

NHH



Department of Finance

Presentation by
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NHH board meeting
13 February 2014



A short introduction of the people at FIN



- 4 full professors
- 6 associate professors
- 3 assistant professors
- 1 professor emeritus
- 11 adjunct professors
- 13 Ph.D students
- 4 administrative staff



Research topics

- Corporate finance

- Corp finance transactions: M&A, private equity, corporate restructuring and bankruptcy, IPOs
- Corporate governance
- Capital structure and investment policy
- Financial institutions and financial stability

- Asset pricing/asset management

- The pricing of financial contracts: Debt covenants, options, term structure of interest rates
- Financial market design and trading strategies



Why establish a Department of Finance?

- In its strategic vision, NHH aspires to become a leading business school in Europe
 - Finance is a key academic field for every top business school
 - To strengthen finance as an academic discipline at NHH, the finance faculty was organized into a new Department of Finance in January 2013
- Focusing the academic resources in finance will strengthen the finance group's activities, with the goal of:
 - Increased research quality and output
 - Improved teaching quality
 - Enhanced external visibility in academia and among practitioners
 - Increased ability to attract and retain high-quality finance faculty



Finance is a critical contributor to NHH's academic programs

- Financial economics (FIE) is the largest profile in NHH's master's program MØA
 - 35 percent of the master's students major in FIE
 - 17 percent of the master's students take FIE as a minor
- The PhD program in Finance admits approx. 3 students per year, for a total cohort of 10-15 students
 - One of only two structured Finance PhD programs in Norway
- NHH Executive offers several highly successful executive programs in finance
 - The AFA program (Autorisert Finansanalytiker) offered in cooperation with the Norwegian Society for Financial Analysts (NFF)
 - Three Executive MBA top-up programs in Corporate Finance, Valuation and Asset Management
 - Critical to Financial Times' ranking of NHH as #37 in the world and #17 in Europe in executive education open enrollment programs in 2013



Future academic program offerings?

- The department is considering starting a Master in Finance program
 - Supported by the International Advisory Board of NHH
 - Rigorous training in finance with good progression in course work
 - Potential specializations in corporate finance and asset management
 - All course-work in English, open to international students
 - Goal: Establish an attractive master program of high reputation

High-quality teaching is based on high-quality research



- Having a strong research faculty guarantees the relevance and quality of the course offerings
- To stay relevant and at the research frontier, it is important for individual faculty members to
 - Regularly publish
 - Regularly present at and attend international academic conferences
 - Travel to work with coauthors at other institutions
 - Have good access to databases and research assistants



Research output by FIN faculty in 2013

- 6 peer-reviewed journal articles published in 2013
 - Three of which are in A-/B+ journals
 - 3 peer-reviewed journal articles forthcoming
 - Including an article in the Journal of Finance (A+)
 - 7 articles in FIN's working paper series 2013
- 40 conference and research seminar contributions
 - 30 paper presentations
 - 10 discussions
 - FIN faculty presented at all major research conferences in finance
 - Academic journal participation
 - 2 editorships
 - 12 referee reports
 - 15 internal paper presentations (brown bag seminars)



Other research activities: The weekly finance seminar series at NHH

- In 2013, a total of 33 invited faculty presented their work in the research seminar series
- Scholars from top institutions around the world
 - Stanford, New York Univ., Columbia, Wharton, Univ. of Chicago, London Business School, INSEAD
- 9 of the seminars were so called «job market talks»



"At the weekly research seminars, we challenge the speakers and have discussions that are valuable for both them and us. The speakers receive critical feedback on their work, and we learn about current research trends. Moreover, in personal meetings with the speakers, faculty members and PhD students discuss new ideas to push the current frontier. The seminar is the highlight of the academic week".

CORNELIUS SCHMIDT, Assistant Professor in Finance



International recruiting of junior candidates

- To get the best faculty, FIN recruits junior faculty internationally at the American Finance Association's (AFA's) annual meeting
- The academic job market in finance is extremely competitive and highly international
- Recruiting process:
 - Job advertisement with deadline December 1 (this year: 149 applicants)
 - Invite approx. 25 candidates for interviews at the AFA meeting early January
 - Invite 10-12 candidates to give «job market talks» at NHH
 - Many universities/schools compete for the same candidates at the same time...



Important factors to be attractive at the job market

- Research active and internationally highly recognized faculty
- Time for research
 - Low teaching load
- Salary
 - To achieve its goal of becoming a leading European business school, NHH needs to pay market salaries
- Tenure-track period
 - Four years. Short by international standard
- Research budget
 - Conference participation, research assistance, work with coauthors, laptop, etc.
- Data bases
 - Access to good financial data provides an edge



Our experience with international recruiting

- The internationally recruited faculty members are important contributors to the department's activities
 - Score very high on students' evaluations of course content and communication skills
 - Have high research output (quantity and quality)
 - Are great citizens in the department and are critical for an active and dynamic research environment
 - Backgrounds from different universities improve decision processes
 - Are present in both national and international media
- Important success factors for integrating new colleagues
 - Use English as working language
 - Involve internationally recruited candidates in the department's activities
 - Mentors who can give advice on research career, teaching, practical issues, etc.



The department hosts two centres

- **Finans|Bergen:**

- A partnership between the financial services industry in Bergen and NHH
- Provides access to research for practitioners and offers opportunities for networking
- Provides funding for research projects
- Matches financial services companies with students interested in writing master's thesis on topics engaging the industry

- **Argentum Centre for Private Equity:**

- Collaboration between NHH and the asset management company Argentum
- Aims to produce research within private equity
- Is building a database for private equity activity in the Scandinavian countries



FIN has high visibility also outside of academia

- Extensive media coverage in Norway and internationally
 - 180 hits in Norwegian newspapers
 - 40-50 hits in international newspapers (FT, US News, several articles in Swedish press and TV, and other press in the US, Europe and Asia)
- Industry conferences and seminars
 - 4 national conferences and seminars (NHHs høstkonferanse, NHD)
 - 3 international conferences (European Commission, SNS seminar in Stockholm, seminar and white paper presentation at the Swedish government offices arranged by FIN faculty)



The department is still under development: Some challenges

- Limited number of senior faculty
 - We are vulnerable with only a small number of senior professors with a strong research agenda and international network
- Heavy teaching and supervising obligations
 - Takes a lot of resources to run a full PhD program
 - Insufficient capacity for teaching and supervising all students that want to take finance
 - 11 adjunct professors help meet the demand
- Department size matters when building a good research environment
- NHH's finance department is small compared to the finance departments at our Scandinavian competitors
 - NHH: 13 (14-15 including new colleagues starting in August)
 - BI: 24
 - CBS: 34
 - SSE: 21



Conclusion

- Organizing the finance group as a department has helped strengthen the academic environment in finance at NHH
- The department has had a successful first year, with high research and teaching output
- The department is still under development and needs the resources to continue build a strong research group