

Approved

Academic Council of educational program

Protocol number _-_, «26» june 2018.

Research Seminar ‘Behavioral Finance and Corporate Governance’ Syllabus

Faculty: Economics

Master program: Strategic Corporate Finance

Year: 2018/19

Course name: Research Seminar ‘Behavioral Finance and Corporate Governance’

Level: Master, 2Y

Language of instruction: English

Period: September, 10 – April, 29

Workload: 88 contact hours

Short name: RWBehFin

Course Description

This course represents a system of research seminar for the 2nd year master students. The research seminar is aimed to develop the academic skills of the master students and to prepare them to make their own research in the area of finance. Research in this area applies specific mathematical and econometrical methods, as well as the perfect data mining skills.

The course contains two types of research activity. The first activity for every 2nd year master student is to participate in the large research seminars of HSE School of Finance. The second type of activity is to participate in the small team seminars (that should be chosen before the beginning of the year). Both parts of the research seminar aim to help students to develop the academic writing skills and a number of soft skills that are useful for a financier (e.g. presentation skills, team work, project management).

The first part of research seminar aims at fostering discussion and interaction on variable topics in finance. The second part aims to develop personal academic skills in the chosen area. Students who chose Behavioral Finance and Corporate Governance deepen their knowledge in behavioral and cognitive aspects of finance as well as in the decision-making mechanisms of the company. The students also develop their skills in the data-mining, work with the literature and text preparation in this area.

The **key goal of this course** is to provide the student with proper tools and skills for making their own research in the area of finance.

To follow this course the courses of corporate finance, valuation, theory of finance and microeconomics are the *prerequisites*.

Course Objectives

After the course student will be able to:

- formulate and verify his or her own research question;
- choose and apply the proper methods to test the hypotheses;
- explain and demonstrate using empirical data the challenges to the efficient market hypothesis;
- explain the nature of biases rooted in data mining and statistical methods;
- prepare the literature review for his or her master thesis;
- know how to do the data-mining in financial and investment sphere.

Teaching method: Seminars, Discussions, large amount of home assignments and the discussion of results in class.

Assessment: literature reviews, other home assignments, presentations (team work), participation in inclass discussions.

Prerequisites: Corporate Finance, Valuation, Theory of finance, Microeconomics course

Course Teachers and Contact Details:

The heads of research seminar is Irina V. Ivashkovskaya, Professor ivashkovskaya@yandex.ru & Anastasia N. Stepanova, Associate Professor, anstepanova@hse.ru

Literature & Materials:

Reading material consists of a large number of articles from top finance journals (the basic list is provided below).

1. Roberts, M.R. and Whited, T.M., 2012. Endogeneity in empirical corporate finance.
2. Baker M, Wurgler J. Behavioral Corporate Finance: An Updated Survey [e-book]. 2013. Available at <http://people.stern.nyu.edu/jwurgler/papers/bcfsurvey2v20.pdf>
3. Malmendier, Ulrike, and Geoffrey Tate, 2008, "Who makes acquisitions? CEO overconfidence and the market's reaction", Journal of Financial Economics 89(1), 20-43.
4. Kahneman, D.; Tversky, A. (1979). "Prospect Theory: An Analysis of Decision under Risk". *Econometrica* 47 (2): 263–291.
5. Kahneman, D. and Tversky, A. (1984). *"Choices, Values, and Frames"*. American Psychologist 39 (4): 341–350.
6. *All FMA, AFA, EFA 2017-2019 Papers on BFIN and Corporate Governance (see the websites of the conferences)*.

Research Seminar structure

	Topic	Total hours	Contact hours	Home work
1	How to write a research paper in behavioral finance and governance. Formal and informal requirements to master theses.	10	4	6
2	Work with new papers and data in area of behavioral finance and corporate governance	68	20	48
3	Progress discussion. Individual presentations (every class)	56	16	40
4	Participation in School of Finance seminar or Lab seminar	88	44	44
5	Presentations of master thesis results	44	4	40
	Totally	266	88	178

Grading

The grade in the 2nd module is an average grade for all the tasks accomplished during two modules (all weights equal); the grade for the 4th module is a grade for the presentation of your results and database (predefense of master thesis).

The final grade is an average of two grades (for 2nd module and 4th module).

You should work in teams of 3-5 on the group assignments during first semester. It is the responsibility of a student to form a team or to join to a team. A number of assignments including those concerning your master thesis are individual.

Number of presentations, the amount of time for presentation and discussion vary depending on the number of seminars and number of participants. All seminar participants are expected to engage in discussion. The presentations are held during the whole course at the beginning of class. In case of non coming and being late for more than 15 minutes for the seminar the student does not get a positive grade for the presentation.

By the end of the course all students should provide and present (1) the database they collected and prepared for the master thesis; (2) the results of your master thesis (**predefense of the master thesis**).

List of self-control questions:

What is the difference between expected utility and prospect theories?

Describe the three steps of efficient market hypothesis. How it deals with rational investors?

How it deals with irrational investors?

Does efficient market hypothesis work if in case of correlated trading strategies? Explain the conditions.

How to test the semi-strong form of efficient market hypothesis?

What are the key phenomena challenging the efficient market hypothesis?

What are the core parts of the abstract?

Try to describe the potential consequences of every bias.

How to classify papers for literature review?