Binay K Adhikari

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Education

PhD, Finance, expected May 2015
Proposal defended, May 2014
University of Alabama, Tuscaloosa, AL
Advisor: Professor Anup Agrawal

Master of Science, Finance, 2009
Auburn University, Auburn, AL

MBA, Finance, 2006
Kathmandu University, Kathmandu, Nepal

Bachelors of Business Studies, 2003
Tribhuvan University, Nepal

Academic Interests

Research: Corporate Finance, Behavioral Finance, Investments
Teaching: Corporate Finance, Investments, Spreadsheet Modeling in Finance

Working Papers

"Causal Effect of Analyst Following on Corporate Social Responsibility"
(Job Market Paper. To be presented at Auburn University (October 2014) and University of Alabama (September 2014))

"Religion, Gambling Attitudes and Corporate Innovation", with Anup Agrawal
Revise & Resubmit, *Management Science*. (Presented (to be presented) at the 2014 FIRS-Québec City (FMA) Meetings)

"Does Local Religiosity Matter for Bank Risk-Taking?", with Anup Agrawal
Under Review at *Review of Financial Studies*. (To be presented at 2014 FMA Meetings)

"Peer Influence on Dividend Policy"
(Presented at the 2013 FMA Meetings)

"Gender Differences in Corporate Financial Decisions and Performance"
(Presented at the 2012 FMA & SFA Meetings)

Work-in-Progress

"Do Women Stay out of Trouble? Evidence from Corporate Litigation", with James Malm

"Republican CEOs and Crash Risk", with Collin Gilstrap and Tara Rich

"Non-linear Relation between Implied and Realized Volatility", with Joshua Brooks

"Local Gambling Preferences and IPO Characteristics", with Ansley Chua and Tareque Nasser

Published Papers

Adhikari, B. K. & Hilliard, J. E. (2014), The VIX, VXO and Realized Volatility: A Test of Lagged and Contemporaneous Relationships, *Int. J. Financial Markets and Derivatives*, 3:3

Adhikari, B. K. & O'Leary, V. E. (2011), Gender Differences in Risk Aversion: A Developing Nation's Case, *Journal of Personal Finance*, 10:2 (Mentioned in smartmoney.com)

Professional Service

Ad-hoc referee: *Journal of Empirical Finance*

Presenter: Financial Intermediation Research Society	2014
Program Committee Member: Eastern Finance Association	2013
Program Committee Member, Presenter, Session Chair: FMA	2013
Presenter: Southern Finance Association	2012, 2010
Presenter: Financial Management Association	2012
Discussant & Session Chair: Eastern Finance Association	2011

Teaching Experience

UNIVERSITY OF ALABAMA
Instructor, FI 410: Intermediate Financial Management
Summer 2012
(Mean student evaluation: 4.12 out of 5)

Lab Instructor & TA, FI 389: Spreadsheet Modeling in Finance
Fall 2011, 2012 & Spring 2012
(Mean student evaluation: 4.5)

FI 302: Business Finance
Summer 2011 (Instructor), Spring 2012 (Lab Instructor: 3 sections)
(Mean student evaluation: 4.1)

AUBURN UNIVERSITY
TA, Investments (Taught by Jimmy Hilliard)
Fall 2010

KATHMANDU UNIVERSITY, NEPAL
Instructor, Management Accounting
Fall 2007

Instructor, Accounting Boot-Camp
Fall 2007

Previous Employment

Kathmandu University School of Management (2007-2008)
(Lecturer of Finance)

Chaudhary Group Nepal (2006-2007)
(Assistant to the Vice President of Operations: LG Electronics)

Standard Chartered Bank Nepal Limited (2006)
(Intern: Customer Satisfaction Survery)

Honors & Awards

American Finance Association Student Travel Grant (2013)
Julia G. and Marion L. Melson Scholarship(2013)
Culverhouse Summer Excellence in Research Grant(2013)
Mitchell Scholarship (2012)
Culverhouse Support Fund (2011)

References

Anup Agrawal (Dissertation Chair)
Powell Chair of Finance
205-348-8970
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H. Shawn Mobbs
Associate Professor of Finance
205-348-6097
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ABSTRACTS

Causal Effect of Analyst Following on Corporate Social Responsibility

I examine the influence of sell-side financial analysts on corporate social responsibility (CSR) and find that firms with greater analyst coverage tend to be less socially responsible. To establish causality, I employ a difference-in-differences (DiD) technique, using brokerage closures and mergers as exogenous shocks to analyst coverage, as well as an instrumental variables approach. Both identification strategies suggest that analyst coverage has a negative causal effect on CSR. My findings are consistent with the view that spending on CSR is a manifestation of an agency problem, and that financial analysts exert pressure on managers to cut back on such spending, which is wasteful for shareholders.

Religion, Gambling Attitudes and Corporate Innovation

We find that local gambling preferences have economically meaningful effects on corporate innovation. Using a county's Catholics-to-Protestants ratio as a proxy for local gambling preferences, we show that firms headquartered in areas with greater tolerance for gambling tend to be more innovative, i.e., they spend more on R&D, and obtain more and better quality patents. These results are supported by several robustness checks, tests to mitigate identification concerns, and analyses of several secondary implications. Investment in innovation makes a stock more lottery-like, a feature desired by individuals with a taste for gambling. Gambling preferences of both local investors and managers appear to influence firms' innovative endeavors and facilitate transforming their industry growth opportunities into firm value.

Does Local Religiosity Matter for Bank Risk-Taking?

This study finds robust evidence that banks headquartered in more religious areas take less risk and remain less vulnerable to financial crises. To reduce risk, these banks grow their assets more slowly, hold safer assets, rely less on non-traditional banking, and provide less incentives to their executives to increase risks. Local religiosity has a more pronounced influence on risks among banks for which local investors and managers are more important. But these banks command lower market valuations during normal times. Overall, this paper provides the first empirical evidence of the importance of human behavior in bank risk-taking.

Do Women Stay out of Trouble: Evidence from Corporate Litigation

This study uses a unique hand-collected dataset on corporate lawsuits to empirically examine the effect of female representation in top management on corporate litigation. After controlling for other important variables and accounting for endogeneity, we find that firms with larger proportions of women in the top management team face fewer corporate lawsuits. In particular, greater representation of female executives reduces litigation related to product liability, environment, medical liability, labor and commercial disputes. Overall, our results uncover an important but previously unidentified benefit of gender diversity in top management.

Republican CEOs and Crash Risk

We find that firms headed by Republican CEOs experience fewer stock price crashes. Consistent with Republican values associated with conservatism, individual accountability and market discipline, we find that firms with Republican CEOs tend be less engaged in accruals-based earnings management, which makes them less opaque. These firms also tend to be less tolerant of crashes as manifested by higher CEO turnover and larger decreases in cash compensation following crashes. Our evidence suggests that these relations between CEOs' political ideologies and crashes are driven by Republican-leaning CEOs being different from the rest of the sample rather than being different from Democrat-leaning CEOs. The observed relation between Republican CEOs and crash risk appears to be partly driven by endogenous matching and partly by a causal effect of Republican CEOs on crashes.

Non-linear Relation between Implied and Realized Volatility

We develop an asymmetric time-series model of VIX as a proxy for implied volatility and show that VIX and realized volatility display significant nonlinear effects. We approximate the data generating process with a smooth-transition autoregressive (STAR) model. We find that under certain regimes, VIX depends almost exclusively on previous realized volatility. Under other regimes, VIX depends on both its own lags and lags of realized volatility. These findings have important implications for risk-managers who use VIX and related investment vehicles as hedging instruments. It also has implications for the use of implied volatility in value-at-risk forecasting.

Peer Influence on Dividend Policies

This study finds that one of the most important determinants of a firm's dividend policy is the policy of its peers. Using peer firms' idiosyncratic stock returns as instruments to identify the variation in peer firms' dividend policies, I show that firms tend to mimic their peers' dividend yield, and their decisions to pay dividends, increase or decrease dividends, and initiate or omit dividends. Consistent with the "valuation-as-yardstick" concept, mimicking occurs mostly in smaller and younger firms which follow other smaller and younger firms in the industry.

Local Gambling Preferences and IPO Characteristics

Using a county's Catholics-to-Protestants ratio as a proxy for local gambling preferences, we find that local gambling preferences significantly affect the characteristics of firms undergoing IPOs. Greater gambling preferences of the locality predicts higher riskiness of the IPO firm. Specifically, IPO firms in these areas tend to be younger, smaller, generate lower sales and are less profitable. We also find that greater gambling preference positively predicts the probability of issuing riskier penny stocks. These findings are consistent with the idea that the gambling preferences of investors and managers affect the decision on when to go public.