Finanzas Corporativas I

Curso Académico: (2019 / 2020) **Fecha de revisión: 08-05-2020**

Departamento asignado a la asignatura: Departamento de Economía de la Empresa

Coordinador/a: TRIBO GINE, JOSE ANTONIO

Tipo: Optativa Créditos ECTS : 5.0

Curso : 1 Cuatrimestre : 2

REQUISITOS (ASIGNATURAS O MATERIAS CUYO CONOCIMIENTO SE PRESUPONE)

Haber realizado un curso de microeconomía, algunas nociones básicas de econometría, y algunas nociones de economía financiera.

OBJETIVOS

El objetivo es dar una imagen completa de la literatura moderna de finanzas corporativas. Las clases combinarán modelos teóricos y empíricos. Además, los estudiantes utilizarán una base de datos para replicar los resultados de algunos documentos importantes sobre la literatura de finanzas corporativas.

DESCRIPCIÓN DE CONTENIDOS: PROGRAMA

PART 1

LECTURE 1: CAPITAL STRUCTURE, SOME INITIAL ISSUES
1.1/ Corporate finance. Concepts.
1.2/ Modigliani-Miller Theorem
1.3/ What different theories say about capital structure?.
1.4/ An overview of financial structure in different countries

LECTURE 2: TAX DISTORTIONS
2.1 Corporate Taxes.
2.2 Bankruptcy costs versus corporate taxes. Miller¿s critique.
2.3 Personal taxes versus corporate taxes
2.4 Miller¿s equilibrium model.

LECTURE 3: FINANCIAL STRUCTURE AND THE CONFLICTS BETWEEN BORROWERS AND LENDERS
3.1/ The conflict of interest between shareholders and debtholders
3.2/ Asset substitution: The original example of Jensen and Meckling (1976)
3.3/ Debt overhang problem (Myers 1977)
3.4/ Short-term financing bias and Managerial aversion to liquidation.
3.5/ Possible solutions

LECTURE 4:
FINANCIAL STRUCTURE AND THE AGENCY PROBLEMS BETWEEN MANAGERS AND INVESTORS
4.1 The separation of ownership and control
4.2 Model to address agency problems: (Jensen&Meckling and Stulz)
4.3 Contracts contingent on control rights
4.3.1 Model of Hart (1995) an introduction to Aghion and Bolton
4.3.2 The model of Aghion and Bolton, (1992)
4.4 Debt contracting
4.4.1 Bolton and Scharfstein, (1996)
4.4.2 Debt maturity (Diamond, 1991)
4.5 The importance of diversity (Hart, 2001)

PART 2

TOPIC 1. Corporate financing under moral hazard
1.1/ Outside financing capacity with limited liability and risk neutrality
a) The fixed investment model and credit rationing
b) The continuous investment model
c) The problem of debt overhang and the renegotiation solution

1.2/ Determinants of borrowing capacity
a) Diversification
b) Collateral
c) Group lending
1.3/ Exercises:
a) Choosing one contract in the optimal set
b) Relaxing limited liability and risk neutrality
b) Reputational capital

References: Tirole book, chapters 3, 4 and 5

TOPIC 2. Corporate financing under asymmetric information
2.1/ Introduction
2.2/ The lemons problem and the market breakdown
a) Privately-known prospects model
b) Market breakdown and cross-subsidization
c) Application: The negative stock price reaction to SEO's
2.3/ Dissipative signals
a) Application 1: Payout policy
b) Application 2: IPO underpricing
2.4/ Exercises:
a) Signalling

References: Tirole book, chapter 6

TOPIC 3. Passive and active monitoring
3.1/ Introduction
3.2/ The benefits and costs of monitoring:
a) The reduction of credit rationing
b) Over-monitoring and managerial initiative
c) Other costs: illiquidity and collusion
3.3/ Monitoring vs advising
3.4/ Exercises:
a) Choosing the optimal monitoring intensity
b) The monitor as a third party vs the monitor as an investor.

SUMMARY:
The first half of the corporate finance course can be divided into two parts. The first part covers financial contracting decisions under the two well-known agency problems: moral hazard and asymmetric information. The second part covers the role of monitors and advisors in corporate decisions. This course covers mainly theoretical models. The objective is to give you, through theoretical modeling, a basic set-up to understand the trade-offs present in agency problems in financial contracting. Also, how different mechanisms help in the resolution of those problems.

The current fashion in corporate finance research is mainly empirically driven. But you need to know theory to do good empirical research. This course provides the theory behind most of the empirical contributions and also some insight on empirical evidence. I encourage you to register for courses in the PhD Program that are empirical in nature.

ACTIVIDADES FORMATIVAS, METODOLOGÍA A UTILIZAR Y RÉGIMEN DE TUTORÍAS

2 problems sets

SISTEMA DE EVALUACIÓN

La nota final es 60%, la nota del examen, y 40%, los problemas. Se debe obtener una nota mínima de 4.00 en el examen final para aprobar la asignatura

Los estudiantes que no superen la asignatura deberán de realizar un examen de recuperación en el que se aplica el criterio anterior.

Peso porcentual del Examen Final: 60

Peso porcentual del resto de la evaluación: 40

BIBLIOGRAFÍA BÁSICA

- Jean Tirole The theory of corporate finance, Princeton University Press, 2010
- João Amaro de Matos Theoretical Foundations of Corporate Finance , Princenton University Press, 2001
- Oliver Hart Firms, Contracts, and Financial Structure , Clarendon Press, 1993