



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

2018 Fall

President's Message

Dear KAFA Members, Friends, and Supporters:



First of all, I am excited to announce that Professor Peter Chung at the University of California at Riverside has been elected as president-elect, who will join our next president, Professor Sahn-Wook Huh at the University at Buffalo, in serving KAFA beginning this October. Also please join me in welcoming our new executive officers and board members: As Vice President in Korea, Professor Woo-Jin Kim at Seoul National University and board members – including Professors Chulhee Jun at Bloomsburg University of Pennsylvania, Jaemin Kim at San Diego State University, and Hayong Yun at Michigan State University. I should also mention my appreciation for invaluable contributions by our outgoing officer: Vice President Joong-Hyuk Kim at Korea University.

Thanks to the continued financial support from Financial News (FN) and Shinhan Bank (SHB), we continue to recognize KAFA members' outstanding scholarly achievements through various awards, including the FN-KAFA Eminent Scholar Award, SHB-KAFA Young Scholar Award, FN-KAFA Top-Journal Paper Award, SHB-KAFA Best Paper Award, FN-KAFA Doctoral Student Dissertation Award, and Dr. Bong-Soo Lee memorial student Scholarship. On behalf of KAFA, I congratulate all award recipients. I would like to thank Professors Kee-Ho Chung at the University at Buffalo, Saeyoung Chang at UNLV, Jun-Koo Kang at Nanyang Technology University, and Soku Byoun at Baylor University (Chair) for serving with me on the KAFA Award Selection Committee.

Our KAFA members joined the 25th anniversary Joint Conference with Allied Korea Finance Associations (KFAs) on Friday and Saturday, May 27, 28, last summer, presenting their papers. In particular, Professor Yong H. Kim gave a speech as Founder at this memorable event in Cheon-An, Korea. I would like to give a big thanks to Professor Yong H. Kim for his continued dedication

and service to KAFKA that he has shown all these years. Further, some members participated in the joint symposium with the Korean Institute of Finance (KIF) which graciously supported this annual event.

KAFKA continues to offer two Korean and Asian sessions at this year's FMA meetings. I appreciate Professor Sahn-Wook Huh and the review committee for organizing the two special sessions. Your participation in these sessions by KAFKA members is essential for us to continue to keep the special KAFKA sessions in future FMA meetings. The details of these sessions can be found in this newsletter. Especially, we have launched a new symposium, affiliated with the Bank of Korea Economic Research Institute and the Korea Institute of Finance (KIF), to which researchers at these prestigious organizations contribute their papers. We send our warmest thanks to Dr. Wook Sohn (Director General at BOK ERI) and Dr. Sangho Sohn (President of KIF) for the memorable visits. I sincerely encourage our members to participate and exchange the research ideas in the new sessions, called "BOK-KIF-KAFKA" symposium.

In December, selected KAFKA members will participate in the annual conference on Asia-Pacific Financial Markets (CAFPM) Conference and a joint seminar with KCMI in Seoul. I appreciate KAFKA members' continued interest and support for this collaboration with the Korean Securities Association (KSA) and KCMI.

Many KAFKA members have been instrumental in organizing the conferences including Professors Sahn-Wook Huh, Jung Chul Park, H. Young Baek, Joong-Hyuk Kim, and Noolee Kim. I appreciate their time and efforts very much. I also thank the KAFKA members who attended the conference in various capacities. The conferences would not have been successful without their participation and dedication.

Finally, I encourage all KAFKA members to attend the annual business and dinner meetings scheduled for Friday (October 12th). I thank the Korea Institute of Finance (KIF) for sponsoring the KAFKA dinner meeting.

It has been an honor to serve KAFKA as president for the past year. I would like to express my sincere gratitude and appreciation to Professors Sahn-Wook Huh, Jung Chul Park, and H. Young Baek who have worked tirelessly as a team. I know that KAFKA will keep flourishing in their able hands.

I look forward to seeing you all in San Diego.

Best regards,



Yoon K Choi
2018 KAFKA President
University of Central Florida

I. Recent KAFKA Activities

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

The annual joint conference was held on May 30, 2018 at the Korea Federation of Banks building in Seoul under the title of Household Debt and Economic Policies. KAEA and two KAFKA members presented papers. The following KAFKA members presented their work:

- **Kee-Hong Bae**, Does competition affect ratings quality?
- **Hugh H. Kim**, Economic policy uncertainty and bank liquidity creation

2. The Joint Conference with Allied Korea Finance Associations (KFAs)

On May 25-26, 2018, the following KAFKA members presented their papers at the 2018 Joint Korea Finance Conference in Cheon-An, Korea:

- **Daewoong Choi**, Another movie of being a good corporate citizen: Evidence from securities class action lawsuits
- **Jaewon Choi**, Anomalies and market (dis)integration
- **Seung-Oh Han**, What does the prevalence of zero returns tell us? Evidence from U.S. treasury securities
- **Jae Yung Kim**, Where have all the public companies gone?
- **Young Sang Kim**, Real activity management in the presence of labor unions: An empirical study using firm level union data
- **Unyong Pyo**, CEO compensation and employee wages

3. Joint Seminar with Korea Capital Market Institute (KCMI)

The annual joint conference was held on December 11, 2017 at the KCMI in Seoul under the title of Human Capital, Innovation and Financial Market. Three KAFKA members presented papers.

- **Kee-Hong Bae**, Does the stock market benefit the economy?
- **Hoje Jo**, Employee-friendly practices, R&D investments, and firm value
- **Seungjoon Oh**, Patent litigation and innovation competition

II. 2018 Awards Recipients

We are pleased to announce the recipients of the annual awards for 2017-2018. Congratulations to all award winners. All recipients must attend the annual meeting to receive the awards.

1. The Financial News-KAFKA Eminent Scholar Award

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

Winner: Professor Kee-Hong Bae, York University

2. The Shinhan Bank-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.

Winner: Professor Yeejin Jang, University of New South Wales

3. The 12th Financial News & KAFA Top-Journal Paper Award

Winner: Professor Joonki Noh, Case Western Reserve University, “Empirical Tests of Asset Pricing Models with Individual Assets: Resolving the Errors-in-Variables Bias in Risk Premium Estimation,” (co-authored with N. Jegadeesh, K. Pukthuanthong, R. Roll, and J. Wang), 2018, *Journal of Financial Economics*, forthcoming.

4. Dr. Bong-Soo Lee Memorial Scholarship

Co-winners:

Seung-Oh Han, University (SUNY) at Buffalo

Suin Lee, University of South Florida

5. The 12th Financial News & KAFA Doctoral Student Dissertation Awards:

Co-winners:

Seungho Choi, University of New South Wales, “Does Bank Competition Increase Bank Liquidity Creation? A State-level Perspective.”

Suk Won Lee, University of Southern California, “Disaster in My Heart - A Visceral Explanation for Some Asset Pricing Puzzles.”

6. The 12th Shinhan Bank & KAFA Best Paper Award:

Winner: Professor Sahn-Wook Huh, University (SUNY) at Buffalo, “High-Frequency Measures of Informed Trading and Corporate Announcements,” (co-authored with Michael Brennan and Avaniidhar Subrahmanyam), 2018, *Review of Financial Studies* 31, 2326-2376.

7. Shinhan Bank & KAFA Scholarship for Ph.D. students

Congratulations! The following PhD students who are presenting papers at the FMA conference are selected for the Shinhan Bank scholarship:

Jinwook Hong (University of Texas El Paso)

Jiho Kwon (Korea University)

Seunghyup Lee (Harvard University)

Woongki Lee (Korea University)
Yoonsoo Nam (Washington State University)

III. KAFA News

1. KAFA New Officers

- New President-Elect: Prof. **Peter Chung**, University of California, Riverside
- New Vice President: Prof. **Woojin Kim**, Seoul National University
- Executive Board Member: Prof. **Chulhee Jun**, Bloomsburg University of Pennsylvania
- Executive Board Member: Prof. **Jaemin Kim**, San Diego State University
- Executive Board Member: Prof. **Hayong Yun**, Michigan State University

2. Two KAFA-FMA special sessions at the 2018 FMA annual meeting in San Diego

We appreciate Professor Sahn-Wook Huh, President-Elect, organizing two special sessions in the 2018 FMA meeting. **All KAFA members are strongly encouraged to attend the following two sessions (KAFA-BOK and KAFA-KIF).**

- **Korea America Finance Association and Bank of Korea Special Session**



Friday, October 12, 8:30 am - 10:00 am (Aqua AB, Hilton San Diego Bayfront)

Moderator:

Yoon K Choi, President, Korea America Finance Association, University of Central Florida

Presentation:

- Sung Ho Park, Bank of Korea, “Fixed-Rate Loans and the Effectiveness of Monetary Policy.”
 - Youngjin Yun, Bank of Korea, “Cross-Border Bank Flows through Foreign Branches: Evidence from Korea.”
 - Soohyon Kim, Bank of Korea, “New Phase in Capital Flows: Evidence from the South Korean Bond Market.”
- **Korea America Finance Association and Korea Institute of Finance Special Session**



Friday, October 12, 10:15 am - 11:45 am (Aqua AB, Hilton San Diego Bayfront)

Moderator:

Sahn-Wook Huh, President-Elect, Korea America Finance Association, University at Buffalo SUNY

Presentation:

- Seok Ki Kim, Korea Institute of Finance, “Size-dependent Regulations and Financial Friction in Incomplete Markets.”
- Tao Shu, University of Georgia, “Is the Chinese Corporate Anti-Corruption Campaign Authentic?”
- Sung C. Bae, Bowling Green State University, “Corporate Diversification, Sales Growth, and Capital Market Development: Cross-Country Evidence.”

IV. KAFA Board and Annual Business Meeting/Dinner

1. KAFA Executive Board Meeting

When: 3:00 – 5:00 p.m., Friday, October 12, 2018

Where: Cobalt 500, Hilton San Diego Bayfront



KAFA Officers and Executive Board 2018

| | |
|--|---|
| <input type="checkbox"/> President <input type="checkbox"/> President-Elect <input type="checkbox"/> Vice President <input type="checkbox"/> Secretary General <input type="checkbox"/> Secretary General KAFA Korea <input type="checkbox"/> Treasurer <input type="checkbox"/> Executive Board | <p>Sahn-Wook Huh, University (SUNY) at Buffalo Peter Chung, University of California, Riverside Woojin Kim, Seoul National University Jung Chul Park, University of South Florida Noolee Kim, Hanyang University Young Baek, Nova Southeastern University</p> <p>Sam Y. Chung (2019), Long Island University Won Yong Kim (2019), Augsburg University Young Sang Kim (2019), Northern Kentucky University Ji-woong Chung (2020), Korea University Jongsub Lee (2020), University of Florida Hyuna Park (2020), Brooklyn College - CUNY Chulhee Jun (2021), Bloomsburg University of PA Jaemin Kim (2021), San Diego State University Hayong Yun (2021), Michigan State University</p> <p>Advisory Board</p> <p>All previous presidents</p> |
|--|---|

2. Annual Business Meeting

When: 5:30-6:45 p.m., Friday, October 12, 2018

Where: Aqua AB, Hilton San Diego Bayfront

3. KAFA Annual Dinner Meeting

We are grateful to the **Korea Institute of Finance (KIF)** for sponsoring the KAFA Annual Dinner Meeting.



When: 7:30-10:00 p.m., Friday, October 12, 2018

Where: Buga Korean Barbecue Restaurant
5580 Clairemont Mesa Blvd
San Diego, CA 92117
Phone: 858-560-1010

Transportation: Bus (about 30 minute drive from the conference hotel).

- Hotel to restaurant: 7:00pm
- Restaurant to Hotel (two times): 9:00pm and 10:00pm

V. Member News

1. Publications

Following is a list of recent publications by KAFA members. Only those provided to the KAFA office by the authors are listed here.

- **Sung C. Bae, Kiyong Chang, and Ha-Chin Yi**, “Are More Corporate Social Investments Better? Evidence of Non-Linearity Effect on Costs of U.S. Bank Loans,” 2018, *Global Finance Journal*, forthcoming.
- **Sung C. Bae**, “Currency Derivatives for Hedging: New Evidence on Determinants, Firm Risk, and Performance,” (co-authored with Hyeon Sook Kim and Taek Ho Kwon), 2018, *Journal of Futures Markets* 38, 446-467.
- **Sung C. Bae**, “Managing Exchange Rate Exposure with Hedging Activities: New Approach and Evidence,” (co-authored with Taek Ho Kwon and Rae Soo Park), 2018, *International Review of Economics and Finance* 53, 133-150.

- **Sung C. Bae**, “Idiosyncratic Volatility and Cash Flow Volatility: New Evidence from S&P 500,” (co-authored with Yuntaek Pae and Namhoon Lee), 2018, *International Review of Financial Analysis* 56, 127-135.
- **Sung C. Bae, Kiyoung Chang, and Ha-Chin Yi**, “Corporate Social Responsibility, Credit Rating, and Private Debt Contracting: New Evidence from Syndicated Loan Market,” 2018, *Review of Quantitative Finance and Accounting* 50, 261-299.
- **Sung C. Bae**, “The Determinants of Foreign Currency Debt Financing: Borrower Incentives or Lender Incentives?” (co-authored with Hyeon Sook Kim and Taek Ho Kwon), 2017, *Asia-Pacific Journal of Financial Studies* 46, 824-852.
- **Kiyoung Chang and Ha-Chin Yi**, “Does Geographic Proximity Change the Passiveness of Institutional Investors?” (co-authored with Ying Li), 2018, *International Review of Finance*, forthcoming.
- **Kiyoung Chang and Hyeongsop Shim**, “CEO duality and firm performance: Does Economic Policy Uncertainty Mediate the Relation?” (co-authored with Junyoup Lee), 2018, *International Review of Finance*, forthcoming.
- **Kiyoung Chang**, “Political Affiliation and Pay Slice: Do Blue CEOs Demand Less Green?” (co-authored with Richard Borghesi), 2018, *International Review of Finance* 18, 453-461.
- **Jongmoo Jay Choi**, “Flexibility as Firm Driver: Evidence from Offshore Outsourcing,” (co-authored with Ming Ju, Masaaki Kotabe, Lenos Trigeorgis and Xiotian Tina Zhang), 2018, *Global Strategy Journal* 8, 351-376.
- **Jongmoo Jay Choi**, “Business Group and Corporate Social Responsibility,” (co-authored with Hoje Jo, Jimi Kim and Moo Sung Kim), 2018, *Journal of Business Ethics*, forthcoming.
- **Kee H. Chung**, “Volatility and the Cross-Section of Corporate Bond Returns,” (co-authored with Junbo Wang, and Chunchi Wu), 2018, *Journal of Financial Economics*, forthcoming.
- **Kee H. Chung**, “Market Volatility and Stock Returns: The Role of Liquidity Providers,” (co-authored with Chairat Chuwanganant), 2018, *Journal of Financial Markets* 37, 17-34. Listed as one of the most downloaded articles from *Journal of Financial Markets* in the last 90 days: <https://www.journals.elsevier.com/journal-of-financial-markets/most-downloaded-articles>.
- **Jun-Koo Kang**, “Executive Stock Ownership Guidelines and Debtholder Wealth,” (co-authored with Limin Xu), 2018, *The Accounting Review*, forthcoming.

- **E. Han Kim**, “Labor Representation in Governance as an Insurance Mechanism,” (co-authored with Ernst Maug and Christoph Schneider), 2018, *Review of Finance* 22, 1251-1289. Lead Article.
- **E. Han Kim**, “Executive Suite Independence: Is It Related to Board Independence?” (co-authored with Yao Lu), 2018, *Management Science* 64, 1015-1033.
- **E. Han Kim**, “Does Independent Directors’ CEO Experience Matter?” (co-authored with Shinwoo Kang and Yao Lu), 2018, *Review of Finance* 22, 905-949.
- **Woojin Kim**, “Default Probabilities and Interest Expenses of Privately Held Firms,” (co-authored with Jin-Chuan Duan, Baeho Kim, and Donghwa Shin), 2018, *Journal of Banking and Finance* 94, 235-250.
- **Sang Mook Lee**, “Do LGBT-Supportive Corporate Policies Improve Credit Rating? An Instrumental-Variable Analysis,” (co-authored with Pornsit Jiraporn, Pandej Chintrakam, and Sirimon Treepongkaruna), 2018, *Journal of Business Ethics*, forthcoming.
- **Sang Mook Lee**, “Impact of the Female Board Members and Gaps in Linguistic Gender Marking on Cross-Border M&A,” (co-authored with Ofra Shoham Bazal, Michael J. Rivera, and Amir Shoham), 2018, *Journal of World Business*, forthcoming.
- **Sang Mook Lee**, “Encouraging Environmental Sustainability through Gender: A Micro-Foundational Approach Using Linguistic Gender Marking,” (co-authored with Amir Shoham, Tamar Almor, and Mohammad Faisal Ahammad), 2018, *Journal of Organizational Behavior* 38, 1356-1379. Recipient of 2017 Journal of Organizational Behavior (JOB) Best Paper Runner-Up Award.
- **Joonki Noh**, “Empirical Tests of Asset Pricing Models with Individual Assets: Resolving the Errors-in-Variables Bias in Risk Premium Estimation,” (co-authored with N. Jegadeesh, K. Pukthuanthong, R. Roll, and J. Wang), 2018, *Journal of Financial Economics*, forthcoming.
- **Jung Chul Park**, “CEO Career Horizon, Corporate Governance, and Real Options: The Role of Economic Short-Termism” (co-authored with Joon Mahn Lee and Timothy Folta), 2018, *Strategic Management Journal*, forthcoming. Included in the Academy of Management Best Paper Proceedings.
- **Jung Chul Park**, “Policy Uncertainty and the Dual Role of Corporate Political Strategies” (co-authored with Chansog Kim, Incheol Kim, and Christos Pantzalis), 2018, *Financial Management*, forthcoming.
- **Jung Chul Park**, “Corporate Political Strategies and Return Predictability” (co-authored with Chansog Kim, Incheol Kim, and Christos Pantzalis), 2018, *Financial Analysts Journal*, forthcoming.

- **Jung Chul Park**, “Heterogeneity in the Effect of Managerial Equity Incentives on Firm Value” (co-authored with Bradley W. Benson and Hui L. James), 2018, *Financial Review*, forthcoming.
- **Jung Chul Park**, “Investor Sentiment and Aggregate Stock Returns” (co-authored with Cedric Mbanga and Ali Darrat), 2018, *Review of Quantitative Finance and Accounting*, forthcoming.

2. New Positions / Promotions / Awards

Promotions

- In the fall of 2018, Professor **Jaewon Choi** was promoted to an Associate Professor with tenure at the University of Illinois at Urbana-Champaign.

New Positions

- In the fall of 2018, Prof. **Chulhee Jun** moved from the University of Macau to Bloomsburg University of Pennsylvania as an Assistant Professor of Finance.
- In the fall of 2018, Prof. **Jongsub Lee** moved from the University of Florida to Seoul National University as an Associate Professor of Finance.

VI. Other Announcement

1. 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 (jpark5@usf.edu).
2. 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: Young Baek, Nova Southeastern University (hybaek@nova.edu).

Membership Application

Full Name: _____
Last First Middle

Education:

Undergraduate _____
School Degree Year

Graduate _____
School Degree Year

Graduate _____
School Degree Year

Current Position:

Title: _____

Affiliation: _____

Address: _____
Street City State Zip

Phone: () _____ - _____ Phone Type: Home (), Mobile (), Office ()

E-mail Address: _____ *A receipt and future KAFA communications will be emailed to this address.*

Fields of Specialization in Finance:

1. _____ 2. _____

Membership Dues (Check One):

() \$300 Lifetime Member () \$30 One-year Member () \$20 Associate Member

Optional information

Home Address: _____
Street City State Zip

Phone 2: () _____ Phone 3: () _____

Please send this form and a check (*payable to KAFA*) to: Dr. H. Young Baek (백형기)
 446 Conservation Drive
 Weston, FL 33327

For questions/comments, please contact KAFA Treasurer Dr. H. Young Baek (백형기)
 Mobile: 954-770-7222
 Email: hybaek@nova.edu