



Excellence in
Management
Education

Activity Report 2015/2016

Chair of Empirical Corporate Finance
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Foreword



Dear Friends and Partners,

Over the academic year 2015/16, the Chair of Empirical Corporate Finance has again contributed to WHUs mission to provide excellent education and research output. This report contains a brief overview of the most important activities in teaching, research, and services to the school.

We offered courses in the MSc. ("Corporate Governance"), Full-Time and Part-Time MBA ("Corporate Finance") and as well as modules in WHUs international European Summer MBA program ("Finance").

We are committed to high quality research in the area of empirical corporate finance. Research papers have been published in renowned international journals such as the Journal of Banking & Finance and the Journal of Corporate Finance, and working papers have been presented at international conferences. Current research projects are focused on the areas of payout policy, corporate governance (with a focus on M&A activity), and bond financing.

Several dissertation projects and theses have been (co-)supervised during the academic year.

In terms of services to WHU, the Chairholder has taken over the role of Associate Dean Research and also serves as Academic Director of WHUs Doctoral Program since January 2015.

I would like to thank Anja Ziegler and Lennart Ulrich for their support during the past 12 months.

Vallendar, September 2016

Professor Dr. Christian Andres

1. Team



Professor Dr. Christian Andres
Chairholder

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Research Interests:

- Corporate Governance
- Executive Compensation
- Payout Policy
- Capital Structure

Christian Andres is full professor of Empirical Corporate Finance at WHU-Otto Beisheim School of Management, Vallendar, Germany. Before joining WHU he has held appointments at the universities of Bonn and Mannheim. He holds a master's degree in economics and a PhD in finance from the University of Bonn. During his academic career, he spent several months as a visiting scholar at the University of Sheffield, UK, and the University of Florida, Gainesville, USA.

His primary research interests are in the areas of empirical corporate finance and corporate governance, with an emphasis on payout policy, private equity, and family ownership and control. He has published in academic journals such as the Journal of Banking & Finance, the Journal of Business Finance & Accounting, the Journal of Corporate Finance, and the Journal of Empirical Corporate Finance, among others, and contributed book chapters to a number of international books.



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M. Sc. Wi.-Ing. Lennart Ulrich
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Research Interests:

- Investor Activism
- M&A
- Bond Markets
- Corporate Governance

In his dissertation project Mr. Ulrich analyzes the implications of payout policy on debtholders' wealth. In detail, his project addresses dividend policy and share repurchases of firms located in the US as well as in Europe. Credit Default Swaps (CDS) proxy for debtholders' wealth, since they are more liquid and standardized than corporate bonds. This thesis contributes to the literature on shareholder-bondholder conflicts and considers the signaling as well as wealth transfer hypothesis.

2. Teaching

2.1 Master of Science Program

Corporate Governance

This course offers a theoretical and empirical analysis of the main corporate governance issues where corporate governance refers broadly to the mechanisms which deal with the principal-agent problems between the insiders and the outsiders of corporations. The module looks at the variety of legal systems and other institutions, ownership structures, boards of directors, executive compensation, the relationship between corporate governance and firm value, and governance regulation. A strong emphasis is put on the analysis of how and through which channels corporate governance matters for firm-level and country-level economic performance and whether firm-level actions are effective.

2.2 Full-Time/Part-Time MBA Program

Corporate Finance

This course covers the basic principles of corporate finance and develops the necessary practical tools for financial decisions and corporate valuation. After a brief introduction which motivates the goals of a firm against the background of different corporate governance regimes, we will take a closer look at financing alternatives (debt and equity) and develop an understanding of the security issuance process (IPOs). Then it will be discussed the determinants of the optimal debt/equity mix and the consequences for a firm's cost of capital.

- Develop an understanding of different financing sources and their implications
- Become familiar with the concept of weighted average costs of capital (WACC)
- Become sensitive to the role of agency problems and information asymmetries in a corporate environment and their impact on financing conditions



2.3 EMBA

Corporate Finance

This course covers the basic principles of corporate finance and further develops the necessary practical tools for financial decisions and corporate valuation. After a brief introduction, which motivates the goals of a firm against the background of different corporate governance regimes, we will take a closer look at the determinants that affect the debt/equity choice. In this context, we will discuss practical guidelines to derive the cost of capital for single projects and for the whole firm. In addition, the course will provide an overview of a firm's external financing alternatives (debt and equity), with a focus on the security issuance process (IPOs). Additional topics include select issues in corporate governance, such as the board of directors and executive compensation, as well as a brief introduction into mergers and acquisitions (M&A).

2.4 Tepper Program/European Summer Institute

Raising Capital in European Capital Markets

(Company visit at Commerzbank included)
This section introduces participants to stylized facts about financial system architecture in Europe, differences in financing patterns between U.S. and European corporations - including the role of private and public bond and equity markets - as well as recent changes in corporate governance regulation and investor protection. Against this background, the implications for the financing of European corporations and the possibility of convergence of financial systems will be discussed.

2.5 Others

SPOAC – Sports Business Academy by WHU
Accounting and Finance

Airbus FMD
Corporate Finance and Risk Management

WHU on Finance
Unternehmensbewertung: Analyse und M&A



3. Theses

3.1 Bachelor of Science Program

Felix Illed and Felix Bösebeck: "Financial constraints revisited: Do they affect M&A activity?"

Sebastian Schramm: "Is foreign activity driving corporate inversions?"

Philipp Hof: "The effect of hedge fund activism on corporate inversions"

Marvin Jung: "Hedge fund activism and takeover threats"

Robert Lindenstreich: "Ownership dispersion in the UK"

Johanna Hof: "Executive compensation in the US and Germany"

3.2 Master of Science Program

Vanessa Lemmer: "The WACC Fallacy as a Driver of Corporate Investment"

Maximilian Haber: "Do Acquisitions Relieve Target Firms' Financial Constraints? New Evidence from the German Market"

3.3 Part-Time MBA Program

Bettina Susanne Töller: "Executive Compensation and its Relation to Performance: The Optimal Design of Executive Compensation in Family Firms"

3.4 MBA Program

Philipp Birkenmeier: "Corporate Inversions"

Mark Schmitz: "Smile if you can – The acquisition of Allergan by Actavis"

Nicolas Rudzki: "Financing Solutions for Scalable Business Models – Using the German Foodservice Industry as an Example"

3.5 EMBA Program

Marvin Meyer: "Valuation of Software-as-a-Service (SaaS) Companies"

Pedro M. Coutinho Nogueira: "Valuation Challenges in the Pharmaceutical industry. Can Real Options be the model of choice for Optimal Research and Development Projects? – A Case Study on Bayer's R&D Projects Portfolio"

3.6 Doctoral Program

Ulrich, Lennart (internal)

Markus Duram (external)

Harun Akbas (external)

Stevan Bajic (external)

Michael Baßler (external)

Ali Özdakak (external)

Sabrina Wieland (external)

4. Research

4.1 Articles in Refereed Journals (Double-Blind)

Andres, C.; Betzer, A.; Doumet, M.; Theissen, E. (accepted): „Open market share repurchases in Germany - a conditional event study approach“. *Abacus: a journal of accounting, finance and business studies*.

4.2 Working papers

- “Open Market Share Repurchases in Germany: A Conditional Event Study Approach” (with A. Betzer, M. Doumet and E. Theissen)
- “Dividend Policy, Corporate Control and Tax Clienteles – The Case of Germany” (with A. Betzer and M. Goergen)
- “Measuring Abnormal Credit Default Swap Spreads” (with A. Betzer and M. Doumet)
- “Delegated Monitoring: The Effectiveness and Pricing of Bond Indenture Trustees” (with A. Betzer and P. Limbach)
- “Do What You Did Four Quarters Ago: Trends and Implications of Quarterly Dividends” (with U. Hofbauer)
- “Cash Windfalls and Acquisitions” (with E. Croci and U. Hofbauer)

5. Services Provided to the School

Co-Coordinator of the seminar series in WHU Research Seminar in Finance: in 2015-2016, following seminar speakers had been invited:

- Peter Limbach, Karlsruhe Institute of Technology
- Jarrad Harford, University of Washington
- Dimitris Petmeza, Surrey University
- Tobias Berg, Bonn University
- Rüdiger Fahlenbrach, Swiss Finance Institute
- Zacharias Sautner, Frankfurt School of Finance
- Tibor Neugebauer, University of Luxembourg
- Eva Schliephake, Bonn University
- Christian Schlag, Goethe University, Frankfurt/M
- Kevin Aretz, Manchester Business School
- Evren Örs, HEC Paris
- Georges Hübner, University of Liège and Maastricht
- Yupana Wiwattanakantan, National University of Singapore

5.1 Involvement on University Committess, including Ad Hoc Committees

- Member of Senate
- Member of Examination Board MBA Programs
- Co-Organizer WHU Research Seminar in Finance
- Member of Examination Board Doctoral Program
- Associate Dean Research
- Vertrauensdozent DFG
- Academic Director Doctoral Program
- Associate Dean Research





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