

Research Assessment Exercise 2020
Impact Overview Statement

University: The Hong Kong Polytechnic University |
Unit of Assessment (UoA): Economics and Finance (UoA21) |
Total number of eligible staff of the university in the UoA: 33 |

(1) Context

Our faculty members have conducted a wide range of impactful research in Economics & Finance. Our research topics cover three main areas. The first area is Asset Pricing and Investment, for which we have studied (i) risk-return trade-offs, (ii) what types of firms may offer investors higher returns, (iii) individual and institutional investor behaviors, (iv) capital market frictions, and (v) time-varying risk premium and business cycles. The results of our research in this area help investors, fund managers, and other practitioners to understand how to price various assets and their risks and how to predict returns, so as to help them become smarter investors.

The second main area of our research is Corporate Finance, for which we have examined key corporate issues. These include: (i) Did managerial myopia lead to the recent financial crisis? (ii) What may foster corporate innovation? (iii) Why do firms split their stocks? (iv) How important are institutional investors? (v) Why are family firms unique and important? (vi) When is a good time for firms to raise capital? (vii) What are the main determinants of corporate investment? and (viii) What is the optimal payout policy? Through our research, we find answers to these questions (and many others), which are of interest to investors, corporate managers, regulators, and policymakers.

Energy and Environmental Economics is our third main research area. Our insights include (i) understanding electricity consumption patterns, (ii) the influence of existing pricing mechanisms on consumption behavior, and (iii) exploring aspects of energy market design and policy in the presence of inefficient consumption. Our research team has also explored the interactions between energy market movements and the financial and real sectors of the economy. The insights developed through our research have impact on households, regulators, policymakers, and investors who are concerned with economic sustainability. |

(2) Approach to impact

Over the years, we have conducted research and documented a significant body of research findings, which are useful and impactful in the real world. One of our approaches to impact is through knowledge transfer. Since knowledge transfer is an important KPI, our School strongly encourages faculty members to share their research findings with members of real sectors. We have organized knowledge transfer forums by inviting members of real sectors to participate and by broadcasting to wide audiences. For example, on December 13-14, 2018, our School organized a high-profile Knowledge Transfer Forum: “Star Professors x Top Business Management” in which we invited executives and representatives from three companies – Ernst and Young China, Golden Concord Holdings Ltd, and China Everbright Ltd – to have direct dialogues with academic researchers to help resolve the problems faced by their companies. In the forum, we also selected nine faculty members who presented their recent research findings and made a live broadcast of their presentations to an outside audience through [Tencent Inews](#) and WIND Financials terminals. This live broadcast attracted more than 100,000 unique viewers. The videos taken at the forum are available on YouTube: <https://www.youtube.com/playlist?list...>

On June 25, 2019, we hosted a Knowledge Transfer Forum entitled “ESG Investment Engagement: The Perspective of Participating CEOs.” This Knowledge Transfer Forum engaged senior executives who are interested in understanding why it can be beneficial to organizations to practice ESG investment. Participants included Simon Mak, CEO of Friends of the Earth, Ricky Szeto, CEO of Hung Fook Tong, Eric Chiang (ED, Goldman Sachs), Charles Lam (MD, Barings Private Equity Real Estate), Patrick Yeung (Chairman, Asian Capital), Michael Wu (Chairman, Creative Financial Group), ESG representatives from Sasa, and Julia Wang (CEO, Drucker Academy).

The second approach is through the mass media. For example, Dr David Broadstock published articles in June 2016 and September 2017 in the *South China Morning Post* (SCMP) on the general theme of economic and environmental sustainability and on how a five-capital approach can be used to translate positive environmental capital into improved financial capital. His articles also discussed green finance options for modern corporate firms. In August 2019, Dr Broadstock contributed to an SCMP podcast discussing international waste policies and the practices of environmental accounting. Another example is Professor John Wei’s recent work (Do global stocks outperform US Treasury bills?), which has been featured by Bloomberg twice. Dr Peng Zhang’s publications in the *Journal of Environmental Economics and Management* have attracted coverage in *China Daily* in July 2017, and in *HuffPost* (formerly *Huffington Post*) in June 2017.

The third approach is through consulting work and through serving as an independent director. For example, Professor John Wei has been serving as an Independent Director at a Hong Kong listed securities company (Haitong International Securities), and as a member of the risk management committee and the compensation committee of the company. Professor Wei has also conducted many consultancy projects for HSBC, Hang Seng Bank, and Fidelity (Hong Kong) in designing and/or reviewing their “risk profile questionnaires” for individual and/or commercial clients. Professor Louis Cheng has served on the Investment Committee of the Hospital Authority Provident Fund Scheme, and as a member of the Solicitors Disciplinary Tribunal Panel.

(3) Strategy and plans

[Our strategy emphasizes the importance of transferring the new knowledge generated by our research to benefit market participants, industry, and society as a whole. Our strategy and plans are as follows:

- i) To strengthen our manpower and to improve our effort in knowledge transfer, we will actively recruit and promote researchers, who can do meaningful and impactful research.
- (ii) To establish a knowledge transfer center, and intensify our work with financial and accounting industries.
- (iii) To disseminate our research findings, we will continue to host knowledge transfer forums, organize conferences, and engage our researchers to promote research findings to industry and to benefit the society.]

(4) Relationship to case studies

[Case study 1 shows how our rigorous research on asset pricing is translated, through our research staff undertaking consultancy work, into impact on the practices of major finance firms and of the sector as a whole. Case study 2 illustrates how our approach to Corporate Finance addresses questions on key corporate issues and how we disseminate the results to practitioners, achieving impact on professional practice internationally. Case study 3 shows how our sustained programme of knowledge exchange, including professional forums and the mass media, has resulted in impact on the public debate about environmental economics, and has influenced significant campaigns to promote responsible investment practices.]