



*University of Otago*

# 2022 (Oct) PhD Workshop

**Department of Accountancy and Finance, Otago Business School**

# Program for 2022 (Oct) PhD Workshop

Department of Accountancy and Finance, Otago Business School

10.30AM-2.30PM, Thursday, 20 October 2022, Commerce Boardroom 2.19/2.20\*

Organizers: Dr. Xinfeng Ruan and Beam Aschakulporn

Note: Every presenter will be assigned 6 minutes (5 minutes speech plus 1 minute Q&A)

## PhD Presentations, 10.30AM-12.00PM

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| 1  | Presenter: Siamak Ansari (Zoom)<br>Title: Some insights on the business partner role of management accountants   |
| 2  | Presenter: Iki Mafi Uele<br>Title: A talanoa with ministries and departments of Tonga about the reasons why accountability and transparency are not fully realised |
| 3  | Presenter: Chang Liu<br>Title: The Association between Audit Partner Rotation and Non-Audit Services Fees: Empirical Evidence from the United States               |
| 4  | Presenter: Jungah Yoon<br>Title: The relationship between the implied volatility smirk of SPX, VIX and VXX options   |
| 5  | Presenter: Jianhui Li<br>Title: COVID-19 tail risk   |
| 6  | Presenter: Sandun Fernando<br>Title: Retail Short Covering Trades  |
| 7  | Presenter: Disney Kariyawasam<br>Title: Management control systems and food waste: A case study  |
| 8  | Presenter: Shabana Talpur<br>Title: Do financial constraints affect corporate social responsibility decoupling?  |
| 9  | Presenter: Xiaojie Yu<br>Title: Environmental regulations, disclosure and idiosyncratic risk through the lens of the Trump effect                                  |
| 10 | Presenter: Kasun Perera<br>Title: The impact of carbon disclosure and carbon emissions intensity on firms' idiosyncratic volatility: Is it a mixed blessing?       |

## Mix and Mingle, 12.00-1.00PM

Lunch

## PhD Presentations, 1.00-2.30PM

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| 11 | Presenter: Junxiu Lyu<br>Title: Corporate political activities and climate risk disclosure   |
| 12 | Presenter: Junyu Zhang<br>Title: The role of risk-neutral moments in forecasting future realised volatility: An international perspective  |
| 13 | Presenter: Xiaoxu Zhang<br>Title: Board Gender Diversity and Cash holdings: Evidence from UK   |
| 14 | Presenter: Ling Liao<br>Title: Carbon Premium in Australian Equity Market  |
| 15 | Presenter: Arung Mayapada<br>Title: The Effect of Regulatory Filing Deadline Change on Financial Reporting Timeliness for UK Charitable Companies  |
| 16 | Presenter: Weihai Li<br>Title: Are American options always more expensive than European options? Evidence from OEX and XEO options   |
| 17 | Presenter: Andre Poyser<br>Title: Indigenous Sustainable Finance: Motivations, Beliefs and Practices of Indigenous Asset Owners  |
| 18 | Presenter: Abdullahi Ado<br>Title: Audit Committee Attributes and Cosmetic Accounting Practice in Nigerian listed Companies: The Mediating Effect of Political Connection                      |
| 19 | Presenter: Duminda Karunaratne (Zoom)<br>Title: ESG Sustainability Disclosure and Investor Behavior: A Systematic Review of Literature   |
| 20 | Presenter: Indira Venkatraman<br>Title: A Study of the measurability and performance indicators in Climate Action Plans, modelled on index methodology and UN Sustainability Development Goals |

## Absence

21-27	Max Yap , PhD in Finance (part-time)
	Thilini Arachchige, PhD in Accounting (close to thesis submission)
	Helen Sadgrove, PhD in Finance (part-time)
	Hiruni Rathwatta, PhD in Accounting (remote, deferral)
	Umaid Sheikh, PhD in Finance (remote, deferral)
	Dhanushika Samarawickrama, PhD in Finance (remote)
	Christopher Alderson, MCom in Accounting (part-time)

\*For off-campus students, please join the zoom meeting as follows.

Zoom Link: <https://otago.zoom.us/j/96169284919?pwd=NEtIMitxY3NNc2wyZGJTUkt4Q2tnZz09>

Zoom ID: 961 6928 4919

Password: 123456

## Abstracts

**Title:** Some insights on the business partner role of management accountants

**Siamak Ansari, PhD in Accounting**

### Abstract

The literature has long discussed the need for management accountants (MAs) to become more proactive in their roles by providing forward-looking, strategically-oriented information that sees MAs becoming collaborators in organizational decision-making processes and earning them recognition as “business partners”. Looking at the institutional context of roles, the manifestation of MAs’ business partnering has been investigated from a societal position through micro and intra-organizational perspectives, and sometimes even practice-theoretical considerations. Yet, we know relatively little about how actors move from awareness to action. Such a missing link in the concept of business partnering requires more attention on the reconfiguration of the already existing role(s). At the same time, despite years of discussion on the manifestation of contemporary roles of management accountants, what practitioners as business partners provide does not always match with what business needs or wants. This challenge of providing business partnering is sometimes due to the lack of understanding about what activities will drive value in the business and the capacity of MAs to be a front partner. Drawing on a practice-driven approach of institutional theory and using insights from a case study that comes from the new public management reforms, this thesis focuses on theorizing MAs’ business partnering by exploring the enabling and constraining dynamics of business-partnering arrangements. This examination is not just at the functional level, but the organizational and extra-organizational level as well. The thesis additionally discusses the legitimization process of MAs’ business partnering by understanding how practices performed by practitioners at the functional level captures the symbolic assumptions of business partnership called ‘logics’. As MAs perform these practices through the provision of information, this study also aims to understand how MAs’ information governance and its adaptability to the fundamentals of Big Data would contribute to this institutionalization processes.

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**Title:** A talanoa with ministries and departments of Tonga about the reasons why accountability and transparency are not fully realised

**Iki Mafi Uele, PhD in Accounting**

### Abstract

The purpose of this study is to determine the role of accounting in measuring the Public Values of transparency and accountability, as well as why there is a discrepancy between the espoused and realisation of accountability and transparency of Tonga's government ministries, departments, and related organisations. To answer the research question of why accountability and transparency are not fully realised in Tonga, this study investigates why financial officials in Tonga's ministries and departments are not fully accountable and transparent. The Kakala Framework is used as an indigenous research method. In Tonga, the Kakala Framework guides the research process, while the “talanoa” is used for data collection.

In summary, this study contributes to the existing body of knowledge by examining how accountants and those in finance of various ministry departments provide justifications based on

the three influences of public values (associative, regulatory, and cultural cognitive influences) that affect the realisation of accountability and transparency. This research, once completed, will assist policymakers and implementers in identifying problem areas and addressing issues of relationships, standards, timeliness & accessibility, judgments, consequences & redress in Tonga's public sector and developing countries in an effort to enhance accountability and transparency. This study will assist developing nations in rebuilding or reforming their policies, procedures, and practices.

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**Title:** The Association between Audit Partner Rotation and Non-Audit Services Fees: Empirical Evidence from the United States

**Chang Liu, PhD in Accounting**

**Abstract**

Using non-audit services (NAS) fees as the proxy for auditors' dependence on client firms, we find a reduction in NAS fees in the year of an audit partner rotation. We further extend the literature by considering whether mandatory audit partner rotation impacts the different types of NAS fees dependence on client firms. We find a decline in the sum of tax and other fees in the year of an audit partner rotation, while we find no effect on audit-related fees when audit partners rotate. This result highlights the importance of understanding the reasons for firms undertaking different types of NAS.

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**Title:** The relationship between the implied volatility smirk of SPX, VIX and VXX options

**Jungah Yoon, PhD in Finance**

**Abstract**

In this paper, we examine the dynamic relationship between the implied volatility smirk (IVS) of the Chicago Board Options Exchange (CBOE) S&P 500 index options (SPX), VIX index options (VIX) and options written on the Barclays Capital iPath exchange-traded product (ETP) (VXX). Options on the market portfolio play a key role in capturing investors' perception of systematic risk. In general, we find a stronger relationship between the VXX and SPX options market than that of VIX and SPX. The shocks to the SPX options market affect both VIX and VXX options markets simultaneously, however, the magnitude differs distinctively.

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**Title:** COVID-19 tail risk

**Jianhui Li, PhD in Finance**

**Abstract**

We quantify the exposure of U.S. stocks to regulatory actions about COVID-19 and the impact of future pandemic regulation. Our analysis uses three option market tail risk measures for firms in the three major U.S. stock market and firm-level measures of exposure and response related to COVID-19 to examine whether the COVID-19 uncertainty is priced in the options market. Multiple unexpected events of government responses are used as shocks that increase such

uncertainty.

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**Title:** Retail Short Covering Trades

**Sandun Fernando, PhD in Finance**

**Abstract**

Using a unique dataset on the investors' short covering trades from Taiwan Stock Exchange from January 2014 to September 2018, we provide the first detailed evidence of retail short covering trades. Retail short sellers are more likely to cover their positions following price increases. Retail short sellers, however, cover their short positions too early. Their short covering is associated with negative future returns. The results suggest that retail short sellers cover their position before a full price correction has occurred. These findings indicate that limits-to-arbitrage significantly affect retail short sellers' covering trades.

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**Title:** Management control systems and food waste: A case study

**Disney Kariyawasam, PhD in Accounting**

**Abstract**

Over the last 30 years, environmental accounting literature has predominantly examined environmental and sustainability reporting and disclosures. Empirical research on associated management control practices is very limited. Drawing insights from neo-institutional theory and Malmi and Brown's (2008) management control framework, I examine how management control systems are used in food waste management. I undertook a qualitative case study in two residential colleges capacity from a selected university (hereafter Alpha) and conducted semi-structured interviews and document analysis to collect data. The preliminary findings indicate that Alpha has some informal guidelines for reducing food waste, and some arrangements have been made with the external waste contractor, but greater engagement might be achieved with more formal initiatives from top management.

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**Title:** Do financial constraints affect corporate social responsibility decoupling?

**Shabana Talpur, PhD in Accounting**

**Abstract**

We examine the association between firm financial constraints and CSRD and the moderating effect of corporate governance on this relationship. We report that financially constrained (FC) firms cut their spending and postpone investment plans. According to the resource-based theory, although FC firms are motivated to spend on social and environmental causes, financial disability leads to Corporate Social Responsibility Decoupling (CSRD). Our findings also show that firms with better corporate governance report a weaker association between FC and CSRD and experience fewer incidences of decoupling. The results support actions to enhance CSR monitoring in firms with weak governance facing financial distress.

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**Title:** Environmental regulations, disclosure and idiosyncratic risk through the lens of the Trump effect

**Xiaojie Yu, PhD in Finance**

### **Abstract**

This study investigates the impact of country-level environmental regulations (jointly measured by the stringency and enforcement indices) on the idiosyncratic risk of firms with a special focus on the firm-level environmental disclosure and the Trump effect (Donald Trump's presidency since 2017) in 10,573 firms belong to G7 countries during 2008-2020. We find that environmental regulations play a significant role in increasing idiosyncratic risk in both disclosed and non-disclosed firms in the UK, Canada, Japan, and only in disclosed firms in Italy and France. In contrast, environmental regulations in Germany reduce the idiosyncratic risk of disclosed firms. Moreover, the Trump's presidency reverses the relationship between environmental regulations and idiosyncratic risk except for firms in Canada. Furthermore, the environmental disclosure decision of a firm increases idiosyncratic risk in G7 firms, especially for in the UK, US, and Canada. This positive effect is boosted in the US and Canada after Donald Trump's presidency. Of those firms that disclose environmental information in the UK, Canada, and Japan show a stronger positive relationship between environmental regulations and idiosyncratic risk than the non-disclosed firms. Altogether, findings of this study shed light on the joint impact of political leadership, environmental regulations, and environmental disclosure on the firm-level risk.

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**Title:** The impact of carbon disclosure and carbon emissions intensity on firms' idiosyncratic volatility: Is it a mixed blessing?

**Kasun Perera, PhD in Finance**

### **Abstract**

We study the effects of a firm's decision to disclose carbon emissions and its carbon emissions intensity on the idiosyncratic volatility (IdVol) of the US S&P 500 firms from 2009 to 2018. We reveal that the decision to disclose corporate carbon emissions significantly decreases a firm's IdVol, and a firm's credit quality is likely to be downgraded due to the non-disclosure of carbon emissions information. Despite the firms being rewarded for disclosing carbon emissions information, in light of the views of the managerial opportunism theory, our robust evidence of the significant negative impact of carbon emissions intensity on firms' IdVol indicates a potential agency conflict over corporate initiatives to reduce carbon emissions intensity. This negative effect of carbon emissions intensity on IdVol increases along the IdVol quantile distribution and is prominent in high-carbon-intensive industries. We further document a significant differential effect of carbon emissions intensity on firms' IdVol following the Paris Agreement signed in 2015. Thus, our results suggest that attempting to reduce firms' exposure to carbon risk is a mixed blessing.

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**Title:** Corporate political activities and climate risk disclosure

**Junxiu Lyu, PhD in Accounting**

### **Abstract**



In the recent past, the world has seen increased frequency and intensity of natural disasters, and climate change is blamed as the top reason for such catastrophes. This has put companies under enormous pressure to mitigate their environmental footprints. However, top corporations actually undermine their pledges to lower emissions through contributing significant amounts to elect political parties that will support their environmental agendas – leaving the ‘net-zero’ slogans futile. The purpose of this study is to investigate the relationship between corporate political activities and their climate change disclosures. The findings of this study will inform the regulators and stakeholders concerning companies’ double standards towards environmental degradations.

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**Title:** The role of risk-neutral moments in forecasting future realised volatility: An international perspective

**Junyu Zhang, PhD in Finance**

#### **Abstract**

This paper estimates the predictability of future volatility on eleven stock markets by using the risk-neutral moments of corresponding international proxy ETFs. Our evidence shows that the risk-neutral standard deviation and excess kurtosis can positively and negatively predict the future volatility, respectively, while the predictive significance of risk-neutral skewness is relatively weaker but can negatively predict the future volatility in some locations. Results from model confidence set analysis show that incorporating location-based risk-neutral moments into the HAR-RV model can improve the predictability of future volatility in some markets, while volatilities in all markets are sensitive to international-combined risk-neutral moments, where these aggregated factors can significantly enhance the predictive power.

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**Title:** Board Gender Diversity and Cash holdings: Evidence from UK

**Xiaoxu Zhang, PhD in Accounting**

#### **Abstract**

This paper investigates the relationship between board gender diversity and corporate cash holdings, investment efficiency and firm distress using data for UK listed and larger UK private firms from 2007 to 2019. We find that boardroom gender diversity is significantly associated with corporate cash holdings and investment efficiency. The results demonstrate that women representation on the board is critical to the successful operations of the firm. This result suggests that women directors affect the cash levels and the investment choices made by listed and larger private firms. Our findings contribute to the board gender diversity literature and add further support to the promotion of women to boards of directors.

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**Title:** Carbon Premium in Australian Equity Market

**Ling Liao, PhD in Finance**

#### **Abstract**

We assess the effects of corporate emissions and emissions disclosure (including the differential effect of voluntary and mandatory disclosure) on the cross-section of ASX stock returns between July 2008- June 2020. We find that 1) the disclosed emissions not the estimated emissions are significantly and positively related to stock returns, implying market efficiency in pricing only the disclosed emissions; 2) disclosing firms outperform in stock returns non-disclosing firms whose emissions are estimated; 3) voluntary disclosing firms outperform in stock returns mandatory disclosing firms.

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**Title:** The Effect of Regulatory Filing Deadline Change on Financial Reporting Timeliness for UK Charitable Companies

**Arung Mayapada, PhD in Accounting**

**Abstract**

We investigate financial reporting timeliness among UK charitable companies relative to the one-month reduction of the regulatory filing deadline following the updating of the Companies Act. We examine 9,471 UK charitable companies between 2007 and 2014. The results show that regulation is an essential driver for charitable companies in publishing timely accounts for charity stakeholders. We also find that most charitable companies are likely to file their accounts approaching the reporting deadline. This study contributes to the literature on financial reporting in the charity sector and may be of interest to regulators in promoting good accounting and reporting within charitable organizations.

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**Title:** Are American options always more expensive than European options? Evidence from OEX and XEO options

**Wei Han Li, PhD in Finance**

**Abstract**

Utilizing the unique feature of S&P 100 Index option markets, which trade both American (OEX) and European (XEO) options, this paper demonstrates that OEX options are generally more expensive than XEO options. However, there is a mispricing phenomenon that the mid-quotes of XEO options are higher than that of the counterpart OEX options, and we explain such a phenomenon using the liquidity difference. After duly accounting for premium from earning interests/dividends, the institutional specific wildcard premium, and transaction cost savings, we find that liquidity differences significantly explain the mispricing phenomenon in option markets. This finding indicates that there is a liquidity discount in option market, and a European option can be mispriced with a high market offer, which is the market traders' requirement of compensation for providing the liquidity of the market.

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**Title:** Indigenous Sustainable Finance: Motivations, Beliefs and Practices of Indigenous Asset Owners

**Andre Poyser, PhD in Finance**

## **Abstract**

The field of finance has been silent on the investments of Indigenous groups despite the fact that they have become significant asset owners through various reparations processes that have taken place in New Zealand, Canada, Australia and North America. Indigenous assets are predominantly nature based and are generally managed within a context of sustainability (Sharifian et al.,2022) (von der Porten and Podlasly,2021) and as such will be of interest to sustainable finance researchers and practitioners. The level of sophistication with which Māori, the indigenous people of New Zealand, have managed the assets received, through the treaty settlement process, makes their approaches to sustainable investments worthy of study. To investigate the motivations, beliefs and sustainable investment practices of Māori we conduct a broad-based survey of the Post Settlement Governance Entities (PSGEs) set up to hold and manage assets received from the treaty settlement process.

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**Title:** Audit Committee Attributes and Cosmetic Accounting Practice in Nigerian listed Companies: The Mediating Effect of Political Connection

**Abdullahi Ado, PhD in Accounting**

## **Abstract**

The objectives of this study are to extend the evidence linking audit committee attributes and cosmetic accounting practice and how this relationship is mediated by political connection. The study will cover 177 listed companies on the Nigerian Stock Exchange (NSE). The study will use secondary data and financial data will be extracted from Bloomberg DataStream and annual reports of companies listed on the NSE for a period of 10 years (2011 to 2020). The contribution of this study will be viewed from practical, methodological and theoretical perspectives. This study will provide immense interest and benefits to Nigerian capital market.

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**Title:** ESG Sustainability Disclosure and Investor Behavior: A Systematic Review of Literature

**Duminda Karunaratne, PhD in Accounting**

## **Abstract**

Considering the critical role corporate ESG information plays in investors' decisions, companies must ensure that not only they provide more information but also that the information is relevant and of high quality. This study maps ESG sustainability disclosure and investor behavior aspects to highlight their association, the drivers and the channels through which they make an influence. We follow the systematic literature review guidelines to assemble and analyse 119 high quality journal articles published between 2000 and 2022. This study is policy-driven while delivering practical implications for businesses and investors alike.

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**Title:** A Study of the measurability and performance indicators in Climate Action Plans, modelled on index methodology and UN Sustainability Development Goals

## **Indira Venkatraman, MCom in Accounting**

### **Abstract**

The New Zealand Government has declared a state of climate change emergency. The Climate Change Response (Zero Carbon) Amendment Act has aimed reduction of net emissions of all greenhouse gases to zero by 2050. This indicates a call for actions at a national level. First, to acknowledge the state of climate emergency and then, with necessary actions and legislation to convert the emergency into manageable circumstances. These are macro level ambitions that will translate to national policy across the country.

There also emerges a need for adherence to international standards such as the United Nation's Sustainable Development goals and the Paris Agreement. National policies have to translate into practical activities and stake holder engagements at a micro level. Such engagement is conceptualised both economically and socially in the context of sustainability and its assessment. These efforts must be delivered and managed with accountability, faithful representation, stakeholder knowledge and enable reporting. Furthermore, they must sustain long term holistic performance measurement of both financial and non-financial information.

Meanwhile, there are organisations and communities that have voluntarily begun the process of becoming carbon neutral in New Zealand. Some have launched initiatives that can be studied for feasibility. For example, the introduction of electric vehicles for public transport or developing carbon neutral practises in tourism sector. This research will be looking at sustainability efforts in Waiheke Island, New Zealand. The opportunity to intern with Waiheke Resource Trust and Carbon Neutral Waiheke allows close observation of micro, communal level activities.