



University of Otago

2016 (Nov) PhD Workshop

Department of Accountancy and Finance, Otago Business School

Initiator: Professor Jin Zhang

Facilitator: Dr. Helen Roberts

Organizer: Xinfeng Ruan

Program for 2016 (Nov) PhD Workshop

Department of Accountancy and Finance, Otago Business School

11:00am-2:00pm, November 1st, 2016, Commerce Boardroom

PhD Presentations

11:05 am to 11:11 am	<p>Presenter: Nhu Nguyen</p> <p>Supervisors: Prof. Jin Zhang and Dr. Numan Ulku</p> <p>Title: Buffering or Hindering: The impact of political connectedness on the efficiency of capital allocation and firm performance</p>
11:11 am to 11:17 am	<p>Presenter: Ming Kuang Tan</p> <p>Supervisors: Prof. Ralph Adler, and Dr. Rakesh Pandey</p> <p>Title: Creating a modified monopoly for enhancing student's understanding of basic accounting concepts</p>
11:17 am to 11:23 am	<p>Presenter: Matt McCarten</p> <p>Supervisors: Dr. Ivan Diaz-Rainey, Dr. Helen Roberts and Dr. Eric Tan</p> <p>Title: Securities Class Actions, Debt Financing and Firm Relationships with Lenders</p>
11:23 am to 11:29 am	<p>Presenter: Haileslasie Gebremariam</p> <p>Supervisors: Dr. Helen Roberts and Dr. Rosalind Whiting</p> <p>Title: Microfinance institutions' risk, governance and transparency in Sub-Saharan Africa</p>
11:29 am to 11:35 am	<p>Presenter: Xinfeng (Edwin) Ruan</p> <p>Supervisor: Prof. Jin Zhang</p> <p>Title: A demand-based equilibrium model of volatility trading</p>
11:35 am to 11:41 am	<p>Presenter: Sebastian Gehricke</p> <p>Supervisor: Prof. Jin Zhang</p> <p>Title: New Zealand stock returns and international macro factors</p>
11:41 am to 11:47 am	<p>Presenter: Jelita (Jay) Noviarini</p> <p>Supervisor: Dr. Helen Roberts, Dr. Andrew Coleman and Dr. Ros Whiting</p> <p>Title: Financial adequacy, asset liquidity and health shocks in retirement: Evidence from New Zealand</p>

11:47 am to 11:53 am	<p>Presenter: Nicola Beatson</p> <p>Supervisors: Prof. Ralph Adler, Prof. Jeffrey Smith and Dr. David Berg</p> <p>Title: Mindset and Self-efficacy beliefs of Accounting Students</p>
11:53 am to 11:59 am	<p>Presenter: Tian (Tin) Yue</p> <p>Supervisor: Prof. Jin Zhang and Dr. Eric Tan</p> <p>Title: The empirical study in the option market in China</p>
11:59 am to 12:05 pm	<p>Presenter: Dereje Regasa</p> <p>Supervisor: Dr Helen Roberts and Prof. David Fielding</p> <p>Title: Internal Financing and Firm Growth: Empirical Evidence from Ethiopia</p>
12:06 pm to 12:11 pm	<p>Presenter: Jiexiang (Jenny) Huang</p> <p>Supervisor: Dr. Helen Roberts and Dr. Eric Tan</p> <p>Title: The Effects of Media Coverage on CEO Power</p>
12:11 pm to 12:17 pm	<p>Presenter: Nuradhi Jayasiri</p> <p>Supervisor: Dr. Rakesh Panday and Dr. Sriya Kumarasinghe</p> <p>Title: Adoption of Integrated Reporting in a Developing Country Context</p>

Mix and Mingle

12:20 pm to 2:00 pm | Lunch

Abstracts

Title: Buffering or Hindering: The impact of political connectedness on the efficiency of capital allocation and firm performance

Nhu Nguyen, PhD in Finance

Abstract

We extend the literature on how firms and heterogeneity of political connectedness influence company performance through company survival and innovation. Political ties have a buffering role on long-term firm's survival and innovation. Our novel finding is that innovation value-added growth is the main factor that drives corporate investment choices. We also document that corporate investments are less responsive to innovation value-added growth in firms run by government-appointed CEOs, suggesting that government-appointed CEOs do not appear to allocate capital as efficiently as non-government-appointed CEOs. The inefficiency in the capital

allocation process appears to lead to the distorted role of investment and internal funding on corporate long-term survival.

Title: Creating a modified monopoly for enhancing student's understanding of basic accounting concepts

Ming Kuang Tan, PhD in Accounting

Abstract

This study examined the effectiveness of a modified version of monopoly business simulation game named ASK Mr. Pi Bee in enhancing students' ability to apply basic accounting concepts. A total of 176 accounting students from 8 high schools located in one of the largest province in New Zealand participated in this study. The schools were assigned randomly to one of the three conditions: Game ASK Mr. Pi Bee (SG group), Extended problem (ET group), or Computer Assisted Instruction (CAI group). Pre-test/post-test/delayed post-test experimental control group design with instruments comprising knowledge test and a five-point Likert scale questionnaire.

Title: Securities Class Actions, Debt Financing and Firm Relationships with Lenders

Matt McCarten, PhD in Finance

Abstract

This paper examines the impact securities class actions have on a firm's debt financing and relationships with its lenders, with particular focus on lenders' reputations and firm's ex-ante relationships with lenders. We find that firms with a reputable lender ex-ante are marginally less likely to be sued. Turning to ex ante relationships with lenders we find that firms that did not have an established relationship with a lender are more likely to borrow from a different lender after being sued. Loans initiated after the filing are for smaller amounts, shorter in maturities, higher spreads and will require more collateral. On the other hand, if a firm had an established relationship with a lender before the filing they are more likely to continue borrowing from that lender. However, loans initiated after the filing come with more covenants though firms still benefit due to their lending relationship. Overall, shareholder litigation has a substantial negative impact on a firm's ex-post debt financing and relationship with its lenders. These negative effects are only partially offset by ex-ante relationships with lenders.

Title: Microfinance institutions' risk, governance and transparency in Sub-Saharan Africa

Haileslasie Gebremariam, PhD in Finance

Abstract

The Centre for the Study of Financial Innovation (CSFI) (2014) microfinance survey reports that over-indebtedness, credit risk, competition, risk management and governance are the top five challenges that pose a threat of survival to the industry. Regulation quality and transparency are also ongoing concerns (CSFI, 2014). Poor governance mechanisms contribute to MFI over-indebtedness and credit risk which may trigger higher earnings volatility. This study provides empirical evidence on whether strong governance mechanisms and greater MFI transparency reduce MFI risk.

Title: An equilibrium model of volatility trading

Xinfeng (Edwin) Ruan, PhD in Finance

Abstract

This paper is the first providing an equilibrium model of volatility trading with three kinds of traders, i.e., dealers, asset managers and leveraged funds. The theoretical results in the paper are consistent to the empirical observations in *Mixon and Onur (2015)*, i.e., futures price is negatively (positively) related to the level of positioning by dealers (asset managers and leveraged funds). In addition, the model well explains the empirical results in *Konstantinidi and Skiadopoulos (2016)*, i.e., the market variance risk premium is significantly predicted by trading activities.

Title: New Zealand stock returns and international macro factors

Sebastian Gehricke, PhD in Finance

Abstract

In this paper we study the dynamic relationships of New Zealand stock market returns with domestic and international macroeconomic factors. For the international factors we consider those of Australia and the United States, two of New Zealand's major trading partners. We study the relationships in closed economy and two-country open economy VAR models. We find that New Zealand stock market returns are strongly related to past domestic and international macroeconomic factors as well as international stock returns. We further investigate these relationships for New Zealand stock market sector index returns and find that the relationships vary drastically across sectors. The service sectors seem to be more immune to business cycle conditions, compared to industrial sectors.

Title: Financial adequacy, asset liquidity and health shocks in retirement: Evidence from New Zealand

Jelita (Jay) Noviarini, PhD in Finance

Abstract

This research investigates financial adequacy levels of New Zealanders using a panel dataset from the Survey of Family, Income, and Employment, during the period 2002-2009. The study measures financial adequacy using replacement rates and poverty levels, which incorporate asset liquidity (ease of cash conversion, price volatility, and the use of an asset as collateral for borrowing), health shocks, and retirement income portfolio choices. We report that middle income retirees face the largest risk from health shocks and the need to liquidate assets quickly, often at heavily discounted market values. Overall our findings suggest that New Zealanders are more vulnerable to old-age poverty and the risk of lower living standards in retirement than previous adequacy measures imply.

Title: Mindset and Self-efficacy beliefs of Accounting Students

Nicola Beatson, PhD in Accounting

Abstract

My PhD examines the mindset and self-efficacy beliefs of accounting students. Survey data has been obtained across two semesters of BSNS107 at Otago and one semester of the equivalent course at the University of Auckland. One paper titled “The mindset and self-efficacy beliefs of first time and repeating students” has been presented at the 2016 AFAANZ conference and two NZ Universities seminar series and has been submitted to Accounting Education. The second paper titled “The impact of summative mastery feedback on accounting students’ self-efficacy beliefs” is under consideration for the RMIT 2016 accounting educators conference. Paper three, four and five are planned and in abstract form. There is growing interest across academic disciplines in the relationship between non-cognitive factors and achievement, but little research on the topic in accountancy education. Consequently, this study makes a contribution to this under-researched area.

Title: The empirical study in the option market in China

Tian (Tin) Yue, PhD in Finance

Abstract

This paper studies the financial option market in China developed since 9th February, 2015. We empirically analyse option’s properties in one-dimensional diffusion option model, which include comparison between the option’s market price and Black-Scholes prices, monotonicity, perfect correlation with underlying asset, constant volatility, and redundancy. We find that the market price are generally lower than calculated Black-Scholes price, one-dimensional diffusion assumptions are generally violated, they are not one dimensional diffusion model.

Title: Internal Financing and Firm Growth: Empirical Evidence from Ethiopia

Dereje Regasa, PhD in Finance

Abstract

According to World Bank (2015), access to formal financial services remains the main business constraint in Ethiopia. Most firms unusually depend on their internal funds to finance both working and fixed capital. This study examines the impact of internal finance on firm growth using Ethiopian Enterprise Surveys data of 2011 and 2015 obtained from the World Bank. Adopting an instrumental variable approach, the research establishes an exogenous measure of firm’s access to finance. The initial result reveals that the number of bank branches (the instrument variable) significantly determines firm’s tendency to depend on internal finance and thereby its growth.

Title: The Effects of Media Coverage on CEO Power

Jiexiang (Jenny) Huang, PhD in Finance

Abstract

This study examines the role of media coverage about firms and CEOs on CEO power from 1992 to 2014. We consider CEO pay slice as a new measure of CEO power following Bebchuk et al. (2011) to compare with other measures. In addition, this research will investigate whether media coverage has a rich set of relations with a wide range of aspects of CEO power and intend to find

negative media coverage to be correlated with increasing CEO turnover probability. Finally, the empirical results will support that more effective board governance strengthens the association between CEO power and media coverage.

Title: Adoption of Integrated Reporting in a Developing Country Context

Nuradhi Jayasiri, PhD in Accounting

Abstract

This study aims to explore how does and to what extent Integrated reporting foster Integrated thinking in a developing country perspective. This study originally contributes with an integrated reporting disclosure index prepared based on the International Integrated Reporting Council Framework (IIRC) and other non-financial reporting guidelines and frameworks where no previous studies have been addressed. Using the index, the study will assess the extent and nature of disclosure of non-financial information in corporate reports by conducting a ten year longitudinal analysis using a content analysis covering the trends in non-financial reporting. Sample consists with 15 Sri Lankan companies which were awarded as the best Integrated Report prepares by the Certified Management Accountants in Sri Lanka in 2015. Following a triangulated data collection and analysis methods, the study will further collect data through interviews from top personnel in the selected companies and analyse under thematic approach in order to understand the primary research objective.