

Thesis Manual
MSc International Financial Management
(MSc IFM)

2015-2016 2nd semester

Version 1 (27 October, 2015)

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Organization

The thesis for the MSc IFM is organized in two parts: The first part is the writing of a thesis proposal, and the second part is the writing of the actual thesis. You write the thesis proposal before the start of the semester. We offer a workshop to support you in writing your thesis proposal. You submit your final thesis proposal prior to January 20th, 2016. Before submitting your final thesis proposal, make sure that

1. you sign up in Progress prior to the start of the thesis semester. This is important because it is stipulated in the Teaching and Examination Regulations and also because it is necessary in order to get access to the proper Nestor site for uploading your proposal.
2. you have an approved MSc IFM program.
3. you have concluded 20 EC of the MSc IFM program prior to the start of the thesis semester. We also require that you have passed the course Research Methods for Finance.
4. You have successfully completed the four relevant modules of the CITI test, i.e. (1) Data Analysis, (2) Research Misconduct, (3) Plagiarism, and (4) Conflict of Interest.

Note that the Nestor site of the IFM thesis course of the semester is used as a preferred communication medium. So, check the course site at least weekly. All uploads (thesis idea, thesis proposal, final draft) must be made on Nestor.

Based on your final thesis proposal, we will assign you a thesis supervisor. The first thesis meeting is on February 2nd, 2016. Thesis supervision may be organized in group meetings. This implies that meetings take place with fellow students also writing a Master Thesis. During these meetings you also have to give feedback on the work of fellow students.

Upon completion of the thesis you are able to:

1. Write a thesis proposal, including a research question focused at expanding the existing body of knowledge in finance on the topic of choice.
2. Perform a literature survey.

3. Collect and critically analyze a dataset fitting to answer the research question.
4. Choose and implement the methodology necessary to answer the research question.
5. Write a research report.
6. Reflect on your own research achievement.
7. Critically evaluate the limitations and practical implications of the research findings in relation to the research question and perform robustness checks if necessary and/or possible.

Writing a thesis proposal

You will start your thesis project with a thesis proposal. Writing a thesis proposal is primarily an individual activity. The proposal fits within the research domain of IFM. The thesis proposal helps to structure your ideas and allows you to discuss your ideas with others, most notably with your thesis advisor. The thesis proposal includes the following information:

- Indicate field keywords
- Define research topic
- Literature review
- Formulate research objectives/questions and hypotheses (if it is possible)
- Decide on research method
- Identify data requirements and data availability

Your research proposal is basically a summary of these activities. You should start with identifying field keywords and your research topic. Motivate the topic choice. Qualifying topics should be in the field of IFM. In general, IFM studies the interactions of international management and financial management by economic agents (companies, individuals, investors). It has a micro (firm) or meso (industry) perspective. Or to put it short: I, F and M aspects of IFM should *all* be covered by your thesis and macro-economic topics are not accepted.

Your literature review identifies and analyzes the most important papers written on the topic. Your literature review should provide a synthesis of the literature, and not a

sequence of summaries of individual papers. When selecting literature focus on the top four finance journals (Journal of Finance, Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Review of Financial Studies) or in one of the other top general interest journals, such as Journal of International Business Studies. A useful guideline is to try to answer your research when writing your literature review. Focus on the main items: you can extend your literature review in the final thesis.

The research objective states what your study is actually going to achieve. Be as specific as you can. The objective should not be too broad neither too narrow. Identify the research questions that follow from the objective. You need to formulate a research question. The research question is the leading criterion for deciding upon research methods, data, and literature.

Next you discuss the research method and identify your data requirements. Although it is possible to adjust your research methods in the process of doing research, it is better to avoid this. Write down the framework for testing your hypothesis (i.e., specify regression equations, methods, steps that you need to process the data).

Another important issue is the data availability. Write down the specific sources, and give an indication of how much and what data is available. Lack of data can be a very tough enemy in writing a thesis. Be sure that you are able to collect the data. The best thing you can actually do is to do a first attempt in collecting the data so you can see what you actually have. Make it one of your very first activities and indicate this in your proposal.

Your draft will as a rule be criticized by others: bear in mind that being criticized may not feel very nice, but is essential to learning and improving your thesis. Your entire thesis proposal should consist of approximately 5 to 7 pages text.

Make sure that the first page of your thesis proposal start with the following information:

Student number: s1234567
Name: Your Name

Study Programme: MSc IFM

Other UoG programs for which you have submitted this proposal: MSc Astrology

Preferred supervisor: Prof. Dr Nice Guy

Field Key Words: xxxxxxxx

Special Research Project: yyyyyyy (if applicable)

Students at times have preferences for supervisors. At times, the program management can respond to this positively. Lack of supervisor capacity often prohibits this, though. Yet, participating correctly in the procedure is of help in getting a preferred supervisor.

Special Research Projects

Several professors in the field of Finance offer special research projects on different topics. More information on these projects can be found at the Nestor website of the MSc IFM. You indicate your choice for a special research project at the first page of your research proposal. The supervisor makes a selection from the students who have shown an interest in the project.

Final deadline for finishing thesis

The deadline is June 13th 2016, 17.00. You submit your final thesis by uploading it on Nestor **and** by handing in two hard copies at the secretariat (Ellie Jelsema, DUI 836, 050-3633685, e.t.jelsema@rug.nl). Next to uploading your text, you also need to upload your data using Excel format (if possible). Ellie Jelsema will setup a final meeting with the supervisor and the second evaluator. During the final meeting you have to defend your thesis. The general practice is that both the second evaluator and the supervisor will ask you questions about your thesis, which you will have to answer. The quality of your defense is part of the evaluation.

If your thesis narrowly fails to meet the standards, you are offered a so-called repair. When using the repair option, the maximum grade is a 6.

For all questions regarding procedure and organization (including making appointments with your supervisor), you can contact Ellie Jelsema. Halit Gonenc is the coordinator of this course. In case of problems with the thesis process or your supervisor, you should contact the coordinator

Planning and supervision

Thesis supervision is restricted to scheduled meetings. The first supervisor is your coach in writing the thesis. You are exclusively responsible for your thesis. The thesis is a test of your ability to perform independent academic research in the field of International Financial Management. Given the role of the supervisor as your coach, it is not allowed to discuss the grading of your thesis prior to the submission of the final version. We assume that you aim for the best possible grade. The role of the second evaluator is to give an independent opinion of the final version of the thesis. A student is not supposed to have prior discussions with this person.

Thesis supervision will be done in small groups of 2-6 persons. The level of group supervision may vary with individual supervisors and/or type of thesis topic. Typically you may expect group interaction at/around all meetings. The last session regards the evaluation of the thesis, which will be done in an individual meeting with the two supervisors.

The mandatory fixed deadline requires that you spend sufficient time on your thesis. Prepare the meetings well. In order to get the most out of a meeting, you should hand in the relevant documents in consultation with your supervisor (thesis proposal, completed chapter, PowerPoint presentations) at least three working days before each meeting.

- Prepare questions that you want to ask your group members and/or supervisor.
- Prepare comments on the work of your colleagues.
- Make notes during the meeting
- Make sure that you have sufficient progress to report.

Table 1: Schedule of sessions

Session	Activity	Date	Time
1	Thesis event ¹	16-10 2015	TBA
Deadline	Submission final thesis proposal	20-01 2016	17:00
3	Presentation thesis proposal	02-02-2016	13:00-17:00
4	Discussion of literature	* ²	
5	Data collection	* ²	
6	Research method	* ²	
7	Final Draft	17-05 2016	17.00
Deadline	Upload / Hand in Final Thesis	13-06-2016	17:00
8	Final evaluation meeting	TBA (room 1 st supervisor).	
Deadline	Repair ³	August 2016	17:00

Guidelines and rules for writing, layout, formatting

A typical thesis that reports on the research could be structured in the following sections:

1. Introduction
2. Literature
3. Hypotheses
4. Methodology
5. Results
6. Conclusion

We implicitly assume that you follow this structure. Of course, it is possible to have deviations from this model. For example, you could not have a separate section on literature, or include an additional section on data description, or split up quantitative and qualitative results, etcetera.

¹ Participation in the workshops in the pre-semester is not mandatory, but you need to have a proper Final Thesis Proposal before the stated deadline. Moreover, the supervisor allocation is related to it.

² Dates indicated with * are set in consultation with the first supervisor and the participants in the group.

³ Optional.

Your thesis has a maximum of 15,000 words, including tables, footnotes, and references. Appendices are excluded. A typical thesis will have approximately 30 pages of text and tables, with 1.5 line spacing (about 10,000 words). We use the Journal of Financial Economics style for writing, layout and formatting.

The legends and captions for tables or figures should be complete enough that the table or figure can stand on its own. Equations in the text are indented on a separate line with the number of the equation right-justified. All equations are numbered, even if they are never referred to in the text. In general, equations are punctuated as normal parts of a sentence if the sentence continues after the equation, as follows:

Revenue, R , is calculated as

$$R = P \times V, \tag{1}$$

where P is the selling price and V is the volume of sales in units.

Citations appear in the text as follows. Note that more than two authors are separated by commas, and multiple parenthetical citations are separated by semicolons:

Jensen (1986) argues . . .

The procedure in French, Schwert, and Stambaugh (1987) . . .

. . . as discussed in other studies (see, e.g., Smith and Watts, 1992; Lewellen, Loderer, and Martin, 1987) . . .

Studies such as Coughlan and Schmidt (1985), Warner, Watts, and Wruck (1988), Weisbach (1988), Jensen and Murphy (1990a), and Murphy and Zimmerman (1991) have found . . .

Everything in the list of references should be cited in the text, and everything listed in the references connects with a citation. In the reference list, there are no quotation marks, no underlines, and no italics. The authors' last names and first initials are used. Only the first word of an article title is capitalized. Book and journal titles take normal initial capitals. The reference list is in alphabetical order by author, and multiple works by the same author are in chronological order. A standard reference is formatted as follows:

Jensen, M., 1986. Agency costs of free cash flow, corporate finance, and takeovers. *American Economic Review* 76, 323-329.

Two or more authors appear as follows (again, more than two authors are separated by commas):

Jensen, M., Meckling, W., 1976. Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics* 3, 305-360.

A working paper (or dissertation, etc.) is cited as follows:

Hermalin, B., Weisbach, M., 1995. Endogenously chosen boards and their monitoring of the CEO. Unpublished working paper. University of California, Berkeley.

A book appears as follows:

Williamson, O., 1986. *Economic Organization: Firms, Markets and Policy Control*. New York University Press, New York.

An article in an edited book appears as follows:

Smith, C., 1979. Application of option pricing analysis. In: Bicksler, J. (Ed.), *Handbook of Financial Economics*. North Holland, Amsterdam, pp. 80-121.

Note that the location of the university or publisher can be a city only, a city and state, a city and country, or a city, state, and country (whatever is sufficient).

You are the author of your thesis, so you have to write it yourself. Using data and/or results, or copying texts, from others without reference is considered as fraud. It is not allowed to have a ghostwriter. Nevertheless, if you have problems with grammar, style, or if you have a lot of typos, you may consider a copy-editing service.

Plagiarism

Your thesis is the reflection of original and independent academic work. Plagiarism is therefore not allowed. In addition, it is illegal and usually an infringement of legal copyrights. The university is very keen on keeping this standard high, as any violation undermines the value of academic work and trust in the integrity of academics. The penalties for plagiarism are severe.

The most obvious form of plagiarism is copying another person's work and turn it in as your own. Plagiarism is often more subtle, for instance by using someone else's words, ideas or models and present them as your own without giving credit. Of course, you may use the model developed by someone else, but you should clearly credit and cite the original author(s). You also might use words literally taken from another source, as long as you present it in quotation marks together with a formal reference. The following is an example of how you should quote:

This was stated nicely by Jones (1999), pp 4: "the future of economics is in following high ethical standards". At the same time, quotations should be used only when necessary, for instance when it consider a special statement, and not just for writing technical details. The following is an example of something that you should not quote literally:

I follow Jones (2019) for collecting the data. The following quote is from Jones (2019, pp 8): "I collected the annual GDP levels from the OECD website, and then took the natural logarithm."

Paraphrasing is also not allowed without proper citation. This is the practice of rephrasing sentences from the source, by changing some words or the word order while maintaining the sentence structure of the source. Finally, copying so many words or ideas from a source so that it makes up the majority of your work is also a form of plagiarism. In this case, it doesn't matter whether you give credit or not to the original source.

It is obvious that in some cases, when you are literally copying text, plagiarism is clearly identifiable, while in others it may not. It is good practice to keep on the safe side, use your own ideas, words, be independent and critical on the work of others.

Appendix 1 Combining a thesis for two University of Groningen programs

The teaching and exam regulations open the possibility to write a single thesis with the purpose of graduating in more than one program. This also applies to the MSc IFM program. If you want to use your thesis as a combined thesis for IFM and some other program, you simply sign up for the IFM thesis and submit your thesis proposal before the stated deadline(s). Please mention the fact that your thesis will be used in another program, and give the name of the other program. Based on an approved thesis proposal, you will be assigned a thesis supervisor. A proposal will be rejected if it does not fit into the IFM domain. You cannot write an IFM thesis without an approved thesis proposal.

Your thesis will be supervised according to the normal procedure for IFM. This means that you have to participate in the supervision groups, that you will in principle get a first supervisor from the Finance group, and also a second supervisor. Supervision on your thesis by the Finance group is done separately from the other program, although the individual IFM program supervisor may hold supervisory meetings jointly with the supervisor of the other program. Your thesis will be graded by the Finance group, separately from the other group's supervisors, unless the thesis coordinators agree upon a joint supervision team. Consequently, you may end up with two grade slips with potentially two different grades.

The combined thesis is not intended as an easy way of meeting the requirements of two different programs. A combined thesis needs to meet the research tradition, customs, and standards of two programs, which may not be the same. As a result, you are likely to end up with more work as compared to writing one thesis for one program. It is also possible that you have to deal with conflicting views of supervisors from different programs. It is your responsibility to deal with this. Indeed, writing a combined thesis is a challenge!

Appendix 2 Writing a thesis for the UU double degree program

If you aim for a double degree, you are subject to the formalities of both the University of Groningen (UoG) and Uppsala University (UU). You will get a first and a second supervisor from UoG. A co-assessor of UU will evaluate the final version of your thesis. You will not deal or communicate with this co-assessor during the thesis writing process.

After the first supervisor and second supervisor (co-assessor) have given the UoG grade, your thesis must be sent by email in pdf-format to the IFM thesis coordinator (Halit Gonenc), who will then make sure that the thesis will be evaluated and graded at UU. UU uses the same evaluation form as UoG. Nevertheless, the marks given may deviate.

After getting approval of the thesis, the student may apply for the master degree at both universities. To arrange the **application for the master degree from UU**, please note the following. Only once your thesis has been approved by a supervisor from UU you may apply for the degree of this university.

The awarding of diplomas is not an automatic process at Uppsala University, a student will have to submit an individual application; please refer to the information available at <http://www.uu.se/en/students/degrees-and-careers/degrees/forms/>. The form to be filled in is here: http://www.uu.se/digitalAssets/193/193680_Application-form-2007.pdf.

Appendix 3 Thesis writing and internships

One possibility to write your thesis is to combine it with doing an internship, at a company, a governmental organization, an international institution, etc. An internship may help you in specifying your research question and may help you to gather information needed to do the research.

It is vital how the combination of the internship and thesis is organized. The more the two overlap, the better this is. It is therefore very important to make clear arrangements with the host organization with respect to what they expect from you during the internship.

Ultimately, you have to make your own decisions whether you are willing to work on the thesis project, if this is required within the context of the internship. In order to be able to finish the program, the most important requirement is that the thesis you deliver (whether or not based on an internship) has to meet criteria explained in this manual. It should definitely not be a report that merely describes what you have done during your internship.