

**F774**  
**Seminar in Finance**  
**Winter 2013 Course Outline**

**Finance and Business Economics**  
**DeGroote School of Business**  
**McMaster University**

**COURSE OBJECTIVE**

The objective of this course is to provide an overview of major topics and recent development in corporate finance. The course will covers classic papers and research that represent some of the most frontier developments in the field. The course will prepare student to develop potential research topics in corporate finance.

**INSTRUCTOR AND CONTACT INFORMATION**

Monday: 1:00-4:00  
Location: Decision Support Center DSB A102

**Dr. Jiaping Qiu**  
Instructor  
[qiu@mcmaster.ca](mailto:qiu@mcmaster.ca)  
Office: DSB 309  
Office Hour: by appointment  
Tel: (905) 525-9140 Ext. 23963

Administrative Assistant: Alicja Siek  
Office: DSB 303  
Tel: (905) 525-9140 Ext. 24630

**COURSE ELEMENTS**

Credit Value: 3	Leadership: No	IT skills: Yes	Global view: Yes
WebCT: No	Ethics: No	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: No	Group work: Yes	Oral skills: Yes

**COURSE DESCRIPTION**

- This course is taught primarily through lecture and in class discussion. Students are expected to read the assigned readings (e.g., journal papers) and participate in class discussion.

- We will cover 4-5 papers each class. Students are expected to read these papers carefully and actively contribute to class discussions. Students are expected to capture the key idea of each paper, the data and methodology (for empirical papers), and the conclusions drawn. You should think of some improvements, extensions, and related research ideas.
- Students are required to write a term paper. The paper could be a solo author paper or a joint work with your supervisor. The topic of the term paper is not required to be in corporate finance. This term paper should have the potential to become a part of your dissertation.

## TEXTBOOK

No Textbook

Most papers that you are required to read could be downloaded from e-journal in the library website.

## OPTIONAL COURSE MATERIAL AND READINGS

Tirole, J., The Theory of Corporate Finance, Princeton University Press

Copeland, T., F. Weston, and K. Shastri, 2005, Financial theory and corporate policy, 4th edition, Addison-Wesley, New York.

Amaro de Matos, J., 2001, Theoretical foundations of corporate finance, Princeton University Press, New Jersey.

Angrist, Joshua D. and Jorn-Steffen Pischke. 2009. Mostly Harmless Econometrics: An Empiricist's Companion. Princeton University Press.

## EVALUATION

You will be evaluated on four components according to the following weights:

### *Components and Weights*

Assignments	40%
Presentation	10%
A Term Paper (proposal + final draft)	50%
<b>Total</b>	<b>100%</b>

## **Conversion**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT
A+	90 - 100
A	85 - 89
A-	80 - 84
B+	75 - 79
B	70 - 74
B-	60 - 69
F	00 - 59

## **ACADEMIC DISHONESTY**

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

## **MISSED ACADEMIC WORK**

Late assignments will not be accepted. No extensions are available except under extraordinary circumstances. Please discuss any extenuating situation with your instructor at the earliest possible opportunity.

## **STUDENT ACCESSIBILITY SERVICES**

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

[www.degroote.mcmaster.ca](http://www.degroote.mcmaster.ca)

## **TOPICS**

1. Introduction to corporation finance/governance
2. Corporate ownership structure
3. Capital structure: static trade-off theory.
4. Capital structure and agency issues
5. Capital structure and informational asymmetry
6. Panel analysis in Corporate Finance
7. Corporate investment
8. Corporate diversification and focus
9. The market for corporate control
10. Executive compensation
11. Incentives Inside the firm
12. International Corporate Finance
13. Labor Economics and Corporate Finance
14. Others

## **ECONOMETRICS**

1. Making sense of regression
2. Causality
3. Ordinary least square regression (assumptions and properties)
4. Heteroskedasticity and clustering
5. Endogeneity
6. Measurement errors
7. Omitted variable bias
8. Simultaneity
9. Instrumental variable estimation
10. Truncated, Tobit and Heckman selection model
11. Panel data analysis
12. Propensity score matching (PSM)
13. Difference-in-Difference method (DID)

(Reading list for each topic will be distributed before the class)