FIN 745: Seminar in Managerial Finance

Dr. Kristine Watson Hankins
Spring 2017

Time & Location:

- Monday 12:30 – 3:00 Gatton 248
- Thursdays 12:30 – 3:00 TBD

Goals:

This seminar will cover research issues in empirical corporate finance. It will build on the theory and ‘classics’ background of FIN 740 as well as the econometrics tools you have developed in labor and the econometrics sequence. The goal of this course is to read a broad range of papers in empirical corporate finance, evaluate the data and identification techniques, and generate ideas for your own research agendas with a focus on casual inference.

Readings:

In addition to the assigned articles, I recommend the following for additional reference.

- Wall Street Journal

Expectations:

Attendance and participation are mandatory. This is for your benefit as well as those of your classmates. Unprepared students will be asked to leave the class. (Yes, I have done this in the past.) Each student will present an article or two from the assigned readings each week (~20 mins) and should write a brief summary to share. I will check your summaries periodically so please post them to the class Dropbox.

*Everyone* should read all the assigned articles. *Presenters* will lead the discussion. They will identify the main contribution, describe the data and estimation process, highlight any potential shortcomings, hopefully reference related other research that was not assigned, and introduce possible extensions or research ideas related to the paper. Everyone else will provide thoughtful questions.

<table>
<thead>
<tr>
<th>Classroom participation</th>
<th>15%</th>
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<tr>
<td>Weekly article presentations</td>
<td>15%</td>
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<tr>
<td>Assignments - 3</td>
<td>10% each</td>
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<td>Research proposal presentation</td>
<td>10%</td>
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<tr>
<td>Final project (due May 15)</td>
<td>30%</td>
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Assignments:

There are three assignments to submit: one methodology reading assignment and two mini-projects designed to facilitate your independent research proposals.

1. **Methodology Papers**: Read the following four papers and write short summaries of each.

   
   
   

2. **The Hunt**: We will have read a number of papers using non-traditional data to understand traditional corporate finance issues. Your job is to search top economics journals, the *Economist* magazine, or other sources to identify a couple potential events or datasets that might be used to examine corporate finance questions. This project most likely will take a lot of time so plan accordingly. Identifying a unique event or sample may change your career.

3. **RDC Data**: You know I love unique data. Jim Ziliak, in Gatton Economics, has spearheaded the effort to bring a Census Research Data Center (RDC) to UK in 2017. This is an amazing resource for the entire college. I want you to propose a research project using this data. [http://www.census.gov/about/adrm/fsrdc/locations/kentucky.html](http://www.census.gov/about/adrm/fsrdc/locations/kentucky.html)

Research Proposal:

Prepare an in-class presentation of an independent corporate finance research idea. You will have approximately 20 minutes to present. Motivate the research question using existing literature and outline your identification strategy. Your motivation should position your paper succinctly within the existing literature but the focus should be your proposed research. Discuss potential data and summarize your expected findings. Your references should include 8-12 relevant papers. This proposal is the groundwork for your final project. However, substandard proposal ideas will be jettisoned and you’ll need to identify a new topic for your final project.

Final Project:

The paper can be on any empirical corporate finance topic of your choosing. The paper should be approximately 10 concisely written pages as well as preliminary (but well-designed!) empirical analysis. (Tables do not count towards the page limit.) All topics must be approved by me in advance.
Schedule:

1/12  Reading Assignment: Survey corporate topics at top conferences
       Introduction

1/16  No class, MLK

1/19  Clever Empirical Research

1/23  Assignment #1 Due – Econometric Paper Summaries
       Endogeneity: Ownership and Value

1/26  No class, rescheduled to March 2

1/30  Capital Structure

2/2   No class, rescheduled to March 20

2/6   Distress and Collateral

2/9   Assignment #2 Due – The Hunt
       Investment

2/13  Payout Policy

2/16  Assignment #3 Due – RDC Data
       Liquidity Management

2/20  Internal Capital Markets

2/23  Risk Management

2/27  Intermediation

3/2   The Financial Markets and Corporate Finance

3/6   Discuss research proposal ideas
       Labor and Finance

3/20  Research Proposal Presentations

5/1   Final Project Due
1. Introduction


2. Clever Empirical Research


3. Endogeneity: Ownership and Value


### 4. Capital Structure


5. Distress and Collateral
   a. Financial Distress


b. Collateral


6. Investment


7. Payout Policy


**8. Liquidity Management**


**9. Internal Capital Markets**


10. Risk Management


11. Intermediation


Breza, E. and A. Liberman, 2016, Financial Contracting and Organizational Form: Evidence from the Regulation of Trade Credit, Journal of Finance, Forthcoming


12. The Financial Markets and Corporate Finance


Bustamante, M. C., and A. Donangelo, 2016, Industry Concentration and Markup: Implications for Asset Pricing, Review of Financial Studies, Forthcoming


### 13. Labor and Finance


Caggese, A., V. Cunat, and D. Metzger, 2016, Firing the Wrong Workers: Financing Constraints and Labor Misallocation, Working paper


