MFIN6210
EMPIRICAL STUDIES IN FINANCE

Course Outline
Semester 1, 2016

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Part B: Key Policies, Student Responsibilities and Support
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CRICOS Code 00098G
PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS
Professor Peter Swan AM
FASSA: BUS Room 334
(Central Section) Phone No:
9385 5871
Email:
peter.swan@unsw.edu.au

Consultation Times – Thursday 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. You find my office in the Business School building, Room 334, in the central section. Please use the West Wing elevator where the reception is, find the phone pad next to the glass door, hit the key # and dial my extension: 55871.
I'll come to open the door for you.

2 COURSE DETAILS

2.1 Teaching Times and Locations
Lectures start in Week 1 (to Week 12): The Time and Location are:
Wednesday 6:00-9:00 pm in Michael Hintze Theatre, in Tyree Energy Technologies Building, (Stream A), or Thursday 2:00pm-5:00 pm in Valentine Annex (H22)
Rm121, located next to Civil Engineering Building, top end of Campus (Stream B).
The Computer Lab classes in Weeks 6 and 7 will be held in (To Be Announced)

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 and asset pricing 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, the pricing of volatility and liquidity risk, and dividend policy. Special attention will be given to selected topics in group and lab work. Much of this work is ten to fifteen years ahead of textbooks and represents innovative research at the forefront of the advancement of knowledge.
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 Masters 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, pricing of risk 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 and future top journal academic papers in empirical finance but with a strong theoretical foundation;

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 in which nothing is either taken for granted or resting simply on authority, 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., venture capital) to death (i.e., bankruptcy, takeover), and evaluate the impact of these decisions on key stakeholders.

6. To understand what kinds of risks are generally priced, e.g., volatility and the equity premium, and are not generally priced, e.g. illiquidity and illiquidity risk.

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.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate coursework students in the Business. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. ‘be an effective team player’). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. ‘participate collaboratively and responsibly
in teams’).

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For more information on the Postgraduate Coursework Program Learning Goals and Outcomes, see Part B of the course outline.

<table>
<thead>
<tr>
<th>Program Learning Goals and Course Learning Outcomes</th>
<th>Course Assessment Item</th>
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<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>
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<tr>
<td>This learning outcome will be assessed in the following items:</td>
<td></td>
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<tr>
<td>1 Knowledge</td>
<td>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.</td>
</tr>
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<td></td>
<td>• In-class discussion questions and debate</td>
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<td></td>
<td>• Formal in-class exams</td>
</tr>
<tr>
<td>2 Critical thinking and problem solving</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>• In-class discussion questions and debate</td>
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<td></td>
<td>• Formal in-class exams</td>
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<td></td>
<td>• Group project</td>
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<td></td>
<td>• Lab sessions</td>
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<tr>
<td>3a Written communication</td>
<td>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 skills, and be able to discuss and write-up</td>
</tr>
<tr>
<td></td>
<td>• In-class discussion questions and debate</td>
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<td></td>
<td>• Group project</td>
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<tr>
<td></td>
<td>• Formal in-class exams</td>
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<tr>
<td>3b</td>
<td>Oral communication</td>
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<tr>
<td>4</td>
<td>Teamwork</td>
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<tr>
<td>5a.</td>
<td>Ethical, environmental and sustainability</td>
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<tr>
<td>5b.</td>
<td>Social and cultural</td>
</tr>
</tbody>
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### 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>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Dates</th>
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</table>
| Group Project       | 40%       | Given in Week 5 (30 March).
<pre><code>                          |           | Due Week 10 (beginning May 9)  |
</code></pre>
<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Mid-Session Exam</td>
<td>40%</td>
<td>Week 5 (April 4) in-class.</td>
</tr>
<tr>
<td>Final Exam</td>
<td>20%</td>
<td>Week 12 (23 May) in-class.</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

### 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, a combination of classic articles and 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:


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### 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. 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 research papers and journal articles, more
time will be dedicated to stimulating group discussions in session 1, 2016.

7 COURSE SCHEDULE

Week 1 (February 29th)

Agency theory and empirical tests


Week 2 (March 7th)
CEO Incentives and Governance through Trading


Week 3 (March 14)
Do concentrated institutional investors monitor?


Week 4 (March 21) (Friday 25 March is Good Friday public holiday)
Independent Boards: Do they Add Value?

Mid-semester break: Good Friday 25\textsuperscript{th} March - Sunday 3rd April, inclusive. Week 5 (April 4)

**Do Foreign Investors Arbitrage Away Australia’s Franking Credit Benefit?**
- Mid-session multiple choice exam in usual lecture at regular Wednesday and Thursday time

**Week 6 (Beginning April 11)**
Lab session: Data analysis I (manipulation and basic STATA commands). See lab folder on Moodle for additional readings
- Stream A (6:00-9:00 pm), Wednesday 13/04/2016
• Stream B (2:00-5:00pm), Thursday 14/04/2016
  The Computer Lab classes in Weeks 6 and 7 (LOCATION TO BE ANNOUNCED)

Week 7 (Beginning April 18)
Lab session: Data analysis II (multivariate analysis in STATA). See lab folder on Moodle for additional readings
• Stream A (6:00-9.00 pm), Wednesday 20/4/2016 in Lab to be specified
• Stream B (2:00-5:00 pm), Thursday 21/4/2016 in Lab to be specified

Week 8 (April 25) Monday 25 April is Anzac Day public holiday
Are Takeover Bids Destructive of Bidder Share Value?

Week 9 (May 2)
What kinds of risks are priced: Volatility risk or Illiquidity?

Week 10 (May 9)
Venture capital: Why the peculiar structure? and Deal selection and contracting

Week 11 (May 16)
Is Dividend Policy irrelevant? and Why do firms pay dividends?
Week 12 (May 23) Revision and Final Exam
Week 13 (May 30) No lectures
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.

<table>
<thead>
<tr>
<th>Business Postgraduate Coursework Program Learning Goals and Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Knowledge:</strong> Our graduates will have current disciplinary or interdiscipliary knowledge applicable in local and global contexts.</td>
</tr>
<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>
</tr>
<tr>
<td><strong>2. Critical thinking and problem solving:</strong> Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.</td>
</tr>
<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>
</tr>
<tr>
<td><strong>3. Communication:</strong> Our graduates will be effective communicators in professional contexts.</td>
</tr>
<tr>
<td>You should be able to:</td>
</tr>
<tr>
<td>a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and</td>
</tr>
<tr>
<td>b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.</td>
</tr>
<tr>
<td><strong>4. Teamwork:</strong> Our graduates will be effective team participants.</td>
</tr>
<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>
</tr>
<tr>
<td><strong>5. Ethical, social and environmental responsibility:</strong> Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.</td>
</tr>
<tr>
<td>You should be able to:</td>
</tr>
</tbody>
</table>
| a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-
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, as well as in online activities, 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 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://safety.unsw.edu.au/.

10.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course web site. 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.
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
  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
  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. For technical support, email: itservicecentre@unsw.edu.au; Phone: 9385 1333.

- **UNSW Learning Centre**
  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

- **IT Service Centre**

- **UNSW Counselling and Psychological Services**
  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; Email: counselling@unsw.edu.au

- **Student Equity & Disabilities Unit**
  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