2005 FMA Doctoral Symposium

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Conducting Research: General Strategies

- Grounded in theory
  - Lots of data, so lots of results
  - Theory makes you understand it
  - Make reading theory papers a habit even if you do empirical work

- Have clear hypotheses
  - Let the theory and hypotheses guide your empirical work

- Focused or Diversified?
  - On balance, focus wins
    - Gains to specialization
    - Short timeframe
    - Need to make impact, get visibility
  - Beware of pitfalls
    - Don’t make all your papers the same
    - Be clear why the issues matter to the broader literature
Finding Topics

- Look for debates, controversies
  - Fortunately (or not!) the field is filled with them
- Find an angle
  - Does it give you clean predictions?
  - Does it help separate out theories?
  - Can you help resolve controversies?
- Can you make a big contribution?
  - Will this be remembered?
- Exploit the data
  - New trends
  - New regulations
  - New markets
Its not a numbers game

- Resist the urge to divide and conquer
- A few really good papers matter more than lots of marginal ones
- Go the extra mile when possible – referees recognize it
- Paper will be more respected in the long run
The Softer Side

- Networking helps
- Conferences – AFA, WFA, FMA
- Speciality conferences
- Seminar series
- SSRN
- Get the word out about your research
An Exciting Time for Corporate Finance Research

- Controversy and Debate is increasing, not subsiding
  - Capital structure and market timing
  - Diversification and organizational structure
  - Behavioral corporate finance
  - Measurement of corporate governance
  - Executive compensation and stock options

- Financial markets and Institutions continue to evolve
  - The muscle of private equity
  - Explosion in hedge fund assets
  - Revolution in corporate governance
  - Emergence of emerging markets
  - Consolidation of financial intermediaries
Hedge Fund Are a Growing Force

Estimated Funds Under Management and Net Asset Flow

Global CAGR (1990-1Q 05): 25.6%
PE Funds Raised Expected to Return to All-Time Highs

Private Equity Funds Raised

(a) Funds expected to be raised during 2005 (exceeding $200MM).

Sources: Venture Economics, Private Equity Interactive, Initiative Europe.
Growing Appetite of EM Companies

Number of Completed Acquisitions by EM Acquirers by Location of Target