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Management  
Education

Chair of Corporate Finance

Activity Report 2010/11

**Activity Report**  
**1 October 2010 – 31 August 2011**

Chair of Corporate Finance

WHU – Otto Beisheim School of Management

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## 1. Foreword

Finance is an applied branch of economics that studies the ways in which individuals, business entities, and other organizations allocate resources over time and make decisions in the presence of the uncertainty. The Chair of Corporate Finance at the WHU focuses broadly on the study of how corporations raise capital and make investment decisions and the consequences of these decisions.

We strive to produce a broad range of finance-related research that addresses topics of interest to academic researchers, practitioners, and policy makers. Current research topics include the analysis of corporate governance indices & firm value, gender issues in executive compensation, mergers and acquisitions and executive compensation and the evolution of corporate ownership. We communicate that research both through scientific journal publications, and through the contribution to WHU's rigorous MBA and Executive Education programs. We also train and mentor future finance scholars through our doctoral program.



September 2011

Prof. Dr. Burcin Yurtoglu

## 2. Team



**Prof. Dr. Burcin Yurtoglu**  
*Chairholder*

Tel. 0261 – 6509 710  
[burcin.yurtoglu@whu.edu](mailto:burcin.yurtoglu@whu.edu)

Prof. Dr. Burcin Yurtoglu took over the chair of Corporate Finance in October 2010. Before, he was professor of economics at the University of Vienna, Austria, where he also held the position of vice program director of the economics faculty. In 1997 he received his PhD at this university and worked as university assistant until he was promoted to professor in 2004. His research focuses on the areas of corporate governance, mergers & acquisitions, corporate finance, economics of competition.



**Barbara Luig**  
*Personal Assistant*

Tel. 0261 – 6509 721  
[barbara.luig@whu.edu](mailto:barbara.luig@whu.edu)

Barbara Luig has been working for the chair since October 2010.



**Ying Gan**  
*Student Assistant, Research  
Assisant from October 2011*

Tel. 0261 – 6509 721  
[Ying.gan@whu.edu](mailto:Ying.gan@whu.edu)

Ying Gan joined the chair on 1 August 2011 as a student assistant and will be a research assistant from October 2011 when she receives her diploma in economics at the University of Trier. There she worked as a tutor for different courses in business administration and as a student assistant at the chairs of finance and international economic policy.

### 3. Academic Programs

#### 3.1 Teaching

##### **Master of Science Program: Advanced Corporate Finance**

###### **Fall Term 2010**

This course examines how financial decisions, such as capital structure, payout policy and fund raising, can affect the value of a firm. It starts with a broad overview which looks at institutional differences across major governance and financing regimes. Then the focus lies on the effects of taxes and bankruptcy costs, agency problems and information asymmetries on corporate financial policy and thus firm value. The last section of the course is devoted to mergers and acquisitions.

##### **Full-time MBA Program: Managerial Finance**

###### **Spring Term 2011**

This course covers the foundations of financial decision making and of global financial markets. The theoretical guideline of the course is inspired by both paradigms, neoclassical economics as well as behavioral economics. The teaching style will be a combination of classical class teaching and case studies which are solved and presented by groups of students.

##### **Kellogg-WHU Executive MBA Program: Corporate Finance**

###### **Fall Term 2010 and Spring Term 2011**

This course examines how financial decisions, such as capital structure, payout policy and fund raising, can affect the value of a firm. Different from the Corporate Finance Course in the MSc Program it adopts a case based approach and puts an emphasis on the practice related aspects of corporate financial decisions.

#### 3.2 Doctoral Dissertations

##### **Sabrina Wieland**

*Title: Der Einfluss der Eigentümerstruktur und Unternehmensstrategie auf die Wertschöpfung von Unternehmen*

##### **Tobias Wildner**

*Working Title: Financing Sustainable Investments*

Co-supervision:

**Paul Gebhardt**

*Title: Distress risk and cross-sectional returns: International evidence*

*“Our study is the first to analyze the international effects of default risk on equity returns using Merton’s (1974) option pricing model to compute default measures. Using an international sample of stocks from 42 countries, we try to disentangle how default risk is priced differently among international capital markets as well as to explain the differences by market structure, regulation and friction disparities.”*

**Mathias Schmidt**

*Title: Pricing and liquidity of complex and structured derivatives*

*“This PhD thesis will focus on different pricing methods for complex derivatives especially credit derivatives such as collateralized debt obligations (CDO’s). In a first step a comparison between standard market model and the implied copula approach for credit default swap indices will be done. Secondly, enhancements on the methods such as different approaches for the recovery rate will be a topic of this thesis. The last examination will result from the first topics or alternatively will cover liquidity issues in bond pricing.”*

## **4. Research**

### **4.1 Publications**

#### **Papers in International and Refereed Journals**

How Effective is European Merger Control? In co-operation with T. Duso und K. Gugler, **European Economic Review**, Available online 13 May 2011

Institutionelle Determinanten von F&E Investitionen, in co-operation with J. Mahlich, **Zeitschrift für Betriebswirtschaft (forthcoming)**.

Intangibles Kapital und Rentabilität in der Pharmaindustrie, in co-operation with J. Mahlich, **Die Unternehmung: Swiss Journal of Business Research and Practice**, 33-5, 2011.

#### **Monographs**

Stijn Claessens and B. B. Yurtoglu, 2011, Corporate Governance and Development - An Update, **FOCUS, Global Corporate Governance Forum, IFC, The World Bank**.



Melsa Ararat and B. B. Yurtoglu, 2011, Sustainable Investment in Turkey 2010, **IFC, The World Bank.**

**Working Papers:**

The following working papers can be downloaded from the SSRN Website: [www.ssrn.com](http://www.ssrn.com)

**Equity-Based Compensation and the Gender Pay Gap in Top Corporate Jobs**

B. Burcin Yurtoglu and Christine Zulehner

**The Gender Gap in Top Corporate Jobs is Still There**

B. Burcin Yurtoglu and Christine Zulehner

**The Effects of Board Independence in Controlled Firms: Evidence from Turkey**

Melsa Ararat , Hakan Orbay and B. Burcin Yurtoglu

**Corporate Governance in Emerging Markets: A Survey**

Stijn Claessens and Burcin Yurtoglu

## 4.2 Presentations at International Conferences

Co-presenter of the paper “Real-time Pricing in Power Markets: Who gains?” (Anette Boom), **Jahrestagung des Ausschuss für Industrieökonomik**, 24. bis 25. Februar 2011, Universität Wien

Co-presenter of the paper „Effects of Independent and Friendly Outside Directors“ (Sung Wook Joh und Jin Young Jung) at the **3rd International Conference on Corporate Governance in Emerging Markets**, 27-29 Mai 2011, Seoul, Korea University Business School

Co-presenter of the paper „Political Reforms and the Causal Impact of Blood-Related Politicians on Corporate Performance“ (Morten Bennesen) at the 11th **Workshop on Corporate Governance and Investment**, 19-20 November 2010, Departament d'Economia de l'Empresa and Catedra Antoni Serra Ramoneda, Universitat Autònoma de Barcelona.

**Presentation:** „The Effects of Board Independence in Controlled Firms: Evidence from Turkey“, at the 11th **Workshop on Corporate Governance and Investment**, 19-20 November 2010, Departament d'Economia de l'Empresa and Catedra Antoni Serra Ramoneda, Universitat Autònoma de Barcelona.

**Presentation:** „The Effects of Board Independence in Controlled Firms: Evidence from Turkey“, at the Research Seminar of the INTES Institute - WHU, 14 March 2011.



**Presentation:** „The Effects of Board Independence in Controlled Firms: Evidence from Turkey“, at the **3rd International Conference on Corporate Governance in Emerging Markets**, 27-29 Mai 2011, Seoul, Korea University Business School.

**Presentation:** „The Impact of the Split-share Structure Reform on Compensation Incentive Based on Firm Performance in China“, at the **3rd International Conference on Corporate Governance in Emerging Markets**, 27-29 Mai 2011, Seoul, Korea University Business School.

### 4.3 Review and Expertise

**Ad Hoc referee for the following journals:**

- Journal of Management Studies
- Bulletin of Economic Research
- Journal of Banking and Finance
- Organization Studies
- Corporate Governance: an International Review

**CGFT membership:**

Burcin Yurtoglu is a member of the CGFT (Corporate Governance Forum of Turkey) – a non-profit research platform based at the *Sabanci University* in Istanbul. As part of his activities there, Burcin Yurtoglu offers regular advice to regulatory institutions including the *Capital Market Board of Turkey* and major financial institutions.

## 5. Community Outreach

- Presentation at the BUGA in Koblenz on **Sustainability in Financial Markets** on 27 July 2011
- **Member of the Editorial Board:** Journal of Economic and Social Research