

Writing a Paper for Class

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FIL 240 Honors Section

A primary component of this assignment is to work with reference sources that you can understand, but that have gone through a critical review process and that are written at a level higher than were references you may have used in the past. The assignment is not merely to write about a topic you find interesting.

Please follow these guidelines in writing your *four-page* paper:

Choose Your Topic Wisely

You should write on a timely topic that *expands* (does not simply repeat) your knowledge of material that we have covered, or expect to cover, in class. The paper topic should be in keeping with our course subject matter of business financial management, though we can allow ourselves some leeway in choosing topics that offer broader perspectives on financial concepts, transactions, or regulations.

Your paper should be written *for this class and this class alone*. Turning in a paper that you wrote for an earlier class, or that you are writing now but also will be turning in for credit in another class this semester, is considered cheating, and you will be subject to severe penalties accordingly.

Be sure that you have a reasonable understanding of your topic. Because the topic should expand your knowledge and thus expose you to new information, it is natural that some of what you read about will seem confusing, and even a good paper can contain minor passages the reader will think the writer did not fully comprehend. But a reasonably alert and informed reader usually can tell when the writer is struggling with much of the topic and important points within the material; telltale signs are poor organization, unsupported statements, and considerable direct quoting from technical reference sources.

We Are Looking for Substance

You should try to address an *issue*, and not just tell about a factual occurrence with accompanying definitions and descriptions. Think in terms of identifying a problem (and explaining why the situation is interesting to examine), discussing some background information, telling what the experts think, and then giving your own views. Your paper should not be simply a summary of what your reference sources say. Coming up with your own little (or big) twist on things contributes value toward a higher quality paper.

A key to writing a good paper is to educate yourself about the topic by reading your reference sources thoroughly; tell yourself an interesting, integrated story that draws from all you have learned; and then begin putting that story down on paper for your reader. A reader usually can recognize when a writer simply has shoved ideas from various sources into paragraph form (basically a “book report” on the reference

materials). So organize and synthesize, and use consistent wording; in the finance field it is not unusual for the same word to have different meanings, or for different words to mean the same thing, in differing contexts.

To identify an interesting issues-oriented topic, you should focus your information search on recent editions of the *Journal of Applied Corporate Finance* [*JACF*], *Journal of Economic Perspectives* [*JEP*], or perhaps *Harvard Business Review* [*HBR*] (limit your *JEP* and *HBR* searches to the relatively few articles dealing with finance material). These periodicals are written with an analytical bent, and people with appropriate expertise critically review articles before they are published. But the writing is largely at a level accessible to upper-division college students, and the editors strive to address topics of current concern. On my web site are searchable listings of past finance articles from the three publications noted above, organized into categories such as “Corporate Governance” and “Pension Plans” to facilitate quickly locating topics of interest and helpful supporting reference materials (use the “*JACF*, *JEP*, and *HBR* Searchable Files” tab on the home page).

The most extensive compilations provided to help you identify paper topics are for the *Journal of Applied Corporate Finance*. *JACF* is a preferred information source because it meets our standard of being strong on critical thinking (and critically reviewed) yet generally written in plain English rather than in equations, and essentially every article is finance-related (*JEP* and *HBR* are general interest economics/business publications with a sprinkling of finance articles). All past issues of *JEP* and *HBR* are available on-line through Illinois State University’s Milner Library. Milner has *JACF* issues since 2002 in digital form, and I have hard copies of all issues back to 1996, plus many 1988 – 1995 articles (primarily through books in which some well-received early *JACF* articles were reprinted – Milner has a few of these books, and I have them all). A nice feature of these searchable *JACF* files (an *Excel*[®] spreadsheet and a *Word*[®] document) is the relative ease of identifying articles on the same general topic but written by different authors or in different eras, so you might examine differences in ways that particular ideas have been analyzed from different viewpoints, or as laws and technology have changed. If a topic that relates to our class or broader financial applications is mentioned in the titles of one or more recent articles, and if the idea seems interesting to you, then you already will have found a *general* topic that you like, that is pertinent to our studies, and for which you have solid reference material available.

This reference-driven approach to choosing a topic tends to be far more sensible than the seemingly more typical method in which a student first struggles to think of something to write about and then struggles to find information. We reverse that process; by viewing suitable reference material first you find a *general* topic that you can warm up to. Your *specific* final topic is something you probably will not determine – indeed, probably should not even attempt to determine – until after you have read all of your reference materials, and perhaps not even until after you have spent a reasonable amount of time writing. I like to say that *you* choose your *macro* topic, but your *micro* topic chooses

you; it reveals itself to you as you read, think, write, and refine your ideas to stay within the brief page limits. As you mull the newly-learned materials over in your mind, what keeps returning to your thoughts as being the most interesting and compelling? A student might choose “corporate governance” as the general topic about which to educate herself. But as she comes to see how vast that general topic is, she narrows the focus of her initial writing to matters of “executive compensation.” Only as she refines her thinking and writing does she decide that an analysis of “equity-based executive compensation” is the idea most worthy of devoting the limited page space to.

Reference Sources

My general rule for a short paper of this type is to have at least three references (perhaps strive for three to five good reference sources, but see the section below on sufficient information). *At least two sources should be peer-reviewed articles from the analytical publications that I have catalogued.* Other information can come from other analytical sources or from “timely” sources, as described below. And of course because you are writing for a finance course on a topic relating to financial reasoning, your reference material should be primarily from authors with expertise in finance, rather than with expertise in other fields (such as management, law, or accounting) that might sometimes deal with finance issues.

A. Analytical, or Timeless, Reference Sources

Articles in the publications mentioned above (other than interviews, panel discussions, or transcripts of speeches, which *JACF* sometimes offers) have been formally critiqued for correctness and relevance by experts before they are printed; thus typically we would view their content as analytical. The inside cover page of an analytical journal generally shows an editorial review board consisting of individuals affiliated with universities or government regulatory agencies. Specialized books sometimes, but not always, can count as analytical reference sources. A book is more defensible as an analytical source if its author also has written extensively for outlets that are subject to expert review.

Publications that have undergone critical review by parties with appropriate expertise are “timeless,” in that the ideas and thought processes they present should remain useful long after they have been written. It is on these timeless written information sources that you should refine your critical thinking for the analytical portion of the paper. Students who do not use quality analytical references typically offer descriptions and assertions rather than providing meaningful analysis. If you fail to develop your reasoning with backing from appropriate analytical sources, your paper will be no stronger analytically than a local newspaper story. But at the same time, to create a high-quality paper that does not merely repeat what your references say, you should avoid analytical reference sources that are “over your head,” having been produced for people with technical knowledge or quantitative sophistication beyond your current level of understanding.

Articles in many highly regarded academic analytical publications, including *Financial Management*, *Journal of Financial Research*, *Journal of Applied Finance*, *Journal of Banking & Finance*, *Quarterly Review of Economics & Finance*, *Financial Analysts Journal* (other than narrative *Perspectives* articles), and especially *Journal of Finance*,

Journal of Financial Economics, *Journal of Financial & Quantitative Analysis*, and *Review of Financial Studies* employ mathematical analysis that *almost always is beyond the grasp of most students*. You are *strongly discouraged* from using highly technical sources like these. One former student who relied on these types of information sources wrote a paper that referred to “cross-sectional variation in portfolio choice,” “standard constant relative risk aversion,” “disappointment aversion preferences,” “horizon effects,” and “vector autoregression” without offering a word of explanation on any of those terms. The student obviously had no understanding of his topic, and his resulting inability to tell a coherent story was a major factor in the *D* earned on the paper. You gain little insight from an article built around a quantitative model that seems like a foreign language; looking only at the introduction and conclusions, while dodging the author’s main analytical arguments, deprives you of the enhancement to critical thinking skills that a timeless reference source should provide.

While even articles in older issues of critical-thinking publications usually contain timeless analysis (and can be especially useful if your project involves historical comparisons), you should try to base your analysis, at least to some reasonable extent, on reference sources that are fairly recent, though there is no precise measure of what constitutes “recent.” Occasionally ideas that seem timeless come to lose favor as new research calls accepted findings of earlier studies into question, although we do not penalize a student writer for not knowing of such changes – our focus, after all, is on critical thinking rather than the latest thinking. But, at the same time, if all of your analytical references are many years old it can raise questions in the reader’s mind about whether the paper may have been written for an earlier class, or by someone else. You can not easily trick an alert evaluator by inserting an inconsequential phrase or two based on a recent reference into an old paper from a fraternity house file; if no *substance* relates to material in newer analytical articles or books, your work may be suspect.

B. Timely Sources

Daily or (bi)weekly publications like *Forbes*, *Fortune*, *Business Week*, *Barron’s*, and the *Wall Street Journal*, along with the business sections of major city (or even smaller local) newspapers, are fine as sources of timely factual information, but tend not to be helpful as analytical tools. These latter types of publications generally are written under strict time deadlines, and typically are authored by journalists rather than financial analysts. Web sites of business, news, and government organizations also can be useful as sources of timely information, but what is posted on web sites typically has not been subjected to critical review, so web sites generally would not count as analytical reference sources. As noted earlier, panel discussions, speech transcripts, and interviews printed in *JACF* are not subjected to critical review and thus do not count as analytical references, but experts’ candid informal comments provide great informed, inside perspectives on the financial world, and thus can be very useful as timely reference sources. (Personal interviews students conduct with experienced professional people in the financial world also sometimes can count as timely sources of information.)

So while a paper can be primarily conceptual, supported by analytical references alone, a good combination can be to use timely sources to gain initial understanding of a broad

topic (a *JACF* roundtable panel discussion can fill that role effectively) or for supporting facts and examples, and timeless sources to enhance your thinking. A twenty-year old analytical article might provide a good model for examining how businesses make capital spending decisions, but such an article's examples of "recent" average capital outlays by major firms would be badly outdated. It detracts from the credibility of your paper if you refer to "recent regulations" or "the average interest rate on AA corporate bonds over the past ten years," when the statement is based on information in a very old *JEP* article. Of course, the facts and figures presented in older publications can be useful to you, when combined with more recent information, in showing trends over time. And make sure your "timely" reference sources truly are timely if you use them to cite current examples; tax laws, mutual fund performance rankings, and even the identities of key management people in a company are among things that can change quickly, such that an article even just a few months old might have facts and figures that no longer are relevant.

C. Have Sufficient Information for a Solid Analysis

Just as a paper's analytical portions will be weak in the absence of good analytical reference sources, the entire paper will lack substance if the writer devotes little effort to reading the work of knowledgeable parties before producing a draft. A characteristic of a good paper is that the writer had to work to get the story down to four pages; needing to add fluff to reach four pages indicates insufficient reading of good material. How can anyone write intelligently about a topic without first having studied the equivalent of at least 25 to 30 printed pages? The suggestion for three to five reference sources reflects an assumption that those sources all would contain considerable information; "ten references" consisting of ten single-page articles would provide far too little substance to build a quality paper around. A discerning grader wants to know both the length of each information source and the total number of pages across the reference list. Assist the evaluator by specifying, in your bibliography, how many pages are in each reference source. You may have to locate the citation for a publication's printed version (easily found through Milner, if there is a print version, in most cases), because the reader has no way to infer the length of a published work cited only as an Internet document. And in citing traditional publications that you have located in digital form, be sure to specify when the work was *written*, because when you *downloaded* it usually is immaterial.

For a more specialized topic, it is possible that there will not be more than a few available references. In such a case having fewer than the specified number of sources can be acceptable, as long as you are able to base your analytical work on truly substantive information, and as long as you get the instructor's express approval. As noted earlier, one essential goal of this assignment is to have you working with material at a higher level than you may be used to reading. Also of importance is discouraging you from basing your analysis on the views or findings of only one author.

If your "issue" involves a controversy (*e.g.*, economic costs of Sarbanes-Oxley, the use of stock options in executive compensation, government "bailouts" of private firms), then you should strive for balance, in terms of *recognizing* competing arguments. So try to have at least one reference source that helps you understand those competing arguments, so that you can acknowledge and *briefly* respond to them (you have neither the obligation nor the space to fully explain opposing views). Failing to note alternative viewpoints

can hurt your credibility; it causes your reader to wonder whether you have heard the competing arguments, and might reach different conclusions if you did learn of them.

Finally, *you should submit, along with your paper, photocopies* of key pages from any reference materials that you have made *exceptionally heavy* use of. (You do not have to submit full copies of the articles. If in doubt on whether you should be submitting copies, ask me.) The intent of this guideline is to encourage you not to rely too heavily on one or two reference sources (especially if those publications are of brief length), essentially writing a book report on a source or two rather than an organized, synthesized paper.

Length

Your paper should be four pages in length, *double-spaced* (plus a separate bibliography page is permitted). Avoid game-playing regarding the paper length; use 12-point print and set reasonable margins. Concentrate on substance, while severely limiting the space you devote to background, speculation, haranguing, or going off on tangents. Stick to your main points; you will be penalized, rather than rewarded, for a paper exceeding four pages – *think of your task as writing a report for a busy decision-maker who needs all the information you can provide, but has time to read no more than four pages before facing questions about the topic in a board meeting or press conference.* And do not waste space with a “conclusion” that merely repeats what you already have said in the four-page presentation. Substance includes your summary of experts’ views and your own insights, and generally includes any computations you may wish to offer. However, if you are doing a *lot* of computations, for example on spreadsheets, your paper should include fairly detailed descriptions of your computational activity, and not simply four pages of *Excel*[®] printouts. If you do have multiple spreadsheet pages based on the same template, then only one such page counts as part of your “substance;” others should be placed in an appendix.

Take Pride in What You Submit

The Internet has made it possible for us to obtain information from a range of sources without leaving our desks. It is unfortunate that the web also has put a new spin on the *plagiarism* issue, making it easy for someone to quickly cut information from an on-line source and paste it into a “paper” without having to think, write, or give the original author credit. Doing so, of course, constitutes cheating, theft, and foolishness (the latter because your paper should be something you would be proud to show as a sample of your writing). It is fortunate that technology also helps an evaluator check whether a writer’s wording closely matches that in a published source. As our syllabus notes, cheating is viewed as an insult to your classmates, instructor, and University, and as a very serious academic offense deserving the most severe penalties (failing the course, facing the University’s disciplinary process). The good news is that using your creative energy in a positive and productive manner leads to many beneficial outcomes: writing a better paper, showcasing your abilities, and helping you learn material of special interest.

Writing Style: Some Key *Dos* and *Don'ts*

You should produce a well-written paper. When the writer does a good technical writing job, the reader tends not to notice the writing. An analogy might be professional attire:

when appropriate dress was selected for an interview the recruiter tends not to remember what the candidate was wearing. Please heed the following advice toward better writing.

1. **Use section headings.** Too often, students write papers that are several pages long, but that contain no section breaks or other divisions that facilitate understanding. Break the paper down into a few, but not too many, sections with good descriptive/explanatory headings (do not waste a line with a heading called “introduction”), to keep your thinking and writing organized and to make your logic easier for the reader to follow. The section headings essentially serve as an outline; having no such outline usually means the writer did not have an overall vision for the paper, and the output is likely to be largely a four-page ramble.
2. **Number your pages.** Failing to put numbers on your pages alerts the reader that you either are being careless, or else are trying to obscure the fact that the paper is longer or shorter than the guidelines specify. Without page numbers to work with, your reader has trouble offering helpful critique such as “what about the argument you cite on page 2?”
3. **Proofread.** Be sure that each sentence expresses a complete thought, as shown by a subject and a verb, and check for subject/verb agreement (your verb should agree with the subject, not with the object of a preposition).

Wrong: The assets of the company *has* declined in value.

Right: The assets of the company *have* declined in value.

Proofread for spelling, also; an automated spell-checker does not catch the error when your misspelling also is a word (*e.g.*, typing *stork* instead of *stock*), although grammar checkers might catch some such misspellings (*e.g.*, typing *or* instead of *on*). Careful proofing also helps guard against sloppiness and inconsistencies.

4. **Have a bibliography.** Students sometimes feel there is no need for an organized bibliography section if all their references are spelled out within footnotes. But the writer’s omitting a complete bibliography/references listing makes it difficult for the reader to get a feel quickly for the number, nature, and length of references used, or to confirm whether a particular reference source was included. Be sure to italicize the name of any book or other publication you cite in the bibliography (and also in the text of your paper, or in a footnote). The name of an article within a publication should be presented in quotation marks. As suggested above, the date when you accessed the web site of a government agency or professional organization is important to report, since information on a web site can change. But do not list the date when you obtained electronic access to a traditional publication; once a *JACF* issue has been produced the content will not change, no matter when you access it through Milner online. Data presented in a 1929 *HBR* article do not become current just because you downloaded the piece in 2022 – they are interesting facts and figures that, your reader should know, reflect conditions prevailing 93 years earlier. Citing the traditional version of the article (the pdf copy if the journal is accessed in electronic form) also allows your footnotes to include the specific pages on which information was found.

5. Use footnotes. You do not have to (indeed, you *should not*) footnote every sentence you write, but should use footnotes for the purpose of

- giving proper credit to someone who came up with an idea or result; and/or
- providing the source of numerical data or other facts that the reader would not likely know, and might want to build on or verify.

In financial writing, there is no need to footnote a statement such as “when interest rates rise, the values of previously issued fixed-income securities fall” or “including real estate in an investment portfolio can provide diversification benefits.” Those particular points are accepted wisdom among readers of financial material. But if you state that “over the past five years, the average annual inflation-adjusted return on investments in small company common stocks has been in excess of 17%,” then you should provide the reader with a footnote that discloses your source for that specific information.

Because you are footnoting, it generally makes no sense to waste space citing the author and publication within the text. Instead of distracting the reader and taking up space needlessly by stating “According to Marc Zenner, Evan Junek, and Ram Chivukula, writing in the Winter 2016 *Journal of Applied Corporate Finance*, company managers retain cash to pay for new investments,” just state that the managers keep cash to pay for new investments, and cite the source of the information in a footnote. Be efficient so you can convey as much substance as possible within your four written pages.

Each footnote should include the page number(s) on which you found cited information, so that the reader can locate the material easily in the original source. An *unacceptable method* of footnoting is to show merely a number that corresponds to one of the reference sources – instead of showing consecutively numbered footnotes 1 through *n*, each of which corresponds to an explanatory note at the bottom of the page or end of the paper, the writer simply footnotes as “4” any statement that relates to reference #4 in the bibliography. (Is footnoting taught that way in some courses?) While this approach does alert the reader if the writer has relied too heavily on one reference source (a conclusion the reader could draw from traditional footnotes as well), it does the extreme disservice of leaving the reader wondering where in that reference the information can be found. It is quite frustrating when interesting facts and statistics throughout the paper are footnoted as “2,” and reference #2 is a 700-page book.

There can be some gray areas regarding the use of footnotes; sometimes I try to bridge the gap by putting a footnote at the end of a paragraph if, within that paragraph, I have made liberal use of someone else’s ideas, or of numerical information that came from one source or a group of related sources. The reader should be able to tell from your wording within the footnote the degree to which you are making mention of someone else’s ideas. Consider, for example, the following paragraph, with its numerous facts that probably would call for footnotes (and the clutter that would result from footnoting each fact):

Many analysts at major Wall Street firms had been expecting Consolidated to file for bankruptcy.¹ Operating expenses had risen from 62% of gross revenues in 2014 to 73% by early 2020.³ Repeated recent layoffs had affected more than 950 production workers,⁴ while another 400 jobs had been permanently eliminated.⁵ Dividends were cut in 2020,⁶ and by 2021 interest payments to subordinated⁷ and even senior lenders were curtailed.⁸

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1. Hancock (2022), p. 34.
 2. Hancock (2022), p. 32.
 3. Hancock (2022), p. 35.
 4. Hancock (2022), p. 33.
 5. Hancock (2022), p. 32.
 6. Hancock (2022), p. 33.
 7. Hancock (2022), p. 35.
 8. Hancock (2022), p. 34.

Because the information all comes from a few contiguous pages in the same general source, it would seem more sensible to have one footnote at the end of the paragraph:

... by 2021 interest payments to subordinated and even senior lenders were curtailed .¹

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1. Figures cited in the preceding paragraph were taken from Hancock (2022), pp. 32 - 35.

Or if you have discussed several concepts in a paragraph and the ideas are not your own, you might have an end-of-paragraph footnote stating something like:

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3. The ideas presented in this paragraph have been offered by earlier authors, including Burns (2022, see pp. 87 – 90) and Edwards (2020, see pp. 137 – 141).

But do not overdo it; using one footnote to cite facts presented over many pages of a reference source (“see pp. 115 – 148”) tends to be of little help to your reader. If a comprehensive footnote can not narrow the reader’s search to a fairly small number of pages, you may simply have to cite the facts and figures with more footnotes.

If you offer a view or insight that informed readers would not already have known, and if there is no footnote, then the reader should be able to infer that the statement is your original contribution. It certainly is acceptable to make the reader directly aware that the idea is yours, for example by stating “in my view” or “although earlier authors have believed otherwise, it seems fair for us to conclude that ...” The reader/grader wants to know what you have come up with on your own. And while footnote styles and preferences can differ among writers and evaluators, they always should serve, at a minimum, to meet the professional courtesy of giving people proper credit for their original ideas or findings.

Be aware that an evaluator or other reader might accuse you of plagiarism not only for directly copying someone else’s words without giving proper attribution, but also for putting someone else’s ideas into your own words without proper attribution. You can even be accused of plagiarism for making too much use of someone else’s words or ideas *with* proper attribution, for example if you claim authorship for a substantial amount of written work in which you merely paraphrase someone else and footnote, without contributing any ideas or meaningful analysis.

6. Use quotations sensibly and sparingly. If you quote another author directly, then you should put the passage in quotation marks (or otherwise clearly indicate that it is a direct quotation), and identify with a footnote the written source where you found the passage. However, you should not make too much use of direct quotations. Students sometimes use direct quotes because they do not understand what a reference source’s author means,

and feel that by quoting the source directly they can not be judged too harshly. But be aware that in quoting a technical statement and not offering your own explanation, you will signal the reader that you do not understand the idea allegedly being addressed.

A good general rule to follow is that another author's statement should be directly quoted *only* if the original words are especially clever, powerful, or otherwise memorable (or if there simply is *no* way to paraphrase). As a writer, you add value by incorporating others' views, with proper attribution, in words that your reader can understand, and that are consistent with your writing style and the terminology used elsewhere in your paper. For example, you would want to paraphrase, rather than directly quote, a passage such as:

Some market observers believe that a company should be diversified internally, with multiple business units engaged in unrelated lines of activity. Others argue that each firm should remain specialized in its area of core competency, and that diversification should occur at the stockholder level through the purchase of shares in companies involved in different business pursuits across the economy.

But consider how well a former student paper that touched on diversification within a company made use of a direct quotation of memorable language:

The CEO of PepsiCo's soft drink division told the CEO of the Frito Lay division, "You make them thirsty, and I'll give them something to drink."

Another example of powerful words you might want to quote directly rather than paraphrase involves a 2010 *Twitter* posting on mass media from user Andrew Lewis:

"If you're not paying for it, you're not the customer; you're the product being sold."

The reference source for such a quote should, of course, be footnoted. Again, even if paraphrasing you should footnote the idea to give that author credit. Finally, just as you should use quotes sparingly, you should avoid "dropping names" when providing direct or paraphrased quotes. Unless the cited speaker is very well known, the reader will be unable to judge the reliability of a statement such as:

Jane Doe-Smith has stated that only independent directors should serve on a corporate board's compensation committee, because ...

The speaker's professional position, or the credibility of the source publication, can be a more valuable indicator of relevance for the reader than an unknown speaker's name:

A former Securities & Exchange Commission chief legal counsel has stated that only independent directors should serve on a corporate board's compensation committee, because ...

Then the footnote accompanying such a statement of specific information should identify the information source, and perhaps the speaker's name:

And you waste valuable space by dropping the name of the reference source itself within the body of the paper; avoid making a statement such as

According to an article in the *Journal of Applied Corporate Finance*, when creditors gain control of a corporation in a bankruptcy proceeding they ...

In fact, a reader who sees you talk directly about your reference articles suspects that the paper is essentially a series of mini-book reports on the information sources, rather than a unified discussion of the chosen topic. Incorporate ideas into a coherent story told in your own words; make a point you wish to make (tell what creditors do when they get control), and then cite, in an appropriate footnote, the reference source (and page) in which you encountered the idea or facts/figures presented.

7. Treat this paper as a formal writing assignment. Avoid being overly conversational in tone. For example, while it is acceptable to say “I” rather than “this author” (we do not have to go to extremes), avoid using contractions such as “I’ll,” “don’t,” or “isn’t.” Always remember that one possible reader of your paper is a potential employer, who wants to see your ability to correspond and create documents in a professional manner.

8. Avoid stating the obvious. Do not waste time or space beginning a new section or paragraph with a meaningless introductory sentence, such as “We will now discuss the views of experts who oppose greater regulation of financial reporting.” Why tell the reader what you are getting ready to say? Get to the point. (A well-chosen title and good section headings reduce any seeming need for such perfunctory introductory comments.)

9. Do not waste space posing needless questions. If you introduce an idea with a question or series of questions, such as “What is good corporate governance? Why do firms give increasing attention to corporate governance issues?” you will have to devote just as much space to providing the answers as you would if you simply left out the superfluous questions and proceeded directly to explaining the issues. Remember that a goal is to tell a powerful story, with as much substance as possible, in just a few pages.

10. Illustrate with examples. You help your reader understand your arguments, and at the same time convince the reader that you understand your topic, by giving meaningful, illustrative examples. One student wrote of non-profit organizations engaged in for-profit activity, but did not offer a single example. If your paper is about the movement from GAAP to International Financial Reporting Standards, you might want to develop a numerical example to show the different financial reporting treatment of a particular transaction under the two systems.

11. Avoid the use of dangling modifiers. The following sentence contains such an error:

Lacking information on revenues, the firm’s net income was difficult to estimate.

The party who lacked information was an analyst, not the income, which appears structurally to be the noun described by the introductory modifying phrase. More appropriate ways to express the idea contained in that sentence would be

Lacking information on revenues, the analyst found it difficult to estimate the firm's net income.

or

Because there was a lack of information on revenues, the firm's net income was difficult to estimate.

A related example appeared in a previous student's paper:

Many developing countries have had recent annual economic growth rates as high as 7%, such as China and India.

China and India are, of course, examples of developing countries; they are not (despite what the structure of the sentence would suggest) examples of 7% growth rates. A better choice of wording, supported with an appropriate footnote, would be

Many developing countries, such as China and India, have had recent annual economic growth rates as high as 7%.

12. Do not offer unsubstantiated assertions. A passage such as this statement from a paper submitted by a former student:

The housing market grew exponentially in the early 2000s

is so vague that it is meaningless. What exponent marked the measure of growth (surely it could not be a value much greater than 1.0), what "market" was growing so wildly (the number of US houses or home sales, American housing's aggregate estimated market value, or some other variable), and what is the source of this purported information? Another paper asserted that "taxes" have a major impact on business asset values, without explaining whether federal or state income tax, local *ad valorem* property tax, or some other type of tax was the cause. Having strong reference sources, and adhering to careful footnoting, helps prevent these types of mistakes.

13. Use parallel structure. When you list a series of words or phrases, be sure that they all are structurally similar:

Wrong: Lenders' policies are affected by interest rate movements, government fiscal activity, and how much profit corporations are earning.

Right: Lenders' policies are affected by interest rate movements, government fiscal activity, and corporate profit levels.

14. Do not use a singular direct object with a plural subject

Wrong: Last year more than 200 large firms installed a new computer network.

Right: Last year more than 200 large firms installed new computer networks.

(This type of fact would call for a footnote, of course.) While the first example above would not likely lead to confusion regarding the writer's intent, consider the sentence:

Last quarter six major companies installed a new computer network.

Would the writer intend to convey that six companies installed a new network jointly, or that six different organizations created their own individual networks? One of the many benefits of correct usage is that it minimizes the incidence of ambiguous meaning.

15. Avoid wordiness. The following sentence is from a previous student paper:

By being on these town committees, it becomes obvious to me that the developer could have had some influence on decisions that were to be made that would affect his business, even though it was not explicitly stated in the article.

Consider all the words that could be removed from the sentence without any loss in meaning (in fact, a briefer sentence conveys the intended meaning more effectively):

By being on these town committees, ~~it becomes obvious to me that~~ the developer could have had some influence on decisions ~~that were to be made~~ that would affect his business, ~~even though it was not explicitly stated in the article.~~

In a less extreme example a student wrote "There have been three main events that have sparked increased government regulation of the financial markets in recent years;" the writer could have cut four words with the less cumbersome "Three main events have ..."

16. Exercise caution in your use of some "problem" words

a. Be careful using the words *affect* and *effect*.

Usually we use *affect* as a verb, the meaning of which is "to have an impact on."

Interest rates can *affect* consumer spending levels.

Usually we use *effect* as a noun, the meaning of which is "an impact that has been realized."

Interest rates can have an *effect* on consumer spending levels.

These two words sometimes are used incorrectly. Confusion can arise both because the words are so similar, and because each actually has uses both as a noun and as a verb. The verb form of *effect* means "bring about" or "cause to happen:"

Interest rate movements can *effect* changes in the level of consumer spending.

The noun form of *affect* is a term from psychology, whose meaning has to do with feeling or emotion, topics that generally would not be addressed formally in a business finance paper. So you are unlikely to use *affect* as a noun, and you never should write a sentence

such as “When unemployment adversely *effects* family incomes, there is a downward *affect* on consumer spending.”

b. Be careful using the words *which* and *that*.

It usually is appropriate to use *that* in *specifying* a person or item for the reader. It usually is appropriate to use *which* in introducing a clause, typically set off by commas, *describing* a specific person or item whose identity already is known to the reader.

The interest rate *that* has the greatest impact on corporate borrowing is the ten-year US Treasury bond rate. (The word *that* tells us the specific rate the writer is discussing.)

The ten-year US Treasury bond rate, *which* has been stable in recent months, has helped support an active corporate lending market. (The word *which* introduces a clause telling us something extra about a rate that already has been identified.)

c. Be careful using the word *unique*.

The word *unique* too often is used, incorrectly, with modifiers such as *very* or *quite*. If the word is to mean “truly one of a kind,” then there can be no gradation of *uniqueness*. Remember that something either is unique or it is not; never say that something is *very* unique. (Few things you will encounter in life will merit being called unique.)

d. Avoid using the word *this* as a pronoun.

It is awkward to state a complex idea and then use the word *this* to refer back to the idea. The problem is that it may be unclear whether the writer is referring to the whole, or to one or more parts, of the complex idea. Consider the example:

In the early 1980s many borrowers defaulted on loans because of the high interest rates, the uncertainty in collateral property values, the lenient nature of some state laws, and a reduced societal stigma regarding bankruptcy. *This* caused many problems for lending institutions.

A pronoun should have an *antecedent* noun to which it refers; what is the antecedent for *this*? The 1980s? The interest cost? The writer of such a sentence is likely to be referring to the whole situation. While some would argue that the meaning is fairly clear in this type of presentation, and that any recommended change therefore represents form over substance, my preference is to change *this* from a pronoun to an adjective, and select appropriate wording to represent the complex preceding idea:

... This *combination of circumstances* caused many problems ...

A good writer uses *this* as the subject of a sentence only if it is accompanied by a clear antecedent:

This was a *situation* that caused many problems for lending institutions.

e. Be careful using the phrase *both ... and* (and the phrase *either ... or*).

This issue relates to the use of parallel structure.

Wrong: Corporate profits are affected both by consumer spending and costs of production.

Right: Corporate profits are affected both by consumer spending and by costs of production.

Right: Corporate profits are affected by both consumer spending and costs of production.

Be aware of the same potential pitfalls when using *either ... or*.

f. Do not use the phrase *greater than* with a multiple.

Wrong: This year's income is expected to be three times *greater than* last year's.

Right: This year's income is expected to be three times *as great as* last year's.

If this point does not make sense, ask yourself: what is *one time* greater than? Would *one time greater than* not have to suggest a doubling in value? So then does *three times greater than* indicate a quadrupling? People too often use *three times greater than* to mean a tripling in value, but we can see how awkward the result is.

On a related matter, do not use *over* to indicate an increase in or multiple of a quantity; say that revenues grew *more than* 20% rather than *over* 20%. Encountering “over” can lead the reader to expect to see that something has ended, was distributed across an area of space, or is physically located directly above something else. In the same manner, do not use *above* to mean *more than*, *under* or *below* to mean *less than*, or *around* to mean *approximately*.

g. Be careful using the word *only*.

Wrong: Large companies were only issuing convertible bonds in that period.

Right: Large companies were issuing only convertible bonds in that period.

This issue involves a minor point, but think of the implications. The first sentence suggests that companies did nothing aside from issuing convertible bonds – they were not producing goods or services, running social media advertisements, or even paying wages and taxes. The second sentence provides a more plausible suggestion: that the companies' bond issuances were limited to the convertible variety.

h. Avoid using *one* to mean a typical, unspecified individual. Encountering a sentence or phrase beginning with “one” can throw off the concentration of a reader who then expects to see a quantitative measure.

i. A company is an *it*, not a *they* or a *who*, while a person is a *who*, not a *that*.)

Wrong: If a company borrows too much money, they will face high interest costs.

Right: If a company borrows too much money, it will face high interest costs.

Right: If companies borrow too much money, they will face high interest costs.

Wrong: A corporate CEO is likely to be ineffective if they ignore ethical issues.

Right: A corporate CEO is likely to be ineffective if she ignores ethical issues.

Right: Corporate CEOs are likely to be ineffective if they ignore ethical issues.

Wrong: A firm's management are expected to maximize shareholders' wealth.

Right: A firm's management is expected to maximize shareholders' wealth.

Right: A firm's managers are expected to maximize shareholders' wealth.

Traditionally the pronoun *they* (or *their*) was to be used only if the antecedent was plural. We were taught to use *she* (*her*) for a singular antecedent that was female, and *he* (*his*) for a singular male antecedent. The awkward *he or she* (*his or her*) was acceptable to use with a singular antecedent of unknown or unspecified gender, but my recommendation was to choose either gender for a general example, and then alternate between the two if many examples were given, and I still tend to follow that convention in my own writing. (Actually *he/his* was used historically for any singular antecedent, but it became sensible to recognize that a business situation could involve a male or female person.) However, the use of *they* as the pronoun with a singular antecedent has gained some favor within our ever-changing language amid growing concerns over gender/identity pronoun issues. So if you prefer *they* as the pronoun with a singular human antecedent, feel free to use it.

Finally, an individual is a person and a company is an object; refer to someone *who* (not *that*) owns shares of stock, or a company *that* (not *who*) builds a new distribution center.

j. Be careful using the words *criteria* and *phenomena*.

The word *criteria* is the plural of *criterion*. There are no *criteria*s or *criteria*s, and you never should state that “the single most relevant *criteria* is ...” The word *phenomena* is the plural of *phenomenon*. It actually is amusing to hear a misinformed speaker refer to one *phenomen-uh* and two or more *phenomen-ah*.

k. Be careful using the words *between* and *among*.

A relationship exists *between* two people or objects and *among* three or more. Experts disagree on whether *among* and *amongst* can have slightly different meanings in some unusual situations, but a general view seems to be that *amongst* is outdated usage.

l. Use *where* only to delineate a location, and *when* only to delineate a point or period in time.

Right: Midtown Investments is where the 1860s railroad depot used to be.

Wrong: A callable bond is one where the issuer can repay the lender early.

Right: The late 2000s was a period when stock prices reached low levels.

Wrong: A callable bond is when the issuer can repay the lender early.

Right: A callable bond is one for which the issuer can repay the lender early.

m. Be careful using the words *lead* and *led*. The past participle of the verb *lead* is *led*, not *lead* pronounced with a soft e.

Wrong: Supply chain problems have *lead* to inventory shortages.

Right: Supply chain problems have *led* to inventory shortages.

Right: Strength in the economy will *lead* to more production activity.

Right: Health concerns *led* to the removal of *lead* paint from older houses.

n. Avoid using *loan* as a verb; state that a bank or bondholder *lends* money. And say that a secondary market investor purchases mortgage *loans* or *notes*, not *mortgages*. (A mortgage is merely the pledge of specified real estate as collateral on a loan; it is the accompanying note, which generates cash flows, that has direct value to an investor.)

o. Use the word *hopefully* with caution.

This overused word is an adverb that should describe an action in which someone had hope, not an all-purpose substitute for phrases such as “we might hope.”

Wrong: Market prices have held steady, and hopefully they will increase.

Right: Traders watched hopefully as the market opened at higher prices.

p. Spell out the corresponding words the first time you use an acronym, unless you are sure that any likely reader knows what the letters stand for. Everyone knows what USA (or probably FBI) means, but not everyone will be familiar with terms such as NOI, SEC, GAAP, IFRS, APR, and EVA[®]. Then in subsequent referrals, for brevity’s sake, use only the acronym, particularly when you are subject to a page or space limit, as with our paper.

q. Know the meanings of the words *theoretical* and *empirical*, which you may encounter in analytical reference sources. A theoretical argument is based on logic and accepted wisdom, with no specific observations necessarily provided as evidence. An empirical argument or study reflects data from the real world (“empire”), often analyzed with complex mathematical models. We might theorize that retaining earnings leads to higher common stock values, but then determine empirically, by examining some data involving actual companies, that investors tend to pay higher relative prices for stocks of firms that distribute higher dividends than for those of corporations that heavily retain earnings.

On a related note, a theory is an inanimate object; do not treat it as a thinking entity. Avoid saying that a theory *assumes* interest rates will remain stable; it is a person relying on that theory who is making an assumption.

r. Be careful with these words/phrases, which should not cause problems, but often seem to be confusing to some writers.

- Corporate managers wonder *whether* (not *weather*) fuel costs will rise, and *which* (not *witch*) operating divisions could be most affected. [In many cases you need not waste space saying *or not* after *whether*; it is usually sufficient to say that analysts debate *whether* higher executive pay increases shareholder wealth.]

- An analyst should *try to* (not *try and*) determine whether a company's liquidity position is weak.
- An analyst predicts future investment returns based *on* past returns, not based *off of* past returns.
- If *fewer* (relating to a discrete number of) banks compete for business there may be *less* (relating to a continuous or general quantity of) commercial lending in a local market area.
- Investors *flee* (not *flea*) the market when the economy weakens, companies sometimes *lose* (not *loose*) market share to competitors, and European firms typically are more heavily regulated *than* (not *then*) US firms.
- *Companies* (not *company's*) faced low interest costs in the *2010s* (not *2010's*).
- A firm's expansion of a capital project is *due to* (not *do to*) high product demand, and stricter loan underwriting *could have* (not *could of*) helped reduce the severity of the financial market crisis of the 2000s.
- Bankers are *wary* (meaning worried) of lending to borrowers with poor credit histories; they are not *weary* (meaning tired) – though ultimately they may become weary of dealing with the resulting problems if they make too many unwise loans.
- Stocks and bonds are *two* (not *to* or *too*) types of investment securities; corporate jets are *too* (not *to* or *two*) expensive for small firms to buy; and risk managers purchase insurance *to* (not *too* or *two*) protect against loss from storm damage.

Finally, *do not bind the paper*; merely staple it in the upper left corner. A bound paper might look nicer, but it is difficult for the grader to read and to write comments on.

And above all ... ENJOY A PRODUCTIVE EXPERIENCE READING YOUR ANALYTICAL REFERENCE SOURCES AND WRITING YOUR PAPER!

Revised 07-21-22

**Preliminary Paper Topic & Reference Source Identification
(and Acknowledgement of Guidelines)**

[Please submit TO REPORT “BIG” PAPER TOPIC no later than 10/14/22]

Student’s Name _____

Proposed Paper Topic _____

Expected Analytical Sources (article title and journal/month & year it appears in/pages; should show at least two such articles from our list of sources)

1. _____

2. _____

3. _____

I hereby acknowledge that I have *fully and carefully read* the accompanying handout “Writing a Paper for Class,” and that my grade on the paper will be affected by my compliance with the guidelines provided in the handout.

Student’s Signature

_____/_____/ 2022
Date

Final Paper Topic & Reference Source Identification
(and final Acknowledgement of Guidelines)

[Please submit WITH PAPER no later than 12/06/22]

Student's Name _____

Final Paper Topic _____

Analytical Sources Used (article title and journal/month & year it appears in/pages; should show at least two such articles from our list of sources)

1. _____

2. _____

3. _____

I hereby verify that I *fully and carefully read* the handout “Writing a Paper for Class” (as I also attested prior to submitting my proposed paper topic), and that my final paper draft complies with the guidelines provided in the handout. I know that compliance with these guidelines is a significant determinant of my grade on the paper.

Student's Signature

_____/_____/2022
Date