

PhD Course in Corporate Finance

How to Write a Referee Report

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any errors and omissions to the attention of the author.

The two all-important questions

- Does this paper make a contribution to the literature?
- Is the argument correct and can it support the conclusions of the paper?

A referee report has two addressees

- The editor(s) of the journal. They want to know the answer to the two questions above and:
 - advice on whether this paper should be published
 - is this the kind of paper readers of this journal want?
 - is this paper likely to be widely cited?
 - which improvements should the authors make?
- The author(s) of the paper. For them:
 - Identify the shortcomings of the paper.
 - Give specific advice on how the paper could be improved.
 - Potentially give advice to which journal the paper should be submitted.

Recommended structure of a referee report

- ① Summary of the paper.
 - Do not rephrase the abstract, summarize the main argument.
 - Feedback to the authors that you understood the paper.
 - Provide the editor with a summary that allows him/her to assess the contribution of the paper him/herself.
- ② Say something about what you like about the paper and what the paper's strengths are.
 - Only in some rare cases there are none.
 - Important even if you ultimately recommend rejection.
 - If you recommend acceptance or a revision, communicate the importance of the paper to the editor.

Recommended structure of a referee report

- ③ List the major shortcomings of the paper. Check the following:
 - Contribution of the paper. Does it add to the literature? Have other authors done something similar, potentially in a different context? Point out papers that the authors have omitted.
 - Is the main issue tackled here important enough for a good journal? Is this just a small elaboration on what is already known (extension of a model, replication on a different data set)?

Recommended structure of a referee report

- Is the argument robust?
 - Theoretical papers: Would (small) changes to the specification and the assumptions generate a different result? Would the main result(s) change with a small change in the assumptions or the setup of the model?
 - Empirical papers: Does the paper control for alternative hypotheses? Should the authors include additional variables to check if their preferred hypothesis can be rejected?
- Is the methodology correct?
 - Theoretical papers: Is the setup of the model "state of the art?" Are there any strange assumptions?
 - Empirical papers: Is the methodology appropriate for the type of data?
 - should panel data estimators or Tobit be used instead of simple OLS?
 - Endogeneity and identification?

Recommended structure of a referee report

- Do the results support the (sometimes sweeping) conclusions stated in the paper?
 - Are the empirical results really statistically and economically significant?
 - Do the theoretical claims pertain just to one equilibrium (picked arbitrarily)?
 - Are there other explanations and interpretations of the results that are not considered in the paper?

4 Summary and final recommendation

- Communicate whether your criticisms carry a lot of weight and are (potentially) serious? Or could the shortcomings be fixed?
- Should the paper be
 - Accepted without revision
 - Accepted with some revisions
 - Resubmitted with major revisions
 - Rejected without a possibility to resubmit