Lingnan University 嶺南大學 香港 Hong Kong

LUIAS DISTINGUISHED LECTURE

by Lingnan Fellow

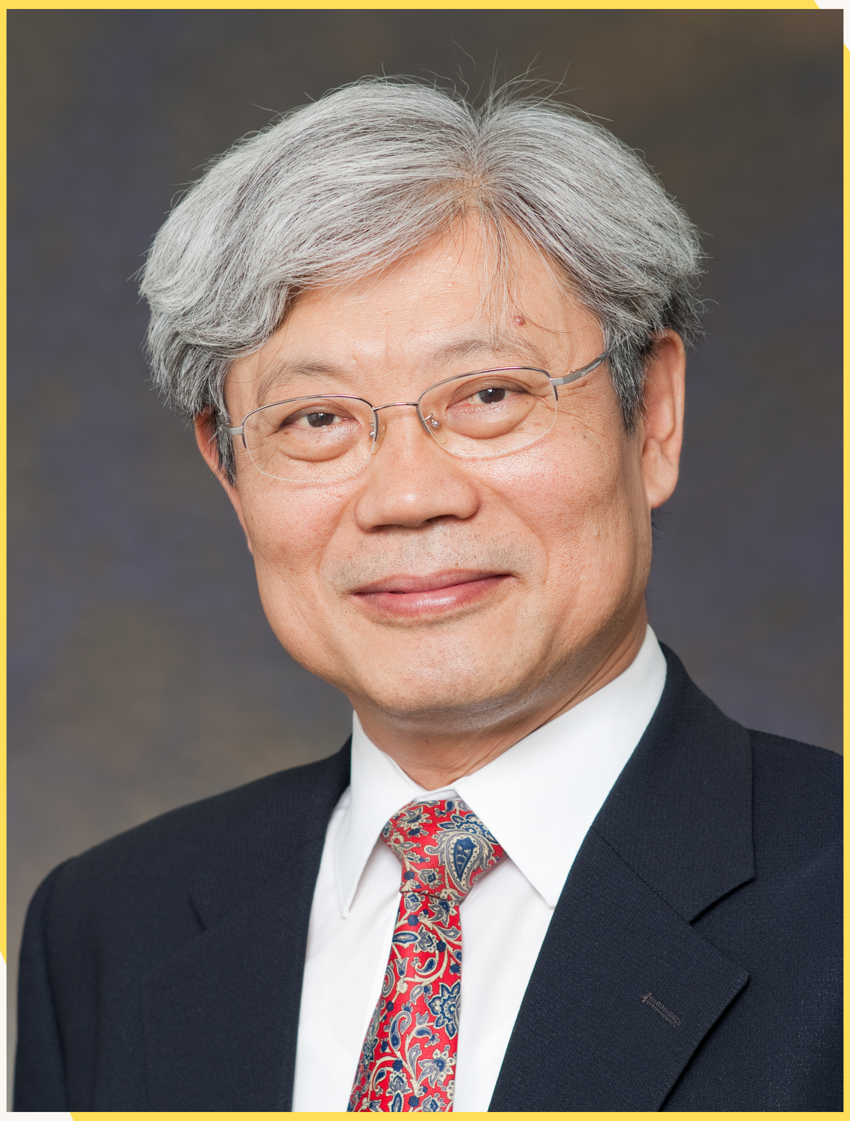
Professor Jeong-Bon KIM

Distinguished SFU Professor

Beedie School of Business, **Simon Fraser University**

Accounting Institutions, Creditor Rights Protection, and Stock Price Crash Risk

25 October 2024 **12:00~13:00** **MB G19, G/F, Patrick Lee Wan Keung Academic Building**



ABSTRACT

We first discuss about the role of accounting institutions and disclosures in the technology-based economy as well as in the capital market-based economy. We then shift our focus to a specific institutional arrangement which improves creditor rights protection. Specifically, we exploit the staggered enactment of anti-recharacterization (AR) laws that gives lenders greater access to the collateral and thus strengthens creditor rights to establish a causal relation between creditor rights protections and stock price crash risk. We find robust evidence that stock price crash risk subsides following the adoption of the AR laws. The evidence suggests that the strengthened creditor rights after the law enactment increase the borrowing firm's debt capacity and reduce the amounts of assets subjugated to corporate managers, thereby mitigating managers' incentives and abilities to hoard bad news. We also find that the negative relation is highly concentrated in firms with high reliance on bank finance, in firms with high financial constraints, and in poorly governed firms.

BIOGRAPHY

Professor Jeong-Bon Kim is a Distinguished SFU Professor at the Beedie School of Business, Simon Fraser University (SFU). He is currently a Lingnan Fellow at the Lingnan University Institute for Advanced Studies (LUIAS). Prior to joining SFU, he was Chair Professor of Accountancy, with concurrent appointment of Dean/Acting Dean of College of Business and Head of the Department of Accountancy, City University of Hong Kong (CityU). Prior to joining CityU, he was the Wadsworth Chair in Accounting and Finance, University of Waterloo where he served as the Ph.D. Program Director. Professor Kim was Honored Professor at the School of Management, Fudan University, and Distinguished Honorary Professor at the Business School, Sun Yat-sen University. Professor Kim also served as Canada Research Chair (Tier 1) in Financial Reporting and Corporate Governance at John Molson School of Business, Concordia University.

Professor Kim has published over 150 papers at leading scholarly journals out of which over 40 were published/accepted in premier journals such as TAR, JAE, JAR, CAR, RAST, JFE, JFQA, JIBS, MS and MIS-Quarterly. He served as JIBS Editor (2019-2022) for accounting area and is currently a Consulting Editor (2023-2025) for JIBS. He was Editor-in-Chief for China Journal of Accounting Research and is currently Editor for Asia-Pacific Journal of Accounting and Economics. He is serving on the Editorial Board of various journals, including CAR and AJPT. Professor Kim has placed his Ph.D./Post-doctoral students internationally at leading universities, including HEC-Paris, University of Alberta, Norwegian School of Economics, University of Ottawa, The Hong Kong Baptist University, Fudan University, Shanghai Jiatong University, Xian Jiatong University, and University of Science and Technology of China.

- This lecture is sponsored by the Lingnan University Institute for Advanced Study and co-organized by the Faculty of Business and Department of Accountancy.

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- The lecture will officially start at 12:00 at MB G19, G/F, Patrick Lee Wan Keung Academic Building, Lingnan University. Please arrive 15 minutes early.
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