

**City University of Hong Kong  
Course Syllabus**

**offered by Department of Economics and Finance  
with effect from Semester A 2024 /25**

**Part I Course Overview**

**Course Title:** Empirical Corporate Finance

**Course Code:** EF8080

**Course Duration:** 1 semester

**Credit Units:** 3

**Level:** R8

**Medium of Instruction:** English

**Medium of Assessment:** English

**Prerequisites:**  
(Course Code and Title) Nil

**Precursors:**  
(Course Code and Title) Nil

**Equivalent Courses:**  
(Course Code and Title) Nil

**Exclusive Courses:**  
(Course Code and Title) Nil

## Part II Course Details

### 1. Abstract

This course aims to introduce students to various areas of empirical finance research and to hone their skills in evaluating and interpreting research questions, methodologies and empirical finance results. One basic skill is literature search which will be conducted through hands-on practice throughout the course. This course will tap into the best expertise of the faculty of this department. Upon completing the course, students should be able to not only evaluate and assess others' research papers but also discover and identify important academic issues to tackle, often with the help of literature search in vast e-resources. The whole training focuses on the discovery and innovative process which is the nature of academic research.

### 2. Course Intended Learning Outcomes (CILOs)

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes		
			A1	A2	A3
1.	Explain the various areas of empirical finance research (topics divided by 3-4 faculty members who can show their best expertise to students).	40%	√	√	√
2.	Demonstrate skills in evaluating and interpreting research questions, methodologies and empirical finance results, and increase their ability to discover and identify new research topics.	40%	√	√	√
3.	Apply literature search through hands-on practice.	20%	√	√	√
		100%			

*A1: Attitude*

*Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.*

*A2: Ability*

*Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.*

*A3: Accomplishments*

*Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.*

### 3. Learning and Teaching Activities (LTAs)

TLA	Brief Description	CILO No.			Hours/week (if applicable)
		1	2	3	
Lectures	Students will engage in lecture and to think critically and logically by responding to questions and solving the problems.	√	√	√	-
Intensive In-class Discussions	Students will engage in class discussions to enhance communication skills, critical thinking and develop creative and innovative abilities.	√	√	√	-

### 4. Assessment Tasks/Activities (ATs)

Assessment Tasks/Activities	CILO No.			Weighting	Remarks
	1	2	3		
Continuous Assessment: <u>60</u> %					
Class participation / discussion	√	√	√	10%	
Discovery-based project	√	√	√	30%	
Hands-on practice of conducting research	√	√	√	20%	
Examination: <u>40</u> % (duration: 2 hours , if applicable)					
Examination	√	√	√	40%	
				100%	

***Students are required to pass both coursework and examination components in order to pass the course***

## 5. Assessment Rubrics

Applicable to students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
1. Class participation / discussion	Attendance	Attending 80% of the lectures	Attending more than 60% but less than 80% of the lectures, unless with legitimate excuses	Attending less than 60% but more than 40% of the lectures	Attending less than 40% of the lectures	N/A
2. Discovery-based project	First-rate Criterion	Strong evidence of original thinking; evidence of extensive knowledge base as outlined in CILOs; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery.	Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.	Good but insufficient evidence of knowing how to apply the related concepts outlined in CILOs; some ability to discover and innovate, and strong evidence of accomplishments of discovery.	Marginal familiarity with the subject; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.	Little evidence of familiarity with the subject; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery.

3. Hands-on practice of conducting research	Demonstrated good effort in replicating an existing paper assigned for this task	Strong evidence of reading the existing paper in detail and efforts in replicating all the results, with evidence of proper, well-commented coding	Evidence of reading the existing paper in detail and replicating a good proportion of the results; proper coding that may lack sufficient documentation at times	Some evidence of reading the existing paper in detail and replicating key results; coding without good documentation	Marginal evidence of efforts in replicating the assigned paper; coding not proper at times	Failure to submit the assignment or a submission of the assignment without coding records provided
4. Examination	First-rate Criterion	Strong evidence of understanding methodologies in empirical corporate finance research; extensive knowledge of the empirical corporate finance literature	Good understanding of empirical corporate finance methodologies; extensive knowledge of the empirical corporate finance literature	Fair understanding of empirical corporate finance methodologies; good knowledge of the empirical corporate finance literature	Marginal understanding of empirical corporate finance methodologies; marginal knowledge of the empirical corporate finance literature	Little understanding of either the methodologies or the literature, or not attending the exam without a legitimate reason

Applicable to students admitted from Semester A 2022/23 to Summer Term 2024

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B)	Marginal (B-, C+, C)	Failure (F)
1. Class participation / discussion	Attendance	Attending 80% of the lectures	Attending more than 60% but less than 80% of the lectures, unless with legitimate excuses	Attending less than 60% of the lectures	N/A

2. Discovery-based project	First-rate Criterion	Strong evidence of original thinking; evidence of extensive knowledge base as outlined in CILOs; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery.	Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.	Marginal familiarity with the subject; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.	Little evidence of familiarity with the subject; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery.
3. Hands-on practice of conducting research	Demonstrated good effort in replicating an existing paper assigned for this task	Strong evidence of reading the existing paper in detail and efforts in replicating all the results, with evidence of proper, well-commented coding	Evidence of reading the existing paper in detail and replicating a good proportion of the results; proper coding that may lack sufficient documentation at times	Marginal evidence of efforts in replicating the assigned paper; coding not proper at times	Failure to submit the assignment or a submission of the assignment without coding records provided
4. Examination	First-rate Criterion	Strong evidence of understanding methodologies in empirical corporate finance research; extensive knowledge of the empirical corporate finance literature	Evidence of basic understanding of empirical corporate finance methodologies; good knowledge of the empirical corporate finance literature	Marginal understanding of empirical corporate finance methodologies; good knowledge of the empirical corporate finance literature	Little understanding of the either the methodologies or the literature, or not attending the exam without a legitimate reason

## Part III Other Information

### 1. Keyword Syllabus

Panel Regressions; Endogeneity; Instrumented Variables; Difference-in-Differences; Regression Discontinuity Design; Statistical Inference; Firm Valuation; Growth Opportunities; Corporate Investment; Financial Policies; External Financing; Debt Mix Choice; Initial Public Corporate Governance; Seasoned Equity Issuance; Mergers and Acquisitions; Ownership Structure; Expropriation of Minority Shareholders; Political Connections; Asymmetric Information Problems; Agency Problems

### 2. Reading List

#### 2.1 Compulsory Readings

1.	Copeland, T.E., Weston, J.F., Shastri, K., Financial Theory and Corporate Policy, 4th ed. (Pearson – Addison Wesley, 2005)
2.	Angrist, J. D. and Pischke, J., Mostly Harmless Econometrics: An Empiricist's Companion. (Princeton University Press, 2009)

#### 2.2 Additional Readings

1.	Grossman, S., and M. Miller, 1988, Liquidity and market structure, <i>Journal of Finance</i> , 43, 617-633.
2.	Titman, Sheridan, and Roberto Wessels, 1988, The determinants of capital structure choice, <i>Journal of Finance</i> 43, 1-19.
3.	Rajan, R, 1992, Insiders and Outsiders: The Choice between Relationship and Arm's Length Debt, <i>Journal of Finance</i> 47, 1367-1400.