Corporate finance (prerequisite: introduction to corporate finance)

ECTS : 6

Description du contenu de l'enseignement :

Part 1. Prof. Laurent Frésard (Laurent.fresard@usi.ch)

Course Objectives

The objective of this part of the "Corporate Finance" course is to introduce you to key topics in corporate finance through the lens of empirical research. Corporate finance is largely a non-experimental field with lots of data. The nature, scope, and detail of available data continue to expand rapidly. These data are used to generate empirical insights to validate or invalidate existing theories and constitute a basis for further theories. In this class, we will discover central topics and mechanisms in corporate finance by focusing on how researchers have used data and empirical methods to develop novel knowledge that is relevant for the practice of finance.

The overall approach in this class is to read and understand (selected) prior empirical work and replicate or extend some of these studies. The topics have been selected to make you work with specific datasets and methods. The primary expertise necessary is the understanding of how to use or manipulate datasets. You will need to appreciate the methods, approaches, and intuition of econometrics including and beyond a first graduate level of econometrics. I will cover some of the underlying approaches in class but our objectives will be different from those of an econometric course. Rather than a formal derivation of the underlying assumptions and tests, we will assess why something works the way it does.

Deliverables - Empirical exercises

You will have three exercise sets and a mini project to hand in. They are designed to get you up and running with financial datasets and empirical methods. There is a lot of work going into extracting databases and matching datasets. You should treat this as a permanent lifelong investment and the costs will seem more bearable. You will have to extract data from the relevant source, run the assigned tests, and answer to question I will specify. You will write a short report for each assignment, explaining all your steps and interpreting your results.

Course outline and Readings

All chapters and articles marked with an * should be **carefully** read in advance. As we will discuss these papers in class, not reading makes your attendance almost useless. I will ask questions related to these articles in class.

Reading list for part 1. COURSE

Identification and Causality Event studies Instrumental Variables Difference-in-Differences Regression Discontinuity Design Textual Analysis Part 2. Luc Renneboog

Part 2, Executive Remuneration Contracting

Compétence à acquérir :

The objective of this course is twofold: a. to introduce the student to state of the art econometrics applied in empirical corporate finance (e.g. to address endogeneity issues, to determine an identification strategy), b. to introduce the student to some important topics in theoretical corporate finance.

Mode de contrôle des connaissances :

Part 1. The evaluation for the class consists of a project (45%) and a written final exam (55%).
Part 2. Written Exam (50%)