



University of Otago

2020 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

Program for 2020 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

2:00-4:00pm, 2 Jun 2020 (Tue), Zoom

Organizer: Dr. Xinfeng Ruan

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

Zoom link: <https://otago.zoom.us/j/97323655903?pwd=Z21jVk1ORU9rdkRFVIRuQUlzMmJWQT09>

Zoom password: 297587

PhD Presentations

02:05 pm to 02:10 pm	Presenter: Quynh Thi Hoang Nguyen Title: In search of climate distress risk
02:11 pm to 02:16 pm	Presenter: Wei Guo Title: Option returns puzzle and the cross-section of option returns
02:17 pm to 02:22 pm	Presenter: Sampath Kongahawatte Title: What drives price delay premium?
02:23 pm to 02:28 pm	Presenter: Mahnoor Sattar Title: The role of board gender diversity in private firms' risk: Evidence from the UK
02:29 pm to 02:34 pm	Presenter: Wei Lin Title: Pricing VXX Option under Heston Model
02:35 pm to 02:40 pm	Presenter: Khurshid Ali Title: CEO power and climate change-risk issues: the moderating role of gender diversity
02:41 pm to 02:46 pm	Presenter: Pakorn Aschakulporn Title: Bakshi, Kapadia, and Madan Risk-Neutral Moment Estimators under Heston's Model
02:47 pm to 02:52 pm	Presenter: Thilini Arachchige Title: Social Networks, Information Technology, Intellectual Capital and Value Creation in the Public Sector

02:53 pm to 02:58 pm	Presenter: Iftekhar Ahmed Title: Climate Change, Geographic Diversification and Credit Risk in Microfinance Loan Portfolios
02:59 pm to 03:04 pm	Presenter: Xiaolan Jia Title: Risk-Neutral Covariance in the Crude Oil Market
03:05 pm to 03:10 pm	Presenter: Siamak Ansari Title: Towards the Business-Partnering Role of Management Accounting in the Public Sector: How to Facilitate Institutional Enablers and Constraints Using the Big Data Lens on Actants' Network; A New Zealand Case Study
03:11 pm to 03:16 pm	Presenter: Iki Mafi Uele Title: The role of Accounting in measuring public values of transparency and accountability: Evidence from the Kingdom of Tonga.
03:17 pm to 03:22 pm	Presenter: Chang Liu Title: Non-GAAP Disclosure and Auditing in the U.S.
03:23 pm to 03:28 pm	Presenter: Jungah Yoon Title: Does Average Skewness Matter in the Energy Market?
03:29 pm to 03:34 pm	Presenter: Ling Liao Title: The Role of Fundamentals and Policy in New Zealand's Carbon market

Abstracts

Title: In search of climate distress risk

Quỳnh Thi Hoàng Nguyễn, PhD in Finance

Abstract

It is well-known that climate change creates both financial risk and opportunity. While there have been concerted efforts to search for the 'market risk' component of such transition on tradable securities, less is known if the same effect exists on the 'credit risk' component. Prior researches on this aspect limit their analysis to debt-level information (bonds and private loans), of which the highly individual features prevent a precise measurement of the overall creditworthiness across firms. They also employ too generic (noisy) ESG ratings or too narrow (Scope 1) emissions to proxy for transition risk. This paper proposes an exhaustive search of firm-level climate distress risk using several alternative measurements, namely (i) Merton distance to default (ii) issuer credit rating, and finally (iii) credit default swap spread. To single out the effect of climate transition, we employ climate-sensitive industry membership and carbon intensities with extension to Scope 1 and Scope 2 to cover the entire energy supply chain. We

also provide the first-of-its-kind evidence on the recognition of climate distress risk using an event-study using shareholder activism on climate change from CERES database.

Title: Option returns puzzle and the cross-section of option returns

Wei Guo, PhD in Finance

Abstract

In this paper, we construct a panel of options with different moneyness and maturities from SPX options each day, instead of using market option quotes. We also construct associated factors for each constructed option by interpolating method. Then we investigate the factors that can be used to explain the option return puzzle. We find the best performing factors are market-related factors and option related factors, and our results are robust to a lot of control variables.

Title: What drives price delay premium?

Sampath Kongahawatte, PhD in Finance

Abstract

The purpose of this study is to investigate whether investors' trading activity commands price delay premiums. Delays in stock price response to information are most commonly attributed to market frictions associated with investor recognition [Merton 1987]. Using unique investor type data from the New Zealand equity market we test if the investor type (institutional, individual) participation ratio explains price delay. We employ portfolio cross-sectional regressions of firms' delay on investors' participation ratios and control variables in the style of Fama and MacBeth (1973). Our findings can better inform institutional and retail investors about delayed market response effects in less liquid developed equity markets.

Title: The role of board gender diversity in private firms' risk: Evidence from the UK

Mahnoor Sattar, PhD in Finance

Abstract

Using 137,394 private UK firms for the period 2005-2017, this research investigates the effect of female directors on firm risk. Board size, director age and nationality are also considered in conjunction with gender diversity. Preliminary tests using a baseline model shows that female directors reduce risk and this effect is most pronounced for high risk firms. Moreover, older directors are declining earning's volatility. Partitioning by nationality shows that local female directors reduce risk whereas foreign female directors increase risk. Our results remain consistent after robustness tests to correct for endogeneity.

Title: Pricing VXX Option Under Heston Model

Wei Lin, PhD in Finance

Abstract

VXX can be represented in terms of VIX futures and pricing VXX option under Heston model.

Title: CEO power and climate change-risk issues: the moderating role of gender diversity

Khurshid Ali, PhD in Accounting

Abstract

Purpose – The purpose of this study is to empirically investigate the influence of CEO power on companies' decisions to take actions on climate change-risk issues. The study further examines the moderating role of gender diversity on the underlying relationship.

Design/methodology/approach – The sample of the study includes constituent companies of Russell 3000 index, composed of the largest 3000 US public companies, over the period of 2005 to 2019.

Findings – currently doing data analysis.

Title: Bakshi, Kapadia, and Madan Risk-Neutral Moment Estimators under Heston's Model

Pakorn Aschakulporn, PhD in Finance

Abstract

This is the first study of the errors of the Bakshi, Kapadia, and Madan (2003) risk-neutral moment estimators under the Heston (1993) model benchmarked against their true values. This is accomplished using the exact solutions from Zhang et al. (2017).

Title: Social Networks, Information Technology, Intellectual Capital and Value Creation in the Public Sector

Thilini Arachchige, PhD in Accounting

Abstract

Hardly any studies have looked at how Intellectual Capital (IC) can be mobilised through Social Networks (SN) to produce Value Creation (VC) in organizations. Grounded in Actor-Network Theory (ANT), this study aims to understand how human and non-human factors in SN interact with and mobilise IC for value creation through problem solving in public sector organizations. The study will adopt a qualitative approach, employing multiple embedded case study method of two public sector organisations which operates in similar business. By combining SN, IC, and

VC the study will extend ANT to the domain of IC.

Title: Climate Change, Geographic Diversification and Credit Risk in Microfinance Loan Portfolios

Iftekhar Ahmed, PhD in Finance

Abstract

This study investigates the association between climate change, geographic diversification and credit risk in microfinance institution's loan portfolios. Evidences from banking research about the climate change-bank risk nexus and the geographic diversification-bank risk nexus are inconclusive and mixed. In a novel approach we examine both in single setting. We will do so using a cross-country longitudinal dataset of the global microfinance industry and applying dynamic panel estimations. We hypothesise that microfinance loan portfolios are exposed to climate change. In particular, microfinance institutions that have greater geographic expansion will face higher credit risk.

Title: Risk-Neutral Covariance in the Crude Oil Market

Xiaolan Jia, PhD in Finance

Abstract

This paper studies excess crude oil market returns predictability of risk-neutral estimators derived from Carr and Wu (2020)'s new option pricing theory. We find that the first difference in risk-neutral covariance (DRNC) is a significant and robust predictor for predicting monthly excess returns in both statistical and economic terms. It outperforms other risk-neutral estimators in terms of both in-sample and out-of-sample tests. This prediction still holds after controlling for business cycle predictors or other oil-related variables. Furthermore, DRNC can generate utility gains of 512 basis points per annum for a mean-variance investor.

Title: Towards the Business-Partnering Role of Management Accounting in the Public Sector: How to Facilitate Institutional Enablers and Constraints Using the Big Data Lens on Actants' Network; A New Zealand Case Study

Siamak Ansari, PhD in Accounting

Abstract

Contrasted with such traditional roles as "bean counter", the literature evidenced the business-partnering role of management accounting (BPRMA) as more strategic and forward-looking identity actively collaborating on decision-making processes. Since this picture, however, still seems to be vague and fragmented, concerns have arisen as to whether such modern roles would fit for purpose in digital age? As such, this ambiguity calls for more attention by scholars to fill this gap. Given the little knowledge of MA role context in the public sector particularly, this study investigates the importance of Data context in facilitating the MA roles towards the

BPRMA concept proposed by IMA framework. In this respect, drawing on the interpretive paradigm, while institutional enablers and constraints will be identified (Institutional Theory), using the concept of organizational network (Actor-Network Theory), for the first time, we try to find out the influence of data life cycle (Big Data lens) on MA inscriptions affected by the problematized Es and Cs paving the way for being business partner.

Title: The role of Accounting in measuring public values of transparency and accountability: Evidence from the Kingdom of Tonga.

Iki Mafi Uele, PhD in Accounting

Abstract

This research focuses on how accounting and reporting tools and techniques measure the level of transparency and accountability of Government Ministries and Organisations of the Kingdom of Tonga that is audited by the Tonga Auditor General Office. Auditors findings and recommendations represent critical input to good governance that can lead organizations to remedy identified weaknesses and deficiencies promptly and appropriately. A content analysis of the Auditors reports and the Public Account committee minutes of the Parliament of Tonga provides an insight on how accounting accounts for, but also impacts on, issues of broader social relevance, such as the creation and maintenance of public value in a developing country context like Tonga.

Title: Non-GAAP Disclosure and Auditing in the U.S.

Chang Liu, PhD in Accounting

Abstract

The interaction between auditors and non-GAAP reporting has less been notified in recent literature. Since many firms choose to disclose non-GAAP earnings, it is interesting to investigate the association between audit-related issues and non-GAAP reporting. Audit fees reflects the risks and effort borne by the audit firms, and it may have association with the non-GAAP disclosure of the client firms. We can argue that increase of audit fees increase with the probability of using non-GAAP metrics. We are going to explore which types of non-GAAP exclusions have more influence over audit fees by decomposing non-GAAP exclusions into specific items.

Title: Does Average Skewness Matter in the Energy Market?

Jungah Yoon, PhD in Finance

Abstract

This paper investigates the predictability of market skewness, average realised skewness, and nonparametric risk-neutral skewness on subsequent energy market returns, motivated by confounding empirical evidence regarding market skewness in predicting market-level returns.

This is the first paper to study the average skewness, which is defined as the average of monthly skewness across firms in the US energy industry, to predict subsequent energy market returns. We find, distinct from existing literature for overall market, a significant and positive predictive power in average realised skewness. We find, however, insignificant results for market and nonparametric risk-neutral skewness in the US energy market. This result also holds after controlling for the low liquidity stocks or small size firms in terms of market capitalisation, low price or current economic conditions. In additions, the average skewness compares well with other financial predictors that are known to predict future returns.

Title: The Role of Fundamentals and Policy in New Zealand's Carbon market

Ling Liao, MCom in Finance

Abstract

New Zealand carbon market was introduced in 2008 as the main tool for meeting domestic and international climate change targets. This paper aims to explore carbon pricing determinants from the perspective of supply and demand. We focus on the carbon emission and removal activities from the main participating sectors, namely forestry, energy, transportation, manufacturing and construction. We will explore the multivariate relationships by employing vector error correction model at the daily, monthly and quarterly frequencies, considering many supply and demand proxies. Moreover, to capture the price shock effect from the policy events, we will conduct structural break tests on NZU prices.