

ONLINE Workshop

Empirical Corporate Governance

Organizational details

Instructor: JProf. Dr. Peter Limbach (University of Bonn, University of Cologne)

Date: June 24, 2020, 09.30 am - 3.30 pm

June 25, 2020, 09.30 am - 2.30 pm

June 26, 2020, 09.30 am - 2.30 pm

Location: Online (Web Conference link will be provided before the course)

ECTS: 4 ECTS

To gain the ECTS, participants have to:

- participate in the course (online)
- read some papers in advance of the course
- present 1 paper (15min) either alone or in a group of two
- write a 1-2 page essay analyzing and criticizing a paper
- engage in group discussion during class

Max. number of participants: 10

Objectives

Corporate governance is an interdisciplinary field of research and one of the main research areas in accounting, finance, and management. Governance research does not only get cited very frequently but it also has policy impact and matters to practitioners such as corporate directors, professional investors, and regulators. However, governance research is also subject to severe endogeneity concerns, which, on one hand, hamper causal inference and, on the other hand, make this field of research very interesting. The aim of this course is to provide PhDs and PostDocs with an overview of current research topics and applied empirical methods in corporate governance (including managerial economics). The focus is on up-to-date and societally relevant topics. Recent papers are presented and discussed, with a focus on the papers' econometric and theoretical strengths and weaknesses as well as their contribution. The course also deals with identifying new, unaddressed research questions and provides important insights from some very inspiring seminal and recent studies.

Learning objectives:

- Get an overview of recent empirical research and methods in the area of corporate governance
- Develop an in-depth understanding of endogeneity problems in theory and practice
- Learn how to (not to) apply econometric methods, criticize empirical papers, sell our own research
- Learn how to read research papers and develop new research questions
- Get an intuition for corporate governance theory

Content & Methods

Content: For general content, see above.

Specific topics:

Topic	Recommended readings
Empirical (governance) research and its endogeneity problems	Adams (2017a), Roberts and Whited (2013)
Corporate governance and its value implications	Gompers, Ishii, and Metrick (2003)
Corporate ownership -- <i>Causality vs. interesting correlations</i> --	Edmans and Holderness (2017)
Shareholder voting -- <i>Instrumental variables and RDD</i> --	Yermack (2010)
Board representation -- <i>Dynamic endogeneity, endogenous matching, event studies, natural experiments, omitted variables, RDD, reverse causality</i> --	Adams (2017b)
Director incentives -- <i>Consistent reasoning and difference-in-differences estimation</i> --	Masulis (2020)
Social capital and incomplete contracts -- <i>Instrumental variables, natural experiments, survey data</i> --	Hoi, Wu, and Zhang (2019)

Methods: Read and present empirical research, understand and apply econometric methods

Target group & Course Language

Target group: Doctoral candidates and postdoctoral researchers

Participation requirements: Some basic understanding of econometrics and principal-agent theory

Course language: English (for presentations and essays) and German

About the instructor

Peter Limbach currently holds the substitution professorship of Financial Economics at the University of Bonn (substituting Prof. Dr. Isabel Schnabel). He is assistant professor of finance at the University of Cologne and a member of the Centre for Financial Research. Peter studied economics at the University of Bonn and received his Dr. rer. pol. from the Karlsruhe Institute of Technology. He spent several months as a visiting scholar at the Rotterdam School of Management. His research is concerned with issues of corporate governance and managerial economics, financial accounting and information economics, as well as financial intermediation. Peter's work has been presented at leading finance conferences, including the Western Finance Association meetings, and has been published in reputable academic journals such as the Journal of Financial & Quantitative Analysis.

Registration

By ***June 3, 2020*** via e-mail at info@ggs.uni-giessen.de.

Reading list

Adams, R.B., 2017a. The ABCs of Empirical Corporate (Governance) Research. *Corporate Governance: An International Review* 25, 461-464.

Adams, R.B., 2017b. Boards, and the Directors Who Sit on Them. ECGI Finance Working Paper No. 515/2017. [Survey]

Edmans, A., and Holderness, C.G., 2017. Blockholders: A Survey of Theory and Evidence. In: Hermalin, B.E., and Weisbach, M.S. (eds.), *Handbook of the Economics of Corporate Governance*, North Holland. [Survey]

Gompers, P.A., Ishii, J., and Metrick, A., 2003. Corporate governance and equity prices. *Quarterly Journal of Economics* 118, 107-155.

Hoi, C.-K., Wu, Q., and Zhang, H., 2019. Does Social Capital Mitigate Agency Problems? Evidence from Chief Executive Officer (CEO) Compensation. *Journal of Financial Economics* 133, 498-519.

Masulis, R.W., 2020. A Survey of Recent Evidence on Boards of Directors and CEO Incentives. ECGI Finance Working Paper No. 652/2020. [Survey]

Roberts, M.R., and Whited, T., 2013. Endogeneity in Empirical Corporate Finance. In: Constantinides, G.M., Harris, M., Stulz, R.M. (eds), *Handbook of the Economics of Finance*, Vol. 2A, Elsevier.

Yermack, D., 2010. Shareholder Voting and Corporate Governance. *Annual Review of Financial Economics* 2010 (2), 2.1-2.23. [Survey]