



School of Economics and Management

## **BUSN94, Business Administration: Econometrics for Corporate Finance, 5 credits**

*Företagsekonomi: Ekonometriska metoder i corporate finance, 5  
högskolepoäng*  
Second Cycle / Avancerad nivå

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### **Details of approval**

The syllabus was approved by Academic Director of Studies at Department of Business Administration on 2016-06-02 to be valid from 2016-06-02, autumn semester 2016.

### **General Information**

BUSN94 is a course in Business Administration at the advanced level.

*Language of instruction:* English

*Main field of studies*

Business Administration

*Depth of study relative to the degree requirements*

A1N, Second cycle, has only first-cycle course/s as entry requirements

### **Learning outcomes**

A passing grade on the course will be awarded to students who:

#### **Knowledge and understanding**

- Have demonstrated knowledge of how to estimate econometric models using ordinary least squares, panel regressions, instrumental variables, and microeconomic methods applied to cross-sectional and panel data
- Have demonstrated knowledge of how to deal with endogeneity, including instrumental variables models
- Have demonstrated knowledge of diagnostics testing, especially ability to explain the nature of, diagnose, and solve commonly occurring problems in residual error structures
- Have demonstrated knowledge of how to compute and interpret statistical tests of composite hypotheses, omitted and irrelevant variables, and model stability

### **Competence and skills**

- Have demonstrated ability to use econometric models on financial problems by means of suitable software
- Can communicate the results, and their analyses and conclusions, of econometric investigations of financial problems, clearly and unambiguously

### **Judgement and approach**

- Have demonstrated ability to select appropriate econometric tools based upon the financial investigation to be performed and the statistical properties of the data
- Have demonstrated ability to analyze and interpret the results of their econometric testing

### **Course content**

The course deals with econometric tools used to analyze cross-sectional and panel data in corporate finance and corporate governance. Through exercises and assignments, the course trains students in analyzing and undertaking empirical corporate finance and governance investigations. Emphasis is put on choosing and using appropriate models and on learning to use statistical software in the modeling. The treatment of empirical methods is aimed at end users of econometric tools rather than model builders, so the focus lies on learning the econometric intuition behind the methods studied and how to use them properly rather than deriving asymptotic properties of estimators. Still, it is important to hold background knowledge of econometrics equivalent to an introductory undergraduate course in econometrics before entering the course.

Methods covered primarily include techniques for analyzing cross-sectional and panel data. The course also deals with empirical methods for investigating categorical and limited dependent variables. Topics include estimation, hypothesis testing, and diagnosing misspecification of linear regression models, instrumental variables estimation, endogeneity, matching, event studies, and fixed effect and difference-in-difference models.

### **Course design**

The course is conducted in the form of lectures, exercises, and computer labs. The course emphasizes understanding applied learning, where participants learn to use the studied analysis techniques. To facilitate this, exercise work makes up an important part of the teaching and learning activities on the course. Self-study of the course literature is essential and the assigned readings are integral parts of the teaching and learning activities.

### **Assessment**

Assessment and grading are based on assignment work, exercises, and a written examination covering all teaching and learning activities and all assigned readings. Since the course emphasizes applied learning, important parts of the examination are

focused on participants employing the studied analysis techniques.

*Subcourses that are part of this course can be found in an appendix at the end of this document.*

## Grades

Marking scale: Fail, E, D, C, B, A.

**Grade** (Definition) Points or % out of maximum points. Characteristic.

**A** (Excellent) 85-100. A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**B** (Very good) 75-84. A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**C** (Good) 65-74. The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought and lives up to expectations.

**D** (Satisfactory) 55-64. The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**E** (Sufficient) 50-54. The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.

**F** (U) (Fail) 0-49. The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.

Some occasional examination elements of the course may have the grading scale: pass (D) / fail U(F).

*Plagiarism is considered to be a very serious academic offence. The University will take disciplinary actions against any kind of attempted malpractice in examinations and assessments. The penalty that may be imposed for this, and other improper practices in examinations or assessments, includes suspension from the University for a specific period of time.*

## Entry requirements

Students admitted to a Master Programme where this course is either a compulsory or elective part, are qualified for the course. For other students, at least 60 UCP or ECTS-cr in Business Administration is required. These must include a course in basic Business Administration (e.g. FEKA90 Business Administration: Introductory course in Business Administration).

Students are also required to have successfully completed an undergraduate course in statistics or econometrics covering cross-sectional regression and time-series modeling.

## Further information

The course BUSN94 cannot be combined with the course BUSN92 in a degree.

In case of closure of the course: Within three semesters after the course closure there will be offered three additional occasions for examination of respective examination part of the course, for students with no successful result. Note that after this you can get a certificate only regarding completed examination parts.

## Subcourses in BUSN94, Business Administration: Econometrics for Corporate Finance

Applies from H16

- 1601 Written exam, 3,0 hp  
Grading scale: Fail, E, D, C, B, A
- 1602 PM, 2,0 hp  
Grading scale: Fail, Pass