

Finance and Business Economics Doctoral Student Manual

November 2022

Welcome!

This document serves as a reference guide for your progress in the doctoral program and how to achieve a successful career in finance academia. There are several dimensions to the PhD program. Coursework provides the training necessary for your development as a successful scholar; teaching assistance justifies your tuition waiver and helps you become a more effective teacher and presenter; research assistance similarly funds your program and helps you become a better researcher through learning by doing. The goal of the program is to enable you to develop as an independent and collaborative researcher and teacher, capable of pushing the frontier of knowledge outward.

The Overall Structure of the Program

You will arrive to campus in mid-September to begin on-campus math camp and orientation.¹ Classes typically begin the last week of September.

Your first two years are primarily taken up with classes, with your funding mostly generated by work as a Teaching Assistant (TA). You will enter the program with exposure to financial economics that is well behind the frontier of knowledge. Your primary goal is to use your classes and interactions with your peers to move forward and up to the frontier of knowledge. Your secondary goal is to build teaching and presentation skills.

Your career as a researcher begins when you are able to operate in the unknown and advance the frontier of knowledge. You will begin with research during your first summer, but your transition to full time research will begin during your second summer. Your funding is generated by a mix of Teaching Assistant and Research Assistant (TA/RA) work.

There are three major program milestones. The first is your Field Exam (or Area Exam) in Finance. This takes place at the beginning of your second summer, and it is a full test of your knowledge of financial economics. You form a supervisory committee before the exam. Passing this exam demonstrates that you have mastered the knowledge required to begin your career as a researcher in earnest.

The second milestone is your General Exam (or Thesis Proposal). This takes place some time around your fourth year and demonstrates through existing work that you have the capacity to

¹ You should arrive on campus and meet with the department administrator by September 15 to ensure your eligibility for a full paycheck for your first half month (9/16-9/30) of employment as a TA.

complete a thesis. You form a dissertation committee before this exam. Passing the General Exam changes your status to Candidate and opens up three Candidate Research Assistant (CRA) quarters, which are three quarters in which you do not have to do TA or RA work to receive funding.

The third milestone is the job market, which is then followed by your Final Exam (or Dissertation Defense). The job market will require you to interview and present your thesis work many times to generate interest from potential employers. The Final Exam is a demonstration to your dissertation committee and the department that you have successfully completed your dissertation.

You should plan on spending five years in the program. Sixth year funding is sometimes available, but it is not guaranteed.

Who is Your Advisor?

Your advisor is your primary research mentor and colleague. That said, our students are all students of the department, not students of any particular professor. We expect you to work with multiple faculty and with your peer students. You can change your advisor at any time, and we expect changes to happen as your work and understanding evolves.

Here we lay out a default path for your advisor. Before you arrive, you will be assigned a first-year mentor based on approximate interest and advising capacity. Shortly before you begin your first summer paper (described below), you will be encouraged to choose an advisor for that paper. If you wish, we will assign one based on the assessment of the faculty of your research interests, coupled with faculty availability. Your summer-paper advisor will serve as your main advisor until your second summer, when you will again be encouraged to pick an advisor for that paper. As you proceed with your research, we expect that you will continue to talk with many different faculty members, changing your advisor or committees as your work evolves.

Please also be sure to reach out to your advisor (and others) if you are worried that this career path isn't for you. Sometimes early in the program, these thoughts are premature and due to the shock of beginning such a challenging program. Sometimes these thoughts are well-founded (e.g., some discover they simply do not like conducting research), and then we can help you find an alternative path.

Your Fellow Students Matter!

The students around you in the program will be some of your greatest assets. This is true not just for your first year but potentially for your entire academic career. If you choose to work together to excel, you will all end up better off. This is true both within any given cohort and across cohorts,

and it also applies to students in related disciplines, like economics. Interviews and job offers will not depend on how you did in a relative sense; students from the same school almost never compete for the same job. Your interviews and offers will depend on how you stack up in an absolute sense, as well as to the PhD candidates on the market from other schools. You should work with other students on homework together, read papers together, read one another's proposals, help each other, and help bring everyone up.

As you provide one another feedback, keep in mind that support is not approval: being too nice is not helpful. For example, by not honestly pointing out weaknesses in a proposal, your colleague may waste many hours on a proposal that ultimately fails, for reasons that you may have seen straight-away. It is typically easier to see weaknesses in others' work than our own as we are often too immersed to be able to see clearly. It is better to give honest feedback to allow everyone to achieve their greatest potential.

What Do Your First Two Years Look Like?

First Year

| Fall | Winter | Spring | Summer |
|--|---|--|---|
| <u>Courses:</u> Fin 590 Asset Pricing I | <u>Courses:</u> Fin 580 Corporate Finance I | <u>Courses:</u> Fin 585 Empirical Methods in Finance | <u>Tasks:</u> Pick initial advisor 1st Year Summer Paper and Presentation |
| Econ 500 Microeconomics I | Econ 501 Microeconomics II | Econ 508 Microeconomics III | Micro Tools Exam (From Econ Dept) |
| Econ 580 Econometrics I | Econ 581 Econometrics II | Econ 582 Econometrics III | |
| <u>Funding Support:</u> BA 599 – Teaching Effectiveness Seminar | <u>Funding Support:</u> TA | <u>Funding Support:</u> TA | <u>Funding Support:</u> RA |
| <u>Other:</u> Workshop and Brownbag series | <u>Other:</u> Workshop and Brownbag series | <u>Other:</u> Workshop and Brownbag series | <u>Other:</u> |

Second Year

| Fall | Winter | Spring | Summer |
|---|---|---|---|
| <u>Courses:</u> Fin 591 Corporate Finance II | <u>Courses:</u> Fin 592 Asset Pricing II | <u>Courses:</u> Fin 589 Advanced Topics in Finance | <u>Tasks:</u> Field exam at the start of the quarter Form supervisory committee |
| <i>5 or 6 elective classes</i> | | | 2 nd Year Summer Paper and presentation |
| <u>Funding Support:</u> TA <u>Other:</u> Workshops and Brownbag series | <u>Funding Support:</u> TA <u>Other:</u> Workshops and Brownbag series | <u>Funding Support:</u> TA <u>Other:</u> Workshops and Brownbag series | <u>Funding Support:</u> RA |

Popular electives outside of Foster include economics, math, psychology, and computer science. Students are always welcome to take classes in other Foster departments, with accounting classes being the most popular for finance students. All finance students are encouraged to take the year-long macroeconomics sequence from the economics department if it fits with their research interests.

Workshops

We typically have workshops each week in which a faculty member from a different university will present their work. You are required to both attend and adequately prepare for these. Missing in rare instances is fine, but doctoral students and faculty typically plan around these. The doctoral students have a self-organized review session (usually Tuesday during lunch; usually organized by second-year students) to discuss the paper and propose questions that potentially can be asked during the workshop. Although in your first year it is relatively rare to ask questions, you are encouraged to do so. By your third year we expect you to ask an occasional question, increasing steadily throughout your program.

Typically, external speakers also have a ½ hour time-slot with all of the doctoral students. Like the workshop itself, these are mandatory unless you have class during that time. Please recognize what a great opportunity this is for you to get to know faculty from other schools, which is

beneficial for recruiting and your own research agenda. Please be prepared. Look at their vita and have questions to ask them.

What you get out of workshops changes as you progress through the program. As a first year, you will likely have only a surface understanding of what is being discussed. However, you can still appreciate how topics are motivated, what types of questions are interesting to you and to the profession and see repeated examples of good and bad presentations. By the time you have a dissertation, you will understand all of the details, how the work fits into the literature, and be able to offer constructive and critical thoughts on the work.

In addition, there is a student brownbag most weeks. This is organized by third-years with a budget for food, and it is attended by students. It is intended as a vehicle for students to discuss their research or seminar papers without faculty present.

TA Quarters

Our funding model requires work as a Teaching Assistant (TA). In your first year, you will take a teaching effectiveness course (Fall) and then TA in the winter and spring quarters. In your second year, you will typically have three TA quarters. In years three through five, you will typically have two TA quarters and one TA/RA quarter.

A TA quarter may require running quiz sections, attending the class for which you are TAing, taking the midterms and exams before they are distributed to the class to avoid confusing questions, grading exams, and other items requested of you by the instructor. You should expect to work an average of 20 hours per week in a full TA quarter, and these 20 hours may be split across classes or professors

Teaching experience is a huge plus on the job market. After five years of this experience, you will be more poised and better able to think on your feet. Please use this opportunity to continuously improve. Watch your instructors' teaching styles, collect their teaching materials (you don't know what you might be teaching, but the more you have in your toolbox the better), and ask your instructor and your advisor for honest feedback. We require annual observations of your teaching by your advisor as a way for you to continuously improve your teaching and presentation skills.

RA Quarters

You will also work as a Research Assistant (RA), first during the summers and then sometimes during the year. RA work refers to work on someone else's project for which you are paid in the form of program funding. The expectation is an average of 20 hours per week in a full RA quarter.

Good performance as an RA often leads to opportunities to co-author future projects, either with the specific instructor to whom you are assigned, or to others who hear of your performance. On the flip side, untimely or imprecise RA work will likely lead to fewer collaboration opportunities.

First-Year Summer Paper

In the summer after your first year, you are expected to create and present a research paper. The paper may be an original idea or an extension of existing work, recognizing that original ideas are more likely to subsequently become working papers or dissertations, while extensions allow those struggling to find executable ideas a way to build their toolbox in a structured manner. Students will be assigned a summer paper advisor to oversee and provide guidance throughout the process (to the extent the student requires). However, students are expected to lead the project and do all the writing and analysis. Papers based on original ideas should have well-developed hypotheses, a complete research design section, and preliminary analyses. For extensions, the data analysis is expected to be more complete. This paper will be due at the end of August and presented in mid-September.

Beginning Projects with Faculty

The first year of course-work builds the necessary tools to conduct research, so it is rare to begin a co-authored project in your first year. When you are ready to begin a co-authored project, be proactive. For example, you should pitch ideas to faculty you would like to work with, as well as by doing conscientious, careful, and timely work as an RA, which is essential to providing faculty evidence of how you will perform as a co-author. Take care not to take on more projects than you can handle, as you can become overwhelmed and the quality of all your projects may suffer.

Field Exam

In late June or early July of your second summer, after successfully completing all course requirements in finance, you will be given a field exam covering the required finance PhD-level classes. The exam may be spread over multiple days, and it is closed books and notes.

Please view preparing for this exam as a way to review the topics you have covered and to search for a dissertation topic or working paper topics. Use this time to summarize the core topic areas, the key findings of each area, and what you feel you still do not know (again, for project identification). Memorization is not the key; understanding is the key. That said, the more you know the literature, the more you can support your statements. Prior exams are available in the shared PhD Student drive to get a feel for the types of questions you might see.

Second-Year Summer Paper

In the fall of your third year, you are expected to present a research paper; this paper can be solo-authored or co-authored. As with the first-year summer paper, students can work with their advisors to find a question. This paper will be due at the end of October and presented to the department in mid-November. The work is graded by the advisor on a high pass, pass, low pass, or fail basis.

Being a Thesis Writer

Your third through fifth years will be consumed with your dissertation work. That said, you are still welcome to take classes as desired, including repeating FIN 589 Advanced Topics, as the topics change from year to year. You will still be expected to attend workshops and maintain funding with TA and RA work. You will also register for study and dissertation credits under your adviser for the remainder of the program.

View everything you do as an investment. Everything in the program is there to help you develop as a researcher. In addition, potential employers will want strong letters of recommendation, so you will benefit from giving yourself as much positive exposure to professors as you can.

Your classes are an investment in moving to the frontier of knowledge. It is obvious how the finance classes do that. It might be less obvious how some of the other classes do so. Economics (of which financial economics is a subfield) is unified by methods, and these methods frequently cross over. For example, the search models used for over-the-counter asset trade share the same core as search models of the labor market. Auctions are used for government procurement and for private transactions. There is a long and deep tradition of introducing methods from one part of economics to another whenever those methods work.

You should think of your TA work as an investment in efficiency. First, you want to be able to do quality work. Your first-year TA work, along with your first-year classes, are when many professors have their extended introduction to you, and you want to impress. Later, you want to become efficient, delivering quality without taking too much time. When you are a thesis writer, your research is more important than an incremental improvement in your TA work, and you should spend your time appropriately.

Keep an ideas log in whatever format is most convenient for you and write down your ideas. This allows you to externalize your memory: do you carry your calendar in your head or in your phone? Ideas are harder than schedules. Periodically look back at your ideas and decide if they should be kept, discarded, or thoroughly looked into. Remember that the quality of your research is the quality of your best idea, not your average idea. Your hundreds of bad ideas are censored when you don't work on them.

The single most common complaint from faculty about PhD students is “they don’t talk to me enough.” You should talk to your advisor about once a week. You should absolutely not go for a month without contact. If you don’t know how to do something, ask your advisor or a fellow student – do not allow getting stuck to turn into remaining stuck.

Other Financial Support

The PhD Program Office provides a desktop computer and a research budget of \$500 per year that can go towards things like a travel laptop, data, etc. \$100 can roll over to the following year. We also provide funding for travel that furthers your mission of generating and disseminating knowledge. Examples include attendance of doctoral consortia and travel to high-quality conferences. You can request these funds through Beau Kirkeby (beauk@uw.edu) in the PhD program office.

Mental Health

A PhD always emphasizes individual work, but it should not be isolating. You should come into your office almost every day and talk with your fellow students.

UW student medical insurance includes mental health treatment, with both medication and therapy. Look at mentalhealth.uw.edu for appointments, telehealth, etc. Be aware that they do not share information with us, so you control the information. Past students have indicated that the intake process is somewhat bureaucratic, but they give good referrals and talking to someone outside Foster can be extremely helpful.

Administrative Issues

There are a number of administrative details that are laid out in the document “Ph.D. Program Policies and Procedures.” [Link: <https://foster.uw.edu/wp-content/uploads/2022/10/Foster-PhD-Policies-Procedures.pdf>]. For example, this document discusses minimum GPA requirements, setting up your program of study (which must be approved before the end of your second quarter of the program), and how to administratively set up your reading and supervisory committees. Note that there is paperwork required to take your field exams, general examination, and final examination. This document also spells out what happens when there are cases of unsatisfactory performance or progress in the program, which can result in a change in status or loss of financial support.

Beau Kirkeby (beauk@uw.edu) is the assistant director of the PhD program, and he is an excellent resource and your central point of contact for administrative questions and issues.