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MULTINATIONAL FINANCE SOCIETY

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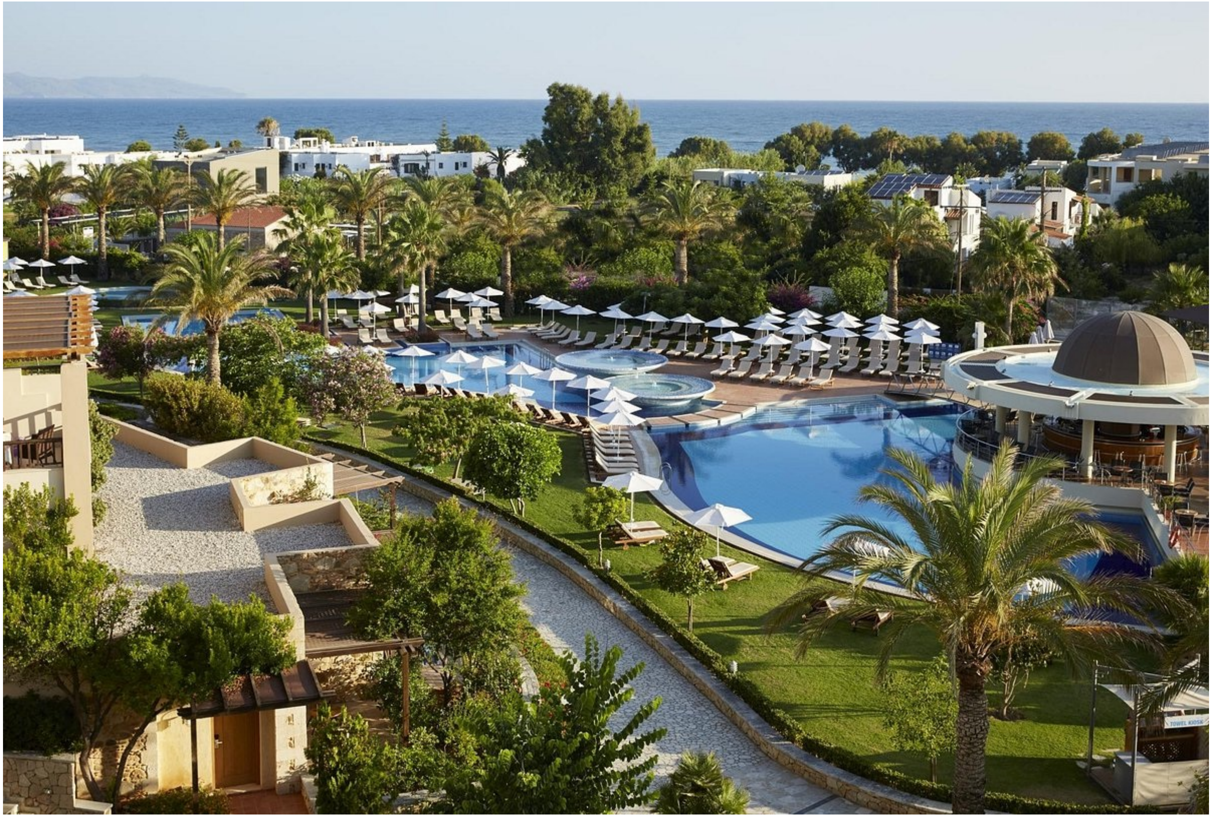

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June 29 - July 1, 2025
Minoa Palace Resort
Platanias 730 14
Crete, Greece

31st Annual Conference of The Multinational Finance Society
June 29 – July 1, 2025
Minoa Palace Resort, Platanias, Crete, Greece

Program Chairs

Christos Floros – Hellenic Mediterranean University, Greece
Kyriaki Kosmidou– Aristotle University of Thessaloniki, Greece
Demetris Kousenidis – Aristotle University of Thessaloniki, Greece
Christos I. Negkakis – University of Macedonia, Greece
Panayiotis Theodossiou – Ball State University, USA

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Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico
Lorne Switzer - Concordia University, Canada
George Tannous - University of Saskatchewan, Canada
Lenos Trigeorgis - Durham University Business School, UK
Mika Vaihekoski - University of Turku, Finland
Zvi Wiener - The Hebrew University, Israel

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Anestis Ladas - University of Macedonia, Greece
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Department of Finance, Insurance, Real Estate & Law

LETTER FROM THE PROGRAM CHAIRS

Dear Colleagues,

Welcome to the 31st Annual Conference of the Multinational Finance Society at the beautiful Minoa Palace Resort in Crete, Greece. Steeped in history and surrounded by natural splendor, Crete offers an inspiring backdrop for this year's academic and professional exchange.

The global financial system continues to face extraordinary challenges. From the ongoing ramifications of the Russo-Ukrainian conflict to the resurgence of trade protectionism and the intensifying tariff disputes among major economies, global supply chains remain disrupted, inflationary pressures persist, and investment patterns are being redefined. These challenges—compounded by post-pandemic fiscal strains and fragility in banking systems—underscore the critical need for collaborative dialogue on financial resilience, policy innovation, and institutional stability.

This year's conference program reflects the diversity, depth, and vitality of our global research community. It includes 138 papers, representing scholars and institutions from around the world. The program highlights the depth and diversity of modern financial research, featuring sessions on asset pricing, corporate finance, ESG and sustainable finance, spillover effects in financial markets, behavioral biases, capital structure, AI, and risk management strategies. Together, these topics reflect the field's ongoing innovation and its engagement with the complex dynamics of today's global economy.

We are honored to host two distinguished keynote speakers:

- **Professor Gikas Hardouvelis**, Chairman of the Board at the National Bank of Greece and Chairman of the Hellenic Bank Association, will present "The Greek Economy and its Financial Sector in the Trump Era," addressing the country's economic trajectory amidst global uncertainty.
- **Professor Geert Bekaert** of Columbia University will speak on "Risk, Monetary Policy, and Asset Prices in a Global World," offering insights into international financial linkages and evolving patterns of risk transmission.

We extend our sincere thanks to the Minoa Palace Resort for its warm hospitality and to our institutional sponsors—Ball State University, Aristotle University of Thessaloniki, Hellenic Mediterranean University, and the University of Macedonia—for their ongoing support and commitment to academic excellence. We would also like to acknowledge the Department of Finance, Insurance, Real Estate, and Law at the Ryan College of Business, University of North Texas, USA, for generously sponsoring the Welcome Reception.

Finally, we extend our heartfelt thanks to the National Bank of Greece for generously sponsoring this year's Gala Dinner, to be held at the spectacular Nykterida Restaurant and Bar. Perched above the sea with breathtaking views, this enchanting venue will treat us to the culinary treasures of Crete—a celebration of local flavors, traditional dishes, and Cretan hospitality at its finest. The evening promises to be a highlight of the conference, with lively Greek music and spirited traditional dances creating an unforgettable cultural experience and a joyful finale to our time together in Crete.

We hope you find this conference intellectually enriching, collegial, and enjoyable. May your time in Crete be as memorable as it is rewarding.

Sincerely,

The Program Co-Chairs:

C. Floros, K. Kosmidou, D. Kousenidis, C. I. Negkakis, and P. Theodossiou

GENERAL INFORMATION

SPONSORING INSTITUTIONS

Aristotle University of Thessaloniki, Greece
Ball State University, USA
Hellenic Mediterranean University, Greece
University of Macedonia, Greece

CONFERENCE INQUIRIES

Global Business Publications
mfs@mfsociety.org

CONFERENCE REGISTRATION

Sunday, June 29 (Imperial Lobby)	12:30 p.m. - 2:30 p.m & 7:00 p.m. - 8:30 p.m.
Monday, July 30 (Imperial Lobby)	8:00 a.m. - 4:30 p.m.
Tuesday, July 1 (Imperial Lobby)	8:00 a.m. - 4:30 p.m.

SOCIAL FUNCTIONS

Sunday, June 29

Sunday Tour (Buses will leave the Minoa Palace Resort at 4:00 p.m.)	4:00 p.m. - 7:30 p.m.

Monday, July 30

Refreshments (Imperial Lobby)	10:15 a.m. - 10:30 a.m.
Luncheon (Elia Main Restaurant)	12:15 p.m. - 1:15 p.m.
Refreshments (Imperial Lobby)	3:45 - 4:00 p.m.

Tuesday, July 1

Refreshments (Imperial Lobby)	10:15 a.m. - 10:30 a.m.
Luncheon (Elia Main Restaurant)	12:15 - 1:15 p.m.
Refreshments (Imperial Lobby)	3:45 p.m. - 4:00 p.m.
Gala Dinner (Nykterida Restaurant Bar)	8:30 p.m.- 11:30 p.m.

RECEPTION

Sunday 8:30 p.m. - 10:00 p.m. Tholos Pool Bar

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LIST OF SESSIONS

Monday 8:30 - 10:00 a.m.

Session 1	Accounting Issues I	Imperial, Hall 1
Session 2	Venture Capital	Imperial, Hall 2
Session 3	Capital Budgeting	Imperial, Hall 3
Session 4	Financial Distress	Imperial, Hall 4
Session 5	Meet the MFJ Editors	Imperial, Main Hall
Session 6	Investor Behavior and Stock Returns	Athena 3 Hall

Monday 10:15 - 12:15 p.m.

Session 7	Accounting Issues II	Imperial, Hall 1
Session 8	Asset Pricing Models & Tests	Imperial, Hall 2
Session 9	ESG	Imperial, Hall 3
Session 10	Investor Behavior, Governance, and Market Transparency	Imperial, Hall 4
Session 11	Corporate Decisions and Market Behavior	Imperial, Main Hall
Session 12	Markets Efficiency	Athena 3 Hall

Monday, 1:15 - 2:10 p.m.

Keynote Speech — Imperial Main Hall

The Greek Economy and Its Financial Sector in the Trump Era (Prof. G. Hardouvelis)

Monday 2:15 - 3:45 p.m.

Session 13	Capital Structure	Imperial, Hall 1
Session 14	Asset Pricing I	Imperial, Hall 2
Session 15	Currency Markets	Imperial, Hall 3
Session 16	Real Estate	Imperial, Hall 4
Session 17	Tutorial: Asset Pricing	Imperial, Main Hall
Session 18	Corporate Finance	Athena 3 Hall

Monday 4:00 - 6:00 p.m.

Session 19	Corporate Governance I	Imperial, Hall 1
Session 20	Asset Allocation	Imperial, Hall 2
Session 21	Corporate Structure	Imperial, Hall 3
Session 22	Banking and Mortgages	Imperial, Hall 4
Session 23	Corporate Governance, Market Behavior, and Firm Valuation	Imperial, Main Hall
Session 24	Payout Policy	Athena 3 Hall

LIST OF SESSIONS

Tuesday 8:30 - 10:00 a.m.

Session 25	Corporate Governance II	Imperial, Hall 1
Session 26	Asset Pricing II	Imperial, Hall 2
Session 27	Managerial Incentives	Imperial, Hall 3
Session 28	Mergers and Acquisitions	Imperial, Hall 4
Session 29	Emerging Markets	Imperial, Main Hall

Tuesday 10:15 - 12:15 p.m.

Session 30	Corporate Governance III	Imperial, Hall 1
Session 31	Inflation Issues	Imperial, Hall 2
Session 32	Firm Valuation	Imperial, Hall 3
Session 33	Financial Intermediaries	Imperial, Hall 4
Session 34	Fixed Income Securities	Imperial, Main Hall

Tuesday, 1:15 - 2:10 p.m.

Keynote Speech Imperial Main Hall

Risk, Monetary Policy, and Asset Prices in a Global World (Prof. G. Bekaert)

Tuesday 2:15 - 3:45 p.m.

Session 35	Corporate Governance IV	Imperial, Hall 1
Session 36	Asset Pricing III	Imperial, Hall 2
Session 37	Market Regulation	Imperial, Hall 3
Session 38	Agency Theory	Imperial, Hall 4
Session 39	Corporate Risk Management	Imperial, Main Hall

Tuesday 4:00 - 6:00 p.m.

Session 40	Corporate Governance V	Imperial, Hall 1
Session 41	Financial Econometrics	Imperial, Hall 2
Session 42	Information Asymmetry	Imperial, Hall 3
Session 43	Behavioral Issues	Imperial, Hall 4
Session 44	Household Issues	Imperial, Main Hall

Monday 8:30 - 10:00 a.m.

SESSION 1 **Imperial, Hall 1**

ACCOUNTING ISSUES I
Session Chair: Anita Pennathur - Florida Atlantic University, USA

"ε-Truth: Are Accounting Propositions True or False?"
Andreas Andrikopoulos - University of Piraeus, Greece
Naoum Vasilios-Christos - University of Piraeus, Greece

Discussant: Yu-Lin Hsu - University of Glasgow, UK

"The Impact of iXBRL Adoption on Cost of Equity Capital"
Yu-Lin Hsu - University of Glasgow, UK
Sin-Ru Chen - National Cheng Kung University, Taiwan
Fatema Alyafei - University of Glasgow, UK

Discussant: Vasileios Giannopoulos - University of the Peloponnese, Greece

"The Phenomenon of Unlicensed Gambling Establishments in The Balkan Countries of The European Union. Is There a Connection with Gambling Tax Legislation?"
Vasileios Giannopoulos - University of the Peloponnese, Greece
Leonidas Karakidis - University of the Peloponnese, Greece
Vassilis Babalos - University of the Peloponnese, Greece
Odyssefs Spiliopoulos - University of the Peloponnese, Greece

Discussant: Andreas Andrikopoulos - University of Piraeus, Greece

SESSION 2 **Imperial, Hall 2**

VENTURE CAPITAL
Session Chair: Trevor Chamberlain - McMaster University, Canada

"Flying Solo: Investigating The Divergence Between Informal Investors' Individual and Collective Decisions"
Andrea Odille Bosio - Politecnico di Milano, Italy
Vincenzo Capizzi - University of Piemonte Orientale Amedeo Avogadro, Italy
Francesca Tenca - Università del Piemonte Orientale, Italy

Discussant: Tanja Kirmse - Miami University, USA

"Learning from the Little Guy: Innovation Spillover from Private to Public Firms"
Melissa Crumling - Drexel University, USA
Tanja Kirmse - Miami University, USA

Discussant: Richard Saito - Fundação Getúlio Vargas, Brazil

"Predicting Private Equity Funds' Success With Machine Learning Tools"
Eduardo Marinho - Pontifícia Universidade Católica do Rio de Janeiro,
José Carlos Abreu Neto - University of Illinois Urbana-Champaign, USA
Richard Saito - Fundação Getúlio Vargas, Brazil

Discussant: Vincenzo Capizzi - University of Piemonte Orientale Amedeo Avogadro, Italy

Monday 8:30 - 10:00 a.m.

SESSION 3 **Imperial, Hall 3**

CAPITAL BUDGETING
Session Chair: Ajai Singh - University of Central Florida, USA

"An Analytical Model for Loan Commitments Facing the Material Adverse Change"
Zvi Wiener - The Hebrew University, Israel
Dan Galai - The Hebrew University of Jerusalem, Israel

Discussant: Mohsen Saad - American University of Sharjah, UAE

"The Effect of Fintech Financing on Firm Performance: Evidence from Emerging Economies"
Khusrav Gaibulloev - American University of Sharjah, UAE
Ali Mirzaei - American University of Sharjah, UAE
Tomoe Moore - Brunel University, UK
Mohsen Saad - American University of Sharjah, UAE

Discussant: Lenos Trigeorgis - Durham University Business School, UK

"Strategic Ambivalence Among Alternative Investment Choices under Uncertainty"
Benoît Roignant - Emlyon Business School, France
Nicos Koussis - Frederick University, Cyprus
Lenos Trigeorgis - Durham University Business School, UK

Discussant: Zvi Wiener - The Hebrew University, Israel

SESSION 4 **Imperial, Hall 4**

FINANCIAL DISTRESS
Session Chair: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"Private Equity in a Low-Interest Environment - Financial Distress and Value Creation"
Jahn Fischer - HHL Leipzig Graduate School of Management, Germany
Benjamin Hammer - Lancaster University Leipzig, Germany
Lukas Oswald - HHL Leipzig Graduate School of Management, Germany

Discussant: Kiyonori Iwata - Tokyo Keizai University, Japan

"Canary in the Coal Mine: Government Guaranteed Loans and Banks' Loan Loss Provisions in Japan"
Joseph French - Asian Institute of Technology, Thailand
Kiyonori Iwata - Tokyo Keizai University, Japan
James Wilcox - University of Calfornia, Berkeley, USA
Yukihiro Yasuda - Hitotsubashi University, Japan

Discussant: Abu Jalal - Suffolk University, USA

"Economic Consequences of Reincorporation in the State of Delaware"
Mufaddal Baxamusa - University of Minnesota, USA
Abu Jalal - Suffolk University, USA
Shahriar Khaksari - Suffolk University, USA
Hamid Mehran - Financial Economist, USA

Discussant: Jahn Fischer - HHL Leipzig Graduate School of Management, Germany

Monday 8:30 - 10:00 a.m.

SESSION 5 **Imperial, Main Hall**

MEET THE MFJ EDITORS
Session Chair: Timothy King - University of Vaasa, Finland

"MFJ Presentation"
Timothy King - University of Vaasa, Finland

"MFJ Presentation"
Anastasiya Shamshur - King's College London, UK

"MFJ Presentation"
Tatiana King - University of Vaasa, Finland

"MFJ Presentation"
Vanja Piljak - University of Vaasa, Finland

SESSION 6 **Athena 3 Hall**

INVESTOR BEHAVIOR AND STOCK RETURNS
Session Chair: Mingsheng Li - Bowling Green State University, USA

"Predictable Liquidity Properties in a Segmented, Inelastic Stock Market"
Haim Kedar-Levy - Ben Gurion University, Israel
Joon-Seok Kim - Korea Capital Market Institute, Korea, Republic of
Sean Yoo - The Massey College of Business, USA

Discussant: Marinela Adriana Finta - Singapore Management University, Singapore

"Retail Investors' Activity on Pleasant and Unpleasant Firms"
Marinela Adriana Finta - Singapore Management University, Singapore

Discussant: Mika Vaihekoski - University of Turku, Finland

"Impact of Airborne Pollen on Stock Market Risk"
Ville Kaukonen - University of Turku, Finland
Mika Vaihekoski - University of Turku, Finland

Discussant: Haim Kedar-Levy - Ben Gurion University, Israel

Refreshments 10:15 - 10:30 a.m.

Imperial Lobby

Monday 10:15 - 12:15 p.m.

SESSION 7 **Imperial, Hall 1**

ACCOUNTING ISSUES II
Session Chair: Christos Negkakis - University of Macedonia, Greece

"Timeliness of Accounting Information and Forward-Looking Information"
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece
Anestis Ladas - University of Macedonia, Greece
Christos Negkakis - University of Macedonia, Greece
Ioannis Negkakis - University of Plymouth, UK

Discussant: Anita Pennathur - Florida Atlantic University, USA

"The Effect of Firm-Specific Exposure to Regulatory Intensity on Earnings Management"
Surendranath Jory - University of Southampton, UK
Thanh Ngo - East Carolina University, USA
Anita Pennathur - Florida Atlantic University, USA
Jurica Susnjara - Barry University, USA

Discussant: Panayiotis Tahinakis - University of Macedonia, Greece

"Using Deep Machine Learnings Methods to Measure Comparability of Disclosures"
Anestis Ladas - University of Macedonia, Greece
Anastasios Moutsiounas - University of Macedonia, Greece
Christos Negkakis - University of Macedonia, Greece
Panagiotis Tahinakis - University of Macedonia, Greece

Discussant: Steven Zhu - University of Houston, USA

"How Does Institutional Investment Horizon Influence Companies' Use of Component Auditors?"
Steven Zhu - University of Houston, USA

Discussant: Anestis Ladas - University of Macedonia, Greece

SESSION 8 **Imperial, Hall 2**

ASSET PRICING MODELS & TESTS
Session Chair: Zvi Wiener - The Hebrew University, Israel

"The Sensitivity of Multifactor Efficiency and Performance Evaluation"
Yoon Choi - Univ. of Central FLorida, USA

Discussant: Andrew Grant - University of Sydney, Australia

"Information Spillovers and Firm Geographic Dispersion: Evidence from Local Stock Return Comovement"
Jared DeLisle - Utah State University, USA
Andrew Grant - University of Sydney, Australia
Ruiqi Mao - University of Sussex, UK

Discussant: Xiaoquan Jiang - Florida International Univeristy, USA

"Economic Shocks in Stock, Corporate bond, and Treasury Bond Markets"
Xiaoquan Jiang - Florida International Univeristy, USA
Chen Li - Florida International University, USA

Discussant: Stefan Lyócsa - Masaryk University, Czech Republic

"Degrees of Asymmetry in Loss Functions: Improving Volatility Forecasts and Trading Performance"
Stefan Lyócsa - Masaryk University, Czech Republic
Daniel Stašek - Masaryk University, Czech Republic

Discussant: Yoon Choi - Univ. of Central FLorida, USA

SESSION 9 **Imperial, Hall 3**

ESG
Session Chair: Arif Khurshed - University of Manchester, UK

"ESG Performance and Corporate Bond Volatility"
Trevor Chamberlain - McMaster University, Canada
Zehua Zhang - Hunan University, China
Ran Zhao - San Diego State University, USA
Lu Zhu - California State University Long Beach, USA

Discussant: Banita Bissoondoyal-Bheenick - RMIT University, Australia

"ESG and Stock Price Crash Risk: The Role of CEO Power"
Nikeel Kumar - RMIT University, Australia
Banita Bissoondoyal-Bheenick - RMIT University, Australia
Angel Zhong - RMIT University, Australia

Discussant: Chia-Wei Yeh - National Chi Nan University, Taiwan

"ESG Performance and Payout Policy"
Chong-Chuo Chang - National Chi Nan University, Taiwan
Chia-Wei Yeh - National Chi Nan University, Taiwan
Yi-Jou Liu - National Chi Nan University, Taiwan

Discussant: Qiang Kang - Florida International University, USA

"Not All Disasters are Alike: Extreme Weather Events and Stock Performance"
Shahid Hamid - Florida International University, USA
Qiang Kang - Florida International University, USA

Discussant: Trevor Chamberlain - McMaster University, Canada

Monday 10:15 - 12:15 p.m.

SESSION 10 **Imperial, Hall 4**

INVESTOR BEHAVIOR, GOVERNANCE, AND MARKET TRANSPARENCY
Session Chair: Wook Sohn - KDI School, Korea, Republic of

"Related Party Transactions in South Africa: Abusive or Efficient?"
Faeezah Peerbhai - University of Cape Town, South Africa
Amitabh Gupta - University of Delhi, India

Discussant: Stefan Ruenzi - University of Mannheim, Germany

"Machine Learning Mutual Fund Flows"
Jürg Fausch - Lucerne University of Applied Sciences and Arts, Switzerland
Moreno Frigg - University of Neuchatel, Switzerland
Stefan Ruenzi - University of Mannheim, Germany
Florian Weigert - University of Neuchatel, Switzerland

Discussant: Zhiyuan Jin - Wenzhou-Kean University, China

"Balancing Data Protection and Innovation: The Impact of Data Breach Notification Laws on AI Patent Growth"
Zhiyuan Jin - Wenzhou-Kean University, China
Yunfei Zhao - Wenzhou-Kean University, China
Zixuan Zhao - Wenzhou-Kean University, China

Discussant: Mehdi Haghbaali - Tehran Institute for Advanced Studies, Iran

"Price Manipulation Before Large Block Trades"
Ali Ebrahimnejad - Sharif University of Technology, Iran
Mehdi Haghbaali - Tehran Institute for Advanced Studies, Iran
Kianoush Saeedi - Sharif University of Technology, Iran

Discussant: Faeezah Peerbhai - University of Cape Town, South Africa

SESSION 11 **Imperial, Main Hall**

CORPORATE DECISIONS AND MARKET BEHAVIOR
Session Chair: Matthias Bank - University of Innsbruck, Austria

"SEO Waves, Financial Constraints, and Industry Issuance Activity"
Yi Jiang - California State University, Fullerton, USA
Tingting Que - University of Macau, China

Discussant: Ajai Singh - University of Central Florida, USA

"Everything is in Order! Order Backlog and FX Hedging"
Anandi Banerjee - Queens University of Charlotte, USA

Discussant: Yi Jiang - California State University, Fullerton, USA

"Non-Underwritten Placements of Equity"
Ajai Singh - University of Central Florida, USA

Discussant: Anandi Banerjee - Queens University of Charlotte, USA

Monday 10:15 - 12:15 p.m.

SESSION 12 **Athena 3 Hall**

MARKETS EFFICIENCY
Session Chair: Mohsen Saad - American University of Sharjah, UAE

"Price Discovery in the S&P 500: Leaders and Followers"
Diego Amaya - Wilfrid Laurier University, Canada
M. Fabricio Perez - Wilfrid Laurier University, Canada

Discussant: Yufeng Han - University of North Carolina at Charlotte, USA

"Beta Uncertainty as a Barrier to Arbitrage and the Impact on Anomaly Returns"
Ronald Balvers - McMaster University, Canada
Yufeng Han - University of North Carolina at Charlotte, USA
Ou Hu - Johns Hopkins University, USA
Zhaodan Huang - Utica University, USA

Discussant: Mingsheng Li - Bowling Green State University, USA

"Does Digital Technology Development Attenuate Investor Local Attention Bias?"
John Goodell - University of Akron, USA
Mingsheng Li - Bowling Green State University, USA
Desheng Liu - Qilu University of Technology, China

Discussant: M. Fabricio Perez - Wilfrid Laurier University, Canada

LUNCHEON

12:15 - 1:15 p.m. Elia Main Restaurant

KEYNOTE SPEECH

1:15 - 2:10 p.m. Imperial Main Hall

Professor Gikas Hardouvelis

Chairman of the Board of Directors at the National Bank of Greece

Chairman of the Hellenic Bank Association, University of Piraeus, Greece

THE GREEK ECONOMY AND ITS FINANCIAL SECTOR IN THE TRUMP ERA

Monday 2:15 - 3:45 p.m.

SESSION 13 **Imperial, Hall 1**

CAPITAL STRUCTURE
Session Chair: Jeffrey Callen - University of Toronto, Canada

"Financing a Sustainable Future: The Diverging Effects of Equity and Credit Market Development on Corporate Social Responsibility"
Mihail K. Miletkov - University of New Hampshire, USA
Viktoriya Staneva - University of New Hampshire, USA

Discussant: Miguel Sousa - University of Porto, Portugal

"The Impact of Tax Reforms on Leverage: The Cases of Portuguese and Spanish Systems"
Ana Rocha - University of Porto, Portugal
Miguel Sousa - University of Porto, Portugal

Discussant: Adrian Struciński - Kozminski University, Poland

"The Cost of Capital Calculation in the Project Finance Settings"
Adrian Struciński - Kozminski University, Poland
Pawel Mielcarz - Kozminski University, Poland
Dmytro Osiichuk - Kozminski University, Poland

Discussant: Mihail K. Miletkov - University of New Hampshire, USA

SESSION 14 **Imperial, Hall 2**

ASSET PRICING I
Session Chair: Mika Vaihekoski - University of Turku, Finland

"Equity Forward Return from Derivatives"
Steven Clark - University of North Carolina at Charlotte, USA
Yueliang (Jacques) Lu - Clemson University, USA
Weidong Tian - University of North Carolina at Charlotte, USA

Discussant: Matthias Bank - University of Innsbruck, Austria

"Relative Visibility and Attraction in Asset Pricing"
Matthias Bank - University of Innsbruck, Austria

Discussant: Paulo Roberto Fonteles Guimaraes - Universidade de Brasilia, Brazil

"Man vs Machine: Can AI-Based Stock-Picking Outperform Human Skill?"
Paulo Roberto Fonteles Guimaraes - Universidade de Brasilia, Brazil
Herbert Kimura - University of Brasília, Brazil

Discussant: Weidong Tian - University of North Carolina at Charlotte, USA

SESSION 15 **Imperial, Hall 3**

CURRENCY MARKETS
Session Chair: M. Fabricio Perez - Wilfrid Laurier University, Canada

"Global Impact of Ukraine War on Multinational Enterprises' Exchange Rate Risk"
Leonard Arvi - Salisbury University, USA
Herman Manakyan - Salisbury University, USA
Kashi Khazeh - Salisbury University, USA

Discussant: Kashi Khazeh - Salisbury University, USA

"Global Impact of Covid-19 Crisis On Multinational Enterprises' Exchange Rate Risk Measurement: A Value at Risk Approach"
Kashi Khazeh - Salisbury University, USA
Leonard Arvi - Salisbury University, USA
Robert Winder - Christopher Newport University, USA

Discussant: Jiri Svec - University of Sydney, Australia

"Impact of Tick Size on Market Quality"
Meiyu Wu - Beihang University, China
Sean Foley - Macquarie University,
Jiri Svec - University of Sydney, Australia
Jiri Svec - University of Sydney, Australia

Discussant: Herman Manakyan - Salisbury University, USA

SESSION 16 **Imperial, Hall 4**

REAL ESTATE
Session Chair: David Rakowski - UT Arlington, USA

"How Brexit Changed the Dynamics of UK Commercial Real Estate: Evidence from the Roles of Domestic and Foreign Monetary Policies"
Alain Coen - University of Quebec in Montreal, Canada
Philippe Guardiola - Universit´ e Paris-Nanterre, FrancePhilippe.guardiola@realestate.bupparibas

Discussant: Ian Lenaers - Vrije Universiteit Brussel, Belgium

"Lost In the Modeling Stage: A Comparative Analysis of Machine Learning models for Real Estate Data"
Ian Lenaers - Vrije Universiteit Brussel, Belgium
Lieven De Moor - Vrije Universiteit Brussel, Belgium

Discussant: Yildiray Yildirim - Baruch College-CUNY, USA

"Opioid Crisis and Local Economic Pain: Evidence from Commercial Real Estate Loan"
Yildiray Yildirim - Baruch College-CUNY, USA
Jiang Zhang - Hong Kong University, Hong Kong
Bing Zhu - Technical University of Munich, Germany

Discussant: Alain Coen - University of Quebec in Montreal, Canada

Monday 2:15 - 3:45 p.m.

SESSION 17 **Imperial, Main Hall**

TUTORIAL: ASSET PRICING
Session Chair: Jedrzej Bialkowski - University of Canterbury, New Zealand

"On the State of Asset Pricing: Questions and Insights"
David Feldman - UNSW Sydney, Australia

Discussant: - ,

SESSION 18 **Athena 3 Hall**

CORPORATE FINANCE
Session Chair: Stefan Ruenzi - University of Mannheim, Germany

"Unraveling Firm Value Determinants: The Moderating Effect of Company Size on Capital Structure and Financial Performance in Mexican Stock Exchange (2013-2024)"
Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico
Alejandra Cabello-Rosales - Universidad Nacional Autónoma de México, Mexico
Edgar Ortiz - Universidad Nacional Autónoma de México, Mexico

Discussant: Gabrielle Wanzenried - Univiversity of Applied Sciences Western Switzerland HES-SO, Switzerland

"What Determines the Performance of Alpine Transport Operators? Empirical Evidence from Switzerland"
Philipp Lütolf - University of Applied Sciences and Arts Central Switzerland, Switzerland
Gabrielle Wanzenried - Univiversity of Applied Sciences Western Switzerland HES-SO, Switzerland

Discussant: Mehmet Goktan - California State University, East Bay, USA

"Relationship Between Funds' ESG Ratings and Lipper Rankings"
Mehmet Goktan - California State University, East Bay, USA
Ekin Alakent - California State University, East Bay, USA

Discussant: Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico

Refreshments 3:45 - 4:00 p.m.

Imperial Lobby

Monday 4:00 - 6:00 p.m.

SESSION 19 **Imperial, Hall 1**

CORPORATE GOVERNANCE I
Session Chair: Alain Coen - University of Quebec in Montreal, Canada

"Organizational Resilience with ESG Before and After of COVID-19"
Cristianna Chimonaki - Hellenic Mediterranean University, Greece
Efthalia Tabouratzi - Hellenic Medeterranean University, Greece
Konstantinos Vasilakakis - Hellenic Medeterranean University, Greece

Discussant: Osama El-Temtamy - Mount Royal University, Canada

"Audit Risk Evaluation Using Data Envelopment Analysis with Ordinal Data"
Amin Gholam R - University of New Brunswick, Canada
Osama El-Temtamy - Mount Royal University, Canada
Samy Garas - State University of New Your, USA

Discussant: Dimitrios Vortelinos - Hellenic Mediterranean University, Greece

"Exploring Audit Opinions: A Deep Dive into Ratios and Fraud Variables in the Athens Exchange"
Yiannis Yiannoulis - Hellenic Mediterranean University, Greece
Dimitrios Vortelinos - Hellenic Mediterranean University, Greece
Ioannis Passas - Hellenic Mediterranean University, Greece
Christos Floros - Hellenic Mediterranean University, Greece

Discussant: Cristianna Chimonaki - Hellenic Mediterranean University, Greece

SESSION 20 **Imperial, Hall 2**

ASSET ALLOCATION
Session Chair: Weidong Tian - University of North Carolina at Charlotte, USA

"Testing Rational and Behavioral Predictions to Long-Term Reversal:Industry Evidence from Latin America"
Luis Berggrun - CESA Business School, Colombia
Emilio Cardona - Universidad de los Andes, Colombia
Edmundo Lizarzaburu - ESAN University, Peru

Discussant: Siegfried Köstlmeier - University of Regensburg, Germany

"The Global Market for Luxury Watches and Asset Pricing"
Siegfried Köstlmeier - University of Regensburg, Germany
Klaus Röder - University of Regensburg, Germany

Discussant: Jedrzej Bialkowski - University of Canterbury, New Zealand

"Investor Gambles and Political Signals"
Jedrzej Bialkowski - University of Canterbury, New Zealand
Arman Eshraghi - Cardiff University, UK
Xiaopeng Wei - University of Adelaide, Australia, Australia

Discussant: Luis Berggrun - CESA Business School, Colombia

Monday 4:00 - 6:00 p.m.

SESSION 21 **Imperial, Hall 3**

CORPORATE STRUCTURE
Session Chair: Gabrielle Wanzenried - Univiversity of Applied Sciences Western Switzerland HES-SO, Switzerland

"Does Workforce Diversity Affect Firm Efficiency and Productivity"
Jeffrey Callen - University of Toronto, Canada
Dan Segal - Reichman University, Israel
Zhongnan Xiang - Warwick University, UK

Discussant: Jason Smith - Utah State University, USA

"Private Equity Financial Intermediation"
Jared Delisle - Utah State University, USA
Jason Smith - Utah State University, USA

Discussant: Koresh Galil - Ben-Gurion University, Israel

"Country Financial Development and the Extension of Trade Credit by Firms with Market Power"
Koresh Galil - Ben-Gurion University, Israel
Offer Shapir - New York University Shanghai,
Rodrigo Zeidan - New York University Shanghai,

Discussant: Jeffrey Callen - University of Toronto, Canada

SESSION 22 **Imperial, Hall 4**

BANKING AND MORTGAGES
Session Chair: Yildiray Yildirim - Baruch College-CUNY, USA

"Sentiment Driven Loans"
Boris Fisera - Slovak Academy of Sciences, Bratislava, Slovakia
Zuzana Kostalova - Slovak Academy of Sciences, Slovakia
Stefan Lyócsa - Masaryk University, Czech Republic

Discussant: David Rakowski - UT Arlington, USA

"Borrower-Lender Political Homophily and Loan Characteristics"
Abdulaziz Alshamrani - King Saud University, Saudi Arabia
David Rakowski - UT Arlington, USA
Salil Sarkar - University of Texas at Arlington, USA

Discussant: Yi Liu - University of North Texas, USA

"Does Market Interest Rates Change Bank Profitability and Risk?"
Mujtaba Zia - University of North Texas-Dallas, USA
Mucahit Kochan - Governors State University, USA
Yi Liu - University of North Texas, USA

Discussant: Zuzana Kostalova - Slovak Academy of Sciences, Slovakia

Monday 4:00 - 6:00 p.m.

SESSION 23 **Imperial, Main Hall**

CORPORATE GOVERNANCE, MARKET BEHAVIOR, AND FIRM VALUATION
Session Chair: Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico

"Integrative Models of Firm Performance: Empirical Evidence"
Benjamin Maury - Hanken School of Economics, Finland

Discussant: Anja Stiller - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany

"Board Diversity Appearance and Firm Performance: An Image-Based Deep Learning Approach"
Lukas Greger - Friedrich-Alexander-Universität Erlangen-Nuremberg, Germany
Hendrik Scholz - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany
Anja Stiller - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany
Nicolas Webersinke - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany

Discussant: Antonio Figueiredo - Nova Southeastern University, USA

"IPO Underpricing and Cyberattacks on Industry Peer Firms"
Antonio Figueiredo - Nova Southeastern University, USA
Darshana Palkar - Nova Southeastern University, USA

Discussant: Tanveer Ahsan - Rennes School of Business, France

"Does Party School Education Facilitate Green Innovation? Evidence From China"
Muhammad Ansar Majeed - Kedge Business School, France
Tanveer Ahsan - Rennes School of Business, France
Ammar Gull - Léonard de Vinci Pôle Universitaire, France

Discussant: Benjamin Maury - Hanken School of Economics, Finland

SESSION 24 **Athena 3 Hall**

PAYOUT POLICY
Session Chair: Stefan Lyócsa - Masaryk University, Czech Republic

"A Cultural Explanation of The Dividend Payout of Multinational Firms"
John Fan Zhang - Macau University of Science and Technology, China

Discussant: Arif Khurshed - University of Manchester, UK

"Investor Sentiment and the Demand for Dividends"
Amedeo De Cesari - University of Manchester, UK
Mo Hao - University of Manchester, UK
Arif Khurshed - University of Manchester, UK

Discussant: Anna Danielova - McMaster University, Canada

"Corporate Operating Performance Following Seasoned Equity Offerings: It Pays to Pay Dividends"
Anna Danielova - McMaster University, Canada
Wei-Ju Liao - McMaster University, Canada

Discussant: John Fan Zhang - Macau University of Science and Technology, China

Tuesday 8:30 - 10:00 a.m.

SESSION 25 **Imperial, Hall 1**

CORPORATE GOVERNANCE II
Session Chair: Stephen Ferris - University of North Texas, USA

"Corporate Governance and Supplier Financing: Evidence from Global Board Reforms"
Douglas Cumming - Florida Atlantic University, USA
Jared DeLisle - Utah State University, USA
Jin Lei - Brock University, Canada
Zi Yang - McMaster University, Canada

Discussant: Sapar Rao - Indian Institute of Technology, Bombay, India

"Greener Firms, Greater Returns? A Non-Linear Analysis of Greenhouse Gas Emissions and Firm Performance."
Karishma Salian - Indian Institute of Technology, Bombay, India
Sapar Rao - Indian Institute of Technology, Bombay, India
Trupti Mishra - Indian Institute of Technology, Bombay, India

Discussant: Kevin Zhao - Middle Tennessee State University, USA

"Legal Origins, Dividend Policies, and Firm Value:Evidence from European Firms Listed in the U.S."
Kevin Zhao - Middle Tennessee State University, USA

Discussant: Jared DeLisle - Utah State University, USA

SESSION 26 **Imperial, Hall 2**

ASSET PRICING II
Session Chair: Lorne Switzer - Concordia University, Canada

"Investor Heterogeneity and Stock Return Dynamics: A Generalized Feedback Trading Model"
Gregory Koutmos - Fairfield University, USA
Dimitrios Koutmos - Texas A&M University, Corpus Christi, USA

Discussant: Mahmoud Qadan - University of Haifa, Israel

"The Ambiguity Smile"
Mahmoud Qadan - University of Haifa, Israel
Mahmoud Ayoub - University of Haifa, Israel

Discussant: Hisham Al Refai - Qatar University, Qatar

"The Dynamics of Consumer Sentiment, Oil Price Shocks, and the Equity Market in Saudi Arabia: A Regime-Switching Analysis"
Hisham Al Refai - Qatar University, Qatar
Mohamed Abdel-Aziz Eissa - Qatar University, Qatar
Mahmoud Karasneh - Qatar University, Qatar

Discussant: Gregory Koutmos - Fairfield University, USA

SESSION 27 **Imperial, Hall 3**

MANAGERIAL INCENTIVES
Session Chair: Lenos Trigeorgis - Durham University Business School, UK

"Executive Compensation and Pollution: Theory and Evidence"
Jerome Detemple - Boston University, USA
Hao Xing - Boston University, USA

Discussant: Maria Grydaki - Hellenic Mediterranean University, Greece

"Do Leniency Laws Affect the Demand for Accounting Conservatism?"
Georgios Loukopoulos - University of Sussex, UK
Panagiotis Loukopoulos - University of Strathclyde,
Maria Grydaki - Hellenic Mediterranean University, Greece

Discussant: Yisong Tian - York University, Canada

"Stock Option Incentives and Corporate Hedging Decisions: Theory and Empirical Evidence"
Chengcheng Huang - York University, Canada
Yisong Tian - York University, Canada

Discussant: Jerome Detemple - Boston University, USA

SESSION 28 **Imperial, Hall 4**

MERGERS AND ACQUISITIONS
Session Chair: Karsten Frankfurth - ESCP Business School, France

"Legal Counsels of SPACs"
Edward Lawrence - Florida International University, USA
Mario-Hernandez Tinoco - EHDEC Business School, Finland
Vanja Piljak - University of Vaasa, Finland
Milos Vulanovic - EDHEC Business School, France

Discussant: Don Galagedera - Monash University, Australia

"Establishing Short-Term and Medium-Term Efficiency Targets in Merger and Acquisition Analysis: An Application to Managed Funds"
Don Galagedera - Monash University, Australia

Discussant: Maria Psillaki - University of Piraeus, Greece

"Are European bank Mergers and Acquisitions (M&A) effective strategies for the improvement of governance quality and performance?"
Ioannis Thanos - University of Piraeus, Greece
Maria Psillaki - University of Piraeus, Greece
Panagiotis Tziogkidis - University of Macedonia, Greece
Dimitris Margaritis - University of Auckland, New Zealand

Discussant: Vanja Piljak - University of Vaasa, Finland

Tuesday 8:30 - 10:00 a.m.

SESSION 29 **Imperial, Main Hall**

EMERGING MARKETS
Session Chair: Joana Resende - University of Porto, Portugal

"Trading Energy Markets with A View to Energy Security: A Practical Approach"
Athanasios Rentiniotis - University of Western Macedonia, Greece
Efstathios Konstantinidis - University of Western Macedonia, Greece

Discussant: Marina Albanese - Università degli Studi di Napoli Federico II, Italy

"Climate Policies, Energy Shocks and Spillovers Between Green and Brown Stock Price Indices"
Marina Albanese - Università degli Studi di Napoli Federico II, Italy
Guglielmo Maria Caporale - Brunel University of London, UK
Ida Colella - Brunel University of London, UK
Nicola Spagnolo - Brunel University of London, UK

Discussant: Wook Sohn - KDI School, Korea, Republic of

"Central Banks' Support for Climate Action: Key Issues and Recommendations"
Iegor Vyshnevskyi - Woosong University, Korea, Republic of
Wook Sohn - KDI School, Korea, Republic of

Discussant: Athanasios Rentiniotis - University of Western Macedonia, Greece

Refreshments 10:15 - 10:30 a.m.

Imperial Lobby

Tuesday 10:15 - 12:15 p.m.

SESSION 30 **Imperial, Hall 1**

CORPORATE GOVERNANCE III
Session Chair: Jerome Detemple - Boston University, USA

"Options Listing and Cost Structure Rigidity"
Yuan Huang - Hong Kong Polytechnic University, China
Lewis Tam - University of Macau, Macao
Ruzhou Wang - Nanjing University, China

Discussant: Stephen Ferris - University of North Texas, USA

"When Spending Time with the Family Isn't: The Narrative Masking of CEO Departures"
Stephen Ferris - University of North Texas, USA
Sushil Sainani - University of Liverpool, UK

Discussant: Yoko Shirasu - Aoyama Gakuin University, Japan

"Non-Homogeneous Characteristics of Institutional Investors and ESG: FromLong-Term Investment in Japanese Firms and CO2"
Yoko Shirasu - Aoyama Gakuin University, Japan

Discussant: Helen Spiropoulos - University of Technology Sydney, Australia

"Rebuilding Trust: Board Actions and Their Effectiveness in the Wake of Corporate Social Irresponsibility"
Rebecca Bachmann - Macquarie University, Australia
Helen Spiropoulos - University of Technology Sydney, Australia
Ruoyun Zhao - University of Technology Sydney, Australia

Discussant: Lewis Tam - University of Macau, Macao

SESSION 31 **Imperial, Hall 2**

INFLATION ISSUES
Session Chair: Gregory Koutmos - Fairfield University, USA

"How is Inflation Priced in Global Markets?"
Novdeep Smag - University of Geneva, Switzerland

Discussant: Anna Prucnal - International Journal of Business & Management Studies, Poland

"Inflation Management in the EU: Does the Eurozone Outperform the Non-Euro States?"
Anna Prucnal - International Journal of Business & Management Studies, Poland

Discussant: Lorne Switzer - Concordia University, Canada

"Inflation, IVOL, The Cost of Capital, And Investment: Jolted By The Unexpected"
Lorne Switzer - Concordia University, Canada
Nabil El Meslmani - St. Mary's University, Canada
Radhika Solanki - Concordia University, Canada

Discussant: Novdeep Smag - University of Geneva, Switzerland

SESSION 32 **Imperial, Hall 3**

FIRM VALUATION
Session Chair: Yisong Tian - York University, Canada

"Shareholder Value Creation: An Industry-Level Analysis of Optimal Metrics and Economic Impact"
John Hall - University of Pretoria, South Africa
Elda Du Toit - University of Pretoria, South Africa

Discussant: Pawel Mielcarz - Kozminski University, Poland

"Pollution Premium in the Cost of Capital of Energy Companies: Implications for Capital Budgeting Decisions"
Pawel Mielcarz - Kozminski University, Poland
Dmytro Osiichuk - Kozminski University, Poland
Adrian Strucinski - Kozminski University, Poland

Discussant: Rhole Coetzee - University of Pretoria, South Africa

"The Influence of Financial and Non-Financial Sustainability on Firm Performance"
Rhole Coetzee - University of Pretoria, South Africa
Elda Du Toit - University of Pretoria, South Africa
John Hall - University of Pretoria, South Africa

Discussant: Arturo Rubalcava - University of Regina, Canada

"Issue Costs on Private Equity Offerings By Canadian Public Companies: A Comparison Between Bought Deals and Marketed Best Efforts"
Arturo Rubalcava - University of Regina, Canada

Discussant: John Hall - University of Pretoria, South Africa

SESSION 33 **Imperial, Hall 4**

FINANCIAL INTERMEDIARIES
Session Chair: David Feldman - UNSW Sydney, Australia

"Pay or Persuade and The Quality of Outcome – The Choice Between Paid-For and Sell-Side Analysts Research For SME"
Marc Berninger - TU Darmstadt, Germany
Leonard Grebe - TU Darmstaadt, Germany
Dirk Schiereck - TU Darmstadt, Germany

Discussant: Anestis Ladas - University of Macedonia, Greece

"Geopolitical Risk Effects on Shadow Banks"
Panagiotis Koutroumpis - University of Sussex, UK
Anestis Ladas - University of Macedonia, Greece
Nikolaos Paltalidis - University of Bath, UK
Lenos Trigeorgis - Durham University Business School, UK

Discussant: Barry Williams - Monash University, Australia

"Is the Excess Less? Regulations and Bank Buffers of Quality Capital"
Barry Williams - Monash University, Australia
Jean-Pierre Fenech - Monash University, UK

Discussant: Leonard Grebe - TU Darmstaadt, Germany

SESSION 34 **Imperial, Main Hall**

FIXED INCOME SECURITIES
Session Chair: George Tannous - University of Saskatchewan, Canada

"Anatomy of Municipal Green Bond Yield Spreads"
Mohammad Hadi Sehatpour - University of Technology Sydney, Australia
Marta Campi - Institut Pasteur, Université Paris Cité, France
Christina Nikitopoulos - University of Technology Sydney, Australia
Gareth Peters - University of California Santa Barbara, USA
Kylie-Anne Richards - University of Technology Sydney, Australia

Discussant: Stavroula Yfanti - Queen Mary University of London, UK

"Sectoral Interdependences in the Bond Market"
Menelaos Karanasos - Brunel University, UK
Yongdeng Xu - Cardiff University, UK
Stavroula Yfanti - Queen Mary University of London, UK

Discussant: Vassilis Babalos - University of Peloponnese, Greece

"Skill Across Actively Managed Bond Funds Revisited: Distinguishing BestFrom Worst Managers"
Timotheos Angelidis - University of Peloponnese, Greece
Vassilis Babalos - University of Peloponnese, Greece
Athanasios Sakkas - Athens University of Economics and Business,
Thanaset Chevapatrakul - Nottingham University Business School, UK

Discussant: Mohammad Hadi Sehatpour - University of Technology Sydney, Australia

LUNCHEON

12:15 - 1:15 p.m. Elia Main Restaurant

KEYNOTE SPEECH

1:15 - 2:10 p.m. Imperial Main Hall

Professor Geert Bekaert

Columbia University, USA

RISK, MONETARY POLICY, AND ASSET PRICES IN A GLOBAL WORLD

Tuesday 2:15 - 3:45 p.m.

SESSION 35 **Imperial, Hall 1**

CORPORATE GOVERNANCE IV
Session Chair: Martin Bugeja - University of Technology, Sydney, Australia

"The Impact of Corporate Social Responsibilty Performance on Investment Efficiency: The Mediating Effects of Agency Cost and Information Asymmetry"
Yu-Chen Wei - National Kaohsiung University of Science and Technology, Taiwan
Chien-Wei Chang - The First China Investment and Trust Co. Ltd, Taiwan
Chia-Yun Lu - Jiun Cheng Technology Co., Ltd., Taiwan

Discussant: Imèn Mokrani - UPJV, France

"The Use of ESG Standards in Reward-Based Crowdfunding Campaign: A Safe Deal?"
Imèn Mokrani - UPJV, France

Discussant: Sanjiv Jaggia - California Polytechnic State University, USA

"CEO Tenure and Age-Cohorts: Implications for Management Style"
Sanjiv Jaggia - California Polytechnic State University, USA
Satish Thosar - University of Redlands, USA

Discussant: Yu-Chen Wei - National Kaohsiung University of Science and Technology, Taiwan

SESSION 36 **Imperial, Hall 2**

ASSET PRICING III
Session Chair: Banita Bissoondoyal-Bheenick - RMIT University, Australia

"Option-Implied Asymmetry Indices in the Eurozone: The Relationship with Sentiment and Financial Stress"
Luca Gambarelli - University of Modena and Reggio Emilia, Italy
Silvia Muzzioli - University of Modena and Reggio Emilia, Italy

Discussant: Anandi Banerjee - Queens University of Charlotte, USA

"A Skewed Extension of the Black-Scholes Model"
Panayiotis Theodossiou - Ball State University, USA
Lenos Trigeorgis - Durham University Business School, UK

Discussant: David Feldman - UNSW Sydney, Australia

"Stock Returns and the Distress Puzzle"
David Feldman - UNSW Sydney, Australia
Chang-Mo Kang - Hanyang University, Korea, Republic of
Donghyun Kim - Chung Ang University, Korea, Republic of
Hong Kee Sul - Chung Ang University, Korea, Republic of

Discussant: Silvia Muzzioli - University of Modena and Reggio Emilia, Italy

SESSION 37 **Imperial, Hall 3**

MARKET REGULATION
Session Chair: Dirk Schiereck - TU Darmstadt, Germany

"Revisiting The Financial Transaction Tax Debate: Insights from Spain"
Ana-María Fuertes - City, University of London, UK
Marcos González-Fernández - University of Leon, Spain
M.-Dolores Robles - Universidad Complutense de Madrid (UCM), Spain

Discussant: Hui Sono - James Madison University, USA

"Market Impact of Blacklisting: Evidence from Holding Foreign Companies Accountable Act"
Weiwei Zhang - James Madison University, USA
Hui Sono - James Madison University, USA
Daniel Smith - RSM US LLP, USA

Discussant: Apostolos Xanthopoulos - Lewis University, USA

"Investment Manager Patterns Rewarded through Consultant Due Diligence"
Apostolos Xanthopoulos - Lewis University, USA

Discussant: Marcos González-Fernández - University of Leon, Spain

SESSION 38 **Imperial, Hall 4**

AGENCY THEORY
Session Chair: Andreas Andrikopoulos - University of Piraeus, Greece

"Institutional Ownership in Companies with Dual-Class Share Structures"
Mohsen Akbari - University od Saskatchewan, Canada
Marie Racine - University of Saskatchewan, Canada
George Tannous - University of Saskatchewan, Canada

Discussant: Haneen Abedalqader - National Cheng Kung University, Taiwan

"Labor Investment Efficiency and Stock Risk"
Haneen Abedalqader - National Cheng Kung University, Taiwan
Shao-Chi Chang - National Cheng Kung University, Taiwan

Discussant: Tao Chen - Hong Kong Polytechnic University, China

"Ideological Pressure and CEO Pay: Evidence from the Curriculum Reform in China"
Tao Chen - Hong Kong Polytechnic University, China

Discussant: George Tannous - University of Saskatchewan, Canada

Tuesday 2:15 - 3:45 p.m.

SESSION 39 **Imperial, Main Hall**

CORPORATE RISK MANAGEMENT
Session Chair: Ramzi Benkraiem - Audencia Business School, France

"The Influence of Managerial Risk Taking and Corporate Leadership on Firm Sustainability"
Steve Swidler - Lafayette College, USA

Discussant: Brian Clark - Rensselaer Polytechnic Institute, USA

"Climate Change Impact on Option-Derived Implied Volatility of Firms: Evidence from Billion Dollar Hurricanes"
Brian Clark - Rensselaer Polytechnic Institute, USA
Bill Francis - Rensselaer Polytechnic Institute, USA
Raffi Garcia - Rensselaer Polytechnic Institute, USA
Sai Palepu - Rensselaer Polytechnic Institute, USA

Discussant: Jose Peres Jorge - Universidade Porto, Portugal

"Is Liquidity Theory Important to Itudy Credit Guarantees?"
Filipe Grilo - CEF.UP, Portugal
Jose Peres Jorge - Universidade Porto, Portugal
Sujiao Zhao - Banco de Portugal,

Discussant: Steve Swidler - Lafayette College, USA

Refreshments 3:45 - 4:00 p.m.

Imperial Lobby

SESSION 40 **Imperial, Hall 1**

CORPORATE GOVERNANCE V
Session Chair: Satish Thosar - University of Redlands, USA

"Governance Consequences of Shareholder Dissent in Director Elections: Evidence from a Purely Majority Voting System"
Martin Bugeja - University of Technology, Sydney, Australia
Raymond Da Silva Rosa - University of Western Australia, Australia
Yaowen Shan - University of Technology Sydney, Australia
Jiaqi Wang - University of Technology Sydney, Australia

Discussant: Christophe Volonté - University of Basel, Switzerland

"Board Gender Diversity and Corporate Governance"
Pascal Gantenbein - University of Basel, Switzerland
Christophe Volonté - University of Basel, Switzerland

Discussant: Hue Hwa Au Yong - Monash University, Australia

"Corporate Integrity and Corporate Cash Reserves: Insights from Textual Analysis and Board Composition"
Sirimon Treepongkaruna - Sasin School of Management, Thailand
Pornsit Jiraporn - Pennsylvania State University, USA
Hue Hwa Au Yong - Monash University, Australia

Discussant: Eva Wagner - Johannes Kepler University Linz, Austria

"From Integrity to Scandal: How Board Characteristics Influence CSR Controversies – A Long-Term Study of U.S. Firms (2002–2021)"
Hui Zhu - Ontario Tech University, Canada
Eva Wagner - Johannes Kepler University Linz, Austria

Discussant: Martin Bugeja - University of Technology, Sydney, Australia

SESSION 41 **Imperial, Hall 2**

FINANCIAL ECONOMETRICS
Session Chair: Christos Floros - Hellenic Mediterranean University, Greece

"Data Imputation in Large Datasets Using Various Techniques: PCA vs Machine Learning"
Sabuhi Khalili - Universitat de Barcelona, Spain

Discussant: Bernd Schwaab - European Central Bank, Germany

"The Risk Management Approach to Macro-Prudential Policy"
Bernd Schwaab - European Central Bank, Germany
Sulkhan Chavleishvili - Aarhus University, Denmark
Robert Engle - NYU Stern School of Business, USA
Stephan Fahr - European Central Bank, Germany
Manfred Kremer - European Central Bank, Germany

Discussant: Anna Triantafillou - Deree - The American College of Greece, Greece

"Geopolitical Effects on Shipbuilding Prices: Evidence from Three Shipping Industry Segments"
Panagiotis Palaios - Deree - The American College of Greece, Greece
Anna Triantafillou - Deree - The American College of Greece, Greece

Discussant: Maria M. Vich Llompart - Washington College, USA

"Random Preferences, Truncated Distributions, and the Pricing Kernel: A note"
Maria M. Vich Llompart - Washington College, USA
Luiz Vitiello - Washington College, USA

Discussant: Sabuhi Khalili - Universitat de Barcelona, Spain

SESSION 42 **Imperial, Hall 3**

INFORMATION ASYMMETRY
Session Chair: Richard Saito - Fundação Getúlio Vargas, Brazil

"Audit Partner Experience and Audit Fees: The Role of Regulatory Disclosure in Western Europe"
Adam Aoun - University of Applied Sciences and Arts Western Switzerland, Switzerland
Cédric Poretti - University of Applied Sciences and Arts Western Switzerland, Switzerland

Discussant: Andreas Karathanasopoulos - University of Dubai, United Arab Emirates

"Modelling the Trading of FTSE100, CAC 40, and DAX 30 Indices – Adaptive Modelling and Optimisation Strategies (Fintech Research)"
Kung-Cheng Hoang - Guangdong University, China
Andreas Karathanasopoulos - University of Dubai, United Arab Emirates

Discussant: Hui Zhu - Ontario Tech University, Canada

"Corporate Culture and Credit Ratings"
Kelly Cai - University of Michigan - Dearborn, USA
Samir Saadi - Paris School of Business, France
Hui Zhu - Ontario Tech University, Canada

Discussant: Adam Aoun - University of Applied Sciences and Arts Western Switzerland, Switzerland

SESSION 43 **Imperial, Hall 4**

BEHAVIORAL ISSUES
Session Chair: Steve Swidler - Lafayette College, USA

"Make Profits or Make Excuses, but Don't Lose to the Monkey! The Behavior of Professional Investors in a Newspaper Competition"
Zvika Afik - The College of Management Academic Studies, Israel
Yaron Lahav - Ben-Gurion University of the Negev, Israel
Shaul Zilberman - Ben-Gurion University of the Negev, Isreal

Discussant: Cristiana Leal - University of Minho, Portugal

"Are Transparent Nudges Effective in Influencing Savings Decisions?"
Marcia Machado - University of Minho, Portugal
Cristiana Leal - University of Minho, Portugal
Stefano Calboli - University of Minho, Portugal

Discussant: Jarkko Peltomäki - Stockholm University, Sweden

"To Woke or Not: Corporate Woke Engagement and Financial Outcomes"
Khanh Hoang - Lincoln University, New Zealand
Jarkko Peltomäki - Stockholm University, Sweden
Yuqian Zhang - Lincoln University, New Zealand
Cuong Nguyen - Lincoln University, New Zealand

Discussant: Elvis Jarnecic - University of Sydney, Australia

"News Consumption in the Wild"
Tony Cookson - University of Colorado Boulder,
Diego Garcia - University of Colorado Boulder,
Elvis Jarnecic - University of Sydney, Australia

Discussant: Zvika Afik - The College of Management Academic Studies, Israel

SESSION 44 **Imperial, Main Hall**

HOUSEHOLD ISSUES
Session Chair: Leszek Preisner - State Academy of Applied Sciences in Krosno, Poland

"Long-Term Equity Investing and Withdrawal Rules: How Not to Die Penniless"
Jan Antell - Hanken School of Economics, Finland
Mika Vaihekoski - University of Turku, Finland

Discussant: Zili Zhuang - The Chinese University of Hong Kong, China

"The Price of Voice: Managerial Learning When Retail Investors Talk"
Jun Chen - The Chinese University of Hong Kong, China
Yongxin Xu - Monash University, Australia
Zili Zhuang - The Chinese University of Hong Kong, China

Discussant: Joana Resende - University of Porto, Portugal

Tuesday 4:00 - 6:00 p.m.

"Product Personalization and Behavior Based Price Discrimination"
Didier Laussel - Aix-Marseille University, France
Joana Resende - University of Porto, Portugal

Discussant: Vishaal Baulkaran - University of Lethbridge, Canada

"Environmental Violations: A Case of Indigenous and Minority Communities"
Vishaal Baulkaran - University of Lethbridge, Canada
Carlos Jabbour - Environment and Climate Change Canada, Canada

Discussant: Mika Vaihekoski - University of Turku, Finland

NATIONAL BANK OF GREECE

GALA DINNER

8:30 - 11:30 p.m.

Nykterida Restaurant Bar

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Buses will depart from the

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SESSION 1 **Imperial, Hall 1**

ACCOUNTING ISSUES I
Session Chair: Anita Pennathur - Florida Atlantic University, USA

"ε-Truth: Are Accounting Propositions True or False?"
Andreas Andrikopoulos - University of Piraeus, Greece
Naoum Vasilios-Christos - University of Piraeus, Greece

Discussant: Yu-Lin Hsu - University of Glasgow, UK

We advocate ontological objectivity and epistemic subjectivity with respect to accounting propositions. Our approach aims to apply to all propositions that appear in financial and non-financial statements, regulations, policy texts and academic debates on accounting. Adhering to a critical realist epistemology, we propose the concept of ε-truth, which is truth approximate, yet hopefully clear. Furthermore, we argue that a) truth is indispensable as an epistemic property of accounting propositions, such as the ones found in financial or sustainability reports, b) the reality that accounting propositions describe exists independently of individual perceptions of this reality (ontological objectivity), c) the reality of accounting propositions can only be perceived in ways that are subjective and fallible (epistemic subjectivity), with fallibility relying inevitably on ontological objectivity, d) the varying degrees of discretion in producing, assessing and employing accounting propositions reflects varieties in the content of truth and the possibilities of correspondence as truth-checking technology.

"The Impact of iXBRL Adoption on Cost of Equity Capital"
Yu-Lin Hsu - University of Glasgow, UK
Sin-Ru Chen - National Cheng Kung University, Taiwan
Fatema Alyafei - University of Glasgow, UK

Discussant: Vasileios Giannopoulos - University of the Peloponnese, Greece

Inline eXtensible business reporting language (iXBRL) was introduced by the U.S. SEC in 2018 to tackle issues of XBRL, a widely used digital reporting language. The introduction of iXBRL aims to improve the quality of reported information and to enhance the accessibility of digital reporting data. Regulators across the world have started mandating iXBRL adoption or evaluating the use of iXBRL. However, current literature in this area is still limited. This paper aims to investigate the impact of mandatory iXBRL adoption on cost of equity capital, to fill a research gap and to provide useful policy insights. Using US data during 2016-2021, we find that mandatory iXBRL adoption is associated with lower cost of equity capital. Further tests show that this effect is more pronounced in firms with higher complexity and lower percentages of institutional investors. Overall, our results suggest that mandatory iXBRL adoption could help to reduce information processing costs and information asymmetry, resulting in lower perceived risk and hence lower cost of equity capital. In general, our results are consistent with the SEC's objectives of introducing iXBRL.

"The Phenomenon of Unlicensed Gambling Establishments in The Balkan Countries of The European Union. Is There a Connection with Gambling Tax Legislation?"
Vasileios Giannopoulos - University of the Peloponnese, Greece
Leonidas Karakidis - University of the Peloponnese, Greece
Vassilis Babalos - University of the Peloponnese, Greece
Odyssefs Spiliopoulos - University of the Peloponnese, Greece

Discussant: Andreas Andrikopoulos - University of Piraeus, Greece

In this study, we examine the phenomenon of unlicensed gambling and its connection to gambling taxation. We used a structured questionnaire applied to the Balkan market to achieve this. The survey

included 905 citizens of Croatia, Romania, and Slovenia, participating in online gambling. The findings revealed that more than 50% had engaged in unlicensed gambling. Additionally, more than 30% stated that they would do so if the regulatory framework governing online gambling became stricter. Approximately 40% of respondents considered the taxation on gambling to be too high. Regarding the risks associated with unlicensed gambling, factors such as "no security transactions," "inability to resolve disputes that may arise," and "exposure to dangerous situations (e.g., threats of physical injury) arising from money lending or loansharking" were identified as the key risks that reduce the likelihood of participation in unlicensed gambling. Finally, the likelihood of participating in unlicensed gambling, should the regulatory framework become stricter, is positively associated with existing involvement in unlicensed gambling. Conversely, it is negatively associated with the "lack of player protection" risk and the age of the respondents.

SESSION 2 **Imperial, Hall 2**

VENTURE CAPITAL
Session Chair: Trevor Chamberlain - McMaster University, Canada

"Flying Solo: Investigating The Divergence Between Informal Investors' Individual and Collective Decisions"
Andrea Odille Bosio - Politecnico di Milano, Italy
Vincenzo Capizzi - University of Piemonte Orientale Amedeo Avogadro, Italy
Francesca Tenca - Università del Piemonte Orientale, Italy

Discussant: Tanja Kirmse - Miami University, USA

This study investigates the decision-making processes applied by business angels individually and within a Business Angels Network (BAN) in the selection of investment opportunities. Drawing on data from the Italian Business Angel Network (IBAN) in the 2020–2022 period, we monitor 204 projects seeking funding to understand the decision-making processes of BAs collectively and individually, especially those taken against the collective decision taken at the BAN level. Our findings reveal structural differences in decision determinants between the collective BAN process (i.e., the BAN screening committee and subsequent collective decisions) and the individual BAN members investing independently. Notably, factors such as entrepreneurial team skills and composition and project characteristics, such as the business model or the formal structure of the project proposal are evaluated differently. This study contributes to the literature on decision-making processes of BAs, shedding light on the interplay between individual and collective decisions when informal investors are exposed to the same investment opportunity.

"Learning from the Little Guy: Innovation Spillover from Private to Public Firms"
Melissa Crumling - Drexel University, USA
Tanja Kirmse - Miami University, USA

Discussant: Richard Saito - Fundação Getúlio Vargas, Brazil

R&D activity creates knowledge spillovers for firms. Prior literature has focused on spillovers between public firms, and finds positive externalities for innovation outcomes. In this paper, we construct a novel measure of knowledge spillovers for public firms from young, private firms. In line with prior literature, we find that public firms with higher knowledge spillovers from young firms experience an increase in innovation outcomes. Unlike knowledge spillovers between public firms, however, knowledge spillovers from private firms lead to more breakthrough innovations rather than incremental advancements. Additionally, public firms respond to these spillovers by adjusting their innovation strategies, including citing and acquiring more VC-backed firms.

"Predicting Private Equity Funds' Success With Machine Learning Tools"
Eduardo Marinho - Pontifícia Universidade Católica do Rio de Janeiro,
José Carlos Abreu Neto - University of Illinois Urbana-Champaign, USA
Richard Saito - Fundação Getúlio Vargas, Brazil

Discussant: Vincenzo Capizzi - University of Piemonte Orientale Amedeo Avogadro, Italy

In this paper, we apply machine learning (ML) techniques to predict abnormal private equity (PE) fund performance, focusing on key drivers during the fundraising phase. Our approach distinguishes between buyout (BO) and venture capital (VC) funds, as well as first-time and sequence funds, incorporating variables such as GP identification, fund characteristics, and macroeconomic factors. By comparing six models, including Lasso, Ridge, and Random Forest, we demonstrate that ML models outperform traditional discrete choice econometric methods, especially for VC funds. Our findings highlight the importance of GP identifiers and macroeconomic conditions, such as inflation, in predicting PE fund success, offering a more data-driven strategy for investor decision-making.

SESSION 3 **Imperial, Hall 3**

CAPITAL BUDGETING
Session Chair: Ajai Singh - University of Central Florida, USA

"An Analytical Model for Loan Commitments Facing the Material Adverse Change"
Zvi Wiener - The Hebrew University, Israel
Dan Galai - The Hebrew University of Jerusalem, Israel

Discussant: Mohsen Saad - American University of Sharjah, UAE

We propose a new analytical model for the valuation of loan commitments and some of their main features including the MAC (Material Adverse Change) clause. A two-period contingent claims approach in continuous time is developed. The advantage of this approach is that it is based on rational economic considerations that are not based on utility functions.

"The Effect of Fintech Financing on Firm Performance: Evidence from Emerging Economies"
Khusrav Gaibulloev - American University of Sharjah, UAE
Ali Mirzaei - American University of Sharjah, UAE
Tomoe Moore - Brunel University, UK
Mohsen Saad - American University of Sharjah, UAE

Discussant: Lenos Trigeorgis - Durham University Business School, UK

This paper rigorously examines the relationship between fintech financing and the financial and real performance of financially constrained firms in emerging countries. Using data from 45,770 firms across 20 countries for 2012-2020, we find that the performance of external-finance dependent firms is disproportionately higher when they operate in countries that receive more fintech funds. A host of robustness tests, including instrumental variables estimation to address endogeneity issues, confirm our main finding. We further find that: (i) by decomposing varying fintech models, the impact of balance sheet lending, P2P, and crowdfunding is found to be equally robust, (ii) the relationship is particularly strong in young firms, and financially developed countries with deeper disclosure of credit information, and (iii) there is a sign of substitution effect between fintech and bank lending. Moreover, fintech financing is found to improve firms' performance by enhancing their total factor productivity (TFP) as a transmission mechanism.

"Strategic Ambivalence Among Alternative Investment Choices under Uncertainty"
Benoît Roignant - Emlyon Business School, France
Nicos Koussis - Frederick University, Cyprus
Lenos Trigeorgis - Durham University Business School, UK

Discussant: Zvi Wiener - The Hebrew University, Israel

We develop a real options framework that addresses strategic ambivalence (or hesitancy) in choosing among investment or divestment alternatives under uncertainty. Our framework identifies and characterizes a region of 'strategic ambivalence' where the firm may rationally delay making a decision, even when choosing one alternative currently has high positive net present value (NPV) and/or appears superior to the alternative. The extent of the strategic ambivalence region is driven by scale differences in project-specific costs, expected growth rates and volatilities, and correlation among the competing alternatives. We discuss several business settings in which strategic ambivalence may occur, such as market entry or exit , new product development, geographic capacity expansion, and spin-offs. We also consider ambivalence with sudden random resolution of uncertainty.

SESSION 4 **Imperial, Hall 4**

FINANCIAL DISTRESS
Session Chair: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"Private Equity in a Low-Interest Environment - Financial Distress and Value Creation"
Jahn Fischer - HHL Leipzig Graduate School of Management, Germany
Benjamin Hammer - Lancaster University Leipzig, Germany
Lukas Oswald - HHL Leipzig Graduate School of Management, Germany

Discussant: Kiyonori Iwata - Tokyo Keizai University, Japan

We investigate the effects of Private Equity (PE) ownership on financial distress and PE value creation levers in the low-interest environment from 2014–2019. Using difference-in-differences panel regressions for three distress scores (Altman Z-Score, Ohlson O-score and Zmijewski ZM-Score), we empirically show a significantly stronger increase in financial distress for PE-backed firms in comparison to a carefully matched set of non-PE-backed control firms. In addition, we demonstrate that operational margin improvements played little to no role in PE value creation in a low-interest environment. Utilizing a proprietary dataset from a European PE fund of funds (FoF) shows that the vast majority of value (i.e. equity IRR) was created from top-line growth, favorable market conditions, and financial engineering.

"Canary in the Coal Mine: Government Guaranteed Loans and Banks' Loan Loss Provisions in Japan"
Joseph French - Asian Institute of Technology, Thailand
Kiyonori Iwata - Tokyo Keizai University, Japan
James Wilcox - University of Calfornia, Berkeley, USA
Yukihiro Yasuda - Hitotsubashi University, Japan

Discussant: Abu Jalal - Suffolk University, USA

We investigate the signaling effects of government guaranteed loans on banks' accruals for loan losses. Our findings indicate that banks make fewer loan loss provisions when they utilize more guaranteed loans, demonstrating the risk-reducing effects of such loans on non-guaranteed loan portfolios. This negative relationship is predominantly driven by the expansion of the government guaranteed loan program introduced during the COVID-19 pandemic. Additionally, we show that banks increase their loan loss provisions in response to higher payouts from defaulted guaranteed loans. While these payouts represent a de facto recovery of bank loans and do not directly impact non-guaranteed loans, they signal increased future default risk among borrowers with both types of loans. This phenomenon can be likened to the "canary in the coal mine" analogy, where higher payouts act as an early warning signal of heightened credit risk, prompting banks to bolster their reserves in anticipation of future losses.

"Economic Consequences of Reincorporation in the State of Delaware"
Mufaddal Baxamusa - University of Minnesota, USA
Abu Jalal - Suffolk University, USA
Shahriar Khaksari - Suffolk University, USA
Hamid Mehran - Financial Economist, USA

Discussant: Jahn Fischer - HHL Leipzig Graduate School of Management, Germany

We evaluate the economic impact of reincorporating in Delaware for a sample of 284 firms from 1981 to 2018. Using a difference-in-difference approach, we find that after reincorporating, firms increase their R&D spending by 3.7% and pursue more acquisitions. Additionally, they increase long-term debt while reducing short-term debt, which negatively affects the credit quality of leveraged firms. At the announcement of reincorporation, leveraged firms see a 2.1% decline in value, and class action lawsuits

rise, although reincorporated firms with no debt do not experience a loss at the announcement. Reincorporate firms restructure pay packages of their CEOs to provide a stronger incentive given that they will operating in a riskier and a more complex environment. These findings suggest that Delaware reincorporation supports firms through strategic shifts in corporate policies.

SESSION 5 **Imperial, Main Hall**

MEET THE MFJ EDITORS

Session Chair: Timothy King - University of Vaasa, Finland

"MFJ Presentation"
Timothy King - University of Vaasa, Finland

"MFJ Presentation"
Anastasiya Shamshur - King’s College London, UK

"MFJ Presentation"
Tatiana King - University of Vaasa, Finland

"MFJ Presentation"
Vanja Piljak - University of Vaasa, Finland

SESSION 6 **Athena 3 Hall**

INVESTOR BEHAVIOR AND STOCK RETURNS

Session Chair: Mingsheng Li - Bowling Green State University, USA

"Predictable Liquidity Properties in a Segmented, Inelastic Stock Market"
Haim Kedar-Levy - Ben Gurion University, Israel
Joon-Seok Kim - Korea Capital Market Institute, Korea, Republic of
Sean Yoo - The Massey College of Business, USA

Discussant: Marinela Adriana Finta - Singapore Management University, Singapore

We explore the predictive capability of two investment strategies on idiosyncratic volatility, liquidity risk and liquidity commonality, by investor type. Investors are characterized as positive-feedback or contrarian once their trades are significantly associated with daily stock returns on a given month. We find significant predictability of this characterization whereby positive-feedback (mainly foreign investors), or contrarian (mainly local individuals) increase or reduce, respectively, the following month’s volatility and liquidity. Different investor clienteles segment the market by stock characteristics, questioning linear cross-sectional pricing. Controlling for supply inelasticity we find that share issuance/buyback datapoints tilt some of the statistics and blur the findings.

"Retail Investors’ Activity on Pleasant and Unpleasant Firms"
Marinela Adriana Finta - Singapore Management University, Singapore

Discussant: Mika Vaihekoski - University of Turku, Finland

This study investigates whether retail investors trade depending on a firm’s exposure to extremetemperatures as a proxy for physical climate risks. We define pleasant (P), unpleasant hot (UH),and cold (UC) firms as those firms without and with exposure to such events. Retail tradingin both pleasant and unpleasant firms is in the right direction on average, yet their trading inUC and UH firms weakens and strengthens their imbalances’ positive predictability for certainfuture returns. We document that while the performance of a trading strategy relying on UCfirms is higher in the short run than that of P and UH firms, the P strategy outperforms in thelong run. Retail order imbalances of UH and P firms also convey the most substantially positiveeffects on earnings surprises. Finally, retail investors’ activity in pleasant and unpleasant firmsleads to comovement in their return and imbalance levels.

"Impact of Airborne Pollen on Stock Market Risk"

Ville Kaukonen - University of Turku, Finland
Mika Vaihekoski - University of Turku, Finland

Discussant: Haim Kedar-Levy - Ben Gurion University, Israel

Allergy onset can affect not only health but also cognitive abilities and mood. This paper studies the effects of airborne pollen on investor behavior in Finland during the last three decades and finds that pollen-induced allergy symptoms are consistently associated with decreased stock market volatility. An augmented EGARCH framework is used to model the covariates affecting historical volatility, and additional analyses consider the inclusion of weather-related control variables and the robustness of the findings during different time periods. The economic impact of our findings is also discussed.

Monday 10:15 - 12:15 p.m.

SESSION 7 **Imperial, Hall 1**

ACCOUNTING ISSUES II
Session Chair: Christos I. Negkakis - University of Macedonia, Greece

"Timeliness of Accounting Information and Forward-Looking Information"
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece
Anestis Ladas - University of Macedonia, Greece
Christos I. Negkakis - University of Macedonia, Greece
Ioannis Negkakis - University of Plymouth, UK

Discussant: Anita Pennathur - Florida Atlantic University, USA

We attempt to quantify timeliness as one of the qualitative characteristics of accounting information. We use deep machine learning methods to compile an index of forward-looking information in earnings conference calls. In specific, we use the word2vec model to compile a dictionary of forward-looking information terms in earnings conference calls and then proceed to measure the frequency of these terms for each firm in our sample. We hypothesize that firms with a high forward-looking information index will also have higher timeliness in their accounting information. Using a number of proxies for timeliness of accounting information we provide evidence in support of our research hypothesis.

"The Effect of Firm-Specific Exposure to Regulatory Intensity on Earnings Management"
Surendranath Jory - University of Southampton, UK
Thanh Ngo - East Carolina University, USA
Anita Pennathur - Florida Atlantic University, USA
Jurica Susnjara - Barry University, USA

Discussant: Panayiotis Tahinakis - University of Macedonia, Greece

We examine the effect of a firm-level regulatory burden on earnings management practices. Using a novel regulatory dataset from Kalmenovitz et al. (2023) and employing a principal components analysis (PCA) to extract the components of earnings management most likely to harm the firms (Christensen, et al., 2022, 2023), we find that a greater regulatory intensity, measured primarily as the number of active relevant regulations, increases earnings management, whether real or accruals-based. This relationship remains significant under a battery of robustness checks, including using models with propensity matching, entropy balancing, instrument variables and Heckman's (1979) two-stage regression. We find that the stock market is, however, less punitive towards this regulations-induced earnings management than towards earnings management in general.

"Using Deep Machine Learnings Methods to Measure Comparability of Disclosures"
Anestis Ladas - University of Macedonia, Greece
Anastasios Moutsiounas - University of Macedonia, Greece
Christos I. Negkakis - University of Macedonia, Greece
Panagiotis Tahinakis - University of Macedonia, Greece

Discussant: Steven Zhu - University of Houston, USA

We attempt to provide a method for comparing the textual characteristics of the disclosures of two firms. Comparability is one of the qualitative attributes of information in the financial statements. Previous studies have mainly been based on comparability of accounting data. However, the advances of textual analysis methods during the last years enable the use of deep machine learning methods to provide a quantifies measure of comparability. We attempt to develop a measure of textual similarity using the Management and Discussion Analysis section from the 10-K annual reports as an input to topic modeling methods suitable for assessing textual and topics similarity. We then examine if new from firms with similar comparability measures have similar stock return reaction.

"How Does Institutional Investment Horizon Influence Companies' Use of Component Auditors?"
Steven Zhu - University of Houston, USA

Discussant: Anestis Ladas - University of Macedonia, Greece

This paper examines the effect of institutional investors' investment horizons on a company's use of component auditors. I find that transient (dedicated) institutional ownership is associated with an increase (decrease) in the use of component auditors. I also show that the changes in transient (dedicated) institutional investors increase (decrease) companies' use of component auditors. Results from an entropy balance approach and an instrumental variables analysis suggest that the findings are robust to accounting for endogeneity. Further evidence shows two channels (accounting statement complexity and audit quality) through which institutional investment horizon affects the use of component auditors. Overall, the findings suggest that dedicated institutional investors play a monitoring role in scrutinizing companies' use of component auditors. In contrast, transient institutional investors have financial incentives to meet their short-term goals using component auditors.

SESSION 8 **Imperial, Hall 2**

ASSET PRICING MODELS & TESTS
Session Chair: Zvi Wiener - The Hebrew University, Israel

"The Sensitivity of Multifactor Efficiency and Performance Evaluation"
Yoon Choi - Univ. of Central FLorida, USA

Discussant: Andrew Grant - University of Sydney, Australia

In this study, we examine the sensitivity of portfolio efficiency to the choice of test assets and factor portfolios based on Fama-French three-factor model and discuss its implications for portfolio performance evaluation. We find that the efficiency tests are very sensitive to the choice of test assets, while they are not as sensitive to the choice of factors. Furthermore, there is evidence that portfolio efficiency substantially declines during crises. Our findings suggest that fund performance evaluators tailor their benchmarks to the specific type of mutual fund and the prevailing market conditions.

"Information Spillovers and Firm Geographic Dispersion: Evidence from Local Stock Return Comovement"
Jared DeLisle - Utah State University, USA
Andrew Grant - University of Sydney, Australia
Ruiqi Mao - University of Sussex, UK

Discussant: Xiaoquan Jiang - Florida International Univeristy, USA

This paper investigates the information spillover relation between geographic dispersion of operations and local return comovement based on firm headquarters. Using the number of different states mentioned in 10-K filings as a proxy for the geographic dispersion of a firm, we show that geographically concentrated firms (operating in a few states) exhibit greater comovement with firms headquartered in the same region than geographically dispersed firms. Consistent with the investor recognition hypothesis, we argue that information spillover and comovement are exacerbated in concentrated firms as investors are more likely to have greater information gathering and processing costs for these firms. Moreover, we find geographically concentrated firms exhibit higher local return comovement when the peer firms located in the same area announce their earnings and lower local comovement during the month of their own annual earnings announcement, which suggests the intra-regional information spillover. This effect is even more pronounced in low social capital areas, where information acquisition and processing costs are relatively higher.

"Economic Shocks in Stock, Corporate bond, and Treasury Bond Markets"
Xiaoquan Jiang - Florida International Univeristy, USA
Chen Li - Florida International University, USA

Discussant: Stefan Lyócsa - Masaryk University, Czech Republic

We study the economic sources on time-varying Treasury yields, corporate yields, andequity yields, as well as their comovements. Using structural vector autoregressions(SVAR), we impose sign and zero restrictions to identify economic shocks. Ouridentification strategy involves three sets of restrictions: constraints of economic shocks on the yield curve across maturities, on corporate yields across credit ratings, and on the comovement between equity yields, corporate yields, and Treasury yields. We examine investors' responses to news from the Fed announcements of three major classes of assets and analyze more broadly how different shocks have shaped the dynamics and comovement of Treasury yields, corporate yields, and equity yields.

"Degrees of Asymmetry in Loss Functions: Improving Volatility Forecasts and Trading Performance"
Stefan Lyócsa - Masaryk University, Czech Republic
Daniel Stašek - Masaryk University, Czech Republic

Discussant: Yoon Choi - Univ. of Central FLorida, USA

Asymmetric loss functions are commonly used to evaluate volatility forecasts but are almost never used in the actual estimation of volatility models. We predict future volatility with a model estimated under negative (positive) asymmetric loss, which imposes a stricter penalty for underpredictions (overpredictions). We evaluate such volatility forecasts within a sample of 190 US equities via a standard statistical evaluation framework and a straddle option trading strategy. We find that not only are volatility forecasts under asymmetric loss more accurate but also that option traders who reflect asymmetric loss in their volatility predictions are likely to achieve higher returns than are traders with symmetrical loss preferences. Specifically, losses that penalize volatility underprediction more are preferable. We discuss how our findings may provide an alternative explanation for the existence of a volatility--risk premium.

SESSION 9 **Imperial, Hall 3**

ESG
Session Chair: Arif Khurshed - University of Manchester, UK

"ESG Performance and Corporate Bond Volatility"
Trevor Chamberlain - McMaster University, Canada
Zehua Zhang - Hunan University, China
Ran Zhao - San Diego State University, USA
Lu Zhu - California State University Long Beach, USA

Discussant: Banita Bissoondoyal-Bheenick - RMIT University, Australia

This paper examines the effects of environmental, social and governance (ESG) performance on bond volatility. After controlling for bond characteristics and firm fundamentals, we find a robust relationship between ESG performance and bond volatility. The empirical results demonstrate that the impact on bond volatility is primarily driven by ESG strengths rather than concerns. Additionally, the increase in bond volatility is concentrated in short-term bonds. The results are robust to alternative ESG measures, alternative sample periods, and endogeneity controls. In addition, the effect of ESG performance is more pronounced for firms with higher levels of managerial risk-taking and poor information environments.

"ESG and Stock Price Crash Risk: The Role of CEO Power"
Nikeel Kumar - RMIT University, Australia
Banita Bissoondoyal-Bheenick - RMIT University, Australia
Angel Zhong - RMIT University, Australia

Discussant: Chia-Wei Yeh - National Chi Nan University, Taiwan

This paper investigates the role of CEO power in the relationship between Environment, Social, and Governance (ESG) performance and stock price crash risk. We find that while ESG performance generally increases stock price crash risk, this effect is mitigated by CEO power. The relationship is most prominent in firms with high accounting conservatism, less competitive markets, overvalued stocks, and in litigious industries. Our analysis further reveals that real earnings management, specifically the manipulation of discretionary expenses, mediates the ESG-crash risk relationship. These findings contribute to research on ESG's impact on firm outcomes, earnings quality, and the role of CEO characteristics in financial reporting. Our results shed light on corporate governance, investor decision-making, and the design of executive remuneration contracts, particularly regarding the inclusion of ESG metrics in CEO incentive pay.

"ESG Performance and Payout Policy"
Chong-Chuo Chang - National Chi Nan University, Taiwan
Chia-Wei Yeh - National Chi Nan University, Taiwan
Yi-Jou Liu - National Chi Nan University, Taiwan

Discussant: Qiang Kang - Florida International University, USA

Sustainable development is an important issue of global concern, and ESG reflects the company's overall performance in terms of environment, society and governance. This study uses the data for Taiwanese listed and OTC-listed companies over the period 2015–2020 to explore the impact of companies' ESG performance on payout policy. The results show that an increase in ESG scores results in higher dividend payouts and lower share repurchases. Regarding the possible transmission channels, we also demonstrate that higher ESG scores improve the company's profitability and performance, thereby increasing dividends. This study further divides companies into groups to investigate whether different industries and degrees of internationalization affect the relationship between their ESG performance and payout policies. Among the individual effects of the environmental, social, and governance components, corporate governance is the most important influencing factor. Overall, ESG practices help companies navigate the challenges of different economic environments, maintain robust performance, and achieve profitability.

"Not All Disasters are Alike: Extreme Weather Events and Stock Performance"
Shahid Hamid - Florida International University, USA
Qiang Kang - Florida International University, USA

Discussant: Trevor Chamberlain - McMaster University, Canada

We apply an event-study approach to assess the effects of extreme weather and climate disasters on affected stock performance. Between 1980 and 2023, the average cumulative abnormal returns (CARs) following 376 major climate disasters exhibit a prolonged positive post-disaster drift. The impact varies considerably across disaster types: a pronounced negative drift for landfall hurricanes, a significantly positive drift for winter storms, and no clear drift for other climate disasters. The prolonged negative post-hurricane drift is prominent before Hurricane Sandy but largely fades afterward. Our findings suggest that the stock market misprice certain climate disasters and has made progress in efficiently pricing disaster risks post-Sandy.

INVESTOR BEHAVIOR, GOVERNANCE, AND MARKET TRANSPARENCY

Session Chair: Wook Sohn - KDI School, Korea, Republic of

"Related Party Transactions in South Africa: Abusive or Efficient?"

Faeezah Peerbhai - University of Cape Town, South Africa
Amitabh Gupta - University of Delhi, India

Discussant: Stefan Ruenzi - University of Mannheim, Germany

Related Party Transactions (RPTs) can be used to either benefit the firm, by ensuring efficient transacting, or it can be used opportunistically, to expropriate resources for minority shareholders. Whilst this issue has been evaluated extensively in the international literature, there are no studies to date which attempt to unravel this issue in the South African context. This study therefore makes use of 380 firm-years of data from companies listed on the Johannesburg Stock Exchange (JSE), over the period of 2017 – 2021 to evaluate how RPTs impact firm performance. The evidence found is consistent with the tunnelling hypothesis, which implies that increased usage of RPTs, decreases firm value in South African firms.

"Machine Learning Mutual Fund Flows"

Jürg Fausch - Lucerne University of Applied Sciences and Arts, Switzerland
Moreno Frigg - University of Neuchatel, Switzerland
Stefan Ruenzi - University of Mannheim, Germany
Florian Weigert - University of Neuchatel, Switzerland

Discussant: Zhiyuan Jin - Wenzhou-Kean University, China

We present improved out-of-sample predictability of future fund flows using state-of-the-art machine learning methods. Nonlinear machine learning models significantly outperform linear models in terms of out-of-sample R-squared. Using interpretable ML methods, we identify past flows and the Morningstar rating as the most important predictors for net-flows, while other past performance variables are of minor importance. We find that the importance of Morningstar ratings and expenses has increased over time. In addition, the interaction effect of past flows with the Morningstar rating has a substantial impact on future flows. Furthermore, our results demonstrate that machine learning-based fund flow predictions can be used to ex-ante differentiate between high and low-performing mutual funds.

"Balancing Data Protection and Innovation: The Impact of Data Breach Notification Laws on AI Patent Growth"

Zhiyuan Jin - Wenzhou-Kean University, China
Yunfei Zhao - Wenzhou-Kean University, China
Zixuan Zhao - Wenzhou-Kean University, China

Discussant: Mehdi Haghbaali - Tehran Institute for Advanced Studies, Iran

This study explores the impact of Data Breach Notification Laws (DBNL) on U.S. firms' adoption and innovation in artificial intelligence (AI), with a particular focus on AI patent growth. While DBNLs are essential for ensuring transparency and accountability in data handling, they introduce significant compliance costs and operational constraints. Using a Difference-in-Differences (DiD) approach with panel data from 2003 to 2021, this research investigates whether DBNL affects firms' AI-related patent activity. The study examines three potential mechanisms—financial constraints, overall innovation levels, and CEO risk preferences—as mediators in this relationship. Findings reveal that DBNL compliance may limit resources for AI-driven research and development, impacting firms' innovation intensity and altering strategic priorities in high-risk AI initiatives. This research provides valuable insights into the unintended consequences of regulatory policies on corporate innovation, with implications for balancing data protection and technological progress.

"Price Manipulation Before Large Block Trades"
Ali Ebrahimnejad - Sharif University of Technology, Iran
Mehdi Haghbaali - Tehran Institute for Advanced Studies, Iran
Kianoush Saeedi - Sharif University of Technology, Iran

Discussant: Faeezah Peerbhai - University of Cape Town, South Africa

Buyers and sellers involved in large block transactions have incentives to manipulateprices before the transaction day to maximize their profit. We test this hypothesiswithin Iran's equity markets and find evidence that sellers of large block trades gradually buy shares of the transaction stock to boost trade volume and prices. This behavior is only observed in transactions where the buyer and seller are not part of the same business group. In such cases, the Cumulative Abnormal Return (CAR) graduallyincreases until the transaction day and then partially reverses, a pattern seen in otherprice manipulation schemes. We do not observe price manipulation activity on thebuyer's side, as they appear to be accumulating shares in the days leading up to thetrade, possibly to reach their optimal shareholding.

SESSION 11 **Imperial, Main Hall**

CORPORATE DECISIONS AND MARKET BEHAVIOR

Session Chair: Matthias Bank - University of Innsbruck, Austria

"SEO Waves, Financial Constraints, and Industry Issuance Activity"
Yi Jiang - California State University, Fullerton, USA
Tingting Que - University of Macau, China

Discussant: Ajai Singh - University of Central Florida, USA

Can industry conditions influence the financing behavior and costs of financially constrained firms? We find that constrained firms' SEO issuance is sensitive to the prior amount of industry SEO activity in the last six months, even after controlling for prior market activity and prior stock returns. The market responds to same-industry unconstrained firms' SEOs with positive abnormal returns to constrained firms. Two key benefits of unconstrained industry peers' SEOs are increasing analyst coverage and institutional ownership. Our results suggest that the information communicated by financially unconstrained firms' SEOs is valuable to their constrained peers.

"Everything is in Order! Order Backlog and FX Hedging"
Anandi Banerjee - Queens University of Charlotte, USA

Discussant: Yi Jiang - California State University, Fullerton, USA

We highlight the impact of sales order backlog on firm corporate risk management policies through their participation in the derivatives markets. Using textual analysis of 10-K filings to extract data on firms' foreign exchange (FX) hedging activities, we show that firms with higher sales order backlogs utilize lower levels of FX derivatives. This relationship is mainly driven by financially constrained firms and firms operating in highly uncertain business environments. In accordance with the resource conservation theory, we believe that firms with higher order backlogs prefer to commit their resources to fulfilling existing backlogs instead of making investments in FX derivatives.

"Non-Underwritten Placements of Equity"
Ajai Singh - University of Central Florida, USA

Discussant: Anandi Banerjee - Queens University of Charlotte, USA

We are the first study to examine a firm's direct versus agent-assisted placement of non-underwritten equity. We posit that healthier firms place their equity directly with investors, whereas agent-intermediated placements indicate relative weakness. Indeed, the market reaction to announcements of non-intermediated placements of equity is significantly positive. In contrast, the corresponding market reaction to intermediated deals is sharply negative. On average, direct offerings are placed at premium and exhibit significantly higher long-run stock performance. We are also the first to examine the role of the information environment provided by analysts and the coverage by agent-affiliated analysts in private placements.

MARKETS EFFICIENCY

Session Chair: Mohsen Saad - American University of Sharjah, UAE

"Price Discovery in the S&P 500: Leaders and Followers"

Diego Amaya - Wilfrid Laurier University, Canada
M. Fabricio Perez - Wilfrid Laurier University, Canada

Discussant: Yufeng Han - University of North Carolina at Charlotte, USA

A frictionless market should allow information to be incorporated into all assets quicklyand efficiently. Market frictions, however, make such incorporation less than perfect.What is the extent of the issue, and what are the main frictions? To answer this question, we use a novel econometric methodology that allows us to analyze the propagation of public information across all the constituents of the S&P 500 index. We show that a sizeable portion of information is captured by only a few equities, suggesting that not all assets incorporate information in a timely manner. Our analysis suggests that stocks that are slow to adjust are those with significant liquidity demand pressures and high trading costs.

"Beta Uncertainty as a Barrier to Arbitrage and the Impact on Anomaly Returns"

Ronald Balvers - McMaster University, Canada
Yufeng Han - University of North Carolina at Charlotte, USA
Ou Hu - Johns Hopkins University, USA
Zhaodan Huang - Utica University, USA

Discussant: Mingsheng Li - Bowling Green State University, USA

Beta uncertainty creates unavoidable risk in exploiting anomalies, suggesting anunexplored barrier to arbitrage. We measure beta uncertainty from parameter dy-namics and estimation risk, decoupling it from idiosyncratic risk in a Bayesian marketmodel accommodating separate processes for beta and idiosyncratic volatility. Anoma-lies with higher beta uncertainty generate substantially higher returns. For individualstocks, beta uncertainty is found to reduce arbitrage activity directly, thereby enhanc-ing mispricing. These results support the arbitrage hurdle mechanism versus otherhypotheses regarding beta uncertainty. The uncovered arbitrage barrier provides newevidence supporting attribution of observed anomalies to mispricing that cannot befully corrected by arbitrage.

"Does Digital Technology Development Attenuate Investor Local Attention Bias?"

John Goodell - University of Akron, USA
Mingsheng Li - Bowling Green State University, USA
Desheng Liu - Qilu University of Technology, China

Discussant: M. Fabricio Perez - Wilfrid Laurier University, Canada

The advancement in digital and information technology (DIT) has profound effects on individuals, corporations, and society. The benefits of DIT, such as enhanced efficiency, easily access to information, and increased connectivity, are clear. However, scholars have raised various concerns regarding the plethora of information. For example, how DIT affects investors' information acquisition behavior is unclear. Competing theories offer conflicting predictions in investor information acquisition. These predictions have different implications regarding whether investors acquire more information about local firms (local attention bias), versus about non-local firms, when information becomes easily accessible. Our empirical results show that as DIT develops, investors pay more attention to local firms, amplifying local attention bias. Economic development and a better developed institutional environment amplify rather than attenuate local attention bias. Mediation analysis further shows that DIT development increases attention comovement and stock return correlation not only directly but also indirectly through local attention bias as a mediator. Our novel evidence suggests that when information is more easily accessible associated with DIT development, information asymmetry can be amplified when agents can choose what to learn, increasing polarization of information acquisition and selective exposure to information.

KEYNOTE SPEECH

1:15 - 2:10 p.m.   Imperial Main Hall

Professor Gikas Hardouvelis
Chairman of the Board of Directors at the National Bank of Greece,
Chairman of the Hellenic Bank Association, University of Piraeus, Greece

THE GREEK ECONOMY AND ITS FINANCIAL SECTOR IN THE TRUMP ERA

The keynote speech explores the resilience and transformation of the Greek economy during the Trump era of global uncertainty. Greece has made notable progress since its debt crisis, with GDP growth resuming and the financial sector stabilizing, regaining investor confidence. Major banks are now profitable, and Greece has regained investment-grade status. Despite these advances, challenges remain—investment levels are still low, the current account is in deficit, and structural reforms are necessary in key areas, including digitalization, justice, and competitiveness. Nonetheless, strong investor sentiment signals optimism about Greece's economic direction.

SESSION 13 **Imperial, Hall 1**

CAPITAL STRUCTURE

Session Chair: Jeffrey Callen - University of Toronto, Canada

"Financing a Sustainable Future: The Diverging Effects of Equity and Credit Market Development on Corporate Social Responsibility"

Mihail K. Miletkov - University of New Hampshire, USA
Viktoriya Staneva - University of New Hampshire, USA

Discussant: Miguel Sousa - University of Porto, Portugal

This study investigates the relation between equity and credit market development and Corporate Social Responsibility (CSR) across 61 countries during the period from 2002 to 2022. Using a fixed effects identification strategy based on the seminal work of Rajan and Zingales (1998), we find that industries more dependent on external finance exhibit significantly better (worse) CSR performance in countries with more developed equity (credit) markets. These results suggest that while equity market development can be a catalyst for promoting CSR and ultimately improving environmental and social outcomes in countries around the world, the development of credit markets can discourage CSR investments, especially in industries that are heavily dependent on external finance.

"The Impact of Tax Reforms on Leverage: The Cases of Portuguese and Spanish Systems"

Ana Rocha - University of Porto, Portugal
Miguel Sousa - University of Porto, Portugal

Discussant: Adrian Struciński - Kozminski University, Poland

This study evaluates the effectiveness of tax reforms in Spain and Portugal to address corporations' excessive indebtedness by mitigating the debt-equity taxation bias driven by the tax-deductibility of interest. The analysis focuses on two distinct policy changes: the 2015 Spanish Corporate Income Tax (CIT) reform, which introduced a capitalization reserve to reduce the tax advantage of debt, and the 2017 expansion of Portugal's Allowance for Corporate Equity (ACE) to include non-SMEs, representing a more comprehensive reform. Using a differences-in-differences methodology, this research contributes to the literature on the relationship between taxation and corporate leverage. The findings reveal that the Spanish CIT reform had no significant impact on firm leverage, whereas the Portuguese ACE system led to a measurable reduction in financial leverage. These results suggest that modest reforms, such as the Spanish CIT, despite causing a reduction in tax revenue, fail to address the debt-equity bias effectively. In contrast, ACE systems demonstrate greater potential in achieving this policy objective.

"The Cost of Capital Calculation in the Project Finance Settings"

Adrian Struciński - Kozminski University, Poland
Pawel Mielcarz - Kozminski University, Poland
Dmytro Osiichuk - Kozminski University, Poland

Discussant: Mihail K. Miletkov - University of New Hampshire, USA

The paper aims at elucidating and solving the methodological problems around the estimation of the cost of capital in the project finance settings. By convention, capital budgeting analysts evaluate project finance ventures using the free cash flow for equity (FCFE) method, whereby cash flows, including cash, whose distribution is limited by debt covenants, are discounted with the project's cost of equity. We argue that this approach is erroneous. From the standpoint of the sponsor company, only distributable cash flows should be taken into consideration when evaluating project finance ventures. In turn, the discount rate should be equal to the weighted average cost of capital of the sponsor, which should reflect the financing of the venture from the sponsor's capital mix. In case of full recourse to the sponsor, the

WACC of the sponsor needs to be adjusted to reflect the change in capital structure as a result of shifting the credit risk to the sponsor's balance sheet. Failure to comply with the guidelines presented in the paper may result in undervaluation of investment projects and inefficient decision making.

SESSION 14 **Imperial, Hall 2**

ASSET PRICING I
Session Chair: Mika Vaihekoski - University of Turku, Finland

"Equity Forward Return from Derivatives"
Steven Clark - University of North Carolina at Charlotte, USA
Yueliang (Jacques) Lu - Clemson University, USA
Weidong Tian - University of North Carolina at Charlotte, USA

Discussant: Matthias Bank - University of Innsbruck, Austria

This paper develops a theory of forward returns for an equity index. We obtain the forward returns using information from derivatives markets, including index option prices and gammas, VIX-futures, and prices of VIX-options. We document a pro-cyclical term structure of S&P500 forward returns and a robust short-term reversal pattern. Moreover, by designing and implementing a market-timing strategy, we demonstrate that forward equity returns provide real-time trading signals with substantial economic value.

"Relative Visibility and Attraction in Asset Pricing"
Matthias Bank - University of Innsbruck, Austria

Discussant: Paulo Roberto Fonteles Guimaraes - Universidade de Brasilia, Brazil

Numerous studies show that stocks that attract a lot of attention from investors tend to have low subsequent returns. Motivated by these findings, I ask the following question: Does the relative visibility of a stock combined with a high level of uncertainty help explain the anomalous result that idiosyncratic volatility is negatively related to subsequent returns? Using abnormal return volatility as a measure of relative visibility, I show that for US large-cap stocks, high (low) relative visibility alone and combined with high uncertainty leads to statistically and economically low (high) subsequent returns.

"Man vs Machine: Can AI-Based Stock-Picking Outperform Human Skill?"
Paulo Roberto Fonteles Guimaraes - Universidade de Brasilia, Brazil
Herbert Kimura - University of Brasília, Brazil

Discussant: Weidong Tian - University of North Carolina at Charlotte, USA

Being replaced by Artificial Intelligence is a common fear in society, and jobs in the financial markets industry may be specially jeopardized by those technologies. The present study focused on comparing out-of-sample performance of Machine-Learning models and human managers in equity portfolio management, an activity that involves deciphering the non-linear, time-varying and complex return generating process of individual stocks. Using a walk-forward scheme and grid-search to tune hyperparameters, various models and ensembles are applied to forecast benchmark-relative returns based on a panel of 46,312 monthly observations and a representative set of almost one hundred features sourced from the high-populated factor zoo. Simple Rules-based, Risk-Parity and Mean-Tracking-Error portfolios were employed to backtest models' ability to generate economic value, resulting in signifi-cant out-of-sample alphas (t-stats above 3.0 or 4.0) and better risk-adjusted return metrics than the average of equity funds, including Best-in-Class ones. While not indicative of human replacement, findings urge investors to pay more attention to those methods in stock picking and equity portfolio management.

CURRENCY MARKETS
Session Chair: M. Fabricio Perez - Wilfrid Laurier University, Canada

"Global Impact of Ukraine War on Multinational Enterprises' Exchange Rate Risk"
Leonard Arvi - Salisbury University, USA
Herman Manakyan - Salisbury University, USA
Kashi Khazeh - Salisbury University, USA

Discussant: Kashi Khazeh - Salisbury University, USA

Multinational enterprises (MNE) operating in emerging countries are exposed to various types of risk. Exchange rate risk is an important and anticipated part of MNE's total risk exposure, with a variety of tools available to mitigate that risk. In this study, we focus on transaction exposure of cash flows in ten global market currencies and employ the Modified Value-at-Risk (MVaR) model to estimate the maximum one-period loss during a twelve-month period before and after the commencement of the Russia-Ukraine war. The predicted losses by MVaR are then compared to the ex-post results to identify any differences in the two periods and to determine the need for adjustments in hedging strategies by MNEs during similar global crises. The motive of this research is to understand the limitations of hedging and what MNEs can do to mitigate transaction exposure risk. The results provide insights on the need for currency hedging by MNEs. The Ukraine war did impact all firms globally, so this study is relevant and pertinent as firms plan their post-war growth.

"Global Impact of Covid-19 Crisis On Multinational Enterprises' Exchange Rate Risk Measurement: A Value at Risk Approach"
Kashi Khazeh - Salisbury University, USA
Leonard Arvi - Salisbury University, USA
Robert Winder - Christopher Newport University, USA

Discussant: Jiri Svec - University of Sydney, Australia

Multinational enterprises (MNEs) operate globally. Hence, they experience exchange rate risk. The conceivable effects of this risk, and how well MNEs administer it, is a key factor to their long-run success. With the dawn of exchange rate risk in 1973, MNEs need to alleviate that risk. In order to do so, they utilize a variety of tools (i.e., Forward, Futures, Options, and Money Markets). Notwithstanding different types of exchange rate risk, this study focuses exclusively on transactions exposure denominated in the currencies of ten different countries (emerged and emerging) with highest GDPs. The emerged countries are Eurozone, Japan, United Kingdom, Canada, and Australia, whereas the emerging countries are India, Brazil, South Korea, Mexico, and Thailand. The "modified" Value-at-Risk (MVaR) model is employed due to its superiority over the traditional (VaR) model, to estimate the maximum one-period losses during the eighteen months prior to the onset of the Covid-19 crisis and the eighteen months following the onset of the Covid-19 pandemic. The projected losses are then compared with the actual ex-post results. The objective is to analyze the extent of the transaction exposure and provide reasonable understandings to MNEs as they decide whether to hedge this risk during black swan events like the pre- and post-Covid-19 time periods. The initial results reveal an interesting and significant decision criterion for MNEs with respect to their hedging strategies.

"Impact of Tick Size on Market Quality"
Meiyu Wu - Beihang University, China
Sean Foley - Macquarie University,
Jiri Svec - University of Sydney, Australia
Jiri Svec - University of Sydney, Australia

Discussant: Herman Manakyan - Salisbury University, USA

Emerging theoretical literature identifies various channels through which tick size changes impact market quality, suggesting that optimal tick sizes balance excessive undercutting with long queues. We test these propositions empirically by simultaneously observing both increases and decreases in tick sizes for cryptocurrencies on the same exchange, while controlling for trading of these assets on competing

venues. We show that spread-constrained assets exhibit the most significant changes in market quality, with the largest increases (decreases) in spread and depth when tick sizes are raised (reduced). These assets also experience the most order flow migration, moving away from (towards) the trading venue with tick size increases (decreases). This suggests that mechanical and layering channels dominate within exchanges, while the migration channel also matters across different exchanges. Unconstrained assets do not generally show significant changes in market quality, indicating undercutting is a weaker transmission channel. Beneficial tick size changes are more pronounced on dominant exchanges, while detrimental changes are more evident on fragmented exchanges.

SESSION 16 **Imperial, Hall 4**

REAL ESTATE
Session Chair: David Rakowski - UT Arlington, USA

"How Brexit Changed the Dynamics of UK Commercial Real Estate: Evidence from the Roles of Domestic and Foreign Monetary Policies"
Alain Coen - University of Quebec in Montreal, Canada
Philippe Guardiola - Universit´ e Paris-Nanterre, FrancePhilippe.guardiola@realestate.bupparibas

Discussant: Ian Lenaers - Vrije Universiteit Brussel, Belgium

The main objective of this article is to investigate the impact of monetary policies led by the Bank of England, the ECB and the Fed on the dynamics of British commercial real estate markets between 2000 and 2023, using vector autoregression and structural vector autoregression (SVAR) models. With our modelling, we also shed new light on the role played by the stock market and REITs as transmission channels. Our results report that monetary policies have a highly significant impact on eight British commercial real estate sectors, with different implications. As an illustration of financialization, REITs seem to be a transmission channel for all asset classes. However, Brexit appears to mark a major turning point as the BoE and BCE monetary policies effects drop sharply after 2016.

"Lost In the Modeling Stage: A Comparative Analysis of Machine Learning models for Real Estate Data"
Ian Lenaers - Vrije Universiteit Brussel, Belgium
Lieven De Moor - Vrije Universiteit Brussel, Belgium

Discussant: Yildiray Yildirim - Baruch College-CUNY, USA

Lately, machine learning and artificial intelligence have dominated automatedproperty valuation models. However, an extensive comparison of real estate priceprediction models is rarely conducted. Therefore, this research aims to conduct anextensive comparison of 28 rent prediction models, trained on a cleaned dataset of79,735 Belgian residential rental properties from 2022. The evaluationincorporates both traditional metrics and alternative metrics to assess predictiveperformance for the train set, the test set, and across the different deciles of the testset. The results indicate and confirm that tree-based ensemble models, outperformother models in predictive performance, suggesting that these models are highlyeffective for real estate price predictions. However, ensemble models such asstacking and averaging show even better results but with greater computationalburden. Further, it is inferred that traditional and alternative metrics generatesimilar findings. Lastly, this study highlights that predictive performance is betterfor middle-range rents compared to the extremes (lower and higher deciles). Thesefindings are useful to real estate stakeholders for incorporation into expert systemsused for automated valuation models.

"Opioid Crisis and Local Economic Pain: Evidence from Commercial Real Estate Loan"
Yildiray Yildirim - Baruch College-CUNY, USA
Jiang Zhang - Hong Kong University, Hong Kong
Bing Zhu - Technical University of Munich, Germany

Discussant: Alain Coen - University of Quebec in Montreal, Canada

This study examines the local economic impacts of the opioid epidemic by focusing on the performance of commercial real estate loan. We establish causal identification by leveraging plausible exogenous variation in primary physicians per capita and staggered adoption of state-level Opioid Misuse Prevention Legislation. Our findings indicate that opioid abuse decreases net operating income and increases vacancy rates, leading to a surge in loan defaults. We present direct evidence for economic channels showing that opioid abuse disrupts local economies through reduced business sales and eroded neighborhood desirability, which decreases net operating income and lowers occupancy rates of commercial real estate properties, ultimately leading to higher default rate. The effect is more severe in residential and retail properties, areas with weaker economic conditions, communities with higher proportions of Black and Asian populations, younger individuals, and Republican states. Our study underscores a new negative externality of the opioid crisis on local economies and its spillover effects on financial markets.

SESSION 17 **Imperial, Main Hall**

TUTORIAL: ASSET PRICING
Session Chair: Jedrzej Bialkowski - University of Canterbury, New Zealand

"On the State of Asset Pricing: Questions and Insights"
David Feldman - UNSW Sydney, Australia

Discussant: - ,

I present highlights, insights, and questions regarding the past, present, and future of asset pricing. I examine challenging characteristics of the “market for research” equilibrium, then consider their consequences for core asset pricing implementations.

SESSION 18 **Athena 3 Hall**

CORPORATE FINANCE
Session Chair: Stefan Ruenzi - University of Mannheim, Germany

"Unraveling Firm Value Determinants: The Moderating Effect of Company Size on Capital Structure and Financial Performance in Mexican Stock Exchange (2013-2024)"
Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico
Alejandra Cabello-Rosales - Universidad Nacional Autónoma de México, Mexico
Edgar Ortiz - Universidad Nacional Autónoma de México, Mexico

Discussant: Gabrielle Wanzenried - Uniiversity of Applied Sciences Western Switzerland HES-SO, Switzerland

The relationship between a firm's capital structure, financial performance, and its overall value remains a central topic of interest in corporate finance. Understanding how these variables interact provides valuable insights into optimizing firm value, a critical objective for both management and stakeholders. In this context, the present study examines the interplay between firm value, measured by Tobin’s Q, and two pivotal determinants: capital structure and financial performance, focusing on firms listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores) during the period from 2013/Q3 to 2024/Q3. We employed a multiple linear regression analysis considering firm size as moderate variable. Findings indicate that, financial performance has no effect on firm value, capital structure has a positive effect on firm value, firm size has a positive effect on firm value, firm size is unable to moderate the effect of financial performance on firm value and firm size can moderate the effect of capital structure on firm value.

"What Determines the Performance of Alpine Transport Operators? Empirical Evidence from Switzerland"

Philipp Lütolf - University of Applied Sciences and Arts Central Switzerland, Switzerland
Gabrielle Wanzenried - Univiversity of Applied Sciences Western Switzerland HES-SO, Switzerland

Discussant: Mehmet Goktan - California State University, East Bay, USA

We analyze the performance of alpine transport companies, including mountain railway, cable car, and lift operators, in Swiss touristic regions over the period from 2011 to 2023. Using 412 observations from 48 companies covering about 90% of the market, we examine firm-specific characteristics, meteorological data, infrastructure, and market factors to explain cash flow return, self-financing, and revenue growth. Additionally, we assess the impacts of the Magic Pass, an annual multi-resort ticket, and dynamic pricing on performance metrics. Our findings highlight the importance of a high equity ratio and consistent capital expenditures for strong performance, along with market factors like exchange rates and brand recognition in Europe and Asia. While dynamic pricing appears to negatively affect certain performance measures, multi-resort access has no significant impact. Switzerland offers a unique setting for this analysis due to the availability of detailed data and a diverse market structure compared to other countries dominated by a few large operators.

"Relationship Between Funds' ESG Ratings and Lipper Rankings"

Mehmet Goktan - California State University, East Bay, USA
Ekin Alakent - California State University, East Bay, USA

Discussant: Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico

The purpose of this paper is to investigate how ESG ratings ultimately affect a fund's financial performance after considering the endogenous choices funds make to maintain social responsibility. We specifically analyze the expense, volatility, consistency and risk adjusted return performance of funds with varying ESG ratings and test our hypotheses using Lipper fund ranking system. Our findings suggest that an increase in a fund's ESG ratings is associated with lower operating expense in general although funds that market themselves as "green" or "ethical" have significantly higher operating expenses. Furthermore, after controlling for endogeneity, the impact of ESG rating on mutual fund's risk adjusted financial performance is significantly positive and high ranking ESG funds are more likely to preserve capital. Our results suggest that higher costs associated with "green" and/or "ethical" labeled funds is not justified since higher ESG ratings does not command a higher expense on average. The financial performance of high ESG funds outperform similar funds in its benchmark group. Overall, this study contributes to our understanding of the effect of ESG on fund characteristics and performance through the perspective of Lipper ratings.

SESSION 19 **Imperial, Hall 1**

CORPORATE GOVERNANCE I
Session Chair: Alain Coen - University of Quebec in Montreal, Canada

"Organizational Resilience with ESG Before and After of COVID-19"
Cristianna Chimonaki - Hellenic Mediterranean University, Greece
Efthalia Tabouratzi - Hellenic Medeterranean University, Greece
Konstantinos Vasilakakis - Hellenic Medeterranean University, Greece

Discussant: Osama El-Temtamy - Mount Royal University, Canada

This study examines how organizational resilience is influenced by the adoption of environmental, social, and corporate governance (ESG) practices. It highlights the importance of organizational resilience as a strategy for effectively responding to unexpected challenges, such as COVID-19, while maintaining business sustainability. Organizational resilience refers to an organization's ability to survive, adapt, and thrive during unforeseen challenges. Our hypotheses analyze the economic performance of advanced economies in the Euro area, specifically focusing on the following countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Spain, Portugal and Netherlands. The study covers a period from 2016 to 2023, including four years before and four years after the onset of COVID-19. Our empirical analysis indicates that the components of ESG will significantly affect economic performance.

"Audit Risk Evaluation Using Data Envelopment Analysis with Ordinal Data"
Amin Gholam R - University of New Brunswick, Canada
Osama El-Temtamy - Mount Royal University, Canada
Samy Garas - State University of New Your, USA

Discussant: Dimitrios Vortelinos - Hellenic Mediterranean University, Greece

This study examines the data envelopment analysis (DEA) model for audit risk evaluation which was initially developed by Bradbury and Rouse (2002) and reinterpreted by Davutyan and Kavut (2005). Bradbury and Rouse (2002) apply the standard DEA model for audit risk factors, including judgemental (ordinal) measures. In the presence of ordinal data, efficiency analysis in DEA requires appropriate models to be applied instead of the standard DEA model. Accordingly, audit risk evaluation based on the standard DEA model is not assessed appropriately because the risk factors are qualitative and ordinal measures. Hence, we employ an appropriate DEA model to accurately evaluate audit risk in the presence of ordinal data. In light of the prior two studies, our results demonstrate the appropriateness of the ordinal DEA model.

"Exploring Audit Opinions: A Deep Dive into Ratios and Fraud Variables in the Athens Exchange"
Yiannis Yiannoulis - Hellenic Mediterranean University, Greece
Dimitrios Vortelinos - Hellenic Mediterranean University, Greece
Ioannis Passas - Hellenic Mediterranean University, Greece
Christos Floros - Hellenic Mediterranean University, Greece

Discussant: Cristianna Chimonaki - Hellenic Mediterranean University, Greece

This study investigates whether a model combining financial ratios and non-financial variables can predict audit opinions (qualified or unqualified) for firms listed on the Athens Exchange (ATHEX) from 2018 to 2022. Using 450 firm-year observations from 90 non-financial firms, we applied a probit regression model to examine the impact of 11 financial ratios and non-financial factors such as auditor quality, auditor turnover, and corporate performance. Our findings reveal that financial ratios and auditor characteristics, particularly auditor quality, have significant ex-planatory power in determining audit opinions. The model offers practical benefits for auditors, enabling them to predict audit opinion types, assess client risks, define audit scope, and reduce litigation risks. These insights are particularly relevant in emerging economies like Greece, where audit risk and firm failures are heightened. The study highlights the importance of finan-cial and non-financial variables in identifying material misstatement risks, consistent with In-ternational Standards on Auditing (ISA 520). However, its findings are limited by the small sample size and Greece's specific economic and regulatory context. Future research should ex-plore the model's applicability to larger and more developed markets.

SESSION 20 **Imperial, Hall 2**

ASSET ALLOCATION
Session Chair: Weidong Tian - University of North Carolina at Charlotte, USA

"Testing Rational and Behavioral Predictions to Long-Term Reversal:Industry Evidence from Latin America"
Luis Berggrun - CESA Business School, Colombia
Emilio Cardona - Universidad de los Andes, Colombia
Edmundo Lizarzaburu - ESAN University, Peru

Discussant: Siegfried Köstlmeier - University of Regensburg, Germany

The rational school predicts that return reversal may be significant in optimistic but not in pessimistic states. The behavioral school predicts that reversal may exist in industry segments with greater mispricing potential and more investor biases. We find little support for rational and behavioral predictions. After interacting rational and behavioral predictions, we found some evidence of reversal during bull markets for some industry segments. Nevertheless, after adjusting for systematic risk, long-term reversal turned out to be insignificant. Overall, our findings are consistent with market efficiency in which return reversion at the industry level is unable to deliver abnormal profits.

"The Global Market for Luxury Watches and Asset Pricing"
Siegfried Köstlmeier - University of Regensburg, Germany
Klaus Röder - University of Regensburg, Germany

Discussant: Jedrzej Bialkowski - University of Canterbury, New Zealand

We are the first to analyze the global market for luxury watches between 2010 and 2022 through the lens of empirical asset pricing. Our watch-market index gains 0.64% per month and outperforms gold, bonds, and commodities on a risk-adjusted basis, but is no hedge or safe haven against them. We consider a comprehensive list of price- and market-related return predictors in the stock market and construct their watch counterparts. Size, Reversal, MAX and Momentum form successful long-short strategies and generate significant return differences. Momentum is inverted and driven by large returns among past losers. Our results favor mispricing related mechanisms based on the analysis of sentiment induced asymmetric pricing effects, cost of arbitrage, and covariance with stock market factors.

"Investor Gambles and Political Signals"
Jedrzej Bialkowski - University of Canterbury, New Zealand
Arman Eshraghi - Cardiff University, UK
Xiaopeng Wei - University of Adelaide, Australia, Australia

Discussant: Luis Berggrun - CESA Business School, Colombia

Analyzing two decades of trading activity, we find that investors tend to 'gamble' more when the quality of political signals deteriorates. Specifically, as political information becomes more ambiguous, trading in lottery-like stocks (characterized by low price, high volatility, and high skewness) increases significantly, reflecting a heightened pursuit of potential investment 'jackpots'. In contrast, trading activity in non-lottery-like stocks declines during these periods. Such a divergence in trading volume between lottery-like and non-lottery-like stocks, equivalent to a 17% annual return differential, differs from patterns shown in prior literature associated with economic policy uncertainty and market volatility. Further, investor attention to gambling proxied by Google Trends and X (Twitter) supports our findings.

CORPORATE STRUCTURE

Session Chair: Gabrielle Wanzenried - Univiversity of Applied Sciences Western Switzerland HES-SO, Switzerland

"Does Workforce Diversity Affect Firm Efficiency and Productivity"

Jeffrey Callen - University of Toronto, Canada
Dan Segal - Reichman University, Israel
Zhongnan Xiang - Warwick University, UK

Discussant: Jason Smith - Utah State University, USA

We utilize workforce gender and racial diversity data from mandated EEO-1 forms to determine if workforce diversity at the managerial and rank-and-file levels affect firm-level efficiency and productivity. Efficiency is measured by Data Envelopment Analysis (DEA). Productivity is measured both by a DEA-based Malmquist Index and by the (residual) dynamic production function approach of Ackerberg et al. (2015). The results are not consistent with the hypothesis that workplace diversity reduces production inefficiency and/or increases productivity, contrary to the popular view that workplace diversity is beneficial to firm operations. These results are consistent with labor frictions induced by having a diverse labor force offsetting benefits from diversity.

"Private Equity Financial Intermediation"

Jared Delisle - Utah State University, USA
Jason Smith - Utah State University, USA

Discussant: Koresh Galil - Ben-Gurion University, Israel

We model the formation of private equity financial intermediaries as a potentially optimal ownership arrangement. The key idea is that a private equity financial intermediary (PEFI) is a coalition of investors who can, among themselves, negotiate and contractually agree on an optimal allocation of cash flow and control rights. Private equity financial intermediaries increase the effort of the manager, which in turn increases the payoff of the project. The creation of private equity surplus allows for the hiring of higher-ability managers, generating greater cash flow and enabling the firm to operate with higher leverage. The model addresses four stylized facts: private equity financial intermediaries increase the leverage capacity of the firm, they employ higher-quality managers, they provide superior returns, and they improve overall firm performance.

"Country Financial Development and the Extension of Trade Credit by Firms with Market Power"

Koresh Galil - Ben-Gurion University, Israel
Offer Shapir - New York University Shanghai,
Rodrigo Zeidan - New York University Shanghai,

Discussant: Jeffrey Callen - University of Toronto, Canada

Prior research on the impact of market power on firms' willingness to extend trade credit has produced inconsistent results, highlighting a critical gap in understanding firm behavior. This study addresses this issue by analyzing a comprehensive dataset of industrial firms across 26 countries, focusing on how the relationship between market power and trade credit depends on a country's financial development level. Firms with monopolistic power often restrict credit provision to improve cash flow. However, our findings reveal a U-shaped relationship, where monopolistic firms in countries with either underdeveloped or highly developed financial sectors are more likely to extend trade credit than those in mid-level financial systems. This highlights the moderating role of financial development in shaping the interaction between market power and trade credit behavior.

BANKING AND MORTGAGES
Session Chair: Yildiray Yildirim - Baruch College-CUNY, USA

"Sentiment Driven Loans"
Boris Fisera - Slovak Academy of Sciences, Bratislava, Slovakia
Zuzana Kostalova - Slovak Academy of Sciences, Slovakia
Stefan Lyócsa - Masaryk University, Czech Republic

Discussant: David Rakowski - UT Arlington, USA

Consumer sentiment affects economic growth by manipulating consumption and investment choices. We explore one of the channels through which sentiment influences the real economy; the demand for consumer and housing loans. We create fundamental-driven and pure sentiment indices using data-driven machine learning (ML) techniques; penalized regressions, complete subset regressions, and random forest. Fundamental-driven sentiment is the expected sentiment as indicated by ML models augmented with common macro-economic drivers of loan growth. Pure sentiment is represented by forecast errors, the unexpected shock to sentiment. Using local projections approach and data for a group of Central European countries that experienced considerable expansion in bank lending over the past decade, we f ind that positive shocks to sentiment contribute to an increase in housing loans, while it has limited effect on consumer loans. We also find that sentiment about future economic conditions has a more positive effect on loans than sentiment about present economic conditions. Finally, we find that monetary policy stance influences the effect of sentiment: Specifically, sentiment only influences bank lending when monetary policy stance is persistently loose.

"Borrower-Lender Political Homophily and Loan Characteristics"
Abdulaziz Alshamrani - King Saud University, Saudi Arabia
David Rakowski - UT Arlington, USA
Salil Sarkar - University of Texas at Arlington, USA

Discussant: Yi Liu - University of North Texas, USA

This study investigates the political homophily between the top executives of borrowers and lenders. We find high political homophily between borrowers' and lenders' management teams. We further investigate how this political homophily affects both price and non-price terms of loan contracts. We find that high homophily results in higher spreads. However, we find this high political homophily to be associated with less covenant intensity and lower collateral requirements. We also find that high homophily is more valuable for firms with high information asymmetry and low levels of corporate governance. These findings are consistent with the argument that political homophily spurs mutually advantageous relationships, as well as with the literature that documents firms' willingness to pay higher spreads to retain accounting flexibility in order to avoid covenant violations.

"Does Market Interest Rates Change Bank Profitability and Risk?"
Mujtaba Zia - University of North Texas-Dallas, USA
Mucahit Kochan - Governors State University, USA
Yi Liu - University of North Texas, USA

Discussant: Zuzana Kostalova - Slovak Academy of Sciences, Slovakia

Over the past four decades, interest rates in the United States fluctuated considerably. The benchmark Federal funds rate, for instance, fell from 11.4% in summer 1984 to 3% in early 1993, increased to 6.5% in 2000, fell back to 1% in 2004, increased again to 5.25% in 2007, and bounced back and forth between 0.00% and 5.25% multiple times. Such interest rate fluctuations impact bank profitability and risk. The Dodd-Frank act of 2010 also introduced activity restrictions and new capital and liquidity requirements for the US banking firms. Using a panel dataset, we examine how US banking firms have maneuvered interest rate fluctuations since 1980. We further study bank profitability and risk behavior in the pre- and post-Dodd-Frank periods. Our results show that in general, bank profitability improves with higher Fed funds rate while bank risk parameters suffer. The results are amplified for large banks.

CORPORATE GOVERNANCE, MARKET BEHAVIOR, AND FIRM VALUATION

Session Chair: Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico

"Integrative Models of Firm Performance: Empirical Evidence"

Benjamin Maury - Hanken School of Economics, Finland

Discussant: Anja Stiller - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany

This paper empirically tests the validity of integrative models of performance determinants. Building on more than 50 years of research, this paper focuses the five determinants of firm performance: top management, strategy, organization (including governance), resources, and environment. Two types of performance measures are used: profitability and valuation. The results shed light on the relative importance of various firm and environmental variables. The order of importance of the categories in the integrative model was strategy, organization, business environment, top management and resources.

"Board Diversity Appearance and Firm Performance: An Image-Based Deep Learning Approach"

Lukas Greger - Friedrich-Alexander-Universität Erlangen-Nuremberg, Germany
Hendrik Scholz - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany
Anja Stiller - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany
Nicolas Webersinke - Friedrich-Alexander-Universität Erlangen-Nürnberg, Germany

Discussant: Antonio Figueiredo - Nova Southeastern University, USA

We introduce a new measure of board diversity appearance leveraging machine learning methods. Using portrait pictures of board members from S&P 100 firms, we receive a score that quantifies the level of visually observable diversity on a board. We argue that stakeholders may use this board diversity appearance to approximate unobservable attributes of board members that affect firm performance. Further, we suggest that this signal is particularly valuable for firms that do not receive much public attention and could positively alter the behavior of stakeholders towards a firm. Using factor model analyses, we find indication that firms with more diverse appearing boards and less public attention indeed tend to outperform. In addition, we also find support for improved firm performance of these firms based on accounting measures.

"IPO Underpricing and Cyberattacks on Industry Peer Firms"

Antonio Figueiredo - Nova Southeastern University, USA
Darshana Palkar - Nova Southeastern University, USA

Discussant: Tanveer Ahsan - Rennes School of Business, France

With deepening digitalization and reliance on technology, cyberattack incidents are a rising concern for regulators, market participants and companies. Previous and anecdotal evidence suggests that the detrimental effects of cyberattacks extend far beyond the targeted firms. This study examines the spillover effects of cyberattacks on the costs of going public by non-targeted industry peers. We find that firms going public within one year of a cyberattack on an industry peer experience, on average, 4.9% higher underpricing than their counterparts with no cyberattacks on industry peers in the pre–initial public offering (IPO) period. The findings are robust to alternative industry definitions and cyberattack proxies, filtering on prominent cyberattacks and to the inclusion of a battery of controls. Furthermore, a cyberattack on an industry peer after the IPO filing increases the probability that the firm will withdraw its offering by 18.5%. These findings suggest that cyberattacks on industry peers result in costly IPOs for non-targeted newcomers.

"Does Party School Education Facilitate Green Innovation? Evidence From China"

Muhammad Ansar Majeed - Kedge Business School, France
Tanveer Ahsan - Rennes School of Business, France
Ammar Gull - Léonard de Vinci Pôle Universitaire, France

Discussant: Benjamin Maury - Hanken School of Economics, Finland

The educational background of top management can influence corporate outcomes. This study examines the relationship between party school education (PSE) of executives and green innovation in China. Exploiting upper echelon theory and the resource-based view, we hypothesize that PSE inculcates strategic thinking, deepens understanding of societal issues, and provides greater access to resources, resulting in higher green innovation. There is a significant positive relationship between PSE and green innovation, indicating that PSE facilitates corporate green innovation in China. Our results further indicate that the positive impact of PSE is highly significant for Chinese state-owned enterprises and firms in high-polluting industries. We also observe that formal (institutional quality) and informal (analyst and media coverage) external governance mechanisms heighten PSE's impact on green innovation in China. Our results are robust to alternate proxies of green innovation, time and industry fixed effects, and various econometric techniques accounting for endogeneity issues and sample selection bias.

SESSION 24 **Athena 3 Hall**

PAYOUT POLICY

Session Chair: Stefan Lyócsa - Masaryk University, Czech Republic

"A Cultural Explanation of The Dividend Payout of Multinational Firms"

John Fan Zhang - Macau University of Science and Technology, China

Discussant: Arif Khurshed - University of Manchester, UK

This paper examines how the geographical cultural heterogeneity of multinationals influences their dividend policies. The result shows that cultural heterogeneity is negatively related to dividend ratios controlling for other determinants of dividend policy. This result is robust to alternative measures of culture. Further, it reveals that cultural heterogeneity is related to the payout amount but not to the decision of whether dividends are paid. Finally, it reveals that geographic distance and the degree of internationalization do not mitigate the negative relation between cultural heterogeneity and dividend ratios. Nonetheless, the incorruptibility of foreign countries strengthens the negative effect. Overall, these results suggest that cultural factors should be considered for payout decisions in the context of global operations.

"Investor Sentiment and the Demand for Dividends"

Amedeo De Cesari - University of Manchester, UK
Mo Hao - University of Manchester, UK
Arif Khurshed - University of Manchester, UK

Discussant: Anna Danielova - McMaster University, Canada

We study the association between investor sentiment and investors' demand for dividends before the ex-dividend day in China, a country in which unsophisticated, retail investors dominate the stock market. We find that the demand for dividends is higher when sentiment is low, implying that dividends are perceived as a "safe" source of cash that is particularly valuable when investors are pessimistic. The demand is weaker when investors are distracted by contemporaneous dividend announcements and when alternative safe assets such as housing and gold are performing well. Our findings suggest that the dividend-capture activities of retail investors vary with the overall market sentiment and that they are likely driven by psychological factors.

"Corporate Operating Performance Following Seasoned Equity Offerings: It Pays to Pay Dividends"

Anna Danielova - McMaster University, Canada
Wei-Ju Liao - McMaster University, Canada

Discussant: John Fan Zhang - Macau University of Science and Technology, China

This study investigates the connection between dividend payouts and investments of seasoned equity offering (SEO) firms. The main objective is to analyze how dividend payouts relate to post-issue investment and operating performance. When firms overinvest after SEOs, the productivity of operating assets and the operating performance both deteriorate. Paying out dividends could potentially mitigate the overinvestment problem post offerings. Consistent with this, we find that dividend-paying firms exhibit less deterioration in operating asset productivity and have better post-issue operating performance when overinvestment occurs.

SESSION 25 **Imperial, Hall 1**

CORPORATE GOVERNANCE II
Session Chair: Stephen Ferris - University of North Texas, USA

"Corporate Governance and Supplier Financing: Evidence from Global Board Reforms"
Douglas Cumming - Florida Atlantic University, USA
Jared DeLisle - Utah State University, USA
Jin Lei - Brock University, Canada
Zi Yang - McMaster University, Canada

Discussant: Sapar Rao - Indian Institute of Technology, Bombay, India

Drawing on current literature and our simple external financing model, we hypothesize a negative relationship between internal governance quality and supplier financing. This relationship is expected to intensify among firms with weak internal governance, those in countries with strong external governance and financing mechanisms, and financially fragile firms facing increased financing needs, financial constraints, demand uncertainty, and competition. Using a decade of data surrounding governance-enhancing board reforms in 38 countries, our difference-in-differences analyses strongly support these predictions. Improved internal governance reduces reliance on supplier financing and payables manipulation for signaling and opportunistic purposes, leading to better investment decisions and firm performance.

"Greener Firms, Greater Returns? A Non-Linear Analysis of Greenhouse Gas Emissions and Firm Performance."
Karishma Salian - Indian Institute of Technology, Bombay, India
Sapar Rao - Indian Institute of Technology, Bombay, India
Trupti Mishra - Indian Institute of Technology, Bombay, India

Discussant: Kevin Zhao - Middle Tennessee State University, USA

This study examines the impact of GHG (Green House Gas) emissions on financial performance and the cost of capital (CoC) for Nifty 200 listed companies in India from 2017 to 2022. Using a non-linear panel quantile regression (PQR), we observe an inverse U-shaped relationship between GHG emissions and financial performance, where performance improves with moderate emissions but declines beyond optimal. However, for ROA, the relationship exhibits a U-shape in the higher deciles, indicating that GHG emissions initially benefit high-profit firms but reduces performance once emissions exceed an optimal threshold. Additionally, a U-shaped relationship is observed for the CoC, with equity and debt costs initially declining as emissions decrease but rising beyond a critical threshold. These findings highlight the importance of optimizing GHG emissions to achieve sustainable financial outcomes and provide valuable insights for managers and policymakers to design effective environmental strategies that balance economic and environmental goals.

"Legal Origins, Dividend Policies, and Firm Value:Evidence from European Firms Listed in the U.S."
Kevin Zhao - Middle Tennessee State University, USA

Discussant: Jared DeLisle - Utah State University, USA

Using data from European ADRs that raised capital in the U.S. from 2001 to 2020, this research examines the relation between a firm's legal origin, dividend payout, and firm value. Common Law-based European ADRs, after controlling for pertinent factors, are found to disburse more dividends than those from Civil Law traditions. This aligns with the agency theory, indicating shareholder-driven pressure on firms to distribute dividends, mitigating moral hazard and information asymmetry. Notably, firms from countries with stronger investor protection, evident from their legal origins, register increased valuation after dividend payout. However, in emerging European countries, significant dividend payouts seem to depress firm value, consistent with the dividend tunnelling theory.

ASSET PRICING II

Session Chair: Lorne Switzer - Concordia University, Canada

"Investor Heterogeneity and Stock Return Dynamics: A Generalized Feedback Trading Model"

Gregory Koutmos - Fairfield University, USA
Dimitrios Koutmos - Texas A&M University, Corpus Christi, USA

Discussant: Mahmoud Qadan - University of Haifa, Israel

This paper extends the dynamic (conditional) Capital Asset Pricing Model (CAPM) to incorporate the impact of three types of markets participants namely, rational risk averse investors, positive feedback, or, momentum traders and negative feedback, or, contrarian traders on the prices of risky securities. The demand for risky assets on the part of rational risk averse investors is governed by risk/reward considerations along the lines of the CAPM. Positive feedback traders are essentially trend chasers, i.e., they buy risky assets when prices move up and they sell them when prices move down. This could be the result of irrationality, lack of information, or, portfolio insurance strategies that manifest themselves as momentum, or, positive feedback trading. Negative feedback traders follow contrarian trading strategies in an attempt to exploit trend chasers, i.e., they buy when prices move down and they sell when the prices move up. The interaction of the three types of investors leads to a complex time varying autocorrelation pattern for stock returns. There is evidence of both positive and negative feedback trading in the daily returns of size based portfolios as well as in the daily returns of the market portfolio and the size value and momentum factors. There is less feedback trading activity in the monthly returns. The actions of positive feedback traders increases covariant risk and the deviation of prices from equilibrium values.

"The Ambiguity Smile"

Mahmoud Qadan - University of Haifa, Israel
Mahmoud Ayoub - University of Haifa, Israel

Discussant: Hisham Al Refai - Qatar University, Qatar

Recent research differentiates between risk and ambiguity (Knightian uncertainty). We utilize state-of-the-art methods to compute the daily ambiguity of the S&P 500 using high-frequency (one-minute) data from 1998 to 2022. We define ambiguity as the variability in return distributions throughout the trading day. The findings show that ambiguity fluctuates across weekdays with a clear tendency to peak on Mondays, drops significantly on Wednesdays and Thursdays, and rises slightly on Fridays, forming a smirk-like pattern. We attribute this pattern to the timing of the release of macroeconomic news. Our results remain robust to a battery of robustness checks and ambiguity measures

"The Dynamics of Consumer Sentiment, Oil Price Shocks, and the Equity Market in Saudi Arabia: A Regime-Switching Analysis"

Hisham Al Refai - Qatar University, Qatar
Mohamed Abdel-Aziz Eissa - Qatar University, Qatar
Mahmoud Karasneh - Qatar University, Qatar

Discussant: Gregory Koutmos - Fairfield University, USA

This study examines the dynamic relationship between consumer sentiment, oil price shocks, and the equity market (TASI) of Saudi Arabia. Using the Markov-switching VAR model, we find that consumer sentiment stabilizes TASI during unstable periods, but contributes to overvaluation in stable periods. Oil price shocks are a major driver of TASI performance, particularly during stable market periods. Variance decomposition analysis indicates that the influence of global equity markets on TASI remains modest. The analysis also uncovers momentum and mean-reversion behaviors in TASI's price movements, with past returns influencing future performance. Impulse response analysis reveals that internal factors primarily drive TASI's price fluctuations, although the influence of oil price shocks increases over time. These results underscore the critical roles of consumer sentiment and oil price shocks in shaping Saudi Arabia's stock market performance in the long run.

MANAGERIAL INCENTIVES
Session Chair: Lenos Trigeorgis - Durham University Business School, UK

"Executive Compensation and Pollution: Theory and Evidence"
Jerome Detemple - Boston University, USA
Hao Xing - Boston University, USA

Discussant: Maria Grydaki - Hellenic Mediterranean University, Greece

We examine a multitask contracting model where managerial effort improves cash flow and investment reduces firm emissions. In a static model, we show that the pay-for- performance sensitivity on cash flow is reduced in the optimal contract to incentivizepollution abating investment. Using a large language model based information extraction technique, we find empirical evidence supporting our model implication. Compared to the socially optimal contract, we show the private optimal contract over-incentivizes production and under-incentivizes pollution abating investment. A dynamic extension of the model further reveals that firms may terminate environment-linked pay and increase emissions before imminent default.

"Do Leniency Laws Affect the Demand for Accounting Conservatism?"
Georgios Loukopoulos - University of Sussex, UK
Panagiotis Loukopoulos - University of Strathclyde,
Maria Grydaki - Hellenic Mediterranean University, Greece

Discussant: Yisong Tian - York University, Canada

We investigate how the passage of leniency laws affects the demand for accounting conservatism. Using a sample of U.S. listed firms over the period 1990-2014 and focusing on the channel of product market competition, we find evidence that the implementation of leniency laws increases the demand for accounting conservatism because the cost of collusion increases and firms tend to disclose more information in their financial statements. In a panel data fixed effects setting we investigate the impact of market competition along with a list of control variables, after the passage of leniency laws, on conditional conservatism. We explore the impact of leniency low in different intensity of conservative and our results are indicative of the fact that the implementation of leniency programs increase significantly the demand for low conservatism while the demand for high conservatism is not affected significantly.

"Stock Option Incentives and Corporate Hedging Decisions: Theory and Empirical Evidence"
Chengcheng Huang - York University, Canada
Yisong Tian - York University, Canada

Discussant: Jerome Detemple - Boston University, USA

Previous studies suggest that managers hedge less of their firms' risk if they are provided with high powered equity incentives, especially stock options. We show, both theoretically and empirically, that this is not the case at all. In contrast, managers are motivated to maintain the same level of hedge intensity even if they are provided with more equity incentives. However, stock option incentives do induce managers to modify their firms' hedging program by supplementing it with speculative positions on the downside using concave derivatives (e.g., sold put options). Empirical evidence from the oil and gas industry supports such speculative behavior.

MERGERS AND ACQUISITIONS

Session Chair: Karsten Frankfurth - ESCP Business School, France

"Legal Counsels of SPACs"

Edward Lawrence - Florida International University, USA
Mario-Hernandez Tinoco - EHDEC Business School, Finland
Vanja Piljak - University of Vaasa, Finland
Milos Vulanovic - EDHEC Business School, France

Discussant: Don Galagedera - Monash University, Australia

We document the crucial role of legal counsels in influencing the corporate performance special purpose acquisition companies (SPACs). This study elucidates the role of legal counsel within the SPAC ecosystem, develops a metric to measure the concentration of their involvement, and establishes the relationship between this concentration measure and the likelihood, size, and speed of SPAC IPOs. Our empirical analysis, based on a sample period from 2003 to 2023, reveal that SPACs that retain experienced legal counsel in the market exhibit a higher likelihood of completing an IPO, tend to issue lower amounts, and take less time from filing to IPO.

"Establishing Short-Term and Medium-Term Efficiency Targets in Merger and Acquisition Analysis: An Application to Managed Funds"

Don Galagedera - Monash University, Australia

Discussant: Maria Psillaki - University of Piraeus, Greece

This research proposes a novel methodological framework for setting short-term and medium-term efficiency targets for merged managed funds. It emphasizes the important observation that mergers do not consistently yield efficiency gains for all entities involved. The operational aspect of a managed fund is conceptualized as a two-stage production process, and data envelopment analysis (DEA) models are developed to identify pathways for achieving efficiency targets. These pathways involve adjustments (i) only to inputs and intermediate measures or (ii) only to output measures. A novel contribution of this modelling framework is the focus on adjusting only inputs and intermediate measures alone or output measures alone to meet efficiency targets. Additionally, while most efficiency analysis studies assume constant returns to scale, the literature on managed fund operation indicates that variable returns to scale may better reflect their operational realities. The proposed DEA models are designed for the VRS output-oriented case and are versatile and can be adapted to incorporate alternative assumptions as needed. In the empirical investigation, the proposed models are applied to a sample of 66 Australian superannuation funds. The empirical study offers practical guidance for improving post-merger performance. The findings highlight various post-merger scenarios where mergers enhance efficiency.

"Are European bank Mergers and Acquisitions (M&A) effective strategies for the improvement of governance quality and performance?"

Ioannis Thanos - University of Piraeus, Greece
Maria Psillaki - University of Piraeus, Greece
Panagiotis Tziogkidis - University of Macedonia, Greece
Dimitris Margaritis - University of Auckland, New Zealand

Discussant: Vanja Piljak - University of Vaasa, Finland

n this paper we examine whether M&As by European financial institutions can be a means of increasing their corporate governance quality, which was mainly blamed for the quick and sudden outbreak of the credit crisis as well as the vulnerability of these institutions when it arrived. Specifically, we test by using a 2-step system GMM method on a sample of 72 European financial institutions for the period 2008-2020, the effect of M&As, first on the acquirers' corporate governance quality levels and then on their profitability and value. Our main findings suggest that M&As are able to significantly increase the acquirers' governance quality, while this increase in governance is not translated to increased financial performance which appears to mostly arrive directly by the M&A deals themselves. This result implies that even though institutions change to better governance structures, these changes may not be that evident to investors who seem to be more motivated from other, more evident characteristics of these firms.

EMERGING MARKETS

Session Chair: Joana Resende - University of Porto, Portugal

"Trading Energy Markets with A View to Energy Security: A Practical Approach"

Athanasios Rentiniotis - University of Western Macedonia, Greece
Efstathios Konstantinidis - University of Western Macedonia, Greece

Discussant: Marina Albanese - Università degli Studi di Napoli Federico II, Italy

This paper attempts to shed light to an often-overlooked aspect of the global energy scene. Energy security is frequently neglected at times of relative calm, despite being a universal topic with exceeding expediency, as we are reminded at times of crisis, such as the oil shock of 1973 and more recently, the global energy crisis of 2021-23. Even so, it is imperative to pursue the material improvement of energy security, or conversely, mitigate the impact of energy insecurity, as their adverse effects propagate a vicious cycle promoting instability and economic stagnation. Means to this end include novel technologies of energy production and storage, diversification of resources and supply chains, and energy conservation through the adoption of more efficient technologies and processes. However, these means have their inherent limitations, especially in the context of a competitive worldwide economy, the inherent scarcity of energy resources, and their poor geographic distribution, thus favoring oligopolistic supply-side market structures. Thus, the present work advocates for a novel approach of energy security management, where entities, organizations and establishments should pursue their closer integration into international energy financial markets not merely as net consumers-buyers, but as full market participants. As shown in the present work, active participation in the energy market can facilitate financial hedging of energy security risks.

"Climate Policies, Energy Shocks and Spillovers Between Green and Brown Stock Price Indices"

Marina Albanese - Università degli Studi di Napoli Federico II, Italy
Guglielmo Maria Caporale - Brunel University of London, UK
Ida Colella - Brunel University of London, UK
Nicola Spagnolo - Brunel University of London, UK

Discussant: Wook Sohn - KDI School, Korea, Republic of

This paper employs a bivariate VAR-GARCH(1,1) model to investigate the dynamic linkages between green and brown stock returns across five countries. The chosen framework effectively captures both mean and volatility spillovers while accommodating potential parameter shifts driven by climate policies and oil price shocks. The empirical results reveal substantial interconnections between green and brown stock returns, highlighting that the impact of climate policies varies widely across countries, directly influencing market dynamics. Moreover, the inclusion of dummy variables underscores their role in driving significant shifts in volatility spillovers between the analyzed price series.

"Central Banks' Support for Climate Action: Key Issues and Recommendations"

Iegor Vyshnevskyi - Woosong University, Korea, Republic of
Wook Sohn - KDI School, Korea, Republic of

Discussant: Athanasios Rentiniotis - University of Western Macedonia, Greece

This study examines key issues in central banks' involvement in climate actions and how major advanced and emerging markets' central banks have responded to climate risk. Climate change poses significant challenges for central banks because of its complexity and long-term impacts, which fall outside banks' traditional expertise. The climate policies of central banks differ based on their unique mandates and political contexts. Central banks in advanced nations carefully inquire into their potential involvement in climate policy before setting policy actions, whereas those in emerging markets aggressively employ a broader range of tools. These differences reflect their mandates, which closely align with the governments' development goals in emerging markets. Therefore, policy recommendations must be customized for the circumstances of each central bank.

SESSION 30 **Imperial, Hall 1**

CORPORATE GOVERNANCE III
Session Chair: Jerome Detemple - Boston University, USA

"Options Listing and Cost Structure Rigidity"
Yuan Huang - Hong Kong Polytechnic University, China
Lewis Tam - University of Macau, Macao
Ruzhou Wang - Nanjing University, China

Discussant: Stephen Ferris - University of North Texas, USA

We find that firms increase cost structure rigidity (i.e., the proportion of fixed costs relative to variable costs in the cost structure) when having options listed. The effect of options listing is stronger on selling, general, and administrative expenses, which are relatively committed and stable, than on the cost of goods sold, which closely tracks sales revenue. The results are robust to modifications in fixed effects included in the tests, the sample constructions, and the empirical methods used to control for the endogeneity concern in the association between cost structure and options listing. Cross-sectional tests suggest that options listing increases firms' cost structure rigidity by relaxing financial constraints and/or reducing managers' incentive to hoard bad news. In sum, we document how options listing affects the underlying firm's cost management, which reflects its financial flexibility and risk-taking capacity.

"When Spending Time with the Family Isn't: The Narrative Masking of CEO Departures"
Stephen Ferris - University of North Texas, USA
Sushil Sainani - University of Liverpool, UK

Discussant: Yoko Shirasu - Aoyama Gakuin University, Japan

Firms often "mask" the reasons for a CEO's departure with euphemisms which allow forced exits to be presented as voluntary. Using a new database that estimates the likelihood of a forced departure, we find that CEO reputation and career concerns largely explain the decision to mask a departure. CEOs with masked departures experience greater post-turnover employment success. The effect is more pronounced for firms in states that reject limits on executive mobility. It is also more prevalent for CEOs awarded severance packages. These effects dominate any reputational concerns of directors due to terminating a CEO they hired

"Non-Homogeneous Characteristics of Institutional Investors and ESG: FromLong-Term Investment in Japanese Firms and CO2"
Yoko Shirasu - Aoyama Gakuin University, Japan

Discussant: Helen Spiropoulos - University of Technology Sydney, Australia

In terms of innovation, we explored the influence of foreign investment and the share holdings of long-term institutional investors on corporate long-term investments made through ESG. Foreign investors promote long-term investment in firms when environmental activities are embedded in ESG criteria, and long-term institutional investors have additional effects. We also focus on total CO2 emissions as a measure of potential climate change based on CO2 emissions and find that the heterogeneity in investor characteristics leads to significant differences in investing actions. The institutional investors from Scandinavia and the EU seem to adopt the divestment approach. Conversely, the other institutional investors concentrated their holdings in companies with high total CO2 emission levels and large reduction potential, which they believe have significant room for future reductions.

"Rebuilding Trust: Board Actions and Their Effectiveness in the Wake of Corporate Social Irresponsibility"

Rebecca Bachmann - Macquarie University, Australia
Helen Spiropoulos - University of Technology Sydney, Australia
Ruoyun Zhao - University of Technology Sydney, Australia

Discussant: Lewis Tam - University of Macau, Macao

We examine boards' actions in response to reputational damage related to their environmental, social and governance (ESG) factors and whether these actions lead to subsequent improvements in firm and ESG performance. Based on a sample of US firms from 2008 to 2018, we find that boards can adopt a reactive strategy and dismiss the CEO, and/or a proactive strategy by restructuring the CEO's compensation to better align with shareholders' interests, switching got a Big4 auditor, or establishing an ESG committee. Both approaches are effective in addressing corporate social irresponsibility (CSI), as indicated by improvements in future firm and ESG performance. We also find that firms are more likely to switch to a Big 4 auditor following CSI; however, this switch has no impact on subsequent accounting or ESG performance, but does improve subsequent firm value. These results remain robust when applying alternative measures of reputation risk measures and addressing endogeneity concerns.

SESSION 31 **Imperial, Hall 2**

INFLATION ISSUES
Session Chair: Gregory Koutmos - Fairfield University, USA

"How is Inflation Priced in Global Markets?"

Novdeep Smag - University of Geneva, Switzerland

Discussant: Anna Prucnal - International Journal of Business & Management Studies, Poland

We examine how inflation risk is priced in 34 equity markets from 1989 to 2022. Internationalmarkets feature distinct persistence and volatility of their inflation components. Also, the sharesof core, energy, and food in the consumer basket differ significantly across countries. We modelseparately the inflation components in partially segmented markets allowing for time variation inthe risk factors and their prices. We find shocks to core inflation command global and local riskpremiums, while shocks to food and energy inflation are only priced locally in some countries,especially in emerging markets. Our study provides new insights into the dynamics of differentinflation components and highlights the importance of distinguishing between global and localinflationary forces.

"Inflation Management in the EU: Does the Eurozone Outperform the Non-Euro States?"

Anna Prucnal - International Journal of Business & Management Studies, Poland

Discussant: Lorne Switzer - Concordia University, Canada

This study examines the effectiveness of the monetary policy of the European Central Bank (ECB) in managing inflation in the Euro Area compared to the independent monetary policy of the seven European Union Member States outside the Economic and Monetary Union (EMU). It highlights the complexity of applying a centralized one-size-fits-all approach to diverse economies, which highlights the differences between the core and peripheral EMU countries and the unique challenges faced by the non-Eurozone countries. In addition, the study includes an analysis of the stress indicator, defined as the difference between the ECB's main refinancing rate and the optimal rate of a central bank of the non-EMU countries. This indicator reflects whether the ECB's monetary policy has been too loose or too restrictive relative to the needs of the non-Euro Area countries. The stress indicator is further analyzed across key economic periods, including past crises, to assess its volatility. Using econometric models, the study assesses the impact of optimal interest rates and macroeconomic indicators on inflation in three groups: the EU as a whole, the Euro Area and the non-Euro Area countries. This multi-faceted approach provides valuable insights into the varying effectiveness of centralized and independent monetary policies in addressing inflation challenges.

"Inflation, IVOL, The Cost of Capital, And Investment: Jolted By The Unexpected"
Lorne Switzer - Concordia University, Canada
Nabil El Meslmani - St. Mary's University, Canada
Radhika Solanki - Concordia University, Canada

Discussant: Novdeep Smag - University of Geneva, Switzerland

This paper investigates the impact of macroeconomic uncertainty and firm specific uncertainty, as measured by unexpected inflation and idiosyncratic volatility (IVOL) respectively on the weighted average cost of capital (WACC), and firm investment decisions. Both inflation uncertainty and IVOL are shown to have positive and significant impacts on WACC. IVOL is also positively related to capital expenditures, and R&D expenditures, consistent with the strategic growth options model. In contrast with some of the recent literature that does not consider these uncertainty effects, we find support for the classical q theory showing a negative and significant relationship between WACC and capital expenditures.

SESSION 32 **Imperial, Hall 3**

FIRM VALUATION
Session Chair: Yisong Tian - York University, Canada

"Shareholder Value Creation: An Industry-Level Analysis of Optimal Metrics and Economic Impact"
John Hall - University of Pretoria, South Africa
Elda Du Toit - University of Pretoria, South Africa

Discussant: Pawel Mielcarz - Kozminski University, Poland

This study aims to identify the optimal measurement of shareholder value creation for specific industries and determine unique value drivers influencing this creation. It also explores the link between shareholder value creation, economic growth, and fixed investment within South Africa's challenging economic context.Methodology: Data from 114 JSE-listed firms across seven industries (2001–2023) were analysed using panel data regression with fixed effects. Three shareholder value metrics—MVA, MTB, and Q-ratio—were examined alongside five value drivers (EVA, ROA, ROCE, SPREAD, and cash and cash equivalents) to uncover industry-specific relationships.Results: The preferred shareholder value metric varies by industry: Q-ratio for consumer discretionary and healthcare firms, MVA for industrial and technology firms, and MTB for telecommunications firms. Key value drivers such as cash and cash equivalents, EVA, ROA, and ROCE significantly influence value creation. A positive relationship is established between shareholder value creation, GDP growth, and fixed investment, though the investment link is weak due to the complex investment environment.Originality: This study identifies industry-specific shareholder value metrics and drivers, offering a tailored framework for managing value creation. It provides practical insights for portfolio managers, investors, and policymakers, linking private-sector value creation to economic growth and investment strategies.

"Pollution Premium in the Cost of Capital of Energy Companies: Implications for Capital Budgeting Decisions"
Pawel Mielcarz - Kozminski University, Poland
Dmytro Osiichuk - Kozminski University, Poland
Adrian Strucinski - Kozminski University, Poland

Discussant: Rhole Coetzee - University of Pretoria, South Africa

The purpose of the study is quantify the difference in the cost of equity between conventional and renewable energy companies in the EU in order to propose a way to incorporate the observed divergence into capital budgeting processes of vertically integrated energy companies.Approach: We compiled data on the cost of equity of sampled listed energy companies from across the EU in 2015-2023. We subsequently utilized univariate and multivariate statistical tests to estimate the magnitude of the observed differences between the subsamples of conventional and renewable energy companies.Findings:

We document a statistically significant difference in the cost of equity of conventional and renewable energy companies with an average of 1.9-2.7 percentage points over the studied observation span. The divergence seems to accentuate with time. The observed difference should be incorporated into the capital budgeting policies of vertically-integrated energy companies by reducing the cost of capital used to evaluate investment projects in the domain of renewable and conventional energy. The change of approach would improve the allocation financial resources and increase the flow of capital to the higher-growth renewable energy segments.Originality: The paper proposes a way to differentiate the cost of capital for renewable and conventional energy projects. The approach represents a deviation from the existing methodological frameworks utilized by the largest multinatio

"The Influence of Financial and Non-Financial Sustainability on Firm Performance"

Rhole Coetzee - University of Pretoria, South Africa
Elda Du Toit - University of Pretoria, South Africa
John Hall - University of Pretoria, South Africa

Discussant: Arturo Rubalcava - University of Regina, Canada

The synergy between financial and non-financial sustainability performance is vital for firms aiming to enhance overall value. Financial sustainability, encompassing growth opportunities, operational efficiency, and innovation (measured via market-to-book value, return on equity, and R&D), and non-financial sustainability, represented by environmental, social, and governance factors (using Refinitiv Eikon scores), are integral. This study used a multi-theoretic model, integrating shareholder wealth maximisation, stakeholder, resource dependence, and organisational legitimacy theories, to explore their impact on firm performance.The analysis employed the estimated generalised least squares (EGLS) method on Johannesburg Stock Exchange-listed firms (2011–2021), measuring performance via Tobin's Q, total shareholder return, WACC, market value added, and economic value added. Findings revealed that non-financial sustainability measures (ENV, SOC, GOV) did not enhance firm performance, while financial sustainability showed a stronger positive impact on firm performance, particularly on TQ and MVA. Firms prioritise profit maximisation but must align non-financial efforts with tangible value creation to balance stakeholder expectations and long-term success, fostering sustainable strategies beyond symbolic gestures.

"Issue Costs on Private Equity Offerings By Canadian Public Companies: A Comparison Between Bought Deals and Marketed Best Efforts"

Arturo Rubalcava - University of Regina, Canada

Discussant: John Hall - University of Pretoria, South Africa

This paper examines the difference on issue costs -placement fees and price discount- and their determinants of two methods of choice for private investments in public equity (PIPE) by Canadian listed companies. These methods are bought deals (BDs) and marketed best efforts (MBEs). The issue costs are not trivial for companies when issuing private equity to accredited investors. This study tries to answer four important questions. Are issue costs different between BDs and MBEs? What are their determinants? Are there common determinants for both offering methods? Did financial crisis years (2007, 2008, and 2009) and COVID-19 years (2020-21) had effect on issue costs? Findings show no significant difference in issue costs between BDs and MBEs. Two common determinants of placement and underwriting fees for BDs and MBEs are natural log of offer gross proceeds - a proxy for economies of scale; the other is capital investments as intended use of funds. Regarding price discount, the determinants are specific to the method of choice by the issuing firm. On the other hand, the financial crisis years and COVID-19 period did not have any effect on issue costs. From the findings this study recommends actions for decreasing issue costs.

FINANCIAL INTERMEDIARIES
Session Chair: David Feldman - UNSW Sydney, Australia

"Pay or Persuade and The Quality of Outcome – The Choice Between Paid-For and Sell-Side Analysts Research For SME"
Marc Berninger - TU Darmstadt, Germany
Leonard Grebe - TU Darmstaadt, Germany
Dirk Schiereck - TU Darmstadt, Germany

Discussant: Anestis Ladas - University of Macedonia, Greece

Financial analysts mainly focus on large companies. To enhance analyst coverage small and medium enterprises (SMEs) have to decide to whether pay for analyst reports or put effort in persuading analyst firms for additional sell-side coverage. While monetarize incentives can affect the quality of analyst reports, this research focuses on the textual quality of paid-for and sell-side analysts' reports. We analyzed the market perception of over 20,000 analyst reports based on sentiment, complexity, and readability. In contrast with the skepticism regarding the rationality of paid-for research, no differences in sentiment and tone of analyst reports are observed. Furthermore, paid-for reports are more understandable and exhibit higher readability, indicating superior textual quality. While textual attributes are correlated with investor reactions to analysts' publications, the market perception is identical for paid-for and sell-side reports. The results suggest that paying for analyst reports is a valuable tool for SMEs to enhance financial transparency and attract investors.

"Geopolitical Risk Effects on Shadow Banks"
Panagiotis Koutroumpis - University of Sussex, UK
Anestis Ladas - University of Macedonia, Greece
Nikolaos Paltalidis - University of Bath, UK
Lenos Trigeorgis - Durham University Business School, UK

Discussant: Barry Williams - Monash University, Australia

We examine the effects of geopolitical risk on shadow-banking activities. For the task in hand, we develop a novel geopolitical risk exposure measure of shadow bank-level geopolitical risk based on deep learning techniques, which is dynamic and institution-specific. The significance of our measure stems from its impact on the risk-taking behaviour of shadow banks, where higher bank-level geopolitical risk impacts their risk exposure and risk-taking incentives. Our key results, show that shadow banking activity increases as a consequence of adverse geopolitical events. We show that major liquidity vulnerabilities associated with banks leads to an increase in shadow banking activities and more importantly, banks with privilege access to cheap capital are channeling funds to nonbanks resulting to an increase in shadow banking activities. Our results reveal that during geopolitical tensions the shadow banks' risk-taking channel is in work. Our findings have important implications for systemic risk monitoring and macroprudential policy.

"Is the Excess Less? Regulations and Bank Buffers of Quality Capital"
Barry Williams - Monash University, Australia
Jean-Pierre Fenech - Monash University, UK

Discussant: Leonard Grebe - TU Darmstaadt, Germany

An optimal regulatory system results in banks accumulating capital reserves pro-cyclically. We document that bank holdings of Tier 1 capital above regulatory minimums are pro-cyclical after the GFC but not before. Bank equity issues are counter cyclical to the business cycle but pro-cyclical to systemic risk. We reconcile cyclical buffers of quality capital with counter-cyclical equity issues by considering retained profits and complying preference shares. The Orderly Liquidation Authority of 2010 increased equity issues and larger capital buffers by banks most at risk of bail-in. However, the 2014 capital reforms saw reductions in both equity issues and buffers of quality capital.

FIXED INCOME SECURITIES
Session Chair: George Tannous - University of Saskatchewan, Canada

"Anatomy of Municipal Green Bond Yield Spreads"
Mohammad Hadi Sehatpour - University of Technology Sydney, Australia
Marta Campi - Institut Pasteur, Université Paris Cité, France
Christina Nikitopoulos - University of Technology Sydney, Australia
Gareth Peters - University of California Santa Barbara, USA
Kylie-Anne Richards - University of Technology Sydney, Australia

Discussant: Stavroula Yfanti - Queen Mary University of London, UK

Exploring the attributes of the rapidly evolving green bond market is crucial for directing capital towards projects that mitigate climate risks and facilitate adaptation to environmental changes. We propose novel approaches to compute green bond spreads based on yields to maturity and their term structure. Based on California's green municipal bond market, we find that these two types of green bond spread are on average positive and disparate but reach negative territories and converge after 2022. Using Association Rule Learning, we find that positive tenor-specific spreads are associated with tax status, callability, pricing strategy, and maturity, while negative spread associations are more complex. Yield curve spreads tend to relate to maturity-related attributes. Sector-specific differences in credit ratings, issue sizes, and use of proceeds have also been identified. The distinctive spread structuring attributes highlight the dynamic and heterogeneous nature of green bonds and offer practical insights for green bond screening practice.

"Sectoral Interdependences in the Bond Market"
Menelaos Karanasos - Brunel University, UK
Yongdeng Xu - Cardiff University, UK
Stavroula Yfanti - Queen Mary University of London, UK

Discussant: Vassilis Babalos - University of Peloponnese, Greece

Sectoral interlinkages play a pivotal role in business cycle dynamics. The present study sheds light on cross-sectoral interdependences in bond markets, a topic entirely overlooked by the literature. We first develop a novel econometric specification, the MMUFA model (Mixture Multivariate Unrestricted Full Asymmetric), which estimates dynamic correlations among bond sectors by allowing for volatility spillovers and a mixture of conditional variance models. Next, we analyse the time-varying behaviour of correlations among sovereign and corporate bond sectors, covering all financial and non-financial industries. Our findings show that for most sectors, bond interdependences exhibit a decoupling response to crisis shocks. The empirical evidence on inter-sectoral correlations demonstrates the macro sensitivity of their prevailing procyclical dynamics. Such dynamics provide important market and policy implications, that is, diversification benefits and a unique safeguard for systemic resilience in turbulent times.

"Skill Across Actively Managed Bond Funds Revisited: Distinguishing BestFrom Worst Managers"
Timotheos Angelidis - University of Peloponnese, Greece
Vassilis Babalos - University of Peloponnese, Greece
Athanasios Sakkas - Athens University of Economics and Business,
Thanaset Chevapatrakul - Nottingham University Business School, UK

Discussant: Mohammad Hadi Sehatpour - University of Technology Sydney, Australia

The mutual funds literature often debates on the ability of fund managers to add value to their managed portfolios. We show that momentum strategies help distinguishing best from worst managers in the US bond funds market. Employing portfolio analysis and robust multi-factor evaluation models, we document a short-lived, risk-adjusted return spread of 3.43% between top and worst managers for the universe of US bond funds. This spread is mainly driven by the winners' side. Further analysis reveals a significant performance gap within Municipal and Corporate bond funds. Our findings, which are robust to several tests, have significant implications for investors, fund management companies, and the mutual fund industry as a whole.

SESSION 35 **Imperial, Hall 1**

CORPORATE GOVERNANCE IV
Session Chair: Martin Bugeja - University of Technology, Sydney, Australia

"The Impact of Corporate Social Responsibilty Performance on Investment Efficiency: The Mediating Effects of Agency Cost and Information Asymmetry"
Yu-Chen Wei - National Kaohsiung University of Science and Technology, Taiwan
Chien-Wei Chang - The First China Investment and Trust Co. Ltd, Taiwan
Chia-Yun Lu - Jiun Cheng Technology Co., Ltd., Taiwan

Discussant: Imèn Mokrani - UPJV, France

The study explores the impact of Corporate Social Responsibility (CSR) performance on corporate investment efficiency. The research collects and analyzes annual reports and sustainability reports of publicly listed companies in Taiwan from 2010 to 2022, constructing an index for CSR. Investment efficiency is measured using the absolute value of the residuals from the investment model, where positive residuals indicate overinvestment and negative residuals indicate underinvestment. Additionally, this study explores whether agency costs and information asymmetry can serve as mediating effects of CSR's impact on investment efficiency. The empirical results show that improvements in CSR and each of its six dimensions can enhance corporate investment efficiency. Moreover, better CSR performance helps mitigate both underinvestment and overinvestment. Good CSR also helps reduce agency costs, improving investment efficiency and underinvestment. On the other hand, better CSR helps alleviate information asymmetry, thereby improving investment efficiency and reducing both overinvestment and underinvestment. In general, agency costs mediate investment efficiency, while information asymmetry has significant mediating effects on investment efficiency, overinvestment, and underinvestment. Companies can plan and implement their CSR strategies, enhancing stakeholders' cooperation and trust by improving CSR, which in turn enhances the long-term benefits of the company.

"The Use of ESG Standards in Reward-Based Crowdfunding Campaign: A Safe Deal?"
Imèn Mokrani - UPJV, France

Discussant: Sanjiv Jaggia - California Polytechnic State University, USA

This study examines the role of Environmental, Social, and Governance (ESG) standards in the success of reward-based crowdfunding campaigns. Using a dataset of 27,213 projects from the French crowdfunding platform Ulule, we quantified ESG orientations within project descriptions through a tailored ESG dictionary. Our findings reveal that projects highlighting ESG commitments are more likely to achieve their funding goals, signaling the growing importance of sustainability to contributors. However, we find that the effect of ESG orientation is moderated by the project category. Additionally, these projects often require more time to reach their initial objectives, as contributors may take longer to assess the credibility and alignment of the project's impact with their values. These results contribute to the literature on sustainable entrepreneurship and crowdfunding by offering actionable insights for project owners and platform managers to optimize their campaign strategies.

"CEO Tenure and Age-Cohorts: Implications for Management Style"
Sanjiv Jaggia - California Polytechnic State University, USA
Satish Thosar - University of Redlands, USA

Discussant: Yu-Chen Wei - National Kaohsiung University of Science and Technology, Taiwan

We consider CEO tenure and the role it plays in shaping management style in the domains of investment, financial, and strategic policy choices as well as firm performance. Our focus is to study whether CEO birth cohorts and by extension the socio-economic-political-cultural milieu in which they came of age

and operated in the corporate sphere display distinguishing characteristics. We document interesting differences between CEOs from the Baby Boomer (1946 – 1964) and Generation X (1965 – 1984) birth cohorts in terms of management style for varying tenures.

SESSION 36 **Imperial, Hall 2**

ASSET PRICING III
Session Chair: Banita Bissoondoyal-Bheenick - RMIT University, Australia

"Option-Implied Asymmetry Indices in the Eurozone: The Relationship with Sentiment and Financial Stress"
Luca Gambarelli - University of Modena and Reggio Emilia, Italy
Silvia Muzzioli - University of Modena and Reggio Emilia, Italy

Discussant: Anandi Banerjee - Queens University of Charlotte, USA

In this paper, we introduce novel asymmetry indices based on option prices for the Eurozone. The aim is to investigate the ability of option-implied asymmetry measures to explain sentiment dynamics and anticipate potential situations of financial stress. To achieve our objectives, we measure asymmetry in two ways. First, we decompose the SKEW index into its positive and negative components. Second, we introduce the Risk-Asymmetry (RAX) index as an alternative measure of asymmetry. Our findings suggest the importance of disentangling the information contained in the two tails of the option-implied distribution, based on calls and puts, respectively, to provide new insights into investor perceptions. In particular, the asymmetry index obtained from the right tail of the risk-neutral distribution (exploiting call option prices) embeds useful information to forecast the change of sentiment in the following month. On the other hand, in the European market it is not sufficient to rely solely on the information derived from the left tail of the distribution (put options) to anticipate periods of financial stress. Instead, a more refined measure, such as the RAX, is required to predict these fluctuations effectively.

"A Skewed Extension of the Black-Scholes Model"
Panayiotis Theodossiou - Ball State University, USA
Lenos Trigeorgis - Durham University Business School, UK

Discussant: David Feldman - UNSW Sydney, Australia

This paper presents a skewed extension of the Black-Scholes (BS) option pricing model (OPM) that generalizes the framework while preserving the BS model as a special case. By assuming log returns follow a skewed normal distribution, the model addresses BS pricing biases and explains the implied volatility "grimace" pattern observed in markets. It introduces a skewness parameter, which can be easily estimated from market data and implemented using Excel, MATLAB, or Python. The model enhances option pricing accuracy, improves hedging and risk management strategies, and provides a more flexible framework for capturing market expectations under skewed return distributions.

"Stock Returns and the Distress Puzzle"
David Feldman - UNSW Sydney, Australia
Chang-Mo Kang - Hanyang University, Korea, Republic of
Donghyun Kim - Chung Ang University, Korea, Republic of
Hong Kee Sul - Chung Ang University, Korea, Republic of

Discussant: Silvia Muzzioli - University of Modena and Reggio Emilia, Italy

We reshape the distress puzzle (DP, higher default risk stocks realize lower returns). Triple sorts of the returns space—(non)financial distress periods [(N)FDP], credit default swaps spreads (CDSS), credit default swaps spread term structures (CDSSTS)—avoid subset "overwhelmingness" problems. We find that DP exists only for 22.22% of U.S.-listed stock returns, occurring only during FDP (60/180 months), and only for the two terciles of highest CDSSTS slopes. Except for these anomalous findings, returns align with asset pricing theory predictions. Within our reshaped DP, the anomaly is enhanced as the 5-year CDSS is significantly higher than the 1-year.

MARKET REGULATION

Session Chair: Dirk Schiereck - TU Darmstadt, Germany

"Revisiting The Financial Transaction Tax Debate: Insights from Spain"

Ana-María Fuertes - City, University of London, UK
Marcos González-Fernández - University of Leon, Spain
M.-Dolores Robles - Universidad Complutense de Madrid (UCM), Spain

Discussant: Hui Sono - James Madison University, USA

Negotiations are ongoing in the European Union seeking an agreement towards a financial transaction tax informally known as the "Robin Hood" tax. Using as a laboratory the Spanish stock market where a tax was introduced in 2021, this paper revisits the debate by providing fresh evidence on the effect of this type of tax on various dimensions of market quality, such as volatility, liquidity, turnover, and price efficiency. Using an appropriate set of matched German firms as the control group, the findings suggest that the tax reduced the volatility of the Spanish equity market and had no effect on trading activity or liquidity.

"Market Impact of Blacklisting: Evidence from Holding Foreign Companies Accountable Act"

Weiwei Zhang - James Madison University, USA
Hui Sono - James Madison University, USA
Daniel Smith - RSM US LLP, USA

Discussant: Apostolos Xanthopoulos - Lewis University, USA

We examine the market impact when the U.S. Security Exchange Commission (SEC) first identified cross-listed Chinese firms in violation of Holding Foreign Companies Accountable Act (HFCAA) mandates. Identified firms suffered a three-day cumulative abnormal return -0.82% when the SEC blacklisted them in 2022. Firms incorporated in the Variable-Interest-Entity (VIE) structure experienced a more negative market impact than others. We then find the market reacts positively to the PCAOB's vacation of its determination list. This study provides empirical evidence of the negative impact of blacklisting using a sample of Chinese firms under HFCAA.

"Investment Manager Patterns Rewarded through Consultant Due Diligence"

Apostolos Xanthopoulos - Lewis University, USA

Discussant: Marcos González-Fernández - University of Leon, Spain

U.S. Regulators impute fiduciary responsibility on consulting firms that assign 'ratings' to portfolio strategies offered by investment firms. Literature documented the fact that consultants do not pick winner portfolios and thus do not serve the interests of the institutional investors whom they charge. Principal components of strategy betas to benchmarks dictate the patterns that investment managers follow in each of ten universes of fixed income retail funds. The Information Ratio (IR) for each strategy is risk-adjusted performance, calculated through rolling samples. A discriminant function score is subsequently regressed against components: (i) institutional investors are better-off selecting investment strategies rated lowest, as far as portfolio performance in the current month, in six months forward, and in twelve months forward is concerned. Conversely, consultant ratings align with portfolio performance two years forward. (ii) the linear discriminant score of ratings based on components distinguishes between strategies recommended, vs. non-recommended. But the correspondence of scores with actual performance (IR) is dubious. For the current month, and for projections of six months and twelve months forward, the relation between score and outperformance follows a concave, second degree polynomial. (iii) k-means clustering results show the same pattern. Consultants keep the investor confused, reverting toward a zero score in recommended strategies causing dependence.

AGENCY THEORY

Session Chair: Andreas Andrikopoulos - University of Piraeus, Greece

"Institutional Ownership in Companies with Dual-Class Share Structures"

Mohsen Akbari - University od Saskatchewan, Canada
Marie Racine - University of Saskatchewan, Canada
George Tannous - University of Saskatchewan, Canada

Discussant: Haneen Abedalqader - National Cheng Kung University, Taiwan

Dual-class share structures grant superior voting rights to a select group of shareholders, typically founders and insiders, while it allows inferior or no voting rights to other shareholders. This paper examines institutional investors holdings in dual-class share companies in comparison with holdings in single-class share companies. We use the propensity score matching method to identify a sample of single-share single-vote companies to match our sample of dual class companies. The analysis shows that institutional ownership in dual-class companies is significantly higher than in single class companies. However, the presence of sunset provisions, which removes the control by insiders after a specified period, attracts a higher level of institutional ownership. These results indicate that institutional investors are concerned over the governance issues, but they seem to accept the proposition that insulating entrepreneurs and innovative founders from short-term market pressures will enable firms to prioritize long-term objectives, such as the development of new technologies and expansion into new markets.

"Labor Investment Efficiency and Stock Risk"

Haneen Abedalqader - National Cheng Kung University, Taiwan
Shao-Chi Chang - National Cheng Kung University, Taiwan

Discussant: Tao Chen - Hong Kong Polytechnic University, China

We examine the impact of labor investment efficiency on stock risk. In our study, we show that labor investment efficiency increases stock risk. Our findings show that inefficiency in labor investment is positively connected with long-term stock risk. Labor investment inefficiency raises market volatility over time since it positively impacts stock risk. A decrease in stock price volatility reduces stock risk due to inefficient overinvestment and underinvestment. Furthermore, firms under financial constraints are more likely to minimize stock risk. Robustness assessments show that the current result cannot be explained by existing regularities. According to this approach, labor investment efficiency lowers firm risk, and risk changes influence market makers' behavior.

"Ideological Pressure and CEO Pay: Evidence from the Curriculum Reform in China"

Tao Chen - Hong Kong Polytechnic University, China

Discussant: George Tannous - University of Saskatchewan, Canada

This study explores the causal relationship between ideological pressure and chief executive officer (CEO) pay. We establish causality by exploiting China's staggered rollout of an educational reform in high schools. Using the difference-in-differences approach, we find that curriculum-imprinted ideological pressure induces an increase of approximately 21.7% in CEO pay. The pay premium is ascribed to stronger CEO bargaining power in the labor market and personal costs arising from ideological pressure. Further, this pay premium relies on image-building activities, prevails among non-CEO executives, and harms shareholder wealth. Collectively, these findings indicate that community ideology plays a key role in determining executive compensation.

CORPORATE RISK MANAGEMENT
Session Chair: Ramzi Benkraiem - Audencia Business School, France

"The Influence of Managerial Risk Taking and Corporate Leadership on Firm Sustainability"
Steve Swidler - Lafayette College, USA

Discussant: Brian Clark - Rensselaer Polytechnic Institute, USA

Shareholders charge the Chief Executive Officer with the responsibility of ensuring that the firm follows sustainable practices and other value enhancing procedures. At the same time, upper echelons theory suggests that managerial traits and values ultimately influence executive decisions. As risk management is at the heart of corporate sustainability, the question of interest then becomes whether executive risk tolerance influences the sustainable practices of the firm.This analysis employed two possible proxies for executive risk taking, testosterone levels and option-laden compensation. Testosterone has been linked to aggressive, masculine behavior, and higher levels have been associated with greater risk taking. In turn, testosterone has been shown to be positively correlated with a person's facial width height ratio (fWHR). Regarding executive pay, vega represents the change in CEO compensation due to variations in the firm's equity volatility and provides a direct link between equity incentives and risk-taking behavior.The main takeaway from the first test was that fWHR negatively affected ESG. While the effect was statistically significant, the effect was small. A one sigma increase in fWHR decreased ESG a half point on a 100 point scale.Test two considered changes in firm CEOs and found that too much CEO risk taking is not good, but too little is not ideal either. To promote sustainability, CEOs must be calculated, creative and strategic in taking on risk.

"Climate Change Impact on Option-Derived Implied Volatility of Firms: Evidence from Billion Dollar Hurricanes"
Brian Clark - Rensselaer Polytechnic Institute, USA
Bill Francis - Rensselaer Polytechnic Institute, USA
Raffi Garcia - Rensselaer Polytechnic Institute, USA
Sai Palepu - Rensselaer Polytechnic Institute, USA

Discussant: Jose Peres Jorge - Universidade Porto, Portugal

Leveraging billion-dollar hurricanes between 2011 and 2019, we examine the immediate effects of these disasters on the option-derived implied volatility of firms. Our findings indicate that firms headquartered within the disaster zones experience increases in implied volatility ranging from approximately 3% to 4.5% relative to firms outside the disaster zones. Similarly, firms with plants located within disaster zones exhibit increases in implied volatility of approximately 1.1%. When exposure is measured as the percentage of plants or revenue affected, the increases in implied volatility are even more pronounced, ranging between approximately 3.6% to 11%. Additionally, we investigate implied volatility spillovers through supply-chain connections between disaster-affected firms and those in unaffected areas. Our analysis reveals no significant evidence of such spillovers within the production networks of these firms.

"Is Liquidity Theory Important to Itudy Credit Guarantees?"
Filipe Grilo - CEF.UP, Portugal
Jose Peres Jorge - Universidade Porto, Portugal
Sujiao Zhao - Banco de Portugal,

iscussant: Steve Swidler - Lafayette College, USA

Yes. Credit guarantees are akin to the fully committed credit lines described in the theoretical literature. Theory thus suggests credit guarantees work through the collateral channel (additional pledgeable income raises the scale and the liquidity of the project) and through the liquidity channel (additional liquidity reduces the scale of the project). Notwithstanding, the empirical literature has neglected the latter channel. We find evidence of both channels working in tandem, canceling out the scale effects. An additional euro in a credit guarantee that backs 75% of a 4-year bank loan increases liquidity holdings by 1.18 euros on average in a two-year window but has no clear impact on scale.

SESSION 40 **Imperial, Hall 1**

CORPORATE GOVERNANCE V
Session Chair: Satish Thosar - University of Redlands, USA

"Governance Consequences of Shareholder Dissent in Director Elections: Evidence from a Purely Majority Voting System"
Martin Bugeja - University of Technology, Sydney, Australia
Raymond Da Silva Rosa - University of Western Australia, Australia
Yaowen Shan - University of Technology Sydney, Australia
Jiaqi Wang - University of Technology Sydney, Australia

Discussant: Christophe Volonté - University of Basel, Switzerland

This study examines the consequences of shareholder dissent in director elections using Australian data where all firms must use majority voting. The results indicate that higher shareholder dissent sends a clear signal of shareholder dissatisfaction and leads to multiple governance changes including director, board, and CEO turnover. We also find that there is differential accountability of directors, with female directors and the chair of the remuneration and nomination committee having a greater likelihood of replacement following higher dissent, including dissent for other candidates. Importantly, the results are not robust to using abstain votes, indicating that firms view the signal sent by abstain votes differently from that sent through against votes. This finding is significant for those jurisdictions that currently allow the use of plurality voting in director elections, such as the US and Canada.

"Board Gender Diversity and Corporate Governance"
Pascal Gantenbein - University of Basel, Switzerland
Christophe Volonté - University of Basel, Switzerland

Discussant: Hue Hwa Au Yong - Monash University, Australia

Board gender diversity is a widely debated topic in corporate governance research. Drawing on data from Swiss firms spanning 2012 to 2023, we explore the impact of female directors on corporate governance. Our analysis reveals that board gender diversity enhances ESG ratings and strengthens governance mechanisms, with the effects being primarily driven by independent and skilled female directors. These findings suggest that board gender diversity not only fosters the adoption of ESG-related policies but also highlights the significance of the qualifications and independence of female directors.

"Corporate Integrity and Corporate Cash Reserves: Insights from Textual Analysis and Board Composition"
Sirimon Treepongkaruna - Sasin School of Management, Thailand
Pornsit Jiraporn - Pennsylvania State University, USA
Hue Hwa Au Yong - Monash University, Australia

Discussant: Eva Wagner - Johannes Kepler University Linz, Austria

We examine the impact of corporate integrity on corporate cash holdings using sophisticated data from advanced machine-learning algorithms developed by Li et al. (2021). Employing a comprehensive dataset and rigorous empirical methods, including propensity score matching, entropy balancing, and instrumental-variable analysis, we find that firms with higher corporate integrity maintain larger cash reserves as a precautionary measure against financial uncertainties. Moreover, our study demonstrates the significant interaction effects between corporate integrity and board composition, specifically board independence and gender diversity, in enhancing the positive impact on cash holdings. These results highlight the importance of ethical practices and diverse, independent board structures in promoting financial prudence.

"From Integrity to Scandal: How Board Characteristics Influence CSR Controversies – A Long-Term Study of U.S. Firms (2002–2021)"

Hui Zhu - Ontario Tech University, Canada
Eva Wagner - Johannes Kepler University Linz, Austria

Discussant: Martin Bugeja - University of Technology, Sydney, Australia

The relationship between board composition or attributes and corporate social responsibility (CSR) engagement has received considerable attention in the literature. In contrast, little research has focused on identifying board characteristics associated with non-socially responsible behaviour or CSR scandals. This study addresses this gap by examining specific board attributes and their association with CSR scandals in a comprehensive US sample spanning from 2002 to 2021. The results from the instrumental variables analysis and entropy balancing approach imply that our findings are robust in accounting for endogeneity. Our findings highlight that specific board attributes help prevent CSR scandals when engaging in socially responsible practices over the long term, thereby protecting investors' long-term interests. In addition, the results underscore the importance of specific board attributes, such as a diverse and experienced board, in shaping the "optimal" board composition that is effective in preventing CSR scandals and preserving firm value.

SESSION 41 **Imperial, Hall 2**

FINANCIAL ECONOMETRICS

Session Chair: Christos Floros - Hellenic Mediterranean University, Greece

"Data Imputation in Large Datasets Using Various Techniques: PCA vs Machine Learning"

Sabuhi Khalili - Universitat de Barcelona, Spain

Discussant: Bernd Schwaab - European Central Bank, Germany

This paper presents systematic comparison of machine learning techniques for data imputation in large datasets with state-of-art PCA methods. The results indicate that a fully linear autoencoder employing a loss function tailored to the observed values achieves similar accuracy of state-of-art PCA methods, while maintaining its applicability across different missingness patterns. The autoencoder designed in this paper may manage various patterns of missingness without imposing significant pre-assumptions about the structure of missingness and without strict dependencies on column or row blocks. Random forest techniques, while being less accurate on large datasets with strict factor structure, they provide significantly better results in applications with fewer variables where the task is to predict a certain outcome such as predicting credit default.

"The Risk Management Approach to Macro-Prudential Policy"

Bernd Schwaab - European Central Bank, Germany
Sulkhan Chavleishvili - Aarhus University, Denmark
Robert Engle - NYU Stern School of Business, USA
Stephan Fahr - European Central Bank, Germany
Manfred Kremer - European Central Bank, Germany

Discussant: Anna Triantafillou - Deree - The American College of Greece, Greece

Macro-prudential policymakers are tasked with assessing medium-term downside risks to the real economy stemming from financial imbalances and the associated threat of a future financial crisis. Before implementing policy measures to manage financial vulnerabilities, however, these policymakers must also weigh the policies' cost in terms of the economy's upside potential. This setting gives rise to a trade-off between limiting downside risks and preserving upside potential. We formalize the decision problem under uncertainty by first eliciting an explicit loss function from policymaker's speeches. To evaluate policy, flexible and potentially asymmetric predictive distributions are obtained from a novel Bayesian structural quantile vector autoregressive model. We study the implied quantile impulse responses, assess the potential of macro-prudential policy for reducing growth volatility and negative skewness, infer the macro-prudential policy stance, and study the circumstances under which macro-prudential interventions are likely to be beneficial.

"Geopolitical Effects on Shipbuilding Prices: Evidence from Three Shipping Industry Segments"
Panagiotis Palaios - Deree - The American College of Greece, Greece
Anna Triantafillou - Deree - The American College of Greece, Greece

Discussant: Maria M. Vich Llompart - Washington College, USA

This paper studies the impact of geopolitical uncertainty on the shipbuilding prices in the case of three segments of the shipping industry: Bulk carriers, Oil tankers and LNG carriers. Using monthly data for the 1991-2024 period, we make use of the threshold autoregressive methodology that accounts for possible asymmetric impacts. We find that, (a) for all segments, adverse geopolitical shocks lead to a higher speed of adjustment as opposed to the peaceful ones that are characterized by downwards price stickiness, (b) in the long-run geopolitical shocks lead to shipbuilding cycles of shorter duration and lower volatility, and (c) due to its higher price elasticity, the LNG shipbuilding sector is proven to be the most adaptable one, which implies lower cost push inflation in equilibrium. A major policy implication of our findings is that reducing the rigidities in the shipbuilding market will lead to diminishing geopolitical costs in terms of price inflation, for all shipbuilding segments.

"Random Preferences, Truncated Distributions, and the Pricing Kernel: A note"
Maria M. Vich Llompart - Washington College, USA
Luiz Vitiello - Washington College, USA

Discussant: Sabuhi Khalili - Universitat de Barcelona, Spain

We develop an asset pricing model where risk aversion is random and has a truncated-normal distribution. We show that the distributional parameters related to risk aversionand the limits of integration of the truncated distribution change the slope of the pricing kernel. That is, while some parameters rotate the pricing kernel clockwise, others rotate it anti-clockwise, which may have implications for asset and derivative pricing. We also show that our pricing kernel contains several others as special cases.

SESSION 42 **Imperial, Hall 3**

INFORMATION ASYMMETRY
Session Chair: Richard Saito - Fundação Getúlio Vargas, Brazil

"Audit Partner Experience and Audit Fees: The Role of Regulatory Disclosure in Western Europe"
Adam Aoun - University of Applied Sciences and Arts Western Switzerland, Switzerland
Cédric Poretti - University of Applied Sciences and Arts Western Switzerland, Switzerland

Discussant: Andreas Karathanasopoulos - University of Dubai, United Arab Emirates

This paper examines the role of country-level regulatory disclosure requirements in moderating the relationship between audit partner firm-specific experience and audit fees. Using a sample of publicly listed companies in Western Europe, our findings reveal that experienced audit partners charge higher fees, reflecting their incremental contribution to the audit process. This fee premium is more pronounced in countries with weaker disclosure requirements, where companies pay 15.33% higher audit fees when compared to companies with stronger regulatory requirements, highlighting the critical role of audit partners’ firm-specific experience in providing assurance about the credibility of financial information in such contexts. Additional analyses show that a new EU regulatory disclosure requirement had a positive effect on audit fees only in previously weak regulatory disclosure requirement settings, confirming the importance of audit partner experience in explaining the high audit fee premiums . Overall, our study provides valuable insights for policymakers, practitioners, and academics.

"Modelling the Trading of FTSE100, CAC 40, and DAX 30 Indices – Adaptive Modelling and Optimisation Strategies (Fintech Research)"
Kung-Cheng Hoang - Guangdong University, China
Andreas Karathanasopoulos - University of Dubai, United Arab Emirates

Discussant: Hui Zhu - Ontario Tech University, Canada

This study aims to develop innovative short-term adaptive frameworks for trading ETFs linked to the FTSE100, CAC 40, and DAX 30 indices. The paper presents four key contributions: (1) a methodology for input variable selection from a broad set of potential predictors, (2) an adaptive sliding window approach for dynamic model training, (3) a hybrid framework integrating four metaheuristic optimization algorithms with three deep learning architectures, and (4) the implementation of the ADAM learning technique. The proposed system optimizes both advanced deep learning models (RNN, CNN, LSTM) and conventional time-series approaches (ARMA) using Particle Swarm Optimization (PSO), Grey Wolf Optimizer (GWO), Genetic Algorithm (GA), and Differential Evolution (DE). Benchmark comparisons include a traditional Multilayer Perceptron (MLP) and a higher-order neural network employing GA for feature selection and weight calibration.Empirical findings demonstrate that the adaptive PSO-enhanced LSTM approach surpasses all other models in predictive accuracy and trading performance, generating superior risk-adjusted returns across the examined indices.Keywords: Particle Swarm Optimization, Genetic Algorithm, Mul

"Corporate Culture and Credit Ratings"
Kelly Cai - University of Michigan - Dearborn, USA
Samir Saadi - Paris School of Business, France
Hui Zhu - Ontario Tech University, Canada

Discussant: Adam Aoun - University of Applied Sciences and Arts Western Switzerland, Switzerland

This study investigates the relationship between corporate culture and credit ratings. We find that firms with strong corporate cultures are likely to receive better credit ratings at the time of bond offerings, and this relationship is more pronounced for investment-grade bonds. Further analyses show that better credit ratings are mainly driven by strong corporate values characterized by innovation and quality. We also show that firms with superior corporate culture are associated with lower debt costs and large amounts of debt issuing. Additionally, results from an instrumental variables analysis and entropy balancing procedure suggest that our findings are robust to accounting for endogeneity. We also provide evidence that the culture-rating relation is more pronounced with less information uncertainty.

SESSION 43 **Imperial, Hall 4**

BEHAVIORAL ISSUES
Session Chair: Steve Swidler - Lafayette College, USA

"Make Profits or Make Excuses, but Don't Lose to the Monkey! The Behavior of Professional Investors in a Newspaper Competition"
Zvika Afik - The College of Management Academic Studies, Israel
Yaron Lahav - Ben-Gurion University of the Negev, Israel
Shaul Zilberman - Ben-Gurion University of the Negev, Isreal

Discussant: Cristiana Leal - University of Minho, Portugal

In 2003, 2004, and 2007, a major Israeli Newspaper invited professional investors from local financial institutions to participate in an investment game. Each investor was allocated a virtual 100,000 New Israeli Shekels (NIS) to create and manage a portfolio of exchange-traded financial assets, with the goal of maximizing returns. The participant with the highest portfolio value at the end of the game was declared the winner. A "monkey" participant, representing a randomly selected and fixed portfolio, also competed each year. We analyzed data from these games, including weekly portfolio structures and values, and compared the investors' behavior to participants in relative-incentive experimental competitions. Our analysis revealed an inverse U-shaped relationship between rank and risk-taking: top-and bottom-ranked investors reduced their portfolio risk, while mid-ranked investors increased it. Additionally, participants consistently made efforts to outperform the “monkey” when it was ahead. Finally, we observed that trading activity correlated with returns but not with rankings.

"Are Transparent Nudges Effective in Influencing Savings Decisions?"
Marcia Machado - University of Minho, Portugal
Cristiana Leal - University of Minho, Portugal
Stefano Calboli - University of Minho, Portugal

Discussant: Jarkko Peltomäki - Stockholm University, Sweden

This paper studies the effectiveness of transparent and non-transparent nudges in influencing saving decisions while exploring their impact on experienced autonomy and choice satisfaction, moderated by psychological reactance traits. Using an experimental design, participants were randomly assigned to one of three groups: non-transparent nudge, transparent nudge, and a control group. The results show that nudges are effective in influencing saving behavior. Moreover, the findings reveal that transparency does not reduce the effectiveness of nudges but enhances experienced autonomy and choice satisfaction. Transparent nudges — those that explicitly disclose their purpose —significantly enhance experienced autonomy and choice satisfaction, particularly among individuals with higher trait reactance. These findings provide insights into the effects of nudging transparency and contribute to the ethical discourse on decision-making in savings, highlighting that nudging efficacy can be achieved without compromising individual autonomy.

"To Woke or Not: Corporate Woke Engagement and Financial Outcomes"
Khanh Hoang - Lincoln University, New Zealand
Jarkko Peltomäki - Stockholm University, Sweden
Yuqian Zhang - Lincoln University, New Zealand
Cuong Nguyen - Lincoln University, New Zealand

Discussant: Elvis Jarnecic - University of Sydney, Australia

This paper develops a novel approach to capture corporate woke engagement (CWE) by measuring its disclosure in 10-K filings of public firms in the United States from 2008 to 2023. CWE disclosure has surged significantly since 2020 and is more prevalent among firms that emphasize integrity, respect, teamwork and innovation as cultural values. We find that firms with a high frequency of CWE disclosure experience an immediate boost in labor investment efficiency; however, this effect fades after one year. We also find evidence for an inverted U-shaped relationship between CWE disclosure and Tobin’s Q indicating that excessive woke engagement is detrimental to firm value. This detrimental impact is further reflected in the underperformance of CWE stocks, which is most pronounced during Republican presidencies. These findings underscore the growing significance of CWE in contemporary corporate America.

"News Consumption in the Wild"
Tony Cookson - University of Colorado Boulder,
Diego Garcia - University of Colorado Boulder,
Elvis Jarnecic - University of Sydney, Australia

Discussant: Zvika Afik - The College of Management Academic Studies, Israel

We study how market returns shape news consumption, employing 700 mil lion pageviews over 27 months from Australia’s largest financial newspaper,the Australian Financial Review. Aggregate news consumption intensifies ondays when the Australian market index decreases, led by a dramatic spike inconsumption of markets news. By contrast, firm-specific news consumptiondeclines when the aggregate market moves more (up or down). These find ings imply aggregate and firm-specific news are substitutes for one another,consistent with theories of limited attention. These news consumption effectsare strongest for fresh news, but they are also present for stale news articles ondays when there are no articles about the firm.

HOUSEHOLD ISSUES
Session Chair: Leszek Preisner - State Academy of Applied Sciences in Krosno, Poland

"Long-Term Equity Investing and Withdrawal Rules: How Not to Die Penniless"
Jan Antell - Hanken School of Economics, Finland
Mika Vaihekoski - University of Turku, Finland

Discussant: Zili Zhuang - The Chinese University of Hong Kong, China

This paper provides evidence on the outcomes of several different withdrawal policies for a long-term equity investor with a motive to preserve the real value of their assets and maximize the withdrawals. Using data for the US and Finnish stock markets from 1913 to 2023, we find that historically the maximum endowment-preserving withdrawal rates would have been 1.83 and 10.95 percent of the initial investment for Finland and the US, respectively. Rearview look shows that following a rule where the withdrawal is a given fixed rate of the nominal value of the portfolio all the while either disallowing reductions in nominal withdrawals (Finland) or keeping them at least 90% level of the previous nominal withdrawal (USA), would have historically provided the highest average withdrawals in real terms. Looking forward, both countries offer withdrawal rates of four or even five percent with reasonable risk if one allows the withdrawals to be adjusted for stock market development.

"The Price of Voice: Managerial Learning When Retail Investors Talk"
Jun Chen - The Chinese University of Hong Kong, China
Yongxin Xu - Monash University, Australia
Zili Zhuang - The Chinese University of Hong Kong, China

Discussant: Joana Resende - University of Porto, Portugal

Direct interactions with investors offer benefits but also impose costs, particularly in terms of managerial learning. By providing managers with off-the-shelf advice, these interactions may reduce their incentive to extract decision-relevant information from stock prices. Exploiting a Chinese regulation requiring certain firms to engage retail investors on an official interactive platform, we document a substantial decline in investment-q sensitivity, indicating reduced investment efficiency after the regulation. Consistent with the learning hypothesis, this decline is concentrated in firms with greater ability and stronger incentives to learn from external signals. Content analysis of investor postings offers direct evidence of engagement-driven learning: (1) the decline in investment-q sensitivity is more pronounced when posts explicitly address capital investment issues; (2) the sentiment of investment-related posts predicts future capital investments. Finally, we confirm that the increased learning from investor advice is associated with a decline in long-term firm performance, particularly for firms that actively adjust investments based on investor posts.

"Product Personalization and Behavior Based Price Discrimination"
Didier Laussel - Aix-Marseille University, France
Joana Resende - University of Porto, Portugal

Discussant: Vishaal Baulkaran - University of Lethbridge, Canada

This paper analyzes what drives firms to engage in product and price personalization within a Hotelling framework. We consider a two-period model in which firms are initially uninformed about consumers' tastes, offering a standard good at a uniform price. In the second period, each .firm is able to perfectly recognize its previous customers, knowing their exact location in the Hotelling line. This allows firms to offer personalized products and prices to its loyal customers in the second period. We find that product personalization completely eliminates two-sided consumer poaching. We also show that firms. incentives to engage in product personalization strategies critically depend on the size of firms' initial customer base. When firms' initial size is not too asymmetric, there is a symmetric Pure Strategy Nash Equilibrium in which both firms personalize the specification of their products to loyal consumers. Although this avoids consumer poaching in the second period, it comes at the cost of head-to-head competition in the

first period. Differently, when firms' size is sufficiently asymmetric, there is an asymmetric Pure Strategy Nash Equilibrium in which the small ("niche") firm is interested in personalizing its product, while the large firm only offers a standard product specification. Globally the possibility of personalization products in addition to price personalization tends to reduce even more firms' overall two-period profits.

"Environmental Violations: A Case of Indigenous and Minority Communities"
Vishaal Baulkaran - University of Lethbridge, Canada
Carlos Jabbour - Environment and Climate Change Canada, Canada

Discussant: Mika Vaihekoski - University of Turku, Finland

In paper, we examine environmental injustice using distributional justice theory. Using Environment and Climate Change Canada Enforcement Branch data, we show that the most vulnerable communities experience a greater number of environmental violations. We show that Census Sub-divisions (CSDs) with a higher percentage of Indigenous population, as well as CSDs with higher percentage of visible minority populations, experience more violations of environmental regulations. Also, we find that median after-tax income does not moderate the impact of environmental violations. Our results support the predictions of the distributional justice theory as well as the urban political ecology theory.

Conference Participants

Notes

Hellenic Mediterranean University
Department of Accounting and Finance

The Department of Accounting and Finance of HMU is located in Heraklion, Crete. The main advantage of the Department is that it delivers modern studies marked by high quality and academic excellence and provides students with the opportunity to develop expert knowledge and practical skills, reflecting current trends in the fields of Accounting, Finance, Economics and Management. Our Department is one of Greece's most historic Departments of Accounting with thousands of graduates since 1983. The Department offers a modern, innovative 4-year BSc programme of study (the National Authority of Higher Education has recently certified our BSc programme with the top rating: "Excellent"). We offer Postgraduate Studies in "Accounting and Auditing" (in collaboration with the University of Macedonia), in "Financial Management" as well as in "Data Analytics and Financial Technology" (which is a joint Inter-university Graduate Study Programme between the Hellenic Mediterranean University and the Neapolis University Pafos from Cyprus). In addition, the Department of Accounting and Finance offers a PhD research degree, while the research activity in the Department is of exceptional quality with academic publications in top-tier academic journals. Further, the Laboratory of Accounting and Financial Management (LAFIM) of the Department serves research, educational, academic and training needs in the fields of Accounting, Financial Management and Economics. Our Department is ranked 77th in the world among Departments of Finance, according to the recent IDEAS list of academic research papers and publications in economics. For more information, please visit the website of the Department: https://accfin.hmu.gr/en/home/

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Application