

Topics in Empirical Corporate Finance (PhD)

Summer 2023

Syllabus

Instructor: Professor Xavier Giroud

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Location: University of Zurich, Plattenstrasse 14, room PLM F 103/104

Schedule: July 10, 11, 12 (Mon-Wed), 09:00-17:00 h (Monday start: 10:15 h)

1. Course Description

In this three-day course, we will discuss published articles on several “hot topics” in empirical corporate finance. Each session will start with a review of the relevant methodologies, and then delve into specific papers. The objective of this course is threefold:

- First, participants will gain experience with the tools of empirical corporate finance from an applied perspective.
- Second, the course will feature a large set of recently published articles in key areas of corporate finance. When discussing these articles, we will aim to understand the current “research frontier,” and outline potential areas of future research.
- Third, participants will learn to become sophisticated consumers and eventually producers of state-of-the-art empirical research in corporate finance.

2. Course Outline

Class 1

- Methodology: Difference-in-differences designs
- Topics:
 - Corporate investment
 - Labor and finance

Articles we will discuss:

- Agrawal, Ashwini, and David Matsa (2013), Labor unemployment risk and corporate financing decisions. *Journal of Financial Economics* 108: 449–470.
- Baghai, Ramin, Rui Silva, Viktor Thell, and Vikrant Vig (2021), Talent in Distressed Firms: Investigating the Labor Costs of Financial Distress. *Journal of Finance* 76: 2907–2961.
- Giroud, Xavier (2013), Proximity and investment: Evidence from plant-level data. *Quarterly Journal of Economics* 128: 861–915.
- Giroud, Xavier, and Holger M. Mueller (2015), Capital and labor reallocation within firms. *Journal of Finance* 70: 1767–1804.

Class 2

- Methodology: Regression discontinuity designs
- Topics:
 - Taxation
 - Environmental, Social, and Governance (ESG)

Articles we will discuss:

- Akey, Pat, and Ian Appel (2021), The limits of limited liability: Evidence from industrial pollution. *Journal of Finance* 76, 5–55.
- Bartram, Soehnke, Kewei Hou, and Sehoon Kim (2022), Real effects of climate policy: Financial constraints and spillovers. *Journal of Financial Economics* 143: 668–696.
- DeSimone, Rebecca (2022), Public Monitoring, Private Lending: Evidence From Tax Audit Reform in Ecuador. Working paper.
- Flammer, Caroline (2021), Corporate green bonds. *Journal of Financial Economics* 142: 499–516.
- Giroud, Xavier, and Joshua Rauh (2019), State taxation and the reallocation of economic activity: Evidence from establishment-level data. *Journal of Political Economy* 127: 1262–1316.

- Yagan, Daniel (2015), Capital tax reform and the real economy: The effects of the 2003 dividend tax cut. *American Economic Review* 105: 3531–3563.

Class 3

- Methodology: Instrumental variables
- Topics:
 - Networks and corporate finance
 - Bankruptcy
 - Venture capital and private equity

Articles we will discuss:

- Bailey, Michael, Ruiqing Cao, Theresa Kuchler, and Johannes Stroebel (2018), The economic effects of social networks: Evidence from the housing market. *Journal of Political Economy* 126, 2224–2276.
- Bernstein, Shai, Emanuele Colonnelli, Xavier Giroud, and Benjamin Iverson (2019), Bankruptcy spillovers. *Journal of Financial Economics* 133: 608–633.
- Bernstein, Shai, Xavier Giroud, and Richard Townsend (2016), The impact of venture capital monitoring. *Journal of Finance* 71: 1591–1622.
- Bernstein, Shai, Arthur Korteweg, and Kevin Laws (2017), Attracting Early Stage Investors: Evidence from a Randomized Field Experiment. *Journal of Finance* 72: 509–538.
- Giroud, Xavier, and Holger M. Mueller (2019), Firms’ internal networks and local economic shocks. *American Economic Review* 109, 3617–3649.