



KOREA AMERICA
FINANCE ASSOCIATION

<http://www.K-AFA.org>

Vol. XVII

March 2015

No.1

President's Message

Dear KAFANA Members, Friends, and Supporters:

I hope everyone has had a productive winter season. With unusual amount of snow fall in New England, I am very happy to see that the spring is finally here.

Professor E. Han Kim at the University of Michigan last year, received the KAFANA Financial News Eminent Scholar Award and Professor Nicole Choi at the University of Wyoming received the Shinhan Bank Young Scholar Award. Professor E. Han Kim graciously donated the full amount of his award money to KAFANA. I am very grateful for his generosity.

I'd like to thank Professors Kee-Hong Bae (outgoing president) and Soku Byoun (outgoing secretary-general) for their outstanding service and leadership for KAFANA. Professor Bae worked hard to obtain new funds to organize an international conference in August last year. The conference, "Organizational Structure and Value Creation", not only helped junior KAFANA members improve their papers, but also enhanced the visibility of KAFANA in the finance community. I also would like to express my sincere appreciation to Professor Byoun for his contribution to all KAFANA business over the last three years.

I welcome KAFANA's new Executive Office members: President-elect Professor Saeyoung Chang at the University of Nevada, Las Vegas; Secretary General Professor Jin-Mo Kim at Rutgers University; Treasurer Professor Ha-Chin Yi (returning); Vice President (KAFANA Korea) Professor Hyun Han Shin (returning); and Secretary General (KAFANA Korea) Professor Woojin Kim at Seoul National University.

As in previous years, KAFANA successfully offered two KAFANA-FMA sessions at the FMA meetings in Nashville last October. The sessions entitled "Issues in Corporate Governance, Liquidity, and Risk Management in Korea" and "Hedge Funds in Asia" were informative and well attended.

During last year's Annual Business Meeting in Nashville, KAFANA presented several awards to recognize KAFANA members' outstanding scholarly achievements. These awards include the Financial News (FN)-KAFANA Eminent Scholar Award, Shinhan Bank (SHB)-KAFANA Young

Scholar Award, SHB-KAFA Best Paper Awards, FN-KAFA Top Journal Paper Awards, and FN-KAFA Doctoral Student Dissertation Awards. In addition, KAFA provided SHB-KAFA doctoral student research support to five doctoral students. On behalf of KAFA, I congratulate all award recipients and greatly appreciate Financial News and Shinhan Bank for their generous financial support for KAFA awards. I also appreciate generous support from Korea Capital Market Institute (KCMI) and Korea Institute of Finance (KIF) for KAFA.

KAFA now solicits papers for the two conferences with our Korean partners, the KAFA-Allied Korean Financial Association conference and the KAFA-KIF joint symposium. You will find details on the joint conferences in this Newsletter. KAFA will provide travel support to the presenters at these conferences.

As an ongoing effort to help potential KAFA members, KAFA plans to hold a doctoral candidates' workshop on August 15, 2015 at the conference center of the University of Massachusetts Lowell. The objective of the workshop is to help doctoral candidates to succeed in the job market by giving them an opportunity to get to know the job market process from professors who have been in recruiting and recently became faculty. The program of the workshop will be available soon. I am very grateful for the generous financial support from Financial News and SK Telecom.

KAFA has been growing over the past twenty-plus-years with your strong support and active participation in various KAFA activities. As we now enter into a new era for the next twenty-plus-years, I am very confident that KAFA will continue to play an important role in promoting and accomplishing our individual professional goals. I hope you all continue to join in this endeavor.

Lastly, I would like to share a sad news. We are deeply saddened by the sudden loss of our former president and member of KAFA, Dr. Bong-Soo Lee. His obituary is in "In Memoriam" section in this Newsletter.

With Warm Regards,

Chan-Wung Kim

2015 KAFA President

University of Massachusetts Lowell and Winona State University

I. Recent KAFA Activities

1. Two KAFA-FMA special sessions at the 2014 FMA annual meeting in Nashville, TN

We appreciate Professors Chan-Wung Kim and Hyunhan Shin to organize two special sessions in 2014 FMA meetings

- **Issues in Corporate Governance, Liquidity and Risk Management in Korea** - Friday, October 17, 8:00 - 10:00 am, Session 127

Moderator: Kee-Hong Bae, Professor, York University

Panelists

- Yoonsok Lee**, Senior Research Fellow, Korea Institute of Finance
- Inhyung Lee**, Vice President, Korea Capital Market Institute
- Wong Kang**, Professor, Sejong University
- Hyun Jong Kim**, Director/Research Fellow, Korea Economic Research Institute

- **Hedge Funds in Asia**- Friday, October 17, 8:00 - 10:00 am, Session 158

Moderator: Chan-Wung Kim, University of Massachusetts-Lowell

Panelists

- Hyuna Park**, Professor, Minnesota State University Mankato
- Sam Y. Chung**, Professor, Long Island University
- James Shim**, Asian Head, Hong Kong, Affiliated Managers Group, Inc.

2. Joint Seminar with Korea Capital Market Institute (KCMI) in Seoul, Korea on December 8, 2014

- Jun-Koo Kang**, Nanyang Technological University, “Family Business and Firm Value: Evidence from Shareholder Relations with Employees”
- Sang Mook Lee**, Pennsylvania State University, “The Distribution and Evolution of the Capital Structure of Entrepreneurial Firms”
- Hyun Seung Na**, Korea University, “Source of Value Gains in Minority Equity Investments by Private Equity Funds”
- Hoje Jo**, Santa Clara University, “Venture Capital Ownership Type, Investment Criteria, and Venture Exit Performance”

3. The 9th International Conference on Asia-Pacific Financial Markets (CAFM 2014) held by Korean Securities Association (KSA) in Seoul, Korea on Saturday, December 6, 2014

In addition to many independent participants of KAFA members, the following members presented their papers selected by the KAFA review committee:

- Kee-Hong Bae, York University, “The Cost of Stock Market Integration in Emerging Markets.”
- Kee H. Chung, SUNY at Buffalo, “Investment Duration and Corporate Governance.”
- Young Sang Kim, Northern Kentucky University, “Credit Rating and Short-Term Debt Financing: Empirical Analysis of Listed Firms in Korea.”
- Bong Soo Lee, Florida State University, “Structural VAR Approach to Mutual Fund Cash Flows: Net Flows, Inflows, and Outflows.”

II. Call for Papers for Year 2015

1. Joint Conference with Allied Korea Finance Associations (KFAs)

As in previous years, we expect to be part of the 2015 joint conference with Korean counterparts (KFAs) on May 29-May 30, 2015 at Kookmin Bank HRD Institute in Chonan. In anticipation of this conference, the KAFA would like to announce a call for papers.

- Topics: Any finance area
- Conference date: May 29-30, 2015
- Submission deadline: March 31, 2015
- Notification of the accepted papers: April 20, 2014 (6 papers)
- Submit papers to: Professor Saeyong Chang, President-Elect, saeyoung.chang@unlv.edu
- KAFA and KFAs will provide research supports for all selected papers for presentation.
- KAFA members presenting papers will be assigned to discuss other papers.
- We strongly encourage all KAFA members (especially junior faculty and those who have not presented papers at the joint conference in the past) to submit papers.
- Note: When you submit your paper, please indicate the conference of your choice (e.g., KAFA joint conference with KFAs).*

2. Joint Conference with the Korea Institute of Finance (KIF)

The annual joint conference with the KIF and the KAFA will be held as a one-day conference. While the main theme for this year’s conference is on the Financial Markets and Monetary Policies, papers dealing with general issues in financial/capital markets and related issues are also welcome.

- Conference date: June 1, 2015 (tentative)
- Submission deadline: March 31, 2015
- Notification of the accepted papers: April 25, 2015 (2 papers)
- Submit papers to: Professor Saeyong Chang, President-Elect, saeyoung.chang@unlv.edu
- KIF will provide research supports for the selected papers for presentation.
- Note: When you submit your paper, please indicate the conference of your choice (e.g., KAFA joint conference with KIF).*

III. KAFA Awards

The 2015 Eminent Scholar Award and the 2015 Young Scholar Award will be nominated and selected by the KAFA Award Nomination Committee. Also, we will continue on the Financial News and Shinhan Bank Best Paper Awards. The detailed information for each award and necessary documentations are as follows.

1. The Financial News-KAFA Eminent Scholar Award

Selection Criteria

The FN-KAFA Eminent Scholar Award is given to a KAFA member who has achieved outstanding scholarly accomplishment and research contribution in leading journals in finance and related fields.

Nomination Procedure

Nominations of award candidates are made by the “KAFA Award Nomination Committee” (Nomination Committee hereafter) that consists of three KAFA members (i.e., president, president-elect, and immediate former president). Nomination Committee can nominate up to three candidates from KAFA life-time members. The nominated candidates are required to submit their review materials such as curriculum vitae and relevant publications to the Nomination Committee before a specified date announced in the KAFA Newsletter.

Selection Procedure

The “KAFA Award Nomination Committee” will forward the names of nominated candidates and their supporting materials to the “KAFA Award Selection Committee” (Selection Committee hereafter) for the selection of the final award recipient. Selection Committee that consists of three KAFA members (including former KAFA presidents and past FN-KAFA Eminent Scholar Awardees)* will review nominees’ research credentials and select a single award recipient on the basis of the nominee’s scholarly accomplishment and research contribution to the field. Selection Committee may request nominees to provide additional information. The recipient of this honor is required to receive the award in person at the KAFA annual meeting and expected to organize a KAFA’s FMA panel sessions together with KAFA president-elect in the following year.

Monetary Award

There will be a prize of **\$5,000** along with an award plaque.

* Two former KAFA presidents and no more than two past awardees will serve as members of the Committee.

2. The SHB-KAFA Young Scholar Award

Selection Criteria

The SHB-KAFA Young Scholar Award is given to a KAFA member who has demonstrated exemplary scholarly performance through publications in leading journals in finance and related fields. Those KAFA members who earned his or her Ph.D. degree within seven years prior to the award date would be considered for the award.

Nomination Procedure

Nominations of award candidates are made by the “KAFA Award Nomination Committee” (Nomination Committee hereafter) that consists of three KAFA members (i.e., president, president-elect, and immediate former president). Nomination Committee can nominate up to three candidates from KAFA life-time members. The nominated candidates are required to submit their review materials such as curriculum vitae and relevant publications to the Nomination Committee before a specified date announced in the KAFA Newsletter.

Selection Procedure

The “KAFA Award Nomination Committee” will forward the names of nominated candidates and their supporting materials to the “KAFA Award Selection Committee” (Selection Committee hereafter) for the selection of the final award recipient. Selection Committee that consists of three KAFA members (including former KAFA presidents and past FN-KAFA Eminent Scholar Awardees)* will review nominees’ research credentials and select a single award recipient on the basis of the nominee’s scholarly achievements and research contribution to the literature based on their published and forthcoming papers in internationally recognized journals prior to the award date. Selection Committee may request nominees to provide additional information. The recipient of this honor is required to receive the award in person at the KAFA annual meeting.

Monetary Award

There will be a prize of **\$2,500** along with an award plaque.

* Two former KAFA presidents and no more than two past awardees will serve as members of the Committee.

3. Call for the 6th Financial News & KAFA Top-Journal Paper Award

If you have papers published or accepted for the top three journals; *Journal of Finance*, *Journal of Financial Economics*, or *Review of Financial Studies*, during the period of September 2014 through August 2015, please provide us with the following information for the consideration of this award. The author of the selected paper will be awarded a cash grant of \$2,500 along with a plaque by the representative of Financial News at the annual KAFA banquet during the 2015 FMA Meetings.

4. Call for the 6th Financial News & KAFA Doctoral Student Dissertation Award

If you are currently doctoral student (ABD status), please submit your dissertation for the

consideration of this award. One or two dissertations will be selected for the awards. Each author will be awarded a cash grant of \$1,500 along with a plaque by the representative of Financial News at the annual KAFA banquet during the 2015 FMA Meetings.

5. Call for the 6th Shinhan Bank & KAFA Best Paper Award

The KAFA and Shinhan Bank jointly announce that they will select the best research paper/proposal in the all areas of finance written by KAFA members. The author(s) of selected paper/proposal will be awarded a cash grant of \$2,500 along with a plaque by the representative of Shinhan Bank at the annual KAFA banquet during the 2015 FMA Meetings.

6. Shinhan Bank and KAFA Scholarship for Ph.D. students

Ph.D. students, who present a paper at the annual 2015 FMA meeting, will be awarded a scholarship of \$500 for research support. Please submit your information including name, affiliation, and accepted paper to the secretary general by August 15, 2015. (kimjm@business.rutgers.edu)

**** Required information for the Awards:**

- ✓ Title of the Paper, Author(s) (names, affiliations, phones, e-mails), Name of the Journal Issue Date, Volume, and Page Numbers (if published), Copy of the Acceptance Letter (if accepted but not yet published), and Electronic Copy of the Paper
- ✓ Submission Deadline: August 15, 2015
- ✓ Submit materials to: Professor Chan Wung Kim, President (ChanWung_Kim@uml.edu)
- ✓ All award winners should attend the annual meeting to receive monetary awards.

IV. Member News

1. Publication

Following is a list of recent publications by KAFA members. Only those provided to the KAFA office by the authors and the paper published or accepted in year 2013 are listed here.

- Jongmoo Jay Choi, Connie X. Mao, and Arun Upadhyay, “Earnings management and derivatives use with fair value accounting: Evidence on the effects of FAS 133,” *The Accounting Review*, forthcoming 2015.
- Jongmoo Jay Choi, Sangmook Lee, and Amir Shoham, “The effects of institutional distance on FDI inflow: General environmental institutions (GEI) and minority investor protection institutions (MIP),” *International Business Review*, forthcoming 2015.
- Jongmoo Jay Choi, Cao Jiang, and Oded Shenkar, “The quality of local government and firm performance: The case of China’s provinces,” *Management and Organization Review*, conditionally accepted.
- Jongmoo Jay Choi, James Landi, and Takato Hiraki, “The value of multinationality and business group for Japanese firms,” *Journal of Corporate Finance*, December 2014, 29,

88-110.

- Kenneth A Kim of the State University of New York at Buffalo and Suk H. Kim of the University of Detroit Mercy coauthored a textbook, *Global Corporate Finance*, 2nd edition, Singapore: World Scientific Publishing, 2015.
- Seoyoung Kim, "Credit Spreads with Dynamic Debt," *Journal of Banking and Finance*, forthcoming.
- Seoyoung Kim, Sanjiv Das, and Meir Statman "Coming up Short: Managing Underfunded Portfolios in a LDI-BPT Framework," *Journal of Portfolio Management*, forthcoming.
- Woojin Kim and Hyojung Lee, "Debt and Taxes: Evidence from Foreign vs. Domestic Subsidiaries in an Emerging Market," Feb. 2015, *Asia-Pacific Journal of Financial Studies*, forthcoming.
- Woojin Kim, Min-Su Kim, and Dong Wook Lee, "Stock Return Commonality within Business Groups: Fundamentals or Sentiment?" with, Jan. 2015, *Pacific-Basin Finance Journal*, forthcoming.
- Yong H. Kim, C. Eom, J. Park, and T. Kaizoji, "Effects of the Market Factor on Portfolio Diversification: The Case of Market Crashes" *Investment Analysts Journal*, 44 (1), 2015, 71-83.
- Hyuna Park, "Emerging Market Hedge Funds in the United States," *Emerging Markets Review*, 22, Mar 2015, 25-42.
- Hyuna Park, George Aragon, Bing Liang, "Onshore and Offshore Hedge Funds: Are They Twins?" *Management Science*, 60(1), 2014, 74-91.
- Hyuna Park, "Does Factor Timing Explain Hedge Fund Alpha?" *Journal of Investment Management*, 12(2), 2014, 40-64.
- S. Ghon Rhee, Yangyang Chen, Cameron Truong, and Madhu Veeraraghavan, 2015, National Culture and Cash Holdings in International Markets, *Journal of Banking and Finance* 50(1), 1-18.
- S. Ghon Rhee, Yangyang Chen, Edward J. Podolski, and Madhu Veeraraghavan, 2014, Local Gambling Preferences and Corporate Innovative Success, *Journal of Financial and Quantitative Analysis* 49(1), 77-106.

2. New Position/ Promotion/ Awards

➤ New Position:

- Joonki Noh, PhD candidate at Emory University, will start working as an assistant professor at Case Western Reserve University in Fall 2015.

➤ Professorship, Award & Recognition:

- Professor Yong H. Kim has been invited to serve as the editor of 2016 Special issue on "Corporate Finance in the Global Economy -- Value Creation via Innovations," *Asia-Pacific Journal of Financial Studies*.
- Professor S. Ghon Rhee was elected as president of the Asian Finance Association in

July 2014 for a two-year term.

- Professor Seoyoung Kim received the GARP Risk Management research grant/award in the amount of \$15,000 for the following paper: "The Design of Structured Finance Vehicles" (working paper with Sanjiv Das).

3. In Memoriam: Dr. Bong-Soo Lee

Bong-Soo Lee passed away on March 6, 2015. He was born in Jinchon, South Korea and was raised in Seoul by his parents, Hee-Tae and Hwa-Soo Lee. He graduated from Seoul National University in 1975 and worked for the Ministry of Government Administration and the Ministry of Finance in Korea as a Deputy Director for seven years. In 1981, he decided to immigrate to the U.S. to further his education and provide a better opportunity for his family. He received his masters in Economics from Washington State University and then earned his Ph.D. in Economics from the University of Minnesota, under the advisory of future Nobel Prize recipient, Christopher Sims. He has dedicated his entire career to academia as a professor of Finance at Iowa State University, University of Minnesota, University of Houston and eventually Florida State University as the Patty Hill Smith Eminent Scholar Chair in Finance. He also served as Dean of the KAIST Graduate School of Finance in Seoul, Korea from 2006-2007. His passion for research was exemplified by his ability to publish over 94 articles in refereed finance journals and to serve as Editor for various journals such as the Financial Review, Pacific-Basin Finance Journal, Journal of Economic Development and numerous others. Outside of his academic passions, he served as the Chair of the pastoral council at St. Andrew Kim church in Houston, TX, President of the Korea America Finance Association and President of the Korea America Economic Association. He enjoyed fishing, hiking and ice skating in his free time. He is survived by his two sons, Chris and Paul Lee.

On behalf of the members of KAFA, Prof. Jung Chul Park at Auburn University attended Dr. Bong-Soo Lee's funeral.

V. Other Announcement

1. Seoul National University will host 2015 FMA Asia/Pacific Meeting between June 23 and 25, 2015.
2. Call for papers for *Asia-Pacific Journal of Financial Studies* 2016 Special Issue on "Corporate Finance in the Global Economy -- Value Creation via Innovations," Up to eight papers will be selected for the Special Issue and US\$ 1,000 (or 1,000,000 KRW) award will be granted to each selected paper. Call for Papers will be announced in detail by AJFS with the following timeline: submission deadline of August 31, 2015 and review process completion date of December 31, 2015. Publication date is expected to be April 2016.

3. KAFA website (www.k-afa.org) will be updated including KAFA news, membership, and members' activities. Please be patient with the update as we are in transition. Also, please give your suggestions or comments to the Secretary General (kimjm@business.rutgers.edu).
4. We need more active participation of currently inactive finance professors and/or Ph.D. students for KAFA involvement. We strongly encourage you to introduce KAFA to your colleagues for their new membership.
 - Please pay your annual membership dues, or preferably, be a life- time member by paying one time due of just \$300, mailed to: Ha-Chin Yi, Texas State University hy11@txstate.edu

KAFA Officers and Executive Board 2015

<input type="checkbox"/> President	ChanWung Kim, University of Massachusetts Lowell
<input type="checkbox"/> President-Elect	Saeyoung Chang, University of Nevada, Las Vegas
<input type="checkbox"/> Vice President	Hyun Han Shin, Yonsei University
<input type="checkbox"/> Secretary General	Jin-Mo Kim, Rutgers University
<input type="checkbox"/> Secretary General KAFA Korea	Woojin Kim, Seoul National University
<input type="checkbox"/> Treasurer	Ha-Chin Yi, Texas State University
<input type="checkbox"/> Executive Board	Sahn Wook Huh (2015), SUNY Buffalo Kenneth Kim (2015), SUNY Buffalo H. Young Baek (2017), Nova Southeastern University Jung Chul Park (2017), Auburn University Hyuna Park (2017), Minnesota State University-Mankato
Advisory Board	All previous presidents

CALL FOR PAPERS
The Political Economy of Chinese Finance

VOLUME EDITORS

J. Jay Choi, Temple University, USA
Michael R. Powers, Tsinghua University, China
Xiaotian Tina Zhang, Saint Mary's College of California, USA

This edited book is scheduled as volume 17 of *International Financial Review* (IFR), an annual book series. IFR publishes theme-oriented edited volumes on various issues in international finance, including global dimensions of financial economics, accounting and strategy. IFR is indexed by AERES (France), EconLit, Scopus, ProQuest, EBSCO, Thomson Reuters' Book Citation Index, and others.

ABOUT THE NEW VOLUME:

Despite the broad acceptance of the market paradigm in mainstream economics and finance, there remains an ongoing debate pertaining to the proper role of government in addressing market failures and imperfections. Conversely, state-directed command economies such as China's have transitioned to a market economy, but remain under significant central control and influence. In China, the role of government is still pervasive, from state-owned or partially privatized firms, to regulation of the financial sector, to supervision through political and legal institutions. The emergence of China as a global economic power provides added interest to the questions of how state-based Chinese firms and markets operate and how they behave differently from those of market-based industrial economies.

In this volume, we welcome original manuscripts on a variety of issues relating to the political economy of Chinese finance, including (but not limited to):

- The pattern of government ownership and control of Chinese firms
- The role of government in corporate governance of industrial and financial firms
- The interaction of culture, law and institutions in Chinese governance systems
- Corporate social responsibility, stakeholders and sustainable growth
- The effect of political connections on corporate performance and society
- Privatization, IPOs, exchange listing and firm valuation
- The role of government in banking and financial markets
- Practice of corporate risk management and insurance
- Foreign-exchange policy and its effect on firms and markets
- Foreign direct and portfolio investments in China
- International investments and operations of Chinese firms
- Chinese economic relations with the US and other countries

SUBMISSION PROCEDURE:

We invite the submission of original research papers in all modalities: theoretical, empirical, institutional or policy-oriented. Interested authors are encouraged to submit completed papers electronically (in Microsoft Word) via email to all three co-editors as early as possible, but no later than **August 15, 2015**:

J. Jay Choi, Temple University (jjchoi@temple.edu)
Michael R. Powers, Tsinghua University (powers@sem.tsinghua.edu.cn)
Xiaotian Tina Zhang, Saint Mary's College of California (xz4@stmarys-ca.edu)

THE KOREA-AMERICA FINANCE ASSOCIATION (KAFA)

Renewal/Application for 2015-2016 Membership

Name: _____
Last First

Education:

Undergraduate _____
School Degree Year

Graduate _____
School Degree Year

Graduate _____
School Degree Year

Current Position:

Title: _____

Affiliation: _____

Address: _____
City State Zip

Office Phone:() _____ Fax:() _____

E-mail Address:

Home Address: _____
City State Zip

Home Phone: _____ Other Phone: _____

Fields of Specialization in Finance:

1. _____ 2. _____

Annual Membership Dues:

- () \$30; Regular and Guest Member () \$20; Associate Member Ph.D Student
() \$300 Lifetime Member

<Please send the UPPER portion of this form and your check (payable to KAFA) to:
Dr. Ha-Chin Yi, McCoy College of Business Administration, Texas State University, San Marcos, TX 78748, or fax
it to (512) 245-3089, phone: (512) 245-3251 or e-mail to "kafa.treasurer@gmail.com">

<Keep this LOWER portion for your record.>

RECEIPT OF KAFA MEMBERSHIP DUES

I have paid KAFA annual membership dues for the year of 2013 - 2014 on _____:

- () \$30; Regular and Guest Member () \$20; Associate Member
() \$300; Lifetime Member