Rutgers Business School

Empirical Corporate Finance

SPRING 2012

Class Meetings: Wednesday 1 p.m. – 3:50 p.m. 1WP-534

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A Tentative SYLLABUS

Course Materials:

Published and working papers from various sources such as academic journals, books, SSRN journals, NBER, etc.

Course Objective:

The course is designed to provide Ph.D. students with a framework for the analysis of corporate financial policy and to expose students to the empirical methodologies and evidence on the various topics.

Course Format:

The class will meet formally for one three-hour class during the week. The papers will be presented by the instructor and the students. Each student responsible for presentations will provide all class members with a summary of the paper and is expected to lead the discussion of the paper assigned. The summary must also be handed in electronically to my email address (kimjm@business.rutgers.edu) before the presentation (by Wednesday at 10 a.m.).

Grade and Course Requirements:

Grade will be determined on the basis of

1. Summary of papers/presentation/classroom participation: 30%,
2. Two referee report: 20%, and
3. Research proposal: 50%.

A referee report should be 3-5 double-spaced pages in length, and should describe weakness and contribution of the paper, and offer constructive criticisms and suggestions for improvements.
The article for review will be handed out later. The research proposal should contain literature review, hypothesis, methodology, etc. It should be an original work (idea) and should not be the simple replication of other existing papers. There is no length requirement on the research proposal. Ideally it should be related to topics covered in this course but any topic on corporate finance is acceptable.

**Assigned Readings:**

Attached is the reading list for the course. Articles indicated by a "*" represent key articles that the course will focus on. Additional readings on related topics are also listed in the reading list and the list is for students who are interested in research in specific areas.

**READING LIST**

**Week 1**

**Event Study**


**Week 2**

**Corporate Governance - General/Survey**


Becht/Bolton/Roell, “Corporate Governance and Control,” Handbook of the Economics of Finance (2003), Edited by Constantinides/Harris/Stulz.


* Giroud/Mueller, "Corporate Governance, Product Market Competition, and Equity Prices," Journal of
Week 3

Ownership Structure


Week 4

Large Shareholder Monitoring


**Week 5**

**Private Equity/Hedge Fund**


* Jiang/Li/Wang, “Hedge funds and Chapter 11” Journal of Finance, forthcoming


**Week 6**

**Boards of Directors**


**Top Management Turnover**


**Week 7**

**Social Tie**


*Kedia/ Chidambaran/Prabhala, “CEO Director Connections and Corporate Fraud,” Working paper

**Week 8**
Geography


Gurun/Butler, Don't Believe the Hype: Local Media Slant, Local Advertising, and Firm Value, forthcoming, Journal of Finance

Week 9 & 10

The Market for Corporate Control


**Financial Distress**


**Week 11**

**Law and Finance**


Claessens/Djankov/Lang, 2000. The separation of ownership and control in east Asian corporations.
International Corporate Governance

La Porta/ Lopez-de-Silanes /Shleifer 1999, Corporate Ownership around the World, Journal of Finance 54, 471-517


A. Japan

Kang, "The International Market for Corporate Control: Mergers and Acquisitions of U.S Firms by


B. Korea


C. China


**Week 13**

**Research proposal presentations**