

Research Topics in Finance (Master)

In this research seminar we will solely focus on one goal: Making you ready for quantitative research in Finance.

1. You choose a topic you would like to work on

1.1. You choose a paper

The topic of the paper should be related to current research of the chair. Therefore, this semester you should focus on empirical work regarding

Initial Public Offerings (IPOs).

We give you some (good and bad) examples for potential papers:

Rather bad for replicating: Ibbotson, Roger G., and Jeffrey F. Jaffe. 1975. "Hot Issue' Markets." The Journal of Finance 30 (4): 1027–42. <https://doi.org/10.1111/j.1540-6261.1975.tb01019.x>.

Rather good for replicating: Loughran, Tim, and Bill McDonald. 2013. "IPO First-Day Returns, Offer Price Revisions, Volatility, and Form S-1 Language." Journal of Financial Economics 109 (2): 307–26. <https://doi.org/10.1016/j.jfineco.2013.02.017>.

As an extension idea: Lee, Charles M.C., Paul Ma, and Charles C.Y. Wang. 2015. "Search-Based Peer Firms: Aggregating Investor Perceptions through Internet Co-Searches." Journal of Financial Economics 116 (2): 410–31. <https://doi.org/10.1016/j.jfineco.2015.02.003>.

Rather good but large datasets: Loughran, Tim, and Bill McDonald. 2017. "The Use of EDGAR Filings by Investors." Journal of Behavioral Finance 18 (2): 231–48. <https://doi.org/10.1080/15427560.2017.1308945>.

However, your topic in this seminar should fit your interests as well. That is, it is possible that you select a paper from a different area. In any case, your paper choice is subject to approval by the seminar coordinator. We recommend you the following websites for making your choice:

<https://scholar.google.de>

<https://www.scimagojr.com/journalrank.php?area=2000>

<https://vhbonline.org/vhb4you/jourqual/vhb-jourqual-3/teiltrating-ba-fi/>

<https://www.aeaweb.org/journals/aer>

Ensure that the data for your paper is available. The data should either be public or available at the chair/university. See the following link for university-wide databases:

<https://www.ub.tu-dortmund.de/Fachinformation/Wirtschaftswissenschaften.html>

In addition, the chair has access to several other databases. Preparation is important in this seminar. The risk that you notice missing data too late is yours!

1.2. Submit your paper candidate or candidates to us:

Send an e-mail with a link to the article to philipp.schmidtke@tu-dortmund.de. We will make an appointment and discuss the paper.

2. Familiarize yourself with the topic

Now it is time to work on the paper. Read it from front to end, research and read the relevant literature around it and get to know the technicalities. Your goal in this step is to be able to present the paper you have chosen, i.e. know what it does, why it does it and what the outcome and shortcomings are.

3. Replicate the paper

Using Python you try to replicate each table and figure of your paper. For each of the replicated objects, you create one script yielding the table or figure in a way which makes it easy to compare to the original version. Number the scripts and outputs consecutively and include the original name of the object in the filename of the script and output.

4. Extend the paper

This is the hard part. Here you start doing your own research. You extend the paper in any direction. For example: Do the analysis with other data (e.g. paper did it for the US, you try EU etc.), include new variables or even apply the methodology to a new problem or idea.

This part really has to come from you and in order for you to be as free as possible we will *not* cap the outcome of this part in your grade (see below regarding grading).

Your goal in this step is to be creative, do real research and this includes that you might fail with your idea. Do not worry; it is rather the best opportunity to learn.

5. Replications vs. Extensions

In agreement with your supervisor it may be possible that you set your focus more on replicating or extending. That is, if you want to make a larger part with own extensions you can waive creating some of the original tables/figures.

6. Presentation

In order to let you focus on the content of your paper, there is no classical written elaboration. Instead, you prepare a 10 min presentation. Hence, you need to limit yourself to only a few slides, for example in the following manner (4 slides + title page):

Slide 1: Your research paper's main findings and main assumptions

Slide 2: Your research paper's dataset and main shortcomings in your view

Slide 3: Your extension idea

Slide 4: Your results and/or your suggestions for future research in that area

The presentation is in English and will be followed by questions from the audience and the supervisors.

7. Submission files, deadline, and grading

As of now, the presentation is scheduled for

Monday, 13.01.2020, 11:30, C1-02-430.

You need to turn in

- your organized Python code with source data and comments,
 - numbered, named Python scripts: first replication files followed by extension files
 - code and data in separate folders
- the original paper
- slides for your presentation as PDF

not later than

Thursday, 09.01.2020, 23:59

via e-mail to philipp.schmidtke@tu-dortmund.de.

We will base the final grade of the seminar on the quality of your presentation, the correctness of your code/replicated material, creativity regarding extensions, and your individual progress in understanding the research you are dealing with. Thus, your attitude and improvement are major parts of your grade and not only your success (or failure) in doing your own analysis.

8. After the seminar

After finishing this seminar you are able to conduct own research based on high-quality papers which is a very good step for a master student. We can discuss how this knowledge helps you in your master thesis or how you can possibly extend the topic towards your thesis. Just see us at the office hours.

This seminar seeks to provide you with a safe environment to learn and improve your skills!

If you have any questions feel free to contact us. We at FiRRM are looking forward to working with you.