

Finance 4 - Empirical Methods for Corporate Finance
Bocconi University
PhD in Economics and Finance *

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Professor:

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Office hours: Monday 5pm-7pm.

Summary and aims: The aim of the class is to provide students a framework for empirical research in Corporate Finance. We will not only discuss core statistical concepts and issues in corporate finance, but also explore modern methods for tackling these issues. Students will be asked to present in class key empirical papers associated to each method.

Pre-requisite: Basic optimization and statistics.

Assesment: Presentation of papers in class, research project, and participation.

Course: 1st year Ph.D. course.

Reading Material:

The lectures will not follow any textbook closely, but will generally follow the subject matter and level of Wooldridge (W), “Panel Data Econometrics” (Thomson), with heavy supplementation from Angrist and Pischke (AP), “Mostly Harmless Econometrics: An Empiricist’s Companion” (Princeton University Press). Then we will follow the papers to be discussed in class and which are in the reading list.

Course Secretary: Angela Baldassari.

*Draft - may (certainly will!) be subject to change.

Topic 1: One Variable, Two Variables, K Variables, Who Cares? AP.CH4, W.CH3-6, W.CH8

- From univariate to multivariate regression analysis
- How to ruin your mood: heteroskedasticity, measurement error, omitted variables, simultaneity.

Empirical Part & Papers: TBA

Topic 2: Catch Me If You Can, Causality & OLS , AP.CH3

- The Fundamental Problem of Causality;
- What the Hell Do I Estimate? ATE, ATT, ABS...

Empirical Part & Papers: TBA

Topic 3: Have No Fear, IV Is Here AP.CH4, W.CH15

- Looking for IV - looking for Bigfoot?
- Its a Trap! Weak instruments and other tricky IV business.

Empirical Part & Papers: TBA

Topic 4: Welcome to the Panel! W.CH14

- The Good (Within), The Bad (Between), The Ugly (Random);
- Measurement issues in panel

Empirical Part & Papers: TBA

Topic 5: DiD and its Discontents AP.CH5

- DiD: the Luca Toni of Econometrics?
- Who is Moulton?

Empirical Part & Papers: TBA

Topic 6 and to infinity:

- Above and Below - enter the quantiles!
- Above and Below - enter the RDD;
- A man can't be too careful in the choice of his projects.

Empirical Part & Papers: TBA