

## **Behavioural Finance Working Group Conference Programme**

**Date: 23-24 June 2014**

### **Venue:**

School of Business and Management, Queen Mary University of London  
Mile End Road London, E1 4NS

### **Keynote Speakers:**

Alok Kumar, University of Miami, USA  
Russell Craig, Victoria University, Australia

### **Practitioners' Round Table**

Sponsored by CFA UK

### **Special Issue: European Journal of Finance**

#### **Best Paper Awards**

Best Quantitative Paper Award: European Journal of Finance  
Best Qualitative Paper Award: Qualitative Research in Financial Markets

#### **PhD Sponsorships**

Sponsored by ICAEW

#### **Organisers**

Gulnur Muradoglu, Queen Mary University of London  
Richard Taffler, Warwick Business School

## **Monday 23<sup>rd</sup> June**

Registration 8.30 – 9.00am (3<sup>rd</sup> Floor Foyer)

Opening of conference 9 – 9.30 am (FB3.26)

Session 1 9.30 – 11.00am

SESSION 1A: EMOTIONAL FINANCE 1 (Room FB3.23)

Chair: Tommy Gärling

### **Emotional Intelligence and risk taking in investment decision-making**

Enrico Rubaltelli, University of Padova / CERD – University of Modena and Reggio Emilia, Italy

Sergio Agnoli, University of Bologna, Italy

Michela Rancan, European University Institute, Italy

Tiziana Pozzoli, University of Padova, Italy

**Discussant:** Paweł Niszczoła

### **Neuroticism, uncertainty, and foreign investment**

Paweł Niszczoła, Department of International Finance, Poznań University of Economics, Poland

**Discussant:** Tommy Gärling

### **A Review and Conceptual Analysis of Emotions in Financial Markets**

Tommy Gärling, Center for Finance, School of Business, Economics, and Law, University of Gothenburg

Amelie Gamble, Department of Psychology and Center for Finance, School of Business, Economics, and Law, University of Gothenburg, Sweden

Darren Duxbury, Newcastle University Business School, Newcastle University

**Discussant:** Enrico Rubaltelli

SESSION 1B - INVESTMENT THEORY (Room FB3.26)

Chair: Stefanie Schraeder

### **Between Fear and Hope: Optimal Portfolio Choice in a model combining Expected Utility and Safety**

#### **First Preferences**

Richard Fairchild, School of Management, University of Bath, UK

Gulnur Muradoglu, School of Business and Management, Queen Mary University of London, UK

Xiaohua Chen, School of Management, University of Bath, UK

**Discussant:** Kim Kaivanto

### **Information Processing and Non-Bayesian Learning in Financial Markets**

Stefanie Schraeder, Universite de Lausanne and Swiss Finance Institute, Switzerland

**Discussant:** Richard Fairchild

### **Visceral Emotions and Within-Community Communication in a Behavioral Model of Financial Decision Making**

Kim Kaivanto, Department of Economics, Lancaster University, UK

**Discussant:** Stefanie Schraeder

Coffee Break

11.00 – 11.30am (3<sup>rd</sup> Floor Foyer)

SESSION 2A - INDIVIDUAL INVESTORS (Room FB3.23)

Chair: Benjamin Loos

**Retail Investor Attention and IPO Valuation**

Hugh M. J. Colaco, Aston Business School, UK  
Amedeo De Cesari, Aston Business School, UK  
Shantaram P. Hegde, University of Connecticut, USA

**Discussant:** Mor Haziza**Which Investment Behaviors Really Matter for Individual Investors**

Benjamin Loos, Goethe University, Frankfurt am Main, Germany  
Joachim Weber, Goethe University, Frankfurt am Main, Germany  
Steffen Meyer, Goethe University, Frankfurt am Main, Germany

**Discussant:** Hugh M. J. Colaco**Soft Dollar Arrangements and Investor Sophistication**

Mor Haziza, Faculty of Management, Tel Aviv University, Israel  
Avner Kalay, Faculty of Management, Tel Aviv University, Israel

**Discussant:** Benjamin LoosSESSION 2B - EXPLOITATIVE BEHAVIOUR IN FINANCE (Room FB3.26)

Chair: April Klein

**Do Hedge Funds Trade on Private Information? Evidence from Upcoming Changes in Analysts' Stock Recommendations**

April Klein, Stern School of Business, New York University & Warwick Business School, USA / UK  
Anthony Saunders, Stern School of Business, New York University, USA  
Yu Ting Forester Wong, Columbia Business School, Columbia University, USA

**Discussant:** Asad Kausar**Overconfidence and Aggressive Corporate Tax Policy**

Asad Kausar, Nanyang Technological University, Singapore  
James Chyz, University of Tennessee, USA  
Fabio Gaertner, University of Wisconsin Maddison, USA  
Luke Watson, University of Florida, USA

**Discussant:** April Klein

SESSION 2C - FINANCIAL BEHAVIOUR (Room FB3.27)

Chair: Paul Ryan

**How Biases Affect the Investment Banking Industry: The Barclays-LIBOR Case**

Enrico Maria Cervellati, University of Bologna, Luiss Guido Carli

Matteo Scialanga, Luiss Guido Carli, Italy

**Discussant:** Bin Xu

**Time-varying Managerial Overconfidence and Asymmetric Pecking Order Behaviour**

Bin Xu, Loughborough University, UK

Ali Ataullah, Loughborough University, UK

Andrew Vivian - Loughborough University, UK

**Discussant:** Paul Ryan

**Winners Curse Price Anchors and Bidder Characteristics**

Paul Ryan, University College Dublin

Claire Branigan, University College Dublin

**Discussant:** Enrico Maria Cervellati

Lunch 1.00 – 2.00 pm (3rd Floor Foyer)

Session 3 2.00 – 3.30 pm

SESSION 3A - CORPORATE BEHAVIOURAL FINANCE (Room FB3.23)

Chair: Jerry Coakley

**Acquiring the Acquirer: The Role of Target's Acquisition Experience in M&A**

Indrajeet Mohite, Henley Business School, University of Reading, UK

**Discussant:** Marion Rizov

**Perceptions of firm performance in M&A contexts**

Marion Rizov, Middlesex University Business School, UK

Keith Glaister, Warwick Business School, UK

Geoff Wood, Warwick Business School, UK

Richard Croucher, Middlesex University Business School, UK

**Discussant:** Jerry Coakley

**The Impact of Market Valuation on UK M&As**

Jerry Coakley, University of Essex, Essex Business School, UK

Heba Gazzaz, University of Essex, Essex Business School, UK

Hardy Thomas, University of Essex, Essex Business School, UK

**Discussant:** Indrajeet Mohite

SESSION 3B - INVESTOR SENTIMENT (Room FB3.26)

Chair: David-Jan Jansen

**Is there an Olympic Gold Medal Rush in the Stock Market?**

Jessica Y. Wang, Norwich Business School, University of East Anglia, UK

Raphael N. Markellos, Norwich Business School, University of East Anglia, UK

**Discussant:** Shiyang Huang

**It Hurts (Stock Prices) When Your Team is About to Lose a Soccer Match**

David-Jan Jansen, De Nederlandsche Bank, Economics and Research Division, The Netherlands

Michael Ehrmann, Bank of Canada, Ottawa, Canada

**Discussant:** Jessica Y. Wang

**Does Word of Mouth Communication Affect Trading?**

Shiyang Huang, London School of Economics, UK

**Discussant:** David-Jan Jansen

Tea Break                      3.30 – 4.00 pm (3<sup>rd</sup> Floor Foyer)

Session 4                      4.00 – 5.30 pm

SESSION 4A - EMOTIONAL FINANCE 2 (Room FB3.23)

Chair: Richard Fairchild

**Narcissism**

Yi Zhou, College of Business, Florida State University, USA

**Discussant:** Thomas van Galen

**From Behavioural to Emotional Corporate Finance: A New Research Dimension**

Richard Fairchild, School of Management, University of Bath, UK

**Discussant:** Yi Zhou

**Emotions-at-Risk: An Experimental Investigation into Emotions, Option Prices and Risk Perception**

Thomas van Galen, Luxembourg School of Finance, Luxembourg

Ronald Bosman, VU University Amsterdam, The Netherlands

Roman Kräussl, Luxembourg School of Finance, Luxembourg

**Discussant:** Richard Fairchild

SESSION 4B - INVESTMENT MANAGEMENT (Room FB3.26)

Chair: Lisa Kramer

**Past Returns, Trading Strategies and Portfolio Compositions**

Darren Duxbury, Newcastle University Business School, Newcastle University, UK

Songyao Yao, Centre for Advanced Studies in Finance, Leeds University Business School, The University of Leeds, UK

**Discussant:** Lisa Kramer

**Seasonal Asset Allocation: Evidence from Mutual Fund Flows**

Lisa Kramer, University of Toronto, Canada

Mark J. Kamstra, York University, UK

Maurice D. Levi, University of British Columbia, Canada

Russ Wermers, University of Maryland, USA

**Discussant:** Darren Duxbury

**Emotions in Investment Management**

Richard Taffler, Warwick Business School, UK

**Discussant:** Mark Stein

Keynote Speaker      5.30 – 6.30 pm (David Sizer Lecture Theatre, Ground Floor Bancroft Building)

**Professor Alok Kumar, Professor of Finance and Chair of the Finance Department, School of Business Administration, University of Miami**

Conference Dinner      6.30 – 8.30 pm (Mucci's Restaurant, next to Bancroft Building entrance)

## **Tuesday 24<sup>th</sup> June**

CFA UK Round Table 9.00 – 10.30 am (David Sizer Lecture Theatre, Ground Floor Bancroft Building)

**Moderator: Will Goodhart, Chief Executive CFA UK**

Panellists

**Dr James Clunie, Manager Jupiter Absolute Return Fund, Jupiter Asset Management**

**Paul Craven, formerly Head of European Institutional Business, Goldman Sachs Asset Management and speaker on behavioural economics**

**Dr Greg Davies, Managing Director and Head of Behavioural Investment Philosophy, Barclays Wealth**

Coffee Break 10.30 – 11.00 am (3<sup>rd</sup> Floor Foyer)

Session 5 11.00 – 12.30pm

**SESSION 5A - EMOTIONAL FINANCE 3** (Room FB3.23)

Chair: Crawford Spence

### **The fall from grace: Narcissistic leadership and emotional finance**

Mark Stein, University of Leicester, UK

**Discussant:** Crawford Spence

### **Emotional Economic Man Understanding the real work of the Fund Manager**

Crawford Spence, Warwick Business School, UK

Arman Eshraghi, University of Edinburgh Business School, UK

Richard Taffler, Warwick Business School, UK

**Discussant:** Mark Stein

**SESSION 5B - CORPORATE BEHAVIOURAL FINANCE** (Room FB3.26)

Chair: William Forbes

### **Measuring the impact pay of inequality and board size upon corporate performance**

William Forbes, School of Business and Economics, Loughborough University, UK

Michael Pogue - School of Business & Economics, Loughborough University, UK

**Discussant:** Daniel Streitz

### **Managerial Optimism and Debt Contract Design**

Daniel Streitz, Institute of Corporate Finance at Humboldt University Berlin, Germany

Tim R. Adam, Institute of Corporate Finance at Humboldt University Berlin, Germany

Valentin Burg, Institute of Corporate Finance at Humboldt University Berlin, Germany

Tobias Scheinert, Institute of Corporate Finance at Humboldt University Berlin, Germany

**Discussant:** William Forbes

SESSION 5C - FINANCIAL BEHAVIOUR (Room FB3.27)

Chair: Garo Garabediana

**Hard to Let Go! The Procyclical Effect of Memory on Financial Cycles**

Garo Garabediana, Ghent University, Belgium

**Discussant:** Rachel A. J. Pownall

**The Neural Behavior of Finance Investors**

Rachel A. J. Pownall, Maastricht University, The Netherlands

Joao Paulo Vieito, School of Business Studies, and Polytechnic Institute of Viana do Castelo, Portugal

Armando F. Rocha, Research on Artificial and Natural Intelligence (RANI) / Medical School of Sao Paulo, Brazil

Fabio T. Rocha, IPTI and Research on Artificial and Natural Intelligence (RANI), Brazil

Eduardo Massad, Medical School, Sao Paulo University, Brazil

**Discussant:** Robert P. Merrin

**Triggers and Targets: Risk-Based Affect in a Double-Hurdle Model of Retail Common Stock Trading Decisions**

Robert P. Merrin, Universidad de Cantabria

Nikos Kalogeras, Maastricht University, The Netherlands

Guillermo Maraver Tarifa, Universidad de Granada

**Discussant:** Garo Garabediana

Lunch 12.30 – 1.30 pm (3<sup>rd</sup> Floor Foyer)

Keynote Speaker 1.30 – 2.30 pm (David Sizer Lecture Theatre, Ground Floor, Bancroft Building)

**Professor Russell Craig, College of Business, Victoria University, Melbourne, Australia**

Session 6 2.30 – 4.00 pm

SESSION 6A - INDIVIDUAL INVESTORS (Room FB3.23)

Chair: Philippe Gregoire

**Peer Pressure: Does Social Interaction Explain the Disposition Effect?**

Rawley Z. Heimer, Federal Reserve Bank of Cleveland, USA

**Discussant:** Philippe Gregoire

**Negativity Bias in Attention Allocation: Retail Investors' Reaction to Stock Returns**

Tomas Reyes, Pontificia Universidad Católica de Chile, Chile

Isaac Hacamo, Kelley School of Business, Indiana University, USA

**Discussant:** Rawley Z. Heimer

**Risk tolerance and the love of money**

Philippe Gregoire, Faculte des sciences de l'administration, Universite Laval, Canada

Martin Matte-Thibault, Infrastructure Quebec, Quebec, Canada

Christian Jacques, Ecole de psychologie, Universite Laval, Canada

**Discussant:** Tomas Reyes



SESSION 6B - FINANCIAL NARRATIVES (Room FB3.26)

Chair: Arman Eshraghi

**Text-based emotion processing: identifying the dimensions of negative affect expressed in the financial media allegations and the impact on abnormal stock returns**

Andy Moniz, Rotterdam School of Management, Rotterdam, The Netherlands

Francisca De Jong - Erasmus Studio, Erasmus University, Rotterdam, The Netherlands

**Discussant:** Alexei G. Orlov

**The Golden Touch of Federal Reserve Chairmen: Evidence from Public Statements and Testimonies**

Arman Eshraghi, University of Edinburgh Business School, UK

Kristjan Thorarinsson - University of Edinburgh Business School, UK

Jens Hagendorff - University of Edinburgh Business School, UK

**Discussant:** Andy Moniz

**The Tone of Financial News and the Perceptions of Stock and CDS Traders**

Alexei G. Orlov, Radford University, USA

Michael Liebmann, Bain & Company, Germany

Dirk Neumann, University of Freiburg, Germany

**Discussant:** Arman Eshraghi

Tea Break                      4.00 – 4.30 pm (3<sup>rd</sup> Floor Foyer)

Session 7                      4.30 – 6.00 pm

SESSION 7A - EMOTIONAL FINANCE 4 (Room FB3.23)

Chair: Paul Grayson

**Emotion regulation as a de-biasing strategy**

Paul Grayson, Open University

Prof Mark Fenton-O’Creevy

Dr Ben Hardy

**Discussant:** James Byder

**Financial Services and Individual Welfare**

Fernando Lopez, Alberto Hurtado University, Chile

**Discussant:** Paul Grayson

**A History of Violence: The impact of early violence exposure on financial risk preferences**

James Byder, Department of Finance, Universidad EAFIT, Medellin, Colombia

Diego Agudelo, Department of Finance, Universidad EAFIT, Colombia

Mateo Uribe-Castro, Department of Finance, Universidad EAFIT, Colombia

**Discussant:** Fernando Lopez

SESSION 7B - EXPERIMENTAL FINANCE (Room FB3.26)

Chair: Fergus Bolger

**Effects of additional information: Experimental evidence**

Ulrich Hommel, EBS Business School, Germany

Tobias Prokesch, EBS Business School, Germany

**Discussant:** Daphne Sobolev

**Confidence-Enhanced Performance: Does it Exist and if so How Does it Work?**

Fergus Bolger, Durham University Business School, UK

Kevin Hasker, Dept. of Economics, Bilkent University, Ankara, Turkey

Zahra Murad, Dept. of Economics, Nottingham University, UK

**Discussant:** Ulrich Hommel

**Financial decision making: Effects of news valence, price trend, culture and personality**

Daphne Sobolev, University College London, UK

Bryan Chan, University College London, UK

Nigel Harvey, University College London, UK

**Discussant:** Fergus Bolger

Conference Dinner      6.00 – 8.00 pm (Mucci's Restaurant, next to Bancroft Building entrance)

## Keynote session 1: Social Biases and Investor Behavior

### Professor Alok Kumar

B.Tech (Hons), M.E, M.S, M.A, Ph.D

School of Business Administration, University of Miami, USA

Phone: 305-284-1882. E-mail: [akumar@miami.edu](mailto:akumar@miami.edu)

Home Page: <http://moya.bus.miami.edu/~akumar>

**Abstract:** Previous research in behavioral finance has established that various psychological biases affect investor behavior, corporate decisions, and broad market outcomes. Moving beyond psychology, using example from multiple economic settings, I will show that social biases such as discrimination, stereotyping, or in-group bias affect economic and financial decisions. I will also discuss the role of other social factors such as religion, politics, social interactions, etc. The key finding is that social factors have an economically meaningful impact on the behavior of households, mutual fund investors, and sell-side equity analysts. Specifically, individuals are less likely to participate in the market due to social risk; mutual fund investors are less likely to invest in funds that are managed by individuals with foreign-sounding names; and only superior female sell-side analysts enter the profession due to perceived gender discrimination.

**Bio:** Alok Kumar is Gabelli Asset Management Professor of Finance at the School of Business Administration, University of Miami. Alok studied for his MA at Yale University and his MA and PhD at Cornell University, NY. He has worked at the University of Notre Dame and the University of Texas, Austin before gaining his Cesarano Scholarship and Professorship of Finance at the University of Miami.

Alok has published extensively on various Behavioural Finance topics in leading finance journals including the Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Journal of Financial and Quantitative Analysis, Journal of Accounting and Economics, Journal of Accounting Research and Management Science. He has been a Guest Associate Editor of Management Science for the Special Issue on Behavioural Economics and Finance and a Consulting Associate Editor of Decision Sciences as well as being a Track Chair in EFA and FMA conferences.

He was awarded an Outstanding Teacher Award at the Full Time MBA Program, University of Miami and has been on the Faculty Honour Roll for Teaching Excellence at the University of Texas. He has been a consultant to various finance institutions including Commonfund Securities, Postnieks Capital Management and Oracle Corporation. His work has also been cited extensively in the media.

## Keynote session 2: Words matter

### Professor Russell Craig

B.Com (Hons), M.Com., Ph.D (*N'cle, NSW*)  
College of Business, Victoria University, Melbourne, Australia  
Phone: +61 3 9919 5986; Email: russell.craig@vu.edu.au

**Abstract:** This broad ranging presentation will reflect on 25 years' of exploration of the written and oral discourse of CEOs that I have conducted jointly with Joel Amernic, University of Toronto. I will introduce aspects of the 'close reading approach' used; and also commend the '9 Angles of Vision Approach' to textual analysis proposed by Peshkin (2009).

A case will be made that finance scholars should have a stronger appreciation of metaphor; and of how 'sense' is made of finance through metaphor. Rich examples of the 'mangling' of metaphor in finance will be presented.

Attention will then turn to whether the psycho-social make-up of a CEO can be discerned through linguistic markers; and to whether accounting is a facilitator of narcissism. Finally, results will be presented of a current study, using *DICTION* software, of linguistic markers of hubris in the *CEO-speak* of Murdoch (News), Browne (BP) and Goodwin (RBS).

**Bio:** Professor Craig is an internationally recognised scholar who has held senior academic positions at universities in Australia, United States, Canada and New Zealand.

A central concern that underlies much of Professor Craig's research is how accounting and financial reporting can be made better and more objective. His work is known for exposing the folly of accepting the measures contained in published accounting reports or in narrative accounts by CEOs, without question.

Professor Craig is the author of approximately 170 research papers, research monographs and book chapters. His two major scholarly books are *CEO-Speak: The Language of Corporate Leadership* (MQUP, 2006, with Joel Amernic); and *John Croaker: Convict Embezzler* (MUP, 2000, with John Booker).

Professor Craig's published research papers have appeared in many high quality refereed international journals in accounting and cognate fields, including *ABACUS; Accounting Auditing & Accountability Jnl; Accounting Organizations & Society; British Jnl of Industrial Relations; Critical Perspectives on Accounting; European Accounting Review; Human Relations; Jnl of Business Ethics; and the Jnl of Business Finance & Accounting*. His work has been translated into French, Portuguese and Chinese. He has a citations *h*-index of 26; and a citations *i10* index of 58.

Professor Craig is currently an editorial board member of *Accounting Auditing & Accountability Journal; Asian Review of Accounting; Issues in Accounting Education; and Accounting & Business Research*.

Professor Craig's research Interests are broad. They include financial accounting and reporting; the accountability discourse of executives; accounting history; accounting education; and accounting and labour relations.

His teaching interests include introductory financial and management accounting; financial accounting theory; and contemporary issues in accounting.

In 2000 Professor Craig was awarded the Australian National University Vice Chancellors' Award for Teaching Excellence.