Seminar in Corporate Finance

The class will cover a variety of topics in corporate finance. The objective is to introduce students to the current issues in corporate finance research.

Expectations

Any PhD seminar course is an investment in your human capital for your life-time and preparation for your career. Generally speaking, you should expect to spend at least 20-25 hours per week outside of the classroom. So plan your schedule accordingly to have sufficient time for this class. Active and frequent participation is required for all students. You should have read assigned articles thoroughly prior to class. A lack of preparation compromises the learning experience and outcome for the entire class, not only you. So consider your preparation as a basic courtesy to your classmates.

Seminar Format

Each week there will be several assigned papers that will serve as the basis for our discussions. This is not a lecture course. Instead we will discuss several papers per session (denoted with *) on a particular topic. For each topic there are several papers listed that you should read. The emphasized papers will be presented by an assigned student (details below). In addition, for each emphasized paper every student should prepare a maximum-two-page critique, which I will collect at the beginning of each class (they should be typed with 12 point font, double-spaced, and one-inch margins). I would highly recommend you to do the same to the unassigned papers.

The Summary/Presentation Format

Each student will be assigned a presentation on one paper at least once every two weeks. In your presentation, you should include (1) Statement of the problem studied; (2) Brief survey of the literature; (3) Concise, intuitive, explanation of the argument producing the major results (for theory papers) or the empirical methodology; (4) Summary of the main results; (5) Critical examination of the paper; (6) Sketch of major extensions to the paper with specific suggestions about possible solution techniques or empirical methodology/data for these extensions. In your assessment, be clear about 1) the marginal contribution of the paper (at the time) to our understanding of the issue; and 2) any remaining theoretical or empirical issue in the paper that needs to be addressed further. I also expect you to discuss any potential errors of the paper, which may include any flaws in writing/presentation or empirical tests. The presenter must also distribute a handout to all the participants.
Research Paper
Each student is required to complete a research proposal in this class. The proposal should outline the research question, review the relevant literature, describe the importance of the research question and what we will learn, and describe the research approach (methodology, data, handling of endogeneity). You must include at least three working papers in your reference list. The working papers must (i) be from a researcher with multiple top-tier publications or (ii) have been presented or be scheduled for presentation at the AFA, the WFA, the European Finance Association, the NBER, or some other high-quality conference (such as CICF but not FMA or regional conferences). The proposal is due 2 weeks prior to the final exam.

Participation
You are expected to read the papers that we are going to discuss in each session and be ready to join the debate/discussion and contribute to the learning experience. Be professional and candid to your peers.

Evaluation

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<th>Points</th>
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<tr>
<td>Presentations/Summaries:</td>
<td>200</td>
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<tr>
<td>Participation:</td>
<td>100</td>
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<td>Research Proposal:</td>
<td>200</td>
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<td>Final Exam:</td>
<td>200</td>
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<td>TOTAL</td>
<td>700</td>
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Grade
To earn a particular grade you need to obtain the following number of points:

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<th>Grade</th>
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<tr>
<td>A</td>
<td>630 – 700</td>
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<tr>
<td>B</td>
<td>560 – 629</td>
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<tr>
<td>C</td>
<td>490 – 559</td>
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<tr>
<td>D</td>
<td>420 – 489</td>
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<td>F</td>
<td>0 – 419</td>
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Note: Please make sure to read the following document about university policies.  
**Suggested background readings:**

**Weekly Schedule: Topics and Papers**

**Capital Structure (Weeks 1 & 2)**


**Signaling Basics (Week 3)**


**Agency Theory and Principal-Agent Model (Weeks 4 & 5)**


**Executive Compensation (Week 6)**

**REVIEW ARTICLE:**


K. Murphy, Executive compensation: Where we are, and how we got there, in G. Constantinides, M. Harris, and R. Stulz eds., Handbook of the Economics of Finance (forthcoming).


Ownership Structure (Week 7)

Review Article:


Large Shareholders (Week 8)

REVIEW ARTICLE:


Faccio, Maria, Larry P.H. Lang, and Leslie Young, 2001, Dividends and expropriation, American Economic Review 91, 54-78


**Boards of Directors (Week 9 & 10)**

**Review Article:**


1. Theory


Corporate Control and M&A (Week 11)

*Maria Guadalupe, and Francisco Perez-Gonzalez, 2011, Competition and Private Benefits of Control, R&R at RFS.


**Corporate Diversification (Week 12)**


Debt Financing and Bankruptcy (Week 13)


**Dividend Policy & Share Repurchases (Week 14)**


