



## UNSW Course Outline

# FINS5581 Empirical Corporate Governance - 2024

Published on the 20 May 2024

## General Course Information

Course Code : FINS5581

Year : 2024

Term : Term 2

Teaching Period : T2

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 : Postgraduate

Units of Credit : 6

### Useful Links

[Handbook Class Timetable](#)

## Course Details & Outcomes

### Course Description

This course explores a number of empirical questions and statistical techniques from corporate finance, with application to topics in corporate governance. Topics covered include applications of agency theory and optimal contracting theory, an overview of internal and external corporate

control mechanisms, and a survey of major methodological approaches used in this research area including their strengths and weaknesses. The primary topics to be covered are corporate boards of directors, executive incentives, and manifestations of poor governance. We will also discuss some of the major databases used for this type of research. The topics to be covered are all in the lecturer's area of expertise.

The course assumes a sound knowledge of the economic theory relating to the foundations of finance, including basic agency theory and financial contract theory. The course will emphasize both the major economic questions concerning the needs for and the effectiveness of these critical corporate governance mechanisms and to help researchers to create effective research designs necessary to produce compelling evidence of causal relationships.

## **Course Aims**

This is a Postgraduate course meant to prepare students to undertake their own research. By the end of the course, you should be familiar with some of the classic research as well as some of the most cutting-edge work in the field of corporate governance. You should also understand the major empirical approaches employed in this research area, and a good understanding of what makes for a strong research paper and to be well-equipped to undertake your own research studies. The course is geared to strengthen your ability to understand and critique academic research. Finally, it will help improve your presentation skills through constructive feedback.

The course will cover a number of major corporate governance mechanisms such as boards of directors, and the market for corporate control, as well as key corporate outcomes such as ESG and Innovation topics. Seminar participants will have significant opportunities to critique current research and develop critical analytical skills and presentation skills. By examining a wide range of current literature, you should get a clear sense of what are many of the cutting edge questions being studied in corporate governance and what leads to a publishable research paper.

# Course Learning Outcomes

Course Learning Outcomes	Program learning outcomes
CLO1 : Understand major corporate governance mechanisms.	<ul style="list-style-type: none"> <li>• PL01 : Research Excellence</li> <li>• PL01 : Business Knowledge</li> </ul>
CLO2 : Explain major theories and evidence concerning major corporate governance mechanisms.	<ul style="list-style-type: none"> <li>• PL01 : Research Excellence</li> </ul>
CLO3 : Explain and evaluate major empirical approaches used in undertaking research in corporate governance.	<ul style="list-style-type: none"> <li>• PL01 : Research Excellence</li> </ul>
CLO4 : Analyze data and test hypotheses and familiarity with the major databases in this research area.	<ul style="list-style-type: none"> <li>• PL01 : Research Excellence</li> </ul>
CLO5 : Develop critical economic perspectives and analytical skills, and be able to articulate your own research results through written reports and oral presentation.	<ul style="list-style-type: none"> <li>• PL01 : Research Excellence</li> <li>• PL02 : Academic Excellence</li> <li>• PL03 : Leadership</li> <li>• PL02 : Problem Solving</li> <li>• PL03 : Business Communication</li> <li>• PL07 : Leadership Development</li> </ul>
CLO6 : Construct written work which is logically and professionally organized and articulated. Summarise your analysis and key findings in a highly succinct, but compelling fashion.	<ul style="list-style-type: none"> <li>• PL03 : Leadership</li> <li>• PL03 : Business Communication</li> </ul>
CLO7 : Communicate ideas in a succinct and clear manner and be able to defend your economic analysis and statistical approaches in Q&A.	<ul style="list-style-type: none"> <li>• PL02 : Academic Excellence</li> <li>• PL07 : Leadership Development</li> </ul>
CLO8 : The class will function as a team to understand the strengths and weakness of each piece of research covered in class.	<ul style="list-style-type: none"> <li>• PL03 : Leadership</li> <li>• PL05 : Social Engagement</li> </ul>
CLO9 : Understanding how governance mechanisms are used to monitor and discipline corporate managers and directors and what our common methods of extracting private benefits of control.	<ul style="list-style-type: none"> <li>• PL01 : Research Excellence</li> <li>• PL02 : Academic Excellence</li> <li>• PL02 : Problem Solving</li> </ul>
CLO10 : Highlight how effective corporate governance mechanisms are across countries and how they can be supported or undercut by government decisions.	<ul style="list-style-type: none"> <li>• PL04 : Global Impact</li> <li>• PL06 : Global and Cultural Competence</li> </ul>

Course Learning Outcomes	Assessment Item
CLO1 : Understand major corporate governance mechanisms.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> <li>• Research Paper</li> </ul>
CLO2 : Explain major theories and evidence concerning major corporate governance mechanisms.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> <li>• Research Paper</li> </ul>
CLO3 : Explain and evaluate major empirical approaches used in undertaking research in corporate governance.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> <li>• Research Paper</li> </ul>
CLO4 : Analyze data and test hypotheses and familiarity with the major databases in this research area.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> <li>• Research Paper</li> </ul>
CLO5 : Develop critical economic perspectives and analytical skills, and be able to articulate your own research results through written reports and oral presentation.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> <li>• Research Paper</li> </ul>
CLO6 : Construct written work which is logically and professionally organized and articulated. Summarise your analysis and key findings in a highly succinct, but compelling fashion.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> </ul>
CLO7 : Communicate ideas in a succinct and clear manner and be able to defend your economic analysis and statistical approaches in Q&A.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> </ul>
CLO8 : The class will function as a team to understand the strengths and weakness of each piece of research covered in class.	<ul style="list-style-type: none"> <li>• Class Participation</li> </ul>
CLO9 : Understanding how governance mechanisms are used to monitor and discipline corporate managers and directors and what our common methods of extracting private benefits of control.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> </ul>
CLO10 : Highlight how effective corporate governance mechanisms are across countries and how they can be supported or undercut by government decisions.	<ul style="list-style-type: none"> <li>• Research Presentations</li> <li>• Class Participation</li> </ul>

## Learning and Teaching Technologies

Moodle - Learning Management System

# Assessments

## Assessment Structure

Assessment Item	Weight	Relevant Dates	Program learning outcomes
Research Presentations Assessment Format: Individual	25%		<ul style="list-style-type: none"><li>• PLO1 : Research Excellence</li><li>• PLO2 : Academic Excellence</li><li>• PLO4 : Global Impact</li></ul>
Class Participation Assessment Format: Individual	25%		<ul style="list-style-type: none"><li>• PLO1 : Research Excellence</li><li>• PLO2 : Academic Excellence</li><li>• PLO3 : Leadership</li><li>• PLO4 : Global Impact</li></ul>
Research Paper Assessment Format: Individual	50%		<ul style="list-style-type: none"><li>• PLO1 : Research Excellence</li><li>• PLO2 : Academic Excellence</li><li>• PLO4 : Global Impact</li></ul>

## Assessment Details

### Research Presentations

#### Assessment Overview

Presentations of article critiques that demonstrate your ability to critically evaluate current research being published in top finance journals

Assesses: HDR PLO1, PLO2, PLO4

#### Course Learning Outcomes

- CLO1 : Understand major corporate governance mechanisms.
- CLO2 : Explain major theories and evidence concerning major corporate governance mechanisms.
- CLO3 : Explain and evaluate major empirical approaches used in undertaking research in corporate governance.
- CLO4 : Analyze data and test hypotheses and familiarity with the major databases in this research area.
- CLO5 : Develop critical economic perspectives and analytical skills, and be able to articulate your own research results through written reports and oral presentation.
- CLO6 : Construct written work which is logically and professionally organized and articulated. Summarise your analysis and key findings in a highly succinct, but compelling fashion.
- CLO7 : Communicate ideas in a succinct and clear manner and be able to defend your economic analysis and statistical approaches in Q&A.
- CLO9 : Understanding how governance mechanisms are used to monitor and discipline corporate managers and directors and what our common methods of extracting private benefits of control.
- CLO10 : Highlight how effective corporate governance mechanisms are across countries and

how they can be supported or undercut by government decisions.

### **Detailed Assessment Description**

Develops improved analytical ability, highlights best practices in research, provides opportunity to practice written and oral communication skills and to practice how to market one's research output.

## **Class Participation**

### **Assessment Overview**

The assessment for this course is to help you develop your research capabilities and your skills at critically evaluating academic research as it is practiced in the area of corporate governance. In class discussions you have the opportunity to demonstrate your understanding of research articles and your ability to critically evaluate their contributions to the corporate governance literature as well as their technical strengths and weaknesses.

Assesses: HDR PLO1, PLO2, PLO3, PLO4

### **Course Learning Outcomes**

- CL01 : Understand major corporate governance mechanisms.
- CL02 : Explain major theories and evidence concerning major corporate governance mechanisms.
- CL03 : Explain and evaluate major empirical approaches used in undertaking research in corporate governance.
- CL04 : Analyze data and test hypotheses and familiarity with the major databases in this research area.
- CL05 : Develop critical economic perspectives and analytical skills, and be able to articulate your own research results through written reports and oral presentation.
- CL06 : Construct written work which is logically and professionally organized and articulated. Summarise your analysis and key findings in a highly succinct, but compelling fashion.
- CL07 : Communicate ideas in a succinct and clear manner and be able to defend your economic analysis and statistical approaches in Q&A.
- CL08 : The class will function as a team to understand the strengths and weakness of each piece of research covered in class.
- CL09 : Understanding how governance mechanisms are used to monitor and discipline corporate managers and directors and what our common methods of extracting private benefits of control.
- CL010 : Highlight how effective corporate governance mechanisms are across countries and how they can be supported or undercut by government decisions.

# Research Paper

## Assessment Overview

The most important component is an original research paper that hopefully can become an essay in your thesis and later become a publication in a top finance or related top tier journal

Assesses: HDR PLO1, PLO2, PLO4

## Course Learning Outcomes

- CLO1 : Understand major corporate governance mechanisms.
- CLO2 : Explain major theories and evidence concerning major corporate governance mechanisms.
- CLO3 : Explain and evaluate major empirical approaches used in undertaking research in corporate governance.
- CLO4 : Analyze data and test hypotheses and familiarity with the major databases in this research area.
- CLO5 : Develop critical economic perspectives and analytical skills, and be able to articulate your own research results through written reports and oral presentation.

## Submission notes

There is an initial proposal due date at the end of week 8 and a final paper due date in the middle of the final exam week.

## Assessment information

This project will be assessed on the project's creativity, the quality of the statistical and economic analysis, the effectiveness of its motivation and the overall quality of its economic writing.

# General Assessment Information

Any use of generative AI platforms like ChatPGT must be carefully documented.

## Grading Basis

Standard

## Requirements to pass course

Active participation in class, completion of all deliverables and a research paper of acceptable quality.

# Course Schedule

Teaching Week/Module	Activity Type	Content
Week 1 : 27 May - 2 June	Lecture	Introduction to Corporate Governance
Week 2 : 3 June - 9 June	Lecture	Endogeneity and Natural Experiments
Week 3 : 10 June - 16 June	Lecture	Matching Methods and DID Analysis
Week 4 : 17 June - 23 June	Lecture	Panel Regressions and Discontinuity Design Regressions
Week 5 : 24 June - 30 June	Lecture	Boards of Directors
Week 6 : 1 July - 7 July	Lecture	Boards of Directors
Week 7 : 8 July - 14 July	Lecture	Mergers and Acquisitions
Week 8 : 15 July - 21 July	Lecture	Mergers and Acquisitions
Week 9 : 22 July - 28 July	Lecture	ESG and Corporate Governance
Week 10 : 29 July - 4 August	Lecture	Innovation and Corporate Governance

## Attendance Requirements

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

## Course Resources

### Recommended Resources

ECGI website

SSRN website

NBER website

## Course Evaluation and Development

Course evaluations will be reviewed and any promising suggestions will be seriously considered and any problems in the execution of the course will be addressed in the next year's course plans.

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	Ronald Masulis		BUS 354		Available by appointment and immediately after class.	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.