

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

TBD

Reading list

* denotes paper to read before class.

Session 1.

Ownership structures: Large shareholders

*Aminadav, G. and E. Papaioannou (2020), Corporate control around the world. *Journal of Finance*, 75(3), 1191–1246.

*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.

La Porta, R., R. Lopez-de-Silanes and A. Shleifer (1999), Corporate ownership around the world. *Journal of Finance*, 54(2), 471–517.

Faccio, M. and L. Lang (2002), The ultimate ownership of Western European corporations. *Journal of Financial Economics*, 65(3), 365-39.

Session 2.

Ownership structures: Shareholder Activisms

*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.

*Appel, Ian, Todd Gormley, and Donald Keim, 2016, Passive investors, not passive owners, *Journal of Financial Economics* 121, 111–141.

*Lewellen, J. and Lewellen, K. (2021), Institutional Investors and Corporate Governance: The Incentive to Be Engaged. *The Journal of Finance*. <https://doi.org/10.1111/jofi.13085>

Lucian A. Bebchuk, Alon Brav, Wei Jiang, Thomas Keusch, Dancing with activists, *Journal of Financial Economics*, Volume 137, Issue 1, 2020, Pages 1-41,

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.

Session 3.

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 4.

ESG and Climate Finance

*Sautner, Z., Van Lent, L., Vilkov, G. and Zhang, R. (2023), Firm-Level Climate Change Exposure. J Finance. <https://doi.org/10.1111/jofi.13219>

* Duchin, Ran and Gao, Janet and Xu, Qiping, Sustainability or Greenwashing: Evidence from the Asset Market for Industrial Pollution (April 28, 2022). Available at SSRN: <https://ssrn.com/abstract=4095885> or <http://dx.doi.org/10.2139/ssrn.4095885>

*Emirhan Ilhan, Philipp Krueger, Zacharias Sautner, Laura T Starks, Climate Risk Disclosure and Institutional Investors, The Review of Financial Studies, 2023; <https://doi.org/10.1093/rfs/hhad002>

* Berg, Florian and Fabisik, Kornelia and Sautner, Zacharias, Is History Repeating Itself? The (Un)Predictable Past of ESG Ratings (August 24, 2021). European Corporate Governance Institute – Finance Working Paper 708/2020, Available at SSRN: <https://ssrn.com/abstract=3722087>

Sautner, Zacharias and Yu, Jing and Zhong, Rui and Zhou, Xiaoyan, The EU Taxonomy and the Syndicated Loan Market (March 16, 2022). Available at SSRN: <https://ssrn.com/abstract=4058961>

Session 5.

Students' presentations.