



Teacher(s)	Thewissen James ;
Language :	English
Place of the course	Louvain-la-Neuve
Main themes	<p>For many years, most companies have been dealing with the challenge of having to grow their business on an international basis through export sales (international trade) or direct foreign investments (subsidiaries, JVs, etc). In the last decade, this strategy has become even more important as the world economy has become a true global market place for consumer and industrial goods as well as financial products and services.</p> <p>In the course Current Issues in Finance, we mix theory, examples and practical case studies to truly understand what to do when confronted with difficult financial decisions at the corporate level. The course is split in two parts:</p> <p>1. <b>Behavioral finance</b> By the end of the part on behavioral finance, students should be able to assess the impact of psychology on individual choice behavior when making financial decisions, and the subsequent implications for investment finance and corporate finance. Behavioral Finance has successfully addressed several observed anomalies, that is, empirical facts that cannot be explained using traditional Finance theories. The lectures give an introduction to Behavioral Finance starting with a brief overview of the classical paradigms for decision making under risk (expect utility theory) and the implications for portfolio selection and asset pricing.</p> <p>1. <b>Stock market efficiency and anomalies</b> In this component, we address important questions related to market efficiency. We first discuss the definition of market efficiency. We then investigate in detail various market anomalies (January/December effects, Friday effect, post earnings announcement drift etc.) and discuss some psychological biases and limits of real economic agents (investors, managers, analysts,...) that might generate those anomalies.</p>
Learning outcomes	<p><b>At the end of this learning unit, the student is able to :</b></p> <p><b>Having regard to the LO of the programme X, this activity contributes to the development and acquisition of the following LO:</b></p> <ul style="list-style-type: none"> <li>• The course provides the student with practical tools that can be used to fulfill the tasks of a manager. These tasks include (i) financing (funding, financial investments), (ii), risk management (especially hedging, that is, risk reduction), and (iii) help in decision making by offering valuation of commercial or investment proposals.</li> </ul> <p>1 At the end of the course, the student should be able to:</p> <ul style="list-style-type: none"> <li>• understand the current challenges in international markets and their implications for managers, investors and other stakeholders.</li> <li>• understand the challenges dealt with in a context of M&amp;As or the implications of tax aggressiveness in major corporations.</li> <li>• understand the main stock market inefficiencies and the related strategies adopted by managers to circumvent them (e.g., the post-earnings announcement drift).</li> <li>• Develop a critical opinion on current financial issues.</li> </ul>
Evaluation methods	<ul style="list-style-type: none"> <li>• Oral: Yes (TBD)</li> <li>• Written: Yes (TBD)</li> <li>• Unavailability or comments: Written or oral examination according to the number of students. To be discussed as the end of the semester approaches.</li> </ul> <p>The (oral or written) exam will be worth 60% of the grade. Students will also work on a case-study of their choice. The report should be five page long and will be written in groups. Sessions will be organized during the course to discuss the report. The analysis of the case study (shortly defended during the oral exam, if an oral exam) counts for 40% of the grade. If an oral exam takes place (online or presential, depending on the situation), 50% of the grade for the homework will be related to the oral defense. If not, the end report will be worth the full 40% of the final grade.</p>
Teaching methods	<p>The method of this course combines theory and real business life experience:</p> <ol style="list-style-type: none"> <li>1. The presentation of theoretical background with references to the existing literature.</li> <li>2. Presentation of real-life examples through a case study leading to a class discussion.</li> <li>3. Case study on which students will work on their own.</li> <li>4. The course also benefits from the intervention of external professionals.</li> </ol> <p>The course is taught on the campus and will be livestreamed on the Teams platform. A recording of the conversation will be provided on Moodle.</p>

<p>Content</p>	<p>Session 1: Introduction to behavioral finance                  Session 2: Dividend policy                  Session 3: CEO compensation and agency issues                  Session 4: Mergers and Acquisitions &amp; Behavioral Finance                  Session 5: Financial analysts, the transmission of information &amp; the stock market                  Session 6: Tax aggressiveness – Uncovering the under-sheltering puzzle – Corporate practices, trends and the missing pieces                  Session 7: Earnings management as a pervasive strategic tool                  Session 8: Stock market efficiency – Introduction, definitions and some anomalies                  Session 9: Textual analysis – The power of words in finance</p>
<p>Bibliography</p>	<p><i>Slides</i>  <i>Research papers</i>  <i>Videos</i>  <i>Bekaert and Hodrick, International Financial Management, 2018, Cambridge University Press</i></p> <ul style="list-style-type: none"> <li>• Selected chapters</li> <li>• Available in the library</li> </ul> <p><i>Sercu, P., International Finance: Theory into Practice, 2009, Princeton University Press</i></p> <ul style="list-style-type: none"> <li>• Selected chapters</li> <li>• Available in the library</li> </ul>
<p>Faculty or entity in charge</p>	<p>CLSM</p>

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Master [60] in Management	<a href="#">GESM2M1</a>	5		
Master [120] in Management	<a href="#">GEST2M</a>	5		
Master [120] in Management	<a href="#">GESM2M</a>	5		