



## Course and Examination Fact Sheet: Spring Semester 2024

### 10,281: Empirical Corporate Finance

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

decentral - Active participation, Analog, Individual work individual grade (20%)

Examination time: Term time

decentral - Written work, Digital, Individual work individual grade (20%)

Examination time: Term time

decentral - Written work, Digital, Individual work individual grade (60%)

Examination time: Term time

#### Attached courses

Timetable -- Language -- Lecturer

[10,281,1.00 Empirical Corporate Finance](#) -- English -- [Schmid Markus](#)

#### Course information

#### Course prerequisites

There are no formal prerequisites for the course. However, material covered by an advanced master level or first-year doctoral level econometrics course (e.g., Greene, 2017, *Econometric Analysis*, 8<sup>th</sup> Edition, Pearson; Wooldridge, 2016, *Introductory Econometrics*, 6<sup>th</sup> Edition, Cengage Learning Emea) and some familiarity with corporate finance at the level of a master level course is expected (e.g., Brealey, Myers, Allen, and Edmans, 2022, *Principles of Corporate Finance*, 14<sup>th</sup> edition, McGraw-Hill; Berk and DeMarzo, 2019, *Corporate Finance*, 5<sup>th</sup> Edition, Pearson etc.).

#### Learning objectives

- Students will learn how to think critically about empirical research (questions) and interpret results carefully.
- Students will learn about corporate finance topics usually not covered in basic corporate finance courses (e.g., at the master level).
- Students will learn about various methodological approaches widely used in empirical finance research involving micro-level data.
- Students will learn how to deal with endogeneity issues in empirical (corporate) finance research.
- Students will learn how to do basic estimations using various empirical approaches discussed in class and present and discuss these results.

#### Course content

The course is intended as an introduction to research in empirical corporate finance and covers both corporate finance topics as well as methods with a strong emphasis on endogeneity and identification. The general objective of the course is to present a selection of influential and/or carefully done work on several topics in corporate finance. A particular emphasis is put on current research which is particularly promising for the (economic) interest it presents in corporate finance and/or its methodological approach and empirical setup. The course also aims at exposing students to current work in different fields of corporate finance and to encourage them to explore interesting research questions in corporate finance and related fields. Moreover, students will learn how to think critically about empirical research (questions).



## Course structure and indications of the learning and teaching design

The course will consist of six meetings of four (academic) hours each and will take place weekly in the second half of the spring term 2024.

Each meeting will be devoted to a corporate finance topic and one or a small number of methodological topics through coverage of several research papers. Some classes will consist of two parts: In the first part, I will present a general introduction to the topic and/or methods covered, usually by covering approximately two to three papers. In the second part of the class, students will present papers on the respective topic. The list of papers covered in class (by myself and in the student presentations) will be provided in the first class. Students are expected to read all papers before the class and to actively participate in the discussion (see also "Assessment" below). As the goal of the course is to fully understand the papers, the economic idea and implications as well as the empirical setup, we will cover most papers in great detail and only few will be skimmed because of time limits.

Topics covered include capital structure, asymmetric information and corporate governance, competition and market structure, employee representation, geographic distance, and ESG.

The methods that are covered in class include instrumental variables regressions, fixed effects, difference-in-differences estimators, matching, regression discontinuity design, and robust methods for long-term performance evaluation.

## Course literature

The list of research papers covered by the class will be provided in the first class.

## Additional course information

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## Examination information

### Examination sub part/s

#### 1. Examination sub part (1/3)

##### Examination modalities

Examination type	Active participation
Responsible for organisation	decentral
Examination form	Oral examination
Examination mode	Analog
Time of examination	Term time
Examination execution	Synchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	20%
Duration	--

##### Examination languages

Question language: English

Answer language: English

##### Remark

Active participation during course

##### Examination-aid rule

Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.



## Supplementary aids

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## 2. Examination sub part (2/3)

### Examination modalities

Examination type	Written work
Responsible for organisation	decentral
Examination form	Written work
Examination mode	Digital
Time of examination	Term time
Examination execution	Asynchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	20%
Duration	--

### Examination languages

Question language: English

Answer language: English

### Remark

To be submitted: pdf file and program code

### Examination-aid rule

Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.

## Supplementary aids

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## 3. Examination sub part (3/3)

### Examination modalities

Examination type	Written work
Responsible for organisation	decentral
Examination form	Written work
Examination mode	Digital
Time of examination	Term time
Examination execution	Asynchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	60%
Duration	--

### Examination languages

Question language: English

Answer language: English

### Remark

Two referee reports on academic research papers

### Examination-aid rule



## Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.

## Supplementary aids

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## Examination content

The course grade will be made up of three parts:

1. One empirical exercise using Stata, R, or Phyton (25%)
2. Two referee reports to be prepared / written throughout the course (details will be discussed in the first class). (50%)
3. Participation in class (25%)

## Examination relevant literature

Empirical exercise: The list of tasks and data to be used for the exercise will be distributed in class (via email / uploaded to the course's Canvas page). Solutions will be discussed in the first class after the submission deadline.

Assignments: Papers to be reviewed will be distributed in class (via Canvas and/or email) and discussed in the first class after the deadline.

Participation in class: The list of papers covered by the course will be provided in the first class. Students are expected to read *all* papers before the class and to actively participate in the discussions.

## Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 13 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 04 (Thursday, 25 January 2024);
- Examination information (supplementary aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 18 March 2024);
- Examination information (supplementary aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 13 (Monday, 25 March 2024);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: Starting with de-registration period in CW 15 (Monday, 08 April 2024).