Recent Trends in Advanced Corporate Finance

Doctoral Course at the Swiss Finance Institute, University of Zurich
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I. Course Objective
This course is designed to provide an understanding and recent developments of dynamic models in corporate finance. Topics include e.g. capital structure, interactions between financing and investment policies, and mergers and acquisitions, etc. The course will discuss the economic determinants of each of these policies and examine dynamic models to quantitatively analyze these policies. The course will also examine research on the interfaces of asset pricing and some of these corporate policies. The course intends to "operationalize" research at the frontier and especially prepare participants to develop and implement meaningful independent research in corporate finance. However, all PhD students with an interest in Finance, Economics, and Accounting are welcome. The Idea Presentation and Mini-EFA will help the students learn to critique and improve research. Hopefully, this course will be stimulating enough that you will become interested in writing a thesis in corporate finance (but you don’t have to!). It should certainly prepare you to be a researcher in the area.

II. Course Material
There is no required textbook, but the survey by Strebulaev and Whited (2012) is quite useful. For non-technical, recent surveys, I would recommend:


Readings will be based on articles. Reading assignments will follow the schedule below. Papers followed by an asterisk (*) are strongly recommended and covered during lectures. The readings shown below are nearly all available for free on the web (e.g., from JSTOR, SSRN, or the journal’s site, or the author’s own site). Participants can easily locate most of them using Google Scholar. If the reading is an unpublished working paper, take note of the precise date of the draft assigned and make sure to read that one.

III. Course Schedule
1. Monday, 17.09., 14-17 h  Introduction and Real Options (Topics 1. & 2.)
2. Tuesday, 18.09., 14-17 h  Capital Structure and Debt Structure (Topic 3.)
3. Wednesday, 19.09., 14-17 h  Dynamic Capital Structure (Topic 4.)
4. Tuesday, 25.09., 14-17 h  Mini-EFA & Financing Investment (Topic 5.)
5. Wednesday, 26.09., 9-12 h  Asset Pricing and Corporate Finance (Topic 6.)
6. Thursday, 27.09., 14-17 h  Idea Presentations; M&As if time permits (Topic 7.)
IV. Activities and Grading
The course grade is computed based on a weighted average of performance in three activities.

- Regular class participation: 30%
  All students are expected to have read prior to class in detail all the papers scheduled for discussion that day. Students need to come to the classroom with their minds on the material being discussed. Just “showing up” for class does not count for class participation.

- Formal paper presentation and discussion (Mini-EFA): 30%
  One session will emulate an EFA-like setting where students will present and discuss papers as if they were in a professional conference. Papers will be chosen among the “hottest” ones out there (depending on enrollment). Some students will present (i.e. defend) as if they were authors, while others will discuss (criticize) the following papers.
     Presenter: __________________________
     Discussant: __________________________
     Presenter: __________________________
     Discussant: __________________________
     Presenter: __________________________
     Discussant: __________________________

Presentations and discussions will be tightly timed (I will cut you off if you go overtime) and they will have to look professional. This exercise is designed for the students demonstrate their full presentation/debating skills. This is practice for the type of “ideas competition” you will see in the real world of academia.

- Idea Assignment (Abstract/Introduction and Presentation): 40%
  The purpose of the Idea Assignment is to learn how to develop and source ideas and think creatively and independently. Please include a title with an abstract (less than 150 words) and an introduction with your placement in the literature, contribution, and outline of what data and/or model you will use and your strategy. (7-12 pages double-spaced) of your research idea. You want to identify a question, explain why it is important to know more about it (i.e., its implications for research in corporate finance, policy making, etc.), and make the case that the existing literature has overlooked an important problem. The ideas will be discussed in front of the class so that the class can see how ideas can be evaluated and what must be done to evaluate if a research topic and then idea is viable. The presentation part of the Idea Assignment should convert the abstract and introduction into a slideshow. This can be an extension of one of your idea assignments or something different and the topic can be on anything empirical in finance (broadly defined). The goal is to get you started researching a topic.
V. List of Topics and Reading Materials

1. Investment Under Uncertainty I (Foundations of Real Options)


2. Investment Under Uncertainty II (Applications of Real Options)


### 3. Capital Structure and Debt Structure


4. Dynamic Capital Structure


5. Financing Investment


### 6. Asset Pricing and Corporate Finance


7. Mergers and Acquisitions


