

Ph.D. Seminar Corporate Finance Theory

Professor: Armen Hovakimian
Classroom: 10-215
Class hours: Fridays 10:00 am – till we finish the day's papers
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Course Objective: To introduce students to topics covered and methods used in empirical research in corporate finance. The students will learn to critically read and evaluate papers.

Course Organization: The course follows a seminar format and consists of a series of broad topics in corporate finance, each represented by a set of published and working papers.

Each class meeting will be devoted to student presentations and discussions of 2 papers. The meetings will last as long as it is necessary to finish the discussion of both papers.

This class requires a lot of work to be done on a regular weekly basis. Each student will have to:

- Attend all the classes.
- Read and discuss in class 2 papers per week from the reading list.
- Make class presentations of the assigned papers. The presentation slides should be submitted prior to the class.
- Students will have an option to write a term paper on a topic in corporate finance. The final version of the term paper should look like a regular working paper in its format and appearance. I will also need your data (can be a subsample) and programs.
- Please note that while I will read and grade your papers, you will not receive any written comments from me, although you can always stop by to discuss your paper and your grade.

The **course grade** will be determined as follows:

	Default	Optional
Participation	20%	10%
Presentations	20%	10%
Final exam (take-home)	60%	40%
Replicate a paper		40%
Total	100%	100%

Supplementary reading:

The following textbook presents a PhD level review of the theoretical ideas in corporate finance. I encourage you to get it

- Tirole, J., The Theory of Corporate Finance

The following two advanced MBA textbooks summarize the theoretical ideas and the empirical literature in corporate finance. The first one is relatively old, the second one is more current.

- Copeland, T.A., and J.F. Weston, Financial Theory and Corporate Policy, third edition, Addison-Wesley.
- Grinblatt, M., and S. Titman, Financial Markets and Corporate Strategy, Irwin/McGraw-Hill.

The following handbook gives a summary of many methods used in empirical corporate finance.

- Eckbo, B. E., editor, Handbook of Corporate Finance

#	Date	Authors	Title	Journal	Year
Capital Structure					
1	3-Feb	Frank and Goyal	Testing the pecking order theory of capital structure	jfe	2003
2	3-Feb	Hovakimian, Opler, Titman	Debt-Equity Choice	jfqa	2001
3	10-Feb	Flannery and Rangan	Partial adjustment toward target capital structure	jfe	2006
4	10-Feb	Baker, Wurgler	Market Timing and Capital Structure	jf	2002
5	17-Feb	Roberts and Leary	Do peer firms affect corporate financial policy	jf	2014
6	17-Feb	DeAngelo, Roll	How Stable Are Corporate Capital Structures?	jf	2015
Corporate performance					
7	24-Feb	Teoh, Welch, and Wong	Earnings management and the underperformance of seasoned equity offerings	jfe	1998
8	24-Feb	Mitchell and Stafford	Managerial Decisions and Long-Term Stock Price Performance	jb	2000
Corporate investment					
9	3-Mar	Fazzari, Hubbard, Petersen	Financing constraints and corporate investment	Brookings	1988
10	3-Mar	Kaplan, Zingales	Do Investment-Cash Flow Sensitivities Provide Useful Measures of Financing Constraints	QJE	1997
11	10-Mar	Lamont	Cash flow and Investment: Evidence from Internal Capital Markets	JF	1997
12	10-Mar	Edmans, Jayaraman	The Source of Information in Prices and Investment-Price Sensitivity	jfe	2017
Behavioral finance					
13	17-Mar	Shefrin	Behavioral corporate finance	ssrn	2001
14	17-Mar	Heaton	Managerial optimism and corporate finance	fm	2002
15	24-Mar	Baker and Wurgler	Behavioral corporate finance: An updated survey	ssrn	2012
16	24-Mar	Baker, Stein, Wurgler	When Does the Market Matter? Stock Prices and the Investment of Equity-Dependent Firms.	qje	2003
17	31-Mar	Baker, Wurgler	A Catering Theory of Dividends	jf	2003
18	31-Mar	Malmendier, Tate	CEO overconfidence and corporate investment	jf	2005
	7-Apr	spring break			
Selected papers on various topics					
19	14-Apr	Gertsberg, Mollerstrom, Pagel	Gender Quotas and Support for Women in Board Elections	afa	2023
20	14-Apr	Derrien, Kruger, Landier, Yao	ESG news, future cash flows, and firm value	afa	2023
21	21-Apr	Sanati	How Does Removing the Tax Benefits of Debt Affect Firms? Evidence from the 2017 US Tax Reform	afa	2023
22	21-Apr	Iyer, Rao, Xu	Regulation and Politics of Share Repurchases: Theory and Evidence	afa	2023
23	28-Apr	Heese, Pacelli	Does Social Media Reduce Corporate Misconduct?	afa	2023
24	28-Apr	Berg, Fabisik, Sautner	Is History Repeating Itself? The (Un)Predictable Past of ESG Ratings	afa	2023
25	5-May	Cookson, Niessner, Schiller	Can Social Media Inform Corporate Decisions? Evidence from Merger Withdrawals	afa	2023
26	5-May	Duchin, Farroukh, Harford, Patel	Political Attitudes, Partisanship, and Merger Activity	afa	2023