

FIN 6314 Seminar in Corporate Finance Fall 2015

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Class Time: Mondays 12.30 p.m. - 3.15 p.m., Class Room KH - 219
Office Hours: Mondays 10:30 a.m. - 12.30 p.m.
Wednesdays 4:00 p.m. - 6:00 p.m., and by appointment.

COURSE MATERIAL

The following is a list of textbooks that would form the main reference pool for the course. A copy of each of the last three books is available from me if you want to look it up.

Copeland, Thomas, Fred Weston, and Kuldeep Shastri 2005, *Financial Theory and Corporate Policy*, 4th Edition, Prentice Hall (Pearson) Publishers.

Eckbo, Espen, 2007, *Handbook of Corporate Finance – Empirical Corporate Finance*, Elsevier.

Meggison, William, 1997, *Corporate Finance Theory*, Addison-Wesley, Inc.

Grinblatt, Mark, and Sheridan Titman, 2001, *Financial Markets and Corporate Strategy*, 1st or 2nd edition, Irwin-McGraw Hill Companies.

Weston, J. Fred, Kwang S. Chung, and Juan A. Siu, 1998, *Takeovers, Restructuring, and Corporate Governance*, 2nd or 3rd edition, Prentice Hall, Inc.

COURSE OBJECTIVES AND DESCRIPTION

This is an advanced course in corporate finance that focuses on the recent developments in the field. The main objective of the course is to familiarize you to the different topics in corporate finance in order to facilitate you to do research in the field. The research in corporate finance has developed along several different lines; the ones that we will focus on include capital structure, means of raising external capital, payout policy, and the role of diversification, internal capital markets, and asset and financial restructuring in the efficient organization of the firm. More recently, the literature has recognized the importance of governance in the viability and efficiency of the firm. The study of corporate governance and control addresses issues related to internal mechanisms of control such as boards of directors, managerial incentive contracts, managerial turnover, and firms' ownership structure, and external mechanisms of control such as takeovers.

COURSE STRUCTURE AND EVALUATION

The final grade in the course will be based on a weighted average composite score computed using the following components and weights:

Class Presentations & Participation	35%
Referee Report	10%
Assignments	20%
Research Design Project	35%

The best way to assimilate research is to read the research articles in detail and present the articles within the perspective of the general direction of the topic. Towards this end, you are expected to read all the articles assigned for each week, and you will present four articles every week in turn. Your presentation should be professionally done with PowerPoint slides. It should specify the question being studied in the article, along with some background about the research leading to the question, the hypotheses being tested and the methodology used to test them, a brief review of the main results, and a conclusion specifying how the article contributed/extended the literature. Your presentation grade will be based on the quality, relevance, and insights of the presentations. Your participation grade will be based on your contributions to class discussions. You are therefore expected to read and outline the main contributions/shortcomings of even the articles that you are not required to present.

Over the course of the semester, you are required to write a three-part referee report on an article assigned to you. As part of this referee report, you are expected to evaluate the paper towards potential publication in one of the premier journals in finance, the *Privateer Journal of Corporate Finance*. Part 1 of the report should succinctly summarize the paper's important contributions in the best possible light. Part 2 should constructively critique the paper's important shortcomings. Part 3 should provide detailed guidelines for improvements. Your report should be accompanied by a very brief cover letter (addressed to me, the Journal Editor) indicating your recommendation about the paper -- whether to reject, revise and resubmit, or accept the article. Please also provide the reasons for your decision in the cover letter to the Editor. I will assign the article for the referee report in the second or third week of class.

During the course of the semester, I will assign some essay questions and data work as part of homework assignments that you are required to turn in by the deadline specified. The essays are intended to serve as a means of preparing overviews of the different topics covered in the course. As such, they are intended to prepare you for the general exam. The data work is intended to provide you the opportunity to learn to access, clean-up, and analyze real data.

Finally, I would like you to write up an empirical research paper on some topic of your choice in corporate finance. The objective of this research project is for you to be able to individually identify a research question, survey the literature related to the topic, set up the hypotheses, identify the data needed to complete the analysis, list the possible sources of the data, and provide some discussion of how you expect your results to turn out based on the extant theories. In effect, you are expected to design a research project up to the point of the actual data analysis and interpretation. A replication of an extant study is **not** acceptable. Finally, I want you to write up the research design in the format of either the *Journal of Finance* or the *Journal of Financial Economics*. Please check with me regarding the applicability of your topic before you begin work on this project.

GENERAL INFORMATION

- Please read the syllabus carefully so you are fully familiar with the requirements for the course. You are expected to read all of the assigned papers, and participate in the class discussions. What you get from the course is directly related to how much effort you put into these discussions.
- Attendance is extremely important, and non-attendance is inexcusable, unless extenuating circumstances keep you from attending class.
- It is university policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact Disabled Student Services (DSS) at 504-280-6222 as well as their instructors to discuss their individual needs for accommodation. All information regarding disabilities is confidential.
- Academic integrity is fundamental to the process of learning. Academic misconduct is grounds for failing the course and potential additional sanctions. Academic misconduct includes, but is not limited to, the following – cheating, plagiarism, tampering with academic records and exams, falsifying identity, and being an accessory to acts of academic dishonesty. Please refer to the UNO Judicial Code for further information.
- Please be extra careful not to plagiarize arguments and discussions from other papers. Paraphrase all arguments in your own words. If you have to use another author's words, be sure to cite extensively and use their words directly in quotations. This applies to all write-ups for the course (homework assignments, research papers, presentations, etc.), all courses in the PhD program, and all of your own personal research.
- Your research should clearly state your data source. If you have used data that is freely available on the web, you should clearly state the site from where you downloaded the data. It is bad form to request another author's data. If this is your only route, then you should offer to include the author as a co-author on your research.
- If you work together with your classmates on class assignments, each of you is expected to provide his/her own individual write-up. This extends to data work as well. If you work together to download data for the assignments, I expect each of you to work individually thereafter in the analysis of the data.
- A reading list is attached with this syllabus. Articles for presentation and other articles that you will need to read for class are marked with an arrow (→). Survey type articles are marked with a bullet point (•). I recommend that you read the survey articles for a good perspective of the direction in which the literature has progressed. For additional material on each topic, you may want to read the specified chapters in the reference books. Most of the articles that have been assigned for reading as well as the survey articles are available as pdf documents on a Flash Drive that I will circulate. For articles not available on the Flash Drive, please use the library or electronic journals.
- My office hours for this course are specified on the first page of this syllabus. While I will definitely be in my office during the specified times, please feel free to call or email me at any other time also, if you need to chat with me on any issue.

TENTATIVE CLASS TEMPLATE

August 24	Course Overview
August 31	Capital Structure
September 7	<i>Labor Day Holiday – No Class</i>
September 14	Raising Equity Capital
September 21	Going Public
September 28	Other Issues Related to Raising Equity Capital
October 5	Payout Policy
October 12	Diversification
October 19	Internal Capital Markets; <u>Referee Report Due</u>
October 26	Divestitures and Corporate Restructuring
November 2	Corporate Governance - The Board; <u>Research Idea Summary Due</u>
November 9	Corporate Governance – Managerial Compensation, Turnover, & Succession
November 16	Corporate Governance - Ownership Structure
November 23	Corporate Governance - Corporate Control
November 30	<i>No Class – Work on Research Design Project; <u>Homework Due</u></i>
<i>December 7</i>	<u>Research Design Project Due by 4:00 p.m.</u>