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Education

Wilfrid Laurier University, Lazaridis School of Business and Economics Aug 2019 - Apr 2024
PhD in Finance *Waterloo, Ontario*
Dissertation Title: Essays on Corporate Debt Contracting and Innovation
External Examiner: Walid Busaba, Professor of Finance, Western University

Bowling Green State University Aug 2018 - Dec 2019
MA in Financial Economics *Bowling Green, Ohio.*

University of Ibadan Sep 2013 - Jul 2015
MSc in Economics *Ibadan, Oyo.*

University of Ibadan Sep 2007 - Jul 2011
BSc in Economics *Ibadan, Oyo.*

Certification

Chartered Financial Analyst (CFA) 2018
Level III Candidate (Passed levels I, II & III Examinations)

Research Interests

Empirical Corporate Finance, Climate risk, Credit markets, and Empirical methods

Publications

Research Paper 2024

M. Kalimipalli, O. Morohunfolu, V. Marisetty, and L. L. Shankar, "Do Government Infusions Help Financial Stability? Evidence from an Emerging Market," *Journal of Financial Stability*, Forthcoming.

Textbook Chapter 2024

M. Halek, and O. Morohunfolu (2024). Risk treatment: risk financing for speculative risks in A.E., Kleffner, M. Kelly and M. Halek. *Fundamentals of Risk Management and Insurance in Canada*. Kendall Hunt Publishing, Co. Dubuque, Iowa. p 275-306.

"Are Passive Institutional Investors Effective Monitors? Evidence from Private and Public Debt Markets"

2024

This paper examines the relation between Passive Institutional Ownership (IO) and debt covenants. Using Russell 1000/2000 annual index reconstitution as a source of exogenous variation in passive IO, I find that passive IO leads to reduced covenants in the bonds market. Specifically, I find that passive IO leads to reduced (a) Investment, (b) Dividend, and (c) Subsequent financing restrictions. However, I observe weaker results for loan covenants, implying that loans, usually collateralized, are less sensitive to changes in passive ownership. The overall result supports the argument that passive investors are effective monitors, and their interests are closely aligned with creditors', thereby leading to lowering monitoring costs for creditors and reduced dependence on tighter bond covenant restrictions.

- 2024 FMA (scheduled), 2024 NFA (scheduled), 2023 Wilfrid Laurier University

Research (Presentations by co-authors)*

"Do Government Infusions Help Financial Stability? Evidence from an Emerging Market "2024
with Madhu Kalimipalli, Vijaya Marisetty, and Lakshmi L Shankar

This paper studies the possible effects of regular government infusions on promoting financial stability and diffusing financial crises in emerging markets. We use a sample of regular capital infusions by Government of India into the government-controlled public sector banks and employ a difference-in-difference (DID) design. We find robust evidence that capital infusions increase default and systemic risks for the banks that received infusions. We also find that capital infusions are associated with significantly higher capital shortfall and network risks, signaling a moral hazard problem where treatment banks may assume more risky investments. This study provides the first comprehensive study of how repeated government capital infusions impact financial stability in the context of an emerging market.

- 2023 Research Symposium on Finance and Economics (RSFE)*, 2023 University of Central Florida*, 2023 Emerging Market Conference*, 2022 FMA* , 2022 Financial Markets and Corporate Governance Conference and PhD symposium (FMCG)*, 2022 University of Twente*, 2021 Reserve Bank of India research seminar*, 2020 NSE-NYU Conference on Indian Financial Markets*.

"Do Labor Unions Influence Debt Contracting? Evidence from Private and Public Debt Markets." 2024
with Madhu Kalimipalli, Si Li, and Buvaneshwaran Venugopal

This paper examines how labor union strength may influence private and public debt covenants. We employ Regression Discontinuity Design (RDD) and use plant-level union election outcome data for firms as quasi-exogenous shock to examine the effect of labor unions on bond and loan market covenants. We find that unionization leads to significantly lower debt covenants, and in particular, reduced levels of (a) Investment, (b) Subsequent financing, and (c) Event-related restrictions. The overall effect of labor union on bond covenants supports the argument that unions are effective monitors, and their interests are closely aligned with creditors', thereby leading to lowering monitoring costs for creditors and reduced dependence on tighter bond covenant restrictions.

- 2024 Research Symposium on Finance and Economics (RSFE), 2023 FMA, 2023 Wilfrid Laurier University, 2022 Atlantic Canada Economics Association (ACEA) 48th Annual Conference, 2021 International Centre for Economic Analysis Conference, Lazaridis School for Business and Economics.

"Knowledge Spillovers and Discretionary R&D Spending"

2024

with Jin Wang, and Li Yao

This paper investigates whether peer firms' R&D activities increases the focal firm's tendency to engage in discretionary R&D spending by building upon network concepts. Using Panel Data on US innovative public firms, we show that peer firms' R&D activities indeed increase the focal firm's tendency to engage in discretionary R&D spending. Further analyses show that this effect is weaker for firms with high incentive to engage in earnings management. Such firms include (a) firms suspected to manipulate their earnings, (b) firms engaging in SEO in the following year, (c) firms with low institutional holding, and (d) firms with low profitability. Our subsample analyses suggest that potential benefit from enhanced innovation productivity (due to reduced earnings management through R&D) is of second-order importance compared to firms' incentive to engage in earnings management.

"Institutional Ownership and Climate Risk"

2024

with Kai Chen, Madhu Kalimipalli, and Seyed E. Sadeghi

This paper examines whether (and how) institutional ownership affects climate risk of the underlying firms using the Russell Index Reconstitution as the identification setting for the increased passive ownership. We apply the two-stage Instrumental variable (IV) for the Russell index reconstitution data for the period 2002-2020. Climate risk is measured using various firm-level forward-looking climate risk exposures constructed from the textual analytics of quarterly earnings conference call data. The IV test results show that increased institutional ownership leads to increased attention to overall climate risk exposure of the firms. These effects mainly arise from the post-2015 Paris Accord. Our results are robust to alternate exogeneous events involving Trump election 2016 and US withdrawal from the Paris Accord 2017.

Teaching Experience

Visiting Assistant Professor, Huron College, University of Western Ontario	July 2024 - til date
MOS2310 Finance	Fall 2024, Winter 2025 (Scheduled)
MOS3312 Derivative Securities Markets	Fall 2024
MOS3316 Investment Management	Winter 2025 (Scheduled)

Instructor, Wilfrid Laurier University

BU393 Financial Management II	Fall 2023
BU283 Financial Management I	Fall 2022

Teaching Assistant, Wilfrid Laurier University

BU723 Advanced Investment Management, Instructor: Prof. Subhankar Nayak	Winter 2023
BU623 Derivatives and Financial Risk Management, Instructor: Prof. Diego Amaya	Winter 2022
MF753 Economics and Quantitative Methods I, Instructor: Prof. M. Fabricio Perez	Fall 2021
BU493 Seminar in Finance, Instructor: Prof. Diego Amaya	Spring 2021, Winter 2020
BU473 Investment Management, Instructor: Prof. David Cimon	Fall 2020, Fall 2019

Scholarships, Honors, and Awards

Best Research Paper Award in Finance <i>Research Symposium on Finance and Economics (RSFE)</i> "Do Unions Influence Debt Contracting? Evidence from Private and Public Debt Markets"	2024
Best Research Paper Award in Finance <i>Research Symposium on Finance and Economics (RSFE)</i> "Do Government Infusions Help Financial Stability? Evidence from an Emerging Market"	2023
Academic Excellence at BGSU (CGPA 3.8/4.0) <i>Omicron Delta Epsilon; International Honor Society in Economics</i>	2019

Computer Skills

Python, R, Stata.

References

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