Empirical Corporate Finance References

Professor Michael R. Roberts

Investment Policy

Surveys


Macroeconomic Conditions and Investment

Financial Accelerator


Bank Lending Channel


The Stock Market and Investment


The Diversification Discount


Financial Slack and Investment

Historical Evidence


Internal Funds and Investment


47. Fazzari, Steven M., R. Glenn Hubbard, and Bruce C. Petersen, 2000, Investment-Cash Flow Sensitivities are Useful: A Comment on Kaplan and Zingales, Quarterly Journal of Economics 115, 695-705.


Debt (Net Worth) and Investment


55. *Hennessy, Christopher, 2004, Tobin’s \( Q \), Debt Overhang, and Investment, Journal of Finance


Security Price Reactions to Investment

Mergers and Acquisitions


FINANCIAL POLICY – CAPITAL STRUCTURE

Foundation


Surveys


A. A detailed, if somewhat dated now, survey focusing on capital structure theories based on agency costs, asymmetric information, product/input market interactions, and corporate control considerations (excludes tax-based theories).


A. A nice nontechnical survey of tradeoff, pecking order, and agency-based theories of capital structure from one of the pioneers in the field.

   A. A more detailed and up-to-date compliment to Myers survey by two good empiricists.


**General Studies**

**Determinants of Leverage**


74. Frank, Murray Z., and Vidhan K. Goyal, 2007, *Capital structure decisions: Which factors are reliably important?* Working Paper, University of Minnesota and HKUST.


**Determinants of Issuance Decisions**


**Market Timing**


**Target Capital Structure & Rebalancing**


**Taxes**


**Bankruptcy and Distress**


**Pecking Order (and Versus Tradeoff)**


**Information Asymmetry**


**Agency Costs**


The Macroeconomy and Capital Structure


Product Market Competition/Industry and Capital Structure


Low Leverage and Debt Conservatism


125. Strebulaev, Ilya….

Security Price Implications of Financing Events


FINANCIAL CONTRACTING, SECURITY DESIGN & RENEGOTIATION

Surveys


Collateral


Renegotiation


**FINANCIAL POLICY - LIQUIDITY**


**FINANCIAL POLICY – PAYOUT POLICY**

**Foundation**

Surveys


Smoothing


Taxes

Static Models


The Role of Risk

(These are more asset pricing studies of dividend yields.)


Dynamic Models


Payout Policy and Future Earnings


Payout Policy and Security Prices

   A. Dividend increases (decreases) are met with price increases (decreases).

   A. Abnormal performance of 4% in the year leading up to a dividend increase month and -12% for dividend decreasing firms.
B. 4% abnormal return in 2 years after dividend increase and -8% for dividend decreasing firms.

   A. Dividend increases (decreases) are met with price increases (decreases) even after controlling for contemporaneous earnings announcements.

   A. 3.4% average excess return for dividend initiations.


**Agency**


**Transaction Costs and Other Explanations**


**Repurchases**


CORPORATE GOVERNANCE

Surveys


General studies


**Banking**

**General studies**


**Executive Compensation**

**Surveys**


**General studies**


**Risk Management**


