

## Syllabus

### Course description

<b>Course title</b>	Empirical Finance (Module II of "Applied Microeconomics and Finance")
<b>Course code</b>	29069
<b>Scientific sector</b>	SECS-P/11
<b>Degree</b>	PhD in Economics and Finance
<b>Semester and academic year</b>	2 <sup>nd</sup> semester 2022/2023
<b>Year</b>	1 <sup>st</sup>
<b>Credits</b>	9 CP for the full course Applied Microeconomics, Finance and Accounting
<b>Modular</b>	yes

<b>Total lecturing hours</b>	22
<b>Total office hours</b>	Not foreseen
<b>Total exercise hours</b>	Not foreseen
<b>Attendance</b>	Required
<b>Prerequisites</b>	No formal prerequisites, but a basic knowledge of finance theory and econometrics is desirable.
<b>Course page</b>	
<b>Specific educational objectives</b>	This aim of this course is to prepare Ph.D. students to do research in empirical finance and corporate disclosure.

<b>Lecturers</b>	Olga Bogachek, Sara Longo, Per Linus Siming
<b>Scientific sector of the lecturers</b>	SECS-P/11 & SECS-P/07
<b>Teaching language</b>	English
<b>Office hours</b>	On request
<b>Lecturing assistant</b>	None
<b>List of topics covered</b>	<p>The cornerstones of applied research in finance (Topics: Introduction to the empirical finance literature; A review of important empirical techniques.); Governance and capital structure (Topics: Evergreen questions relating to capital structure; Measuring causal impact with difference in difference estimators and instrument variables); Culture and finance (Topics: Epidemiological approach); Banking and green financing (Topics: Forming empirical strategies from conflicting theories; Natural experiments and exogenous shocks; Matching); Additional empirical considerations.</p> <p>A further area will be discussed in this course falling into two closely related categories: (1) studies that investigate corporate disclosure; (2) studies that consider corporate disclosure using a specific tool like textual analysis and empirical methods for endogeneity corrections and design</p>

	issues we encounter in corporate type work.
<b>Teaching format</b>	Frontal lectures including Ph.D. student presentations.
<b>Learning outcomes</b>	<p>We will discuss empirical research within the sub-fields of financial intermediation, banking, corporate finance, and corporate governance, and corporate disclosure. The course is organized around published papers with an emphasis on econometric methods. We will not be focusing too much on the theory behind different empirical methods but instead our focus will be on applications. Appropriate methods will be linked to given research questions for several major current topic areas in finance: Green finance, culture and finance, politics and finance, etc. Throughout the course we will spend time talking about how to come up with (good) empirical ideas. Since contemporary empirical work in finance as well as in accounting builds upon the underlying economics of a given situation, we will discuss how to think creatively about identification, endogeneity, and instruments. We will also discuss how to dissect and critique academic research. This is a small research-oriented course, so it is crucial that all participants read the papers in advance and jointly participate in class discussions. If you find yourself particularly interested in one or more of the fields, and you want to develop it into your dissertation field, just ask the professor who can provide you with many more reading references.</p>
<b>Assessment</b>	Based on two take-home assignments (empirical finance) and two presentations (corporate disclosure).
<b>Assessment language</b>	English
<b>Evaluation criteria and criteria for awarding marks</b>	The assignments and presentation will be awarded marks based on how well the argumentation made by the Ph.D. student links to the course concepts.
<b>Required readings</b>	<p><u>For empirical finance section (10h):</u>  with instructor Prof. Per Linus Siming  Adams, R., 2017. "The ABCs of empirical corporate (governance) research", <i>Corporate Governance: An International Review</i> 25 461-464.</p> <p>Bedendo M., E. Garcia-Appendini, and L. Siming, 2020, "Cultural preferences and firm financing choices", <i>Journal of Financial and Quantitative Analysis</i> 55:3, 897-930.</p> <p>Cumming, D. 2021 "What does it take? Tips on research and publishing at the 25th anniversary of the Journal of Corporate Finance", <i>Journal of Corporate Finance</i> 66, 101861.</p> <p>Fatica, S., R. Panzica, and M., Rancan, 2021, "The pricing of</p>

green bonds: Are financial institutions special?" *Journal of Financial Stability* 54, 100873.

Flammer, C., 2021, "Corporate green bonds," *Journal of Financial Economics* 142:2, 499-516.

Giroud, X., H.M. Mueller, A. Stomper and A. Westerkamp, 2012, "Snow and Leverage", *Review of Financial Studies* 25:3, 680-710.

Karolyi, G. A., 2016, "The gravity of culture for finance", *Journal of Corporate Finance* 41, 610-625.

Roberts, M.R., and T. M. Whited, 2013, "Endogeneity in empirical corporate finance," in G. M. Constantinides, M. Harris and R. M. Stulz, ed.: *Handbook of the Economics of Finance*, North Holland: Elsevier.

Siming, L., 2018, "Government involvement in the corporate governance of banks," *Review of Economics and Statistics* 100:3, 477-488.

For corporate disclosure section (12h):

- with instructor Dr. Olga Bogachek (6h)

### ***Required readings***

Loughran, T., & McDonald, B. (2011). When is a liability not a liability? Textual analysis, dictionaries, and 10-Ks. *The Journal of finance*, 66(1), 35-65.

Loughran, T., & McDonald, B. (2016). Textual analysis in accounting and finance: A survey. *Journal of Accounting Research*, 54(4), 1187-1230.

### ***Readings for student presentations***

Hoberg, G., & Lewis, C. (2017). Do fraudulent firms produce abnormal disclosure? *Journal of Corporate Finance*, 43, 58-85.

Larcker, D. F., & Zakolyukina, A. A. (2012). Detecting deceptive discussions in conference calls. *Journal of Accounting Research*, 50(2), 495-540.

Campbell, J. L., Chen, H., Dhaliwal, D. S., Lu, H. M., & Steele, L. B. (2014). The information content of mandatory risk factor disclosures in corporate filings. *Review of Accounting Studies*, 19(1), 396-455.

Hassan, T. A., Hollander, S., Van Lent, L., Schwedeler, M., & Tahoun, A. (2020). Firm-level exposure to epidemic diseases: Covid-19, SARS, and H1N1 (No. w26971). National Bureau of Economic Research.

	<p>Antweiler, W., &amp; Frank, M. Z. (2004). Is all that talk just noise? The information content of internet stock message boards. <i>The Journal of finance</i>, 59(3), 1259-1294.</p> <p>Cohen, L., Malloy, C., &amp; Nguyen, Q. (2020). Lazy prices. <i>The Journal of Finance</i>, 75(3), 1371-1415.</p> <p>- with instructor Dr. Sara Longo</p> <p>Roychowdhury, S., Shroff, N., &amp; Verdi, R. S. (2019). The Effects of Financial Reporting and Disclosure on Corporate Investment: A Review. <i>Journal of Accounting and Economics</i>.</p> <p>Christensen, H. B., Floyd, E., Liu, L. Y., &amp; Maffett, M. (2017). The real effects of mandated information on social responsibility in financial reports: Evidence from mine-safety records. <i>Journal of Accounting and Economics</i>.</p> <p>Grewal J. (2021). Real Effects of Disclosure Regulation on Voluntary Disclosers. <i>Journal of Accounting and Economics</i>.</p> <p>Ernstberger, J., Link, B., Stich, M., and Vogler, O., 2017. The real effects of mandatory quarterly reporting. <i>The Accounting Review</i>, 92 (5), 33–60</p> <p>Leuz, C., &amp; Wysocki, P. D. (2016). The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. <i>Journal of accounting research</i>, 54(2), 525-622.</p> <p>Bonacchi, M., Klein, A., Longo, S., &amp; Strampelli, G. (2022). The Effects of Credible Voluntary Disclosures: Institutional Investor Engagement and Investees' ESG Performances. <i>European Corporate Governance Institute-Law Working Paper</i>, (620).</p>
<b>Supplementary readings</b>	<p>Wooldridge, J.M., 2002, <i>Econometric Analysis of Cross Section and Panel Data</i>, MIT Press.</p> <p>Regular readings of The Economist, The Wall Street Journal, Financial Times and other corporate accounting news outlets/publications.</p>