

Academic Writing in Finance

Yueliang (Jacques) Lu

Belk College of Business, University of North Carolina at Charlotte

October 5, 2021

Roadmap of Talk

- 1 Introduction of the interviewee
- 2 Importance of writing in finance
- 3 Most common types of writing in finance
- 4 Best practices surrounding the writing process
- 5 Advice for the writers in finance
- 6 Strategies in writing a Response to Reviewers (R&R)

Dr. Gene Lai, Professor in Risk Management and Insurance



Figure is from
<https://belkcollege.charlotte.edu/directory/gene-lai>

- B.A. in Economics, National Chengchi University
- M.S. in Decision Science, Georgia State University
- Ph.D. in Risk Management and Insurance and Finance, University of Texas at Austin

Dr. Lai in Research, Teaching, and Service

- Chair of the Department of Finance and Management Science at Washington State University for 17 years
- Past President of the American Risk and Insurance Association and President of the Asia-Pacific Risk and Insurance Association
- More than 40 peer-reviewed publications addressing risk management, insurance and corporate finance in the insurance industry
- 15 publications in *The Journal of Risk and Insurance*, ranked #6 for the number of publications in the journal

Importance of Writing in Finance

- To write and to write well for publications
 - Job market paper to find a job in academia
 - Publications (mainly in Top 4 finance journals) for tenure

Importance of Writing in Finance

- To write and to write well for publications
 - Job market paper to find a job in academia
 - Publications (mainly in Top 4 finance journals) for tenure
- To communicate with other researchers/practitioners
 - Conference/Seminar presentation (or discussion) - to receive (or provide) constructive feedback
 - Referee report - “to assess the importance of the paper, which involves judgments about whether a paper is of sufficiently broad interest and offers sufficiently original contribution to be appropriate for the journal to which it has been submitted” (Berk, Harvey, and Hirshleifer, 2017)

Most Common Types of Writing in Finance

- **Academic journal papers**, i.e., *The Journal of Finance*, along with
 - Critiques
 - Responses to reviewers (R&R)

Most Common Types of Writing in Finance

- **Academic journal papers**, i.e., *The Journal of Finance*, along with
 - Critiques
 - Responses to reviewers (R&R)
- Other genres,
 - Proposals
 - Fellowship/grant applications
 - Research-related blog posts
 - Industrial journal papers, i.e., *Financial Analysts Journal*

Best Practices Surrounding the Writing Process by Dr. Lai

- Identify important (and interesting) research questions
- Conduct research (theoretical or empirical)
- Generate important tables and figures for the findings
- Write the whole paper from Introduction, Results, Discussion, and Conclusion
 - My take - Results, Discussion, Introduction, Conclusion, and finally, Abstract
- Rewrite, rewrite, and rewrite (after getting the feedback)

Common Mistakes Made by Doctoral Students

1. A (good) story is missing - by Dr. Lai
 - Readers cannot understand the writer's thinking behind the writing

Common Mistakes Made by Doctoral Students

1. A (good) story is missing - by Dr. Lai
 - Readers cannot understand the writer's thinking behind the writing
2. The punchlines or findings are put at the every end ([Cochrane, 2005](#))
 - Readers have no idea on what contribution of the paper is until the last page, the last table, and the last 5 minutes of the seminar

Common Mistakes Made by Doctoral Students

1. A (good) story is missing - by Dr. Lai
 - Readers cannot understand the writer's thinking behind the writing
2. The punchlines or findings are put at the every end ([Cochrane, 2005](#))
 - Readers have no idea on what contribution of the paper is until the last page, the last table, and the last 5 minutes of the seminar
3. Literature reviews have gotten way out of hand ([Cochrane, 2005](#))
 - Writers should set your paper off against the [2 or 3 closest current papers](#),
 - Writers should give proper credit to people who deserve priority for things that might otherwise seem new in your paper

Advice for the Writers in Finance by Dr. Lai

- Find an interesting and important topic to start from
- Be able to tell a story
- Get feedback from your student colleagues/professors
- Rewrite and revise

Writing Tips for Ph.D. Students (Cochrane, 2005)

- A good paper is not a travelogue of your search process
 - Most readers want to know your basic results
 - They don't care how you came to figure out the right answer
 - They don't care about the hundreds of things you tried that did not work

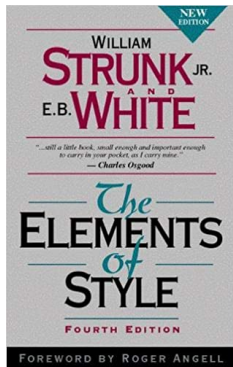
Writing Tips for Ph.D. Students (Cochrane, 2005)

- Figure out the one central and novel contribution of your paper
 - Write it down in **ONE** paragraph and it must be **CONCRETE**
- Organize the paper in “newspaper” style, not in “joke” or “novel” style
 - Put the punchline right up front and then slowly explain the joke

Strategies in Writing a Response to Reviewers (R&R)

- Treat it as if the referee is always right, just as the customers are always right
- Write a point-to-point response in a separate document
- Put the response into the revised manuscript, even if you have replied to the referee in your R&R document
- Conduct all additional (empirical) analysis that are required by the referee, even if the request may not sound reasonable
 - **What if the referee is wrong (or you disagree)?** One strategy is to give the credit to the referee, for instance, use a footnote

Writing in General - Omit Needless Words



“Vigorous writing is concise. A sentence should contain no unnecessary words, a paragraph no unnecessary sentences, for the same reason that a drawing should have no unnecessary lines and a machine no unnecessary parts. This requires not that the writer make all his sentences short, or that he avoid all detail and treat his subjects only in outline, but that he make every word tell.”(White and Strunk, 2000, page 23)

Figure is from
<https://www.amazon.com/Elements-Style-Fourth-William-Strunk/dp/020530902X>

References

- Jonathan B Berk, Campbell R Harvey, and David Hirshleifer. How to write an effective referee report and improve the scientific review process. *Journal of Economic Perspectives*, 31(1):231–44, 2017.
- John H Cochrane. Writing tips for Ph.D. students. 2005.
- Elwyn Brooks White and William Strunk. *The elements of style*. Pearson, 2000.