



**Activity Report 2013/2014**  
Chair of Finance and Capital Markets

Prof. Dr. Nihat Aktas

Excellence in  
Management  
Education

# Chair of Finance and Capital Markets

WHU-Otto Beisheim School of Management  
Burplatz 2  
56179 Vallendar  
Germany

Fon: +49 2 61 / 65 09 – 2 24  
Fax: +49 2 61 / 65 09 – 2 29

Email: [nihat.aktas@whu.edu](mailto:nihat.aktas@whu.edu)  
Internet: [www.whu.edu](http://www.whu.edu)  
Homepage: [www.whu.edu](http://www.whu.edu)

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## A. Chair

The chair of Finance and Capital Markets has completed its first year of existence at WHU. This first year has been really fruitful both in terms of research output, teaching, and services to the institution and research community. This report presents an overview of the chair's main activity in 2013-2014.

I would like to thank Anja Ziegler for her precious help during this first year.

Vallendar, September 2014

Prof. Dr. Nihat Aktas



## B. Team

Prof. Dr. Nihat Aktas  
*Professor of Finance and Capital Markets*



Fon: +49 2 61 / 65 09 – 2 24  
Fax: +49 2 61 / 65 09 – 2 29  
Email: [nihat.aktas@whu.edu](mailto:nihat.aktas@whu.edu)

### Research Interests:

- Corporate Finance
- Mergers and Acquisitions
- Working Capital Management
- Insider Trading
- Event Study

Nihat Aktas is full professor at the Chair of Finance and Capital Markets at WHU-Otto Beisheim School of Management since September 2013. The Chair's research and teaching is in the broad area of finance with a focus on corporate valuation, investment banking, and mergers and acquisitions. He previously worked at Skema Business School (France), EMLYON Business School (France), and Louvain School of Management (Université Catholique de Louvain). Being interested in empirical corporate finance in general, Professor Aktas is the coauthor of several research articles published in peer-reviewed international journals including the Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Economic Journal, Journal of Corporate Finance, and Journal of Banking & Finance. His research has been featured on the programs of various international conferences, such as the American Finance Association and European Finance Association, and quoted in widely read international media, such as the Financial Times and The New York Times. He was a visiting researcher at the Anderson School of Management (UCLA, Los Angeles) in 2001-2002.

MSc. Alexander Witkowski  
*Research Assistant*



Fon: +49 2 61 / 65 09 – 2 28  
Fax: +49 2 61 / 65 09 – 2 29  
Email: alexander.witkowski@whu.edu

### **Research Interests:**

- Credit Ratings and Default Risk
- Merger and Acquisitions
- Financial Regulation and Capital Markets

In his dissertation project Mr. Witkowski examines the relationship between corporate social responsible investments and firms' credit rating. He investigates if firms with a good social performance get rewarded by rating agencies in form of a better rating, thus benefiting from lower financing costs.

At the same time Mr. Witkowski works on a research project which examines the structure, functions and characteristics of the internal M&A teams of the DAX30-companies.

Anja Ziegler  
*Personal Assistant*



Fon: +49 2 61 / 65 09 – 2 21  
Fax: +49 2 61 / 65 09 – 2 29  
Email: [anja.ziegler@whu.edu](mailto:anja.ziegler@whu.edu)

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## External PhD-Students



In his current research Mr. Centineo examines financing and investment decisions of family firms, with a particular focus on family shareholders that value control high.

Santo Centineo ([santo.centineo@whu.edu](mailto:santo.centineo@whu.edu))



In his current research Mr. Özdakak examines the acquisition behavior of young listed companies. Key question here is whether firms go public in order to relax country-related financing constraints.

Ali Özdakak ([ali.oezdakak@whu.edu](mailto:ali.oezdakak@whu.edu))



## C. Teaching

Teaching in the academic year 2013/2014 was done by Prof. Dr. Nihat Aktas. It covered the BSc-, MSc-, and MLB-Program. Courses were held in English.

The following table provides an overview of the courses offered:

Program	Fall Term 2013	Spring Term 2014
BSc		Corporate Finance
MSc	Financial Valuation (MIF)	Investment Banking and M&A (MIM and MIF)
Master of Law and Business		Corporate Finance

As part of the lectures following guest speakers from the industry were invited by Prof. Aktas:

- Dr. M. Meitner, Allianz Global Investors
- Jan Caspar Hoffmann, Head of M&A, Société Générale
- Dr. Michael Rolle, CFO, DHL Supply Chain Germany
- Hicham Najem, Managing Director and owner of Aradii
- Dr. Markus Mentz, Oliver Wyman



## **BSc, Content of Teaching**

### **Corporate Finance (joint with Prof. Dr. Christian Andres):**

The course has the following structure:

- Introduction to financing instruments
- Capital structure and Modigliani-Miller
- Optimal amount of debt
- Valuation methods in practice
- Payout policy
- Private Equity and Security Sales by Public Companies

Teaching Methods:

- Interactive development of main results
- Discussions of major economic implications
- Applications using spread sheets

The course applies following theories:

- Modigliani-Miller theorem
- Capital structure models (tradeoff and pecking order theory)
- Risk-adjusted cost of capital (CAPM)
- Valuation of firms (WACC, APV)
- Theories explaining payout policy

Literature:

Brealey, Richard A., Stewart C. Myers und Franklin Allen (2010): Principles of Corporate Finance 10. Ed. - internat. Ed., Boston, McGraw Hill,

## **MSc, Content of Teaching**

### **Financial Valuation:**

The course has the following structure:

- Approach to valuation
- Estimating risk parameters and costs of financing
- Dividend discount model
- Free cash flow model
- Relative valuation: earnings, book value and revenue multiples
- Takeover valuation
- Event studies as valuation tool

### Teaching Methods:

Students are expected to take a very active role in their learning. The course relies on interactive lessons and includes transmitting problem-centered information, collaborative learning in groups, case studies and outside speakers.

### The course applies following theories:

- Discounted cash flow methods
- Relative valuation methods
- Law of one price

### Literature:

Damodaran, Aswath, 2012. Investment valuation: Tools and techniques for determining the value of any asset. Wiley Finance, 3rd edition.

### Additional Literature:

Berk, Jonathan, & Peter DeMarzo (2007), Corporate Finance, Pearson International Edition (or any recent edition)

## **Investment Banking and M&A:**

### The course has the following structure:

- Overview of investment banking
- Theories of mergers
- Regulation of mergers
- The M&A process
- Role of investment bankers in the M&A process
- Merger arbitrage

### Teaching Methods:

Seminar format with students expected to take a very active role in their learning. The course relies on interactive lessons, aiming both on the development of intellectual understanding and on the development of communication skills.

### The course applies following theories:

- Transaction costs and information efficiency
- Market for corporate control
- Agency costs of free cash flow
- Hubris and overconfidence
- Event study

### Literature:

The reading list is essentially made of articles published in practitioner journals and

research articles published in leading finance and economic journals, and the detailed reading list will be provided before the start of the first class.

Additional Literature:

Stowell, David P., 2013. Investment banks, hedge funds, and private equity. Elsevier Academic Press. Second Edition.

## **MLB, Content of Teaching**

### **Corporate Finance:**

Course structure:

- Theories of mergers
- The takeover process
- Firm value, cost of capital, and capital structure
- Introduction to valuation

Teaching Methods:

Students are expected to take a very active role in their learning. The course relies on interactive lessons and includes transmitting problem-centered information, collaborative learning in groups, and case study analyses.

Literature:

The reading list is essentially made of articles published in practitioner journals and research articles published in leading finance and economic journals, and the detailed reading list will be provided before the start of the first class.

Additional Literature:

Brealey, Richard A., Stewart C. Myers und Franklin Allen (2010): Principles of Corporate Finance 10. Ed. - internat. Ed., Boston, McGraw Hill

## D. PhD-Supervision

### PhD-thesis supervision in France:

- Marieke Delangue (Lille 2 – Skema), finished in Sept. 2013
- Marion Declerck (Lille 2 – Skema), finished in March 2013

### PhD-thesis committee membership:

- Therese Olivier, University of Neuchatel (Switzerland, Sept. 2013)
- Doha Trabelsi, Université de Lille 2 (France), April 2014

### Current PhD-thesis supervision:

- Ali Özdakak (WHU, external)
- Santo Centineo (WHU, external)
- Abdullah Ünal (WHU, external, second supervisor)
- Jun Yao Zhang (Lille 2, expected to finish by end of 2014)



## E. Publications/Working Papers

**The following publications have been generated in the academic year 2013/2014:**

- Aktas, Nihat; De Bodt, Eric; Bollaert, Helen; Roll, Richard: CEO narcissism and the takeover process. *Journal of Financial and Quantitative Analysis*, accepted.
- Aktas, Nihat, De Bodt, Eric; Roll, Richard (2014): Learning from Repetitive Acquisitions: Evidence from the time between deals. *Fame-Finance and Accounting Memos*, Issue 2, pp. 6-13. [Extended executive summary of the original article published in the *Journal of Financial Economics* in April 2013].
- Aktas, Nihat; Cousin, Jean-Gabriel; Zhang, Yun Yao (2013): The value effect of operational hedging – evidence from foreign takeovers. *Finance: revue de l'Association Française de Finance*, 34(3)

### **Working Papers:**

- Aktas, Nihat; Croci, Ettore; Petmezas, Dimitris: Is working capital management value-enhancing? Evidence from firm performance and investments.
- Aktas, Nihat; Dupire-Declerck, Marion: “Product market competition and merger activity.

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**More:** <http://www.whu.edu/fakultaet-forschung/finance-and-accounting-group/finanzierung-und-kapitalmarktforschung/forschung/>

## **F. Refereeing**

### **Service to the Scientific Community**

- Management Science
- Journal of Financial and Quantitative Analysis
- Journal of Banking and Finance
- Journal of Corporate Finance
- Financial Management
- European Finance Association Conference, Lugano, 2014

## **G. Memberships/Committees**

### **Academic**

- Academic member of the jury, SAB Trophy for Sustainable Finance, 2014
- Academic member of the selection and attribution committee for the FIR/PRI award 2014
- European Finance Association Conference, Lugano, 2014
- European Financial Management Conference, Roma, 2014
- Swiss Society for Financial Market Research, 2014
- Association Française de Finance (AFFI), May meeting, 2014
- Association Française de Finance (AFFI), December international meeting, 2014
- Multinational Finance Society Symposium, Larnaca, April 2014

### **Industry**

- Pulcra Chemicals Group, Member of the supervisory board

## H. Conferences/Presentations

### Seminar Presentations

- Koc University, April 2014
- Istanbul Technical University, November 2013

### Conference Presentations

***Is working capital management value-enhancing?*** (Joint article with Ettore Croci and Dimitris Petmezas)

- SGF - Swiss Society for Financial Market Research, Zurich, April 2014 (by co-author)
- MFS – Multinational Finance Society Symposium, Larnaca, April 2014 (guest speaker)
- FMA – Financial Management Europe Meeting, Maastricht, June 2014 (by co-author)
- EFMA – European Financial Management, Roma, June 2014 (by co-author)

***Product market competition and merger activity.*** (Joint article with Marion Declerck)

- MFS – Multinational Finance Society, Prague, July 2014
- AFFI – Association Française de Finance, Aix-en-Provence, May 2014 (by co-author)





# I.

## Contributions to WHU Development

### WHU Research Seminar in Finance

The Finance Groups provides a Research Seminar which was held once a week during the academic year 2013/2014.

Following researchers/scientists were invited:

**Ulrike Malmendier, UC Berkeley**, Learning from Inflation Experiences

**Dan Li, The University of Hong Kong**, Correlated HFT Strategy

**Marion Declerck, University of Lille**, Product Market Competition and Merger Activity

**Wenxuan Hou, Edinburgh University**, The role of dissenters in boards: Evidence from outside director activism

**Christian Koziol, Universität Tübingen**, The Risk of Low Volatility Stocks: A Theoretical Explanation for an Empirical Puzzle

**Philipp Geiler, EMLYON**, Are Female Top Managers Really Paid Less?

**Hendrik Hakenes, University of Bonn**, Regulatory Capture by Sophistication

**Bernd Rudolph, LMU München**, Mindesteigenkapitalvorschriften für Banken im Lichte des Kapitalkostenkonzepts

**Yishay Yafeh, Hebrew University**, Business Groups in the United States: A Revised History of Corporate Ownership, Pyramids and Regulation, 1930-1950

**Alexander Kempf, University of Cologne**, Are Financial Advisors Useful? Evidence from Tax-Motivated Mutual Fund Flows

**Francois Derrien, HEC Paris**, The effects of investment bank rankings: evidence from M&A league tables

**Mark Wahrenburg, Goethe University,** Information Asymmetry around Operational Risk Announcements

**Christine Zulehner Goethe Universität Frankfurt, SAFE,** Competition in Austrian Treasury Auctions

**Prof. Dr. Roland Füss, Swiss Institute of Banking and Finance s/bf – HSG, University of St. Gallen,** Why Do Local House Prices React so Differently to a Monetary Stimulus?

**Prof. Dr. Marco Becht, University libre de Bruxelles,** Does Mandatory Shareholder Voting Prevent Bad Acquisitions?

**Ernst Maug, University of Mannheim,** Labor Representation in Governance as an Insurance Mechanism

**Alexander Groh, EMLYON,** Same Rules, Different Enforcement: Market Abuse in Europe

**Serif Aziz Simsir, Sabanci University,** Deal Initiation in Mergers and Acquisitions

**Henry Servaes, London Business School,** Distressed Acquisitions



## J. Cooperation in Research

**Helen Bollaert** (Skema Business School)

**Jean-Gabriel Cousin** (Université de Lille 2)

**Ettore Croci** (Università Cattolica Milan)

**Marion-Dupire Declerck** (Vlerick Business School)

**Dimitris Petmezas** (University of Surrey)

## K. Sustainability

Finally, the chair has adopted a paperless filing system and aims at preserving natural resources in its organizational processes.

The chair is highly active in network promoting research in the area of sustainability and socially responsible investment (SAB trophy; PRI/FIR network)

