MFIN6210
EMPIRICAL STUDIES IN FINANCE

Course Outline
Semester 1, 2015

Part A: Course-Specific Information
Part B: Key Policies, Student Responsibilities and Support

Please note that references could be updated during the course.
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PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Professor Peter Swan AM FASSA:
Room 334 (Central Section) UNSW Business Building
Phone No: 9385 3042
Email: peter.swan@unsw.edu.au
Consultation Times –Tuesday 5:00-6:00pm.

You can contact me by email or telephone, or call by my office during consultation hours. If you require a meeting outside my consultation hours, contact me to arrange a mutually convenient time. Students are encouraged to regularly check the Moodle site for course announcements.

2 COURSE DETAILS

2.1 Teaching Times and Locations
Lectures start in Week 1 (to Week 12): The Time and Location are:
Tuesday 2:00-5:00pm in Old Main Building 150 (Stream B), or Tuesday 6:00-9:00pm in UNSW Business School room 220 (Stream A).

2.2 Units of Credit
The course is worth 6 units of credit.

2.3 Summary of Course
The course provides a concise synthesis of the recent available literature on empirical studies in corporate finance within a logical, analytical structure. Material covered includes agency theory, governance through institutional trading, concentrated institutional ownership, independent boards, do bidders gain from takeovers?, venture capital, initial public offers, and capital structure. Special attention will be given to selected topics in group and lab work.

2.4 Course Aims and Relationship to Other Courses
This course aims to provide an accessible introduction to empirical studies in financial economics. MFINS6210 is one of the core courses in the Master's of Finance degree. Material covered in Financial Theory (MFIN6214) has direct relevance to this course. In particular, the course examines theoretical material covered in MFIN6214 in an applied empirical setting. The course will revisit topics relating to agency theory, market efficiency, capital structure and corporate control. Students should also find some of the econometric techniques covered in Empirical Techniques and Applications in Finance (MFIN6201) useful in undertaking the group project and lab work.
## 2.5 Student Learning Outcomes

On completion of the course, you will:

1. Be able to evaluate, summarize and discuss the research contributions and findings of top journal academic papers in empirical finance;
2. Be able to work in teams to manipulate large datasets, and develop econometric models using a statistical package (STATA) to test hypotheses and theories;
3. Have developed sound critical and analytical skills, and be able to discuss and write-up your own research results in academic paper format;
4. Be able to explain the key theories related to corporate governance, and provide solutions (e.g., from contract theory) to help resolve conflicts between different stakeholders within the firm;
5. Be able to analyse and model empirically the investment and financing choices firms make from birth (i.e., IPO) to death (i.e., bankruptcy, takeover), and evaluate the impact of these decisions on key stakeholders.

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business postgraduate coursework students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
</tbody>
</table>
| 1 Knowledge | Be able to explain the key theories related to corporate governance, and provide solutions (e.g., from contract theory) to help resolve conflicts between different stakeholders within the firm. Be able to analyse and model empirically the investment and financing choices firms make from birth (i.e., IPO) to death (i.e., bankruptcy, takeover), and evaluate the impact of these decisions on key stakeholders. | • Tutorial discussion questions  
• Formal in-class exams |
| 2 Critical thinking and problem solving | Be able to evaluate, summarise and discuss the research contributions and findings of top journal academic papers in empirical finance. Be able to work in teams to manipulate large datasets, and develop econometric models using a statistical package (STATA) to test hypotheses and theories. | • Tutorial discussion questions  
• Formal in-class exams  
• Group project  
• Lab sessions |
| 3a Written communication | Be able to evaluate, summarize and discuss the research contributions and findings of top journal academic papers in empirical finance. Have developed sound critical and analytical | • Tutorial discussion questions  
• Group project  
• Formal in-class exams |
skills, and be able to discuss and write-up your own research results in academic paper format  

| 3b | Oral communication | Be able to evaluate, summarize and discuss the research contributions and findings of top journal academic papers in empirical finance. | • Tutorial discussion questions require active student participation |
| 4 | Teamwork | Be able to work in teams to manipulate large datasets, and develop econometric models using a statistical package (STATA) to test hypotheses and theories. | • Group tutorial discussion questions  
• Group project |

| 5a. | Ethical, environmental and sustainability responsibility | Not specifically addressed in this course. |
| 5b. | Social and cultural awareness | Not specifically addressed in this course. |

### 3 LEARNING AND TEACHING ACTIVITIES

#### 3.1 Approach to Learning and Teaching in the Course

The teaching and learning approach adopted emphasises the importance of developing critical thinking skills. This is achieved through a mix of formal lectures, lab sessions, discussion groups and group project work. An important part of the course is linking theoretical material covered in Financial Theory (MFIN6214) with appropriate empirical tests. This is achieved by using several learning techniques, including, class room discussions based on journal papers drawn from recent empirical research, group projects and lab sessions. Students will be expected to participate actively in all classroom activities and will have the opportunity to discuss their own findings from group project work in-class.

#### 3.2 Learning Activities and Teaching Strategies

Several teaching strategies will be utilised to ensure the above learning outcomes are achieved. Lectures (where it is expected that there will be considerable student interaction) will be used to first cover the empirical research literature. Discussion groups, group work and lab sessions using actual data and in-class discussion will be used to test both your understanding of the theoretical underpinnings of the literature and its application in an empirical setting. During a typical 3-hour session, the first half of class will be devoted to covering the lecture material, which you will have read prior to class. The second half of the class will typically involve the use of discussion groups to debate key issues raised during the lecture. It is also expected that some time will be dedicated to discussing group project issues. Two lab sessions will be held during the semester in which students will manipulate large datasets in Excel and conduct econometric modelling using STATA.
4 ASSESSMENT

4.1 Formal Requirements
- In order to pass this course you must receive an overall mark of at least 50%.

4.2 Assessment Details
- Group project: You will be divided into groups and provided with a dataset relating to a specific topic covered in the course. Each group will be asked to replicate as near as possible the methodology used in an academic paper covered in class using the dataset provided. You will have to write-up the results of your empirical analysis in academic paper format. The project has a weighting of 40%. Further details of the project will be posted to the subject web page.
- The mid-session is a closed-book in-class exam held in week 5 (weighting of 40%). Further details will be posted to the subject web page.
- The final exam is a closed-book in-class exam held in week 12 (weighting of 20%). Further details will be posted to the subject web page.

<table>
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<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Dates</th>
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<tbody>
<tr>
<td>Group Project</td>
<td>40%</td>
<td>Given in Week 5 (30 March). Due Week 10 (beginning 11 May)</td>
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<tr>
<td>Mid-Session Exam</td>
<td>40%</td>
<td>Week 5 (30 March) in-class.</td>
</tr>
<tr>
<td>Final Exam</td>
<td>20%</td>
<td>Week 12 (25 May) in-class.</td>
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<tr>
<td>Total</td>
<td>100%</td>
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4.3 Assignment Submission Procedure
Information on group project submission procedure will be posted on the course webpage under ‘group project details’.

4.4 Late Submission
Penalties for late submission of the group project will be posted on the course webpage under ‘group project details’.

Quality Assurance
The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.
5 COURSE RESOURCES

All course lecture notes, information on assessments and discussion questions can be found on the subject web page (Moodle, see 8.6 below). Students are strongly advised to log into the subject web page at least once a week.

Course Text: No text has been assigned for this course. Instead, recent research papers (usually two per week) will form the basis of the required reading for this course.

The website for this course is on Moodle at: https://moodle.telt.unsw.edu.au/login/index.php

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students about the courses offered in the School and continual improvements are made based on this feedback. In this course, we will seek your feedback through CATEI course and teaching evaluations, which will take place in Week 12. Student feedback in session 2, 2012 indicated that 90% of students were satisfied with the quality of the course. Negative comments related to the amount of reading material, and the desirability of having only one lecturer. Positive feedback related to the practical learning experience gained through the group projects, interesting journal articles, and learning how to conduct empirical research. So as to encourage more in-depth reading of the journal articles, more time will be dedicated to stimulating group discussions in session 1, 2015.

7 COURSE SCHEDULE

Week 1 (March 2nd)
Agency theory and empirical tests


Week 2 (March 9th)
CEO Incentives and Governance through Trading


Week 3 (March 16)
Do concentrated institutional investors monitor?


**Week 4 (March 23)**

**Independent Boards: Do they Add Value?**


**Week 5 (March 30)**

**Firm-Specific Costs and Benefits of Debt**

• Mid-session multiple choice exam in usual lecture at regular Tuesday time

**Mid-semester break: Good Friday 3rd April -Sunday 12 April**

**Week 6 (Beginning April 13)**

Lab session: Data analysis I (manipulation and basic STATA commands). See lab folder on Moodle for additional readings

• Stream 1 (2-5pm), Tues 14th/04/2014 in Lab to be specified
• Stream 2 (6-9pm), Tues 14th/04/2014 in Lab to be specified

**Week 7 (April 20)**

**Lab session:** Data analysis II (multivariate analysis in STATA). See lab folder on Blackboard for additional readings

• Stream 1 (2-5pm), Tues 21/4/14 in Lab to be specified
• Stream 2 (6-9pm), Tues 21/4/14 in Lab to be specified

**Week 8 (April 27)**

**Are Takeover Bids and Especially Stock Bids Destructive of Bidder Share Value?**


**Week 9 (May 4)**

**Venture capital: Deal selection and contracting**


**Week 10 (May 11)**

**IPOs: Underperformance and failure prediction**


**Week 11 (May 18)**

**Capital structure and Dividend Policy: Empirical modeling**


**Week 12 (May 25)**

**Revision and Final Exam**
PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT

8 PROGRAM LEARNING GOALS AND OUTCOMES

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you and are sought after by employers.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

### Business Postgraduate Coursework Program Learning Goals and Outcomes

<table>
<thead>
<tr>
<th>1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.</th>
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<tr>
<td>You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.</td>
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<tr>
<th>2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.</th>
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<tbody>
<tr>
<td>You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.</td>
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| 3. Communication: Our graduates will be effective communicators in professional contexts. |
|  | You should be able to: |
| a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and |
| b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose. |

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<th>4. Teamwork: Our graduates will be effective team participants.</th>
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<tr>
<td>You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team's processes and ability to achieve outcomes.</td>
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</table>

| 5. Ethical, social and environmental responsibility: Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice. |
|  | You should be able to: |
| a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-
making and practice, and
b. Consider social and cultural implications of business and/or management practice.

9 ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties, and information to help you avoid plagiarism see: https://student.unsw.edu.au/plagiarism as well as the guidelines in the online ELISE tutorials for all new UNSW students: http://subjectguides.library.unsw.edu.au/elise

To see if you understand plagiarism, do this short quiz: https://student.unsw.edu.au/plagiarism-quiz

For information on how to acknowledge your sources and reference correctly, see: https://student.unsw.edu.au/harvard-referencing

For the Business School Harvard Referencing Guide, see the Business Referencing and Plagiarism webpage (Business >Students>Learning support> Resources>Referencing and plagiarism).

10 STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in UNSW Current Students ‘Managing your Program’ webpages: https://student.unsw.edu.au/program.

10.1 Workload

It is expected that you will spend at least nine to ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, online activities and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater. Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

We strongly encourage you to connect with your Moodle course websites in the first week of semester. Local and international research indicates that students who engage early and often with their course website are more likely to pass their course.

Information on expected workload: https://student.unsw.edu.au/uoc

10.2 Attendance

Your regular and punctual attendance at lectures and seminars is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment. For more information, see: https://student.unsw.edu.au/attendance
10.3 General Conduct and Behaviour
You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: https://student.unsw.edu.au/conduct

10.4 Occupational Health and Safety
UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see http://www.ohs.unsw.edu.au

10.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course website. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. It is also your responsibility to keep the University informed of all changes to your contact details.

11 SPECIAL CONSIDERATION
You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress.

General information on special consideration for undergraduate and postgraduate courses:

1. All applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services > Online Services > Special Consideration). You will then need to submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and other supporting documentation to Student Central. For more information, please study carefully in advance the instructions and conditions at: https://student.unsw.edu.au/special-consideration

2. Please note that documentation may be checked for authenticity and the submission of false documentation will be treated as academic misconduct. The School may ask to see the original or certified copy.

3. Applications will not be accepted by teaching staff. The lecturer-in-charge will be automatically notified when you lodge an online application for special consideration.

4. Decisions and recommendations are only made by lecturers-in-charge (or by the Faculty Panel in the case of UG final exam special considerations), not by tutors.

5. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.

6. Special consideration requests do not allow lecturers-in-charge to award students additional marks.
1. Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. The dates for Business School supplementary exams for Semester 1, 2015 are:
   - 14th July – exams for the School of Accounting
   - 15th July – exams for all Schools except Accounting and Economics
   - 16th July – exams for the School of Economics
   If a student lodges a special consideration for the final exam, they are stating they will be available on the above dates. **Supplementary exams will not be held at any other time.**

2. Where a student is granted a supplementary examination as a result of a request for special consideration, the student’s original exam (if completed) will be ignored and only the mark achieved in the supplementary examination will count towards the final grade. Failure to attend the supplementary exam will not entitle the student to have the original exam paper marked and may result in a zero mark for the final exam.

If you attend the regular final exam, you are extremely unlikely to be granted a supplementary exam. Hence if you are too ill to perform up to your normal standard in the regular final exam, you are strongly advised not to attend. However, granting of a supplementary exam in such cases is not automatic. You would still need to satisfy the criteria stated above.


### 12 STUDENT RESOURCES AND SUPPORT
The University and the Business School provide a wide range of support services for students, including:

- **Business School Education Development Unit (EDU)**
  [https://www.business.unsw.edu.au/students/resources/learning-support](https://www.business.unsw.edu.au/students/resources/learning-support)
  The EDU provides academic writing, study skills and maths support specifically for Business students. Services include workshops, online resources, and individual consultations. EDU Office: Level 1, Room 1033, Quadrangle Building. Phone: 9385 5584; Email: edu@unsw.edu.au.

- **Business Student Centre**
  [https://www.business.unsw.edu.au/students/resources/student-centre](https://www.business.unsw.edu.au/students/resources/student-centre)
  Provides advice and direction on all aspects of admission, enrolment and graduation. Office: Level 1, Room 1028 in the Quadrangle Building; Phone: 9385 3189.

- **Moodle eLearning Support**
  For online help using Moodle, go to: [https://student.unsw.edu.au/moodle-support](https://student.unsw.edu.au/moodle-support). For technical support, email: itservicecentre@unsw.edu.au; Phone: 9385 1333.

- **UNSW Learning Centre**
  [www.lc.unsw.edu.au](http://www.lc.unsw.edu.au)
  Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services**
  [http://info.library.unsw.edu.au/web/services/services.html](http://info.library.unsw.edu.au/web/services/services.html)
• **IT Service Centre:** Provides technical support for problems logging in to websites, downloading documents etc. [https://www.it.unsw.edu.au/students/index.html](https://www.it.unsw.edu.au/students/index.html) Office: UNSW Library Annexe (Ground floor). Ph: 9385 1333.

• **UNSW Counselling and Psychological Services** [https://student.unsw.edu.au/wellbeing](https://student.unsw.edu.au/wellbeing) Provides support and services if you need help with your personal life, getting your academic life back on track or just want to know how to stay safe, including free, confidential counselling. Office: Level 2, East Wing, Quadrangle Building; Phone: 9385 5418.

• **Student Equity & Disabilities Unit** [http://www.studentequity.unsw.edu.au](http://www.studentequity.unsw.edu.au) Provides advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734; Email: seadu@unsw.edu.au