



University of Otago

2022 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

Program for 2022 (Jun) PhD Workshop

Department of Accountancy and Finance, Otago Business School

1:00-4:00pm, 07 June 2022 (Tuesday), 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/96169284919?pwd=NEtIMitxY3NNc2wyZGJTUkt4Q2tnZz09>

Zoom ID: 961 6928 4919; Password: 123456

PhD Presentations

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Title: The Problem of Future Uncertainty in Accounting |
| 2 | Presenter: Thilini Arachchige
Title: Social Networks, Information Technology, Intellectual Capital and Value Creation in the Public Sector |
| 3 | Presenter: Iftekhhar Ahmed
Title: Performance and Climate Risk in Microfinance Institutions |
| 4 | Presenter: Siamak Ansari
Title: Institutionalization of management accountants' business-partnering enactment and the role of Big Data: Evidence from a New Zealand state-sector organization |
| 5 | Presenter: Iki Mafi Uele
Title: A talanoa with ministries and departments of Tonga about the reasons why accountability and transparency are not fully realised |
| 6 | Presenter: Chang Liu
Title: The Association between Audit Partner Rotation and Non-Audit Services Fees: Empirical Evidence from the United States |
| 7 | Presenter: Jungah Yoon
Title: The Role of Hedgers and Speculators in the Currency Futures Markets |
| 8 | Presenter: Jianhui Li
Title: The price of COVID-19-induced uncertainty in the options market |

- 9 Presenter: Sandun Fernando*
Title: Who Sells Short during Extreme Market Movements?
- 10 Presenter: Disney Kariyawasam
Title: Management control systems and food waste
- 11 Presenter: Shabana Talpur
Title: Do financial constraints affect corporate social responsibility decoupling?

10-minute break

- 12 Presenter: Xiaojie Yu
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- 13 Presenter: Helen Sadgrove
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- 16 Presenter: Ling Liao
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Title: The Effect of CSR Committee Characteristics on Environmental and Social Disclosures
- 18 Presenter: Arung Mayapada
Title: Charity Governance and Financial Performance: A Literature Review
- 19 Presenter: Weihai Li (deferral)
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| 20 | <p>Presenter: Andre Poyser</p> <p>Title: Essays on the Financial Economics of Climate Change and Indigenous Asset Management</p> |
| 21 | <p>Presenter: Abdullahi Ado</p> <p>Title: Audit Committee Attributes and Cosmetic Accounting Practice in Nigerian listed Companies: The Mediating Effect of Political Connection</p> |

Absence

- | | |
|-------|--|
| 22-29 | <p>Wei Lin, PhD in Finance (deferral)</p> <p>Hiruni Rathwatta, PhD in Accounting (deferral)</p> <p>Junxiu Lyu, PhD in Accounting (deferral)</p> <p>Xiaoxu Zhang, PhD in Accounting (deferral)</p> <p>Umaid Sheikh, PhD in Finance (deferral)</p> <p>Yi Shi, PhD in Finance (deferral)</p> <p>Wen Xu, PhD in Finance (deferral)</p> <p>Indira Venkatraman, MCom in Accounting</p> |
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Abstracts

Title: The Problem of Future Uncertainty in Accounting

Max Yap, PhD in Accounting

Abstract

I am presenting a summary of one of the sections in the first half of my thesis, where I discuss the problem of uncertainty regarding the future and how this problem places constraints on the philosophical foundations of accounting theory.

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

Thilini Arachchige, PhD in Accounting

Abstract

The study examines how various actors interact in social networks while solving related problems during the introduction of information technology initiatives. Additionally, it explores how intellectual capital (IC) is mobilised by the actors to promote value creation, when they are solving problems. Archival and interview data has been collected from a large Sri Lankan and a large New Zealand public sector organisation's head offices and branches. The study uses Actor-Network Theory (ANT), particularly the four moments of translation, to analyse the results. Consistent with the four stages of translation in ANT, the emerging findings suggest that the introduction of a new actor produces a cascading set of changes in the existing actor-network, including the identification of original work approaches, the enabling of new administration processes, the alignment of actors' interests, and the encouragement of intra-network knowledge sharing. These changes, when managed successfully, permit better IC utilisation and help promote a firm's value creation.

Title: Performance and Climate Risk in Microfinance Institutions

Iftekhar Ahmed, PhD in Finance

Abstract

This essay investigates the broad performance, as measured by the CAMELS framework, of microfinance institutions (MFIs) to different types of climate hazards. The results show that droughts, extreme temperatures, floods, and storms have negative consequences on MFIs' capital adequacy, asset quality, earnings, and social mission. The effect of floods and storms are respectively strong in South Asia and South-East Asia. Additionally, using the measure of systemic importance (developed in the first essay), this study shows that systemically important MFIs (SIMFIs) are more resilient to avoid climate-induced risk. However, the study finds limited or no evidence that climate hazards affect MFIs' managerial qualities and liquidity.

Title: Institutionalization of management accountants' business-partnering enactment and the role of Big Data: Evidence from a New Zealand state-sector organization

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.

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 second part of the research is to ascertain the role of accounting in measuring the Public Values of transparency and accountability, as well as to ascertain why there is a disparity between the espoused and realised accountability and transparency of Tonga's government Ministries, Departments, and related organisations. The study investigates why financial officials within Tonga's Ministries and Departments are not completely accountable and transparent in order to address the research question of why accountability and transparency are not fully realised in Tonga. The Kakala Framework, a Pacific research method, is utilised. The Kakala Framework is used to guide the process of research in Tonga and the research pedagogy of “talanoa” is used for data collection.

In summary, this research contributes to the current literature on how accountants and those in the finance sections of various Ministry departments of Tonga provide reasons based on the

influences of Public values and how they are related to the output retrieved in Part 1. Once completed, this research will help policy setters and implementers to identify problem areas and address issues of timeliness & accessibility and consequences & redress to improve accountability and transparency in Tonga's public sector. This research will assist Tonga and other developing nations in rebuilding or reforming policies, procedures, and practices.

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

Chang Liu, PhD in Accounting

Abstract

This study examines the empirical relationship between audit partner rotation and the relative level of non-audit services (hereafter NAS) fees since the extant empirical literature does not provide us with direct evidence. Using data from public firms listed in the United States during the period 2017-2019, we find a significant negative association between the NAS fees ratio (NAS fees scaled by the sum of audit and NAS fees) and audit partner rotation. The results suggest mandatory audit partner rotation may contribute to auditor independence by causing the NAS fees ratio to decrease in the year of audit partner rotation.

Title: The Role of Hedgers and Speculators in the Currency Futures Markets

Jungah Yoon, PhD in Finance

Abstract

This paper examines the dynamic interaction between futures trading activity by different traders and returns in the currency futures markets. The article finds a strong and positive link between the slow-moving hedging pressure of commercial traders (hedgers) and future currency excess returns in six out of seven currency futures markets. The hedging demands of commercial traders drive both short-term and long-term position changes, and speculators receive premiums from hedgers by offering price insurance in these futures markets. The predictability of hedging pressure mainly comes from three types of risk that are forward-looking, systematic, and idiosyncratic in nature.

Title: The price of COVID-19-induced uncertainty in the options market

Jianhui Li, PhD in Finance

Abstract

This paper investigates the pricing of uncertainty associated with the COVID-19 responses for 28 countries/regions in 2020. We find that such uncertainty is priced in the equity options market. Specifically, there is a price premium for options that provide protection to hedge against price risk, variance risk, and tail risk caused by a variety of World Health Organization (WHO) announcements and the lockdown announcements from governments on COVID-19. Moreover, such options tend to be more expensive when the governments place stricter

restrictions.

Title: Who Sells Short during Extreme Market Movements?

Sandun Fernando, PhD in Finance

Abstract

Using short-selling volume data from FINRA, we examine whether the short sellers' contrarian behavior changes in volatile markets. We find that institutional and retail short-sellers are contrarian in contemporaneous returns; they increase their trading in response to positive returns during market down days. Institutional and retail short sellers' trading correctly predicts future negative abnormal returns. The trading strategy that buys stocks least shorted by institutional (retail) short sellers and sells stocks most shorted by institutional (retail) short sellers generates an alpha of -1.4% (-1.22%) per month. Our results suggest that institutional and retail shorting is similarly informative during market down days.

Title: Management control systems and food waste

Disney Kariyawasam, PhD in Accounting

Abstract

Existing literature on waste management is mainly performed in the European continent and focused on the manufacturing sector. Stage one of my research, a structured literature review, reveals a research gap in using management control systems to control food waste. Thus, my PhD investigates how the management control systems are employed to minimise food waste at three University residential colleges by analysing related documents and undertaking observations and interviews. This research will provide valuable information and insights into the university's carbon policy strategies to reduce food waste in landfills.

Title: Do financial constraints affect corporate social responsibility decoupling?

Shabana Talpur, PhD in Accounting

Abstract

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

Title: Environmental regulation and idiosyncratic risk: Does environmental disclosure matter?

Xiaojie Yu, PhD in Finance

Abstract

This study investigates the impact of environmental regulation on idiosyncratic risk of firms with a special focus on environmental disclosure decision. We investigate a total of 10,573 firms in G7 countries over the period 2008-2020. We find that both environmental regulation and environmental disclosure decision significantly increase idiosyncratic risk. Of those disclosed firms, environmental disclosure score significantly reduces idiosyncratic risk. Moreover, environmental disclosure decision enhances the positive impact of environmental regulation on idiosyncratic risk. Hence, investors pay more attention to environmental disclosure decision instead of environmental disclosure score.

Title: Occupational health and safety governance within New Zealand public service organisations

Helen Sadgrove, PhD in Finance

Abstract

Failures of governance have contributed to multiple global fatality events, yet the characteristics of occupational health and safety (OHS) governance remain undefined. The aim of this research is to define an OHS governance framework applicable to NZ public service organisations. The study will use an instrument dependent exploratory sequential mixed methods design (QUAL ® quan). Data will be gathered from a series of semi-structured interviews, observations, and document reviews to inform the development of a conceptual framework. A survey instrument will be developed to test the generalizability of the framework across the NZ public service.

Title: Carbon Risk and Idiosyncratic Volatility: US Evidence

Kasun Perera, PhD in Finance

Abstract

Global warming being at the forefront of climate-related risks, our purpose is to investigate the impact of carbon risk on the idiosyncratic volatility of firms. Based on a unique sample of the US-listed firms from 2009 to 2018, we offer a novel explanation for resolving the long-debated idiosyncratic volatility puzzle from a climate risk perspective and the impact of corporate carbon performance and carbon disclosure choice of firms on the idiosyncratic volatility of firms. Our empirical findings substantiate the necessity of considering carbon risk as a critical factor when making firm-level and portfolio diversification decisions.

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.

Title: Carbon Premium in Australian Equity Market

Ling Liao, PhD in Finance

Abstract

Part of this paper aims to explore the relationship between ASX stock returns and carbon emissions. With a dataset of 1783 ASX firms across 12 fiscal years between July 1st 2008 and June 30th 2020, after controlling for financial factors and industry and year fixed effects, my pooled regression results highlight a significant negative relationship between stock returns and the estimated Scope 1 and 2 total emissions (and emissions intensity). This finding may signal a carbon premium under a “long green and short brown firms” portfolio strategy.

Title: The Effect of CSR Committee Characteristics on Environmental and Social Disclosures

Dhanushika Samarawickrama, PhD in Accounting

Abstract

This study aims to investigate the effect of Corporate Social Responsibility (CSR) committee characteristics on environmental and social disclosures in India. The sample consists of 3,927 firm-year observations taken from the Bombay Stock Exchange all-cap index from 2015 to 2020. We construct a CSR committee quality index based upon 12 CSR committee factors extracted from annual report disclosures. Our study shows that social disclosures in India are positively related to firm CSR quality. The findings suggest that practitioners, regulators, and policymakers need to pay more attention to the promotion of CSR committee quality to enhance sustainable development.

Title: Charity Governance and Financial Performance: A Literature Review

Arung Mayapada, PhD in Accounting

Abstract

This study aims to synthesise and evaluate the extant literature investigating the relationship between charity governance and financial performance. The study integrates the empirical findings of 56 articles from 32 highly reputable journals published from 2000 to 2021. The analysis shows that current studies have used board, executive, and committee attributes to proxy for internal charity governance mechanisms and to measure their effect on charity performance. In addition, some studies have used external audit attributes to proxy external governance mechanisms. Our systematic literature review provides a framework to direct new research into the effect of charity governance mechanisms on financial performance.

Title: The early exercise premiums: Evidence from OEX and XEO options

Weihan Li, PhD in Finance

Abstract

This essay exploits the feature of OEX and XEO options written on the S&P 100 index, which are identical in every aspect except for the style, to investigate the value of being American. The evidence shows that there are three significant components of the early exercise premiums: premiums from theoretical model, wildcard period, and transaction cost savings by exercising. Besides, the proportions of these three specific sources in market premium differences fluctuate significantly across the sample period, especially during some turbulent times like the breakout of Covid-19.

Title: Essays on the Financial Economics of Climate Change and Indigenous Asset Management

Andre Poyser, PhD in Finance

Abstract

This thesis will present three essays which will explore the nexus between indigenous asset management and climate risk. With a particular focus on the investment and commercial firms of iwi, which will be referred to as Māori Asset Holding Institutions (MAHI), this project will seek to investigate how climate change affects the investments made by these entities. The first essay will outline a methodology for conducting indigenous climate finance research using a Kauppa Māori approach. The second essay will seek to investigate whether or not climate change considerations are integrated into the investment processes and asset holdings of MAHI, while the third essay will investigate the integration of landslide risk in the insurance of marae assets.

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 Thomson Reuters 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.