

*University of Mannheim - Master in Management - Research Seminar:
Leadership and (Family-)CEOs, Restructuring, & Financial Performance Research*

MAN 770b Course Program - Syllabus - a.y. 2018

Capsule Course Outline: This research seminar covers current research at the intersection of family business research and corporate finance. A particular focus is put on research on corporate restructuring and the role of CEOs. Students will discuss and reflect upon questions such as “What are the performance consequences of downsizing?”, “How does CEO turnover affect corporate performance in turnaround situations?”, and “Are family CEOs superior performers?” This is an advanced course to be taken towards the master’s end in preparation for the master thesis. It demands a high level of involvement and contribution. *Please, do read this syllabus very carefully before the beginning of the course.*

Chair Prof. Dr. Michael Woywode, Dipl.-Kfm.

Instructor AkadR. Dr. Jan-Philipp Ahrens, Dipl.-Kfm.

Tutor Baris Istipliler, M.Sc.

Secretary Gabriele Schleicher, E-mail: schleicher@ifm.uni-mannheim.de

Objectives The goal of the course is twofold. First, it is designed to help participants gain access to the main topics and theories intersecting family business research & corporate finance. We will read and discuss 14 seminal articles, and simulate an academic conference in class. This familiarizes participants with the state of the art research, its designs & methods, and the respective current academic debate. To foster participants’ understanding of the subject, the course includes a restructuring simulation. The second goal of the course is to familiarize students with the core techniques of scientific work in business studies. This includes developing a research idea, evaluating its contribution, obtaining data, performing analyses using STATA, and reporting results in article and presentation format. Students will learn to use statistical software. Overall, the course prepares students for writing a master thesis at our chair.

Contents The course will cover panel data econometrics (Wooldridge Chapter 1-15), an introduction to the databases available at the University of Mannheim, a brief introduction to STATA software, and an extensive discussion of 14 seminal articles.

Format Lectures. Discussions lead by instructor. Student presentations. Self-study.

Prerequisites Courses: MAN 630 or MAN 631 or MAN 632 or MAN 633 accomplished or accomplished at the end of the current semester (mandatory).
Recommended: CC 502 accomplished (facultative/optional).
Books: Introductory Econometrics - A Modern Approach (Wooldridge), An Introduction to Modern Econometrics Using STATA (Baum) (check Lehrbuchsammlung).
Software: STATA (check Rechenzentrum website).

Application Course capacity is limited. Registration via the student portal (Portal2.uni-mannheim.de) is mandatory (Open from 1-14.2.2018). Additionally, apply to jahrens@staff.mail.uni-mannheim.de by sending your student ID, transcript of grades, and CV & motivation letter (both 1 page). **Application deadline: 14.2.2018**

Grading: The course consists of three components: I. Student presentation, II. discussion, and III. final assignment (details below). Each component accounts for 33,3% of the course grade.

I. Student presentation: For the presentation, each student (or team of students, depending on participation) will be assigned one (or more, depending on participation) seminal articles. They will present and defend the assigned article in detail in a graded 45 minute power point presentation as if it was their own (30 minute presentation + 5 minutes discussant comment + 10 minute discussion). Each presentation is flanked by an assigned discussant (student or team of students), the discussant comments 5 minutes on the paper in detail. The course will discuss the presentations and the presenter answers questions.

II. Discussion: All seminar participants are expected to read each article and engage in discussion. You are expected to hand-in five questions for each article. Discussion grades will be given on questions handed-in (collected in class) before each of the presentation sessions (March 2nd, 9th, and 23th). Please make sure that you have two print-outs of your questions, one for yourself and one to hand in for grading. Regarding the preparation of discussion questions, it may be useful to reflect the following thoughts during the readings:

- What are the central questions addressed? Is the underlying theory and its assumptions consistent?
- What are the core arguments or hypotheses? Are they convincing?
- What is the empirical evidence to support the argument(s)? Is it convincing?
- How could this analysis be improved? Is there a way for a smarter approach? Has the author omitted anything or could adding another angle add new insights? (Be fair and do not make any suggestion that you would not envision to realistically perform yourself.)

III. Final assignment: The final assignment is closely related to the readings. It is designed to be a practice for the master thesis and carried out in teams of two or three students. Student teams can chose between two assignments that will ask them to properly apply and evaluate panel regressions:

Assignment type I (Exactly 15 pages + CD): What is a family firm (FF) (4 pages)? How can FFs & their CEOs be identified in the data-sources accessible from the University of Mannheim (4 pages)? Collect a panel of U.S. FFs & non-FFs (min. 50 firms each), including CEO data, describing each step (2 pages). Analyze your panel in STATA: How & why do FFs differ in a variable or event of your choice? Report analysis & results (5 pages). Hand in collection routines, sample, STATA .do & .log file on CD.

Assignment type II (Exactly 15 pages + CD): What is a turnaround case (TC) (4 pages)? How can TCs & their CEOs be identified using computer based routines in the databases of the University of Mannheim (4 pages)? Collect a panel of TCs & non-TCs (min. 100 firms each) using the Denis & Kruse (2000) approach, including CEO data, & describing each step (2 pages). Analyze your panel in STATA: How & why do TCs differ in the years around TC events in a variable of your choice? Report your analysis & results (5 pages). Hand in collection routines, sample, STATA .do and .log file on CD.

Assignment format: A4, Times New Roman 10, double spaced, 2 cm margins. References and exhibits not included in 15 page limit. **Assignment deadline: June 1st 2018 at 11:59 a.m. CET. Only assignments handed to the course secretary on time are graded. No extension will be granted.**

Attendance: Attendance of each session is mandatory & signature-based. Exceptions will be made for students having an exam or if a medical certificate is provided. Students must attend for a grade.

Syllabus

Session 1 & 2: Introduction.

Date & venue: February 22th (10:00-15:15), in L9, 1-2, room 210.

Assignment of presentation articles depending on course participant numbers. Introduction to course and distribution of presentations & assignments. Introduction to the databases available at the University of Mannheim, brief introduction to STATA. The scientific method, theories of science, and scientific approaches. Summary of undergraduate level econometrics (Wooldridge): Gauss-Markov theorem, MLR & interactions, bias, efficiency, consistency, ANOVA, and fundamentals of probability.

Session 3, 4, & 5: Measuring Financial Performance.

Date & venue: March 2nd (10:00-15.15), in L9, 1-2, room 210.

Econometrics: Stochastic processes, stationarity and dependency, auto-correlation, time-trends, seasonality, random walks, first-differencing, AR(q) serial error-correlation, feasible generalized least squares, difference-in-difference estimator.

Student presentations & discussion 1-4, 45 minutes each.

Readings, question hand-in, & student presentation order:

1. Barber, B.M., & Lyon, J.D. (1996). Detecting abnormal operating performance: The empirical power and specification of test statistics. *Journal of Financial Economics*, 41(3), 359-399.
2. Miller, D. (1994). What happens after success: The perils of excellence. *Journal of Management Studies*, 31(3), 325-358.
3. Pérez-González, F. (2006). Inherited control and firm performance. *American Economic Review*, 96(5), 1559-1588.
4. Anderson, R.C., & Reeb, D.M. (2003). Founding-family ownership and firm performance: Evidence from the S&P 500. *Journal of Finance*, 58(3), 1301-1328.

Tutorial I - Panel Regressions using STATA (optional).

Date & venue: March 2nd (15:30-18:45), in L9, 1-2, room 210.

Session 6, 7, & 8,: Family Firms & Upper Echelons Theory.

Date & venue: March 9th (10:00-15:15), in L9, 1-2, room 210.

Econometrics: Unobserved heterogeneity, pooled OLS, first-differenced estimator, fixed effects estimator, random effects estimator, instrumental variables estimation and 2SLS, heckit estimator.

Writing: Introduction to award winning scientific writing (Instructor).

Student presentations & discussion 5-8, 45 minutes each.

Syllabus - continued

Readings, question hand-in, & student presentation order:

5. Hambrick, D.C., & Mason, P.A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.
6. Ahrens, J.-P., Uhlaner, L., Woyowde, M., & Zybur, J. (2018). “Shadow emperor” or “loyal paladin”? - The Janus face of previous owner involvement in family firm successions. *Journal of Family Business Strategy* (forthcoming).
7. Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value?. *Journal of financial Economics*, 80(2), 385-417.
8. Chen, G., & Hambrick, D.C. (2012). CEO replacement in turnaround situations: Executive (mis)fit and its performance implications. *Organization Science*, 23(1), 225-243.

Tutorial II - Panel Regressions using STATA (optional).

Date & venue: March 9th (15:30-18:45), in L9, 1-2, room 210.

Session 9, 10, & 11: Restructuring.

Date & venue: March 23th (10:00-15:15), in L9, 1-2, room 210.

Applied panel econometrics lecture: Dr. Manuel Altmeier, Dipl.-Kfm. (McKinsey & Company): “Current research on CEOs & turnarounds”.

Student presentations & discussion 9-14, 45 minutes each.

Readings, question hand-in, & student presentation order:

9. Trahms, C.A., Ndofor, H.A., & Sirmon, D.G. (2013). Organizational decline and turnaround: A review and agenda for future research. *Journal of Management*, 39(5), 1277-1307.
10. Schmitt, A., & Raisch S. (2013). Corporate turnarounds: The duality of retrenchment and recovery. *Journal of Management Studies*, 50(7), 1216-1244.
11. Denis, D.J., & Kruse, T.A. (2000). Managerial discipline and corporate restructuring following performance declines. *Journal of Financial Economics*, 55(3), 391-424.
12. Abebe, M.A., Angriawan, A., & Liu, Y. (2011). CEO power and organizational turnaround in declining firms: does environment play a role?. *Journal of Leadership & Organizational Studies*, 18(2), 260-273.
13. Love, E.G., & Nohria, N. (2005). Reducing slack: The performance consequences of downsizing by large industrial firms 1977-93. *Strategic Management Journal*, 26(12), 1087-1108.
14. Morrow Jr, J.L., Johnson, R.A., & Busenitz, L.W. (2004). The effects of cost and asset retrenchment on firm performance: The overlooked role of a firm’s competitive environment. *Journal of Management*, 30(2), 189-208.

Simulation 1 & 2: Restructuring simulation (powered by Roland Berger).

Date & venue: April 26th & 27th (9:00-18:00), in L9, 1-2, room 210.

Readings: Business case and financial (excel) of the restructuring scenario.

Instructor: Georg Harenberg (restructuring trainer at various top-tier consultancies).

Content: Simulation of a challenging real-life restructuring scenario including solving realistic and typical turnaround case issues, insights into operative turnaround management and into the profession “turnaround manager or restructuring officer”. Get together with consultants from Roland Berger.

*** ★★ ★★ ★★ ★★ ***