

Instructor: Heungju Park

Email: hpark@phbs.pku.edu.cn

Class Website: <http://faculty.phbs.pku.edu.cn/hpark/RM.html>

Office: Rm 754

Office #: 2603-3191

Office hours: W 2-4 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

Ekkehart Boehmer, John Broussard, and Juha Pekka Kallunki, *Using SAS in Financial Research*, SAS Press, 2002

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:

$$G = .4 \times \text{Assignments} + .25 \times \text{Proposal I} + .25 \times \text{Proposal II} + .1 \times \text{Class Attendance}$$

- 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 its presentation.
- 4) Class participation – 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.
- 5) 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.

Tentative Schedule (subject to change)

<u>Class Time</u>	<u>Topic</u>
1	Introduction of Research Methodology Research Ideas in Finance
2	Select Research Topic
3	Present Research Ideas
4	Present Research Ideas Due of 1st Research Proposal Report: March 16th
5	Review Relevant Literature Develop Hypothesis to Be Tested Due of 1st Assignment: March 23rd
6	Gather the Needed Data
7	Select the Appropriate Model and Tool Write Paper Due of 2nd Assignment: April 6th
8	Present Research Proposal Due of 3rd Assignment: April 13th
9	Present Research Proposal Due of 2nd Research Proposal Report: April 20th Due of 4th Assignment: April 23rd