



## CORPORATE FINANCE

Fall 2024

### Syllabus

**Instructor:** Tong LI

**Class Time:** Sunday, 2:30pm-5:30pm

**Location:** C107, Xuewu (No.1) Building

**Course Website:** <https://lnt.xmu.edu.cn/course/join/BB29PHSLIU7>

**Office:** D339, Economics Building

**Office Hours:** By appointments (face-to-face or online)

**Email:** litong@xmu.edu.cn

### Course Description

This undergraduate course provides a comprehensive overview of corporate finance, covering both classic and advanced topics. Students will explore corporate investment decisions, financing strategies, and payout/dividend policies, as well as engage in contemporary issues such as environmental, social, and governance (ESG) factors and the integration of artificial intelligence (AI) in corporate finance. The course is designed to equip students with a strong foundation in corporate finance, preparing them for their thesis work. Structured around weekly topics, the course will assess students through class participation, feedback, an exam, presentations, and a term paper. Emphasis will be placed on a thorough understanding of the material, its practical application to real-world scenarios, and the ability to formulate and explore research questions in academic papers.

### Grading

Class Participation	10%
Written Feedback	10%
News/Paper Summary	10%
Presentations	15%
Exam	25%
<b>Term Paper</b>	<b>30%</b>

**Please read the following guidance carefully.**

You are *strongly* encouraged to actively participate in class. The score for Class Participation (10%) will be assigned based on your class performance.

- In-class participation will be evaluated based on your attendance rate, your frequency of *answering questions*, and your frequency of *asking questions/providing comments*. Please send me an email after

class to record your in-class participation.

- You are also encouraged to ask questions and/or share your feedback via email. *Email communications* also count for participation scores.

The Written Feedback includes the Learning Objectives (5%) and a Reflection Essay (5%).

- The Learning Objectives, which is *graded based on completion*, asks for your motivation to take this course. It will be due at the end (i.e., 23:59 on Sunday) of the 2<sup>nd</sup> week.
- The Reflection Essay, which is *graded based on quality*, asks you to reflect on what you have learned in this course. It will be due at the end of the last week (i.e., the week of our last lecture).

The News/Paper Summary (10%) asks you to submit a written summary of TWO news articles and TWO published papers. Deadlines for submitting the summaries will be Sundays of the 3<sup>rd</sup>, 6<sup>th</sup>, 9<sup>th</sup>, and 12<sup>th</sup> week. The first two submissions are news summaries and the last two submissions are paper summaries.

- The news articles can be chosen based on your own preference. Both Chinese articles and English articles are acceptable. The summary should be no more than TWO pages and *at least contains* the full text of the article (submitted as a separate file) or a link to the article, key facts/arguments/stories of the article, why you have chosen the article, how the article relates to theories and/or empirical evidence in economics/finance, what you would like to further explore after reading the article. This assignment is designed to help you connect in-class knowledge to real-world situations and identify potential research questions for your thesis.
- The published paper must be chosen from the Top 5 economics journals or the Top 3 finance journals. The paper has to be related to corporate finance and published within the past 3 years (including forthcoming papers). The summary should be no more than TWO pages and *at least contains* paper and author information, research questions and main findings, data sources (for empirical papers), methodology, as well as your own thoughts about the paper. This assignment is intended to help you understand the key components of high-quality academic papers and prepare you for thesis writing.

Exam (25%) will be based on the course materials. The purpose is to assess the understanding of the fundamentals of corporate finance and the ability to relate in-class knowledge to the real world. It will be a closed-book exam, but you are allowed to bring a one-page, double-sided A4 cheating sheet.

Term Paper (30%) and Presentations (15%) are designed to prepare you for your graduation thesis. **According to the rule set by WISE, students who receive a failing grade on the Term Paper in this course will not be permitted to enroll in the Thesis Writing course in the spring semester.**

- For the Term Paper (30%), each student is required to write an academic paper on a research topic related to corporate finance. The paper should include quantitative analysis and follow the style of published articles in top-tier economics or finance journals. Review articles and case studies are NOT acceptable. Plagiarism or submitting the same paper to multiple outlets will result in a failing grade for the Term Paper. Detailed guidelines will be provided in a separate document.
- In the first presentation (5%), each student is required to present his/her proposed research topic for the term paper. The in-class presentation will be scheduled in the 6th lecture. Detailed requirements will be provided in a separate document.

- In the second presentation (10%), each student will present his/her term paper in class. This presentation will be scheduled in the 13<sup>th</sup> and 14<sup>th</sup> lectures. Detailed requirements will be provided in a separate document.

### **Textbook and Materials**

There is no required textbook for this course. The course content is arranged by topics, and readings will be mostly based on academic papers.

When reading academic papers, please always ask yourself the following questions:

- Can I summarize and walk my colleagues through this paper's exhibits?
- What is good about the paper (e.g., novel idea, novel research design, novel data)?
- Is this paper important? Does the paper have general interests (i.e., appealing to a wide audience)?
- Are findings of the paper unexpected? If so, are the stories given by the authors reasonable?
- What is wrong with the paper?
- What would I do differently if I were an author of the paper?
- What could make for an interesting extended study?
- Who is the author(s)? What else can I learn from him/her?

For further reading, I recommend:

- Denis, D., 2024, Handbook of Corporate Finance, Northampton, MA: Edward Elgar.
- Constantinides, G., M. Harris, and R. Stulz, 2013, Handbook of the Economics of Finance, Vols. 2A and 2B, New York, NY: Elsevier.
- Eckbo, B. E., 2007, Handbool of Corporate Finance: Empirical Corporate Finance, New York, NY: Elsevier.
- Brealey, R., S. Myers, F. Allen, and A. Edmans, 2022, Principles of Corporate Finance, San Francisco, CA: McGraw Hill Education.

## Tentative Course Outline

Week	Date	Topics	Notes
1	9/8	Introduction and Review of Econometrics	
2	9/15	<b>Reschedule</b>	Learning Objectives due
3	9/22	Review of Econometrics	1 <sup>st</sup> News Summary due
4	9/29	Corporate Governance	
5	<b>10/6</b>	ESG	<b>October 6<sup>th</sup> is public holiday</b>
6	10/13	Corporate Finance in China	2 <sup>nd</sup> News Summary due
7	10/20	<b>Research Topic Presentations</b>	
8	10/27	Entrepreneurship and Innovation	
9	11/3	Corporate Financing Decisions	1 <sup>st</sup> Paper Summary due
10	11/10	Corporate Investment and Payout Decisions	
11	11/17	<b>Report on Research Progress and Q&amp;As</b>	
12	11/24	AI in Corporate Finance	<b>Exam in this week</b> ; 2 <sup>nd</sup> Paper Summary due
13	12/1	Labor and Corporate Finance	
14	12/8	<b>Term Paper Presentations</b>	
15	12/15		Term Paper due; Reflection Essay due