

Instructor: Heungju Park

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Office: C-319

Office #: 2603-3191

Office hours: M/Th 4-5 p.m. or by appointment

I strongly encourage you to contact me on a regular basis and discuss the topics of our class. Regardless of my office hours, you can always contact me via email and I will respond as soon as possible.

Objectives:

This course introduces students to the methodology of research in finance. It helps them to develop a research idea that is well motivated, properly designed and feasible to implement. We will begin with selecting research topics. We will then focus on developing hypothesis to be tested. We will also discuss gathering data and selecting appropriate model and econometric tool. At the end of this course, students should know how to write research proposals.

Prerequisites:

Students are required to have completed the prerequisite courses, as specified by HSBC Business School. It is assumed that students have taken at least basic Finance and Econometrics courses before taking this course. Although there will be some review of the material covered in the basic Finance and Econometrics courses, it is your responsibility to refresh your knowledge of these materials.

Course material:

There is no prescribed textbook. Course material (published articles and working papers) may be distributed (hard copy or electronic) as reading assignments throughout the module. In addition, you find the following book useful for section of select the appropriate model and tool.

Chris Brooks, *Introductory Econometrics for Finance*, 2nd edition, Cambridge University Press

You will need to have a password to use the Wharton WRDS database.

Exams and grading:

- 1) The final evaluation for your performance in this course will be based on five assignments and two research proposals. The grading will be based on:

$$G = .5 \times \text{Assignments} + .25 \times \text{Proposal I} + .25 \times \text{Proposal II}$$

- 2) Assignments – Everyone will be asked to submit her (his) individual assignments. **I cannot accept late submissions.** If you are out of town, you must make arrangements to submit the assignment through another student, or before the due date to TA.
- 3) Research Proposal – There will be two research proposals: research idea and final research proposal. For the proposals, you can make the co-authored groups, which consist of 3 students. The 1st proposal (research idea) should **have 3 paper ideas** and the 2nd proposal (final research proposal) should cover **literature review, research hypothesis, data, and empirical design** of the research idea. Each report should be no longer than 10 pages and prepare 10-minute presentation.

Keys to Success:

- 1) Class participation – I do not take roll, but I do expect you to come to class and take an active part in discussions. In order to do so, you are expected to read the assigned material prior to the date it is covered in class.
- 2) Group management – Each member of a group is expected to motivate others to participate equally. If any member of a group is shirking his or her duties, please bring that to my attention as early as possible. I will try to work with the group to solve the problem. In the event that problems persist and a group member is uncooperative or unduly difficult, the group may divorce that member, provided that the problem was brought to my attention early and that real efforts were made to solve the problem. This will cause the divorced group member to receive zero scores on all group assignments.

Classroom Etiquette:

1. Be on time.
2. Be prepared.
3. Be respectful of your fellow classmates.
4. No private conversations – direct questions and/or comments to the entire class.
5. Turn off all electronic devices prior to class (i.e. cell phones, pagers, etc).
6. Sleeping – if you can't keep your eyes open, please stand at the back of the class for a few minutes until you wake up.

Tentative Schedule (subject to change)

<u>Class Time</u>	<u>Topic</u>	<u>Date</u>
1	Introduction of Research Methodology Research Ideas in Finance	March 11 th
2	Select Research Topic	March 18 th
3	Present Research Ideas	March 24 th (S) 7-9 pm
4	Present Research Ideas Due of 1st Research Proposal Report: March 25th	March 25 th
5	Review Relevant Literature Develop Hypothesis to Be Tested Due of 1st Assignment (Referee Report): April 1st	April 1 st
6	Gather the Needed Data Due of 2nd Assignment: April 8th	April 8 th
7	Select the Appropriate Model and Tool Write Paper Due of 3rd Assignment: April 15th	April 15 th
8	Present Research Proposal	April 21 st (S)
9	Present Research Proposal Due of 4th Assignment: April 22nd Due of 2nd Research Proposal Report: April 28th Due of 5th Assignment (Referee Report): April 28th	April 22 nd