Course Syllabus
FIR 8820 – Theory/Practice of Financial Management
Fall Semester, 2020
Tuesdays 2:00p.m.-5:00p.m., FCB 259 (Online to Begin)
(Last updated: 08/06/2020)

Instructor: Sabatino (Dino) Silveri
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E-mail: ssilveri@memphis.edu
Office: FAB 442
Office Hours: Tuesday and Thursday, 8:00a.m.-9:30a.m. or by appointment (please send me an email, or see me after class to set up a time).

Course Objectives
To introduce doctoral students to the basic research questions and methods in corporate finance. Students will be exposed to some of the most important literature in a variety of corporate finance areas. In addition, students will learn to evaluate and constructively critique existing literature. Unfortunately, we do not have time to cover all areas of corporate finance. This does not mean that the areas that we do not cover are not important.

Course Materials: Journal articles. You are responsible for obtaining copies of the articles, though I will provide many of them.

Reference Materials: You might find it useful to refer to an introductory finance textbook.

Expectations
In my role as your professor there are certain things you can expect from me such as a well-organized and engaging learning experience, a timely response to e-mails and timely grading of all assigned work. In return, I expect you to assist in creating a positive, supportive environment for learning by staying engaged in the course and actively participating in discussions.

Grading and Evaluation Criteria
Over the semester, you will have a variety of opportunities to earn points towards your final (overall) letter grade in this course.

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Presentations/Participation</td>
<td>25%</td>
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<tr>
<td>Term Paper</td>
<td>25%</td>
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<tr>
<td>Exam One</td>
<td>25%</td>
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<tr>
<td>Exam Two</td>
<td>25%</td>
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COVID-19 Notice
Please use the following link to access the Fogelman College of Business and Economics COVID-19 Notice (https://www.memphis.edu/fcbe/faculty/covid_19_notice.php) to help you understand important expectations for class conduct, health and safety, and other processes this Fall.

COVID-19 Health and Safety Policy - Masks and Social Distancing
All students, faculty and staff will wear masks in all public spaces, including our classroom (lab) per the COVID-19 policy. The first time a student enters a classroom without wearing a face covering, the student will be asked to leave the class until they return a covering. Further violations will be referred to the Office of Student Accountability. Students who repeatedly or flagrantly violate these community expectations may be referred for discipline under the Student Code and, if appropriate, immediately removed from campus by the Dean of Students.

Student Health
Students who are experiencing symptoms such as sneezing, coughing or a higher than normal temperature should inform me by email so they can be excused from class and should stay home. Students should contact their health care provider or the Student Health Center at https://www.memphis.edu/health/.

Students who have a positive COVID-19 test should contact the Dean of Students at deanofstudents@memphis.edu.

Student Accommodations
If and when we return to class, students seeking to remain remote for health or other serious reasons should discuss their options with me. Students with accessibility issues or with other learning accommodation needs due to a disability should contact Disability Resources for Students (DRS) to submit an official request for course accommodations. Contact DRS at 901.678.2880 or at drs@memphis.edu. (https://www.memphis.edu/drs/index.php)

Student Resources
Students who need additional resources can contact the Dean of Students Office at https://www.memphis.edu/deanofstudents/crisis/index.php.

Student Services
Please access the FCBE Student Services page for information about:
- Students with Disabilities
- Tutoring and other Academic Assistance
- Advising Services for Fogelman Students
- Technical Assistance

Course Schedule and Syllabus
The course schedule (see page 4) is tentative and subject to change. Depending upon time and student needs, I may alter the topics we cover. Students will be notified in class and through the course website of any significant changes.

Final Exam Schedule
While there are two exams during the semester, there is no final exam (i.e., there is no exam scheduled for Finals week). One or both exams may be take-home.
Weekly Paper Presentations

Students will be assigned to present the papers on the course reading list. Presentations should be in PowerPoint or similar presentation program, reasonably polished, about 40-50 minutes long, and flexible enough to accommodate questions from the audience and still finish on time. E-mail to all class participants a soft copy of your slides by midnight the night before the class meeting. You may additionally distribute hard copy handouts of your slides in class (especially things like tables that might be hard to see on the overhead projector), but this does not take the place of the soft copy to be e-mailed. The presenter is expected to be sufficiently prepared as to be an expert on the paper s/he is presenting, to lead the class in discussion of the paper, and should be able to answer any and all germane questions from the audience. A lack of adequate preparation will be obvious and will impose substantial negative externalities on the class. Students should strive to avoid this outcome.

All students, whether presenting or not, are expected to have read all the papers scheduled for discussion that day. This is a seminar course, so substantial participation from the audience is expected and, indeed, required for the course to proceed as it should. Non-presenters should be able to answer any basic questions about any of the papers scheduled for that day. This means that every student takes an active role in developing the intellectual environment in the class, whether presenting or not. I will evaluate your participation based on the quality of your contribution to class discussions. If the presenter makes a mistake, you should be familiar enough with the papers to identify and help correct the mistake. Thorough preparation and participation in every class is mandatory.

Term Paper

Write a literature review for one of the major areas of corporate finance (broadly defined) and replicate at least one major result from a paper. You should also propose some possible extensions to the literature or to a particular paper. The area you choose must be approved by me. Note that the replicated result may be, but need not be, from the course reading list. Your paper should describe the current state of the literature in your chosen area and detail how the field developed through time. Papers are due by 2:00p.m. Tuesday, November 17, 2020. You will give a 30-to-45-minute presentation of your term paper.

General Guidelines: The final paper you submit should be polished, easy to read and free of grammatical and typographical errors. I recommend taking turns with classmates proof-reading and editing each other’s papers. Students must submit the data and the programs, carefully documented, used to transform the data and perform statistical analyses. This requirement is to facilitate replication of the results by others. Some journals have similar requirements for publication. Each student will meet with me to discuss their chosen topic.

COURSE POLICIES

E-Mail: All students are required to maintain and access their University of Memphis (@memphis.edu) e-mail account. You will receive all official course correspondence at this e-mail account. Any inability to receive incoming e-mail in a timely fashion (e.g., not regularly checking e-mail, having a “full mailbox”, etc.) is your responsibility.

Academic Integrity: The University of Memphis has clear codes regarding cheating and classroom misconduct. If interested, you may refer to the Student Handbook section on academic misconduct for a discussion of these codes. If you have any questions about
academic integrity or plagiarism, you are strongly encouraged to review the Fogelman College's Website on Academic Integrity.

**Participation:** To be successful in this course, you must stay active and involved throughout the semester. You should actively participate in class discussions and not be afraid to ask questions.

**Extra Credit:** There is no extra credit offered in this course. Your final grade will be computed based on your work on the assessed activities previously described in this syllabus.

**Inclement Weather:** In the event that inclement weather requires the cancellation of classes at The University of Memphis, local radio and television media will be immediately notified. Additionally, the University of Memphis has established an Inclement Weather Hotline at 901-678-0888 as well as LiveSafe, a comprehensive personal safety mobile app. This app allows you to receive instant alerts from Police Services in addition to providing a quick, convenient and discreet way to communicate directly with Police Services. The app will allow you to send text, pictures, video and audio directly to Police Services in real time. It also allows for a live chat with safety personnel. The app includes the option to share tips and information anonymously. In addition, subscribers can use SafeWalk to invite personal contacts to virtually escort you as you chat.

**Tentative Class Schedule:**
(I will update this document during the semester)

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Aug. 18</td>
<td>Overview, Time Value of Money, Capital Budgeting, Regression Analysis</td>
</tr>
<tr>
<td>2</td>
<td>Aug. 25</td>
<td>Theory of the Firm and Agency Costs</td>
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<tr>
<td>3</td>
<td>Sept. 1</td>
<td>Capital Structure</td>
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<tr>
<td>4</td>
<td>Sept. 8</td>
<td>Capital Structure (cont.)</td>
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<tr>
<td>5</td>
<td>Sept. 15</td>
<td>Payout Policy</td>
</tr>
<tr>
<td>6</td>
<td>Sept. 22</td>
<td>Payout Policy (cont.)</td>
</tr>
<tr>
<td>7</td>
<td>Sept. 29</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td>8</td>
<td>Oct. 6</td>
<td>Corporate Governance (cont.)</td>
</tr>
<tr>
<td>9</td>
<td>Oct. 13</td>
<td>Compensation</td>
</tr>
<tr>
<td>10</td>
<td>Oct. 20</td>
<td>Security Issuances</td>
</tr>
<tr>
<td>11</td>
<td>Oct. 27</td>
<td>Security Issuances (cont.)</td>
</tr>
<tr>
<td>12</td>
<td>Nov. 3</td>
<td>Corporate Control</td>
</tr>
<tr>
<td>13</td>
<td>Nov. 10</td>
<td>Law and Finance</td>
</tr>
<tr>
<td>14</td>
<td>Nov. 17</td>
<td>Behavioral Corporate Finance</td>
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Tentative Reading List:
(I may update this document during the semester if needed)

Week 0: “Words of Wisdom” (Read at your leisure)

[Week 0]
- Writing Tips for Ph.D. Students:
  Cochrane: http://faculty.chicagobooth.edu/john.cochrane/teaching/writing/
  Roberts: http://finance.wharton.upenn.edu/~mrrobert/resources/Teaching/CorpFinPhD/fma_writing_oct2017.pdf
- Referee Advice: https://www.aeaweb.org/content/file?id=222
- Tips for Authors from Prof. René M. Stulz (from JFE web site)

Overview/Introduction

[Week 1]
- Any introductory finance textbook will cover the Time Value of Money and Capital Budgeting

Theory of the Firm and Agency Costs

[Week 2]

Capital Structure
[Weeks 3 and 4]


Theoretical Foundations

Empirical: Extensions
Payout Policy

[Weeks 5 and 6]


Theoretical Foundations


Evidence


Corporate Governance and Boards of Directors
[Weeks 7 and 8]

Review Paper

Empirical Papers
• * Duchin, Ran, John G. Matsusaka, and Oguzhan Ozbas, 2010, When are Outside Directors Effective?, Journal of Financial Economics

**Compensation**

[Week 9]

**Review Paper:**

**Empirical Papers**
• * Bebchuk, Lucian , Jesse Fried and David Walker, (2002), Managerial Power and Rent Extraction in the Design of Executive Compensation, (University of Chicago Law Review)
• * Bertrand, M. and S. Mullainathan, 2001, Are CEOs rewarded for luck? The ones without principals are, Quarterly Journal of Economics 116, 901-932.
• Core, John, Robert Holthausen and David Larcker, (1999), Corporate Governance, Chief Executive Officer Compensation, and Firm Performance, JFE
Security Issuances
[Weeks 10 and 11]

Review Paper:
- * Eckbo, E., “Handbook of Corporate Finance: Empirical Corporate Finance Volume 1” Chapters 6 & 7

Papers:

Corporate Control
[Week 12]

Review Paper:
Papers:

* Jensen, M.C. (1986), Agency costs of free cash flow, corporate finance, and takeovers, American Economic Review
* Masulis, Ronald W., Cong Wang and Fei Xie, "Corporate governance and acquirer returns" *Journal of Finance* 62 (August 2007), pp. 1851-89
* Travlos, Nickolas G., “Corporate Takeover Bids, Methods of Payment, and Bidding Firms' Stock Returns,” *Journal of Finance* 42 (September 1987), pp. 943-963

Law and Finance

[Week 13]

Papers:


• * La Porta, Rafael, Florencio López-de-Silanes, and Andrei Shleifer (1999), Corporate Ownership Around the World, *Journal of Finance* 54, pp. 471-517


**Behavioral Corporate Finance**

**[Weeks 14]**

**Review Papers**


**Empirical Papers**


