29TH ANNUAL CONFERENCE

MULTINATIONAL FINANCE SOCIETY

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Sponsored by

Miller College of Business
Ball State University, USA

Neapolis University Pafos
Cyprus

July 2 - 5, 2023

Venue:

Neapolis University Pafos
2 Danais Ave, 8042
Paphos, Cyprus

29TH ANNUAL CONFERENCE OF THE MULTINATIONAL FINANCE SOCIETY

Program Chairs

Andreas Hadjixenophontos – Neapolis University Pafos, Cyprus

Maria Psillaki – University of Piraeus, Greece

Panayiotis Theodossiou – Ball State University, USA

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Gady Jacoby – The College of Management Academic Studies, Israel

Petko Kalev – La Trobe University, Australia

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Anna Triantafyllou, Deree College, Greece

Mika Vaihekoski – University of Turku, Finland

Ania Zalewska – University of Leicester, UK

Local Organizing Committee

Andreas Charalambous – Neapolis University Pafos, Cyprus
Despoina Konstantinides – Neapolis University Pafos, Cyprus

OFFICERS AND DIRECTORS

MULTINATIONAL FINANCE SOCIETY

LETTER FROM THE PROGRAM CHAIRS

Dear Colleagues,

We welcome you to the 29th Annual Conference of the Multinational Finance Society in the beautiful city of Paphos (Pafos), Cyprus, regarded as the birthplace of the Greek Goddess Aphrodite. The city has many shrines, churches, monasteries, and places of religious interest that millions of people visit every year. The ancient city of Paphos is also home to one of the most famous excavation sites, with objects dating to prehistoric times. There are many things to see in Paphos, like the Tombs of The Kings and Paphos Mosaics (The House of Dionysus). Paphos is also well-known for its wineries.

The COVID-19, Ukrainian-Russia conflict, and recent political developments worldwide have challenged the global business community and governments. The slowing down of the global economy, the fiscal stimulus packages applied by national governments to alleviate the impact of the pandemic, the increased public and private debt, and the turbulence in the financial and banking sectors of numerous countries necessitate the discussion of micro- and macro-finance issues and the exploration of timely solutions to financial problems.

The experience of recent years has shown once more that for a modern country to operate and develop requires the presence of a strong and healthy financial sector. Building such a sector is challenging; therefore, discussing financial issues is paramount. The wide range of participation from academicians and practitioners' circles and the broad range of research topics covered in this conference clearly proves this point.

This year's meeting has also received many excellent submissions. In total, we received 242 articles - of those articles, 183 were accepted for presentation by the Program Committee. The conference program includes 116 registered articles representing universities from 31 countries from all continents. These articles cover a wide range of research areas, making the conference a perfect platform for research exchange and inspiration.

We are lucky this year to have two outstanding keynote speakers, Professors Douglas Cumming from Florida Atlantic University in Boca Raton, USA, and Gady Jacoby from the College of Management Academic Studies of Israel. Their speeches are on "Market Manipulation and Corporate Finance Outcomes" and "The Influence of Racial Integration on Mutual Fund Performance," respectively.

We want to acknowledge the generous support of the Rector of Neapolis University, Pafos, Professor Pantelis Sklias, and the Dean of Miller College of Business, Ball State University, Professor Steve Ferris.

We wish you a wonderful stay, and we hope you enjoy the conference.

The Program Chairs,

A. Hadjixenophontos,
M. Psillaki
P. Theodossiou

GENERAL INFORMATION

SPONSORING INSTITUTION

Miller College of Business
Ball State University, USA

and

University of Neapolis Pafos, Cyprus

CONFERENCE INQUIRIES

Global Business Publications
mfs@mfsociety.org

CONFERENCE REGISTRATION

Sunday, July 2 (Paphos Gardens Hotel)	11:00 a.m. - 3:00 p.m.
	7:30 p.m. - 9:30 p.m.
Monday, July 3 (Neapolis University Pafos)	8:30 a.m. - 5:15 p.m.
Tuesday, July 4 (Neappolis University of Pafos)	8:30 a.m. - 5:15 a.m.

SOCIAL FUNCTIONS

Sunday, July 2

Tour of Archeological Sites and old City (Buses will leave the Paphos Gardens Hotel)	2:30 p.m. - 6:30 p.m.

Monday, July 3

Refreshments	10:30 - 10:45 a.m.
Luncheon, Cafeteria	12:15 -1:15 p.m.
Opening Remarks, Auditorium	1:15 - 1:35 p.m.
Keynote Speech by Professor Douglas Cumming, Auditorium	1:35 p.m. - 2:15 p.m.
Refreshments	3:45 - 4:00 p.m.

Tuesday, July 4

Refreshments	10:30 - 10:45 a.m.
Luncheon, Cafeteria	12:15 -1:35 p.m.
Keynote Speech by Professor Gaby Jacoby, Auditorium	1:35 p.m. - 2:15 p.m.
Refreshments	3:45 - 4:00 p.m.
Gala Dinner, Paphos Gardens Hotel	8:30 - 11:00 p.m.

LIST OF SESSIONS

Monday 9:00 - 10:30 a.m.

Session 1	Asset Pricing Models I	Room 1
Session 2	Banking, Regulation, and Disclosure I	Room 2
Session 3	Financial Markets I	Room 3
Session 4	Finance and Accounting I	Room 4
Session 5	Corporate Finance I	Room 5

Monday 10:45 - 12:15 p.m.

Session 6	Asset Pricing Models II	Room 1
Session 7	Banking, Regulation, and Disclosure II	Room 2
Session 8	Financial Markets II	Room 3
Session 9	Finance and Accounting II	Room 4
Session 10	Corporate Governance I	Room 5

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

Session 11	Asset Pricing Models III	Room 1
Session 12	Mutual Funds	Room 2
Session 13	Financial Econometrics I	Room 3
Session 14	Bankruptcy and Financial Distress I	Room 4
Session 15	Mergers, Acquisitions, and Buyouts 1	Room 5

Monday 4:00 - 5:30 p.m.

Session 16	Portfolio Management	Room 1
Session 17	Behavioral I	Room 2
Session 18	Derivatives	Room 3
Session 19	Capital Structure	Room 4
Session 20	Mergers, Acquisitions, and Buyouts II	Room 5

LIST OF SESSIONS

Tuesday 9:00 - 10:30 a.m.

Session 21	Mutual Funds	Room 1
Session 22	Behavioral II	Room 2
Session 23	Quantitative Finance	Room 3
Session 24	Markets Efficiency	Room 4
Session 25	Corporate Governance II	Room 5

Tuesday 10:45 - 12:15 p.m.

Session 26	Market Efficiency	Room 1
Session 27	Behavioral III	Room 2
Session 28	Financial Econometrics II	Room 3
Session 29	Bankruptcy and Financial Distress II	Room 4
Session 30	Corporate Finance II	Room 5

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

Session 31	Financial Markets III	Room 1
Session 32	Behavioral IV	Room 2
Session 33	Foreign Exchange Markets	Room 3
Session 34	Financial Disclosure	Room 4
Session 35	Corporate Governance III	Room 5

Tuesday 4:00 - 5:30 p.m.

Session 36	Financial Markets IV	Room 1
Session 37	Small Business Financing	Room 4
Session 38	Corporate Finance III	Room 5

Monday 9:00 - 10:30 a.m.

SESSION 1 **Room 1**

ASSET PRICING MODELS I
Session Chair: Jerome Detemple - Boston University, USA

"Asset Pricing and Risk Sharing Implications of Alternative Pension Plan Systems"
Nuno Coimbra - Bank of France, France
Francisco Gomes - London Business School, UK
Alexander Michaelides - Imperial College, UK
Jialu Shen - University of Missouri, USA

Discussant: Sheraz Ahmed - LUT University, Finland

"Pricing of Conditional Liquidity Risk Premium in German Stock Market"
Sheraz Ahmed - LUT University, Finland
Lauri Kuosmanen - Philip Morris International, Finland
Eero Pätäri - LUT University, Finland

Discussant: Rieke Fehrenkötter - HHL Leipzig Graduate School of Management, Germany

"The New Bonds on The Block - Analyzing Alternative Green Bond Designs Using a Simulation-Based Approach"
Niklas Dahlen - HHL Leipzig Graduate School of Management, Germany
Maximilian Schreiter - HHL Leipzig Graduate School of Management, Germany
Rieke Fehrenkötter - HHL Leipzig Graduate School of Management, Germany

Discussant: Francisco Gomes - London Business School, UK

SESSION 2 **Room 2**

BANKING, REGULATION, AND DISCLOSURE I
Session Chair: Nahum Biger - University of Haifa, Israel

"Private bank deposits and macro/fiscal risk in the euro-area"
Alexandros Kontonikas - University of Essex, UK

Discussant: Galla Salganik-Shoshan - Ben-Gurion University, Israel

"Analyzing the Market's Reaction to AI Narratives in Corporate Filings"
Anup Basnet - the University of Surrey, UK
Galla Salganik-Shoshan - Ben-Gurion University, Israel
Thomas Walker - Concordia University, Canada
Maxim Zagonov - Toulouse Business School, France
Yunfei Zhao - Wenzhou-Kean University, China

Discussant: Thomas Walker - Concordia University, Canada

"After the storm: Natural disasters and bank solvency"
Thomas Walker - Concordia University, Canada
Dieter Gramlich - University of Heidenheim, Germany
Yunfei Zhao - Concordia University, Canada

Discussant: Alexandros Kontonikas - University of Essex, UK

Monday 9:00 - 10:30 a.m.

SESSION 3 **Room 3**

FINANCIAL MARKETS I
Session Chair: Arif Khurshed - University of Manchester, UK

"The Social Impact Bond: A Note on Valuation"
Andreas Andrikopoulos - University of Piraeus, Greece

Discussant: Tomoe Moore - Brunel University London, UK

"Compilation of a Flow of Funds Matrix Based on IMF Data with Methodology for a Flow of Funds Policy Analysis for Developing Countries"
Tomoe Moore - Brunel University London, UK

Discussant: Chandra Thapa - University of Strathclyde, UK

"Policy Information Uncertainty and Trading Behavior of Foreign Institutional Investors"
Chandra Thapa - University of Strathclyde, UK
Biwesh Neupane - University of Birmingham, UK
Chaman Shrestha - University of West of Scotland, UK

Discussant: Andreas Andrikopoulos - University of Piraeus, Greece

SESSION 4 **Room 4**

FINANCE AND ACCOUNTING I
Session Chair: Wendy Rotenberg - University of Toronto, Canada

"Aggregate BtM Ratios and Macroeconomic News"
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, USA
Anestis Ladas - University of Macedonia, Greece
Christos Negkakis - University of Macedonia, Greece

Discussant: Geoffrey Ngene - Mercer University, USA

"Sizes, Styles, and the Tale of Two Sentiments"
Geoffrey Ngene - Mercer University, USA
Jinghua Wang - New Jersey Institute of Technology, USA

Discussant: Pradeep Yadav - University of Oklahoma, USA

"Informed Trading and Required Returns: The Influence of Public Information"
Florian Bardong - ANSA Investment Management, Germany
Sohnke Bartram - University of Warwick, UK
Jeffrey Black - The University of Memphis, USA
Pradeep Yadav - University of Oklahoma, USA

Discussant: Anestis Ladas - University of Macedonia, Greece

Monday 9:00 - 10:30 a.m.

SESSION 5 **Room 5**

CORPORATE FINANCE I
Session Chair: Syed Hassan - University of Southampton, UK

"Do Firms Benefit from Carbon Risk Management? Evidence from the Credit Default Swaps Market"
Huu Duong - Monash University, Australia
Petko Kalev - La Trobe University, Australia
Madhu Kalimipalli - Wilfrid Laurier University, Canada
Saurabh Trivedi - RoZetta Institute, Australia

Discussant: Jeffrey Callen - University of Toronto, Canada

"Ex ante Competitive Threats and Stock Price Crash Risk: Evidence from Antitrust Leniency Programs"
Jeffrey Callen - University of Toronto, Canada
Xiaohua Fang - Florida Atlantic University, USA

Discussant: Tanja Kirmse - Drexel University, USA

"The Rise of Anti-Activist Poison Pills"
Ofer Eldar - Duke University, USA
Tanja Kirmse - Drexel University, USA
Michael Wittry - Ohio State University, USA

Discussant: Syed Hassan - University of Southampton, UK

Refreshments 10:30 - 10:45 a.m.

Cafeteria

Monday 10:45 - 12:15 p.m.

SESSION 6 **Room 1**

ASSET PRICING MODELS II
Session Chair: George Tannous - University of Saskatchewan, Canada

"COVID-19 Puzzles: A Resolution"
Tony Berrada - Universite de Geneve, Switzerland
Jerome Detemple - Boston University, USA
Marcel Rindisbacher - Boston University, USA

Discussant: Syed Hassan - University of Southampton, UK

"COVID-19, Financial Stress, and the Time-Varying Beta of Airlines"
Taufiq Choudhry - University of Southampton, UK
Syed Hassan - University of Southampton, UK

Discussant: Bernd Schwaab - European Central Bank, Germany

"Euro Area Sovereign Bond Risk Premia Before and During the Covid-19 Pandemic"
Stefano Corradin - European Central Bank, Germany
Bernd Schwaab - European Central Bank, Germany

Discussant: Jerome Detemple - Boston University, USA

SESSION 7 **Room 2**

BANKING, REGULATION, AND DISCLOSURE II
Session Chair: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"Brick-and-Mortar bank branches and local resilience to disasters"
Ning Gao - University of Manchester, UK
Chen Hua - Southwestern University of Finance and Economics, China
Arif Khurshed - University of Manchester, UK

Discussant: Tiago Matos - University of the Azores, Portugal

"The contribution of macroprudential policies to banks' resilience: Lessons from the systemic crises and the COVID-19 pandemic shock"
Tiago Matos - University of the Azores, Portugal
João Teixeira - University of the Azores, Portugal
Tiago Dutra - University of the Azores, Portugal

Discussant: Heung Tung Yip - Hong Kong Polytechnic University, Hong Kong

"Bank Earnings Smoothing through Advisory Fee Income: How Do the Joint Effects of Earnings and Credit Ratings Impact Banks' Behavior?"
Heung Tung Yip - Hong Kong Polytechnic University, Hong Kong
Wilson Tong - The Hong Kong Polytechnic University, Hong Kong
Robert Park - The Chinese University of Hong Kong, Hong Kong

Discussant: Arif Khurshed - University of Manchester, UK

Monday 10:45 - 12:15 p.m.

SESSION 8 **Room 3**

FINANCIAL MARKETS II
Session Chair: Leszek Preisner - PWSZ Krosno, Poland

"Sustainable Investing and Sustainability of Pension Assets: Evidence from the OECD"
Isaac Otchere - Carleton University, Canada
Adam Abdulrahman - Carleton University, Canada
Jun Wang - University of Manitoba, Canada

Discussant: Nahum Biger - University of Haifa, Israel

"One-Sided Linking of Mortgage Loans to the Price of Foreign Currencies"
Nahum Biger - University of Haifa, Israel

Discussant: Marinela Adriana Finta - Singapore Management University, Singapore

"Retail Investors' Activity and Climate Disasters"
Marinela Adriana Finta - Singapore Management University, Singapore

Discussant: Adam Abdulrahman - Carleton University, Canada

SESSION 9 **Room 4**

FINANCE AND ACCOUNTING II
Session Chair: Jeffrey Callen - University of Toronto, Canada

"The influence of e-Government on corruption: a Latin American and Caribbean approach"
Sofia Garcia - Autonomous university of Madrid, Spain
Gilberto Asdrubal Cardenas Cardenas - Autonomous university of Madrid, Spain
Mohammad Refakar - University Of Sherbrooke, Canada
Alvaro Salas - Autonomous university of Madrid, Spain

Discussant: Wendy Rotenberg - University of Toronto, Canada

"Working Capital Heterogeneity and Stock Returns"
Wendy Rotenberg - University of Toronto, Canada
Robert Kieschnick - The University of Texas at Dallas, USA
Rabih Moussawi - Villanova University, USA

Discussant: Shen Zhao - The Chinese University Of Hong Kong (Shenzhen), China

"Hide in the Herd: Macroeconomic Uncertainty and Analyst Forecasts Dispersion"
Shen Zhao - The Chinese University Of Hong Kong (Shenzhen), China
Guofu Zhou - Washington University in St. Louis, USA

Discussant: Mohammad Refakar - University Of Sherbrooke, Canada

Monday 10:45 - 12:15 p.m.

SESSION 10 **Room 5**

CORPORATE GOVERNANCE I
Session Chair: Petko Kalev - La Trobe University, Australia

"The C-Suite Top Executive Gender Diversity Effect on Dividend Payout Decisions, and Firm Performance. Cross-country Analysis involving USA, UK, and European countries."
Saad Shangama - Coventry University, UK

Discussant: Anna Gappmaier - Johannes Kepler University Linz, Austria

"ESG Performance and Financial Risk: Evidence from European (Real Estate) Companies"
Eva Wagner - Johannes Kepler University Linz, Austria
Anna Gappmaier - Johannes Kepler University Linz, Austria
Lucie Stanek Gyönyör - Masaryk University, Czech Republic
Gabrielle Wanzenried - University of Applied Sciences and Art Western Switzerland HES-SO, Switzerland

Discussant: Sofia Johan - Florida Atlantic University, USA

"Winner or Winner's Curse? Does the Company and its CEO Benefit from Internal Competition"
Peigong Li - Shanghai Lixin University of Accounting and Finance, China
Sofia Johan - Florida Atlantic University, USA
Feng Zhan - University of Western Ontario, Canada
Wanwan Zhu - University of Leeds, UK

Discussant: Saad Shangama - Coventry University, UK

LUNCHEON

12:15 - 1:15 p.m. Cafeteria

KEYNOTE SPEECH

1:15 - 2:15 p.m. Auditorium

Professor Douglas Cumming
Florida Atlantic University in Boca Raton, USA

MARKET MANIPULATION AND CORPORATE FINANCE OUTCOMES

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

SESSION 11 **Room 1**

ASSET PRICING MODELS III
Session Chair: Chanaka Edirisinghe - Rensselaer Polytechnic Institute, USA

"Green Investment and Kantian Morality"
Laura Marsiliani - Durham University, UK
Lucy Naga - Durham University, UK
Thomas Renstrom - Durham University, UK
Luca Spataro - University of Pisa, Italy

Discussant: Jan Szczygielski - Kozminski University, Poland

"A Crisis Unveiled: Quantifying the Impact of Energy Price Uncertainty on Global Industrial Groupings during the 2021-2023 Global Energy Crisis"
Jan Szczygielski - Kozminski University, Poland

Discussant: Vaibhav Lalwani - XLRI Xavier School of Management, India

"Can Oil Prices forecast Stock Returns? An extreme bounds out-of-sample forecasting approach"
Vaibhav Lalwani - XLRI Xavier School of Management, India
Udayan Sharma - IIM Amritsar, India

Discussant: Laura Marsiliani - Durham University, UK

SESSION 12 **Room 2**

MUTUAL FUNDS
Session Chair: Lorne Switzer - Concordia University, Canada

"To Bao or Not to Bao? Payments, Innovation and Money Market Mutual Funds"
Ania Zalewska - Leicester University Business School, UK
Yue Zhang - Sun Yat-sen University, China
Zhe Zong - PwC Management Consulting (Shanghai), China

Discussant: David Feldman - UNSW Sydney, Australia

"Endogenous Dynamic Concentration of the Active Fund Management Industry, Heterogeneous Manager Abilities, and Stock Market Volatility"
David Feldman - UNSW Sydney, Australia

Discussant: Robinson Reyes - Florida International University, USA

"Short Selling Bans and Limits to Multi-Market Regulatory Arbitrage"
Yu Hu - Independent, USA
Pankaj Jain - The University of Memphis, USA
Suchismita Mishra - Florida International University, USA
Robinson Reyes - Florida International University, USA

Discussant: Ania Zalewska - Leicester University Business School, UK

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

SESSION 13 **Room 3**

FINANCIAL ECONOMETRICS I
Session Chair: Gualter Couto - University of Azores, Portugal

"Machine Learning Methods and the Analysis of Threshold and Goldilocks Effects in Reward-Based Crowdfunding"
Ramy Elitzur - University of Toronto, Canada
Peri Muttath - Ben Gurion University, Israel
Noam Katz - Ben Gurion University, Israel
David Soberman - University of Toronto, Canada

Discussant: Anna Triantafyllou - Deree College, Greece

"Assessing the Impact of Uncertainty and Energy Variables on LNG Freight Rates: A Dynamic Quantile Connectedness Analysis"
Anna Triantafyllou - Deree College, Greece

Discussant: Kostas Giannopoulos - Neapolis University, Pafos, Cyprus

"Forecasting High Frequency Prices with Filtered Historical Simulation and Block Bootstrapping"
Kostas Giannopoulos - Neapolis University, Pafos, Cyprus

Discussant: Ramy Elitzur - University of Toronto, Canada

SESSION 14 **Room 4**

BANKRUPTCY AND FINANCIAL DISTRESS I
Session Chair: Pradeep Yadav - University of Oklahoma, USA

"Legal Origin and Stock Markets Reactions to Corporate ESG Controversies"
Elias Erragragui - Université Picardie Jules Verne, France

Discussant: Chioma Nwafor - Glasgow Caledonian University, UK

"Determinants of Non-performing loans: An Explainable Ensemble and Deep Neural Network Approach"
Chioma Nwafor - Glasgow Caledonian University, UK

Discussant: Koresh Galil - Ben-Gurion University, Israel

"Have Ratings Become More Accurate?"
Zvika Afik - Ben-Gurion Univeristy of the Negev, Israel
Koresh Galil - Ben-Gurion University, Israel

Discussant: Elias Erragragui - Université Picardie Jules Verne, France

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

SESSION 15 **Room 5**

MERGERS, ACQUISITIONS, AND BUYOUTS 1
Session Chair: Mika Vaihekoski - University of Turku, Finland

"The Value of Employee Morale Similarity in Mergers and Acquisitions: Evidence from Glassdoor"
Kristina Lalova - University of Connecticut, UK

Discussant: Joshua Shemesh - Monash Business School, Australia

"Retail and Institutional Investors' Historical Purchase Prices: Do they Affect Merger Offer Premiums and Deal Response?"
Beni Lauterbach - Bar-Ilan University, Israel
Yevgeny Mugerman - Bar-Ilan University, Israel
Joshua Shemesh - Monash Business School, Australia

Discussant: Eva Wagner - Johannes Kepler University Linz, Austria

"The Impact of CSR on M&A Performance – European Evidence"
Eva Wagner - Johannes Kepler University Linz, Austria
Thomas Brunner-Kirchmair - Johannes Kepler University Linz, Austria

Discussant: Kristina Lalova - University of Connecticut, UK

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

Cafeteria

Monday 4:00 - 5:30 p.m.

SESSION 16 **Room 1**

PORTFOLIO MANAGEMENT
Session Chair: David Feldman - UNSW Sydney, Australia

"Generalized Benchmarking: Is Blind Index-Tracking Optimal?"
Chanaka Edirisinghe - Rensselaer Polytechnic Institute, USA

Discussant: Lorne Switzer - Concordia University, Canada

"Inflation, Small-Cap Premia, and the Effectiveness of Small-Cap Stocks as a Hedge to Inflation for G7 Countries"
Alison Cabana Wong - Concordia University, Canada
Lorne Switzer - Concordia University, Canada

Discussant: Lanxin Lu - UCD Dublin, Ireland

"A Direct Optimal Portfolio Construction Method Relying on Image Processing Technique"
Lanxin Lu - UCD Dublin, Ireland
Yingjie Niu - SFI Center for Research Training in Machine Learning, University College Dublin, Ireland
Ruihai Dong - Insight Centre for Data Analytics, University Dublin College, Ireland
Valerio Poti - Michael Smurfit Business School, University Dublin College, Ireland

Discussant: Zvika Afik - Ben-Gurion University of the Negev, Israel

"Follow the Tweets: Risk-Aware Social Network Experts-Based Stock Trading"
Zvika Afik - Ben-Gurion University of the Negev, Israel
Rami Puzis - Ben-Gurion University of the Negev, Israel
Mark Yosef - Ben-Gurion University of the Negev, Israel

Discussant: Chanaka Edirisinghe - Rensselaer Polytechnic Institute, USA

SESSION 17 **Room 2**

BEHAVIORAL I
Session Chair: Ania Zalewska - Leicester University Business School, UK

"On The Influence of Wine Consumers' Attention on the Price of Wine"
Marcos González-Fernández - Universidad de León, Spain

Discussant: Somayyeh Lotfi - University of Cyprus, Cyprus

"Portfolio Selection Under Ambiguity and the Under-Diversification Puzzle"
Somayyeh Lotfi - University of Cyprus, Cyprus
Stavros Zenios - University of Cyprus, Cyprus

Discussant: Lenos Trigeorgis - Durham University, UK

"Management Guidance Imprecision and Stock Returns"
Menatalla El Hefnawy - CUNEF Universidad, Spain
Luca Del Viva - ESADE Business School, Spain
Lenos Trigeorgis - Durham University, UK

Discussant: Marcos González-Fernández - Universidad de León, Spain

Monday 4:00 - 5:30 p.m.

SESSION 18 **Room 3**

DERIVATIVES
Session Chair: Silvia Muzzioli - University of Modena and Reggio Emilia, Italy

"Valuing Air Transport PSO With Socio-Environmental Impacts"
Gualter Couto - University of Azores, Portugal
André Oliveira - University of the Azores, Portugal
Pedro Pimentel - University of the Azores, Portugal

Discussant: George Tannous - University of Saskatchewan, Canada

"Underlying Stock Price and VIX as Determinants of Intraday Option Spread and Depth"
Junye Chen - Farm Credit Canada, Canada
George Tannous - University of Saskatchewan, Canada
Ke Xu - University of Victoria, Canada

Discussant: Joao Vieito - Polytechnic Institute of Viana do Castelo and Applied Management Research Unit (UNIAG), Portugal

"The Crude Oil Spot and Futures Prices Dynamics: Cointegration, Linear and Nonlinear Causality"
Zhihui Lv - Guangdong University of Foreign Studies,, China
Wing-Keung Wong - Asia University, Taiwan
Christian Espinosa-Méndez - Universidad de Santiago de Chile, Chile
Joao Vieito - Polytechnic Institute of Viana do Castelo and Applied Management Research Unit (UNIAG), Portugal

Discussant: Gualter Couto - University of Azores, Portugal

SESSION 19 **Room 4**

CAPITAL STRUCTURE
Session Chair: Anna Triantafyllou - Deree College, Greece

"Credit Market Freedom and Corporate Decisions"
Alfonsina Iona - Queen Mary University of London, UK

Discussant: Olga Kandinskaia - CIIM, Cyprus

"Investment Analysis Framework in Energy Shipping: Oil Tanker Purchase Case of 2018"
Sergey Dobrinov - Cyprus International Institute of Management (CIIM) and University of Limassol, Cyprus
Olga Kandinskaia - CIIM, Cyprus
Ioannis Filippopoulos - Cyprus International Institute of Management (CIIM) and University of Limassol, Cyprus

Discussant: Mika Vaihekoski - University of Turku, Finland

"CEO Characteristics and Capital Structure Stability"
Mohamed Ahmed - Cairo University, Egypt
Mika Vaihekoski - University of Turku, Finland

Discussant: Alfonsina Iona - Queen Mary University of London, UK

SESSION 20 **Room 5**

MERGERS, ACQUISITIONS, AND BUYOUTS II
Session Chair: Elias Erragragui - Université Picardie Jules Verne, France

"Does CEO Ethnic Cultural Identity Affect Cross-Border Acquisitions?"
Miriam Marra - University of Reading - ICMA Centre, Henley Business School, UK
Dimitris Petmezas - Durham University, UK
Jing Ruan - University of Reading, UK
Chao Yin - University of Edinburgh, UK

Discussant: Ilanit Gavious - Ben-Gurion University, Israel

"Founder Exit and Ethnicity in Technology Entrepreneurship"
Ramy Elitzur - University of Toronto, Canada
Ilanit Gavious - Ben-Gurion University, Israel
Orit Milo - Ben-Gurion University, Israel

Discussant: Hamed Khadivar - University of Quebec, Canada

"Accrual and Real Earnings Management by Rumored Takeover Targets"
Frederick Davis - Concordia University, Canada
Hamed Khadivar - University of Quebec, Canada

Discussant: Miriam Marra - University of Reading - ICMA Centre, Henley Business School, UK

Tuesday 9:00 - 10:30 a.m.

SESSION 21 **Room 1**

MUTUAL FUNDS
Session Chair: Nick Demos - Larnaca College, Cyprus

"'OK Google': ETF's Online Visibility and Fund Flows"
Olga Obizhaeva - Stockholm School of Economics, Sweden

Discussant: Konstantinos Bakalopoulos - National and Kapodistrian University of Athens, Greece

"Global Governance Through Passive Investment, and ESG Performance: Evidence From Index Funds Positions in European Financial Institutions"
Konstantinos Bakalopoulos - National and Kapodistrian University of Athens, Greece
George Dotsis - National and Kapodistrian University of Athens, Greece
Panayotis Alexakis - National and Kapodistrian University of Athens, Greece

Discussant: Uliana Filatova - Florida Atlantic University, USA

"Analysts' Institutional Client Catering and Reputation Tradeoff: Strategic Timing of Recommendations"
Anna Agapova - Florida Atlantic University, USA
Uliana Filatova - Florida Atlantic University, USA

Discussant: Olga Obizhaeva - Stockholm School of Economics, Sweden

SESSION 22 **Room 2**

BEHAVIORAL II
Session Chair: Imane El Ouadghiri - Pôle Universitaire Léonard de Vinci, Research Center, France

"Subsidiary Cultural Diverseness and Innovation of Multinational Corporations"
John Fan Zhang - Macau University of Science and Technology, Macao

Discussant: Esteban Hernandez - Florida Atlantic University, USA

"The Effect of Bank CEO's Corporate Experience on Bank's Financial Policy"
Rebel Cole - Florida Atlantic University, USA
Luis Garcia-Feijoo - Florida Atlantic University, USA
Esteban Hernandez - Florida Atlantic University, USA

Discussant: Stella Spilioti - Athens University of Economics and Business, Greece

"Miss-Valuation at the Euro-zone Stock-Market"
Stella Spilioti - Athens University of Economics and Business, Greece

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

SESSION 23 **Room 3**

QUANTITATIVE FINANCE
Session Chair: Andreas Karathanasopoulos - University od Dubai, UAE

"ESG and Bank Efficiency"
Panagiotis Tziogkidis - University of Macedonia, Greece

Discussant: Aparna Gupta - Rensselaer Polytechnic Institute, USA

"Social Media Signals for Understanding Crypto Events"
Aparna Gupta - Rensselaer Polytechnic Institute, USA

Discussant: Daniel Stašek - Masaryk University, Czech Republic

"Liquidity Benchmarks and Proxies: Predicting price variation onthe U.S. equity market"
Daniel Stašek - Masaryk University, Czech Republic
Stefan Lyócsa - Masaryk University, Czech Republic

Discussant: Panagiotis Tziogkidis - University of Macedonia, Greece

SESSION 24 **Room 4**

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

"Sentiment, Productivity, and Economic Growth"
George Constantinides - University of Chicago, USA
Maurizio Montone - Utrecht University, Netherlands
Valerio Poti - University College Dublin, UK
Stella Spilioti - Athens University of Economics and Business, Greece

Discussant: Yi Liu - University of North Texas, USA

"Impact of Market State on Momentum Portfolio Risk and Performance: A Risk-based Explanation"
Yi Liu - University of North Texas, USA

Discussant: Vasileios Giannopoulos - University of Peloponnese, Greece

"The Dimensions of the Franchisor - Franchisee Interaction Using a Coffee Franchise Chain as Case Study"
Vasileios Giannopoulos - University of Peloponnese, Greece
Achilleas Lazarou - University of the Peloponnese, Greece
Ilias Makris - University of the Peloponnese, Greece

Discussant: George Constantinides - University of Chicago, USA

Tuesday 9:00 - 10:30 a.m.

SESSION 25 **Room 5**

CORPORATE GOVERNANCE II
Session Chair: Yukihiro Yasuda - Hitotsubashi University, Japan

"Do Board Gender Quotas Benefit the Environment? An Illustration through Greenhouse Gas Emissions"
Ammar Ali Gull - ESSCA, France
Tanveer Ahsan - Rennes School of Business, France
Fabiana Roberto - University of Naples "Federico II", Italy

Discussant: Inas Hassan - German University in Cairo, Egypt

"Institutional Antecedents of Integrated Thinking and Reporting: The Effect of COVID 19"
Inas Hassan - German University in Cairo, Egypt
Ehab Mohamed - German University in Cairo, Egypt
Hala Amin - German University in Cairo, Egypt

Discussant: Yin-Hua Yeh - National Yang Ming Chiao Tung University, Taiwan

"Ownership Structure and Carbon Emissions Reduction"
Yin-Hua Yeh - National Yang Ming Chiao Tung University, Taiwan

Discussant: Tanveer Ahsan - Rennes School of Business, France

Refreshments 10:30 - 10:45 a.m.

Cafeteria

Tuesday 10:45 - 12:15 p.m.

SESSION 26 **Room 1**

MARKET EFFICIENCY
Session Chair: George Constantinides - University of Chicago, USA

"The Stock Market Valuation of Sustainable Investments"
Edward Jones - Heriot-Watt University, UK
Olayinka Lawal - Heriot-Watt University, UK
Jia Lu - Heriot-Watt University, UK

Discussant: Bo Liu - University of Victoria, Canada

"Speed Bump and Stock Market Quality: Evidence From NYSE American"
Bo Liu - University of Victoria, Canada
Ke Xu - University of Victoria, Canada

Discussant: Jarkko Peltomäki - Stockholm University, Sweden

"Maximizing Relative Wealth Using Leverage in Portfolio Management: The Role of Risk Aversion"
Christian Lundström Tjurhufvud - Region Västerbotten, Sweden
Jarkko Peltomäki - Stockholm University, Sweden

Discussant: Olayinka Lawal - Heriot-Watt University, UK

SESSION 27 **Room 2**

BEHAVIORAL III
Session Chair: Stefan Lyócsa - Masaryk University, Czech Republic

"Credit Rating Changes and Stock Market Reaction: The Impact of Investor Sentiment"
Soheila Malekpour - King's College London, UK
Nikolaos Karampatsas - Independent Researcher, Greece
Andrew Mason - Independent Researcher, UK
Christos Mavrovitis (Mavis) - University of Surrey, UK

Discussant: Imane El Ouadghiri - Pôle Universitaire Léonard de Vinci, Research Center, France

"Financial Analyst Coverage and Corporate Environmental Disclosure"
Imane El Ouadghiri - Pôle Universitaire Léonard de Vinci, Research Center, France
Jonathan Peillex - ICD International Business School, France
Mohammed Benlemlih - EM Normandie Business School, France

Discussant: Nick Demos - Larnaca College, Cyprus

"Visibility of Cypriot Stock Exchange listed companies."
Nick Demos - LARNACA COLLEGE, Cyprus

Discussant: Soheila Malekpour - King's College London, UK

Tuesday 10:45 - 12:15 p.m.

SESSION 28 **Room 3**

FINANCIAL ECONOMETRICS II
Session Chair: Aparna Gupta - Rensselaer Polytechnic Institute, USA

"A multi-Objective Optimisation Metaheuristic Hybrid technique for Forecasting the Electricity Consumption of the UAE Saudi Arabia, Bahrain, Kuwait and Qatar: A Grey Wolf Approach"
Andreas Karathanasopoulos - University od Dubai, UAE

Discussant: Ioannis Korkos - London South Bank University, UK

"Time-Varying Granger Causality Tests of Covered and Uncovered Interest Rate Parity"
Ioannis Korkos - London South Bank University, UK

Discussant: Martina Halousková - Masaryk University, Czech Republic

"Attention and Sentiment of Scheduled Macroeconomic News Announcements: Forecasting the Volatility on the U.S. Equity Market"
Martina Halousková - Masaryk University, Czech Republic
Štefan Lyócsa - Masaryk University, Czech Republic

Discussant: Andreas Karathanasopoulos - University od Dubai, UAE

"Official Monthly Forecasts of Quarterly U.S. Gross Domestic Product Are Cognitively Biased"
Geoff Booth - Michigan State University, USA
Polina Ellina - American University of Cyprus, Cyprus
Panayiotis Theodossiou - Ball State University, USA

Discussant: Dimitrios Kousenidis - Aristotle University of Thessaloniki, USA

SESSION 29 **Room 4**

BANKRUPTCY AND FINANCIAL DISTRESS II
Session Chair: Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico

"Bankruptcy Prediction for Micro, Small and Medium (MSME) Enterprises using Statistical and Artificial Intelligent Techniques: An Empirical Study for Manufacturing firms in India*"
Piyush Pandey - IIT Bombay, India
Vinish Kathuria - IIT Bombay, India
Rajendra Sonar - IIT Bombay, India

Discussant: Sergey Tsyplakov - University of South Carolina, USA

"Asset Sales and Chapter 11"
Sergey Tsyplakov - University of South Carolina, USA

Discussant: Yuree Lim - Texas Woman's University, USA

"Corporate Pension Plans in Climatic Disasters"
Yuree Lim - Texas Woman's University, USA

Discussant: Piyush Pandey - IIT Bombay, India

Tuesday 10:45 - 12:15 p.m.

SESSION 30 **Room 5**

CORPORATE FINANCE II
Session Chair: Yin-Hua Yeh - National Yang Ming Chiao Tung University, Taiwan

"Backing Away from ESG? The Effect of Sovereign Rating Downgrades on Corporate ESG Policies"
Periklis Boumparis - Newcastle University, UK
Chris Florackis - University of Liverpool, UK
Sushil Sainani - University of Liverpool, UK

Discussant: Kiyonori Iwata - Tokyo University of Science, Japan

"Legally Powerful Shareholder Proposals for Payout Policy: Evidence from Japan"
Kiyonori Iwata - Tokyo University of Science, Japan
Yukihiro Yasuda - Hitotsubashi University, Japan

Discussant: Mingsheng Li - Bowling Green State University, USA

"Environmental Information Disclosure and Green Innovations"
Jiahao Feng - Shandong University of Finance and Economics, China
John Goodell - The University of Akron, Thailand
Mingsheng Li - Bowling Green State University, USA
Ying Wang - Shandong University of Finance and Economics, China

Discussant: Periklis Boumparis - Newcastle University, UK

LUNCHEON

12:15 - 1:15 p.m. Cafeteria

KEYNOTE SPEECH

1:15 - 2:15 p.m. Auditorium

Professor Gady Jacoby
College of Management Academic Studies, Israel

THE INFLUENCE OF RACIAL INTEGRATION ON MUTUAL FUND PERFORMANCE: EXPLORING THE INFORMATION CHANNEL

SESSION 31 **Room 1**

FINANCIAL MARKETS III
Session Chair: Qian Sun - Fudan University, China

"Bubbles Talk: Narrative Augmented Bubble Prediction"
Yuting Chen - University College Dublin, Ireland
Don Bredin - University College Dublin, Ireland
Valerio Poti - University College Dublin, Ireland

Discussant: Alon Raviv - Bar Ilan University, Israel

"The Covid-19 Crisis and Health Economics: A Textual Analysis"
Alon Raviv - Bar Ilan University, Israel

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

"Mortgage Choice Behavior of Private Households in a Dynamic Market Environment: Empirical Evidence for Switzerland"
Gabrielle Wanzenried - University of Applied Sciences Western Switzerland HES-SO, Switzerland

Discussant: Yuting Chen - University College Dublin, Ireland

SESSION 32 **Room 2**

BEHAVIORAL IV
Session Chair: Jose Peres Jorge - Universidade Porto, Portugal

"Emotions, Valuation Uncertainty and Gender: Evidence from a Bubble Market"
Clare Branigan - University College Dublin, Ireland
Paul Ryan - University College Dublin, Ireland

Discussant: Andrew Grant - University of Sydney, Australia

"Social Connectedness and Local Stock Return Comovement"
Jared DeLisle - Utah State University, USA
Andrew Grant - University of Sydney, Australia
Ruiqi Mao - University of Sydney, Australia

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

"Bloomberg Investor Sentiment and The Cross Section of Stock Returns in the European Stock Market"
Silvia Muzzioli - University of Modena and Reggio Emilia, Italy
Luca Gambarelli - University of Modena and Reggio Emilia, Italy

Discussant: Paul Ryan - University College Dublin, Ireland

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

SESSION 33 **Room 3**

FOREIGN EXCHANGE MARKETS
Session Chair: John Hall - University of Pretoria, South Africa

"Realized Semi Betas in Currency markets"
Wenna Lu - Cardiff Metropolitan University, UK

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

"US Monetary Policy Uncertainty and Exchange Rates Volatility: Evidence for Latin American MILA countries"
Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico
Alejandra Cabello- Rosales - National and Autonomous University of Mexico, Mexico
Edgar Ortiz - National and Autonomous University of Mexico, Mexico

Discussant: Ghulam Sorwar - Keele University, UK

"Cryptocurrency Market Volatility and Forecasting: A Comparative Analysis of Modern Machine Learning Models for Cryptocurrencies Predicting Accuracy"
Ghulam Sorwar - Keele University, UK

Discussant: Wenna Lu - Cardiff Metropolitan University, UK

SESSION 34 **Room 4**

FINANCIAL DISCLOSURE
Session Chair: Christos Negkakis - University of Macedonia, Greece

"Task Force on Climate-Related Financial Disclosures (TCFD) and Cost of Equity"
Sin-Ru Chen - National Cheng Kung University, Taiwan
Hua-Wei Huang - National Cheng Kung University, Taiwan
Yu-Lin Hsu - University of Strathclyde, UK

Discussant: Chima Mbagwu - Wilfrid Laurier University, Canada

"Firm Performance, Corporate Governance and the Proactive Disclosure of COVID-19 Risk."
Abiodun Isiaka - University of Regina, Canada
Chima Mbagwu - Wilfrid Laurier University, Canada

Discussant: Nadia Smaili - ESG UQAM, Canada

"Bundle Manipulation: The Use of Accounting and Textual Obfuscation"
Julien Le Maux - HEC Montreal, Canada
Nadia Smaili - ESG UQAM, Canada

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

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

SESSION 35 **Room 5**

CORPORATE GOVERNANCE III
Session Chair: Ugo Rigoni - Ca Foscari University of Venice, Italy

"Digital Service Quality as a Mediating Variable between Digitalization and Sustainable Competitive Advantage: A Study from Egyptian Context"
Wageeh Nafei - University of Sadat City, Egypt

Discussant: Loïc Dubois - Université de Picardie Jules Verne, France

"Stock Market Reaction to Announcements of Management Changes in Listed Companies and the Impact of National Culture"
Loïc Dubois - Université de Picardie Jules Verne, France

Discussant: Yoko Shirasu - Aoyama Gakuin University, Japan

"Does The Difference in Awareness Between Asset Owners and Asset Managers Have an Impact on Firms' ESG Activities?"
Yoko Shirasu - Aoyama Gakuin University, Japan
Katsushi Suzuki - Hitotsubashi University, Japan
Sadok El Ghoul - University of Alberta, Canada

Discussant: Wageeh Nafei - University of Sadat City, Egypt

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

Cafeteria

Tuesday 4:00 - 5:30 p.m.

SESSION 36 **Room 1**

FINANCIAL MARKETS IV
Session Chair: Ghulam Sorwar - Keele University, UK

"Short-Selling Restriction and Return Predictability: Evidence from China"
Ying Jiang - University of Nottingham Ningbo, China
Jiayan Qiu - University of Nottingham Ningbo China, China
Qian Sun - Fudan University, China

Discussant: Jose Peres Jorge - Universidade Porto, Portugal

"Government Spending and Firm Investment: Evidence from a Natural Disaster"
Jose Peres Jorge - Universidade Porto, Portugal
Sujiao Zhao - Banco de Portugal, Portugal

Discussant: Zsuzsa Huszar - Corvinus University of Budapesy, Hungary

"Dynamic Volatility Transfer in the European Oil and Gas Industry"
Zsuzsa Huszar - Corvinus University of Budapesy, Hungary

Discussant: Robinson Reyes - Florida International University, USA

"Cross-border arbitrage and cross-listed stocks:Evidence from mutual fund flows"
David Rakowski - UT Arlington, USA
Anh Nguyen - RMIT Vietnam, Viet Nam
Dave Diltz - Central Michigan University, USA

Discussant: Petko Kalev - La Trobe University, Australia

SESSION 37 **Room 4**

SMALL BUSINESS FINANCING
Session Chair: Julien Le Maux - HEC Montreal, Canada

"Entrepreneurial Firms and Bank Financing: Do Business Angels Play a Role?"
Ugo Rigoni - Ca Foscari University of Venice, Italy

Discussant: Vladimir Ivanov - U.S. Securities and Exchange Commission, USA

"Political Uncertainty and Capital Raising Through Private Offerings"
Vladimir Ivanov - U.S. Securities and Exchange Commission, USA

Discussant: Maria Psillaki - University of Piraeus, Greece

"What Factors Determine the Probability of Default on P2P Lending? Evidence from Mortgage Loans in US"
Maria Psillaki - University of Piraeus, Greece

Discussant: Ugo Rigoni - Ca Foscari University of Venice, Italy

Tuesday 4:00 - 5:30 p.m.

SESSION 38 **Room 5**

CORPORATE FINANCE III
Session Chair: Nadia Smaili - ESG UQAM, Canada

"A One-Way Revolving Door: Former Senior Bankers Facilitate Access to Debt for Non-Financial Firms"
Pawel Mielcarz - Kozminski University, Poland
Dmytro Osiichuk - Kozminski University, Poland

Discussant: Habeeb Yahya - University of Turku, Turku School of Economics, Finland

"The Role of ESG Performance in Firms' Resilience During theCOVID-19 Pandemic: Evidence from Nordic Firms"
Habeeb Yahya - University of Turku, Turku School of Economics, Finland

Discussant: John Hall - University of Pretoria, South Africa

"Prospects of Value-Destroying Companies"
Suzanne Bell - University of Pretoria, South Africa
John Hall - University of Pretoria, South Africa

Discussant: Pawel Mielcarz - Kozminski University, Poland

GALA DINNER

8:30 - 11:00 p.m. Paphos Garden Hotel

Conference Participants

Conference Participants

Conference Participants

NOTES

The Miller College of Business is located at Ball State University, a comprehensive regional public institution that maintains a Carnegie Classification as a high research activity university. Miller College is one of seven academic colleges at Ball State and offers undergraduate and master's programs. More than 85% of Miller College students are undergraduates.

The mission of Miller College is to create transformative educational experiences for their students, which are delivered by faculty who reflect the best elements of the teacher-scholar model. Miller students are educated in leading-edge business techniques and strategies supplemented by meaningful engagement with practicing business professionals. Miller College seeks to provide innovative and flexible educational programming to facilitate our students' lifelong learning.

Miller College is organized into seven academic departments that offer 18 undergraduate majors, 25 minors, eight certificates, and two AACSB Accredited graduate programs. The Miller College supports multiple academic/research centers: Entrepreneurship Center, Center for Professional Selling, Center for Actuarial Science, Insurance and Risk Management, Center for Business and Economic Research, and the Kent C. "Oz" Nelson Logistics and Supply Chain Management Center for Excellence.

Miller College has a strong reputation for offering high-quality educational programs to its students. The college is home to nationally recognized Accounting Entrepreneurship programs and the online MBA Program. Miller College graduates have extensive employment opportunities upon graduation, as reflected by their 97% placement rate within six months of degree completion.
Miller College students are allowed to engage in multiple high-impact educational experiences. The signature feature of the academic curriculum at Ball State is "immersive learning," or hands-on, project-based education with real-world applications.

Miller College's goal is to provide all students with the opportunity to participate in at least one immersive learning project.

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July 2 - July 5, 2023
Neapolis University Pafos
2 Danais Ave, 8042
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SESSION 1 **Room 1**

ASSET PRICING MODELS I
Session Chair: Jerome Detemple - Boston University, USA

"Asset Pricing and Risk Sharing Implications of Alternative Pension Plan Systems"
Nuno Coimbra - Bank of France, France
Francisco Gomes - London Business School, UK
Alexander Michaelides - Imperial College, UK
Jialu Shen - University of Missouri, USA

Discussant: Sheraz Ahmed - LUT University, Finland

We show that incorporating defined benefit pension funds in an asset pricing model with incomplete markets improves its ability to jointly match the historical equity premium and riskless rate, and has important implication for risk sharing. We emphasize the importance of the pension fund's size and asset demands in determining equilibrium asset prices and discuss a new risk channel arising from fluctuations in the fund's endowment. We use our calibrated model to study the implications of a shift from an economy with defined benefit pension schemes to one with defined contribution plans. We find that the new steady-state is characterized by a higher riskless rate and a lower equity premium. Consumption volatility increases for retirees but decreases for workers.

"Pricing of Conditional Liquidity Risk Premium in German Stock Market"
Sheraz Ahmed - LUT University, Finland
Lauri Kuosmanen - Philip Morris International, Finland
Eero Pätäri - LUT University, Finland

Discussant: Rieke Fehrenkötter - HHL Leipzig Graduate School of Management, Germany

We examine the relationship between systematic conditional liquidity risks and returns of all listed stocks in Frankfurt Stock Exchange during 2000-2018. Two alternatives of liquidity are used, namely closing percent quoted spread (PQS) and Amihud’s Adjusted-illiquidity (AdjILLIQ). Conditional, time-varying liquidity risks (betas) are estimated with a quad-variate DCC-GARCH(1,1) variance estimator. The relationship between liquidity and returns is examined using conditional version of the Liquidity-adjusted CAPM. Liquidity risk premia are found for stocks which: (i) become illiquid with the market, (ii) earn lower returns during illiquid markets, and (iii) are illiquid during down markets. The results also suggest that il-liquidity premium is subsumed by size and the book-to-market ratio of stocks. Total annual-ized premia for systematic liquidity risk are 3.07 percent using AdjILLIQ and 3.66 percent using PQS. Premia (i) and (iii) are robust to an alternative Fama-MacBeth regressions, and the results are robust to differing holding period lengths.

"The New Bonds on The Block - Analyzing Alternative Green Bond Designs Using a Simulation-Based Approach"
Niklas Dahlen - HHL Leipzig Graduate School of Management, Germany
Maximilian Schreiter - HHL Leipzig Graduate School of Management, Germany
Rieke Fehrenkötter - HHL Leipzig Graduate School of Management, Germany

Discussant: Francisco Gomes - London Business School, UK

The effects of climate change are becoming more apparent and with that the need to act. Meeting the announced pledge to limit the effects of climate change requires large financial resources, for which there is still a financing gap. Hence, finding efficient financing instruments is an important element to combat climate change. In this paper, we compare different green bond designs including fixed-rate, carbon-linked, inflation-linked, and convertible (green) bonds. We assume that the proceeds are invested into an emission-reducing project thus generating returns in form of saved CO2 certificates. The carbon price is assumed to follow a geometric Brownian motion simulating a general optimal stopping time problem for the start of the investment project. Our simulation results indicate that most alternative bond designs do not set superior incentives compared to traditional green fixed-rate bonds. The only design that outperforms fixed-rate bonds, are green carbon-linked bonds following a coupon design inversely linked to the development of carbon prices. This is surprising given the latest issuance of green inflation-linked and green convertible bonds. Thus, the findings question whether alternative and more complex green bond designs are the right tool to combat climate change.

SESSION 2 **Room 2**

BANKING, REGULATION, AND DISCLOSURE I
Session Chair: Nahum Biger - University of Haifa, Israel

"Private bank deposits and macro/fiscal risk in the euro-area"
Alexandros Kontonikas - University of Essex, UK

Discussant: Galla Salganik-Shoshan - Ben-Gurion University, Israel

We use a panel of ten euro area member states to examine the link between macro/fiscal risk and private bank deposits relative to Germany. Our main findings are summarised as follows: First, the relationship between relative deposits and macro/fiscal risk factors is not stable over time. Second, the significant time variation characterizing this relationship is driven by aggregate EMU-wide macro/fiscal risk conditions. Third, relative deposits in periphery EMU countries are generally more responsive to macro/fiscal risk. Fourth, the ECB's unconventional monetary policy moderated the effect of the global financial and European debt crises on the relationship between relative deposits and macro/fiscal risk. Our empirical findings can inform the ongoing policy debate regarding the completion of the European Banking Union.

"Analyzing the Market's Reaction to AI Narratives in Corporate Filings"
Anup Basnet - the University of Surrey, UK
Galla Salganik-Shoshan - Ben-Gurion University, Israel
Thomas Walker - Concordia University, Canada
Maxim Zagonov - Toulouse Business School, France
Yunfei Zhao - Wenzhou-Kean University, China

Discussant: Thomas Walker - Concordia University, Canada

In this paper, we examine the market reaction to the use of artificial intelligence (AI) narratives in corporate disclosures. Specifically, we examine whether investors respond to AI-related disclosures in companies' annual filings and whether their response to different types of disclosures differs. Our results show that the market accurately distinguishes between firms using AI-related wording in an opportunistic manner ("speculative" disclosures) and firms using AI narratives to reflect real firm's actions behind ("informative" disclosures), with the respective assessments being reflected in the firms' market values. Moreover, the market's reaction to actionable (informative) AI-related mentions is particularly pronounced when a new actionable word is introduced for the first time. In contrast, speculative or irrelevant AI-related mentions do not significantly affect the market values of the reporting firms.

"After the storm: Natural disasters and bank solvency"
Thomas Walker - Concordia University, Canada
Dieter Gramlich - University of Heidenheim, Germany
Yunfei Zhao - Concordia University, Canada

Discussant: Alexandros Kontonikas - University of Essex, UK

This paper examines how natural disasters affect the solvency of banks. Specifically, by analyzing a comprehensive dataset on natural catastrophes and detailed financial statements for 9,928 banks that operate in 149 countries, it explores (1) whether and how natural disasters affect bank solvency, (2) how accounting and regulatory measures of bank solvency reflect a bank's true affectedness, and (3) whether the effects differ across different types of banks. This study adds to the discussion of what type of capital and capital ratio best reflects a bank's sensitivity to risk. The main finding is that damages from disasters matter: they negatively affect capital ratios, and the severity of their impact depends on a bank's location, capitalization, and business model. In addition, the results show that accounting measures of solvency are more sensitive to disasters than are regulatory measures.

SESSION 3 **Room 3**

FINANCIAL MARKETS I
Session Chair: Arif Khurshed - University of Manchester, UK

"The Social Impact Bond: A Note on Valuation"
Andreas Andrikopoulos - University of Piraeus, Greece

Discussant: Tomoe Moore - Brunel University London, UK

Social impact bonds have the payoff structure of capped put options or bear spreads with put options. Disrupting the impact-investment landscape as a fusion of the government, the private sector and the civil society, social impact bonds constitute both a social and a financial innovation. This paper argues that standard option pricing arguments help us assess the value of social impact bonds and the sensitivity of option-like impact investments to option pricing parameters uncovers.

"Compilation of a Flow of Funds Matrix Based on IMF Data with Methodology for a Flow of Funds Policy Analysis for Developing Countries"
Tomoe Moore - Brunel University London, UK

Discussant: Chandra Thapa - University of Strathclyde, UK

In this paper, we develop the compilation of a flow of funds matrix that shows the flows of financial instruments among disaggregated economic sectors based on IMF database for developing countries. This involves identifying the appropriate IFS data codes for entry into the matrix. This is followed by building the theoretical matrix where the behavioural functions and the market-clearing endogenous variables are identified, which broadly complies with the specific features of the less-developed financial sector. The method for policy simulation analyses is, then, spelt out. The identified IFS data codes for the flow data are reasonably satisfactory for the creation of a flow of funds matrix with the key data available for most developing countries, potentially making it possible to conduct a system-wide flow of funds model. In this respect, the paper serves to build a new scope for the flow of funds policy analysis for these countries, where it has been almost prohibitive due to the lack of flow of funds data.

"Policy Information Uncertainty and Trading Behavior of Foreign Institutional Investors"

Chandra Thapa - University of Strathclyde, UK
Biwesh Neupane - University of Birmingham, UK
Chaman Shrestha - University of West of Scotland, UK

Discussant: Andreas Andrikopoulos - University of Piraeus, Greece

This paper examines the impact of policy-related information uncertainty (PIU) on the trading behaviour of foreign institutional investors (FII) in emerging equity markets. We undertake an empirical analysis using transaction–level data and exploiting a quasi-natural experiment set–up provided by an unexpected tax-related policy announcement in the Indian equity market that generated a period of policy uncertainty. Our results show that FII reacts quickly and withdraws, on average, investments worth at least 0.713 basis points of the market capitalization (USD 0.17 million) per day for average equity during the PIU period. However, the sentiments of the FII turn significantly positive when the concerned PIU is eradicated. The results suggest that policymakers, particularly in capital constraint emerging markets, should be highly conscious of generating PIU if they wish to attract and retain overseas investors.

SESSION 4 **Room 4**

FINANCE AND ACCOUNTING I
Session Chair: Wendy Rotenberg - University of Toronto, Canada

"Aggregate BtM Ratios and Macroeconomic News"

Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, USA
Anestis Ladas - University of Macedonia, Greece
Christos Negkakis - University of Macedonia, Greece

Discussant: Geoffrey Ngene - Mercer University, USA

A number of studies in the literature have uncovered a rich information set of aggregate accounting numbers for macroeconomic data. The majority of these studies are centered around aggregate earnings and its macroeconomic information content. In this study we revolve around BtM ratios, based on previous firm-specific research (Barth et al., 2022) that shows a relation between recession years and BtM ratios exceeding the value of one. Our methodological approach is based on the aggregate accounting data literature and the study attempts to provide evidence on the ability of BtM ratios to forecast macroeconomic conditions. In extend, we also examine under which conditions there is information content in BtM ratios for macroeconomic conditions. The results of the empirical analysis provide support to the research hypotheses developed in the study.

"Sizes, Styles, and the Tale of Two Sentiments"

Geoffrey Ngene - Mercer University, USA
Jinghua Wang - New Jersey Institute of Technology, USA

Discussant: Pradeep Yadav - University of Oklahoma, USA

Investor sentiment has been documented to predict future stock returns. It is still unknown whether sentiment and stock prices have a long-run relationship and whether retail and professional investors' sentiment proxies have a short-run or long-run predictive power on future returns of stocks of different sizes and styles. We employ an asymmetric model to assess the short-run and long-run impact of rising and declining (i) retail investors' sentiment proxy, (ii) professional investors' sentiment proxy on stock returns of large-, medium-, small-, and micro-capitalized stocks, as well as value and growth portfolios. We find (i) a monotonically strengthening and asymmetric cointegration between sentiment and size-capitalized portfolios, with the large-cap and micro-cap stocks exhibiting the weakest and strongest cointegration with investor sentiment, respectively. (ii) Rising sentiment consistently has a higher positive predictive power than decreasing sentiment on stock returns for all portfolios except growth

stocks whose returns are not predictable by sentiment. (iii) The predictive power of positive and negative sentiment on stock returns is a short-term and long-term phenomenon, increasing with a decrease in capitalization and pronouncedly higher for value than growth stocks. (iv) Recession amplifies sentiment-based trading due to elevated uncertainty, thereby strengthening the predictive power of sentiment on future returns. Micro-cap stocks' return predictability incre

"Informed Trading and Required Returns: The Influence of Public Information"

Florian Bardong - ANSA Investment Management, Germany
Sohnke Bartram - University of Warwick, UK
Jeffrey Black - The University of Memphis, USA
Pradeep Yadav - University of Oklahoma, USA

Discussant: Anestis Ladas - University of Macedonia, Greece

We separately investigate the pricing relevance of informed trading predictable from public information, and that of unpredictable idiosyncratic informed trading that potentially captures private information. We use a direct profitability-based and immediacy-driven measure of price-relevant informed trading, and not the problematic PIN measure used in extant studies. Our empirical analyses fully control for any liquidity-related effects. We find that risk-adjusted required returns are significantly higher for firms with higher expected levels of price-relevant informed trading based on public information. These findings hold in both the cross-section and the time series. For example, a long-short portfolio based on the expected level of informed trading attributable to skilled processing of public information has annualized abnormal returns of 9.45%. When limited to the smallest quintile of stocks, these annualized abnormal returns grow to 29.30%. Furthermore, we also find that the relation between required returns and public information based informed trading is weaker in firms with more analysts and better accrual quality, suggesting that the information risk arising from skilled public information processing depends on the competitiveness and transparency in the firms' public information environments. Overall, our results are supportive (from different perspectives) of extant theoretical models – Grossman and Stiglitz (1980), Easley and O'Hara (2004), Hughes, Liu, and Liu.

SESSION 5 **Room 5**

CORPORATE FINANCE I

Session Chair: Syed Hassan - University of Southampton, UK

"Do Firms Benefit from Carbon Risk Management? Evidence from the Credit Default Swaps Market"

Huu Duong - Monash University, Australia
Petko Kalev - La Trobe University, Australia
Madhu Kalimipalli - Wilfrid Laurier University, Canada
Saurabh Trivedi - RoZetta Institute, Australia

Discussant: Jeffrey Callen - University of Toronto, Canada

We examine how firms' carbon risk management practices influence market assessment of their credit risk. Using two quasi-exogenous events involving the 2015 Paris Climate Agreement and the staggered implementation of US state climate adaptation plans, we find that stronger carbon risk management is associated with significantly lower CDS spreads. Our results are not driven by firm-level climate exposures, leverage, and social-, governance- or distress- risks. Firms with better carbon risk management also exhibit enhanced future growth opportunities and cash holdings, and lower subsequent carbon emissions. Overall, our paper highlights the importance of carbon risk management in mitigating credit risk.

"Ex ante Competitive Threats and Stock Price Crash Risk: Evidence from Antitrust Leniency Programs"

Jeffrey Callen - University of Toronto, Canada
Xiaohua Fang - Florida Atlantic University, USA

Discussant: Tanja Kirmse - Drexel University, USA

We examine empirically the impact of ex ante competitive threats from potential foreign rivals on bad news hoarding/disclosure decisions. We find that stronger antitrust enforcement around the world causes domestic U.S. firms to exhibit lower levels of stock price crash risk. This is consistent with managers disclosing rather than hoarding bad news in order to deter entry from potential foreign rivals. Our findings are robust to a battery of sensitivity tests including temporal dynamics test, and staggered DiD bias correction methods. Cross-sectional analyses show that the negative impact of competitive threats from potential rivals on crash risk is more salient for firms with severe agency problems measured by external market forces, corporate risk-taking and information asymmetry. Overall, our evidence indicates that competitive threats from potential foreign rivals constrains firms' stock price crash risk, in line with the view that competition serves as an important governance mechanism in curbing agency problems.

"The Rise of Anti-Activist Poison Pills"
Ofer Eldar - Duke University, USA
Tanja Kirmse - Drexel University, USA
Michael Wittry - Ohio State University, USA

Discussant: Syed Hassan - University of Southampton, UK

We provide the first systematic evidence of contractual innovation in the terms of poison pill plans. In response to the increase in hedge fund activism, pills have changed to include anti-activist provisions, such as low trigger thresholds and acting-in-concert provisions. Using unique data on hedge fund views of SEC filings as a proxy for the threat of activists' interventions, we show that hedge fund interest predicts pill adoptions. Moreover, the likelihood of a 13D filing declines after firms adopt "anti-activist" pills, suggesting that pills are effective in deterring activists. The results are particularly strong for "NOL" pills that, due to tax laws, have a five percent trigger. Our analysis has implications for understanding the modern dynamics of market discipline of managers in public corporations and evaluating policies that regulate defensive tactics.

Refreshments 10:30 - 10:45 a.m.

Cafeteria

SESSION 6 **Room 1**

ASSET PRICING MODELS II
Session Chair: George Tannous - University of Saskatchewan, Canada

"COVID-19 Puzzles: A Resolution"
Tony Berrada - Universite de Geneve, Switzerland
Jerome Detemple - Boston University, USA
Marcel Rindisbacher - Boston University, USA

Discussant: Syed Hassan - University of Southampton, UK

This paper examines the economic impact of COVID-19 in an equilibrium framework. Our model, BDRA-SSL, combines two ingredients: (i) beliefs-dependent preferences foreconomic dynamics and (ii) stochastic SEIRD model with unpredictable birth and vaccine discovery events, and mitigating policy and behavioral responses, for disease propagation. We estimate the model based on economic time series and COVID-19 data. We show it explains the behaviors and levels of the S&P 500, the index volatility, and the number of new cases during the recent outbreak, while providing a good match for 25 unconditional moments of economic time series. Beliefs-dependence emerges as a critical ingredient for this comprehensive explanation of short term dynamics during the COVID-19 outbreak and of long run statistical properties. A comparison study establishes the performance of BDRA-SSL versus alternative specifications.

"COVID-19, Financial Stress, and the Time-Varying Beta of Airlines"
Taufiq Choudhry - University of Southampton, UK
Syed Hassan - University of Southampton, UK

Discussant: Bernd Schwaab - European Central Bank, Germany

This paper empirically investigates the effects of the COVID-19 pandemic on the time-varying beta of 20 international airlines. Investigation is conducted using daily data (2016-2020) and the BEKK GARCH model is applied to create the time-varying betas. Standard linear regressions are employed to test the effect of the pandemic on the betas. Results show ample effects of the pandemic and the financial stress created by the pandemic on the airlines' beta. The individual airline's volatility imposes a larger effect during the pandemic than the market volatility does. These results are stronger for European and Asian airlines. Ample evidence of financial stress affecting the beta during the pandemic is also provided. The financial stress results are the strongest for the US airlines and the weakest for European airlines. These results may have implications for investors who are interested in portfolio risk management.

"Euro Area Sovereign Bond Risk Premia Before and During the Covid-19 Pandemic"
Stefano Corradin - European Central Bank, Germany
Bernd Schwaab - European Central Bank, Germany

Discussant: Jerome Detemple - Boston University, USA

We provide a novel modelling framework to decompose euro area sovereign bond yields into five distinct components: i) expected future short-term risk-free rates and a term premium, ii) a default risk premium, iii) redenomination risk premium, iv) liquidity risk premium, and v) segmentation (convenience) premium. Identification is achieved by considering sovereign yields jointly with other rates, including sovereign credit default swap spreads with and without redenomination as a credit event trigger. We illustrate our model by studying yield components embedded in German, French, Italian, and Spanish

sovereign bonds, before and after the onset of the Covid-19 pandemic in 2020, and by examining the impact of European Central Bank (ECB) monetary policy and European Union (EU) fiscal policy announcements in response to the pandemic. We find that all five risk premia became sizable following the onset of the pandemic, and that both monetary and fiscal policy announcements had a pronounced effect on yields, mostly through default, redenomination, and segmentation (convenience) premia.

SESSION 7 **Room 2**

BANKING, REGULATION, AND DISCLOSURE II
Session Chair: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"Brick-and-Mortar bank branches and local resilience to disasters"
Ning Gao - University of Manchester, UK
Chen Hua - Southwestern University of Finance and Economics, China
Arif Khurshed - University of Manchester, UK

Discussant: Tiago Matos - University of the Azores, Portugal

Natural disasters are getting more frequent and disruptive. As important economic agents, banks are expected to help disaster-hit regions to recover from the aftermath. However, digitalization of financial services and cost-cutting measures are leading to the closure of brick-and-mortar bank branches at an unprecedented speed. Our study shows that the presence of brick-and-mortar bank branches helps to alleviate the negative impact of a disaster on local economies. Post-disaster, the mitigating effect of bank presence exists both in the short and long term. It is more pronounced in infrequently affected regions, regions with large banks and those with more inter-state bank branches. Our results are robust to alternative specifications and trend-effects.

"The contribution of macroprudential policies to banks' resilience: Lessons from the systemic crises and the COVID-19 pandemic shock"
Tiago Matos - University of the Azores, Portugal
João Teixeira - University of the Azores, Portugal
Tiago Dutra - University of the Azores, Portugal

Discussant: Heung Tung Yip - Hong Kong Polytechnic University, Hong Kong

This study examines the effectiveness of macroprudential policies in reducing the banks' risk during the COVID-19 pandemic and compares these results with the systemic banking crises years. Based on a sample of 624 banks across 40 countries during the period 2006–2020, we find that loosening capital-aimed macroprudential policies effectively reduced banks' risk during the COVID-19 pandemic, while this behavior led to increased risk during the systemic crises years. In contrast, tightening the remaining macroprudential policies both during the systemic crises years and the pandemic proved effective in reducing banks' risk. Furthermore, we show that the magnitude of the impact of macroprudential policies was stronger during the systemic crisis than that during the pandemic. Finally, we show that the results are driven by the capital requirement policy, both during the systemic crisis and the COVID-19 pandemic. The banks' leverage and loan growth also play an enhancing role of these effects.

"Bank Earnings Smoothing through Advisory Fee Income: How Do the Joint Effects of Earnings and Credit Ratings Impact Banks' Behavior?"
Heung Tung Yip - Hong Kong Polytechnic University, Hong Kong
Wilson Tong - The Hong Kong Polytechnic University, Hong Kong
Robert Park - The Chinese University of Hong Kong, Hong Kong

Discussant: Arif Khurshed - University of Manchester, UK

Existing literature focuses on loan loss provision as a tool for banks to smooth earnings. The novelty and contribution of our study are the proposition that advisory fee income, a key banking revenue item that involves significant accounting discretions, is also an important earnings smoothing tool but has been overlooked. We obtain strong, supporting evidence from US banking data from 2001 to 2017. We find that banks smooth earnings more aggressively (i) under negative earnings, (ii) at investment-grade credit ratings, (iii) with ratings at plus or minus notches, and (iv) without recent rating changes. We further examine the joint effects of earnings and credit ratings on earnings smoothing behavior and find that investment-grade (speculative-grade) banks with negative earnings engage most (least) aggressively in earnings smoothing, whereas banks with positive earnings lie in between. Our findings bear some important policy implications.

SESSION 8 **Room 3**

FINANCIAL MARKETS II
Session Chair: Leszek Preisner - PWSZ Krosno, Poland

"Sustainable Investing and Sustainability of Pension Assets: Evidence from the OECD"
Isaac Otchere - Carleton University, Canada
Adam Abdulrahman - Carleton University, Canada
Jun Wang - University of Manitoba, Canada

Discussant: Nahum Biger - University of Haifa, Israel

Pension funds have the capacity to influence the behaviour of investee firms because of their sheer financial might and their long-term focus. As a result, they are being pressured to refocus their investment strategies on ESG-principles with the aim of achieving sustainable growth. We examine the impact of sustainable investing on pension fund asset in the OECD countries after the introduction of the SDG goals and find that the growth of pension assets in countries with high sustainability score has reduced. The effects are stronger in countries with high sustainability score. This is noteworthy as EU countries are particularly known for their leadership in sustainable development. Capital market return is the main source though which sustainable investing contributes to a reduction in pension assets. Overall, the results provide support for our hypothesis that ethical and sustainable investing hurts pension fund asset growth. Our results are robust to the use of different measures of sustainability and endogeneity issues.

"One-Sided Linking of Mortgage Loans to the Price of Foreign Currencies"
Nahum Biger - University of Haifa, Israel

Discussant: Marinela Adriana Finta - Singapore Management University, Singapore

In several countries, and in particular in countries with a ‘weak currency’, it is customary for banks and other lending institutions to offer their customers who wish to borrow funds, especially mortgage loans, an arrangement by which the payments or the servicing of the loan is linked to the price of a particular foreign currency. The loan is offered in terms of the local currency. The initial loan amount is translated into the designated foreign currency at the spot exchange rate and the monthly mortgage payment is computed in accordance with the interest rate that is contractually agreed upon with the borrower. The payments are in the form of 'blended payments' where each monthly amount contains both interest and principal, and determined in term of the foreign currency. Then, the actual monthly payment is paid in the local currency where the amount payable in each month is determined by the local currency price of one unit of the foreign currency, or by the spot exchange rate that is in effect every time a payment is due.This arrangement is rather customary in many countries, especially in small countries where lending institutions finance their operations by issuing foreign currency denominated securities. Thus, from the vantage point of the lending institution this type of foreign currency linked loans plays a role of a natural hedge against unexpected changes in the exchange rate.In some cases, a special type of foreign currency linked loans has emerged. This type

"Retail Investors' Activity and Climate Disasters"
Marinela Adriana Finta - Singapore Management University, Singapore

Discussant: Adam Abdulrahman - Carleton University, Canada

We analyze the effects of climate disasters on retail investors' trading activity. Results show that retail investors trade significantly less during and around climate disasters, and retail buyers exhibit higher returns than sellers. Climate disasters weaken the positive return predictability of the past month's order imbalances while strengthening it for the past six month's order imbalances. In the short run, firms within climate disaster counties with retail net buying underperform those with negative imbalances. Instead, in the long run, firms within and outside climate disaster counties with positive order flows outperform those with negative order flows. Finally, the estimates on the return and order imbalance comovement around climate disasters are consistent with the main findings.

SESSION 9 **Room 4**

FINANCE AND ACCOUNTING II
Session Chair: Jeffrey Callen - University of Toronto, Canada

"The influence of e-Government on corruption: a Latin American and Caribbean approach"
Sofia Garcia - Autonomous university of Madrid, Spain
Gilberto Asdrubal Cardenas Cardenas - Autonomous university of Madrid, Spain
Mohammad Refakar - University Of Sherbrooke, Canada
Alvaro Salas - Autonomous university of Madrid, Spain

Discussant: Wendy Rotenberg - University of Toronto, Canada

Abstract:The purpose of this study is to confirm whether e-Government contributes to minimizing the levels of corruption worldwide and more specifically in the Latin American and Caribbean region. To analyze this relationship, we use a quantitative analysis (panel data and OLS) of the impact of the EGDI (United Nations e-Government Development Index) and its components on the Corruption Perception Index during the period 2001-2020 in 193 countries around the world and 33 countries in the Latin American region. The empirical analyses show that e-Government plays a big role on the reduction of corruption levels in both the total sample and the Latin America and the Caribbean region.

"Working Capital Heterogeneity and Stock Returns"
Wendy Rotenberg - University of Toronto, Canada
Robert Kieschnick - The University of Texas at Dallas, USA
Rabih Moussawi - Villanova University, USA

Discussant: Shen Zhao - The Chinese University Of Hong Kong (Shenzhen), China

Prior research provides evidence that the abnormal returns from long-short strategies based on cash conversion cycles (CCCs) cannot be explained by standard risk factors, raising questions about potential risk-based explanations. We observe that many firms, particularly those using reverse factoring or similar supply chain financing strategies, exhibit persistently negative CCCs. These strategies lead to cost structures that vary more with variations in revenues, and as a result, have greater operating cash flow volatility, greater asset volatility, and require higher returns.

"Hide in the Herd: Macroeconomic Uncertainty and Analyst Forecasts Dispersion"
Shen Zhao - The Chinese University Of Hong Kong (Shenzhen), China
Guofu Zhou - Washington University in St. Louis, USA

Discussant: Mohammad Refakar - University Of Sherbrooke, Canada

We uncover a negative correlation between macroeconomic uncertainty and security analyst earning forecasts dispersion, and explain it through herding behavior bias of the analysts. We find that the herding firms, whose analysts suffer the herding bias, have greater firm-level uncertainty than non-herding firms. The stock prices of the herding firms have stronger momentum and tend to underreact more to the both firm and macro news. Moreover, the herding firms' stocks are more likely to be overpriced and earn lower subsequent returns. Our study links the interaction between macro-uncertainty and micro-dispersion to the firms' characteristics and our findings support the notion that greater uncertainty leaves more room for psychological biases, which further leads to informational inefficiency.

SESSION 10 **Room 5**

CORPORATE GOVERNANCE I
Session Chair: Petko Kalev - La Trobe University, Australia

"The C-Suite Top Executive Gender Diversity Effect on Dividend Payout Decisions, and Firm Performance. Cross-country Analysis involving USA, UK, and European countries."
Saad Shangama - Coventry University, UK

Discussant: Anna Gappmaier - Johannes Kepler University Linz, Austria

This paper examines whether the c-suite top executives' gender diversity has a significant influence on dividend payout decisions and firm performance using evidence from USA, UK, and European countries for the time period between 2000 and 2020. This study is progressively significant considering that there is extremely female underrepresentation within the c-suite executive positions. This paper argues that the presence of female executive(s) not only on the board but also within the c-suite top executive management will lead to better corporate governance align to a wide range of stakeholders' interest, better informed board monitoring to enhance firm performance and shareholders' wealth maximisation. This paper is the first to exclusively focus on the influence of gender diversity within the c-suite top executive management widely believed to be the most powerful organizational members, the Chair, CEO and CFO on dividend payout decisions. The results show that the c-suite top executives' gender diversity has a significant negative association on dividend payout decisions and a significant positive association on firm performance. Additionally, the results suggest that the said relationships are highly due to quality of female top executive(s) qualification, female board majority, female duality and female executive time in company.

"ESG Performance and Financial Risk: Evidence from European (Real Estate) Companies"
Eva Wagner - Johannes Kepler University Linz, Austria
Anna Gappmaier - Johannes Kepler University Linz, Austria
Lucie Stanek Gyönyör - Masaryk University, Czech Republic
Gabrielle Wanzenried - University of Applied Sciences and Art Western Switzerland HES-SO, Switzerland

Discussant: Sofia Johan - Florida Atlantic University, USA

CSR activities are widely recognized as risk-reducing mechanism. Our paper analyzes the relationship between ESG engagement and firm risk for STOXX Europe 600 companies, with a particular focus on the Real Estate sector. Our sample includes 7'560 observations from 517 firms from 2002 to 2021, with specific consideration of the financial and COVID-19 crisis. We find a generally negative correlation between total firm risk and environmental and social commitments. For real estate firms only certain CSR activities have a risk-reducing effect. Relationships between beta and ESG seem weak, but there exist strong crisis effects for Real Estate firms. Accordingly, CSR in the Real Estate sector has a specific impact on risk due to industry–specific characteristics. Overall, our analyses imply CSR in the Real Estate sector to exhibit noticeable peculiarities and a crisis resilience, but also a higher sensitivity to overall market movements, depending on the nature of the crisis.

"Winner or Winner's Curse? Does the Company and its CEO Benefit from Internal Competition"
Peigong Li - Shanghai Lixin University of Accounting and Finance, China
Sofia Johan - Florida Atlantic University, USA
Feng Zhan - University of Western Ontario, Canada
Wanwan Zhu - University of Leeds, UK

Discussant: Saad Shangama - Coventry University, UK

We investigate the different features of tournament structure to explain the cross-sectional variation in the pay premiums of tournament winners, and whether better rewards for the tournament winner indicate future improvement in firm performance post-CEO appointment. Using a hand-collected dataset that captures information on 125 internal CEO succession events in US bank holding companies (BHCs), our results indicate that the level of the winner's pay premium is positively associated with the steepness of the tournament structure before CEO succession, and a higher pay premium reflects the new CEO's managerial ability as perceived by shareholders. We also find that a higher reward is associated with greater improvement in bank performance post-CEO succession. Our analysis is robust to corrections for the endogeneity of the relation between pay premium and changes in bank performance.

LUNCHEON

12:15 - 1:15 p.m. Cafeteria

KEYNOTE SPEECH

1:15 - 2:15 p.m.   Auditorium

Professor Douglas Cumming
Florida Atlantic University in Boca Raton, USA

MARKET MANIPULATION AND CORPORATE FINANCE OUTCOMES

Topics in market microstructure are overly segmented from topics in corporate finance. This talk will examine how manipulative trading practices can affect corporate finance outcomes. In particular, manipulative trading can have consequences for ESG outcomes, innovation, productivity, corporate venture capital, mergers, and corporate culture. This talk will review significant future research opportunities linking microstructure to corporate finance.

SESSION 11 **Room 1**

ASSET PRICING MODELS III
Session Chair: Chanaka Edirisinghe - Rensselaer Polytechnic Institute, USA

"Green Investment and Kantian Morality"
Laura Marsiliani - Durham University, UK
Lucy Naga - Durham University, UK
Thomas Renstrom - Durham University, UK
Luca Spataro - University of Pisa, Italy

Discussant: Jan Szczygielski - Kozminski University, Poland

Responsible investment is on the rise and cannot be explained solely by standard utilitarian behaviour. Morality rules have already been applied to consumption and voluntary provision of public goods, but no attempts have been made at modelling moral investments. In this paper we develop a model of ethical investment driven by Kantian morality. We derive a first best (Pareto Efficient) asset pricing relation, which contains a pollution premium. This asset pricing relation is contrasted with those of Kantian equilibria, and the consequences for equilibrium pollution are shown. We also analyse the role of wealth inequality and preference heterogeneity on portfolio holdings. We show that when all investors (even if heterogeneous) are Kantian, the equilibrium is Pareto efficient, i.e. the externality is internalised. We next analyse the situation when only a fraction of the population is Kantian. Under Inclusive Kantianism the equilibrium may generate less pollution than what is Pareto Efficient, while under Exclusive Kantianism the equilibrium is characterised by excess pollution.

"A Crisis Unveiled: Quantifying the Impact of Energy Price Uncertainty on Global Industrial Groupings during the 2021-2023 Global Energy Crisis"
Jan Szczygielski - Kozminski University, Poland

Discussant: Vaibhav Lalwani - XLRI Xavier School of Management, India

Recession fears play a pivotal role in investment decision-making and the development of policy aimed at reducing the likelihood of a recession and managing its impact. Using machine learning, we develop an economic agent-determined daily real time recession fear index using Google searches that isolates recession-related fears from overall stock market uncertainty. We then proceed to study the evolving impact of recent recession fears on stock markets using directional wavelet analysis that distinguishes between positive and negative associations between series and offers greater analytical precession. Our analysis indicates that recession fears negatively impact world and G7 stock markets and trigger heightened volatility, with Japan being the most resilient. Monetary policy tightening in response to record inflation levels appears to be the most significant event contributing to highly persistent recession fears. The methodology proposed in this study offers a high frequency monitoring tool that can be applied to analyse the evolution of relationships between variables and can be generalised to study the influence of specific events on financial markets using Google searches to isolate topic-specific components from general narrative proxies for uncertainty, attention or sentiment.

"Can Oil Prices forecast Stock Returns? An extreme bounds out-of-sample forecasting approach"
Vaibhav Lalwani - XLRI Xavier School of Management, India
Udayan Sharma - IIM Amritsar, India

Discussant: Laura Marsiliani - Durham University, UK

We introduce a method to adapt Sala-i-Martin's (1997) extreme bounds analysis (EBA) to out-of-sample forecasting. Using our modified EBA, we test whether the information in oil prices can be used to forecast stock returns. Using multiple models with different combinations of predictor variables, we find little evidence to suggest that oil prices provide incremental information about out-of-sample stock returns. The effect of oil prices on stock returns has become stronger in the latter half of our sample period, but the forecasting gains are still economically small.

SESSION 12 **Room 2**

MUTUAL FUNDS
Session Chair: Lorne Switzer - Concordia University, Canada

"To Bao or Not to Bao? Payments, Innovation and Money Market Mutual Funds"
Ania Zalewska - Leicester University Business School, UK
Yue Zhang - Sun Yat-sen University, China
Zhe Zong - PwC Management Consulting (Shanghai), China

Discussant: David Feldman - UNSW Sydney, Australia

The creation of Bao products, i.e., Apps that facilitate instant transactions and access to money for money market mutual fund (MMF) investors, and the creation of full-payment Bao products, i.e., Apps that enable bill payments directly from MMF accounts, are a rare example of architectural Fintech innovation designed to improve wellbeing rather than wealth. We study the effects of this innovation using a hand-collected data for 703 Chinese MMF share classes over the period of 2010-2021. We find that consistent with the expectations, opening the MMF market to retail investors resulted in an influx of unsophisticated investors. Yet, in contrast with the literature, we do not find that the influx of unsophisticated investors had negative consequences for the market, i.e., it did not result in higher price volatility and more risk taking by fund managers. We argue that the absence of the negative effects is the consequence of the Bao-specific trading restrictions. We also find that the success of the full-payment Bao products supports the profiting from innovation hypothesis. Our results have strong policy implications. They indicate that potentially unwelcome side-effects of widening financial inclusions are avoidable when the appropriate regulation is in place.

"Endogenous Dynamic Concentration of the Active Fund Management Industry, Heterogeneous Manager Abilities, and Stock Market Volatility"
David Feldman - UNSW Sydney, Australia

Discussant: Robinson Reyes - Florida International University, USA

We introduce continuous-time models of concentration in the active fund management industry, where managers with heterogeneous dynamic unobservable abilities compete for investments of risk-neutral or risk-averse investors. Dynamics of managers' inferred abilities determine dynamics of equilibrium fund sizes thus concentration, measured by the Herfindahl-Hirschman Index (HHI). Positive performance shocks of managers, whose inferred abilities are sufficiently large (small) relative to those of other managers, exert positive (negative) impacts on HHI, but managers' higher performance variations mitigate these impacts. Higher stock market volatility decreases HHI when the fund size distribution is skewed to the right. Our empirical results support our theory.

"Short Selling Bans and Limits to Multi-Market Regulatory Arbitrage"
Yu Hu - Independent, USA
Pankaj Jain - The University of Memphis, USA
Suchismita Mishra - Florida International University, USA
Robinson Reyes - Florida International University, USA

Discussant: Ania Zalewska - Leicester University Business School, UK

We evaluate the role of foreign short-sale bans in muting the return-response to negative earnings surprises for stocks cross-listed in unbanned markets. We update the global timeline of short-sale restrictions until the COVID-19 crisis. With low dispersion of beliefs, we surprisingly observe cross-border reach of bans manifested in delayed price responses through reduced short-interest and failures-to-deliver. In contrast, large profit opportunities created by high dispersion of beliefs trigger regulatory arbitrage and full return-response through cross-border short-selling. Earnings management practices and CEO compensation structure reinforce the trade-off between compliance-overreach versus profit intensity, determining the effects of short-sale bans.

SESSION 13 **Room 3**

FINANCIAL ECONOMETRICS I
Session Chair: Gualter Couto - University of Azores, Portugal

"Machine Learning Methods and the Analysis of Threshold and Goldilocks Effects in Reward-Based Crowdfunding"
Ramy Elitzur - University of Toronto, Canada
Peri Muttath - Ben Gurion University, Israel
Noam Katz - Ben Gurion University, Israel
David Soberman - University of Toronto, Canada

Discussant: Anna Triantafyllou - Deree College, Greece

We study the insights provided by machine learning methods on Kickstarter campaigns and their success. We focus on the threshold and Goldilocks effects that are present and important in the context of crowdfunding. Threshold effects relate to changed behavior by backers once a certain threshold is reached (a "tipping point"). Goldilocks effects are present when campaign parameters need to be "just right" for backers to fund a project. Both threshold and Goldilocks effects lead to nonlinear relations between explanatory variables and the likelihood of crowdfunding success. Due to these nonlinearities, machine learning tools provide an efficient and effective means to explicitly explore such effects. As such, we employ boosted trees, random forests, shallow neural networks, and deep learning and compare them to the commonly used regression models. After training the models on a real-world dataset and fine-tuning the algorithms, we test the models on out-of-sample data (the test dataset, sometimes known as holdout sample). We also provide practical implications for creators for their strategy before and during crowdfunding campaigns.

"Assessing the Impact of Uncertainty and Energy Variables on LNG Freight Rates: A Dynamic Quantile Connectedness Analysis"
Anna Triantafyllou - Deree College, Greece

Discussant: Kostas Giannopoulos - Neapolis University, Pafos, Cyprus

Given the increasing importance of LNG in global energy markets, better understanding of the relationship between uncertainty and LNG freight rates contributes not only to sound decision making in the LNG carriers industry, but also to pertinent policy making, especially in Europe. This paper explores the impact of geopolitical and economic uncertainty on the volatility of LNG freight rates over the 2011-2022 period applying quantile connectedness methodology (Ando et al., 2022). Our results show that: (a) there are asymmetric spillover effects between LNG freight rates, uncertainty and energy

variables, with the spillover impact of uncertainty on the LNG market becoming more intense at the tails of the conditional distribution; (b) the marginal variation of the LNG freight rates after a shock is due to the uncertainty variables, as the energy variables appear to absorb the marginal effects; c) there are profound spillover effects in the LNG market owing to the pandemic, the war in Ukraine and government interventions in order to mitigate the adverse impact of these developments. Our findings justify modelling the market using econometric methodologies that depart from the classical Gaussian assumptions. They lead to the key policy conclusion that during periods of crisis it is geopolitical and economic uncertainty that leads to marginal variation in the LNG freight rates rather than the energy variables.

"Forecasting High Frequency Prices with Filtered Historical Simulation and Block Bootstrapping"
Kostas Giannopoulos - Neapolis University, Pafos, Cyprus

Discussant: Ramy Elitzur - University of Toronto, Canada

Barone-Adesi et al. (1998) introduced the filtered historical simulation to generate pathways of the prices of an asset. The filtered historical simulation is a semi-parametric model that bootstraps the standardised residual errors of a conditional, in mean and variance, model to construct prediction confidence intervals without making any assumptions about the conditional error distribution. Barone-Adesi et al. (1998) fitted an ARMA-GARCH on daily returns to obtain i.i.d. standardised residuals and form a set of innovations in the standard bootstrapping ARMA-GARCH process which generated a multi-step forecasting density for the asset prices. The essential statistical properties that these standardised residuals must meet, in order for the procedure to be valid, are the independence and identical distribution. However, the ARMA-GARCH is unlikely to remove every dependency in high frequency time series. In this study we rejected the i.i.d. assumption of the standardised residuals in the five-minute interval of log-returns for two cryptocurrencies, the Bitcoin and the Ethernet. We found hidden dependencies in the conditional residuals and standardised residuals in any feasible parameterisation of the ARMA-Garch process. We employed Block Bootstrap methods as a remedy to capture these hidden dependencies and generated price forecast pathways via the Filtered Historical Simulation (FHS). We compare these confidence intervals of these forecasts with ones produced by a filtered hi

SESSION 14 **Room 4**

BANKRUPTCY AND FINANCIAL DISTRESS I
Session Chair: Pradeep Yadav - University of Oklahoma, USA

"Legal Origin and Stock Markets Reactions to Corporate ESG Controversies"
Elias Erragragui - Université Picardie Jules Verne, France

Discussant: Chioma Nwafor - Glasgow Caledonian University, UK

Legal liability claims against multinational companies resulting from negative EnvironmentalSocial and Governance (ESG) externalities are mostly determined through state laws which are highly influenced by countries' legal culture. As a result, legal and reputational penalties associated to firms' controversies may vary substantially from one jurisdiction to another. Our study examines how the legal regime in which firms operate drives stock markets' reaction to announcement of corporate misconduct. Our results show that the legal origin of the country in which the firm is headquartered has a significant impact on how the market reacts to its ESG controversies. Ceteris paribus, we find a more consistent negative stock markets' correction for firms headquartered in a civil law country. The correction is more intense in Scandinavian and, to a lower degree, German civil law jurisdictions and targets primary stakeholders, in priority. We find that cross-listing increases stock markets penalties. Our result support optimal penalty theory whereby stock markets' sanction is viewed as a complementary punishment device that balances the limits of country-level enforcement mechanisms.

"Determinants of Non-performing loans: An Explainable Ensemble and Deep Neural Network

Approach"
Chioma Nwafor - Glasgow Caledonian University, UK

Discussant: Koresh Galil - Ben-Gurion University, Israel

Ensemble and deep machine learning (ML) algorithms can learn complex nonlinear relationships in large datasets resulting in higher predictive accuracies than the conventional logistic regression methods. Despite this higher level of predictive accuracy, lending institutions are hesitant about ML models because of concerns about the "black-box" nature of these models. Explainable AI (XAI) methods seek to address these concerns that have been a significant barrier to adopting ML in high-stake credit risk decisions. Using five ensemble learning techniques and a one-dimensional convolutional neural network, we access indicators to predict asset quality deterioration in a consumer loan dataset. To achieve explainablity, we use the SHAP algorithm kernel and tree-based explainers to explain the models' ranking of features significance and implemented a novel aggregate ranking approach to rank the importance of the overall features from each model in predicting NPLs. This solves the challenges of aggregate feature ranking when different ML algorithms are used on the same dataset.

"Have Ratings Become More Accurate?"
Zvika Afik - Ben-Gurion Univeristy of the Negev, Israel
Koresh Galil - Ben-Gurion University, Israel

Discussant: Elias Erragragui - Université Picardie Jules Verne, France

Prior literature documents rating agencies adopting more stringent rating criteria over time. Following earlier research on this puzzling phenomenon, our main contribution is the hypothesis that rising rating accuracy explains some of the observed patterns. We present empirical evidence supporting this new hypothesis and for rating improvements in default prediction . Furthermore, our analysis shows that, over time, ratings have become closer to the accounting fundamentals and to a market-based measure of default risk (distance-to-default).

SESSION 15 **Room 5**

MERGERS, ACQUISITIONS, AND BUYOUTS 1
Session Chair: Mika Vaihekoski - University of Turku, Finland

"The Value of Employee Morale Similarity in Mergers and Acquisitions: Evidence from Glassdoor"
Kristina Lalova - University of Connecticut, UK

Discussant: Joshua Shemesh - Monash Business School, Australia

In this paper I define employee morale as employees' attitudes and perceptions toward the tasks the employees have in the companies they work for, toward companies' dynamics and working conditions, and toward their interactions with fellow colleagues. I explore how employee morale affects post-merger performance. To achieve this, I focus on three dimensions of Glassdoor ratings – similarity between acquirer and target ratings, level of acquirer and target ratings, and dispersion of acquirer and target ratings – and similarity between textual sections of pros, cons, and feedback of acquirer and target employees. The paper makes several novel findings. Mergers between firms with more similar employee morale have higher probability of occurrence and achieve higher post-merger synergies, as observed by short- and long-term returns and abnormal operating performance. Firms with high and similar morale achieve better post-merger integration than firms with low and similar morale and complementary morale. Acquiring companies value the employee morale risk profile of target companies and they tend to go after target companies with high level and low dispersion in dimensions of employee morale. The observed acquirer price runup reflects takeover rumors generated from acquirer employees.

"Retail and Institutional Investors' Historical Purchase Prices: Do they Affect Merger Offer Premiums and Deal Response?"

Beni Lauterbach - Bar-Ilan University, Israel
Yevgeny Mugerman - Bar-Ilan University, Israel
Joshua Shemesh - Monash Business School, Australia

Discussant: Eva Wagner - Johannes Kepler University Linz, Austria

This paper examines whether the prices target shareholders originally paid for their shares affect merger deals. Specifically, when the pre-offer market price is below the historical purchase price, target shareholders may be reluctant to realize their nominal loss. In a sample of all U.S. public firm merger offers in 1990–2019, we find that nominal target shareholder losses are associated with higher premiums and negative acquirer announcement returns. Both institutional and retail investors losses are compensated and, consistent with realization utility, the effect is stronger in cash-only deals. Our results suggest that behavioral reference prices are influential during pre-bid negotiations.

"The Impact of CSR on M&A Performance – European Evidence"

Eva Wagner - Johannes Kepler University Linz, Austria
Thomas Brunner-Kirchmair - Johannes Kepler University Linz, Austria

Discussant: Kristina Lalova - University of Connecticut, UK

Corporate social responsibility (CSR) and its impact on corporate value has been widely debated in the literature. Two opposing views have emerged: the shareholder value maximization view and the shareholder expense view. In this paper, we investigate these views in the context of mergers & acquisitions (M&A), one of the most important and far-reaching corporate decisions. Specifically, we examine whether CSR of the acquiring company impacts M&A performance by analysing a European sample of 1,549 M&A deals announced between 2005 and 2019. Our findings indicate that CSR has no impact on financial performance, but has a negative effect on (short and long-term) shareholder value around the M&A announcement. These results are in line with the shareholder expense view. We contend that in the European context, where CSR is already at a high level due to EU policy and regulation, further CSR investments are not in the best interest of shareholders.

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

Cafeteria

SESSION 16 **Room 1**

PORTFOLIO MANAGEMENT
Session Chair: David Feldman - UNSW Sydney, Australia

"Generalized Benchmarking: Is Blind Index-Tracking Optimal?"
Chanaka Edirisinghe - Rensselaer Polytechnic Institute, USA

Discussant: Lorne Switzer - Concordia University, Canada

I present a generalized benchmarking theory on portfolio selection relative to a market index. Using the bias-variance trade-off of the tracking error, analytical conditions are derived to describe when it is optimal for a portfolio of risky assets to follow the index, and the intensity of the orientation. As economic conditions evolve over time, hence asset returns, the optimal intensity and direction of the portfolio's orientation is shown to depend on the mean and volatility of the index, asset parameters, and the desired bias for the tracking error. The theory contrasts with the standard index-tracking concept in which a fund is designed to track the index at all times with full intensity regardless of the economic state, a practice herein referred to as blind indexing. Analytical results show that an optimally-benchmarked portfolio will be following the index only when the underlying assets have sufficiently-strong covariance with the index, relative to the index mean return; otherwise, it is optimal to orient the portfolio opposed to the index. Moreover, the optimal intensity of benchmarking decreases as the volatility of the index increases. The theory also provides insights as to why a careful selection of the underlying assets is important in designing tracking funds. A case study is presented with out-of-sample performance to highlight the advantages of the approach, which include low trading intensity and better drawdown characteristics, relative to blind index tra

"Inflation, Small-Cap Premia, and the Effectiveness of Small-Cap Stocks as a Hedge to Inflation for G7 Countries"
Alison Cabana Wong - Concordia University, Canada
Lorne Switzer - Concordia University, Canada

Discussant: Lanxin Lu - UCD Dublin, Ireland

Inflation erodes personal wealth, and portfolio managers must seek inflation hedging strategies to mitigate this risk. This paper studies the effect of inflation on small-cap premia in strong and weak economic regimes for G7 countries from 2003 to 2022. This paper also investigates the hedging properties of small-cap and large-cap stock prices against inflation in G7 countries from 1994 to 2022 by studying their long-run relationship through the estimate of their Fisher Elasticities. Inflation is shown to have a negative effect on small-cap premia in the US and Canada in weak economic states. Cross-sectionally dependent panel cointegration analysis shows that G7 country large-cap and small-cap stocks are effective hedges against inflation in the long run in the post-GFC period. These results have important implications for building effective hedging strategies based on the market capitalization of publicly traded companies in the G7.

"A Direct Optimal Portfolio Construction Method Relying on Image Processing Technique"
Lanxin Lu - UCD Dublin, Ireland
Yingjie Niu - SFI Center for Research Training in Machine Learning, University College Dublin, Ireland
Ruihai Dong - Insight Centre for Data Analytics, University Dublin College, Ireland
Valerio Poti - Michael Smurfit Business School, University Dublin College, Ireland

Discussant: Zvika Afik - Ben-Gurion University of the Negev, Israel

This paper takes advantage of machine learning (ML) techniques to provide an innovative method for portfolio optimization. We propose an end-to-end optimal tangency portfolio (TP) weights construction method that we label as the ``Convolutional Neural Network-Efficient Frontier (CNN-EF)" method. This method does not maximize the Sharpe Ratio (SR) of historical returns, which is normally the target of traditional optimal portfolio construction. Instead, the CNN-EF method applies the CNN algorithm on a multi-asset return (MAR) image and directly constructs an optimal portfolio with max ex-post realized SR. This paper uses 17 industry indices as an empirical example to prove the superiority of the portfolio based on our method in both short-term and long-term analysis. In addition, we take different levels of transaction costs into consideration, proving the robustness of our model even in the high transaction cost scenario. Overall, the CNN-EF method proposed in this paper significantly improves the Sharpe Ratio for mean-variance investors and can provide investors with an alternative portfolio construction strategy that is efficient and comparable to the market.

"Follow the Tweets: Risk-Aware Social Network Experts-Based Stock Trading"
Zvika Afik - Ben-Gurion University of the Negev, Israel
Rami Puzis - Ben-Gurion University of the Negev, Israel
Mark Yosef - Ben-Gurion University of the Negev, Israel

Discussant: Chanaka Edirisinghe - Rensselaer Polytechnic Institute, USA

We study the identification of expert users in a social network and extract their sentiment to optimize stock trading strategies. We find that selected crowd sentiments on a social network can provide a useful signal for profitable and risk-adjusted attractive investment activity. We use tweets from StockTwits network for 2020 and focus on three market sectors - Energy, Cannabis, and Electric Vehicle & Green Energy. We propose a risk-adjusted expert selection methodology and compare the investment performance of the social trading strategy based on experts we identify to various alternatives. Our main contributions to the prior related literature are: (i) we believe we are the first to consider risk and to use risk-adjusted performance measures in the selection of experts and the assessment of the resultant investment strategy; (ii) we apply our methods on three very different market segments; and (iii) we compare our risk-adjusted performance to two previously published methods, five naïve strategies, and the relevant (buy-and-hold) diversified portfolios.

SESSION 17 **Room 2**

BEHAVIORAL I
Session Chair: Ania Zalewska - Leicester University Business School, UK

"On The Influence of Wine Consumers' Attention on the Price of Wine"
Marcos González-Fernández - Universidad de León, Spain

Discussant: Somayyeh Lotfi - University of Cyprus, Cyprus

The aim of this paper is to analyze the influence of wine consumers' attention on the price of wine. For this purpose we collect Google searches related to wine in English, French and Spanish to capture consumers' attention to wine and then analyze their relationship to wine prices measure through different wine indexes which represents the evolution of the price of wine in the market. We perform several regression analyses between both variables and the results indicate that there is a direct and significant relationship between wine consumers' attention and the evolution of those indexes. Moreover, this positive relationship is robust to different wine price indexes and it seems stronger for queries performed in Spanish and French. Furthermore, the relationship remains whether we narrow the searches at a national or regional level considering price wine indexes which encompasses only regional wines, such as those from the Aquitania (Bordeaux) region.

"Portfolio Selection Under Ambiguity and the Under-Diversification Puzzle"
Somayyeh Lotfi - University of Cyprus, Cyprus
Stavros Zenios - University of Cyprus, Cyprus

Discussant: Lenos Trigeorgis - Durham University, UK

We show that correlated returns ambiguity can explain underdiversification puzzles. We develop a parsimonious portfolio selection model of risk-adjusted performance, ambiguity tastes and perceptions, with differentiated ambiguities in the means of correlated returns for the home and foreign markets. We show that it satisfies second-order stochastic dominance consistency. Estimating perceived ambiguity from market data with different methods we find that the model generates optimal international portfolios matching the well-known equity home bias for both developed and emerging markets. For non-differentiated ambiguities the model predicts under-diversification, which we verify on a large dataset of US household portfolios.

"Management Guidance Imprecision and Stock Returns"
Menatalla El Hefnawy - CUNEF Universidad, Spain
Luca Del Viva - ESADE Business School, Spain
Lenos Trigeorgis - Durham University, UK

Discussant: Marcos González-Fernández - Universidad de León, Spain

This study examines the effect of management earnings forecast imprecision (IMP) on future equity returns. We report that a wider management forecast range (high IMP) is cross-sectionally associated with lower stock returns. This evidence is consistent with the notion that a wider management forecast range reflects increased uncertainty and Miller's (1977) conjecture that increased divergence of opinion allows optimist investors to dominate leading to lower subsequent returns. We exploit a quasi-natural experiment to address the endogenous nature of guidance and imprecision provided by firms. The negative impact of IMP on subsequent returns is incremental to analyst forecast uncertainty, dispersion, and a host of previously documented predictors of future returns.

SESSION 18 **Room 3**

DERIVATIVES
Session Chair: Silvia Muzzioli - University of Modena and Reggio Emilia, Italy

"Valuing Air Transport PSO With Socio-Environmental Impacts"
Gualter Couto - University of Azores, Portugal
André Oliveira - University of the Azores, Portugal
Pedro Pimentel - University of the Azores, Portugal

Discussant: George Tannous - University of Saskatchewan, Canada

Air transport is crucial to ensure population mobility, due to time travel sav-ings. In some regions, Public Service Obligations (PSO) are imposed to guaran-tee better mobility, since high operating costs may not incentive airlines to op-erate in low demand regions. Despite its benefits, air transport is one of the most polluting industries. Under the European Green Deal, the polluter pays principle will be reinforced in this sector. Some valuation models allow projects valuation from a social perspective, but they do not account the flexibility value. Real Options Analysis (ROA) captures flexibility value, but limited research pre-sents the valuation from a social perspective with environmental impacts. This paper contributes to the literature by presenting a new framework to assess air transport services under PSO, considering economic, social and environmental impacts (including externalities), dealing with the upcoming decisions to com-ply with the European Green Deal. The Azores case study is presented, with real data, to demonstrate the framework. Sensitive analysis was carried out to study new variables' behavior.

"Underlying Stock Price and VIX as Determinants of Intraday Option Spread and Depth"
Junye Chen - Farm Credit Canada, Canada
George Tannous - University of Saskatchewan, Canada
Ke Xu - University of Victoria, Canada

Discussant: Joao Vieito - Polytechnic Institute of Viana do Castelo and Applied Management Research Unit (UNIAG), Portugal

This study analyses intraday quotation-level call and put data. We show that the underlying stock price has a significant positive effect on option proportional spread and a significant negative effect on the depth. Market sentiment, measured by the SPX Volatility Index (VIX), has a significant negative impact on the depth while the spread-VIX relation is positive or negative depending on the time of the day and whether the observations are near-, out-, or in-the-money. The relation between the spread and the depth also depends on the time of the day and the degree of moneyness.

"The Crude Oil Spot and Futures Prices Dynamics: Cointegration, Linear and Nonlinear Causality"
Zhihui Lv - Guangdong University of Foreign Studies,, China
Wing-Keung Wong - Asia University, Taiwan
Christian Espinosa-Méndez - Universidad de Santiago de Chile, Chile
Joao Vieito - Polytechnic Institute of Viana do Castelo and Applied Management Research Unit (UNIAG), Portugal

Discussant: Gualter Couto - University of Azores, Portugal

During last years, the crude oil prices lead to a significant increase of prices in all industries around the world. Using monthly WTI data from 1986 to 2022, we find that spot and futures prices are cointegrated with one structural break and that crude oil market does not satisfy market efficiency. We also find that futures prices lead spot prices with both linear and nonlinear causality from January 1986 to December 2013, but only with linear causality from January 2014 to February 2022. However, spot prices lead futures prices only with linear causality from 1986 to 2013 and January 2014 to February 2022.Obviously, two prices have potential arbitrage opportunities. Our findings provide important trading indications for futures market participants, as well as policymaking or regulatory references for financial authorities supervising the sector.

SESSION 19 **Room 4**

CAPITAL STRUCTURE

Session Chair: Anna Triantafyllou - Deree College, Greece

"Credit Market Freedom and Corporate Decisions"
Alfonsina Iona - Queen Mary University of London, UK

Discussant: Olga Kandinskaia - CIIM, Cyprus

Despite the extensive empirical evidence of a positive impact of economic freedom on economic growth, the influence of economic freedom and its components on a firm's level of cash, leverage and investment remains an unexplored issue in microeconomics and corporate finance research. In this study, we contribute towards filling this gap by examining whether Credit Market Freedom - an important component of the Economic Freedom Index – influences corporate decisions. In particular, we study whether and to what extent Credit Market Freedom affects a firm's target level of investment, cash holdings, and leverage. We observe the behavior of a large and heterogeneous sample of North American non-financial firms over the period 2000-2019. Our empirical results suggest that higher Credit Market Freedom is associated with a healthier corporate capital structure, higher financial flexibility, and a friendlier investment environment.

"Investment Analysis Framework in Energy Shipping: Oil Tanker Purchase Case of 2018"
Sergey Dobrinov - Cyprus International Institute of Management (CIIM) and University of Limassol, Cyprus
Olga Kandinskaia - CIIM, Cyprus
Ioannis Filippopoulos - Cyprus International Institute of Management (CIIM) and University of Limassol, Cyprus

Discussant: Mika Vaihekoski - University of Turku, Finland

In 2022 there was a record boom in oil tanker freight rates. The war between Russia and Ukraine and the corresponding global tensions reshaped the macroeconomic scene, and the market entered a new era of changed seaborne oil trade flows. This conference paper aims to introduce an investment analysis framework in shipping, illustrated by an oil tanker purchase case from 2018. Re-visiting the 2018 analysis gives interesting insights into the investment decision rationale in energy shipping and the ability of experts to predict market trends when it comes to the oil tankers supply and demand and the resulting freight rates. By its research design, this paper is a case study analysis, in which qualitative methods were combined with quantitative data, both secondary and primary, to set a conceptual decision framework. Our findings in 2018 were that the opinions of the commercial experts supported the results of the secondary data analysis, and all the respondents found the year 2018 as an attractive time for investing in ships. Cash problems, massive aging, and new industry regulations were named as the main reasons for tighter supply in the next years. The results of the financial modelling were satisfactory for accepting the project. The paper's contribution is to provide useful practical guidance for potential investors and other professionals who follow the energy shipping market as well as to contribute to the academic research in shipping finance.

"CEO Characteristics and Capital Structure Stability"
Mohamed Ahmed - Cairo University, Egypt
Mika Vaihekoski - University of Turku, Finland

Discussant: Alfonsina Iona - Queen Mary University of London, UK

This paper examines the relationship between CEO characteristics and absolute deviation from the target leverage ratio (leverage deviation). Using a sample of all non-financial companies included on the S&P 500 index from 2005 to 2020, we find several CEO characteristics to have an influence on the leverage deviation. In particular, CEO's age, to some degree also gender, and dual role as chairperson are found to have a negative impact on the deviation suggesting more stable capital structure, whereas CEOs with longer tenure, and CEOs holding an MBA degree have a positive impact.

SESSION 20 **Room 5**

MERGERS, ACQUISITIONS, AND BUYOUTS II
Session Chair: Elias Erragragui - Université Picardie Jules Verne, France

"Does CEO Ethnic Cultural Identity Affect Cross-Border Acquisitions?"
Miriam Marra - University of Reading - ICMA Centre, Henley Business School, UK
Dimitris Petmezas - Durham University, UK
Jing Ruan - University of Reading, UK
Chao Yin - University of Edinburgh, UK

Discussant: Ilanit Gavious - Ben-Gurion University, Israel

Focusing on CEOs' ethnic cultural identity (ECI), this study investigates whether CEO-specific cultural values affect cross-border acquisitions. Regardless of the immigration time of CEOs' ancestors to the US, acquirers are more likely to bid for a target firm in their CEOs' ancestral country of origin. The CEO ECI also increases the probability of completed deals, revealing a matching preference when acquirer's CEO ethnic cultural identity and target firm both originate from the same country. Additionally, it does not

affect acquirer’s announcement stock returns. Collectively, these results support an ethnic cultural homophily channel and reject information advantage or agency costs explanations.

"Founder Exit and Ethnicity in Technology Entrepreneurship"

Ramy Elitzur - University of Toronto, Canada
Ilanit Gavious - Ben-Gurion University, Israel
Orit Milo - Ben-Gurion University, Israel

Discussant: Hamed Khadivar - University of Quebec, Canada

We investigate the effects of ethnic diversity within the founding teams of technology startups on their founders’ exit decisions. We demonstrate that, ceteris paribus, founding teams with at least one ethnic immigrant member are nearly five times more likely to exit via acquisition by another company than non-diverse founding teams. Moreover, we show that, ceteris paribus, a one percent increase in the ratio of ethnic immigrants on the founding team increases 53 times the odds of an exit. Nevertheless, the stronger inclination of ethnically diverse founding teams to sell their ventures and harvest their investments does not translate into hasty, premature exits. The results are very robust when we control for potential endogeneity effects and the measurement of ethnic diversity. Furthermore, the results remain very robust when we conduct two scenario-based survey studies where we control for other entrepreneurial traits of the founders such as perceived innovativeness and risk-taking propensity that could potentially affect the exit decision. We contribute to two important strands of literature on ethnic immigrant entrepreneurship and entrepreneurial exits by identifying a novel contributing factor—ethnicity—in the critical exit decision. Furthermore, we contribute to the existing literature by demonstrating that ethnically diverse founding teams are not prone to more “satisficing behavior” than other teams. Our findings have important implications for improving the decision

"Accrual and Real Earnings Management by Rumored Takeover Targets"

Frederick Davis - Concordia University, Canada
Hamed Khadivar - University of Quebec, Canada

Discussant: Miriam Marra - University of Reading - ICMA Centre, Henley Business School, UK

In this study we find evidence of income-increasing accrual and real earnings management occurring up to two quarters prior to the initial publication of a takeover rumor. We also find that post-rumor earnings management depends on both its form (accrual or real) as well as whether the rumor eventuates, observing income-decreasing accrual earnings management when the rumor is not accurate. Moreover, cumulative measures of earnings management for the month prior to the rumor are significant predictors of rumor accuracy, while being negatively correlated to rumor date and long-run returns. We interpret results as being consistent with rational expectations theory and note how managerial motivations may adapt to the degree of takeover likelihood.

SESSION 21 **Room 1**

MUTUAL FUNDS
Session Chair: Nick Demos - Larnaca College, Cyprus

"'OK Google': ETF's Online Visibility and Fund Flows"
Olga Obizhaeva - Stockholm School of Economics, Sweden

Discussant: Konstantinos Bakalopoulos - National and Kapodistrian University of Athens, Greece

Using the unique dataset on web analytics and exploiting the network structure of the Internet and institutional features of search engine technology, I study the relationship between an ETF's online visibility and its fund flows. I consider three channels of online visibility: Organic or "free" search, paid search, and website referrals. I find that ETFs with webpages ranked higher on Google, funds that engage in search engine marketing, and those with webpages referred to by more websites attract higher fund flows. Online visibility of an ETF is as important for an investor's purchase decision as the fund's past performance. ETF issuers use online marketing tools to reduce investors' search costs and gain an advantage in attracting investors' flows.

"Global Governance Through Passive Investment, and ESG Performance: Evidence From Index Funds Positions in European Financial Institutions"
Konstantinos Bakalopoulos - National and Kapodistrian University of Athens, Greece
George Dotsis - National and Kapodistrian University of Athens, Greece
Panayotis Alexakis - National and Kapodistrian University of Athens, Greece

Discussant: Uliana Filatova - Florida Atlantic University, USA

This paper employs index funds positions and ESG information from publicly listed European banking institutions to shed light on their real correlation of these two growing phenomena, over the 2017 - 2021 period. Specifically, we test Index funds outstandings in relation with the main ESG scores. The empirical findings demonstrate that an increase in ESG scores published in annual reports affect the possession of index funds in the financial institutions significantly. Changes in the metrics of ESG combined scores are accompanied with negative interaction with Index funds positions. Our findings suggest that better ESG published results affect positively passive investment and Index funds outstandings in public European financial institutions. Furthermore, ESG performance seems to play an important role in Index funds positions.

"Analysts' Institutional Client Catering and Reputation Tradeoff: Strategic Timing of Recommendations"
Anna Agapova - Florida Atlantic University, USA
Uliana Filatova - Florida Atlantic University, USA

Discussant: Olga Obizhaeva - Stockholm School of Economics, Sweden

We examine whether sell-side analysts strategically time their favorable recommendations to cater to institutional investors while preserving analysts' reputational capital. Though prior literature documents that analysts provide more favorable recommendations for stocks that are part of their institutional clients' (specifically, mutual funds') portfolios, it does not explicitly address a reputation cost associated with such practice. Using a sample of analysts' recommendations on U.S. firms for the 2002-2017 period, we document a pattern of analysts' recommendations being more optimistic at the end month of a quarter and less optimistic at the beginning month of a quarter. This timing pattern ties to quarterly reporting periods of portfolio managers, with actively managed mutual funds' holdings being affected the most.

Analysts with Institutional Investor All-Star ranking do not engage in such stock recommendation timing practices. The market participants seem to believe rosy recommendations issued for stocks with more institutional holdings in the end month of a quarter with more positive cumulative abnormal returns to upgrade and downgrade recommendations, but only those issued by non-star analysts.

SESSION 22 **Room 2**

BEHAVIORAL II

Session Chair: Imane El Ouadghiri - Pôle Universitaire Léonard de Vinci, Research Center, France

"Subsidiary Cultural Diverseness and Innovation of Multinational Corporations"

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

Discussant: Esteban Hernandez - Florida Atlantic University, USA

This study examines the effect of cultural diversity on the innovation outputs of U.S. multinational firms. Firstly, the results show that cultural diversity is notably and positively associated with innovation. Further, the positive effect of cultural diversity on innovation significantly depends on R&D investments. Other intangible assets, such as license, brand, and advertising, do not exhibit explanatory power. The co-effect of cultural diversity and R&D investment on innovation hold consistently accounting for time gap, the effect of foreignness, alternative cultural measures, andalternative econometric techniques. The evidence in this paper indicates that R&D investments in a culturally diversified setting facilitate innovations.

"The Effect of Bank CEO's Corporate Experience on Bank's Financial Policy"

Rebel Cole - Florida Atlantic University, USA
Luis Garcia-Feijoo - Florida Atlantic University, USA
Esteban Hernandez - Florida Atlantic University, USA

Discussant: Stella Spilioti - Athens University of Economics and Business, Greece

"Miss-Valuation at the Euro-zone Stock-Market"

Stella Spilioti - Athens University of Economics and Business, Greece

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

We use the Residual Income Valuation Model (see Ohlson, 1995; Feltham and Ohlson, 1995; among others) to obtain fundamental values for sample stocks in six Eurozone markets. We then estimate the deviation between the fundamental values and actual stock prices. Subsequently we examine whether these deviations can be systematically explained by business cycle trends, trends in local economic sentiment, global market-related uncertainty, developments in global energy prices, and monetary policy. We find that market volatility, proxied by Volatility Index of Options (VIX), is an important factor, along with energy prices. Impulse Response Functions indicate that a shock increase in VIX tends to reduce the deviation between fundamental and actual stock prices in sample markets. We argue that, since VIX can be considered as a contrarian indicator of market overconfidence, at higher VIX levels market participant overconfidence is lower, which in turn, leads to lower valuation errors. Put differently, at lower levels of VIX (i.e. higher levels of overconfidence) valuation errors are more commonplace.

QUANTITATIVE FINANCE
Session Chair: Andreas Karathanasopoulos - University od Dubai, UAE

"ESG and Bank Efficiency"
Panagiotis Tziogkidis - University of Macedonia, Greece

Discussant: Aparna Gupta - Rensselaer Polytechnic Institute, USA

The paper provides a different perspective on the ongoing debate regarding the motives and actual effects of ESG performance on bank operations. In particular, we argue that putting effort to achieve a high ESG performance is costly and, based on the literature, it should lead to a reconsideration of a firm's business model. In turn, we argue that this change in the business model should be manifested in a significant disruption to firm operations, as captured through an input-output model akin to the application of Data Envelopment Analysis. We test our research hypothesis using a sample of US banks for the period 2015 to 2021. Using a novel methodological design, we use directional distance functions and non-parametric regressions to show that ESG clustering does not have a systematic impact on bank operations.

"Social Media Signals for Understanding Crypto Events"
Aparna Gupta - Rensselaer Polytechnic Institute, USA

Discussant: Daniel Stašek - Masaryk University, Czech Republic

Cryptocurrency is a fast-moving space, with a continuous influx of new projects every year. However, not all developments in the space are positive. There has been an increasing amount of incidents in the blockchain space as well, such as hacks and spam. In just 2022, over 1.9 million dollars were lost in various incidents. These eventshave significant consequences for those who have invested in such projects. In this work, we seek to identify the correlation between actual cryptocurrency incidents and the users' sentiment on the Twitter platform.We use sentence embeddings and autoencoders to create K-means clusters of tweets and identify each cluster's topic. We also identify different groups of users and their interests and examine the change in their sentiment over time using sentiment scores.We find that the sentiment changes in individual clusters display interesting patterns. For example, the group focused on giveaways shows spikes of positive sentiment when an event occurs and reverts to asking for more giveaways when there are no giveawayevents. We also find indicators in sentiment values pointing to real life incidents in the cryptocurrency world, namely the FTX incident of November 2022.

"Liquidity Benchmarks and Proxies: Predicting price variation onthe U.S. equity market"
Daniel Stašek - Masaryk University, Czech Republic
Stefan Lyócsa - Masaryk University, Czech Republic

Discussant: Panagiotis Tziogkidis - University of Macedonia, Greece

We study the role of liquidity benchmarks and proxies in predicting price variation on the sample of 189 U.S. equities that were constituents of the S&P 500 during the period from 1st January 2010 to 9th March 2021. Using four benchmark models and 25 liquidity measures we find strong evidence that quoted spread is most useful in predicting day, week and month ahead price variation. These results are consistent under multiple benchmark models, the QLIKE, MSE and MAE loss functions and for most stocks. We find that liquidity measures are most useful during extreme price variation periods. With respect to other risk measures, our results imply that if detailed trade data is not available, the popular measure of Amihud is still useful across most stocks in our sample. Our results are useful for market participants and researchers as they provide a set of preferences between liquidity measures with respect to their utility for predicting price variation. Moreover, our result suggest that as quoted spread is useful in predicting next day's price variation, market makers are effective in anticipating market uncertainty.

SESSION 24 **Room 4**

MARKETS EFFICIENCY

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

"Sentiment, Productivity, and Economic Growth"

George Constantinides - University of Chicago, USA
Maurizio Montone - Utrecht University, Netherlands
Valerio Poti - University College Dublin, UK
Stella Spilioti - Athens University of Economics and Business, Greece

Discussant: Yi Liu - University of North Texas, USA

Previous research finds correlation between sentiment and future economic growth, but disagrees on the channel that explains this result. In this paper, we shed new light on this issue by exploiting cross-country variation in sentiment and market efficiency. We find that sentiment shocks in G7 countries increase economic activity, but only temporarily and without affecting productivity. By contrast, sentiment shocks in non-G7 countries predict prolonged economic growth and a corresponding increase in productivity. Theresults suggest that sentiment can indeed create economic booms, but only in less advanced economies where noisy asset prices make sentiment and fundamentals harder to disentangle.

"Impact of Market State on Momentum Portfolio Risk and Performance: A Risk-based Explanation"

Yi Liu - University of North Texas, USA

Discussant: Vasileios Giannopoulos - University of Peloponnese, Greece

The Momentum Puzzle has been a constant challenge to classic finance theory. Stocks that have performed better in the past tend to perform better in the future. Prior researches have failed to provide valid risk-based explanations because winner portfolios do not exhibit higher risk characteristics. Without a convincing risk explanation, the persistence of momentum profit is a violation of the Efficient Market Hypothesis. We find prior empirical efforts to measure momentum profits and its sources are contaminated by the state of the market during both formation and holding periods. By looking into different market states, classified by both traditional and non-traditional bull and bear market definition, we find the key to at least partially solve the momentum mystery. We find momentum stocks are risker when formed in bull market, and momentum profit is much higher in continuation of market than reverses of market condition, lending empirical support to a risk-based explanation. Our definition of market states is essentially based on the risk premium of major risk factors. When market risk is considered a risk factor, if realized market risk premium is positive, it is a bull market; when size is considered a proxy for risk factor, if SMB (small minus big risk premium) is positive, it is a bull market; likewise when valuation (book-to-market) ratio is a proxy for risk factor, if HML (High-minus-Low risk premium) is positive, it is a bull market. By looking into the different s

"The Dimensions of the Franchisor - Franchisee Interaction Using a Coffee Franchise Chain as Case Study"

Vasileios Giannopoulos - University of Peloponnese, Greece
Achilleas Lazarou - University of the Peloponnese, Greece
Ilias Makris - University of the Peloponnese, Greece

Discussant: George Constantinides - University of Chicago, USA

This research reports an assessment of the correlation in the key interaction dimensions between the Franchisor and the Franchisee. We use data from the company "Coffee Island", a Coffee Franchise chain that operates in nine countries. The present study focuses on the validation of five different dimensions of the Franchisor - Franchisee interaction through structured workshops. The workshop's mechanism is described along with the key literature notions used in the proposed frame. Participants were asked to answer a questionnaire based on the five directions (bottom-up innovation, relationship quality and trust,

competence and fairness, satisfaction and commitment, and business performance outcome). From the analysis of the answers, it appears that the franchisees generally trust the Franchisor and consider that they have a quality and honest relationship with him. At the same time, they recognize that the franchisor is fair to his partners, but they believe that the franchisor has several bureaucratic processes. In addition, the franchisees are satisfied with the working conditions, and they recognize that the franchisor offers more competitive business metrics and a stable model with satisfactory performance. The discussion includes implications, both for researchers and for retail managers.

SESSION 25 **Room 5**

CORPORATE GOVERNANCE II
Session Chair: Yukihiro Yasuda - Hitotsubashi University, Japan

"Do Board Gender Quotas Benefit the Environment? An Illustration through Greenhouse Gas Emissions"

Ammar Ali Gull - ESSCA, France
Tanveer Ahsan - Rennes School of Business, France
Fabiana Roberto - University of Naples "Federico II", Italy

Discussant: Inas Hassan - German University in Cairo, Egypt

The ethical role of women directors in addressing the climate change issue is gaining much attention in the literature. This study contributes to the growing literature by investigating the impact of women directors on greenhouse gas (GHG) emissions across the globe. Using a dataset of 2,758 firms listed in 36 countries during the period from 2002 to 2019, we find a significantly negative association between women directors on board and GHG emissions including direct as well as indirect emissions. In the recent past, many countries have enacted board gender quotas leading to a significant increase in women's board representation. In this regard, we find that the marginal effect of women directors after implementing the gender quota on GHG emissions is negative and highly significant. We also note that the impact of women directors on GHG emissions is significant when a board has two or more women and is mainly because of the independent than executive women directors. Moreover, the relationship between women directors and GHG emissions is driven by the industry nature and climate change action-oriented compensation policies. Our results also show that less GHG emissions by firms with gender-diverse boards improve their financial performance. The results remain robust to various subsample analyses, alternative specifications and offer important research and managerial implications. The findings of this study contribute to the growing literature on the role of women directors a

"Institutional Antecedents of Integrated Thinking and Reporting: The Effect of COVID 19"

Inas Hassan - German University in Cairo, Egypt
Ehab Mohamed - German University in Cairo, Egypt
Hala Amin - German University in Cairo, Egypt

Discussant: Yin-Hua Yeh - National Yang Ming Chiao Tung University, Taiwan

The purpose of this study is to investigate a set of institutional isomorphic influences towardintegrated thinking and reporting. The final panel data sample is composed of 6997 firm yearobservations from twenty-eight countries listed in S&P 1200 indices. The result shows thatnormative (Dow Jones Sustainability Index listing and legal origin) and mimetic (environmentalsensitive industries) have a significant positive influence on integrated thinking and reporting.On the contrary, coercive isomorphism (control of corruption and investor protection) showsnon-significant influence on integrated thinking and reporting. The result also shows that boardsize and board gender diversity have a positive influence on integrated thinking and reportingwhile CEO duality has a negative influence on integrated thinking and reporting and boardindependency shows non-significant influence. This study fill the gap by testing the antecedentof ITR from the perspective of both institutional and agency theory. We empirically examine theinfluence on different ITR levels namely Holistic, Integrated, Conservative and Minimalist. Tothe best of our knowledge, this is the first study that examines institutional isomorphism alongwith board of

director characteristics on ITR.

"Ownership Structure and Carbon Emissions Reduction"
Yin-Hua Yeh - National Yang Ming Chiao Tung University, Taiwan

Discussant: Tanveer Ahsan - Rennes School of Business, France

This study investigates the relationship between ownership structure and reductions in carbon emissions. The Taiwan government passed the Greenhouse Gas Reduction and Management Act in July 2015, requiring carbon-intensive firms to disclose their annual direct and indirect carbon emissions. To mitigate endogeneity concerns, we use Taiwan's inheritance and estate tax reform in 2017 as an exogenous shock to a firm's ownership structure to conduct two-state least squares analyses. Driven by the positive incentive effect, long-term decision-making, and the concept of socio-emotional wealth, we find that the higher the controlling shareholder's cash flow rights, the more a firm's direct carbon emissions will be reduced. Furthermore, driven by the negative entrenchment effect, we find that when the controlling shareholder's board seat ratio highly deviates from their cash flow rights, the controlling shareholder is less concerned about carbon risk and even increases direct carbon emissions. This paper extends the field of research in ownership structure to include effects on carbon emissions, in particular, shedding light on the motivations of controlling shareholders to change carbon emissions policies at their firms.

Refreshments 10:30 - 10:45 a.m.

Cafeteria

SESSION 26 **Room 1**

MARKET EFFICIENCY
Session Chair: George Constantinides - University of Chicago, USA

"The Stock Market Valuation of Sustainable Investments"
Edward Jones - Heriot-Watt University, UK
Olayinka Lawal - Heriot-Watt University, UK
Jia Lu - Heriot-Watt University, UK

Discussant: Bo Liu - University of Victoria, Canada

The present study investigates whether sustainable investments translate into stock price performance by asking whether sustainable investments are more positively viewed by market participants. We use a standard event study methodology to estimate abnormal returns for a sample of 90 sustainable investments announced by listed UK firms for the period 2013 to 2021. Our findings reveal that on average the market rewards firms for investing in projects with sustainability objectives at announcement. We contribute to the existing literature by providing evidence on the stock market valuation of sustainable investments. Our study identifies positive abnormal returns consistent with a positive valuation of new investments with a sustainability agenda. Further, we find negative associations between all examined ESG credentials and abnormal returns. The relationship is statistically significant for total ESG scores, environmental, social, resource use efficiency and emissions scores. The relationship between governance scores and abnormal returns is not significant. Our findings suggest that the differential effect of ESG information is not fully impounded into stock prices at announcement. However, we show that abnormal returns increase by about 1.7% with a unit increase in ESG scores and environmental scores for firms with low scores whereas abnormal returns decrease with increasing scores for high-ESG firms.

"Speed Bump and Stock Market Quality: Evidence From NYSE American"
Bo Liu - University of Victoria, Canada
Ke Xu - University of Victoria, Canada

Discussant: Jarkko Peltomäki - Stockholm University, Sweden

Since the introduction of information and communication technologies in financial markets in the late 20th century, markets have become faster, more liquid, and more efficient. However, trading at the speed of light does not come without its risks and adjustments. In the fragmented US and Canada marketplace, where microseconds matter, high-frequency traders can use their speed to take advantage of their slower peers. cite{lewisbook} exemplifies this practice of frontrunning order anticipation. Lewis tells a story of how high-frequency traders can use speed as a weapon to make unfair profits from other slow traders. Another negative phenomenon of the high-frequency trading (HFT) era is flash crashes. These events result in short and steep sell-offs as trading algorithms feed into one another, and orders are rapidly withdrawn from the market. The speed of HFT is high to an extent that the trading system can not diagnose and solve it in real-time.

"Maximizing Relative Wealth Using Leverage in Portfolio Management: The Role of Risk Aversion"
Christian Lundström Tjurhufvud - Region Västerbotten, Sweden
Jarkko Peltomäki - Stockholm University, Sweden

Discussant: Olayinka Lawal - Heriot-Watt University, UK

Investors can use leverage to increase the returns and profit of an investment. The so-called Kelly criterion is traditionally used to determine the optimal leverage factor for maximizing an investor's absolute wealth, but it may lead to too risky decisions for rational investors. We develop the Kelly criterion and propose a new risk-adjusted criterion based on quadratic utility for maximizing the investors' wealth relative to an investment benchmark. Our model enables us to derive the optimal leverage decision for rational investors seeking to maximize relative wealth given investor risk aversion, thereby allowing risk averse investors to benefit from leverage. Our findings demonstrate that it can be rational for risk averse investors to use leverage since leverage enables investors to increase their relative wealth as a proportion of the population total wealth.

SESSION 27 **Room 2**

BEHAVIORAL III

Session Chair: Stefan Lyócsa - Masaryk University, Czech Republic

"Credit Rating Changes and Stock Market Reaction: The Impact of Investor Sentiment"

Soheila Malekpour - King's College London, UK
Nikolaos Karampatsas - Independent Researcher, Greece
Andrew Mason - Independent Researcher, UK
Christos Mavrovitis (Mavis) - University of Surrey, UK

Discussant: Imane El Ouadghiri - Pôle Universitaire Léonard de Vinci, Research Center, France

This study explores the impact of firm-specific investor sentiment (FSIS) on stock returns around the announcement of credit rating changes. Consistent with a large body of work in social sciences, we find that FSIS is asymmetrically related to stock returns during rating changes and its impact is more pronounced for rating downgrades. We further show that the impact of FSIS is more pronounced for speculative-grade firms and firms experiencing direct rating downgrades. Finally, we show that the impact of FSIS on stock returns around rating downgrades reverses over the post-announcement period.

"Financial Analyst Coverage and Corporate Environmental Disclosure"

Imane El Ouadghiri - Pôle Universitaire Léonard de Vinci, Research Center, France
Jonathan Peillex - ICD International Business School, France
Mohammed Benlemlih - EM Normandie Business School, France

Discussant: Nick Demos - Larnaca College, Cyprus

We find that, consistent with the monitoring function played by financial analysts, greater analyst coverage leads to the same extent of improvement in the quantity and quality of environmental information disclosed by the firm. This result is remarkably robust after conducting a difference-in-differences analysis that exploits brokerage closures and mergers as an exogenous decrease in analyst coverage, as well as using an instrumental variable approach. The positive influence of analyst coverage on corporate environmental disclosure is particularly evident for firms that cause high environmental damage, well-governed firms, firms with low information asymmetry, and those that are the most visible and are followed by analysts with superior experience, accuracy, and reputation, thus confirming the preponderance of the monitoring role played by securities analysts. Taken together, our empirical findings provide new insights into the bright side effect of analyst coverage on corporate environmental disclosure policies.

"Visibility of Cypriot Stock Exchange listed companies."

Nick Demos - LARNACA COLLEGE, Cyprus

Discussant: Soheila Malekpour - King's College London, UK

Listed company information insiders, communication executives and investor relations officers always

disclose company information either mandatorily or voluntarily via various mechanisms. Here we investigate how effectively and efficiently these company producers and transmitters of communication transfer information and data to various market players. We focus our research on their discretionary information processes and tools and what they communicate to make their listed companies visible. We have gathered the opinions, experience, and perceptions of three important players: the company executives, the analysts, and the fund managers about Cypriot listed firms' efforts to make their investment cases known to local and global investors, and related stakeholders.Keywords: Visibility; Discretionary Disclosure; Investor Relations; Information Asymmetry.

SESSION 28 **Room 3**

FINANCIAL ECONOMETRICS II
Session Chair: Aparna Gupta - Rensselaer Polytechnic Institute, USA

"A multi-Objective Optimisation Metaheuristic Hybrid technique for Forecasting the Electricity Consumption of the UAE Saudi Arabia, Bahrain, Kuwait and Qatar: A Grey Wolf Approach"
Andreas Karathanasopoulos - University od Dubai, UAE

Discussant: Ioannis Korkos - London South Bank University, UK

By applying multi-objective optimization approach in forecasting, we introduce three optimizing models combined with two conventional machine learning approaches to forecast the electricity consumption of the UAE. The three deployed optimization methods in the present manuscript were the grey wolf optimizer, a genetic algorithm and a differential evolution algorithm. The accuracy and efficiency of the hybrid heuristically optimized machine learning models in forecasting the electricity consumption of the UAE was assessed considering a combination of forecasting metrics. The main contributions of the paper are of three-fold. Firstly, this is the first manuscript to adopt such a sophisticated hybrid approach of combining multilayer perceptron neural networks and support vector machines with so many optimization approaches, and especially the grey wolf optimizer which is a recently introduced one. Secondly, optimization techniques were compared with the established Pearson correlation based method in performing dimensionality reduction. Lastly, this is currently one of the broadest macroeconomic forecasts in the UAE that uses such multi-objective heuristic hybrid optimization approaches. Irrefutably, our empirical findings indicate that the grey wolf optimizer outperforms significantly all the other models followed by the genetic algorithm.Keywords: Macroeconomic forecast, statistical measures, Grey wolf, differential evolution algorithm, genetic algorithm.

"Time-Varying Granger Causality Tests of Covered and Uncovered Interest Rate Parity"
Ioannis Korkos - London South Bank University, UK

Discussant: Martina Halousková - Masaryk University, Czech Republic

This paper investigates the UIP relation by considering time variation in the causal relationship between exchange rates and interest rates. The analysis is conducted using monthly data up to April 2023 for G10 currencies and long-term interest rates by applying a recursive-evolving Wald test, a type of time-varying Granger causality test. Our findings suggest that major economic recessions and other events, including Brexit, the COVID-19 pandemic, and the Russian invasion of Ukraine have disrupted the causal relationships between exchange rates and long-term interest rates.

"Attention and Sentiment of Scheduled Macroeconomic News Announcements: Forecasting the Volatility on the U.S. Equity Market"

Martina Halousková - Masaryk University, Czech Republic
Štefan Lyócsa - Masaryk University, Czech Republic

Discussant: Andreas Karathanasopoulos - University od Dubai, UAE

Most of the literature recognizes the existence of a relationship between attention and sentiment of the general public with market price fluctuations. Yet, for forecasting purposes, it is unclear what information we should look for. Scheduled macroeconomic news announcements are regular and potentially price-moving events, thus representing a potential target for information retrieval. We analyze how information related to ten scheduled macroeconomic news announcements retrieved from multiple data sources improves volatility forecasts of over 400 major U.S. stocks. Specifically, we extract attention and/or sentiment from social media, news articles, information consumption, and search engine. Working within the penalized regression framework, complete sub-set regression framework, and random forest, we find that measures of general attention retrieved from Google Trends, indicators of positive macro-event specific sentiment, and negative emotions extracted from newspaper articles drive future price fluctuations. One of our key results is that models which use sentiment related to macroeconomic news announcements consistently improve volatility forecasts across all economic sectors, with the most remarkable improvements in days of extreme price variation.

"Official Monthly Forecasts of Quarterly U.S. Gross Domestic Product Are Cognitively Biased"

Geoff Booth - Michigan State University, USA
Polina Ellina - American University of Cyprus, Cyprus
Panayiotis Theodossiou - Ball State University, USA

Discussant: Dimitrios Kousenidis - Aristotle University of Thessaloniki, USA

The rationality of the U.S. Bureau of Economic Analysis (BEA) monthly forecasts of the nation's quarterly nominal and real gross domestic product (GDP) growth rates and their implied price deflator (PD) are examined using a new analytical framework based on the flexible two-piece generalized distribution. The analysis of the forecast errors reveals that the forecasts are not rational. Instead, the evidence suggests that human cognitive biases may impact the direction and accuracy of the forecasts. Real GDP is less biased than nominal GDP because of an offsetting bias in the implicit PD forecast, and there is some evidence that past forecasts are used as benchmarks for subsequent forecasts.

SESSION 29 **Room 4**

BANKRUPTCY AND FINANCIAL DISTRESS II

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

"Bankruptcy Prediction for Micro, Small and Medium (MSME) Enterprises using Statistical and Artificial Intelligent Techniques: An Empirical Study for Manufacturing firms in India*"

Piyush Pandey - IIT Bombay, India
Vinish Kathuria - IIT Bombay, India
Rajendra Sonar - IIT Bombay, India

Discussant: Sergey Tsyplakov - University of South Carolina, USA

Since the celebrated Altman (1968) bankruptcy prediction model was developed, a multitude of bankruptcy prediction models have flooded the literature. However, predominantly the extant literature is focussed on large firms and there seems to be very less work for micro, small and medium (MSME) firms due to the fundamental and behaviour factors which make them different from large firms (Crutzen and Van Caillie, 2010) and partly due to lack of access to comprehensive data (Van Caillie, 2000). The research envisages looking at different statistical and AI techniques in vogue in empirical literature for

MSME on the unique MCA21 dataset provided by the Ministry of Corporate Affairs, Government of India. It compares the various bankruptcy prediction models for their prediction accuracy and examine the critical microeconomic determinants of financial distress of manufacturing sector firms. Empirical results for distress prediction show that the Support Vector Machine (SVM) model outperforms Random Forest (RF), Artificial Neural Network (ANN), logistic regression, and Multi Discriminant Analysis (MDA) in that order for manufacturing firms for both micro and small & medium firms respectively. Following Shumway (2001), we test survival analysis model to factor in time varying covariates was used but the model though providing good accuracy was having large type 2 error. The research findings have important policy implications for lenders, policymakers, creditors, regulators, and other

"Asset Sales and Chapter 11"
Sergey Tsyplakov - University of South Carolina, USA

Discussant: Yuree Lim - Texas Woman's University, USA

We provide a continuous-time model of a financially distressed firm that can file for bankruptcy. A key aspect of our model is the ability of the firm to sell part of its assets and use the proceeds to reduce debt and emerge from bankruptcy. The shareholders' incentives to divest as well to commit to asset sales prior to entering bankruptcy is affected by the expected length of time that the firm will be allowed to spend in bankruptcy protection. The model produces a number of testable hypotheses regarding the decisions of the distressed and bankrupt firms to commit and actually sell assets. We stress the effects of agency problems of Chapter 11, especially if protection period is sub-optimally long, that may lead to firm's unwillingness to commit to asset sales, delayed sales and premature bankruptcy filings. Empirical analysis of bankruptcy data supports many of the model's predictions.

"Corporate Pension Plans in Climatic Disasters"
Yuree Lim - Texas Woman's University, USA

Discussant: Piyush Pandey - IIT Bombay, India

Climate change affects financial health of corporate pension plans. Using a representative sample of US corporate defined benefit pension plans, we show that firms affected by climate disasters are more likely to freeze their plans, reduce employer contributions, experience lower pension profitability, and increase plan investments toward riskier assets in a failed effort to boost plan returns. Using defined contribution pension plans, we find that plan participants allocate more assets in equity and experience greater returns on pension assets. Our evidence suggests that affected firms respond to the climate disaster shock by extracting internal cash flows from pension assets.

SESSION 30 **Room 5**

CORPORATE FINANCE II
Session Chair: Yin-Hua Yeh - National Yang Ming Chiao Tung University, Taiwan

"Backing Away from ESG? The Effect of Sovereign Rating Downgrades on Corporate ESG Policies"
Periklis Boumparis - Newcastle University, UK
Chris Florackis - University of Liverpool, UK
Sushil Sainani - University of Liverpool, UK

Discussant: Kiyonori Iwata - Tokyo University of Science, Japan

Using a comprehensive dataset of firms from 45 countries over the period 2002-2019, we study the causal effect of credit rating downgrades on firms' environmental, social and governance (ESG) policies. Our analysis exploits a quasi-experimental setting that generates exogenous variation in corporate credit ratings due to sovereign rating downgrades (the sovereign "ceiling" rule). Consistent with the prediction of shareholder- and slack resource-theories, we find that firms that are bound by the ceiling rule, and as a result are more exposed to sovereign downgrades, experience a deterioration in their ESG performance when such a downgrade occurs. We then investigate the mechanisms driving our results and explore possible consequences of the decline in ESG performance. We show that a country's weak institutional environment, managers' short-term orientation and intense market competition are key antecedents of poor ESG performance among firms that are bound by the sovereign ceiling rule. We also uncover that bound firms are more likely to incur a major ESG risk incident that damages their reputation in the period following a sovereign downgrade. Overall, our results suggest that credit rating downgrades significantly affect firms' ESG policies and performance.

"Legally Powerful Shareholder Proposals for Payout Policy: Evidence from Japan"
Kiyonori Iwata - Tokyo University of Science, Japan
Yukihiro Yasuda - Hitotsubashi University, Japan

Discussant: Mingsheng Li - Bowling Green State University, USA

We empirically examine the determinants of shareholder proposals for payout policy and the subsequent effect on corporate policies. Unlike in the U.S., the shareholders in Japan have powerful statutory rights on the payout policy. We find that firms with zero leverage and "quiet life" firms are more likely to receive shareholder proposals for profit distribution. We also find that this tendency is more pronounced for quiet life firms with poor investment opportunities and with zero leverage. We find that firms that have received the proposals tend to increase the subsequent dividends, especially after the governance reform in 2013, although all the proposals are voted down by majority voting.

"Environmental Information Disclosure and Green Innovations"
Jiahao Feng - Shandong University of Finance and Economics, China
John Goodell - The University of Akron, Thailand
Mingsheng Li - Bowling Green State University, USA
Ying Wang - Shandong University of Finance and Economics, China

Discussant: Periklis Boumparis - Newcastle University, UK

Extending the theory of exclusionary ethical investing, we model that enforcing environmental information disclosure (EID) reduces information asymmetry and investors' screening costs, resulting in smaller holdings of polluting firms by green investors. This compels polluting firms toward green transformation because of higher cost of capital as a result of lower stock price. Empirically, we use a Chinese sub-national Pollution Information Transparency Index (PITI) as a proxy for EID transparency, finding that PITI is positively related to the green innovations of local firms. Firms' corporate social responsibility (CSR) reporting and environmental performance play a mediating role in promoting green innovations. Financial constraint is a critical moderator, directly influencing how EID motivates green innovation. Given the critical social importance of motivating green innovation, our results should be of great interest.

LUNCHEON

12:15 - 1:15 p.m. Cafeteria

KEYNOTE SPEECH

1:15 - 2:15 p.m.   Auditorium

Professor Gady Jacoby
College of Management Academic Studies, Israel

THE INFLUENCE OF RACIAL INTEGRATION ON MUTUAL FUND PERFORMANCE: EXPLORING THE INFORMATION CHANNEL

"In this talk I will share research conducted with coauthors that explores the impact of racial residential integration on the information environment of local firms and the ability of active-style mutual fund managers to select local stocks. We find that firms headquartered in states lacking racial residential integration experience a decline in information quality and stock price informativeness. This effect is more pronounced for firms with a lower fraction of active investors' ownership. Additionally, we observe that mutual fund managers in states with lower racial residential integration exhibit superior skills in picking local stocks, leading to an improvement in their overall stock-picking performance. These effects are particularly prominent during a booming economy and are more significant for mutual funds with white portfolio managers. Our work contributes to the emerging trend of research studying social diversity in finance. This emerging field investigates how systemic factors such as social identities, biases, and power dynamics shape financial experiences and cause financial disparities. This line of work is important as it helps financial institutions and policy makers to understand and hopefully address how these systemic factors contribute to the unequal financial access, opportunities, and wealth distribution in our society. In this talk I will share research conducted with coauthors that explores the impact of racial residential integration on the information environment of local firms and the ability of active-style mutual fund managers to select local stocks. We find that firms headquartered in states lacking racial residential integration experience a decline in information quality and stock price informativeness. This effect is more pronounced for firms with a lower fraction of active investors' ownership. Additionally, we observe that mutual fund managers in states with lower racial residential integration exhibit superior skills in picking local stocks, leading to an improvement in their overall stock-picking performance. These effects are particularly prominent during a booming economy and are more significant for mutual funds with white portfolio managers. Our work contributes to the emerging trend of research studying social diversity in finance. This emerging field investigates how systemic factors such as social identities, biases, and power dynamics shape financial experiences and cause financial disparities. This line of work is important as it helps financial institutions and policy makers to understand and hopefully address how these systemic factors contribute to the unequal financial access, opportunities, and wealth distribution in our society.
"

SESSION 31 **Room 1**

FINANCIAL MARKETS III
Session Chair: Qian Sun - Fudan University, China

"Bubbles Talk: Narrative Augmented Bubble Prediction"
Yuting Chen - University College Dublin, Ireland
Don Bredin - University College Dublin, Ireland
Valerio Poti - University College Dublin, Ireland

Discussant: Alon Raviv - Bar Ilan University, Israel

Financial bubble theories emphasize the importance of behavioral mechanisms centered around investor beliefs, which can be potentially gleaned from prevailing narratives, that reflect investors' psychological states and link them to economic events. By summarizing market narratives into meaningful and economically relevant features, guided by bubble theories, we offer a novel approach to bubble prediction and inference on extant theories about bubble determination. We then test whether the variation of narratives and bubble measures are related, both on a contemporaneous and on a predictive basis, as bubble theories imply. Our findings reveal that most of our narrative features exhibit significant explanatory power, with the "correct" (i.e., consistent with theory) sign and robust additional predictive power for bubble measures, and that the narrative-augmented models outperform non-augmented benchmarks in out-of-sample tests. These results offer new insights into the understanding of bubbles and lay the foundation for using narratives to develop early warning systems (EWS) for bubble formation and deflation, and for investigating the causal relationship between narratives and economic events.

"The Covid-19 Crisis and Health Economics: A Textual Analysis"
Alon Raviv - Bar Ilan University, Israel

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

Health economists connect between health scientists and institutional investors as pension funds and insurance companies that trade in corporate liabilities in order to maximize the welfare and the wellbeing of the public. However, economists have faced criticism for not fully anticipating the economic impact of pandemic such as Covid-19. While these assessments are mainly based on perceptions and qualitative assessments, as little has been done to explore systematically and to quantify the extent of the actual engagement of health economists in studying the topics of pandemic and vaccine before and during the outbreak of the Covid-19 pandemic. To bridge this gap, textual analysis of NBER working papers published during 1999–2020 by the Health Economics and Health Care programs is done to assess the effects of the Covid-19 pandemic. We find that the weight of the topic "Infectious Diseases and Pandemics" in 2020 is the highest among all other topics during the last 20 years. However, at the pre Covid-19 outbreak the topic of "Infectious Diseases and Pandemics" was understudied. Similarly, the topic of "Vaccine" was also understudied before the outbreak of the pandemic, but we do not observe a significant change in its weight duringthe outbreak of the pandemic. Moreover, we show that the outbreak of previous pandemics did not cause to a o a significant change in the study of these topics

"Mortgage Choice Behavior of Private Households in a Dynamic Market Environment: Empirical Evidence for Switzerland"
Gabrielle Wanzenried - University of Applied Sciences Western Switzerland HES-SO, Switzerland

Discussant: Yuting Chen - University College Dublin, Ireland

This paper investigates the choice of the mortgage provider of homeowners in Switzerland. Given that banks are one of several mortgage providers and due to digitalization mortgage supply has significantly changed a lot over the last decade, Switzerland presents an interesting subject for this study. Our results are based on a large-scale and unique online survey with 1’130 respondents from the German- and French-speaking part of Switzerland from 2022. We use a regression framework to analyze the mortgage provider choice of private households in Switzerland as a function of accommodation-specific, geographic and household-specific characteristics, such as household income and wealth, their risk exposure and financial literacy in addition to the commonly included sociodemographic information. The results provide new insights about the preferences of households with respect to the different mortgage providers as a function of household-specific, institutional and market-specific characteristics.

SESSION 32 **Room 2**

BEHAVIORAL IV
Session Chair: Jose Peres Jorge - Universidade Porto, Portugal

"Emotions, Valuation Uncertainty and Gender: Evidence from a Bubble Market"
Clare Branigan - University College Dublin, Ireland
Paul Ryan - University College Dublin, Ireland

Discussant: Andrew Grant - University of Sydney, Australia

ABSTRACTThis paper investigates the impact of valuation uncertainty on residential property prices near the peak of a bubble. Our hand-collected sample comprises the sequence of bids and gender of participating bidders at Irish residential real estate auctions, prior to the collapse of a bubble, which when it burst had disastrous implications for the banking system and the economy itself. We find auction winners do not reduce their bids as valuation uncertainty increases. In addition, winning female bidders, contrary to extant research across a broad range of decision contexts, do not behave differently with respect to uncertainty than their male counterparts and their bidding behavior does not have a dampening effect on prices.

"Social Connectedness and Local Stock Return Comovement"
Jared DeLisle - Utah State University, USA
Andrew Grant - University of Sydney, Australia
Ruiqi Mao - University of Sydney, Australia

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

We explore the role of social connectedness in explaining the stock return comovement with the local portfolio. Using the Facebook Social Connectedness Index, we find the firms headquartered in the county with the higher average social connectedness with other counties exhibit lower local return comovement. Further, we explore the relationships between county-level social capital and social connectedness in affecting the local return comovement. Consistent with the information view of comovement (Veldkamp, 2006), we find the effects of social connectedness on local return comovement are more pronounced among the firms with higher pricing difficulties or during the periods with lower information production.

"Bloomberg Investor Sentiment and The Cross Section of Stock Returns in the European Stock Market"

Silvia Muzzioli - University of Modena and Reggio Emilia, Italy
Luca Gambarelli - University of Modena and Reggio Emilia, Italy

Discussant: Paul Ryan - University College Dublin, Ireland

This paper investigates whether the Bloomberg investor sentiment index can provide valuable information for investors and fund managers for the purposes of stock picking and portfolio selection. The dataset consists of all the listed companies in the Euro area for the period from 2010 to 2021. By exploiting portfolio sorting strategies, the paper evaluates to what extent and how long investor sentiment can affect stock returns. Moreover, it considers whether additional factors can affect the relationship between sentiment and returns, casting light on the asymmetric effect related to positive and negative news. The findings are as follows. First, high (low) sentiment stocks exhibit high (low) returns on average. The average return of the portfolio that takes a long position in the stocks with very high sentiment and a short position in stocks with very low sentiment is statistically and economically significant and is robust to the inclusion of commonly used risk factors. Second, the predictability of stock returns using the sentiment indicator holds for at least three months in cases in which an equal-weighted portfolio is considered. Third, the market is less efficient in relation to small stocks compared to big ones since it takes more time to factor all the recent information into the stock price. Finally, it is found that positive news is factored into the stock price more slowly than negative news, especially for stocks with low market capitalization.

SESSION 33 — Room 3

FOREIGN EXCHANGE MARKETS
Session Chair: John Hall - University of Pretoria, South Africa

"Realized Semi Betas in Currency markets"
Wenna Lu - Cardiff Metropolitan University, UK

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

The traditional CAPM does not perform well in pricing the cross-sectional returns fromthecurrency carry trade and factors such as volatility innovation (Menkhoff et all, 2011) ordownside risk (Dobrynskaya, 2014) have been used to solve this problem. In this paper, we follow Bollerslev et al (2020) decompose beta into four semibetas thatdepend on the signed covariation between the market and individual asset returns. We show that the risk prices for different beta components are different, if we allow them to be priced differently, the pricing power of the model will increase.

"US Monetary Policy Uncertainty and Exchange Rates Volatility: Evidence for Latin American MILA countries"
Miriam Sosa Castro - Universidad Autonoma Metropolitana-Iztapalapa, Mexico
Alejandra Cabello- Rosales - National and Autonomous University of Mexico, Mexico
Edgar Ortiz - National and Autonomous University of Mexico, Mexico

Discussant: Ghulam Sorwar - Keele University, UK

This paper analyzes whether the US Monetary Policy Uncertainty (MPU) impacts exchange rate volatility of the Integrated Latin American Market (MILA) countries, over the period 2004-2022. For this purpose, we employ univariate GARCH models and Vector Autorregressive Markov Switching Models (MS-VAR). Originality lies in the analysis of emerging countries using a dynamic model to observe how currencies volatility is affected through US Monetary Policy changes. This research also reveals how currency volatility evolves and which market is more vulnerable to foreign monetary shocks. Results evidence long memory and persistence in currencies volatility. In particular, the Colombian peso (COP), the Chilean peso (CLP) and the Peruvian sol (PEN) appear to have been affected in their behavior since the unconventional monetary policy measures implemented in 2008 during the global financial crisis. In contrast, the Mexican Peso (MXN) has been affected since the Covid19 monetary policy changes. In

terms of the MS-VAR results, all volatility currencies are influence its own previous values. US MPU seems to have a significant impact on the exchange rates volatility during the high volatility regime.

"Cryptocurrency Market Volatility and Forecasting: A Comparative Analysis of Modern Machine Learning Models for Cryptocurrencies Predicting Accuracy"
Ghulam Sorwar - Keele University, UK

Discussant: Wenna Lu - Cardiff Metropolitan University, UK

Cryptocurrency has grown in popularity over the last decade. Since there is no central body to control the bitcoin markets, they are extremely volatile. However, several similar variables that cause price volatility in traditional markets also affect cryptocurrencies. Several bubble phases have taken place in bitcoin prices, mostly during the years 2013 and 2017. Other digital currencies of primary importance, such as Ethereum and Litecoin, also exhibited several bubble phases. Among traditional methods of analysis for this volatile market, only a small number of studies focused on machine learning (ML) techniques. The present study objective is to get an in-depth knowledge of the time series properties of cryptocurrency data and combine volatility models with ML models. In the hybrid method, we first apply the Nonlinear Generalized Autoregressive Conditional heteroskedasticity (NGARCH) model with asymmetric distribution to calculate standardized returns, then forecast the UP and DOWN movement of standardized returns through ML models such as Logistic regression (LR), Linear Discrimination Analysis (LDA), Quadratic Discrimination Analysis (QDA), Artificial Neural Networks (ANN), K-Nearest Neighbours (KNN), and Support Vector Machine (SVM). The findings show that the proposed hybrid approach of time series models and ML accurately predicts prices; specifically, the KNN model reveals that the scheme can be applicable to cryptocurrency market prediction. It is deduced that ML me

SESSION 34 **Room 4**

FINANCIAL DISCLOSURE
Session Chair: Christos Negkakis - University of Macedonia, Greece

"Task Force on Climate-Related Financial Disclosures (TCFD) and Cost of Equity"
Sin-Ru Chen - National Cheng Kung University, Taiwan
Hua-Wei Huang - National Cheng Kung University, Taiwan
Yu-Lin Hsu - University of Strathclyde, UK

Discussant: Chima Mbagwu - Wilfrid Laurier University, Canada

The full recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) were released in 2017 to guide companies in reporting climate-related financial information. However, there has been little research on how investors react to TCFD disclosures. In this paper, we examine the relationship between disclosing TCFD information and investors' reaction (proxied by cost of equity). Using data on FTSE 350 companies from 2017 to 2021, we find that companies that disclose TCFD information experience a lower cost of equity than non-disclosing firms. Our results suggest that firms providing TCFD information can lower information asymmetry, resulting in lower cost of equity. Furthermore, disclosing TCFD information may help firms to attract more stakeholders, and therefore increase risk sharing and reduce the risk premium, leading to lower cost of equity. This paper, providing evidence on the impact of TCFD disclosures on capital markets, contributes to the ongoing discussion in literature and practice, and our results offer useful insights for policymakers and managers.

"Firm Performance, Corporate Governance and the Proactive Disclosure of COVID-19 Risk."
Abiodun Isiaka - University of Regina, Canada
Chima Mbagwu - Wilfrid Laurier University, Canada

Discussant: Nadia Smaili - ESG UQAM, Canada

This study examines whether firm financial performance and corporate governance are associated with the proactive disclose of coronavirus risk. In addition, we examine whether firms that proactively disclose this risk are more likely to provide updates to their initial risk disclosures than those that do not. We are motivated by the need to understand factors that drive the disclosure of unexpected and unusual risks caused by events over which managers have little control. We find a negative association between firm performance, measured as Return on Assets (ROA) and Return on Equity (ROE), and the proactive disclosure of COVID-19 risk. In addition, we find a negative association between the strength of corporate governance and proactive COVID-19 risk disclosure. These results suggest that firms with weaker performance and with weaker corporate governance, are more likely to proactively disclose coronavirus risk. Finally, we find that firms that proactively disclose coronavirus risk in their Item 1A are more likely to update those disclosures and disclose even more coronavirus related risk compared to those that do not. These findings are robust to alternative measure for the disclosure of coronavirus risk as well as to alternative performance measures. The findings are also informative for regulators in terms of the need for further enforcement mechanisms as risk factor disclosures may not be sufficiently timely to inform users of the annual report.

"Bundle Manipulation: The Use of Accounting and Textual Obfuscation"
Julien Le Maux - HEC Montreal, Canada
Nadia Smaili - ESG UQAM, Canada

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

The objective of this study is to explore whether managers and firms engage in bundle manipulation. It examines the effect of discretionary accruals and real activities manipulation on the level of complexity of annual reports. Our findings from examination of the 1,435 annual reports of Canadian listed firms engaging in discretionary accruals and real activities manipulation indicate that these firms produce complex annual reports. We therefore suggest that managers and firms use bundle manipulation, both accounting and textual, to mislead shareholders and stakeholders. Our analyses also suggest that it is more difficult to detect the manipulation of real activities than discretionary accruals through textual analysis.

SESSION 35 **Room 5**

CORPORATE GOVERNANCE III
Session Chair: Ugo Rigoni - Ca Foscari University of Venice, Italy,

"Digital Service Quality as a Mediating Variable between Digitalization and Sustainable Competitive Advantage: A Study from Egyptian Context"
Wageeh Nafei - University of Sadat City, Egypt

Discussant: Loïc Dubois - Université de Picardie Jules Verne, France

The objective of the research is to examine digital Service quality as a mediating variable between digitalization and sustainable competitive advantage in Egypt. The researcher has adopted a sampling method to collect data for the study. The appropriate statistical methods such as Alpha Correlation Coefficient (ACC), Confirmatory Factor Analysis (CFA), Multiple Regression Analysis (MRA), are used to analyze the data and test the hypotheses.The research has reached a number of results, the most important of which are (1) the study shows the importance of hardware, software, databases, communication networks and others, which is reflected in the organizational performance of companies

operating in this sector, (2) despite the existence of communication networks, devices, equipment and others, the level of use of information technology did not achieve the required level, and perhaps this is due to the weak experiences and capabilities of employees in this field, (3) the current study showed that information technology plays an important role in reducing the time taken between customer contact and the delivery of the product that meets his needs and desires, (4) communication networks can work more efficiently and effectively than they do now, and this can be achieved through contacting customers and exchanging information among them, (5) there is a statistically significant relationship between the dimensions of digitization and competitive advantage (6) the digitization of

"Stock Market Reaction to Announcements of Management Changes in Listed Companies and the Impact of National Culture"
Loïc Dubois - Université de Picardie Jules Verne, France

Discussant: Yoko Shirasu - Aoyama Gakuin University, Japan

This article explores the financial market reaction to the announcement of female member appointments in a company's decision-making body and analyses to what extent a country's national culture may explain this reaction. To this end, we use Globe project's cultural variables, an event study methodology over the period 2002 to 2019 (post-Sarbanes Oxley and pre-Covid19 crisis period) and multivariate regressions. Our results show evidence that gender, the appointment position and national culture matter. More specifically, cultural dimensions such as "Institutional collectivism value", "Human Orientation practice", "Performance Orientation value", "In group collectivism practice" and "Gender egalitarianism" stand as important explanatory variables.

"Does The Difference in Awareness Between Asset Owners and Asset Managers Have an Impact on Firms' ESG Activities?"
Yoko Shirasu - Aoyama Gakuin University, Japan
Katsushi Suzuki - Hitotsubashi University, Japan
Sadok El Ghoul - University of Alberta, Canada

Discussant: Wageeh Nafei - University of Sadat City, Egypt

We investigate the effects on E&S activities of investee companies of differences in ESG awareness between asset managers and asset owners by using the exogenous investment policy change by GPIF, i.e., UN PRI signature. The results show that the firms in which the GPIF-mandated asset managers are major shareowners increase their E&S scores more, after the GPIF signed the PRI. The firms' E&S score of GPIF-mandated asset managers that had signed the PRI are improved after changing the policy, although the score of nonGPIF mandated managers that had signed is not improved. These results imply that the agreement between asset owners and asset managers plays a more critical role in promoting firms' E&S activities.

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

Cafeteria

SESSION 36 **Room 1**

FINANCIAL MARKETS IV
Session Chair: Ghulam Sorwar - Keele University, UK

"Short-Selling Restriction and Return Predictability: Evidence from China"
Ying Jiang - University of Nottingham Ningbo, China
Jiayan Qiu - University of Nottingham Ningbo China, China
Qian Sun - Fudan University, China

Discussant: Jose Peres Jorge - Universidade Porto, Portugal

We examine how the ban on t+0 short selling affects the return predictability of short sellers in China. If the ban drives out mostly less informed short sellers, then the return predictive power should be enhanced. However, if the ban drives out more informed short sellers instead of less informed short sellers, then the return predictability should worsen. We find that in China, where the stock market is dominated by retail investors, and short-selling activities are not very active, the ban drives out more informed short sellers, and thus, worsen the predictive power of short selling.

"Government Spending and Firm Investment: Evidence from a Natural Disaster"
Jose Peres Jorge - Universidade Porto, Portugal
Sujiao Zhao - Banco de Portugal, Portugal

Discussant: Zsuzsa Huszar - Corvinus University of Budapesy, Hungary

Natural disasters dramatically affect firms, but they also provide an opportunity to start anew. We exploit the 15-16 October 2017 Portuguese wildfires and the ensuing official assistance that subsidized 85% of the losses, applying a differences-in-differences approach. On the one hand, firms affected by the wildfires increase output and the book value of fixed assets; productivity does not increase and employment does not decrease. On the other hand, affected firms draw down their existing credit lines, borrow long-term credit, and hoard cash. Overall, the evidence is consistent with the theory that firms invest both in scale and in liquidity.

"Dynamic Volatility Transfer in the European Oil and Gas Industry"
Zsuzsa Huszar - Corvinus University of Budapesy, Hungary

Discussant: Robinson Reyes - Florida International University, USA

The study examines dynamic volatility transmissions among European Energy industry participants along the production lines, using the Diebold and Yilmaz (2012)'s spillover index. We sort the sector participants, based on their production exposure, into Upstream, Midstream, Downstream, and Integrated Oil Gas (IOG) industry segments to provide unique insight about the source of volatility spillover. During the sample period of October 2006 to June 2022, we report significant internal volatility spillover among the European energy sector participants, primarily emanating from the group of Upstream firms. In subsamples, we show that downstream and midstream groups can also become volatility transmitters under certain conditions. More importantly, the large Russian IOG companies become significant volatility transmitter after 2022 with the Ukraine-Russia conflict, potentially causing major system instability because these IOG firms traditionally were volatility absorbers. Overall, we provide insights about the interconnectedness among European energy companies during normal and extreme market conditions and highlight important system dynamics that could be useful for policy makers and investors.

"Cross-border arbitrage and cross-listed stocks:Evidence from mutual fund flows"
David Rakowski - UT Arlington, USA
Anh Nguyen - RMIT Vietnam, Viet Nam
Dave Diltz - Central Michigan University, USA

Discussant: Petko Kalev - La Trobe University, Australia

We re-evaluate the effectiveness of cross-border arbitrage by measuring the impact of mutual fund flow–driven price pressure on cross-listed stocks in the United States and 44 international markets. Our tests show that liquidity barriers are greater than information barriers between markets, in that non-US stock returns are more strongly associated with US stock returns than with liquidity-driven US-based mutual fund price pressure. Our procedure shows that higher barriers to cross-border arbitrage exist for small-cap, narrowly-held, and actively-traded stocks that are cross-listed in Latin American, Caribbean, and Asian-Pacific emerging markets, and for funds that are experiencing outflows. We do not find that large outflows (i.e., fire sales) lead to stronger price divergences across markets for cross listed stocks.

SESSION 37 **Room 4**

SMALL BUSINESS FINANCING
Session Chair: Julien Le Maux - HEC Montreal, Canada

"Entrepreneurial Firms and Bank Financing: Do Business Angels Play a Role?"
Ugo Rigoni - Ca Foscari University of Venice, Italy

Discussant: Vladimir Ivanov - U.S. Securities and Exchange Commission, USA

This study investigates the contribution provided by business angels' (BAs') post-investment intervention to the interaction between young entrepreneurial firms and bank-lending decisions within the entrepreneurial-finance ecosystem. The analysis relies on a dataset comprising 612 Italian firms, 114 of which are BA-backed in the 2010–2018 reference time period, whereas the remaining 498 constitute the propensity score-matched control group. We find strong evidence that BAs' support facilitates entrepreneurial firms' follow-on bank financing. Additionally, we document positive effects of both BAs' human capital (entrepreneurial experience) and their investment practices (soft monitoring) on the funded companies' capital-structure choices. These effects can be primarily attributed to BAs' value-added contributions and their role in mitigating information asymmetries perceived by debt providers. The results are robust to several tests. The study is the first to provide quantitative empirical evidence on the role played by informal investors in nurturing bank-firm lending relationships within the start-up ecosystem.

"Political Uncertainty and Capital Raising Through Private Offerings"
Vladimir Ivanov - U.S. Securities and Exchange Commission, USA

Discussant: Maria Psillaki - University of Piraeus, Greece

We study how political uncertainty preceding U.S. gubernatorial elections affects the market for private offerings. Private offerings raise about 17 percent less capital during the months leading up to an election. This reduction is concentrated in weaker economic periods, and when interest rates are high, or sentiment low. The negative effect is ameliorated when a Republican candidate wins the gubernatorial election or when companies are backed by investors with deep pockets. Prior to elections we also observe higher intermediary fees, smaller capital raisings per investor, and larger geographic searches for investors. Collectively, our evidence illustrates that private offerings are more difficult to raise and intermediate when political uncertainty is high.

"What Factors Determine the Probability of Default on P2P Lending? Evidence from Mortgage Loans in US"

Maria Psillaki - University of Piraeus, Greece

Discussant: Ugo Rigoni - Ca Foscari University of Venice, Italy

This paper examines multiple factors related to borrowers' default in peer-to-peer (P2P) lending in the United States. The empirical study is based on a total number of 1,863,585 loan records issued through LendingClub from 2007 to 2020Q3 and a logistic regression model is developed to predict loan defaults. This study is motivated by the hypothesis that both P2P loan characteristics and macroeconomic variables influence loan performance. We define a set of loan characteristics, borrower characteristics and macroeconomic variables that are significant in determining the probability of default and should be taken into consideration when assessing credit risk. Our results, in line with prior research, show that a number of borrower and contractual loan characteristics predict loan defaults such as loan credit grade, loan purpose, loan maturity, annual income and employment length. The added value of this paper is the introduction of macroeconomic indicators to explain the defaults in P2P lending industry. The study indicates that macroeconomic variables assessed alongside loan data can significantly improve the forecasting performance of default model. Our general finding exhibit significant positive effect of unemployment rate and adverse effect of GDP growth rate on P2P loan default rates. The empirical results also demonstrate that higher percentage change in House Price Index, Consumer Sentiment Index and S&P500 Index is associated with a lower probability of delinquency

SESSION 38 **Room 5**

CORPORATE FINANCE III

Session Chair: Nadia Smaili - ESG UQAM, Canada

"A One-Way Revolving Door: Former Senior Bankers Facilitate Access to Debt for Non-Financial Firms"

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

Discussant: Habeeb Yahya - University of Turku, Turku School of Economics, Finland

The paper aims at establishing whether former bankers on management and supervisory boards of non-financial companies may facilitate the latter's access to external financing. Empirical analysis of the population of Polish public companies demonstrates that firms employing former senior bankers have higher debt load and higher debt maturity while benefiting from the same effective cost of debt as their less indebted counterparts with similar collateral and financials. The presence of former bankers makes firms more likely to issue new debt in relatively larger tranches. The length of officers' prior tenure with commercial banks, especially in the capacity of supervisory board members, amplifies the discovered relationships. The bulk of bankers' impact on leverage materializes during the first two years of service for non-financial firms suggesting that former bankers join new employers when the latter contemplate leveraging. Analysis of intertemporal patterns of cash flow allocation demonstrates that firms employing former bankers enjoy a much better access to external financing and are therefore less financially constrained.

"The Role of ESG Performance in Firms' Resilience During theCOVID-19 Pandemic: Evidence from Nordic Firms"
Habeeb Yahya - University of Turku, Turku School of Economics, Finland

Discussant: John Hall - University of Pretoria, South Africa

Firms' activities in issues of CSR and environmental sustainability have been documented to provide a competitive advantage that enhances financial performance, especially in tightened economic situations. Similarly, studies on countries' economic performance during the COVID-19 pandemic show a significant effect of movement restriction (lockdown) as a spread-containment strategy. This paper analyses the exogenous effect of lockdown on firm performance during the COVID-19 pandemic and the role of firms' sustainability in resilience to the pandemic. Using difference-in-differences analysis on data of publicly listed Nordic firms, this study shows a positive and significantly different revenue and profitability for firms listed in lockdown countries compared with those in the country without a lockdown. Further analysis shows that sustainability provides resilience for firms during the COVID-19 pandemic as firms' environmental and social performances are positively related to revenue, profitability, and valuation. This support the conclusion that customer and investor preferences enhance sustainable firms' performance.

"Prospects of Value-Destroying Companies"
Suzanne Bell - University of Pretoria, South Africa
John Hall - University of Pretoria, South Africa

Discussant: Pawel Mielcarz - Kozminski University, Poland

AbstractPurposeShareholder value creation is keenly researched in corporate finance studies, but there are fewer studies on value destruction and its consequences for a company's long-term survival and performance. The purpose of this study is therefore to identify and investigate listed South African companies that have destroyed value, to establish these companies' characteristics, and to determine whether value-destroying companies are able to improve their performance over the long term. DesignListed companies with negative economic value added (EVAs) were included, excluding companies in the mining and financial sectors. The return on assets (ROA), net operating profit after tax (NOPAT), market-to-book ratio (MTBR) and total assets (TA) over a ten-year period from 2010 to 2019 were analysed using univariate and multivariate analysis. FindingsThe study found that the companies with the most negative EVA performed the best over time going forward, offering the greatest total returns. Both the MTBR and TA are characteristics that can be used to identify value destructive companies. Companies currently destroying value are indeed able to improve their performance over time.OriginalityThis study fills a gap in the literature on negative value creation by considering the consequences of value destruction and possible turnarounds, enabling companies to learn from others' mistakes. The findings may be particularly useful to companies that are struggling to stay afloat, a

GALA DINNER

8:30 - 11:00 p.m. Paphos Garden Hotel

Conference Participants

Conference Participants

Conference Participants

NOTES

The Miller College of Business is located at Ball State University, a comprehensive regional public institution that maintains a Carnegie Classification as a high research activity university. Miller College is one of seven academic colleges at Ball State and offers undergraduate and master's programs. More than 85% of Miller College students are undergraduates.

The mission of Miller College is to create transformative educational experiences for their students, which are delivered by faculty who reflect the best elements of the teacher-scholar model. Miller students are educated in leading-edge business techniques and strategies supplemented by meaningful engagement with practicing business professionals. Miller College seeks to provide innovative and flexible educational programming to facilitate our students’ lifelong learning.

Miller College is organized into seven academic departments that offer 18 undergraduate majors, 25 minors, eight certificates, and two AACSB Accredited graduate programs. The Miller College supports multiple academic/research centers: Entrepreneurship Center, Center for Professional Selling, Center for Actuarial Science, Insurance and Risk Management, Center for Business and Economic Research, and the Kent C. "Oz" Nelson Logistics and Supply Chain Management Center for Excellence.

Miller College has a strong reputation for offering high-quality educational programs to its students. The college is home to nationally recognized Accounting Entrepreneurship programs and the online MBA Program. Miller College graduates have extensive employment opportunities upon graduation, as reflected by their 97% placement rate within six months of degree completion.
Miller College students are allowed to engage in multiple high-impact educational experiences. The signature feature of the academic curriculum at Ball State is "immersive learning," or hands-on, project-based education with real-world applications.

Miller College's goal is to provide all students with the opportunity to participate in at least one immersive learning project.