



University of Otago

2016 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

Initiator: Professor Jin Zhang

Facilitator: Dr. Helen Roberts

Organizer: Xinfeng Ruan and Fang Zhen

Program for 2016 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

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

PhD Presentations

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| 11:05 am to 11:11 am | <p>Presenter: Fang (Livvy) Zhen</p> <p>Supervisors: Prof. Jin Zhang, Prof. Timothy Crack and Dr. Eric Tan</p> <p>Title: Forecasting Crashes: The CBOE SKEW and Future Realized Third Cumulants</p> |
| 11:11 am to 11:17 am | <p>Presenter: Nhu Nguyen</p> <p>Supervisors: Prof. Jin Zhang and Dr. Numan Ulku</p> <p>Title: Momentum and the Fama-French Five-Factor Model: Evidence from Vietnam</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: The Impact Securities Class Actions have on Firms 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: An equilibrium model for variance risk premia</p> |
| 11:35 am to 11:41 am | <p>Presenter: Ehtasham Ghauri</p> <p>Supervisors: Prof. Ralph Adler and Dr. Carolyn Stringer</p> <p>Title: Performance Evaluation, social influence and performance behaviours</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: Pension, retirement income and wealth adequacy: Are New Zealanders really saving enough for retirement?</p> |

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| 11:47 am to 11:53 am | <p>Presenter: Tian (Tin) Yue</p> <p>Supervisor: Prof. Jin Zhang and Dr. Eric Tan</p> <p>Title: Empirical research in emerging derivatives market: evidence from China's derivatives</p> |
| 11:53 am to 11:59 am | <p>Presenter: Dereje Regasa</p> <p>Supervisor: Dr Helen Roberts and Prof. David Fielding</p> <p>Title: The Dynamics of Financing Preferences and Firm Growth: Panel Data Evidence</p> |
| 11:59 am to 12:05 pm | <p>Presenter: Jiexiang (Jenny) Huang</p> <p>Supervisor: Dr. Helen Roberts and Dr. Eric Tan</p> <p>Title: The Role of Media Coverage on Executive Compensation</p> |

Mix and Mingle

12:15 pm to 2:00 pm | Lunch

Abstracts

Title: Forecasting Crashes: The CBOE SKEW and Future Realized Third Cumulants

Fang (Livvy) Zhen, PhD in Finance

Abstract

In this paper, we identify jumps by the sum of cubed returns, which filters out the diffusion impact, and use the option-implied information to forecast the realized cubed jumps in prices or variance as well as the cubed co-jumps in prices and variance. We find that the CBOE SKEW contains the co-jumps information, and the information in the option market is efficient in forecasting the future realized cubed jumps in the stock market.

Title: Momentum and the Fama-French Five-Factor Model: Evidence from Vietnam

Nhu Nguyen, PhD in Finance

Abstract

This paper documents that the Fama-French (FF) five-factor model cannot explain the positive returns associated with momentum in an emerging market. Our empirical evidence shows that the momentum strategies that buy well-performed stocks and sell poorly-performed stocks on the past can still be used to generate profits in the Vietnamese stock market. Our findings pose a challenge to a new FF five-factor model to explain the momentum anomaly.

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 for variance risk premia

Xinfeng (Edwin) Ruan, PhD in Finance

Abstract

We propose an equilibrium model to explain the negative variance risk premia and the negative expected returns of VIX futures and VIX Exchange Traded Notes (ETNs).

Title: Performance Evaluation, social influence and performance behaviours

Ehtasham Ghauri, PhD in Accounting

Abstract

Performance evaluation (PE) in an organisation persuade employees to achieve required organisational performance objectives through rewards and censure systems. Such influence mechanisms in an organisational setting therefore influence employee behaviours. Such induced employee behaviours are argued to be the result of: power mechanisms in an organisation to exhibit prescribed behaviours to attain rewards (Kelman 1958); employee's conscious attempt to imitate a person's or a group's actions for self-endorsement (Ryan & Deci 2000) or the value congruence between the employee's and desired behaviours (Kelman 1974). Kelman termed this process of 'social influence' in the continuum of three processes of induced behaviours as compliance, identification and internalisation. This study investigates PE influence on employee behaviours.

Title: Pension, retirement income and wealth adequacy: Are New Zealanders really saving enough for retirement?

Jelita (Jay) Noviarini, PhD in Finance

Abstract

This research investigates the wealth and income profile of New Zealanders to assess the financial adequacy levels of pension recipients. Starting with a base retirement wealth measure composed of New Zealand Superannuation, health benefits and imputed rent, the study assesses replacement rates and poverty levels. New Zealanders also save for retirement via Kiwi Saver, holdings of residential and investment properties and various financial assets. We augment our

measures to reflect the value and liquidity effect of these investments on retirement schemes. New Zealand does not have a mandatory retirement age. This gives participants the opportunity to continue working, supplementing their retirement and potentially improving wellbeing. While Kiwi Saver has been introduced to encourage independent saving for retirement there is currently no provision for annuitisation. This may potentially compromise the objective of the scheme.

The study uses a panel data set from the Survey of Family, Income, and Employment waves 1-8 (2002-2009) of 11,500 households and 20,000 individuals across New Zealand. The information tracks post-retirement income, changes in health, wealth and decisions concerning work versus retirement. This is the first study to assess financial adequacy for New Zealanders that will measure the change in wellbeing from work to retirement measuring the different components that affect wealth and income. This research will address various gaps in the literature concerning financial adequacy in New Zealand. First, the study will consider the impact of annuitisation on non-pension assets and their liquidity on wellbeing in retirement. Second, the research examines the effect of excluding residential housing. Third, the investigation considers how health shocks and poor health during pre-retirement affects replacement rates and poverty levels. Fourth, the study looks at the differences between retirees who continue to work post retirement relative to those retirees who cease to work.

Title: Empirical research in emerging derivatives market: evidence from China's derivatives

Tian (Tin) Yue, PhD in Finance

Abstract

My research focused on one of the world's largest emerging derivatives market: China, which including stock index futures, index options, structured products with embedded options. The research essay 1 will be focused on 50 index option, it empirically analyses some properties of traditional option pricing theory with evidence from 50 ETF option. The research includes testing of hypothesised violation and compliance of option market to option pricing theory with daily trading data; option trading/hedging strategy simulation. Essay 2 & 3 will be focused on structured products with embedded option and stock index futures.

Title: The Dynamics of Financing Preferences and Firm Growth: Panel Data Evidence

Dereje Regasa, PhD in Finance

Abstract

Capital is scarce in emerging economies. These resources need to be acquired and utilized efficiently to increase employment and productivity. In generic terms the two main types of capital are working capital and fixed capital. By virtue of their nature, these two forms of capital serve very different objectives; operational and strategic. Theoretical and empirical research has focused on the importance of access to capital and a firm's capital structure. An unexplored area of the current literature is the relationship between capital financing and firm performance. This study examines capital financing preferences for and their impact on firm growth concerning manufacturing and service firms located in ten African countries. The research will consider

how financing working capital and fixed capital impacts firm growth employing dynamic panel models.

Title: The Role of Media Coverage on Executive Compensation

Jiexiang (Jenny) Huang, PhD in Finance

Abstract

This study investigates the relationship between CEO media coverage and compensation using US data that includes both cash and equity incentives. The topic is very relevant to the current CEO pay literature as media interest in executive pay increases. Evidence from Nguyen (2015) indicates that Fortune 500 firms that exhibit high levels of positive CEO media coverage experience better performance (Tobin's Q). If performance is enhanced by CEO media coverage it seems that the CEO may be motivated to use the media as an information dissemination mechanism to manipulate compensation contracts. Evidence from the Taiwanese Stock Exchange indicates that greater CEO media coverage is positively associated with higher CEO cash compensation (Chen et al., 2013). The analysis uses a panel data set consisting of executive compensation data, control variables and measures of media coverage using the company identifier in the Factiva database to locate articles covering a specific CEO in four influential daily newspapers (Francis et al., 2008). The relationship between compensation and media coverage will be analyzed using level, change in pay and CEO pay slice measures (Bebchuk et al., 2011). CEO pay slice measures the relationship between the CEO and other members of executive team (Bechuk and Fried, 2004; Bebchuk et al., 2011) . Prior studies have only considered the effects of media coverage on the structure of CEO compensation (Chen et al., 2013; Core et al., 2008; Nguyen, 2015).