discussed, potential limitations are identified, and directions for future research are suggested.

### **Diffusion of oil and gas well abandonment practices in Alberta**

*Bandita Dekka Kalita*

This study examines the broad question of what governs oil and gas well abandonment practices in Alberta, a question that is becoming increasingly pertinent. The number of inactive oil wells (not producing, and yet not abandoned) is now more than 80,000, up 33% from a decade ago. The number of orphaned oil wells (caused by insolvent oil companies who were unable to abandon these wells) increased from 100 to 3200 (up 3100%) between 2012 and 2017. Interviews with multiple stakeholders, and a study of archival documents, has revealed that what ensues after an oil well's productive life ends in Alberta is generally not well understood. For example, the various categories of oil wells past their productive life defined by the Alberta Energy Regulator – inactive, suspended, abandoned, and orphaned – might themselves constitute “confusion.” Given that oil and gas companies operate in a social system, the rate and form of diffusion of abandonment behavior and practices are socially determined. In examining these practices, either a contagion (relational) or a cultural perspective can be taken. In this study, I examine diffusion practices through both lenses. Using well data from the Alberta Energy Regulator, I investigate networks among well samples to see if relational ties have an influence on well abandonment practices. For the cultural perspective, I investigate a corpus of documents from publicly available data sources to investigate if there are measurable cultural bases of diffusion in these discursive statements.

## **Starting a new conversation: introducing a new issue in investor-investee conversations**

*Tanja Ohlson (visiting)*

When stakeholders introduce new topics into a routinized, ongoing conversation with the management of companies, they really are starting a new conversation. That conversation does not work according to the "normal" rules of their conversations. In this paper, I use ethnographic observations of meetings and calls about financial governance, as well as environmental and social topics between an investor and top management representatives of firms. I found that the investors and the managers both influence the conversation in a truly interactive way and therefore shape the topic of the conversation. This way, they are collaboratively shaping a new conversation.

## **Founders' Institutional Logics and Innovation**

*Joseph Owusu*

Furthering research on hybrid organizations that combine competing logics, I explore the influence of founders' institutional logics on the adoption of innovation in the organizations they found. Through survey data, documents, as well as interviews with founders of family-owned manufacturing firms, this paper investigates the influence of both family and commercial logics on the degree of innovation in these firms. This study draws further attention on tensions and conflicts of hybridity and how and under what conditions these conflicts of hybridity impact innovation in young manufacturing firms.

## **Emancipation through entrepreneurship: What drives individuals to act in the face of constraints?**

**Zahid Rahman**

In this study, I explain what confluence of factors inspire some people and not others to act entrepreneurially when challenged with constraints. Creativity research shows that change initiatives become successful when they receive adequate support from the environment. Thus, barriers or constraints have been primarily portrayed as an impediment to creative actions. Moreover, the critical theory argues that people cannot overcome their constraints and, thus, to remove those need help from actors external to the constraints. Alternatively, research on bricolage advocates that actors can remove constraints themselves by creating unique and viable solutions to problems. I look at the emancipatory motivation – motivation to eliminate perceived or experienced constraints – as a critical factor to shed light on this theoretical puzzle. By bringing the literature on emancipation and emotion, I offer a theoretical model that links constraints with entrepreneurial behaviors through emancipatory motivation. I also highlight some critical individual-level and contextual factors that facilitate or inhibit the process that transforms perceived and experienced constraints into entrepreneurial actions.

## **Linking Individual Performance Management of Multi-national Firms to Firm Performance Using Lagged Multilevel Mediation Analysis**

*MJ Song*

Performance management (PM) refers to the wide variety of activities, policies, procedures, and interventions designed to help employees to improve their performance. Although the ultimate goal of PM systems is to improve firm-level performance, establishing meaningful links between changes in individual performance and changes in firm performance has been regarded as an elusive goal. In an effort to find the missing link, this study examines the role of the adaptation and application of PM on multi-national firm's performances. The adaptation is defined as how extensively an organization adopts formal PM practices, and application is characterized by how rigorously the organization applies the results of PM to other human resource practices. To determine the causal relationship between PM and firm performance, this study uses 1-year lagged mediation analysis, and the result supports hypotheses that the more PM systems embrace the adaptation and application, the more organizations are profitable.

## **Marketizing the Social Sector: Government, Corporations, and Nonprofit Growth in China**

*Milo Wang*

This paper aims to examine the underexplored question of why the nonprofit sectors thrive in some communities but not in others. Prior studies have suggested that local businesses enhance the growth of nonprofits in the U.S., whereas local government support does not. However, the government in China had long been the sole provider of social welfare services until the 1990s. We argue that both government support and local businesses impact the nonprofit growth in China. By analyzing a proprietary data of China at subnational level from 1998 to 2012, we find that the effect of corporate support is ascending as government restriction was lifted. On the other hand, the effect of government support on nonprofit growth is contingent on the ideology focus of nonprofits, local marketization, innovation, as well as corruption. Our study extends social entrepreneurship literature on how organizations impact communities.

## **When Callings Inspire Caregiving: A Job-Crafting Perspective**

*Leyuan Xie*

There is a growing literature on the meaning of work (Rosso, Dekas, & Wrzesniewski, 2010) and on employees who hold a transcendent view (i.e. call of duty) toward their jobs. Those with a sense of calling tend to identify with their job or occupation more strongly and are willing to sacrifice personal interests for their work (Bunderson & Thompson, 2009). Rooted in the Protestant values, calling is generally considered a desirable individual quality that not only enhances one's work motivation but also enlightens one's career. In this paper, I adopt a job crafting perspective (Wrzesniewski & Dutton, 2001) to theorize that individuals with a strong sense of calling tend to be more agentic and passionate about shaping their job role to deliver better outcomes. Using data

collected on caregivers in Hong Kong, I find a mediation effect of job crafting in the relationship between calling and proximal work outcomes of caregiving workers.

### **Managing a Categorical Stigma Spillover**

*Rongrong Zhang*

Recently, studies of stigmatization have turned to spillover that can arise from being in the same category (e.g., industry) of a wrongdoing firm. Within the same industry, some firms suffer less from this contamination effect than others. As yet, little is known about how subcategory membership influences the management of spillover. Nor has attention been given to any long-term effects of the strategies adopted by the firms. Thus, we ask two research questions. (1) What strategies are used by firms to contain stigmatization from category membership? (2) What are long-term implications of those strategies for the firms? We use a mixed-method approach to investigate the case of the Chinese infant formula industry after the 2008 melamine crisis. In the first stage of the study, with a qualitative analysis, we identify stigma management strategies used by the infant-formula companies as they sought to manage the risk of contamination and to rebuild their reputations after the industry had been seriously contaminated by a number of wrongdoing firms. In the second stage of the study, we test the effectiveness of each strategy. We found that while using some strategies helped firms gain higher profits in the short term and long term, using some other strategies might have negative results for firms. In presenting these results, we contribute to the reputation and stigma management literature in two ways: first, by identifying previously neglected strategies in managing categorical stigma spillover; and second, by showing how the strategies affect the firms in the long run.