



B9329: Empirical Corporate Finance (PhD)

Spring 2024

Syllabus

Instructor: Professor Xavier Giroud

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Class time: Thursdays, 9:00am – 12:15pm

Classroom: Geffen 380

TA: TBA

1. Course Description

This course provides an introduction to empirical research in corporate finance, with an emphasis on the application of cross-sectional and panel data econometric techniques for causal inference. The objective of this course is twofold:

- First, participants will become familiar with the literature in empirical corporate finance. The goal is to provide broad (but not comprehensive) coverage of the literature, identify recurrent themes, and outline potential areas of future research.
- Second, participants will learn to become sophisticated consumers and eventually producers of state-of-the-art empirical research in corporate finance that applies cross-sectional and panel data econometric techniques.

2. Course Structure

The course will be administered in a “seminar-style” format. Each session will focus on a specific area of empirical corporate finance and feature two main papers.

3. Course Requirements

Your grade for the course will consist of four components:

- In-class presentation #1 (20%)
- In-class presentation #2 (20%)
- Assignment #1: discussion (20%)
- Assignment #2: referee report (20%)
- Final exam (20%)

In-class presentations. Each participant will present two academic articles from the reading list. The purpose of this assignment is twofold: i) presentations are one key way people in academia will get to know (and assess) you, so it is a good idea to get some practice now; ii) this will help you better understand and think critically about the empirical tools discussed in the first part of the course.

Assignment #1: discussion. Participants will prepare discussion slides (similar to those you would use at a conference) for a specific paper.

Assignment #2: referee report. Participants will prepare a referee report for a specific paper.

Final exam. The final exam will be administered in the final class in the form of an in-class referee report.

4. Course Outline and Reading List

This course is based on academic articles. Note that I have assigned several of my own papers. This will allow me to share insights into i) the “making” of a paper (from the first draft to the published version) and ii) the reviewing process.

In addition, we will use the following two econometric references:

- Angrist, Joshua, and Joern-Steffen Pischke (2009), *Mostly Harmless Econometrics: An Empiricist's Companion*, Princeton University Press, Princeton, NJ.

- Roberts, Michael R., and Toni M. Whited (2013), Endogeneity in empirical corporate finance, in: Constantinides, George, Milton Harris, and Rene Stulz (eds.), *Handbook of the Economics of Finance*, volume 2, 493–572, Elsevier/North-Holland, Oxford and Amsterdam.

Class 1: Introduction to empirical corporate finance

Class 2: Investment

Readings:

- Giroud, Xavier (2013), Proximity and investment: Evidence from plant-level data. *Quarterly Journal of Economics* 128: 861–915.
- Gilje, Erik, and Jerome P. Taillard (2016), Do private firms invest differently than public firms? Taking cues from the natural gas industry. *Journal of Finance* 71: 1733–1778.

Class 3: Capital Structure

Readings:

- Giroud, Xavier, Holger M. Mueller, Alex Stomper, and Arne Westerkamp (2012), Snow and leverage. *Review of Financial Studies* 25: 680–710.
- Baghai, Ramin, Rui Silva, Viktor Thell, and Vikrant Vig (2021), Talent in Distressed Firms: Investigating the Labor Costs of Financial Distress. *Journal of Finance* 76: 2907–2961.

Class 4: Labor and finance

Readings:

- Agrawal, Ashwini, and David Matsa (2013), Labor unemployment risk and corporate financing decisions. *Journal of Financial Economics* 108: 449–470.
- Bernstein, Shai, Emanuele Colonnelli, Xavier Giroud, and Benjamin Iverson (2019), Bankruptcy spillovers. *Journal of Financial Economics* 133: 608–633.

Class 5: ESG (Environmental, Social, and Governance)

Readings:

- Akey, Pat, and Ian Appel (2021), The limits of limited liability: Evidence from industrial pollution. *Journal of Finance* 76, 5–55.
- Bartram, Soehnke, Kewei Hou, and Sehoon Kim (2022), Real effects of climate policy: Financial constraints and spillovers. *Journal of Financial Economics* 143: 668–696.

Class 6: The financial crisis (I)

Readings:

- Mian, Atif, Kamalesh Rao, and Amir Sufi (2013), Household balance sheets, consumption, and the economic slump. *Quarterly Journal of Economics* 128, 1–40.
- Mian, Atif, and Amir Sufi (2014), What explains the 2007-2009 drop in employment? *Econometrica* 82: 2197–2223.

Class 7: The financial crisis (II)

Readings:

- Chodorow-Reich, Gabriel (2014), The employment effects of credit market disruptions: Firm-level evidence from the 2008-09 financial crisis, *Quarterly Journal of Economics* 129, 1–59.
- Giroud, Xavier, and Holger M. Mueller (2017), Firm leverage, consumer demand, and employment losses during the Great Recession. *Quarterly Journal of Economics* 132, 271–316.

Class 8: Networks and corporate finance

Readings:

- Giroud, Xavier, and Holger M. Mueller (2019), Firms' internal networks and local economic shocks. *American Economic Review* 109, 3617–3649.
- Bailey, Michael, Ruiqing Cao, Theresa Kuchler, and Johannes Stroebel (2018), The economic effects of social networks: Evidence from the housing market. *Journal of Political Economy* 126, 2224–2276.

Class 9: Taxation and corporate finance

Readings:

- Yagan, Daniel (2015), Capital tax reform and the real economy: The effects of the 2003 dividend tax cut. *American Economic Review* 105: 3531–3563.
- DeSimone, Rebecca (2022), Public Monitoring, Private Lending: Evidence From Tax Audit Reform in Ecuador. Working paper.

Class 10: Entrepreneurial finance

Readings:

- Bernstein, Shai (2015), Does going public affect innovation? *Journal of Finance* 70: 1365–1403.
- Bernstein, Shai, Xavier Giroud, and Richard Townsend (2016), The impact of venture capital monitoring. *Journal of Finance* 71: 1591–1622.

Class 11: Final exam

5. Course schedule

Class #	Date	Topic
1	Thursday Jan 25, 2024	Introduction
2	Thursday Feb 1, 2024	Investment
3	Thursday Feb 8, 2024	Capital structure
4	Thursday Feb 15, 2024	Labor and finance
5	Thursday Feb 22, 2024	ESG (environmental, social, and governance)
6	Thursday Mar 21, 2024	The financial crisis (I)
7	Thursday Mar 28, 2024	The financial crisis (II)
8	Thursday Apr 4, 2024	Networks and corporate finance
9	Thursday Apr 11, 2024	Taxation and corporate finance
10	Thursday Apr 18, 2024	Entrepreneurial finance
11	Thursday Apr 25, 2024	Final exam