



## UNSW Course Outline

# FINS4777 Empirical Corporate Finance - 2024

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## General Course Information

**Course Code :** FINS4777

**Year :** 2024

**Term :** Term 1

**Teaching Period :** T1

**Is a multi-term course? :** No

**Faculty :** UNSW Business School

**Academic Unit :** School of Banking and Finance

**Delivery Mode :** In Person

**Delivery Format :** Standard

**Delivery Location :** Kensington

**Campus :** Sydney

**Study Level :** Undergraduate

**Units of Credit :** 6

### Useful Links

[Handbook Class Timetable](#)

## Course Details & Outcomes

### Course Description

The aim of this course is to prepare Honours and Ph.D. students to do research in Empirical Corporate Finance. The course is organised around published and working papers in the field with an emphasis on econometric methods and the publication process. Rather than providing

an exhaustive overview of the field, the course focuses in depth on selected topics to illustrate different empirical approaches. Using papers on from various sub-fields of corporate finance, the course will attempt to expose students to issues of identification, endogeneity, and instruments. The course will also attempt to strengthen your ability to digest and critique academic research. Finally, it will help improve your presentation skills through constructive feedback.

## **Relationship to Other Courses**

PREREQUISITE: FINS4775/5575 Research Methods in Finance 1. Preferably also Research Methods in Finance 2. Alternatively, you should have taken advanced econometrics courses.

# Course Learning Outcomes

Course Learning Outcomes	Program learning outcomes
CLO1 : Demonstrate the understanding of the appropriateness of empirical research techniques in various contexts.	• PLO1 : Business Knowledge
CLO2 : Apply the principles of good empirical work to complete a data exercise (mini-research).	• PLO2 : Problem Solving
CLO3 : Synthesise written work which is logically and professionally presented.	• PLO3 : Business Communication
CLO4 : Communicate research ideas and issues verbally in a clear and logical manner.	• PLO3 : Business Communication
CLO5 : Identify global research.	• PLO6 : Global and Cultural Competence
CLO6 : Demonstrate and apply leadership skills through initiation of a research project.	• PLO7 : Leadership Development

Course Learning Outcomes	Assessment Item
CLO1 : Demonstrate the understanding of the appropriateness of empirical research techniques in various contexts.	• Paper Presentations • Individual Assignment • Class Participation
CLO2 : Apply the principles of good empirical work to complete a data exercise (mini-research).	• Individual Assignment • Class Participation
CLO3 : Synthesise written work which is logically and professionally presented.	• Research Proposals • Individual Assignment
CLO4 : Communicate research ideas and issues verbally in a clear and logical manner.	• Paper Presentations • Research Proposals
CLO5 : Identify global research.	• Paper Presentations • Class Participation
CLO6 : Demonstrate and apply leadership skills through initiation of a research project.	• Research Proposals

## Learning and Teaching Technologies

Moodle - Learning Management System

# Assessments

## Assessment Structure

Assessment Item	Weight	Relevant Dates	Program learning outcomes
Paper Presentations Assessment Format: Individual	25%	Start Date: See Detailed assessment description Due Date: See Detailed assessment description	• PLO1 : Business Knowledge • PLO3 : Business Communication • PLO6 : Global and Cultural Competence • PLO2 : Problem Solving
Research Proposals Assessment Format: Individual	35%	Start Date: See Detailed assessment description Due Date: See Detailed assessment description	• PLO3 : Business Communication • PLO7 : Leadership Development
Individual Assignment Assessment Format: Individual	30%	Start Date: See Detailed assessment description Due Date: See Detailed assessment description	• PLO2 : Problem Solving • PLO3 : Business Communication
Class Participation Assessment Format: Individual	10%	Start Date: See Detailed assessment description Due Date: See Detailed assessment description	• PLO1 : Business Knowledge • PLO2 : Problem Solving

## Assessment Details

### Paper Presentations

#### Course Learning Outcomes

- CLO1 : Demonstrate the understanding of the appropriateness of empirical research techniques in various contexts.
- CLO4 : Communicate research ideas and issues verbally in a clear and logical manner.
- CLO5 : Identify global research.

#### Detailed Assessment Description

##### In-class presentations (25%)

This course is run by selected topics in empirical corporate finance from Week 3. Each week, students will be assigned papers to read before the class. Each student will pick one topic and present the overview of the papers covering the topic and present one or two assigned papers thoroughly as if the student is the author. Typically, the papers assigned would be related to the topic covered each week and pertain to the empirical methods covered in the earlier part of the course. Each presentation of the paper will be 15 minutes, and we will discuss the presentation schedule in Week 1.

## Submission notes

See Detailed assessment description

## Assignment submission Turnitin type

This is not a Turnitin assignment

# Research Proposals

## Course Learning Outcomes

- CLO3 : Synthesise written work which is logically and professionally presented.
- CLO4 : Communicate research ideas and issues verbally in a clear and logical manner.
- CLO6 : Demonstrate and apply leadership skills through initiation of a research project.

## Detailed Assessment Description

Weight	Assessment Name	Assessment Due Date / Timing
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10%	Research Proposal: First draft	Week 9
20%	Research Proposal: Final draft	Week 11
5%	New data/instrument presentation	Week 7

### Research proposal (30%)

Students will be asked to sketch an outline for a possible empirical paper using the tools taught in the course. Students need to develop an interesting research question, place the question in the relevant literature, propose an identification strategy for answering the question, and identify the necessary datasets to implement the identification strategy. Ideally, students can utilize the proposal as a possible start towards something that develops into (part of) their thesis.

The assignment will be divided into two parts so that students can get feedback before submitting the final proposal. Students are required to turn in a preliminary proposal and make a 10-minute presentation in Week 9. The final proposal is due in Week 11.

### New data/instrument presentation (5%)

Students will need to present a new dataset, an instrument, or an identification strategy that has never been used in finance or economics research. The presentation should be less than 10 minutes. Students will be graded on how innovative the idea is, not so much on the details of

how exactly to implement it. The presentation is due on Week 7.

#### Submission notes

See Detailed assessment description

#### Assignment submission Turnitin type

This assignment is submitted through Turnitin and students can see Turnitin similarity reports.

### **Individual Assignment**

#### Course Learning Outcomes

- CLO1 : Demonstrate the understanding of the appropriateness of empirical research techniques in various contexts.
- CLO2 : Apply the principles of good empirical work to complete a data exercise (mini-research).
- CLO3 : Synthesise written work which is logically and professionally presented.

#### Detailed Assessment Description

Weight	Assessment Name	Assessment Due Date / Timing
20%	Data exercise	Week 5
10%	Referee report	Week 8

#### **Data exercise (20%)**

Students will be asked to obtain data and write code to replicate several results of a paper assigned later in the course. The major goal of the exercise is to learn how to implement some of the tools taught in the course. The assignment should be completed in Stata. The data exercise is due on Week 5.

#### **Referee report (10%)**

Students will need to submit a referee report on a paper assigned later in the course. The referee report is due on Week 8.

#### Submission notes

See Detailed assessment description

#### Assignment submission Turnitin type

This assignment is submitted through Turnitin and students can see Turnitin similarity reports.

# Class Participation

## Course Learning Outcomes

- CLO1 : Demonstrate the understanding of the appropriateness of empirical research techniques in various contexts.
- CLO2 : Apply the principles of good empirical work to complete a data exercise (mini-research).
- CLO5 : Identify global research.

## Detailed Assessment Description

In-class participation includes asking/answering questions during the lecture and presentations.

Each week, all students enrolled in the course must read the assigned papers before the course, submit their concerns, questions, or issues about each of the papers, and submit it before class via Moodle. This is to promote active participation in discussions followed by presentations.

## Submission notes

See Detailed assessment description

## Assignment submission Turnitin type

This is not a Turnitin assignment

# General Assessment Information

## Grading Basis

Standard

## Requirements to pass course

In order to pass this course students must:

- Achieve a composite mark of at least 50 out of 100
- Engage actively in course learning activities and attempt all assessment requirements
- Meet any additional requirements specified in the assessment details
- Meet the specified attendance requirements of the course (see Schedule section)

# Course Schedule

Teaching Week/Module	Activity Type	Content
Week 1 : 12 February - 18 February	Lecture	<ul style="list-style-type: none"><li>• Course Introduction</li><li>• Linear regressions, Panel data, Causality</li></ul>
Week 2 : 19 February - 25 February	Lecture	<ul style="list-style-type: none"><li>• Instrument variables</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
Week 3 : 26 February - 3 March	Lecture	<ul style="list-style-type: none"><li>• Natural experiments</li><li>• Topic 1: Capital Structure</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
	Tutorial	<ul style="list-style-type: none"><li>29 February, 2024 (Thu)</li><li>• STATA tutorial (online)</li></ul>
Week 4 : 4 March - 10 March	Lecture	<ul style="list-style-type: none"><li>• Regression discontinuity</li><li>• Topic 2: Financial Distress</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
Week 5 : 11 March - 17 March	Lecture	<ul style="list-style-type: none"><li>• Topic 3: IPOs and Capital Raising</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
Week 6 : 18 March - 24 March	Lecture	<ul style="list-style-type: none"><li>• Topic 4: Liquidity, Financial Constraints and Investment</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
Week 7 : 25 March - 31 March	Lecture	<ul style="list-style-type: none"><li>• Topic 5: Venture Capital and Private Equity</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
	Presentation	<ul style="list-style-type: none"><li>28 March, 2024 (Thu)</li><li>• New dataset/instrument presentation</li></ul>
Week 8 : 1 April - 7 April	Lecture	<ul style="list-style-type: none"><li>• Topic 6: Allocation and Misallocation of Internal Resources</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>
Week 9 : 8 April - 14 April	Presentation	<ul style="list-style-type: none"><li>• Presentation of proposal first drafts</li></ul>
Week 10 : 15 April - 21 April	Lecture	<ul style="list-style-type: none"><li>• Topic 8: International Corporate Finance</li></ul>
	Presentation	<ul style="list-style-type: none"><li>• Paper presentations + discussion</li></ul>

## Attendance Requirements

Students are strongly encouraged to attend all classes and review lecture recordings.

## General Schedule Information

The detailed weekly course schedules will be announced in Week 0.

## Course Resources

### Prescribed Resources

For each lecture, I've listed some readings that will be helpful with understanding the methodology being discussed.

In particular, I will provide the list of papers on each topic and mark the required and recommended readings to understand the literature on the topic covered. All relevant academic papers assigned can be downloaded via UNSW Library website. Students are required to read the

papers assigned before the course.

## Recommended Resources

Students would benefit greatly if they read these prior to the lecture. The lectures on methodologies primarily draw from the four sources below:

1. Wooldridge, Jeffrey M., 2010, *Econometric Analysis of Cross-Section and Panel Data*, MIT Press, Massachusetts, Second Edition [Wooldridge]
2. Greene, William H., 2011, *Econometric Analysis*, Prentice Hall, N.J., Seventh Edition. [Greene]
3. Angrist, Joshua D., and Jorn-Steffen Pischke, 2009, *Mostly Harmless Econometrics*, Princeton University Press, New Jersey. [Angrist-Pischke]
4. Roberts, Michael R., and Toni M. Whited, 2011, "Endogeneity in Empirical Corporate Finance," University of Rochester, working paper, <http://ssrn.com/abstract=1748604> [Roberts-Whited]

## Course Evaluation and Development

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the myExperience survey, which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

## Staff Details

Position	Name	Email	Location	Phone	Availability	Equitable Learning Services Contact	Primary Contact
Convenor	Yeejin Jang					No	Yes

## Other Useful Information

### Academic Information

### COURSE POLICIES AND SUPPORT

The Business School expects that you are familiar with the contents of this course outline and the UNSW and Business School learning expectations, rules, policies and support services as listed below:

- Program Learning Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Protocol for Viewing Final Exam Scripts
- Student Learning Support Services

Further information is provided on the [key policies and support page](#).

Students may not circulate or post online any course materials such as handouts, exams, syllabi or similar resources from their courses without the written permission of their instructor.

## STUDENT LEARNING OUTCOMES

The Course Learning Outcomes (CLOs) – under the Outcomes tab – are what you should be able to demonstrate by the end of this course, if you participate fully in learning activities and successfully complete the assessment items.

CLOs also contribute to your achievement of the Program Learning Outcomes (PLOs), which are developed across the duration of a program. PLOs are, in turn, directly linked to [UNSW graduate capabilities](#). More information on Coursework PLOs is available on the [key policies and support page](#). For PG Research PLOs, including MPDBS, please refer to the [UNSW HDR Learning Outcomes](#).

## Academic Honesty and Plagiarism

As a student at UNSW you are expected to display [academic integrity](#) in your work and interactions. Where a student breaches the [UNSW Student Code](#) with respect to academic integrity, the University may take disciplinary action under the Student Misconduct Procedure. To assure academic integrity, you may be required to demonstrate reasoning, research and the process of constructing work submitted for assessment.

To assist you in understanding what academic integrity means, and how to ensure that you do comply with the UNSW Student Code, it is strongly recommended that you complete the [Working with Academic Integrity](#) module before submitting your first assessment task. It is a free, online self-paced Moodle module that should take about one hour to complete.

## Submission of Assessment Tasks

## SPECIAL CONSIDERATION

You can apply for special consideration when illness or other circumstances beyond your control interfere with your performance in a specific assessment task or tasks, including online exams. Students studying remotely who have exams scheduled between 10pm and 7am local time, are also able to apply for special consideration to sit a supplementary exam at a time outside of these hours.

Special consideration is primarily intended to provide you with an extra opportunity to demonstrate the level of performance of which you are capable. To apply, and for further information, see Special Consideration on the UNSW [Current Students](#) page.

Special consideration applications will be assessed centrally by the Case Review Team, who will update the online application with the outcome and add any relevant comments. The change to the status of the application immediately sends an email to the student and to the assessor with the outcome of the application.

Please note the following:

1. Applications can only be made through Online Services in myUNSW (see the UNSW [Current Students](#) page). Applications will not be accepted by teaching staff. The lecturer-in-charge/ course coordinator will be automatically notified when your application is processed.
2. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
3. If you experience illness or misadventure in the lead up to an exam or assessment, you must submit an application for special consideration, either prior to the examination taking place, or prior to the assessment submission deadline, except where illness or misadventure prevent you from doing so.
4. If your circumstances stop you from applying before your exam or assessment due date, you must apply within 3 working days of the assessment or the period covered by your supporting documentation.
5. Under the UNSW Fit To Sit/Submit rule, if you sit the exam/submit an assignment, you are declaring yourself well enough to do so and are cannot subsequently apply for special consideration.
6. If you become unwell on the day of – or during – an exam, you must stop working on your exam, advise your course coordinator or tutor and provide a medical certificate dated within 24 hours of the exam, with your special consideration application. For online exams, you must contact your course coordinator or tutor immediately via email, Moodle or chat and advise them you are unwell and submit screenshots of your conversation along with your medical certificate and application.
7. Special consideration requests do not allow the awarding of additional marks to students.

Further information on Business School policy and procedure can be found under "Special Consideration" on the [key policies and support](#) page.

## LATE SUBMISSION PENALTIES

For assessments other than examinations, late submission will incur a penalty of 5% per day or part thereof (including weekends) from the due date and time. An assessment will not be accepted after 5 days (120 hours) of the original deadline unless special consideration has been approved. An assignment is considered late if the requested format, such as hard copy or electronic copy, has not been submitted on time or where the 'wrong' assignment has been submitted.

For assessments which account for 10% or less of the overall course grade, and where answers are immediately discussed or debriefed, the LIC may stipulate a different penalty. Details of such late penalties will be available on the course Moodle page.

## FEEDBACK ON YOUR ASSESSMENT TASK PERFORMANCE

Feedback on student performance from formative and summative assessment tasks will be provided to students in a timely manner. Assessment tasks completed within the teaching period of a course, other than a final assessment, will be assessed and students provided with feedback, with or without a provisional result, within 10 working days of submission, under normal circumstances. Feedback on continuous assessment tasks (e.g. laboratory and studio-based, workplace-based, weekly quizzes) will be provided prior to the midpoint of the course.

## Faculty-specific Information

### PROTOCOL FOR VIEWING FINAL EXAM SCRIPTS

UNSW students have the right to view their final exam scripts, subject to a small number of very specific exemptions. The UNSW Business School has set a [protocol](#) under which students may view their final exam script. Individual schools within the Faculty may also set up additional local processes for viewing final exam scripts, so it is important that you check with your School.

If you are completing courses from the following schools, please note the additional school-specific information:

- Students in the **School of Accounting, Auditing & Taxation** who wish to view their final examination script should also refer to [this page](#).

- Students in the School of Banking & Finance should also refer to [this page](#).
- Students in the School of Information Systems & Technology Management should also refer to [this page](#).

## COURSE EVALUATION AND DEVELOPMENT

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the [myExperience survey](#), which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

## QUALITY ASSURANCE

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

## TEACHING TIMES AND LOCATIONS

Please note that teaching times and locations are subject to change. Students are strongly advised to refer to the [Class Timetable website](#) for the most up-to-date teaching times and locations.