

Advanced Corporate Finance (Prof. E. Croci)

The course is designed to introduce students to empirical research in corporate finance and governance. The availability of data to test hypotheses and theories in corporate finance is growing dramatically. In this course, students will become familiar and work with some of the main datasets used in empirical research and apply some of the main methods used to analyze them. We will devote time to study selected prior empirical works, chosen to make students work with specific datasets and methods. Students will be asked to replicate or extend some of these studies. Students are expected to have at least a preliminary knowledge of Stata (or other statistical software).

The grade will be based on:

1. Participation (30%)
2. Paper presentation (35%)
3. Two assignments during the course (35%) (These assignments will require Stata)

Schedule

November 3 ore 8:30-11:30

November 10 ore 8:30-11:30

November 17 ore 8:30-11:30

November 19 ore 8:30-11:30

November 24 ore 8:30-11:30

Reading list

* denotes paper to read before class.

Session 1. Tuesday November 3, 8:30-10:30

Ownership structures: Shareholder Activism & Large shareholders

*Brav, A., W. Jiang, F. Partnoy, and R. Thomas. 2008. Hedge fund activism, corporate governance, and firm performance. *Journal of Finance* 63, 1729–75.

*Becht, Marco, Julian Franks, and Jeremy Grant, and Hannes Wagner, 2016. The Returns to Hedge Fund Activism: An International Study, *The Review of Financial Studies*, Volume 30, Issue 9, September 2017, Pages 2933–2971.

Brav, Alon, Wei Jiang and Hyunseob Kim, 2015. The Real Effects of Hedge Fund Activism: Productivity, Asset Allocation, and Labor Outcomes. *Review of Financial Studies*, 28(10), 2723-2769

Brav, A., W. Jiang, and H. Kim. 2010. Hedge fund activism: A review. *Foundations and Trends in Finance* 4:185–246.

*Lins, Karl, Paolo Volpin, and Hannes Wagner, 2013. Does Family Control Matter? International Evidence from the 2008-2009 Financial Crisis, *Review of Financial Studies* 26, 2583-2619.

Faccio, Mara, Maria-Teresa Marchica, and Roberto Mura, 2011. Large shareholder diversification and corporate risk-taking. *Review of Financial Studies*, November 2011, vol. 24(11), 3601-3641.

Session 2. Tuesday November 10, 8:30-11:30

CEOs & Executives

*Bertrand, Marianne, and Sendhil Mullainathan, 2003. Enjoying the Quiet Life? Corporate Governance and Managerial Preferences." *Journal of Political Economy* 111 (5), 1043-075.

*Fee, C.E., Hadlock, C.J. and Pierce, J.R., 2013. Managers with and without style: Evidence using exogenous variation. *The Review of Financial Studies*, 26(3), pp. 567-601.

*Graham, J.R., Li, S. and Qiu, J., 2011. Managerial attributes and executive compensation. *The Review of Financial Studies*, 25(1), pp. 144-186.

Meisner Nielsen, Kasper, B.D. Nguyen, 2014. "What death can tell: Are executives paid for their contribution to firm value?". *Management Science* 60 (12), 2994-3010.

Malmendier, Ulrike, and Geoffrey Tate. 2009. Superstar CEOs. *Quarterly Journal of Economics*, November 2009, vol. 124(4), pp. 1593-1638.

Malmendier, U., Tate, G., and Yan, J., 2011. Overconfidence and early-life experiences: The effect of managerial traits on corporate financial policies, *Journal of Finance* 66(5), pp. 1687- 1733.

Fracassi, Cesare, and Geoffrey Tate, 2012. External Networking and Internal Firm Governance. *Journal of Finance*, vol. 67(1), pp. 153-194.

Session 3. Tuesday November 17, 8:30-11:30

Corporate Control, Diversification

* Cunat, V., Giné, M. and Guadalupe, M. (2020), Price and Probability: Decomposing the Takeover Effects of Anti-Takeover Provisions. *The Journal of Finance*, 75: 2591-2629. doi:10.1111/jofi.12908

* Ulrike Malmendier, Enrico Moretti, Florian S Peters, Winning by Losing: Evidence on the Long-run Effects of Mergers, *The Review of Financial Studies*, Volume 31, Issue 8, August 2018, Pages 3212–3264, <https://doi.org/10.1093/rfs/hhy009>

*Villalonga, Belen, 2004, Diversification Discount or Premium? New Evidence From BITS Establishment-Level Data, *Journal of Finance* 59, no. 2 (April), pp. 479-506.

*Duchin, R. A. N., 2010, Cash Holdings and Corporate Diversification, *Journal of Finance* 65. no. 3 (June), pp. 955-992

Matvos, Gregor, and Amit Seru, 2014, Resource Allocation within Firms and Financial Market Dislocation: Evidence from Diversified Conglomerates, *Review of Financial Studies* 27:4, 1143-1189

Session 4. Thursday November 19, 8:30-11:30

Equity crowdfunding (Guest lecturer: Prof. Silvio Vismara, University of Bergamo)

Bernstein, S., A. Korteweg, and K. Laws. 2017. "Attracting early-stage investors: evidence from a randomized field experiment." *Journal of Finance* 72 (2): 509–538. doi.org/10.1111/jofi.12470

Howell, S., M. Niessner, and D. Yermack. 2020. "Initial coin offerings: financing growth with cryptocurrency token sales." *Review of Financial Studies* 33 (9): 3925–3974. doi.org/10.1093/rfs/hhz131

Duarte J., Siegel S., and Young L., 2012. Trust and credit: The role of appearance in peer-to-peer lending. *Review of Financial Studies*, 25(8), pp. 2455-2484. doi.org/10.1093/rfs/hhs071

Bernstein, S., Giroud, X., Townsend, R.R. (2016) The impact of venture capital monitoring. *Journal of Finance* 71 (4): 1591-1622. doi.org/10.1111/jofi.12370

Ewens, M., Townsend, R.R. (2020). Are early stage investors biased against women? *Journal of Financial Economics*, 135 (3), 653-677. doi.org/10.1016/j.jfineco.2019.07.002

Vismara, S. (2018). Information cascades among investors in equity crowdfunding. *Entrepreneurship Theory and Practice*, 42(3), 467-497. doi.org/10.1111/etap.12261

Session 5. Tuesday November 24, 8:30-11:30

Students' presentations.